



EUROPEAN COMMISSION

Brussels, xxx  
COM(20..) yyy final

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 (EAFRD)**

## EXPLANATORY MEMORANDUM

### 1. CONTEXT OF THE PROPOSAL

[...]

### 2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

[...]

### 3. LEGAL ELEMENTS OF THE PROPOSAL

[...]

### 4. BUDGETARY IMPLICATION [WHERE NECESSARY]

[...]

### 5. OPTIONAL ELEMENTS [WHERE NECESSARY]

[...]

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 (EAFRD)**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 43 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national Parliaments,

Having regard to the opinion of the European Economic and Social Committee<sup>1</sup>,

Having regard to the opinion of the Committee of the Regions<sup>2</sup>,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on "The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future"<sup>3</sup> (hereinafter "the CAP towards 2020 Communication") set out potential challenges, objectives and orientations for the CAP after 2013. In the light of the debate on that Communication, the Common Agricultural Policy should be reformed with effect from 1 January 2014. That reform should cover all the main instruments of the CAP, including Council Regulation (EU) No 1698/2005 of 20 September 2005 on support to rural development by the European Agricultural Fund for Rural Development<sup>4</sup>. In view of the scope of the reform, it is appropriate to repeal Regulation (EU) No 1698/2005 and to replace it with a new Regulation.
- (2) Rural development policy should accompany and complement direct payments and market measures of the Common Agricultural Policy and thus contribute to that policy's objectives as laid down in the Treaty. Rural development policy should also take into account the general objectives for economic and social cohesion policy set

---

<sup>1</sup> OJ C [...], [...], p. [...].

<sup>2</sup> OJ C [...], [...], p. [...].

<sup>3</sup> COM(2010) 672 final, 18.11.2010.

<sup>4</sup> OJ L 277, 21.10.2005, p. 1.

out in the Treaty and contribute to their achievement while integrating the major policy objectives spelled out in the EU 2020 Strategy<sup>5</sup>.

- (3) To ensure the sustainable development of rural areas, it is necessary to focus on a limited number of core priorities relating to knowledge transfer in agriculture and forestry, the competitiveness of agriculture and farm viability, food chain organisation and risk management in agriculture, preserving and enhancing ecosystems dependant on agriculture and forestry, resource efficiency and transition to a low carbon economy in the agri-food and forestry sectors, and realising the growth and jobs potential and the development of rural areas. In doing so account must be taken of the diversity of situations that affect rural areas with different characteristics or different categories of potential beneficiaries and the transversal objectives of fostering innovation [and] contributing to climate change mitigation and adaptation [and the environment] **[as foreseen in the Communication]**. The priority relating to knowledge transfer in agriculture and forestry should apply horizontally in relation to the other EU priorities for Rural Development.
- (4) Action by the European Union should be complementary to that carried out by the Member States or seek to contribute to it. The partnership should be strengthened through arrangements for the participation of various types of partners with full regard to the institutional competences of the Member States. Particular attention should be paid to ensuring adequate representation for women and minority groups. The partners concerned should be involved in the preparation, monitoring and evaluation of programming.
- (5) Since the objectives of this Regulation, namely rural development cannot be achieved sufficiently by Member States given the links between it and the other instruments of the common agricultural policy, the extent of disparities between the various rural areas and the limits on the financial resources of the Member States in an enlarged Union, and can therefore be better achieved at Union level through the multiannual guarantee of Union finance and by concentrating on its priorities, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective.
- (6) The activities of the European Fund for Rural Development (hereinafter the EAFRD) and the operations to which it contributes must be consistent and compatible with the other EU policies and comply with all EU legislation.
- (7) In its action in favour of rural development, the EU takes care to eliminate inequalities and to promote equality between men and women and non-discrimination, in accordance with the Treaty.
- (8) [strategy]
- (9) Each Member State should prepare either a national rural development programme for its entire territory or a set of regional programmes. Each programme should identify a

---

5

strategy for meeting targets with relation to the EU priorities and a selection of measures. Programming should comply with EU priorities, while being adapted to national contexts and complement the other policies, in particular the agricultural market policy, cohesion policy and common fisheries policy. In order to address specific needs Member States should be able to include in their programmes thematic sub-programmes.

- (10) Rural development programmes should provide for innovative actions promoting a resource-efficient, productive and low-emission agricultural sector, with the support of the ['European Innovation Partnership' (EIP) on 'Agricultural Productivity and Sustainability']. The [EIP] aims to promote a faster and wider transposition of innovative solutions into practice. The [EIP] creates added value by enhancing the uptake and effectiveness of innovation-related instruments and enhancing synergies between them. The [EIP] fills gaps by better linking research and practical farming.
- (11) Implementation of innovative projects in the context of the [EIP] 'Agricultural Productivity and Sustainability' should be undertaken by Operational Groups bringing together farmers, researchers, advisors, businesses and other actors concerned by innovation in the agricultural sector. In order to ensure that results of such projects profit to the sector as a whole, their results should be disseminated.
- (12) Rural development programmes should identify the needs of the area covered and describe a coherent strategy to meet them in the light of the EU priorities for rural development policy. This strategy should be based on the setting of quantified targets. The links between the needs identified, the targets set and the choice of measures selected to meet them should be established. Rural development programmes should also contain all the information required to assess their conformity with the requirements of this Regulation.
- (13) Member States should be able to include in their rural development programmes thematic sub-programmes to address specific needs in areas of particular importance to them. Sub-programmes should concern among others young farmers, small farmers, mountain areas and the creation of short supply chain. The sub-programmes should also provide the possibility to address restructuring of agricultural sectors which have a strong impact on the development of rural areas. As a means to increase the efficient intervention of such sub-programmes Member States should be allowed to provide for higher aid rates for certain operations covered by them.
- (14) Targets are to be established in rural development programmes against a common set of target indicators for all Member States. In order to facilitate this exercise the areas covered by these indicators should be defined, in line with the EU priorities. Given the horizontal application of the priority relating to knowledge transfer in agriculture and forestry interventions under this priority are to be considered as instrumental to the target indicators defined for the remaining five priorities.
- (15) The duration of programmes should be of seven [ten] years. There is need to establish general rules for programming and revising rural development programming. A lighter procedure should be provided for revisions not affecting the strategy of the programmes or the respective EU financial contributions.

- (16) In order to ensure legal certainty and clarity concerning the procedure to be followed in the case of programme amendments, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of the setting of the criteria on the basis of which proposed changes of the quantified targets of the programmes shall be considered as major, thus triggering the need for amending the programme by means of an implementing act adopted in accordance with Article 99 of this Regulation.
- (17) The evolution and specialisation of agriculture and forestry and the particular challenges faced by small and medium-sized enterprises (hereinafter SMEs) in rural areas require an appropriate level of technical and economic training as well as an increased capacity to access and exchange knowledge and information including in the form of diffusion of best agricultural and forestry production practices. Knowledge transfer and information actions should take not only the form of traditional training courses but be adapted to the needs of rural actors. Workshops, coaching, demonstration activities, information actions but also short-term farm exchange or visit schemes should therefore also be supported. Knowledge and information acquired should enable farmers, foresters, persons engaged in the food sector and rural SMEs to enhance in particular their competitiveness and resource efficiency and improve their environmental performance while at the same time contributing to the sustainability of the rural economy. In order to ensure that knowledge transfer and information actions are effective in delivering these results it should be required that the providers of knowledge transfer services have all the appropriate capabilities.
- (18) In order to ensure that bodies providing knowledge transfer services are able to provide services of a quality and nature that is in line with the purposes of rural development policy, to ensure a better targeting of funds and to ensure that farm exchange schemes and farm visits are clearly demarcated in relation to similar actions under other EU schemes, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of minimum qualifications of bodies providing knowledge transfer, eligible costs and the duration and content of farm exchange schemes and farm visits.
- (19) Farm advisory services help farmers, forest holders and SMEs in rural areas to improve the sustainable management and overall performance of their holding or business. Therefore both the setting up of such services and the use of advice by farmers, foresters and SMEs should be encouraged. In order to enhance the quality and effectiveness of the advice offered provision should be made for the minimum qualification and regular training of advisors. Farm advisory services, as provided for in Regulation of the European Parliament and the Council (EU) No HR/xxxx of ... should help farmers assess the performance of their agricultural holding and identify the necessary improvements as regards the statutory management requirements, good agricultural and environmental conditions, environmental actions linked to agriculture set out in Regulation DP/xxx, questions linked to climate change mitigation and adaptation, biodiversity, protection of soil and water as well as actions targeted towards innovation provided for in Annex X to Regulation (EU) No HR/xxxx. Where relevant, advice should also cover occupational safety standards. Advice may also cover issues linked to the economic, agricultural and environmental performance of the holding or enterprise. Farm management and farm relief services should help farmers improve and facilitate management of their holding.

- (20) In order to ensure that bodies and authorities offering advisory services are able to provide advice of a quality and nature that is in line with the purposes of rural development policy, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of the further specification of the minimum qualifications of the authorities and bodies providing advice.
- (21) Community or national quality schemes for agricultural products and food provide consumers with assurances on the quality and characteristics of the product or the production process used as a result of the participation of farmers in such schemes, achieve added value for the products concerned and enhance their market opportunities. Farmers should therefore be encouraged to participate in these schemes. Given that it is at the moment of entering such schemes and in the early years of their participation that additional costs and obligations imposed on farmers as a result of their participation, are not fully remunerated by the market, support should be limited to new participation and cover a period of no more than five years. Given the special characteristics of cotton as a farm product quality schemes for cotton should also be covered. In order to ensure the efficient and effective use of EAFRD budgetary resources, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of the EU quality schemes that may be covered by this measure.
- (22) In order to improve the economic and environmental performance of agricultural holdings and rural SMEs, improve the efficiency of the agricultural products marketing and processing sector, provide infrastructure needed for the development of agriculture and support non-remunerative investments necessary to achieve environmental aims, support should be provided to physical investments contributing to these aims. In the 2007-2013 programming period a variety of measures covered different areas of intervention. In the interest of simplification but also of allowing beneficiaries to design and realise integrated projects with increased added value, a single measure should cover all types of physical investments. Member States shall define a threshold for agricultural holdings eligible for aid for investments related to supporting farm viability based on the results of the SWOT analysis as means to better target the aid. For the same reason support granted to beneficiaries other than agricultural holdings should be limited to SMEs. In order to facilitate realisation of investment projects it should be possible for Member States to pay advances.
- (23) Agricultural production is subject more than other sectors to damage to its productive potential caused by natural disasters. In order to help farm viability and competitiveness in the face of such disasters support should be provided for helping farmers restore agricultural potential damaged. Member States should also ensure that no overcompensation of damages occurs as a result of the combination of EU (in particular the risk management tool), national and private compensation schemes. In order to ensure the efficient and effective use of EAFRD budgetary resources, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of defining the eligible costs under this measure.
- (24) The creation and development of new economic activity in the form of new farms, new businesses or new investments in non-agricultural activities is essential for the development and competitiveness of rural areas. A farm and business development

measure should facilitate the initial establishment of young farmers and the structural adjustment of their holdings after initial setting up, diversification of farmers into non-agricultural activities and the setting up and development of non-agricultural micro- and small enterprises in rural areas. The development of small farms which are potentially economically viable should also be encouraged. In order to ensure the viability of new economic activities supported under this measure, support should be made conditional on the submission of a business plan. Support for business start up should cover only the initial period of the life of a business and not become operating aid. Therefore, where Member States opt to grant aid in instalments these should be for a period of no more than five years.

- (25) Micro- and small enterprises are the backbone of the EU rural economy. Farm and non-agricultural business development should be aimed at employment promotion and the setting up of quality jobs in rural areas, maintenance of already existing jobs, reduction of seasonality fluctuations in employment, development of non-agricultural sectors outside agriculture and agri-food processing while fostering at the same time business integration and local inter-sectoral links. Projects integrating at the same time agriculture, rural tourism, natural and cultural heritage should be encouraged as well as renewable energy investments.
- (26) In order to ensure the efficient and effective use of EAFRD budgetary resources and to avoid discrimination among beneficiaries in different Member States, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect laying down conditions under which legal persons may be considered as young farmers, the minimum content of business plans and the criteria to be used by Member States for the definition of small farms and of thresholds provided under paragraph 3 of the farm and business development measure.
- (27) The development of local infrastructure and local basic services in rural areas, the renewal of villages and activities aimed at the restoration and upgrading of the cultural and natural heritage of villages is an essential element of any effort to realise the growth potential and promote the sustainability of rural areas. Support should therefore be granted to operations with this aim, including the access to Information and Communication Technologies and the development of fast and ultra-fast broadband. In line with these objectives, development of services and infrastructure leading to social inclusion and reversing trends of social and economic decline and depopulation of rural areas should be encouraged. In order to achieve the maximum effectiveness for such support, covered operations should be implemented in accordance with plans for the development of municipalities and their basic services elaborated by one or more rural communes.
- (28) Forestry is an integral part of rural development and support for sustainable land use should encompass forest area development and sustainable management of forests. During the 2007-2013 programming period a variety of measures covered different types of support to forestry investments and management. In the interest of simplification but also of allowing beneficiaries to design and realise integrated projects with increased added value, a single measure should cover all types of support to forestry. This measure should cover the extension and improvement of forest resources through afforestation of land and creation of agro-forestry systems combining extensive agriculture with forestry systems, restoration of forests damaged



by fire or other natural disasters and relevant prevention measures, investments in new forestry technologies and in the processing and marketing of forestry products aimed at improving the economic and environmental performance of foresters and non remunerative investments which improve the resilience and environmental value of forest ecosystems. Support should avoid distorting competition and be market neutral. As a result limitations should be imposed relating to the size and legal status of beneficiaries. Preventive actions against fires should be in areas classified by Member States as medium or high fire risk. All preventive actions should be part of a public forest protection programme. The occurrence of a natural disaster in the case of action for the restoration of damaged forest potential should be subject to the formal recognition by a scientific public authority.

- (29) In order to ensure the efficient and effective use of EAFRD budgetary resources, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of laying down conditions under which Member States shall establish the occurrence of a natural disaster or a pest or disease and the definition of types of preventive actions that shall be eligible for EAFRD support.
- (30) Producer groups help farmers to face jointly the challenges posed by increased competition and consolidation of downstream markets in relation to the marketing of their products. The setting up of producer groups should therefore be encouraged. In order to ensure the best use of limited financial resources only producer groups that qualify as SMEs should benefit from support. In order to ensure that the producer group becomes a viable entity a business plan should be submitted as a condition for the recognition of a producer group by Member States. To avoid providing operating aid and maintain the incentive role of support, its maximum duration should be limited to five years. Producer groups, but also producer organisations and inter-branch organisations wishing to develop after their setting up period can benefit from support under the investment and cooperation measures.
- (31) Agrienvironment payments should continue to play a prominent role in supporting the sustainable development of rural areas and in responding to society's increasing demands for environmental services. They should further encourage farmers and other land managers to serve society as a whole by introducing or continuing to apply agricultural practices, contributing to climate change mitigation and compatible with the protection and improvement of the environment, the landscape and its features, natural resources, the soil and genetic diversity. In this context the conservation of genetic resources in agriculture should be given specific attention. Payments should contribute to covering additional costs and income foregone resulting from the commitment undertaken and should only cover commitments going beyond relevant mandatory standards and requirements. In many situations the synergies resulting from a commitment undertaken jointly by a group of farmers multiplies the environmental benefit. However, joint action brings additional transaction costs which should be compensated adequately. In order to ensure that farmers and other land owners are in a position to correctly implement a commitment they have undertaken Member States should endeavour to provide them that they possess the required skills and knowledge.
- (32) In order to ensure that agri-environment commitments are defined in line with the EU's overall environmental objectives, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the

Commission in respect of laying down the conditions applicable to commitments to intensify or manage differently livestock farming, to limit fertilisers, plant protection products or other inputs or to preserve plant genetic resources and the eligible operations in relation to conservation of genetic resources in agriculture.

- (33) Payments for the conversion to or maintenance of organic farming should contribute to encourage farmers to participate in such schemes thus answering society's increasing demand for the use of environmental friendly farm practices and to animal welfare. In order to increase synergy in biodiversity benefits delivered by the measure, collective contracts or farmers' collaboration should be encouraged to cover larger adjacent areas. In order to avoid large fluctuation of farmers returning to conventional farming, both conversion and maintenance measures should be supported. Payments should contribute additional costs and income foregone as a result of the commitment and should cover only commitments going beyond relevant mandatory standards and requirements.
- (34) Support should continue to be granted to farmers and foresters to help address specific disadvantages in the areas concerned resulting from the implementation of Council Directive 2009/147/EC of 30 November 2009 on the conservation of wild birds and Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora in order to contribute to the effective management of Natura 2000 sites while support should also be made available to farmers to help address disadvantages in river basin areas resulting from the implementation of Directive 2000/60/EC of the European Parliament and the Council of 23 October 2000 establishing a framework for the Community action in the field of the water policy. Support should be linked to specific requirements described in rural development programme that go beyond relevant mandatory standards and requirements.
- (35) Payments to farmers in mountain areas or in other areas facing natural or other specific constraints should contribute, by encouraging continued use of agricultural land to maintaining the countryside as well as to maintaining and promoting sustainable farming systems. In order to ensure the efficiency of such support payments should compensate farmers for income foregone and additional costs linked to the disadvantage of the area concerned.
- (36) In order to ensure efficient use of EU funds and equal treatment for farmers across the EU mountain areas and areas facing other natural constraints should be defined in accordance with objective criteria. In the case of areas facing other natural constraints these should be scientific criteria related to biophysical parameters. Transitional arrangements should be adopted in order to facilitate the phasing out of payments in areas that will no longer be considered as areas facing natural constraints as a result of the application of these criteria.
- (37) Farmers should continue to be encouraged to adopt high standards of animal welfare by providing for support for farmers that undertake to adopt standards of animal husbandry, which go beyond the relevant mandatory standards. In order to ensure that animal welfare commitments are in line with the overall EU policy in this field, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of the areas in which such commitments need to provide upgraded standards.

- (38) Payments should continue to be granted to foresters who provide environmental or forest conservation services by undertaking commitments to enhance biodiversity preserve high-value forest ecosystems and reinforce the protective value of forests with respect to soil erosion, maintenance of water resources and to natural hazards. In this context the conservation and promotion of forest genetic resources should be given specific attention. Payments shall be granted for forest environmental commitments going beyond relevant mandatory standards established by national legislation. In order to ensure the efficient and effective use of EAFRD budgetary resources, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of the types of operations eligible for support under this measure.
- (39) During the 2007-2013 programming period only one type of co-operation was explicitly supported under rural development policy: co-operation for the development of new products, processes and technologies in the agriculture and food sector and the forestry sector. Support for this type of co-operation is still necessary but should be adapted in order better to meet the requirements of the knowledge economy (for example, such support should be available in certain cases for actors operating alone). In addition, it has become clear that supporting a much broader range of types of co-operation, with a wider range of beneficiaries, can contribute to achieving the objectives of rural development policy by helping operators in rural areas to overcome the economic, environmental and other disadvantages of fragmentation. Therefore, the measure should be widened. Support for small operators to organise joint work processes and share facilities and resources should help them to be economically viable despite their small scale. Support for horizontal and vertical co-operation among actors in the supply chain, as well as for promotion activities in a local context, should catalyse the economically rational development of short supply chains and local markets. Support for collective approaches to environmental projects and practices should help to provide greater and more consistent environmental benefits than can be delivered by individual operators acting without reference to others (for example, through practices applied on larger unbroken areas of land). Support in these various areas should be provided in various forms. Clusters and networks are particularly relevant to the sharing and expertise as well as the development of new and specialised expertise, services and products. Pilot projects are important tools for testing the commercial applicability of technologies, techniques and practices in different contexts, and adapting them where necessary. Operational groups are a pivotal element of the [EIP "Agricultural Productivity and Sustainability"]. Another important tool lies in local development strategies operating outside the framework of the Leader approach – between public and private actors from rural and urban areas. Unlike within the Leader approach, such partnerships and strategies could be limited to one sector and / or to relatively specific development aims, including those mentioned above. In order for the measure as a whole to focus on actors with the strongest need for co-operation, in the case of private enterprises support should be limited to micro-, small and medium-sized enterprises. It should be limited to seven years.
- (40) Farmers are exposed today to increasing economic and environmental risks as a consequence of climate change and increased price volatility. In this context, effective management of risks has an increased importance for farmers. For this reason a risk management measure should be set up to assist farmers in addressing the most

common risks faced by them. This measure should therefore support farmers to cover the premiums they pay for crop, animal and plant insurance as well as the setting up of mutual funds and the compensation paid by such funds to farmers for losses suffered as a result of the outbreak of animal or plant diseases or environmental incidents. It should also cover an income stabilisation tool in the form of a mutual fund to support farmers facing a severe drop in their income. In order to ensure that there is equal treatment among farmers across the EU, that competition is not distorted and that the international obligation of the Union are respected, specific conditions should be provided for the granting of support under this measure.

- (41) The Leader approach has, over a number of years, proven its utility in promoting the development of rural areas by fully taking into account the multi-sectoral needs for endogenous rural development through its bottom-up approach. Leader should therefore be continued in the future and its application remain compulsory for all rural development programmes. Given the importance of Leader a minimum share of the contribution of the EAFRD should be reserved for its implementation.
- (42) The implementation of local development strategies can reinforce territorial coherence and synergies between measures and other actions intended for the broader rural economy and population. Therefore, measures and actions relating to the broader rural economy should preferably be implemented through local development strategies. Local development strategies should be well defined and selected in accordance with adequate selection criteria.
- (43) Local development strategies should be implemented by local action groups that mirror correctly the local society. For this reason they should be composed in a balanced way of partners from the various socio-economic sectors of the territory concerned. It is important in order to ensure the representativeness of local action groups the partners from the civil society make at least 50% of the partnership and have an equally part in the voting on project selection. In order to ensure that local development strategies are applied at a territorial level that allows them to deliver results that effectively contribute to the EU priorities and innovation, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of setting population criteria for the area to be covered by each such strategy.
- (44) Support to Leader from the EAFRD should cover all aspects of the preparation and implementation of local development strategies and operation of local action groups as well as the support of cooperation among such groups. In order to enable partners in areas not yet applying Leader to test and prepare for the design and operation of a local development strategy a "Leader start-up kit" should also be financed.
- (45) The support to rural areas via Leader should be coordinated with the local development support offered by other European Funds. The coordination should be preferably done at sub-regional level.
- (46) In order to ensure the efficient and effective use of EAFRD budgetary resources, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of limits to the support to administrative, operating and personnel costs to be granted to local action groups and partnerships benefiting from the Leader start-up kit.

- (47) Although definition of eligible expenditure should remain a responsibility of the Member States, certain minimum provisions should be adopted at EU level in order to ensure the correct use of EAFRD funds.
- (48) Contributions for the realisation of rural development operations supported under this Regulation may take the form of contributions in kind, for which no invoices or other proof of payment can be provided. Such contributions should be allowed as they can improve the efficiency of an operation. However, rules should be adopted to ensure the correct use of EAFRD funds. Simplified cost approaches simplify the management of rural development programmes. Rules should therefore be laid down to allow and provide the framework for their use. Where advances are provided for in this regulation, their grant should be subject to the provision of a guarantee and relevant rules should be laid down.
- (49) Investments are common to many of the rural development measures under this regulation and may relate to operations of very diverse nature. In order to ensure clarity in the implementations of these operations certain common rules for all investments should be laid down. These common rules should ensure that investments are in compliance with EU rules and policy, define the types of expenditure that may be considered as investment expenditure and ensure that only such investments that create new value in agriculture receive support. In order to take account of specificities relating to particular types of investments such as the purchase of second hand equipment and simple replacement investments while ensuring the efficient use of EAFRD funds, the Commission should be empowered to adopt delegated acts concerning the conditions under which certain types of investments may be considered as eligible expenditure.
- (50) To ensure the effectiveness, fairness and sustainable impact of EAFRD assistance, there should be provisions guaranteeing that investments related operations are durable and avoiding that EAFRD support is used to distort competition.
- (51) Certain area related measures under this regulation involve the undertaking on the part of beneficiaries of commitments extending over at least five years. During this period changes may occur to the situation of either the holding or of the beneficiary. Rules should therefore be laid down in order to determine the course to be followed in these cases.
- (52) Certain measures under this regulation provide as a condition for granting support that beneficiaries undertake commitments going beyond a relevant baseline defined in terms of mandatory standards or requirements. In view of changes in legislation during the period of the commitments that have as a result the modification of the baseline provision should be made for the revision of the contracts concerned in order to ensure continued respect of this provision.
- (53) In order to ensure that financial resources for rural development are used in the best possible way and to target measures under rural development programmes in accordance with the EU priorities but also to guarantee equal treatment of applicants member states should establish selection criteria for the selection of projects. Exception to this rule should be made only for those measures for which support consists in payments for the provision of services. In the application of selection

criteria account should be taken of the principle of proportionality in what concerns small grants.

- (54) The EAFRD should support through technical assistance actions relating to the implementation of rural development programmes, including costs related to the protection of symbols and abbreviations relating to EU quality schemes for participation in which support may be granted under this regulation and costs of the Member States for the delimitation of areas facing natural constraints. In order to ensure the efficient use of EAFRD budgetary resources, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission concerning the control activities that may be financed under technical assistance.
- (55) The networking of national networks, organisations and administrations involved in the various stages of programme implementation, organised in the context of the European Network for Rural Development, has proven that it can play a very important role in improving the quality of rural development programmes by increasing the involvement of stakeholders in the governance of rural development as well as in informing the broader public of its benefits. It should therefore be financed as part of the technical assistance at EU level.
- (56) In order to contribute to the achievement of the aims of the [European Innovation Partnership] on agricultural productivity and sustainability a [European Innovation Partnership] Network should be set up in order to network operational groups, advisory services and researchers involved in the implementation of actions targeting innovation in agriculture. It should be financed as part of technical assistance at EU level.
- (57) During the 2007-2013 programming period an Evaluation Expert Network operated in the context of the European Network for Rural Development. To take account of the specific needs of evaluation a European Evaluation Network for Rural Development should be set up for the 2014-2020 programming period in order to bring together all actors involved in evaluation activities to facilitate the exchange of expertise in the field. It should be financed as part of technical assistance
- (58) Member States should reserve a portion of the total amount of each rural development programme devoted to technical assistance to finance the setting up and operation of a National Rural Network bringing together organisations and administrations involved in rural development, including the partnership, with the aim of increasing their involvement in the implementation of the programme and improve the quality of rural development programmes. National Rural Networks should prepare and implement an action plan.
- (59) Provision should be made for the determination of the total amount of EU support to Rural Development under this Regulation for the period from 1 January 2013 to 31 December 2020, its annual breakdown and the minimum amount to be concentrated in regions eligible under the Convergence objective in accordance with the Multiannual Financial Framework for the period 2014 to 2020 and the Interinstitutional Agreement on budgetary discipline and improvement of the budgetary procedure for the same period. The appropriations available should be indexed on a flat-rate basis for programming.

- (60) In order to facilitate the management of EAFRD funds, a single contribution rate of the EAFRD to rural development programming should be set in relation to public expenditure in the Member States. In order to take account of the particular importance or nature of certain types of actions specific contribution rates should be set in relation to them. In order to mitigate the specific constraints resulting from remoteness and insularity appropriate co-financing rate should be set for outermost regions referred to in the Treaty and the smaller Aegean Islands.
- (61) Funds released in Member States as a result of the application of the upper ceiling to direct payments received by large individual funds under the first pillar should be reserved for financing, in each Member State of projects related to innovation by farmers, [EIP] operational groups or local action groups.
- (62) In accordance with the principle of subsidiarity, there should be national rules for eligibility of expenditure subject only to some minimum provisions to ensure sound financial management.
- (63) Member States should be able to use interest rate subsidies and other financial instruments as a means to provide support in order to provide leverage and increase the effectiveness support to rural development measures. In order to ensure the sound financial management in relation to these instruments specific rules for their operation should be laid down. In order to ensure the efficient and effective use of EAFRD budgetary resources, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of requirements relating to the setting up, eligible management costs and content of the funding agreement of financial instruments other than interest rate subsidies and to the establishment of a system of re-capitalisation of remaining annual instalments for the latter.
- (64) Member States should take all the necessary steps and put in place adequate provisions to ensure that their rural development measures are verifiable and controllable. To this end the Management Authority and Paying Agency should provide an ex-ante assessment and undertake to assess measure throughout the implementation of the programme. Measures not respecting this condition should be adjusted.
- (65) The Commission and Member States should take all required steps to ensure sound managements of rural development programmes. In this context the Commission should undertake adequate controls and the Member States should take measures to guarantee sound functioning of their management system.
- (66) A single Management Authority should be responsible for the management and implementation of each rural development programme. Its duties should be specified in this Regulation. The Managing Authority should be able to delegate part of its duties while retaining the responsibility for the efficiency and correctness of management. In case a rural development programme contained thematic sub-programmes the Managing Authority should be able to designate another body to carry out fully management and implementation of that sub-programme in relation to the financial allocations that have been identified for it in the programme while ensuring sound financial management of these sub-programmes.

- (67) Each rural development programme should be subject to monitoring in order to regularly follow-up on the progress towards the established targets of the programme. The effectiveness and impact of actions under the EAFRD also depends on improved evaluation at the stage of preparation, implementation and completions of a programme. A monitoring and evaluation system should therefore be set up in common by the Commission and the Member States with the purpose of demonstrating the progress and assessing the impact and efficiency of rural development policy implementation.
- (68) In order to ensure the efficiency of the system it should be provided that a set of common indicators serves as the basis for its operation. Key information of rural development programmes implementation should be recorded and maintained electronically as a means to facilitate data aggregation. Beneficiaries should therefore be required to provide the minimum necessary information that is needed for monitoring and evaluation.
- (69) Responsibility for monitoring of the programme should be shared between the Managing Authority and a Monitoring Committee set up for this purpose. The Monitoring Committee should have as its task to monitor effectiveness in the implementation of the programme. To this end its responsibilities should be specified
- (70) Monitoring of the programme should involve the drawing up of an annual progress report, to be sent to the Commission. To ensure adequate follow-up to the finding of the report the Commission should be able to invite the Managing Authority of the programme to an annual review meeting.
- (71) Each rural development programme should be subject to evaluation in order to improve its quality and demonstrate its achievements. Before the adoption of the programme evaluation should be in the form of an ex-ante evaluation which should be part of the process of drawing up the programme as a means to optimise allocation of budgetary resources and improve programme quality.
- (72) During programme implementation Member States should set up a system for its ongoing evaluation ensuring among others that relevant data is available on a timely manner. In this context a mid-term and an ex post evaluation should be prepared by Member States and assessed by the Commission. In order to evaluate the overall effectiveness of rural development policy the Commission should undertake syntheses of these evaluations.
- (73) As a general rule, Articles 107, 108 and 109 of the Treaty shall apply to the support for the rural development measures under this Regulation. Nevertheless, it should be established that, given the specificity of the agricultural sector, the rural development measures concerning operations falling within the scope of Article 42 of the Treaty, that are carried out under and in conformity with this Regulation, should be excluded from the application of Articles 107, 108 and 109 of the Treaty. In case of the support for the rural development measures under this Regulation that are not covered under Article 42 of the Treaty, Articles 107, 108 and 109 of the Treaty remain applicable.
- (74) In listed cases rural development measures under this Regulation, falling within the scope of Article 42 of the Treaty and going beyond the limits set out in this Regulation, should be eligible for Member State support without EU co-financing.



Such aids should be allowed if granted in conformity with Articles 107, 108 and 109 of the Treaty.

- (75) Moreover, Member States should be authorised to grant State aid, intended to provide additional national financing for rural development operations falling within the scope of Article 42 of the Treaty, for which EU support is granted. In view of ensuring consistency with the rural development measures eligible for EU support and to simplify procedures, this additional national financing should be authorised as a part of programming under a notification procedure in accordance with the provisions of this Regulation.
- (76) An electronic information system should be established to provide an efficient and secure exchange of data.
- (77) Where this Regulation delegates to the Commission the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union, it is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level.
- (78) In order to ensure uniform conditions for the implementation of this Regulation in relation to the presentation of rural development programmes, the procedures and timetables for approval of programmes, the procedures and timetables for the approval of amendments to programmes, including their entry in to force and frequency of submission, the approval of individual programmes and amendments to them, specific conditions for the implementation of rural development measures, determination of the value of contributions in kind, types of costs for which simplified approaches may be used, the structure and operation of Networks set-up by this Regulation, the adoption of the monitoring and evaluation system the elements to be contained in annual progress reports and in the ex ante, mid-term and ex post evaluations, the procedures and time limits applicable for the admissibility and approval of mid-term and ex post evaluations and the identification of state aid in rural development programmes and the procedures to be followed by Member States to ensure compliance with the State aid rules, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by the Member States of the Commission's exercise of implementing powers<sup>6</sup>.
- (79) In order to ensure a smooth transition from the support scheme set up by Regulation (EC) No 1698/2005 to the new rural development support scheme, the Commission should be empowered to adopt transitional provisions.
- (80) The new support scheme provided for by this regulation replaces the support scheme set up by Regulation 1698/2005. Therefore, Regulation (EC) No 1698/2005 should be repealed from 1 January 2014.

---

<sup>6</sup> OJ L 55, 28.02.2011, p.13.

HAVE ADOPTED THIS REGULATION:

## TABLE OF CONTENTS

TITLE I Objectives and Strategy .....	20
Chapter I Scope and Definitions .....	20
Chapter II Missions, Objectives and Priorities.....	22
Chapter III Principles of assistance .....	24
TITLE II Strategic Approach .....	27
TITLE III Programming.....	28
Chapter I Programming Content .....	28
Chapter II Preparation, approval and revision .....	32
TITLE IV Rural development support .....	34
Chapter I Measures.....	34
Section 1 Individual Measures .....	34
Section 2 Leader.....	54
Chapter II Common provisions for more measures .....	60
Chapter IV Technical Assistance and Networking .....	65
TITLE V Financial Provisions .....	72
TITLE VI Management, control and publicity .....	77
TITLE VII Monitoring and evaluation.....	80
Chapter I General provisions.....	80
Chapter II Monitoring .....	81
Chapter III Evaluation .....	84
TITLE VIII State Aid .....	87

TITLE IX Commission powers, final and transitional provisions .....	88
Chapter I Commission powers .....	88
Chapter II Transitional and final provisions .....	89
ANNEX I .....	91
Amounts and rates of support.....	91
ANNEX II .....	95
Biophysical criteria for the delimitation of NCA.....	95

# **TITLE I**

## **Objectives and Strategy**

### **Chapter I**

#### **Scope and Definitions**

##### *Article 1*

##### *Scope*

This Regulation:

- 1) lays down the general rules governing Union support for rural development, financed by the EAFRD, established by Regulation HZ/xxxx;
- 2) defines the Objectives to which rural development policy is to contribute and the relevant EU Priorities;
- 3) outlines the strategic context for rural development policy;
- 4) defines the measures of rural development policy;
- 5) lays down rules on partnership, programming, networking, management, monitoring and evaluation on the basis of responsibilities shared between the Member States and the Commission.

##### *Article 2*

##### *Definitions*

For the purposes of this Regulation, the following definitions shall apply:

- (a) "EU priority" areas of intervention contributing to one or more of the objectives set out in Article 4;
- (b) "programming": the process of organisation, decision taking and allocating the financial resources in several stages intended to implement, on a multiannual basis, the joint action by the Union and the Member States to achieve the EU priorities;
- (c) "region": territorial unit corresponding to level 1 or 2 of the Nomenclature of territorial units for statistics (NUTS level 1 and 2) within the meaning of Regulation (EC) No 1059/2003 of the European Parliament and of the Council of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS);

(d) "measure": a set of operations contributing to one or more of the EU priorities referred to in Article 5;

(e) "operation": a project, contract, or arrangement or other action selected according to criteria laid down for the rural development programme concerned and implemented by one or more beneficiaries allowing achievement of one or more of the EU priorities referred to in Article 5;

(h) "beneficiary": an operator, body or firm, whether public or private, responsible for implementing operations or receiving support;

(f) "monitoring and evaluation system": a general approach developed by the Commission and the Member States defining a limited number of common indicators relating to the baseline situation and the financial execution, outputs, results, and impacts of the programmes;

(g) "local development strategy": a coherent set of operations to meet local objectives and needs, which contributes to meeting the EU priorities, implemented in partnership at the appropriate level;

(i) "public expenditure": any public contribution to the financing of operations whose origin is the budget of the State, of regional and local authorities, of the European Union and any similar expenditure. Any contribution to the financing of operations whose origin is the budget of public law bodies or associations of one or more regional authorities or public law bodies, within the meaning of Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts, shall be regarded as public contribution;

(j)[ "Convergence Objective": the objective of the action for the least developed Member States and regions according to the Union legislation governing the European Regional Development Fund (hereinafter the ERDF), the European Social Fund (hereinafter the ESF) and the Cohesion Fund (hereinafter CF) for the period from 1 January 2014 to 31 December 2020 (2023);]

(k) "Micro-, small and medium-sized enterprises": micro-, small and medium-sized enterprises as defined in Commission Recommendation 2003/261/EC;

(l) "Member of the farm household": a natural or legal person or a group of natural or legal persons, whatever legal status is granted to the group and its members by national law, with the exception of farm workers. Where a member of the farm household is a legal person or a group of legal persons, that member must exercise an agricultural activity on the farm at the time of the support application;

(m) "Transaction cost": a cost related to letting a transaction take place and not directly attributable to the implementation cost of the commitment it relates to;

(n) "UAA": utilised agricultural area within the meaning of Commission Decision 2000/115/EC of 24 November 1999 relating to the definitions of the characteristics, the list of agricultural products, the exceptions to the definitions and the regions and districts regarding surveys on the structure of agricultural holdings;

(o) "Economic losses": any additional cost incurred by a farmer as a result of exceptional measures taken by the farmer with the objective of reducing supply on the market concerned or any substantial loss of production;

(p) "Adverse climatic event": weather conditions which can be assimilated to a natural disaster, such as frost, hail, ice, rain or drought;

(q) "Animal diseases": diseases mentioned in the list of animal diseases established by the World Organisation for Animal Health and/or in the Annex to Council Decision 90/424/EEC of 26 June 1990 on expenditure in the veterinary field;

(r) "Environmental incident": a specific occurrence of pollution, contamination or degradation in the quality of the environment related to a specific event and of limited geographical scope. It does not cover general environmental risks not connected with a specific event, such as climate change or acid rain.

## **Chapter II**

### **Missions, Objectives and Priorities**

#### *Article 3*

##### *Missions*

The EAFRD shall contribute to the EU-2020 strategy for smart sustainable and inclusive growth by promoting sustainable rural development throughout the Union in a complementary manner to the other instruments of the Common Agricultural Policy (hereinafter "CAP"), to cohesion policy and to the common fisheries policy. It shall contribute to a more territorially and environmentally balanced and innovative EU agricultural sector.

#### *Article 4*

##### *Objectives*

Within the overall framework of the CAP, support for rural development shall contribute to achieving the following objectives:

- 1) contributing to the competitiveness of agriculture;
- 2) contributing to the sustainable management of natural resources;
- 3) contributing to a balanced territorial development of rural areas.

## *Article 5*

### *EU priorities*

The achievement of the Objectives of rural development policy shall be pursued through the following six EU priorities:

1) Fostering knowledge transfer in agriculture and forestry, with a focus in the following areas:

- Promoting human capital and smart networking in agriculture and forestry;
- Fostering innovation and the knowledge base of agriculture and forestry;
- Strengthening the links between agriculture and forestry and research and development.

2) Enhancing competitiveness of agriculture and farm viability, with a focus in the following areas:

- Facilitating restructuring of farms facing major structural problems, notably farms with a low degree of market participation, market-orientated farms in particular sectors and farms in need of agricultural diversification;
- Facilitating generational renewal in the agricultural sector.

3) Promoting food chain organisation and risk management in agriculture, with a focus in the following areas:

- Integrating primary producers into the food chain through quality schemes, promotion in local markets and short supply circuits, producer groups and interbranch organisations;
- Supporting farm risk management.

4) Preserving and enhancing ecosystems dependent on agriculture and forestry, with a focus in the following areas:

- Biodiversity / landscapes;
- Carbon sequestration;
- Water management;
- Soil management.

5) Promoting resource efficiency and the transition to a low carbon economy in the agrifood and forestry sectors, with a focus in the following areas:

- Increasing efficiency in water use by agriculture;
- Increasing efficiency in energy use in agriculture and food processing



- Facilitating production of feed stocks for renewable energy in agriculture and forestry
- Reducing nitrous oxide and methane emissions from agriculture.

6) Realising the jobs potential and the development of rural areas, with a focus in the following areas:

- Facilitating diversification and job creation;
- Promoting social inclusion and poverty reduction [or Facilitating access to key services]; [Steering group to decide]
- Fostering local development in rural areas.

## Chapter III

### Principles of assistance

#### *Article 6*

#### *Complementarity, consistency and conformity*

1. The EAFRD shall complement national, regional and local actions contributing to the Union's priorities.
2. The Commission and the Member States shall ensure that the assistance from the EAFRD and the Member States is consistent and complementary with the activities and policies of the Union and the EU priorities.
3. The assistance of the EAFRD shall be consistent with the objectives of economic, social and territorial cohesion and those of the EU support instrument for fisheries in particular. This consistency shall be provided by the Common Strategic Framework referred to in Article 10, the [National Partnership Contract] referred to in Article 11 and the rural development programmes referred to in Article 13.
4. There shall also be consistency with the measures financed by the European Agricultural Guarantee Fund.
5. In accordance with their respective responsibilities, the Commission and the Member States shall ensure the coordination between the assistance from the different Funds, the ERDF, the ESF, the CF, the EFF, and the interventions of the European Investment Bank, and of other EU financial instruments.
6. No support under this Regulation shall be granted operations supported under common market organizations. The Commission shall be empowered to adopt delegated acts, in accordance with Article 99 defining exceptions from this rule.

**[7. The Member States shall ensure that the operations financed by the EAFRD are in conformity with the Treaty and any acts adopted under it.]**

## *Article 7*

### *Partnership*

1. EAFRD assistance shall be implemented through close consultations (hereinafter partnership) between the Commission and the Member States and with the authorities and bodies designated by the Member State under national rules and practices, including:

- (a) the competent regional or local authorities and other public authorities;
- (b) the economic and social partners;
- (c) any other appropriate body representing civil society, non-governmental organisations, including environmental organisations, and bodies responsible for promoting equality between men and women.

Member States shall designate the most representative partners at national, regional and local level and in the economic, social, environmental or other sphere (hereinafter partners). It shall create the conditions for a broad and effective involvement of all appropriate partners, in accordance with national rules and practices, taking into account the need to promote equality between men and women and sustainable development through integration of environment protection and improvement requirements.

2. The partnership shall be conducted with due regard to the respective institutional, legal and financial responsibilities of each category of partner as defined under paragraph 1.

3. The partnership shall be involved in the preparation, implementation, monitoring and evaluation of the rural development programmes. Member States shall involve all appropriate partners at the various programming stages, due regard being had to the time limit set for each step.

## *Article 8*

### *Subsidiarity*

Member States shall be responsible for implementing the rural development programmes at the appropriate territorial level, according to their own institutional arrangements, in accordance with this Regulation.

## *Article 9*

### *Equality between men and women and non-discrimination*

Member States and the Commission shall promote equality between men and women and shall ensure that any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation is prevented during the various stages of programme implementation.

This includes the stages of preparation, implementation, monitoring and evaluation.

**TITLE III**  
**Strategic Framework**

**Article 10**

**Common Strategic Framework**

[000]

**Article 11**

**National Frameworks [Investment Partnership Contracts]**

[000]

**Article 12**

**Performance reserve**

[000]

# **TITLE III**

## **Programming**

### **Chapter I**

#### **Programming Content**

##### *Article 13*

##### *Rural development programmes*

1. The EAFRD shall act in the Member States through rural development programmes. These programmes shall implement a rural development strategy to meet the EU priorities through a set of measures defined in Title IV, for the achievement of which aid from the EAFRD will be sought.

Each rural development programme shall cover the period between 1 January 2014 and 31 December 2020. [2023]

2. A Member State may submit either a single programme for its entire territory or a set of regional programmes.

3. Member States with regional programmes may also submit for approval a national framework containing common elements for these programmes. The national framework may also contain a list of specific measures to be obligatorily included in regional programmes in order to address particularly relevant environmental, economic or social goals identified at national level.

4. Member states may include within their rural development programmes thematic sub-programmes, contributing to the EU priorities, aimed to address specific needs identified, in particular in relation to:

- (a) young farmers;
- (b) small farmers;
- (c) mountain areas;
- (d) short supply chains.

An indicative list of measures and operations of particular relevance to each thematic sub-programme is set out in Annex III.

## Article 14

### *Content of rural development programmes*

1. Each rural development programme shall include:

- (a) the *ex ante* evaluation referred to in Article 93;
- (b) an analysis of the situation in terms of strengths, weaknesses, opportunities and threats and identification of the needs that have to be addressed in the geographical area covered by the programme and, where relevant, by the sub-programmes referred to in Article 13(4).

The analysis shall be structured around the EU priorities. Specific needs concerning climate change mitigation and adaptation[, the environment] **[as foreseen in the Communication]** and promotion of innovation shall be assessed throughout the EU priorities, in view of identifying relevant responses in these two areas at the level of each priority;

- (c) a description of the strategy which includes the target setting for each EU priority on the basis of common target indicators, and a selection of measures, based on a thorough definition of the intervention logic of the programme, including an assessment of the expected contribution of the measures chosen to achieve the targets.

The rural development programme will have to demonstrate that:

- relevant packages of measures are included in relation to each of the EU priorities, logically following from the ex-ante evaluation referred to in point (a) and the analysis referred to in point (b),
- specific needs linked with specific conditions at regional or sub-regional level are taken into account and concretely addressed through adequately designed packages of measures or thematic sub-programmes,
- pertinent actions towards innovation and climate change mitigation and adaptation and the environment [to be decided, mentioned in communication] are integrated into the programme,
- the appropriate actions envisaged to simplify the implementation of the programme.
- sufficient advisory capacity is available to ensure advice on the regulatory requirements and all aspects linked to sustainable management in agriculture and forestry;
- initiatives are planned for raising awareness and animating innovative actions and establishing operational groups of the [European Innovation Partnership 'Agricultural Productivity and Sustainability'];
- an appropriate approach has been defined laying down principles with regard to the setting of selection criteria for projects and local development strategies, which takes into account relevant targets. In this context Member States may provide for priority to be given or for a higher aid intensity for operations undertaken collectively by groups of farmers.

(d) in relation to local development, a specific description of the coordination mechanisms between the Leader Local Development Strategies, the measure co-operation, the measure basic services and village renewal in rural areas and the support for non-agricultural activities in rural areas under the measure farm and business development in rural areas;

(e) a description of the approach towards innovation in view of enhancing productivity and sustainable resource management and the contribution to achieving the objectives of the [European] Innovation Partnership 'Agricultural Productivity and Sustainability';

(f) an analysis of needs relating to monitoring and evaluation requirements. The Member States shall provide sufficient resources and capacity building to address the identified needs;

(g) a financing plan comprising:

- a table setting out, in accordance with Article 73, the total EAFRD contribution planned for each year. When applicable this table shall indicate separately within the total EAFRD contribution the appropriations provided for the regions eligible under the Convergence Objective. The planned annual EAFRD contribution shall be compatible with the Multi-annual Financial Framework;

- a table setting out for the entire programming period the total Community contribution planned and the matching national funding for each measure and the amount earmarked for technical assistance;

(h) an indicator plan comprising by priority the target indicators and the selected measures with planned outputs and planned expenditure, broken down between public and private;

(i) where applicable, a table on additional national financing per measure in accordance with Article 97;

(j) the elements needed for the appraisal under competition rules and, where applicable, the list of aid schemes authorised under Articles 107, 108 and 109 of the Treaty to be used for the implementation of the programmes;

(k) information of the complementarity with measures financed by the other common agricultural policy instruments, through cohesion policy as well as by the EU support instrument for fisheries;

(l) programme implementing arrangements including:

- (i) the designation by the Member State of all authorities provided for in Article 80(2) and, for information, a summary description of the management and control structure.

- (ii) a description of the monitoring and evaluation procedures, as well as the composition of the Monitoring committee;

- (iii) the provisions to ensure that the programme is publicised, including through the National Rural Network;

(m) the designation of the partners referred to in Article 7 and the results of the consultation of the partners.

(n) where applicable, the main elements of the National Rural Network action plan and structure, and provisions for its management, which would constitute the basis for its annual actions plans.

2. Where thematic sub-programmes are included in a rural development programme, each sub-programme shall include:

- a specific analysis of the situation in terms of strengths, weaknesses, opportunities and threats and identification of the needs that have to be addressed by the sub-programme;
- specific targets at sub-programme level and a selection of measures, based on a thorough definition of the intervention logic of the sub-programme, including an assessment of the expected contribution of the measures chosen to achieve the targets;
- a separate specific indicator plan, with planned outputs and planned expenditure, broken down between public and private.

For measures supported in the framework of thematic sub-programmes concerning small farmers and short supply chains the aid intensity rates fixed in Annex I may be increased by 10 percentage points. However, the maximum combined aid intensity may not exceed 90%.

In the case of young farmers and mountain areas, the maximum support rates may be increased in accordance with what is laid down in Annex I

3. The Commission shall adopt implementing acts providing uniform conditions for the presentation of the elements described in paragraphs 1 and 2 in rural development programmes. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 100.

### *Article 15*

#### *Target Indicator Areas*

Targets shall be established in the programme, in relation to the areas of focus of the EU priorities referred to in Article 5(2) to (6), using common target indicators to be defined as part of the monitoring and evaluation system referred to in Article 81.



## **Chapter II**

### **Preparation, approval and revision**

#### *Article 16*

##### *Preparation and approval*

1. Rural development programmes shall be established by Member States following close cooperation with the partners referred to in Article 7. Consultation of the partners on the preparatory documents shall be organised in such a way as to allow the partners a period of at least four weeks to examine them.

2. Member States shall submit to the Commission a proposal for each rural development programme, containing the information mentioned in Article 14.

3. The Commission shall assess the proposed programmes on the basis of their effective contribution to the EU priorities and their consistency with this Regulation. The assessment will focus on the adequacy of the programme strategy to meet the targets set EU priorities addressed by the programme. The balance of the allocation of financial resources to the measures of the programme shall be assessed in relation to the possibility to achieve these targets.

Where the Commission considers that a rural development programme is not consistent with any of the elements described in the first subparagraph, it shall request the Member State to revise the proposed programme accordingly.

4. Each rural development programme shall be approved by the Commission by means of an implementing act adopted in accordance with the examination procedure referred to in Article 100.

#### *Article 17*

##### *Revision*

1. Member States may amend rural development programmes, following their adoption, for the remainder of the period. Programme modifications shall take into account the outcome of evaluations and the Commission's syntheses referred to in Article 96, particularly with a view to strengthening or adapting the way in which the programme addresses the EU priorities.

2. Requests for programme modifications shall be approved in accordance with the following procedures:

(a) The Commission shall adopt an implementing act on requests to amend programmes that concern:

(i) a change in the programme strategy, namely through a major reset of quantified targets;

- (ii) a change in the EU co-financing rate on programme level;
- (iii) a change of the entire EU contribution or its annual distribution at programme level.

These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 100.

- (b) All other programme modifications shall be submitted to the Commission for approval. These shall include in particular:
  - (i) introduction or withdrawal of measures or types of operations;
  - (ii) changes in the description of measures, including changes of eligibility conditions;
  - (iii) changes in the EU co-financing rate of one or more measures.

3. The Commission shall be empowered to adopt delegated acts in accordance with Article 99 concerning the criteria defining a major reset of quantified targets referred to in paragraph 3(a)(i).

## *Article 18*

### *Implementing Acts*

The Commission shall adopt implementing acts providing for uniform conditions for the application of this chapter concerning the following:

- (a) procedures and timetables for the approval of rural development programmes;
- (b) procedures and timetables for the submission and approval of proposals for amendments to rural development programmes, including their entry into force and frequency of submission during the programming period.

These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 100.

## **TITLE IV**

### **Rural development support**

#### **Chapter I**

#### **Measures**

##### *Article 19*

##### *Measures*

Each rural development measure shall be programmed to contribute specifically to the achievement of one or more EU priorities.

#### **SECTION 1**

#### **INDIVIDUAL MEASURES**

##### *Article 20*

##### *Knowledge transfer and information actions*

1. Support under this measure shall concern vocational training and skills acquisition actions, including in the form of training courses, workshops and coaching, demonstration activities and information actions.

2. Support may also concern short-term farm management exchange schemes and farm-visits.

3. Support under this measure shall be for the benefit of persons engaged in the agricultural, food and forestry sector, land managers and other economic actors who are micro-, small or medium-sized enterprises operating in rural areas.

The training or other knowledge transfer action provider shall be the direct beneficiary of the support.

4. Support under this measure shall not include courses of instruction or training, which form part of normal education programmes or systems at secondary or higher levels.

Bodies providing knowledge transfer services shall have the appropriate capacities in the form of staff qualifications and regular training to carry out this task.

5. Eligible costs under this measure shall be the costs of organising and delivering the knowledge transfer or information action. In the case of demonstration projects, support may also cover relevant investment costs. In the case of farm exchange schemes and farm-visits,

costs for travel, accommodation and per diem expenses shall also be eligible. The cost of replacement of the farmer shall also be eligible.

5. The Commission shall be empowered to adopt delegated acts in accordance with Article 99 concerning the further specification of eligible costs, the minimum qualifications of bodies providing knowledge transfer services and the duration and content of farm exchange schemes and farm visits.

## *Article 21*

### *Advisory services, farm management and farm relief services*

1. Support under this measure shall be granted in order to:

(a) help farmers, foresters, forest owners and micro-, small- and medium-sized enterprises in rural areas to benefit from the use of advisory services for the improvement of the economic and environmental performance of their holding or enterprise;

(b) promote the setting up of farm management, farm relief and farm advisory services, as well as forestry advisory services;

(c) promote the training of advisors.

2. The direct beneficiary of support provided under paragraph 1(a) and (c) shall be the provider of advice or training. Beneficiaries under paragraph 1(a) and (c) shall be micro-, small and medium-sized enterprises. Support under paragraph 1(b) shall be granted to the authority or body selected to set up the farm management, farm relief or farm advisory service.

3. The authorities or bodies selected to provide advice shall have the appropriate resources in the form of regularly trained and qualified staff and advisory experience and reliability with respect to the fields they advise in. The beneficiaries shall be chosen via call for tenders based on their business concept. The selection procedure shall be objective and be open to public as well as to private bodies.

When providing advice, advisory services shall respect the non-disclosure obligations referred to in Article X(3) of Regulation (EU) No HR/xxxx

4. Advice to farmers shall be linked to at least one EU priority and shall cover as a minimum one or more of :

(a) the statutory management requirements and/or standards for good agricultural and environmental conditions provided for in Chapter 2 of Title V of Regulation HR/xxxx;

(b) where applicable, environmental actions linked to agriculture under Article X [greening provision] of Regulation EU No DP/xxxx;

(c) questions linked to climate change mitigation and adaptation, biodiversity, the protection of water and soil, and actions targeted towards innovation provided for in Annex X to Regulation HR/xxxx;

(d) where relevant, occupational safety standards based on Union legislation.

Advice may also cover other issues linked to the economic, agricultural and environmental performance of the agricultural holding.

5. Advice to foresters shall cover at least the relevant elements of cross-compliance. They may also cover issues linked to the economic and environmental performance of the forest holding.

6. Advice to micro, small and medium-sized enterprises may cover issues linked to the economic and environmental performance of the enterprise.

7. Where justified and appropriate, advice may be partly provided in group, while taking into account the situations of the individual beneficiaries participating.

8. Support under paragraphs 1(a) and (c) shall be limited to the maximum amounts laid down in Annex I. Support under paragraph 1(b) shall be degressive over a maximum period of five years from setting up.

9. The Commission shall be empowered to adopt delegated acts in accordance with Article 99 concerning the further specification of the minimum qualifications of the authorities or bodies providing advice.

## *Article 22*

### *Quality schemes for agricultural products and foodstuffs*

1. Support under this measure shall be for new participation by farmers in:

(a) quality schemes for agricultural products, cotton or foodstuffs established by EU legislation; or

(b) quality schemes recognised by the Member States as complying with the following criteria:

(i) the specificity of the final product under such schemes is derived from clear obligations on product characteristics and /or farming methods that guarantee:

- specific product characteristics, or
- specific farming or production attributes, or
- a quality of the final product that goes significantly beyond the commercial commodity standards as regards public, animal or plant health, animal welfare or environmental protection;

(ii) the scheme is open to all producers;

(iii) the scheme involves binding product specifications and compliance with those specifications is verified by public authorities or by an independent inspection body;

(iv) the scheme is transparent and assures complete traceability of products.

(c) voluntary agricultural product certification schemes recognised by the Member States as meeting the EU best practice guidelines<sup>7</sup> for the operation of voluntary certification schemes relating to agricultural products and foodstuffs.

2. Support shall be granted as an annual incentive payment, the level of which shall be determined according to the level of the fixed costs arising from participation in supported schemes, for a maximum duration of five years.

For the purposes of this paragraph, 'fixed costs' means the costs incurred for entering a supported quality scheme and the annual contribution for participating in that scheme, including, where necessary, expenditure on checks required to verify compliance with the specifications of the scheme.

3. Member States shall be responsible for ensuring that voluntary agricultural product certification or quality schemes recognised by them are in conformity with the requirements of paragraph 1(b) or 1(c) as appropriate.

4. Support shall be limited to the maximum rate laid down in Annex I.

5. The Commission shall be empowered to adopt delegated acts in accordance with Article 99 concerning the specific EU quality schemes to be covered by paragraph 1(a).

## *Article 23*

### *Investments in physical assets*

1. Support under this measure shall be for tangible and or intangible investments which:

(a) improve the overall performance of the agricultural holding;

(b) concern the processing, marketing and/or development of agricultural products covered by Annex I of the Treaty or cotton. The output of the production process may be a product not covered by Annex I of the Treaty;

(c) concern infrastructure related to the development and adaptation of agriculture, including access to farm and forest land, land consolidation and improvement, energy supply and, water management ;

(d) are non productive investments linked to the achievement of agri- and forest- environment commitments or enhancing the public amenity value of a NATURA 2000 area or other high nature value area to be defined in the programme.

2. Support under paragraph 1(a) or to other investments taking place in the agricultural holding shall be granted to agricultural holdings. In the case of investments to support farm viability, only farms not exceeding a certain size, to be defined by the Member States based

---

<sup>7</sup> Commission Communication – EU best practice guidelines for voluntary certification schemes for agricultural products and foodstuffs, OJ C 341, 16.12.2010, p. 5.

on the SWOT analysis carried out in relation to the priority "competitiveness of agriculture and farm viability", shall be eligible.

Support under paragraph 1(b) shall be limited to micro-, small and medium-sized enterprises.

3. Support under this measure shall be limited to the maximum rates laid down in Annex I. These maximum rates may be increased for young farmers, collective investments and integrated projects, investments in areas facing natural constraints and operations supported in the framework of the [European Innovation Partnership] in accordance with what is laid down in Annex I. However, the maximum combined aid intensity may not exceed 90%.

4. The limitations provided for in paragraph 3 shall not apply to non-productive investments under paragraph 1(d).

#### *Article 24*

##### *Restoring agricultural production potential damaged by natural disasters and introduction of appropriate prevention actions*

1. Support under this measure shall cover:

(a) investments in preventive actions aimed at reducing the consequences of probable natural disasters;

(b) investments for the restoration of agricultural land and production potential damaged by natural disasters.

2. Support shall be granted to farmers or groups of farmers. Support may also be granted to public entities where a link between the investment undertaken by such entities and agricultural production potential is established.

3. Support under paragraph 1(b) shall be subject to the formal recognition by the competent public authorities of Member States that a natural disaster has occurred and that it has caused the destruction of at least 30% of the relevant agricultural potential.

4. No support under this measure shall be granted for loss of income resulting from the natural disaster.

Member States shall ensure that overcompensation as a result of the combination of this measure and other national or EU support instruments or private insurance schemes is avoided.

5. Support under paragraph 1(a) shall be limited to the maximum rate laid down in Annex I. This maximum rate shall not apply to collective projects by more than one beneficiaries.

6. The Commission shall be empowered to adopt delegated acts in accordance with Article 99 concerning the definition of eligible costs under this measure.

## Article 25

### *Farm and business development*

1. Support under this measure shall cover:

(a) business start-up aid for:

(i) young farmers setting up for the first time in an agricultural holding;

(ii) non-agricultural activities in rural areas;

(iii) the development of small farms;

(b) investments in non-agricultural activities.

2. Support under paragraph 1(a)(i) shall be granted to farmers who are less than 40 years of age at the moment of submitting the application and possess adequate occupational skills and competence.

Support under paragraph 1(a)(ii) shall be granted to farmers or members of the farm household diversifying into non-agricultural activities and to non-agricultural micro- and small- enterprises in rural areas.

Support under paragraph 1(a)(iii) shall be granted to small farms as defined by Member States.

Support under paragraph 1(b) shall be granted to non- agricultural micro- and small- enterprises in rural areas and to farmers or members of the farm household.

3. Support under paragraph 1(a) shall be conditional on the submission of a business plan. Implementation of the business plan has to start within six months from the date of the decision granting the aid.

Member States shall define upper and lower thresholds for allowing agricultural holdings access to support under paragraphs 1(a)(i) and 1(a)(iii) respectively. The lower threshold for support under paragraph 1(a)(i) must be significantly higher than the upper threshold for support under paragraph 1(a)(iii). Support shall, however, be limited to holdings coming under the definition of micro-, small and medium-sized enterprises.

4. Support under paragraph 1(a) (i) and (ii) shall be in the form of a flat rate payment, which may be paid in at least two instalments over a period of maximum five years. Instalments may be digressive. The payment of the last instalment shall be conditional upon the correct implementation of the business plan

5. The maximum amount of support is set out in Annex I. Member States shall define the amount of support under paragraph 1(a)(i) and (ii) also taking into account the socio-economic situation of the programme area.

6. The Commission shall be empowered to adopt delegated acts in accordance with Article 99 concerning, the conditions under which a legal person may be considered a 'young farmer', the



minimum content of business plans, the criteria to be used by Member States for the definition of small farm and criteria for setting the thresholds referred to in paragraph 3.

## *Article 26*

### *Basic services and village renewal in rural areas*

1. Support under this measure shall cover in particular:

- (a) the drawing up and updating of plans for the development of municipalities and their basic services and of protection and management plans relating to NATURA 2000 sites and other places of high natural value;
- (b) investments in the creation, improvement or expansion of all types of small scale infrastructure;
- (c) broadband infrastructure, including its creation, improvement and expansion, passive broadband infrastructure and provision of access to broadband and public e-government solutions;
- (d) investments in the setting-up, improvement or expansion of local basic services for the rural population and the related infrastructure;
- (e) investments by public bodies in recreational infrastructure, tourist information and sign-posting of touristic sites;
- (f) studies and investments associated with the maintenance, restoration and upgrading of the cultural and natural heritage of villages and rural landscapes, including related socioeconomic aspects;
- (g) investments targeting the relocation of activities and conversion of buildings or other facilities located close to rural settlements, with a view to improving the quality of life or increasing the environmental performance of the settlement.

2. Support under this measure shall only concern small-scale infrastructure, as defined by each Member State. However, rural development programmes may provide for specific derogations from this rule for investments in broadband and renewable energy. In this case, clear criteria ensuring complementarity with support under other EU instruments must be provided.

3. Investments under paragraph 1 shall be eligible for support where the relevant operations are implemented in accordance with plans for the development of municipalities and their basic services and shall be consistent with any local development strategy where one exists.

## *Article 27*

### *Investments in forest area development and improvement of the viability of forests*

1. Support under this measure shall concern:

- (a) afforestation and creation of woodland;
  - (b) establishment of agro-forestry systems;
  - (c) prevention and restoration of damage to forests from forest fires and natural disasters, including pest and disease outbreaks and climate related threats;
  - (d) investments improving the resilience and environmental value of forest ecosystems;
  - (e) investments in new forestry technologies and in processing and marketing of forestry products.
2. Limitations on ownership of forests provided for in articles 28-32 shall not apply for the tropical or subtropical forests and to the wooded areas of the territories of the Azores, Madeira, the Canary Islands, the smaller Aegean Islands within the meaning of Regulation (EEC) 2019/93 and the French overseas departments.
3. The Commission shall be empowered to adopt delegated acts in accordance with Article 99 concerning the conditions for establishing the occurrence of a natural disaster or of pests and diseases, and the precise definition of eligible preventive actions.

#### *Article 28*

##### *Afforestation and creation of woodland*

1. Support under Article 27(1)(a) shall be granted to private land-owners and tenants, municipalities and their associations and shall cover the costs of establishment and an annual premium per hectare to cover the costs of maintenance, including early and late cleanings, for a maximum period of ten years.
2. Both agricultural and non-agricultural land shall be eligible. Species planted must be adapted to the environmental and climatic conditions of the area. No support shall be granted for the planting of short rotation coppice, Christmas trees or fast growing trees for energy production. In areas where afforestation is made difficult by severe pedo-climatic conditions support may be provided for planting other perennial woody species such as shrubs or bushes suitable to the local conditions. Support shall not exclude use of wood or non-wood materials or other forest goods and services for economic purposes.

#### *Article 29*

##### *Establishment of agro-forestry systems*

1. Support under Article 27(1)(b) shall be granted to private landowners, tenants, municipalities and their associations and shall cover the costs of establishment and an annual premium per hectare to cover the costs of maintenance for a maximum period of three years.
2. "Agro-forestry systems" shall mean land use systems in which trees are grown in combination with extensive agriculture on the same land. The maximum number of trees to be

planted per hectare shall be determined by the Member States taking account of local pedo-climatic conditions, forestry species and the need to ensure agricultural use of the land.

3. Support shall be limited to the maximum rate set out in Annex I.

### *Article 30*

#### *Prevention and restoration of damage to forests from forest fires and natural disasters*

1. Support under Article 27(1)(c) shall be granted to private, semi public and public forest owners, municipalities, state forests and their associations and shall cover the costs for:

- (a) the establishment of protective infrastructure. In the case of firebreaks support may also cover aid contributing to maintenance costs. No support shall be granted for agricultural related activities in areas covered by agri-environment commitments.
- (b) local, small scale prevention activities against fire or other natural hazards;
- (c) establishing and improving forest fire, pest and diseases monitoring facilities and communication equipment;
- (d) restoring forest potential damaged from fires and other natural disasters including pests, diseases and climate change related events.

2. In order to be eligible for support preventive actions have to be acknowledged by scientific public organisations and targeted according to the objectives of a public programme. In the case of pests and diseases, the risk of a relevant disaster occurrence must be supported by scientific evidence and acknowledged by scientific public organisations. Where relevant, the list of species which may cause a disaster must be provided in the programme.

Eligible operations shall be consistent with the national forest protection plan. For holdings above a certain size, to be determined by the Member States, support shall be conditional on the submission of a forest management plan detailing the preventive objectives.

Forest areas with a medium to high forest fire risk shall be eligible for support relating to forest fire prevention.

3. Payments under paragraph 1(d) shall be subject to the formal recognition by the competent public authorities of Member States that a natural disaster has occurred and that it has caused the destruction of at least 30% of the relevant forest potential. This percentage shall be determined on the basis of either the average existing forest potential in the three-year period immediately preceding the disaster or on the average of the five-year period immediately preceding the disaster, excluding the highest and the lowest entry.

### *Article 31*

#### *Investments improving the resilience and environmental value of forest ecosystems*

1. Support under Article 27(1)(d) shall be granted to natural persons, private forest owners, private law and semi-public bodies, municipalities and their associations. In the case of state forests support may also be granted to bodies managing such forests, which are independent from the state budget.
2. Investments shall be primarily aimed at the achievement of commitments undertaken for environmental aims, ecosystem services and/or which enhance the public amenity value of forest and wooded land in the area concerned, without excluding economic benefits in the long term.

### *Article 32*

#### *Investments in new forestry technologies and in processing and marketing of forestry products*

1. Support under Article 27(1)(e) shall be granted to private forest owners, municipalities and their associations and to micro- and small- and medium-sized enterprises for investments enhancing forestry potential or relating to processing and marketing adding value to forestry products. In the territories of the Azores, Madeira, the Canary Islands, the smaller Aegean Islands within the meaning of Regulation (EEC) 2019/93 and the French overseas departments support may also be granted to enterprises that are not micro-, small or medium-sized enterprises.
2. Investments shall be conditional on the submission of a forest management plan for holdings above a certain size, to be determined by the Member States.
3. Investments related to the improvement of the economic value of forests shall be at the level of the forestry holding and may include investments for soil and resource friendly harvesting machinery and practices.
4. Investments related to the use of wood as a raw material or energy source shall be limited to all working operations prior to industrial processing.
5. Support shall be limited to the maximum rates set out in Annex I.

### *Article 33*

#### *Setting up of producer groups*

1. Support under this measure shall be granted in order to facilitate the setting up of producer groups for the purpose of:
  - (a) adapting the production and output of producers who are members of such groups to market requirements;

(b) jointly placing goods on the market, including preparation for sale, centralisation of sales and supply to bulk buyers;

(c) establishing common rules on production information, with particular regard to harvesting and availability; and

(d) other activities that may be carried out by producer groups, such as development of business and marketing skills and organisation and facilitation of innovation processes.

2. Support shall be granted to producer groups which are officially recognised by the Member States' competent authority on the basis of a business plan. It shall be limited to producer groups coming under the definition of micro- small- and medium-sized enterprises.

Member States shall verify that the objectives of the business plan have been reached within five years after recognition of the producer group.

3. The support shall be paid as a flat rate aid in annual instalments for the first five years following the date on which the producer group was recognised on the basis of its business plan. It shall be calculated on the basis of the group's annual marketed production.

In the first year Member States may pay support to the producer group calculated on the basis of the average annual value of the marketed production of its members over the three years before they entered the group. In the case of producer groups in the forestry sector, support shall be calculated on the basis of the average marketed production of the members of the group during the last 5 years before the recognition, excluding the highest and the lowest value.

4. Support shall be limited to the maximum amounts laid down in Annex I.

5. Inter-branch organisations shall not be eligible under this measure but are eligible for support under the cooperation measure of Article 41.

#### *Article 34*

#### *Agri-environment*

1. Member States shall make support under this measure available throughout their territories, in accordance with their national, regional or local specific needs and priorities. Inclusion of this measure in rural development programmes shall be compulsory.

2. Agri-environment payments shall be granted to farmers, groups of farmers or groups of farmers and other land-managers who make, on a voluntary basis, agri-environmental commitments on agricultural land. Where duly justified to achieve environmental objectives, agri-environment payments may be granted to other land-managers.

3. Agri-environment payments cover only those commitments going beyond the relevant mandatory standards established pursuant to Articles x and x of Regulation (EC) No HR/xxxx and other relevant obligations established under *Article(s) X and Y* of Regulation (EU) No ... [greening provisions], relevant minimum requirements for fertiliser and plant protection

products use as well as other relevant mandatory requirements established by national legislation. All such mandatory requirements shall be identified in the programme.

4. Member States shall endeavour to provide persons undertaking commitments under this measure with the knowledge and information required to implement them, including by operation-related expert advice and/or by making support under this measure conditional to relevant training.

5. Commitments under this measure shall be undertaken as a general rule for a period of five or seven years. However, where necessary in order to achieve or maintain the environmental benefits sought, Member States may determine a longer period in their rural development programmes for particular types of commitments, including by means of providing for annual extension after the termination of the first five-year period.

6. Payments shall be granted annually and shall compensate beneficiaries for all or part of the additional costs and income foregone resulting from the commitment made. Where necessary they may also cover transaction costs to a value of up to 20% of the premium paid for the agri-environment commitment. Where commitments are undertaken by groups of farmers, the maximum level shall be 30%.

7. Where required for ensuring the efficient application of the measure Member States may use the tender procedure referred to in Article 61(3) for the selection of beneficiaries.

8. Support shall be limited to the maximum amounts laid down in Annex I.

No support under this measure may be granted for commitments that are covered under the organic farming measure.

9. Support may be provided for the conservation of genetic resources in agriculture for operations not covered by the provisions under paragraph 1 to 8.

10. The Commission shall be empowered to adopt delegated acts in accordance with Article 99 concerning conditions applicable to commitments to extensify or manage differently livestock farming, to limit fertilisers, plant protection products or other inputs and to rear local breeds in danger of being lost to farming or preserve plant genetic resources as well as the definition of eligible operations under paragraph 9.

### *Article 35*

#### *Organic farming*

1. Support under this Article shall be granted to farmers or groups of farmers who undertake, on a voluntary basis to convert to or maintain organic farming practices and methods as defined in Regulation (EC) No 834/2007.

2. Support shall only be granted for commitments going beyond the relevant mandatory standards established pursuant to Article x of Regulation (EC) No HR/xxxx, relevant minimum requirements for fertiliser and plant protection products use as well as other relevant mandatory requirements established by national legislation. All such requirements shall be identified in the programme.

3. Commitments under this measure shall be undertaken for a period of five or seven years. Where support is granted for the maintenance of organic farming, Member States may provide in their rural development programmes for annual extension after the termination of the first five-year period.

4. Payments shall be granted annually and shall compensate beneficiaries for additional costs and income foregone resulting from the commitment made. Where necessary they may also cover transaction costs to a value of up to 20% of the premium paid for the commitment. Where commitments are undertaken by groups of farmers, the maximum level shall be 30%.

5. Support shall be limited to the maximum amount laid down in Annex I.

### *Article 36*

#### *Natura 2000 and Water framework directive*

1. Support under this Article, shall be granted annually and per hectare of UAA or per hectare of forest in order to compensate beneficiaries for costs incurred and income foregone resulting from disadvantages in the areas concerned related to the implementation of Directives 2009/147/EC, 92/43/EEC and 2000/60/EC.

2. Support shall be granted to farmers and to private forest owners and associations of forest owners respectively. In duly justified cases it may also be granted to other land managers.

3. Support to farmers, linked to Directives 2009/147/EC and 92/43/EEC shall only be granted in relation to disadvantages resulting from requirements that go beyond the obligations established under *Article(s) X and Y* of Regulation (EU) No ... [greening provisions] [and the good agricultural and environmental condition provided for in Articles x and y of and Annexes X and Y of Council Regulation (EU) No HR/xxxx]. [Steering group to decide]

4. Support to farmers, linked to Directive 2000/60/EC shall only be granted in relation to specific requirements that:

(a) were introduced by Directive 2000/60/EC, are in accordance with the programmes of measures of the river basin management plans for the purpose of achieving the environmental objectives of that Directive and go beyond the measures required to implement other Union legislation for the protection of water;

(b) go beyond the statutory management requirements and the good agricultural and environmental condition provided for in Articles x and y of and Annexes X and Y of Council Regulation (EU) No HR/xxxx [and the obligations established under *Article(s) X and Y* of Regulation (EU) No ... [greening provisions]]; [Steering group to decide]

(c) go beyond the level of protection of the Union legislation existing at the time Directive 2000/60/EC was adopted as laid down in Article 4(9) of Directive 2000/60/EC; and

(d) impose major changes in type of land use, and/or major restrictions in farming practice resulting in a significant loss of income.

5. The following areas shall be eligible for payments:

(a) Natura 2000 agricultural and forest areas designated pursuant to Directives 2009/147/EC and 92/43/EEC;

(b) other delimited nature protection areas with environmental restrictions applicable to farming or forests which contribute to the implementation of Article 10 of Directive 92/43/EEC. The areas referred to in this point shall, per rural development programme, not exceed 5% of the designated Natura 2000 areas covered by its territorial scope;

(c) agricultural areas included in river basin management plans according to Directive 2000/60/EC.

5. Support shall be limited to the maximum amounts laid down in Annex I.

### *Article 37*

#### *Payments to areas facing natural or other specific constraints*

1. Payments to farmers in mountain areas and other areas facing natural constraints shall be granted annually per hectare of UAA in order to compensate farmers for additional costs and income foregone related to the constraints for agricultural production in the area concerned.

Additional costs and income foregone shall be calculated in comparison to areas which are not affected by natural or other specific constraints, taking into account payments pursuant to Chapter III of Title III of Regulation (EU) No DP/xxxx.

2. Payments shall be granted to farmers who undertake to pursue their farming activity in the areas designated pursuant to Article 38.

3. Payments shall be fixed between the minimum and maximum amount laid down in Annex I.

Payments higher than the maximum amount may be granted in duly justified cases.

4. Member States shall provide for degressivity of payments above a threshold level of area per holding, to be defined in the programme.

5. Member States may continue to grant payments under this measure between 2014 and 2018 to farmers in areas which were eligible for such payments during the 2007-2013 programming period but are no longer eligible following the new delimitation referred to in Article 36(4)(b). These payments shall be degressive starting in 2014 at 80% of the payment received in 2013 and ending in 2018 at 20%.

6. In Member States which have not completed the delimitation referred to in Article 36(4)(b) before 1 January 2014, paragraph 5 shall apply to farmers receiving payments in areas which were eligible for such payments during the 2007-2013 period. Following completion of the delimitation, farmers in areas that remain eligible shall receive full payments under this measure. Farmers in areas that will no longer be eligible shall continue to receive payments in accordance with paragraph 5.



## Article 38

### *Designation of areas facing natural constraints*

1. Member States shall designate areas eligible for payments provided for in Article 37 on the basis of paragraphs 2 to 4 of this Article.
2. In order to be eligible for payments under Article 37, mountain areas shall be characterized by a considerable limitation of the possibilities for using the land and by an appreciable increase in production costs due to:
  - (a) the existence, because of altitude, of very difficult climatic conditions, the effect of which is substantially to shorten the growing season;
  - (b) at a lower altitude, the presence over the greater part of the area in question of slopes too steep for the use of machinery or requiring the use of very expensive special equipment, or a combination of these two factors, where the handicap resulting from each taken separately is less acute but the combination of the two gives rise to an equivalent handicap.

Areas north of the 62<sup>nd</sup> parallel and certain adjacent areas shall be regarded as mountain areas.

3. In order to be eligible for payments under Article 37, areas, other than mountain areas, shall be considered as affected by significant natural handicaps if at least 66% of the area's utilized agricultural areas meet at least one of the criteria listed in Annex II at the threshold value indicated. Respect of this condition shall be ensured at LAU2 level.

When delimiting the areas concerned by this paragraph, Member States shall undertake a fine-tuning exercise, based on objective criteria, with the purpose of excluding areas in which significant natural constraints in accordance with the first subparagraph have been documented but where they have been overcome by investments or by economic activity.

4. Areas other than those referred to in paragraphs 2 and 3 shall be eligible for payments under Article 37 if they are affected by specific constraints, and where land management should be continued in order to conserve or improve the environment, maintain the countryside and preserve the tourist potential of the area or in order to protect the coastline.

Areas affected by specific constraints, shall comprise farming areas which are homogeneous from the point of view of natural protection conditions and their total extent shall not exceed 10% of the area of the Member State concerned.

5. Member States shall attach to their rural development programmes:

- (a) the existing or amended delimitation pursuant to paragraphs 2 and 4, and
- (b) the new delimitation of the areas referred to in paragraph 3.

## *Article 39*

### *Animal welfare*

1. Animal welfare payments under this measure shall be granted to farmers who make, on a voluntary basis, animal welfare commitments.
2. Animal welfare payments cover only those commitments going beyond the relevant mandatory standards established pursuant to Article x of Regulation (EC) No HR/xxxx and other relevant mandatory requirements established by national legislation. These relevant requirements shall be identified in the programme.

These commitments shall be undertaken for a renewable period of one year.

3. The area based or other unitary costs based payments shall be granted annually and shall compensate farmers for additional costs and income foregone resulting from the commitment made. Where necessary, they may also cover transaction costs to the value of up to 20% of the premium paid for the animal welfare commitments.

Support shall be limited to the maximum amount laid down in Annex I.

4. The Commission shall be empowered to adopt delegated acts in accordance with Article 99 concerning the definition of the areas in which animal welfare commitments will provide upgraded standards of production methods.

## *Article 40*

### *Environmental services from forests and forest conservation*

1. Support under this measure shall be granted per hectare of forest to private forest owners, forest holders, municipalities and their associations who make forest-environment commitments on a voluntary basis. Bodies managing state owned forests may also benefit from support provided they are independent from the state budget.
2. Payments shall cover only those commitments going beyond the relevant mandatory requirements established by the national forestry act or other relevant national legislation. All such requirements shall be identified in the programme.

These commitments shall be undertaken as a general rule for a period of between five and seven years. However, where necessary and duly justified Member States may determine a longer period in their rural development programmes for particular types of commitments.

3. Payments shall compensate beneficiaries for additional costs and income foregone resulting from the commitment made. Support shall be limited to the maximum amount laid down in Annex I.
4. Support may be provided to private entities, municipalities and their associations for the conservation and promotion of forest genetic resources for operations not covered under paragraphs 1 to 3.

5. The Commission shall be empowered to adopt delegated acts in accordance with Article 99 concerning the types of activities eligible for support under paragraph 4.

#### *Article 41*

#### *Co-operation*

1. Support under this measure shall promote forms of cooperation involving at least two actors and in particular:

- (a) cooperation approaches among different actors in the EU agro-food chain, forestry sector and among other actors that contribute to achieving the objectives and priorities of rural development;
- (b) the creation of clusters and networks;
- (c) pilot projects;
- (d) the establishment and operation of operational groups of the [EIP "Agricultural Productivity and Sustainability"].

2. Cooperation under paragraph 1 shall relate in particular to the following:

- (a) the development of new products, practices, processes and technologies in the agro-food and forestry sectors
- (b) cooperation among small operators in organising joint work processes, sharing facilities and resources;
- (c) horizontal and vertical cooperation among supply chain actors for the establishment of logistic platforms to promote short supply chain and local markets;
- (d) promotion activities in local context relating to the development of short supply chains and local markets;
- (e) collective approaches to environmental projects and ongoing environmental practices;
- (f) implementation, in particular by public-private partnerships other than those defined in Article 47, of local development strategies addressing one or more of the EU priorities.

3. In the case of private enterprises participating in a cooperation, support under this measure shall be limited to micro-, small and medium-sized enterprises.

Support under paragraph 1(a) may be granted also to individual actors where this possibility is provided for in the rural development programme. Support under paragraph 1(b) shall be granted only to newly formed clusters and networks and those which establish a new activity.

4. The results of pilot projects and cooperation relating to paragraph 2(a) shall be disseminated.

5. The following costs, linked to the forms of cooperation referred to in paragraph 1 shall be eligible for support under this measure:

- (a) studies of the area concerned, feasibility studies, and costs for the drawing up of a business plan or local development strategy other than the one referred to in Article 47;
- (b) animation of the area concerned in order to make a collective territorial project feasible. In the case of clusters animation may also concern the organisation of training, networking between members and the recruitment of new members;
- (c) running costs of the cooperation;
- (d) direct costs of specific projects linked to the implementation of a business plan, a local development strategy other than the one referred to in Article 47 or an action targeted towards innovation;
- (e) costs of promotion activities.

6. Where a business plan or development strategy is implemented, Member States may grant the aid either as a global amount covering the costs of co-operation and the costs of the projects implemented or cover only the costs of the co-operation and use funds from other measures or other EU Funds for project implementation.

7. Co-operation among actors located in different regions or Member States shall also be eligible for support.

8. Support shall be limited to a maximum period of 7 years except for collective environmental action in duly justified cases.

9. Cooperation under this measure may be combined with projects supported by EU funds other than the EAFRD in the same territory.

#### *Article 42*

#### *Risk management*

1. Support under this measure shall be for:

- (a) financial contributions, paid directly to farmers, to premiums for crop, animal and plant insurance against economic losses caused by adverse climatic events and animal or plant diseases or pest infection;
- (b) financial compensations to be paid to farmers by way of financial contributions to mutual funds, for economic losses caused by the outbreak of an animal or plant disease or an environmental incident;
- (c) an income stabilisation tool, in the form of a mutual fund, providing compensation to farmers who experience a severe drop in their income.

2. Member States shall ensure that overcompensation as a result of the combination of this measure with other national or EU support instruments or private insurance schemes is avoided.

#### *Article 43*

##### *Crop, animal, and plant insurance*

1. Support may under Article 42(1)(a) shall only be granted for insurance contracts which cover for loss caused by an adverse climatic event or by an animal or plant disease or a pest infestation which destroys more than 30 % of the average annual production of the farmer in the preceding three-year period or a three-year average based on the preceding five-year period, excluding the highest and lowest entry.

3. The occurrence of an adverse climatic event or the outbreak of an animal or plant disease or pest infestation has to be formally recognised as such by the competent authority of the Member State concerned.

Member States may, where appropriate, establish in advance criteria on the basis of which such formal recognition shall be deemed to be granted.

4. Insurance payments shall compensate for not more than the total of the cost of replacing the losses referred to in Article 42(1)(a) and shall not require or specify the type or quantity of future production.

Member States may limit the amount of the premium that is eligible for support by applying appropriate ceilings.

5. Support shall be limited to the maximum level laid down in Annex I.

#### *Article 44*

##### *Mutual funds for animal and plant diseases and environmental*

##### *incidents*

1. For the purpose of Article 42(1)(b) 'mutual fund' shall mean a scheme accredited by the Member State in accordance with its national law for affiliated farmers to insure themselves, whereby compensation payments are made to affiliated farmers affected by economic losses caused by the outbreak of an animal or plant disease or an environmental incident.

2. As regards animal diseases, financial compensation may only be granted in respect of diseases mentioned in the list of animal diseases established by the World Organisation for Animal Health and/or in the Annex to Decision 90/424/EEC.

3. In order to be eligible for support the mutual fund concerned shall:

(a) be accredited by the competent authority in accordance with national law;

(b) have a transparent policy towards payments into and withdrawals from the fund;

(c) have clear rules attributing responsibilities for any debts incurred;

4. Member States shall define the rules for the constitution and management of the mutual funds, in particular for the granting of compensation payments to farmers in the event of crisis and for the administration and monitoring of compliance with these rules.

5. The financial contributions referred to in Article 42(1)(b) may relate to:

(a) the administrative costs of setting up the mutual fund, spread over a maximum of three years in a degressive manner;

(b) the repayment of the capital and interest on commercial loans taken out by the mutual fund for the purpose of paying financial compensation to farmers in case of crisis;

(c) the amounts paid by the mutual fund from its capital stock as financial compensation to farmers.

No contribution by public funds shall be made to initial capital stock.

5. Support under paragraph 5(b) and (c) shall be limited to the maximum rate laid down in Annex I.

Member States may limit the costs that are eligible for support by applying:

(a) ceilings per fund;

(b) appropriate per unit ceilings.

#### *Article 45*

##### *Income stabilisation tool*

1. Support under Article 42(1)(c) may only be granted where the drop of income exceeds 30% of the average annual income of the individual farmer in the preceding three-year period or a three-year average based on the preceding five-year period, excluding the highest and lowest entry. Income for the purposes of Article 42(1)(c) shall refer to the sum of revenues the farmer receives from the market, including any form of public support, deducting input costs.

Payments to farmers shall compensate for not more than 70% of the income lost.

2. Support shall be limited to the maximum level laid down in Annex I.

## *Article 46*

### *Implementing acts*

The Commission shall adopt implementing acts providing uniform conditions for the implementation of the measures in this section concerning:

- procedures for selection of authorities or bodies offering farm and forestry advisory services, farm management or farm relief services and the degressivity of the aid under the advisory services measure;
- the setting of a grace period for acquiring occupational skills, the assessment by the Member State of the progress of the business plan and consequences of non-compliance, payment options as well as access to other measures for young farmers under the farm and business development measure;
- demarcation with other measures, conversion to units other than those used in Annex I, calculation of transaction costs and conversion or adjustment of commitments under the agri-environment and organic farming measures;
- the possibility of using standard assumptions on income foregone under the measures of Articles 34 to 37, 39 and 40 and criteria for its calculation;
- the minimum and maximum duration of the commercial loans to mutual funds under the risk management measure.
- calculation of the amount of support where an operation is eligible for support under more than one measures.

These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 100.

## **SECTION 2**

### **LEADER**

## *Article 47*

### *The LEADER approach*

1. The LEADER approach shall comprise at least the following elements:

- (a) area based local development strategies intended for well identified sub-regional rural territories;
- (b) local public-private partnerships (hereinafter local action groups);

- (c) bottom-up approach with a decision-making power for local action groups concerning the elaboration and implementation of local development strategies;
- (d) multi-sectoral design and implementation of the strategy based on the interaction between actors and projects of different sectors of the local economy;
- (e) implementation of strategies including innovative features in a local context;
- (f) networking between local partnerships;
- (g) preparation and implementation of cooperation projects.

## *Article 48*

### *Leader local development strategies*

1. A local development strategy shall contain as a minimum the following elements:

- (a) definition of the area and population covered by the strategy. This area should be coherent and offer sufficient critical mass in terms of human, financial and economic resources to support the viability of the strategy;
- (b) an analysis of the situation in terms of strengths and weaknesses;
- (c) description of the objectives of the strategy and a hierarchy of priorities, including clear and measurable targets. The strategy must be coherent with the targets of the rural development programme and the EU priorities;
- (d) description of the contribution of innovation and, where relevant cooperation, to the attainment of the objectives of the strategy;
- (e) description of the integrated character of the strategy;
- (f) an action plan including the translation of priorities into actions, the structure of the local action group, its organisation, its internal rules and procedures, principles of project selection and the monitoring and evaluation system and tools;
- (g) where relevant, description of the use of EU funds other than the EAFRD.

2. Local development strategies shall be selected by a selection committee set up for this purpose by the managing authority. To ensure coordination between EU funds, representatives of the authorities managing EU funds other than the EAFRD funds shall participate in the selection committee.

3. The procedure for selecting local development strategies must be open to all rural areas in the part of their territory that Member States have opted to apply Leader.

Member States shall define additional selection criteria for local development strategies, and the corresponding local action groups, which reflect the added value of the Leader approach. Selection criteria shall give priority to local development strategies that include cooperation actions.



4. The selection of all local development strategies shall be completed by 31 December 2015 at the latest.

5. The Commission shall be empowered to adopt delegated acts in accordance with Article 99 concerning the population criteria to define the area referred to in paragraph 1(a).

#### *Article 49*

##### *Local action groups*

1. An integrated local development strategy shall be implemented by local action groups, referred to in Article 47(b), satisfying the following conditions:

(a) they must propose an integrated local development strategy based at least on the elements set out in Article 47(a) to (f) and be responsible for its implementation;

(b) they must consist of either a group already qualified for the Leader II or the Leader+ initiatives, or according to Leader under Axis 4 during the 2007-2013 programming period or be a new group composed, in a balanced and representative way, of local partners from the various locally based socio-economic sectors in the territory concerned. At the decision making level the economic and social partners, as well as other representatives of the civil society, such as farmers, rural women, young people and their associations, must make up at least 50% of the local partnership. They must aim at a high participation of economic and social partners and the civil society as regards the elaboration of the strategy and the membership in the partnership.

(c) they must show an ability to define and implement a development strategy for the area.

2. The managing authority shall ensure that the local action groups either select an administrative and financial lead actor able to administer public funds and ensure the satisfactory operation of the partnership, or come together in a legally constituted common structure the constitution of which guarantees the satisfactory operation of the partnership and the ability to administer public funds.

3. The respective roles of the local action group, the managing authority and the paying agency for all implementation tasks relating to the strategy must be clearly described in the rural development programme.

4. The minimum tasks of local action groups shall be the following:

(a) they shall elaborate calls for projects or an ongoing project selection procedure, including definition of local selection criteria;

(b) they shall publish periodical calls or announce an ongoing selection;

(c) they shall receive project applications;

(d) they shall assess and rank projects;

(e) they shall propose projects selected by the local action group to the managing authority and fix the amount of support;

(f) they shall monitor the implementation of the local development strategy, including by monitoring the realisation of selected projects.

(g) they shall evaluate implementation of the local development strategy.

5. Local action groups may also select Leader cooperation projects and exercise additional tasks delegated to them by the Managing Authority and/or the Paying Agency.

5. Selection of projects by local action groups shall ensure coherence with the local development strategy by prioritising those projects which contribute the most to meeting its objectives and targets.

Local action groups shall define a procedure for the selection of projects which ensures transparency and avoids conflicts of interest. The procedure must ensure that at least 50% of the votes in project selection decisions are from the non public sector partners and provide for the possibility of appeal against decisions. It must also allow voting to take the form of a written procedure.

#### *Article 50*

##### *EAFRD support*

1. Support under Leader shall be for:

- (a) preparatory support;
- (b) implementation of selected local development strategies through the Leader approach;
- (c) preparation and implementation of cooperation projects;
- (d) running costs and animation for the territory.

2. Local action groups may request the payment of an advance from the competent paying agency if such possibility is provided for in the rural development programme. The amount of the advances shall not exceed 50% of the prospective indicative public contribution of the respective local action group for the funding period.

#### *Article 51*

##### *Preparatory support*

1. Support under Article 50(a) shall be for:

- (a) a "Leader start-up kit" consisting of capacity building actions for groups who did not implement Leader in the last period and support for small pilot projects;

- (b) capacity building, training and networking with a view to preparing and implementing a local development strategy.

2. Support for the Leader "start-up kit" under paragraph 1(a) shall cover:

- (a) training actions to prepare local actors to carry out a responsible role in the delivery of local development actions or, eventually, a local development strategy;
- (b) studies of the area concerned;
- (c) actions related to public relations;
- (d) pilot schemes.

Support shall be granted for a maximum period of two years.

3. Preparatory support under paragraph 1(b) shall cover:

- (a) training actions to prepare local actors to carry out a responsible role in the preparation and implementation of a local development strategy;
- (b) studies of the area concerned;
- (c) actions related to public relations in view of the preparation of the strategy;
- (d) operating and personnel costs of already existing local action groups during the preparation phase;
- (e) elaboration of the strategy.

4. Support shall be granted to associations linked to local development in rural areas, including existing local action groups for support under paragraph 2. It shall be available to all interested territories within a programme area.

5. The Commission shall be empowered to adopt delegated acts in accordance with Article 99 concerning the provision of a limit to support under paragraph 3(d).

## *Article 52*

### *Implementation of local development strategies*

1. Operations receiving support under Article 50(b) shall contribute to one or more of the EU priorities referred to in Article 5.

2. Where a local development strategy implemented under Leader includes projects financed by a EU fund other than the EAFRD, separate accounting and tracing shall be provided for the relevant funding and the rules of the relevant Fund shall apply to these projects. Non-project related costs of the local action group shall be financed under Article 54.

3. Member States shall ensure that eligibility rules provide preferential treatment for innovative and integrated projects.

## Article 53

### *Leader cooperation projects*

1. The support referred to in Article 50(c) shall be granted to:
  - (a) inter-territorial or transnational cooperation projects;  
"Inter-territorial cooperation" means cooperation within a Member State.  
"Transnational cooperation" means cooperation between territories in several Member States and with territories in third countries.
  - (b) preparatory technical support for inter-territorial and transnational cooperation projects, on condition that local action groups can demonstrate that they are envisaging the implementation of a concrete project.
2. Apart from other local action groups, the partners of a local action group under Leader may be:
  - (a) rural territories within or outside the EU which are active in rural development with the presence of a local public-private partnership that is implementing a local strategy;
  - (b) non-rural territories within the EU, which implement local development strategies with the presence of a local public-private partnership.
3. Member States shall establish a system of ongoing application for cooperation projects. They shall make the national or regional administrative procedures concerning the selection of transnational cooperation projects and a list of eligible costs public at the latest two years after the date of approval of their rural development programmes.
4. Approval of cooperation projects shall take place no later than four months after the date of submission of the project.
5. Member States shall communicate to the Commission the approved transnational cooperation projects

## Article 54

### *Running costs and animation*

1. Running costs of local action groups and costs for the animation of the territory referred to in Article 50(d) shall be eligible for support within a limit of 25% of the total public expenditure of the local development strategy.
2. Running costs are costs linked to the management of the implementation of the local development strategy through the local action group.
3. Costs for the animation of the territory can include in particular:
  - salaries of project development officers

- organisation of working groups with local stakeholders
- training costs after selection of the local development strategy.

## Chapter II

### Common provisions for several measures

**[Most of the provisions in this Chapter relate to ongoing discussions on harmonisation of rules with the other Funds. This chapter therefore reflects the latest state of play but it is likely to be amended in the light of the conclusions of these discussions]**

#### *Article 55*

#### *Eligible expenditure*

1. The following costs are not eligible for a EAFRD contribution:
  - (a) interest on debt, without prejudice to Article 77;
  - (b) the purchase or in kind contribution of land costing more than 10% of all the eligible expenditure on the operation concerned. In exceptional and duly justified cases, a higher percentage can be fixed for operations concerning environmental conservation.
2. Only non-recoverable VAT shall be eligible for a EAFRD contribution, when it is genuinely and definitively borne by beneficiaries other than States, regional and local government authorities and other bodies governed by public law, in respect of the activities or transactions in which they engage as public authorities.
3. Studies shall only be eligible expenditure where they are linked to a specific operation under the programme or the specific objectives and targets of the programme.
4. Where running costs are covered by support under this regulation the following types of costs shall be eligible:
  - operating costs;
  - personnel costs;
  - training costs;
  - costs linked to public relations;
  - financial costs;
  - networking costs.

5. Depreciation costs of means or infrastructure support used for an operation which are not specifically financed under the operation shall also be eligible.

#### *Article 56*

##### *Contributions in kind and simplified costs*

1. Payments by beneficiaries shall be supported by invoices or documents of equivalent probative value. However, where appropriate, Member States may use simplified costs approaches for establishing eligible expenditure. Such approaches shall be, as appropriate,

(a) flat-rate costs calculated by application of standard scales of unit costs as defined by the Member States;

(b) lump sums of up to 100.000 euro to cover all or part of the costs of an operations.

These approaches may be combined only where each of them covers a different category of eligible costs or where they are used for different projects within the same operation. Simplified cost approaches shall not be used to activities that are subject to the public procurement rules.

2. Contributions in kind of a public or private beneficiary, namely the provision of goods or services for which no cash payment supported by invoices or equivalent documents is made, may be eligible expenditure provided that the following conditions are fulfilled:

(a) the contribution consists in the provision of land or real estate, equipment or raw materials, research or professional work or unpaid voluntary work;

(b) the contributions are not made in respect of financial engineering actions referred to in Article x;

(c) the value of the contribution can be independently assessed and verified.

The contribution of the EAFRD to an operation which includes contributions in kind shall not exceed the total eligible expenditure, excluding contributions in kind at the end of the operation.

3. The Commission shall adopt by means of implementing acts uniform conditions for the application of this Article concerning in particular:

(a) the determination of the value of provision of land, real estate or voluntary work for the purpose of paragraph 1;

(b) the types of costs for which simplified costs approaches may be used and the way of calculation for the purposes of paragraph 2.

These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 100.

## *Article 57*

### *Indirect costs*

1. Indirect costs shall be eligible for support under the measures of Articles 20, 21, 24, 26, 30 and 41.
2. Indirect costs may be determined using:
  - (a) actually incurred expenditure, justified by accounting documents having probative value equivalent to invoices, on the basis of an appropriate apportionment methodology;
  - (b) a flat rate of up to 7% of the direct costs of an operation relating to staff and personnel costs;
  - (c) a flat rate exceeding 7% of the direct costs of an operation if established in advance by a fair, equitable and verifiable calculation method.

## *Article 58*

### *Advances*

1. Payment of advances shall be subject to the establishment of a bank guarantee or an equivalent guarantee corresponding to 100% of the amount of the advance. As regards public beneficiaries, advances shall be paid to municipalities, to regional authorities and associations thereof and to public law bodies.

A facility provided as a guarantee by a public authority shall be considered equivalent to the guarantee referred to in the first subparagraph, provided that the authority undertakes to pay the amount covered by that guarantee should entitlement to the advance paid not be established.

2. The guarantee may be released when the competent paying agency establishes that the amount of actual expenditure corresponding to the public contribution related to the operation exceeds the amount of the advance.

## *Article 59*

### *Investments*

1. In order to be eligible for EAFRD support investment operations shall:

- (a) respect the EU standards applicable to the investment concerned;
- (b) be preceded by an assessment of the expected environmental impact in accordance with specific legislation where the investment is likely to have negative effects on the environment.

2. Eligible expenditure shall be limited to:

- (a) the construction, acquisition, including leasing, or improvement of immovable property;
- (b) The purchase or lease purchase of new machinery and equipment including computing software up to the market value of the asset;
- (c) general costs linked to expenditure referred to in points (a) and (b), such as architect and engineer and consultation fees, feasibility studies, the acquisition of patents or licenses.

3. In the case of irrigation, only investments that lead to a reduction of previous water use by at least 25% shall be considered as eligible expenditure. By way of derogation, in the Member States that adhered to the EU from 2004 onwards investments in new irrigation installations can be considered eligible expenditure in cases where an environmental analysis provides evidence that the investment concerned is sustainable and has no negative environmental impact.

4. In the case of agricultural investments, the purchase of agricultural production rights, payment entitlements, animals, annual plants and their planting shall not be eligible for investment support. However, in case of restoration of agricultural production potential damaged by natural disasters in accordance with Articles 24(1)(b), expenditure for the purchase of animals may be eligible expenditure.

5. Beneficiaries of investment related support may request the payment of an advance of up to 50% of the public aid related to the investment from the competent paying agencies if this option is included in the rural development programme.

6. The Commission shall be empowered to adopt delegated acts in accordance with Article 98 concerning the conditions under which other costs connected with leasing contracts, second hand equipment and simple replacement investments may be considered as eligible expenditure.

#### *Article 60*

##### *Durability of investment related operations*

1. Without prejudice to the rules relating to the freedom of establishment and the free provision of services within the meaning of Articles 49 and 56 of the Treaty, an investment operation shall retain the EAFRD contribution if that operation does not, within three years of the final payment undergo:

- (a) the cessation or relocation of a productive activity;
- (b) a change in ownership of an item of infrastructure which gives to a firm or a public body an undue advantage ; pr
- (c) a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives.



2. Amounts unduly paid out shall be recovered in accordance with Article xx of Regulation (EU) No xxx/xxxx.

## *Article 61*

### *Rules for area related payments*

1. The number of hectares to which a commitment under Article 34 applies may vary from year to year where:

- (a) this possibility is provided for in the rural development programme;
- (b) the commitment in case does not apply to fixed parcels; and
- (c) the achievement of the commitment's environmental objective is not jeopardised.

2. Where all or part of the land under commitment or the entire holding is transferred to another person during the period for which a commitment given as a condition for the grant of assistance runs, the commitment may be taken over for the remainder of the period by that other person or terminated.

3. Where a beneficiary is unable to continue to comply with commitments given because the holding is re parcelled or is the subject of public land consolidation measures or land consolidation measures approved by the competent public authorities Member States shall take the measures necessary to allow the commitments to be adapted to the new situation of the holding. If such adaptation proves impossible, the commitment shall expire.

4. Reimbursement of the aid received shall not be required in cases of *force majeure*.

3. The Commission shall be empowered to adopt delegated acts in accordance with Article 98 concerning conditions applicable in case of partial transfer of a holding, the definition of other situations in which reimbursement of the aid shall not be required, and the definition of categories of *force majeure*.

## *Article 62*

### *Revision clause*

A revision clause shall be provided for commitments undertaken under Articles 34, 35, 39 and 40 in order to ensure their adjustment in the case of amendments of the relevant mandatory standards or requirements referred to in these Articles or the obligations established under Article ... of Regulation (EU) No DP/xxxx [greening provisions ] beyond which the commitments have to go. Commitments undertaken pursuant to Articles 34, 35, 39 and 40 which extend beyond the current programming period, shall contain a revision clause in order to allow for their adjustment to the legal framework of the following programming period.

If such adjustment is not accepted by the beneficiary, the commitment shall expire.

## *Article 63*

### *Project selection*

1. The Managing Authority of the rural development programme shall define project selection criteria for all measures following consultation with the Monitoring Committee. Selection criteria shall also be defined for local development strategies referred to in Article 47(1)(b). Selection criteria shall aim to ensure equal treatment of applicants, better use of financial resources and targeting of measures in accordance with the EU priorities. In defining selection criteria the principle of proportionality shall be taken into account in relation to small grants.
2. The Member State authority responsible for project selection shall ensure that projects are selected in accordance with the selection criteria referred to in paragraph 1 and according to a transparent and well documented procedure. Application of selection criteria shall not be compulsory in the case of the measures of Articles 34 to 37, 39 and 40 except where available funds are not sufficient to cover all eligible applicants.
3. Where appropriate, the beneficiaries may be selected on the basis of calls for tender, applying criteria of economic and environmental efficiency.

## *Article 64*

### *Rural Area definition*

The definition of "rural area" for the purposes of application of this Regulation shall be done at programme level by the Managing Authority.

## **Chapter IV**

### **Technical Assistance and Networking**

## *Article 65*

### *Funding technical assistance*

1. In accordance with Article x of Regulation (EU) No xxx/xxxx the EAFRD may use up to [0,25]% of its annual allocation to finance preparatory, monitoring, administrative support, evaluation and control actions, including the costs for setting up and operating the European Network for Rural Development, the [European Innovation Partnership] Network and the European Evaluation Network, at the Commission's initiative and/or on its behalf.

It may also finance the actions provided for in Article 41(2) of Regulation (EU) No XXXX/XXXX, [quality regulation] in relation to EU quality scheme indications and symbols.

These activities shall be carried out in accordance with Article 53(2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities and other provisions of that Regulation and of its implementing provisions applicable to this form of execution of the budget.

2. At the initiative of the Member States up to [4]% of the total amount of each rural development programme may be devoted to preparation, management, control actions, monitoring and evaluation, including appropriately resourced external technical assistance, and information activities of programme assistance as well as costs related to preparatory work for the delimitation of areas facing natural constraints referred to in Article 38(3)(a).

Costs relating to the certifying body referred to in Article x of Regulation (EU) No HR/xxxx shall not be eligible under this paragraph.

Within the [4]% limit an amount shall be reserved for establishing and operating the National Rural Network referred to in Article 67.

3. The Commission shall be empowered to adopt delegated acts in accordance with Article 99 concerning the further definition of control actions that shall be eligible for support under paragraph 2.

#### *Article 66*

##### *European Network for Rural Development*

1. A European Network for Rural Development for the networking of national networks, organisations, and administrations active in the field of rural development at EU level shall be put in place in accordance with Article 63(1).

2. Networking by the European Network for Rural Development shall aim to:

- (a) increase the involvement of stakeholders in the implementation of rural development
- (b) improve the quality of rural development programmes
- (c) play a role in informing the broader public on the benefits of rural development policy.

3. The tasks of the network shall be to:

- (a) collect, analyse and disseminate information on action in the field of development;
- (b) collect, consolidate and disseminate at EU level good rural development practices;
- (c) set up and run thematic groups and/or workshops with a view to facilitating the exchange of expertise and to supporting implementation and monitoring of the rural development policy and further development of rural development policy;
- (d) provide information on developments in the rural areas of the EU and in third countries;

- (e) organise meetings and seminars at EU level for those actively involved in rural development
- (f) support the national networks and transnational cooperation initiatives.
- (g) specifically for local action groups, create synergies with the activities carried out on national and/or regional level by the respective networks with regards to capacity building actions and exchange of experience and cooperate with the networking and technical support bodies for local development set up by the EFRD, the ESF and the EFF as regards their local development activities and transnational cooperation.

4. The Commission shall adopt implementing acts setting out the organisational structure and operation of the European Rural Development Network. These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 99.

#### *Article 67*

##### *[European Innovation Partnership] Network*

1. A [European Innovation Partnership] Network shall be put in place to support the [European Innovation Partnership] for agricultural productivity and sustainability in accordance with Article 63(1). It shall enable the networking of operational groups, advisory services and researchers

2. The aims of the [European Innovation Partnership] Network shall be to:

- (a) provide a help desk function and provide information to key actors concerning the [European Innovation Partnership];
- (c) animate discussions at the level of programme regions in view of encouraging the setting up of operational groups;
- (d) screen and report on research results and knowledge relevant to the [European Innovation Partnership];
- (d) collect, consolidate and disseminate good practice relevant to innovation;
- (e) organise conferences and workshops and disseminate information in the field of the Innovation Partnership.

3. The Commission shall adopt implementing acts setting out the organisational structure and operation of the concerning the organisational structure and operation of the [European Innovation Partnership] Network. These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 99.

## *Article 68*

### *European Evaluation Network for Rural Development*

1. A European Evaluation Network for Rural Development shall be put in place to support the evaluation of rural development programmes in accordance with Article 63(1). It shall enable the networking those involved in the evaluation of rural development programmes.

2 The aim of the European Evaluation Network for Rural Development shall be to facilitate the exchange of expertise and good practices on evaluation methodologies, to develop evaluation methods and tools, to provide support on evaluation processes, and on data collection and management.

3. The Commission shall adopt implementing acts setting out the organisational structure and operation of the European Evaluation Network for Rural Development. These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 99.

## *Article 69*

### *National rural network*

1. Each Member State shall establish a national rural network, which groups the organisations and administrations involved in rural development. The partnership referred to in Article 7 shall also be part of the National Rural Network.

Member States with regional programmes may submit for approval a specific programme for the establishment and the operation of their national rural network.

2. Networking by the national rural network shall aim to:

- (a) increase the involvement of stakeholders in rural development;
- (b) improve the quality of rural development programmes;
- (c) inform the broader public and potential beneficiaries on rural development policy;
- (d) foster innovation in agriculture

3. EAFRD support under Article 63(2) shall be used:

- (a) for the structures needed to run the network;
- (b) for an action plan containing at least the following:
  - (i) network management;
  - (ii) involvement of stakeholders in support of programme design;
  - (iii) support for monitoring, in particular through collection and sharing of relevant feedback, recommendations and analysis notably from the Monitoring Committees. Local

action groups shall also be supported by the national rural network for the monitoring and evaluation of the Local Development Strategies;

(iv) provision of training activities for programme implementing bodies and local action groups in the process of formation;

(v) collection of examples of projects covering all priorities of the rural development programmes;

(vi) ongoing studies and analysis;

(vii) networking activities for Local Action Groups and in particular technical assistance for inter-territorial and transnational cooperation, facilitation of cooperation among local action groups and the search of partners for the measure of Article x;

(viii) facilitation of exchanges of practice and experience among advisers and/or advisory systems;

(ix) networking activities for innovation;

(x) a communication plan including publicity and information concerning the rural development programme in accordance with the Managing Authority/-ies and information and communication activities aimed at a broader public.

(xi) provisions to participate in and contribute to the activities of the European Rural Development Network;

4. The Commission shall adopt implementing acts providing uniform conditions for the establishment and operation of national rural networks. These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 99.

## **TITLE V**

### **[European] Innovation Partnership Agricultural Productivity and Sustainability**

#### *Article 70*

##### *Aims*

1. The [European] Innovation Partnership Agricultural Productivity and Sustainability shall be established in order to:

- (a) promote a resource efficient, productive and low emission agricultural sector, working in harmony with the essential natural resources on which farming depends;
- (b) help deliver a steady supply of food, feed and biomaterials, both existing and new ones;
- (c) improve processes to preserve the environment , adapt to climate change and mitigate it;
- (d) build bridges between cutting-edge research knowledge and technology and farmers, businesses and advisory services.

2. The [European] Innovation Partnership Agricultural Productivity and Sustainability shall seek to achieve its aims by:

- (a) creating added value by better linking research and farming practice and encouraging the wider use of available innovation measures;
- (b) promoting the faster and wider transposition of innovative solution into practice; and
- (c) informing the scientific community about the research needs of practical farming.

3. The EAFRD shall contribute to the aims of the [European Innovation Partnership] Agricultural Productivity and Sustainability through support of [EIP] Operational Groups and the [EIP] Network referred to in Article 63.

#### *Article 71*

##### *Operational groups*

1. [EIP] Operational Groups shall form part of the [EIP] Agricultural Productivity and Sustainability. They shall be set up at the initiative of interested actors such as farmers, researchers, advisors and businesses involved in the agri-food sector.

2. Operational Groups shall establish internal procedures that ensure transparency in their operation and avoid situations of conflict of interest.

## *Article 72*

### *Tasks of operational groups*

1. Operational groups shall draw up a plan that contains the following:
  - (a) a description of the innovative project to be developed, tested, adapted or implemented;
  - (b) a description of the expected results and the contribution to the [EIP] objective of enhancing productivity and sustainable resource management;
  - (c) a project outline and roadmap and an explanation of the links to research activities.
2. In implementing their innovative projects Operational groups shall:
  - (a) make decisions on the elaboration and implementation of innovative actions; and
  - (b) implement innovative actions via measures financed through the Rural Development Programmes.
3. Operational groups shall disseminate the results of their project, in particular via the [EIP] network.



## **TITLE VI**

### **Financial Provisions**

#### *Article 73*

##### *Resources and their distribution*

1. The total amount of EU support to rural development under this Regulation for the period from 1 January 2014 to 31 December 2020 (2023), its annual breakdown [and the minimum amount to be concentrated under the Convergence Objective] shall be fixed by the European Parliament and the Council using the ordinary legislative procedure, in accordance with the financial perspective for the period 2014 to 2020 and the Interinstitutional Agreement on budgetary discipline and improvement of the budgetary procedure for the same period.
2. [0,25]% of the resources referred to in paragraph 1 shall be devoted to technical assistance for the Commission as referred to in Article 63(1).
3. For the purpose of their programming and subsequent inclusion in the general budget of the European Union, the amounts referred to in paragraph 1 shall be indexed at [x%] per year.

#### **3. [Provision on annual breakdown by member state – method/criteria and calculation]**

#### *Article 74*

##### *Fund contribution*

1. The Decision adopting a rural development programme shall set the maximum contribution from the EAFRD for the programme. The Decision shall clearly identify, where necessary, the appropriations allocated to the regions eligible under the Convergence Objective.
2. The EAFRD contribution shall be calculated on the basis of the amount of eligible public expenditure.
3. The maximum EAFRD contribution rate shall be:
  - (a) x% of the eligible public expenditure in the regions eligible under the Convergence Objective;
  - (b) y% of the eligible public expenditure in the other regions.The minimum EAFRD contribution rate shall be 20%.
4. Notwithstanding paragraph 3, the maximum EAFRD contribution shall be:
  - (a) 80% for the measures of Articles 20, 33 and 41 [and LEADER?] and for operations under Article 25(1)(a)(i). It may be increased to 90% for the programmes of

convergence regions, the outermost regions and the smaller Aegean Islands within the meaning of Regulation (EEC) No 2019/93;

(b) 100% for projects receiving funding under Article 75;

5. Notwithstanding the maximum rates set out in paragraph 3, the EAFRD contribution may be increased to [xx%] for the programmes of the outermost regions and the smaller Aegean Islands within the meaning of Regulation (EEC) No 2019/93.

6. At least 5% of the total EAFRD contribution to the rural development programme shall be reserved for LEADER.

7. An expenditure co-financed by the EAFRD shall not be co-financed by way of a contribution from the Structural Funds, the Cohesion Fund or any other EU financial instrument.

8. Public expenditure on aid to enterprises shall comply with the aid limits laid down in respect of State aid, unless this Regulation provides otherwise.

#### *Article 75*

##### *Funding for projects with a significant contribution to innovation*

Funds released in each Member State as a result of the application of the upper ceiling to direct payments received by large individual farms in accordance with Article x of Regulation (EU) no DP/xxxx and at least 1% of the total EAFRD contribution to each rural development programme shall be reserved for projects which provide a significant contribution to innovation relevant to agricultural productivity and sustainability.

#### *Article 76*

##### *Eligibility of expenditure*

1. Expenditure shall be eligible for a EAFRD contribution if the relevant aid is actually paid by the paying agency between 1 January 2014 and 31 December 2022 (2025). Co-financed operations should not be completed before the eligibility starting date.

A new expenditure added at the moment of a modification of a programme shall be eligible from the date of the reception by the Commission of the request for modification of the programme. Member States shall bear the responsibility for expenditure between the date on which their request for a programme modification is received by the Commission and the date of the decision approving the modification.

In cases of emergency measures due to natural disasters the rural development programmes may provide that eligibility of expenditure relating to programme changes may start from a date earlier than the date referred to in the second sub-paragraph.

2. Expenditure shall be eligible for a EAFRD contribution only where incurred for operations decided on by the Managing Authority of the programme in question or under its

responsibility[, in accordance with selection criteria as referred to in Article 63]. [to be decided by steering group]

With the exception of general costs, as defined in Article 59(2)(c), expenditure incurred in respect of investment operations under measures falling within the scope of Article 42 of the Treaty shall be considered eligible only after an application has been submitted to the competent authority.

Member States may provide in their programmes that expenditure shall only be eligible after the application for support has been approved by the competent authority.

3. The rules on eligibility of expenditure shall be set at national level, subject to the special conditions laid down by this Regulation for certain rural development measures.

4. Paragraphs 1 to 4 shall not apply to Article 65(1).

## *Article 77*

### *Financial instruments*

**[The final version of this Article subject to the outcome of ongoing discussions with DG ECFIN]**

1. In addition to non-repayable direct assistance, the EAFRD may also co-finance, notwithstanding Article 55(1)(a), the following:

(a) interest rate subsidies;

(b) loan funds, guarantee funds and venture capital funds.

2. As regards the financial instruments referred to in paragraph 1(b), the statement of expenditure in accordance with Article x of Regulation (EU) No HZ/xxxx shall include the total amount of the EU contribution paid to the financial instrument plus the corresponding national contribution paid or expected to be paid to the financial instrument, for investments to be made over a pre-defined period of maximum two years, including management cost or fees.

The amount calculated in accordance with first subparagraph shall be adjusted in the subsequent statements of expenditure, to take account of the difference between the EU and national public contributions previously paid to the financial instrument concerned and the amounts effectively invested, plus management costs and fees paid.

3. At the closure of the programme, the eligible expenditure of the financial instrument shall be the total amount effectively paid by the financial instrument within the eligibility period indicated in Article xx of HZ/..., corresponding to:

a) payments for investments;

- b) resources committed for guarantee contracts, whether outstanding or already come to maturity; in order to honour possible guarantee calls for losses, calculated according to a prudent *ex ante* risk assessment, covering a multiple amount of underlying loans.
- c) reimbursement of management costs incurred or payment of management fees of the financial instrument.

The eligible expenditure determined in accordance with first sub-paragraph shall not exceed the total amount of the public contribution paid to the financial instrument.

4. Public contributions paid to financial instruments referred to under paragraph 1b shall be placed in interest-bearing accounts domiciled within financial institutions in the Member States or invested on a temporary basis according to the principle of sound financial management.

Interest and other gains attributable to the public contribution paid to financial instruments shall be used for the same purposes as the initial contribution within the same financial instrument.

Capital resources paid back to the financial instruments from investments or credits or from the release of the resources committed for guarantee contracts, which are attributable to the EU contribution, shall be re-used for further investments through the same or other financial instruments, in line with the aims of the programme.

5. Member States shall ensure that the capital resources and gains and other earnings or yields attributable to the public contributions to financial instruments, as foreseen in paragraph 4 are used in line with the aims of the programme for a period of at least 10 years after the closure of the programme.

6. The Commission shall be empowered to adopt delegated acts in accordance with Article 98 concerning requirements relating to the setting up and usage of funds, definition of management costs, content of the funding agreement as well as conditions for the establishment of a system of capitalisation of remaining annual instalments for interest rate subsidies.

## Article 78

### *Verifiability and controllability of measures*

1. Member States shall ensure that all the rural development measures they intend to implement are verifiable and controllable. To this end the Managing Authority and the Paying Agency of each rural development programme shall provide an ex-ante assessment of the controllability and verifiability of the measures to be included in the rural development programme. The Managing Authority and Paying Agency shall also undertake the assessment of controllability and verifiability of measures during the implementation of the rural development programme. Ex ante assessment and assessment during the implementation period should take into account the results of controls in the previous and current programming period. Where the assessment reveals that the requirements of verifiability and controllability are not met, the measures concerned should be adjusted accordingly.

2. Where aid is granted on the basis of standard costs or additional costs and income foregone, the relevant calculations are adequate and accurate and established in advance on the basis of a fair, equitable and verifiable calculation. To this end, a body that is independent from the authorities responsible for the calculations and possesses the appropriate expertise shall provide a certificate confirming the adequacy and accuracy of the calculations. That certificate shall be included in the programme.

## **TITLE VI**

### **Management, control and publicity**

#### *Article 79*

##### *Responsibilities of the Commission*

To ensure, in the context of shared management, sound financial management in accordance with Article 317 of the Treaty, the Commission shall carry out the measures and controls laid down in Article x of Regulation (EU) No xxx/xxxx.

#### *Article 80*

##### *Responsibilities of the Member States*

1. Member States shall adopt all the legislative, statutory and administrative provisions in accordance with Article x of Regulation (EU) No xxx/xxxx in order to ensure that the Community's financial interests are effectively protected.
2. Member States shall designate, for each rural development programme, the following authorities:
  - (a) the Managing Authority, which may be either a public or private body acting at national or regional level, or the Member State itself when it carries out that task, to be in charge of the management of the programme concerned;
  - (b) the accredited paying agency within the meaning of Article x of Regulation (EU) No xxx/xxxx;
  - (c) the certifying body within the meaning of Article x of Regulation (EU) No xxx/xxxx.
3. Member States shall ensure for each rural development programme that the relevant management and control system has been set up ensuring a clear allocation and separation of functions between the Managing Authority and other bodies. Member States shall be responsible for ensuring that the systems function effectively throughout the programme period.
4. Member States shall clearly define the tasks of the managing authority, the Paying Agency and, under LEADER, the Local Action Groups referred to in Article 47(b) as regards to the application of eligibility and selection criteria and the project selection procedure.

## *Article 81*

### *Managing Authority*

1. The Managing Authority shall be responsible for managing and implementing the programme in an efficient, effective and correct way and in particular for:

- (a) selecting or ensuring that operations are selected for funding in accordance with the selection criteria applicable to the rural development programme;
- (b) ensuring that there is an appropriate secure electronic system to record, maintain, manage and report statistical information on the programme and its implementation required for the purposes of monitoring and evaluation and, in particular, information required to monitor progress towards the defined objectives and priorities;
- (c) providing the Commission, on a quarterly basis, with relevant indicator data on operations selected for funding, including key characteristics of the beneficiary as well as the project;
- (d) ensuring that beneficiaries and other bodies involved in the implementation of operations:
  - (i) are informed of their obligations resulting from the aid granted, and maintain either a separate accounting system or an adequate accounting code for all transactions relating to the operation,
  - (ii) are aware of the requirements concerning the provision of data to the Managing Authority and the recording of outputs and results;
- (e) ensuring that the ex-ante evaluation referred to in Article 93 conforms to the evaluation and monitoring system and for accepting and submitting it to the Commission;
- (f) ensuring that the mid-term and ex-post programme evaluations referred to in Article 95 are conducted within the time limits laid down in this Regulation and conform to the monitoring and evaluation system and for submitting them to the Monitoring Committee and the Commission;
- (g) providing the Monitoring Committee with the information and documents needed to monitor implementation of the programme in the light of its specific objectives and priorities;
- (h) drawing up the annual progress report, including aggregate monitoring tables, and, after approval by the Monitoring Committee, submitting it to the Commission;
- (i) ensuring that the paying agency receives all necessary information, in particular on the procedures operated and any controls carried out in relation to operations selected for funding, before payments are authorised.
- (j) ensuring publicity for the programme, including through the National Rural Network, by informing potential beneficiaries, professional organisations, the economic and social partners, bodies involved in promoting equality between men and women, and the non-governmental organisations concerned, including environmental organisations of the possibilities offered by the programme and the rules for gaining access to programme funding

as well as by informing beneficiaries of the EU contribution and the general public on the role played by the EU in the programme;

2. The Member State or the managing authority may designate one or more intermediate bodies including local authorities, regional development bodies or non-governmental organisations, to carry out the management and implementation of rural development operations.

When a part of its tasks is delegated to another body, the Managing Authority shall retain full responsibility for the efficiency and correctness of management and implementation of those tasks. The Managing Authority shall ensure that appropriate provisions are in place to allow the other body to obtain all necessary data and information for execution of these tasks.

3. Where a sub-programme, as referred to in Article 13(4), is included in the rural development programme, the Managing Authority may designate one or more intermediate bodies, including local authorities, local action groups or non-governmental organisations, to carry out the management and implementation of that strategy. The provisions of paragraph 2 shall apply in this case.

The managing authority shall ensure that operations and outputs of this sub-programme are identified separately for the purposes of the monitoring and evaluation system referred to in Article 82.



# **TITLE VII**

## **Monitoring and evaluation**

### **Chapter I**

#### **General provisions**

#### **SECTION 1**

##### **ESTABLISHMENT AND OBJECTIVES**

##### *Article 82*

##### *Monitoring and evaluation system*

A common monitoring and evaluation system shall be drawn up in cooperation between the Commission and the Member States and shall be adopted by the Commission by means of implementing acts adopted in accordance with the examination procedure referred to in Article 100.

##### *Article 83*

##### *Objectives*

The monitoring and evaluation system shall aim to:

- (1) to demonstrate the progress and achievements of rural development policy and assess the impact, effectiveness, efficiency and relevance of rural development policy interventions;
- (2) to contribute to better targeted support to rural development;
- (3) to support a common learning process related to monitoring and evaluation.

#### **SECTION 2**

##### **TECHNICAL PROVISIONS**

##### *Article 84*

##### *Indicators*

1. A list of common indicators relating to the initial situation as well as to the financial execution, outputs, results and impact of the programme and applicable to each programme

shall be specified in the monitoring and evaluation system provided for in Article 82 to allow for aggregation of data at EU level.

The common indicators shall be linked to the structure and objectives of the rural development policy framework and shall allow assessment of the progress, efficiency and effectiveness of policy implementation against objectives and targets at EU, national and programme level.

#### *Article 85*

##### *Electronic Information System*

1. Key information on implementation, on each operation selected for funding, as well as on executed operations, needed for monitoring and evaluation, including the key characteristics of the beneficiary and the project, shall be recorded and maintained electronically.
2. The Commission shall ensure that there is an appropriate secure electronic system to record, maintain manage and report on monitoring and evaluation.

#### *Article 86*

##### *Provision of information*

Beneficiaries of support under rural development measures and Local Action Groups shall undertake to provide to the Managing Authority and/or to appointed evaluators or other bodies delegated to perform functions on its behalf, all the information necessary to permit monitoring and evaluation of the programme, in particular in relation to meeting specified objectives and priorities.

## **Chapter II Monitoring**

#### *Article 87*

##### *Monitoring procedures*

1. The Managing Authority and the Monitoring Committee provided for in Article 88 shall monitor the quality of programme implementation.
2. The Managing Authority and the Monitoring Committee shall carry out monitoring of each rural development programme by means of financial, output and target indicators.

## *Article 88*

### *Monitoring Committee*

1. For each rural development programme a Monitoring Committee shall be set up within a maximum of three months following the decision approving the programme.

Each Monitoring Committee shall draw up its rules of procedure within the institutional, legal and financial framework of the Member State concerned and adopt them in agreement with the Managing Authority in order to perform its duties in accordance with this Regulation.

2. Each Monitoring Committee shall be chaired by a representative of the Member State or of the Managing Authority.

Its composition shall be decided by the Member State and shall include the partners referred to in Article 7. Each member of the Monitoring Committee shall have a voting right.

At their own initiative, Commission representatives may participate in the work of the Monitoring Committee in an advisory capacity.

3. Member States with regional programmes may establish a national Monitoring Committee to coordinate the implementation of these programmes in relation to the National Framework and the uptake of financial resources.

## *Article 89*

### *Responsibilities of the Monitoring Committee*

1. The Monitoring Committee shall satisfy itself as to the effectiveness of the implementation of the rural development programme. To that end, the Monitoring Committee:

(a) shall be consulted and issue an opinion, within four months of the decision approving the programme, on the selection criteria for financed operations. The selection criteria shall be revised according to programming needs;

(b) shall regularly review the progress of programme implementation, in particular the progress made towards achieving the specific targets of the programme in relation to the EU priorities, on the basis of the documents submitted by the Managing Authority;

(c) shall examine the activities and outputs related to ongoing evaluation of the programme;

(d) shall participate in the National Rural Network to exchange information on programme implementation;

(e) shall consider and approve the annual progress reports before they are sent to the Commission;

(f) may propose to the Managing Authority any adjustment or review of the programme aimed at achieving its objectives and priorities or improving its management, including its

financial management. This may in particular relate to the conclusions and recommendations of evaluation activities, including ongoing evaluation;

(g) shall be consulted and issue an opinion on all changes to the rural development programme.

## *Article 90*

### *Annual progress report*

1. Each year, the Managing Authority shall draw up and, following approval by the Monitoring Committee, send the Commission an annual progress report on the implementation of the programme.
2. The progress report shall be sent by 30 April. The first progress report shall be sent by 30 April of the year following the year of adoption of the rural development programme, where adoption was before 30 June or of the year after, where adoption was between 1 July and 31 December. The Managing Authority shall send a last progress report on the implementation of the programme to the Commission by 30 April 2021 (or 2024).
3. The Commission shall examine and approve annual progress reports. A report shall be admissible with a view to applying Article x of Regulation (EC) No xxx/xxxx if it contains all the elements defined by the Commission in accordance with paragraph 4 and enables the appraisal of cumulative progress towards targets at the level of inputs, outputs and, where applicable results, including progress towards targets set in relation to common target indicators.
4. The Commission shall adopt implementing acts providing uniform conditions for the application of this Article concerning the elements to be contained in annual progress reports as well as the procedure and time limits for their examination and approval. These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 100.

## *Article 91*

### *Annual review meeting*

1. Each year, on presentation of the annual progress report, the Commission may invite the Managing Authority to examine the main outcomes of the previous year, in accordance with procedures to be determined in agreement with the Member State and Managing Authority concerned.
2. The Member State shall ensure that appropriate follow up is given to any comments of the Commission following that meeting.

## **Chapter III**

### **Evaluation**

#### *Article 92*

##### *General provisions*

1. Rural development programmes shall be subject to ongoing, ex ante, mid-term and ex post evaluations in accordance with Articles 94, 93 and 95.
2. The evaluations shall aim to improve the quality, efficiency and effectiveness of the implementation of rural development programmes and demonstrate their achievements. Mid-term and ex-post evaluations shall include strategic monitoring against targets.
3. The Commission shall adopt implementing acts providing for the elements to be contained in the ex-ante, mid-term and ex-post evaluations. These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 100.
4. The evaluations referred to in paragraph 1 shall be carried out by independent evaluators.
5. Member States shall ensure that the evaluations conform to the common approach referred to in paragraph 6, shall organise the production and gathering of the requisite data, and shall supply the various pieces of information provided by the monitoring system to the evaluators.
6. Member States and the Commission shall agree on a common evaluation approach, including appropriate methods, to be applied at the initiative of the Commission within the system provided for in Article 82.
7. The evaluation reports shall be made available by the Member States on the internet and by the Commission on the EU website.

#### *Article 93*

##### *Ex ante evaluation*

1. Ex ante evaluation shall form part of drawing up each rural development programme and aim to optimise the links between needs established, programme targets and the allocation of budgetary resources and improve programming quality. Member States shall ensure that the ex ante evaluator is engaged from an early stage in the process of development of the rural development programme, including the development of the analysis referred to in Article 14(1)(b), the design of the programme's intervention logic and the establishment of the programme's targets.
2. Ex ante evaluation shall incorporate the requirements of Strategic Environmental Assessment.
3. Ex ante evaluation shall be carried out under the responsibility of the Member State.

4. The Commission shall make a qualitative assessment of the ex ante evaluation and formulate appropriate follow-up proposals in the context of the programme approval process.

#### *Article 94*

##### *Ongoing evaluation*

1. Member States shall establish a system of ongoing evaluation for each rural development programme and ensure that appropriate evaluation capacity is available.

The ongoing evaluation system shall, inter alia, cover the examination of progress of the programme in relation to its targets, improvement of the quality of the programmes and their implementation, examination of proposals for substantive programme modifications and ensuring that all necessary statistical data is provided in good time for the mid-term and ex-post evaluations referred to in Article 95.

2. Ongoing evaluation shall be organised on the initiative of the Managing Authorities in cooperation with the Commission. It shall be organised on a multiannual basis and cover the period 2013-2020 (or 2023).

The Managing Authority for the programme and the Monitoring Committee shall use ongoing evaluation to:

- (a) examine the progress of the programme in relation to its goals by means of result and, where appropriate, impact indicators;
- (b) improve the quality of programmes and their implementation;
- (c) examine proposals for substantive changes to programmes;
- (d) prepare for mid-term and ex post evaluation.

#### *Article 95*

##### *Mid-term and ex post evaluation*

1. In 2017 (or 2019), a mid-term evaluation report shall be prepared. That report shall be submitted to the Commission by 31 December 2017 (or 2019) at the latest.
2. In 2023 (or 2026), an ex post evaluation report shall be prepared. That report shall be submitted to the Commission by 31 December 2023 (or 2026) at the latest.
3. If Member States fail to submit admissible mid term and ex-post evaluation reports by these dates, the Commission may apply the procedure of temporary suspension of intermediate payments referred to in Article X of Regulation (EU) No.xx/xxxx until it receives those reports.
4. The Commission shall examine and approve mid-term evaluations. The Commission shall adopt implementing acts concerning the procedure and time limits applicable for admissibility

and approval of the mid-term and ex-post evaluations. These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 100.

#### *Article 96*

##### *Syntheses of evaluations*

2. Syntheses at EU level of the ex ante, mid-term and ex post evaluation reports shall be undertaken under the responsibility of the Commission.

The syntheses of the evaluation reports shall be completed at the latest by 31 December of the year following the submission of the relevant evaluations.

## TITLE VIII

### State Aid

#### *Article 97*

##### *State Aid*

1. Save as otherwise provided for in this Title, Articles 107, 108 and 109 of the Treaty shall apply to support to rural development by Member States.
2. Without prejudice to Article 97 of this Regulation, Articles 107, 108 and 109 of the Treaty shall not apply to payments made by Member States pursuant to, and in conformity with, this Regulation, within the scope of Article 42 of the Treaty.
3. [List of measures/types of operations in which Member States are allowed, under conditions to grant state aid going beyond the limits set out in this regulation. *Nota bene:* "modernisation of agricultural holdings" and "meeting standards" no longer exist as such but are subsumed within other measures so if retained alternative wording is needed.]

**4. The Commission shall adopt implementing acts providing uniform conditions for the identification of state aid in the rural development programmes and the actions Member States should take to ensure that granted aid is in conformity with Articles 107, 108 and 109 of the Treaty.** [Final form subject to discussion with LS following objections raised to similar provision of the SingleCMO]

#### *Article 98*

##### *Additional national financing*

State aid granted in relation to operations falling within the scope of Article 42 of the Treaty and intended to provide additional financing for rural development for which EU support is granted, shall be notified by Member States and approved by the Commission in accordance with this Regulation as part of the programming referred to in Article 13. The first sentence of Article 108(3) of the Treaty shall not apply to aid thus notified.



## **TITLE IX**

### **Commission powers, final and transitional provisions**

#### **Chapter I**

#### **Commission powers**

##### *Article 99*

##### *Exercise of the delegation*

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The delegation of power referred to in Articles 6, 20, 22, 24, 25, 27, 34, 39, 40, 48, 51, 59, 61, 77 and 103 shall be conferred for an indeterminate period of time.
3. The delegation of powers referred to in Articles 6, 20, 22, 24, 25, 27, 34, 39, 40, 48, 51, 59, 61, 77 and 103 may be revoked at any time by the European Parliament or by the Council. A decision of revocation shall put an end to the delegation of the powers specified in that decision. It shall take effect the day following its publication in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of the delegated acts already in force.
4. A delegated act adopted pursuant to Articles 6, 20, 22, 24, 25, 27, 34, 39, 40, 48, 51, 59, 61, 77 and 103 shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of 2 months from the notification of that act to the European Parliament or the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. The period shall be extended by two months at the initiative of the European Parliament or the Council.

##### *Article 100*

##### *Committee*

1. The Commission shall be assisted by the Rural Development Committee established by Regulation 1698/2005. That Committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. Where reference is made to this Article, Article 5 of Regulation (EU) No 182/2011 shall apply.

## **Chapter II**

### **Transitional and final provisions**

#### *Article 101*

##### *Exchange of information and documents*

The Commission, in collaboration with the Member States, shall establish an information system to permit the secure exchange of data of common interest between the Commission and each Member State. The Commission shall, by means of implementing acts, adopt uniform conditions for the operation of that system. These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 100.

#### *Article 102*

##### *General CAP provisions*

Regulation (EU) No HR/xxxx and the provisions adopted pursuant to it shall apply in relation to the measures set out in this Regulation.

#### *Article 103*

##### *Transitional provisions*

1. In order to facilitate the transition from the system established by Regulation (EC) No 1698/2005 to the system established by this Regulation the Commission shall be empowered to adopt delegated acts in accordance with Article 99 establishing specific transitional provisions.
2. The provisions referred to in paragraph 1 shall concern the conditions under which support approved by the Commission under Regulation 1698/2005 may be integrated into support provided for under this Regulation, including technical assistance and the ex-post evaluations.

#### *Article 104*

##### *Repeal*

Regulation (EC) No 1698/2005 shall be repealed with effect from 1 January 2014.

References made to the repealed Regulation shall be construed as being made to this Regulation.

Regulation (EC) No 1698/2005 shall continue to apply to actions approved by the Commission under that Regulation before 1 January 2014.

*Article final*

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

It shall apply to EU support concerning the programming period starting on 1 January 2014.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

## ANNEX I

### Amounts and rates of support

Article	Subject	Amount in EUR or rate	
22(4)	Quality schemes	3.000	Per holding per year
21(8)	Advisory services	1.500 200.000	Per advice Per three years for the training of advisors
23(5)	Investment in physical assets	50% 75% 65% 40%          50% 75%	<u>Agricultural sector</u>  Of the amount of eligible investment in convergence regions  Of the amount of eligible investment in outermost regions  Of the amount of eligible investment in the smaller Aegean islands  Of the amount of eligible investment in other regions  The above rates may be increased by 20% for: - Young farmers setting up - Collective investments and integrated projects - Areas with Natural Constraints - Operations supported in the framework of the EIP  <u>Processing and marketing for SME's</u>  Of the amount of eligible investment in convergence regions  Of the amount of eligible investment in outermost regions  Of the amount of eligible investment in

		65%	the smaller Aegean islands
		40%	Of the amount of eligible investment in other regions
			The above rates may be increased by 20% for operations supported in the framework of the EIP
24(4)	Restoring agricultural potential damaged by natural disasters and preventive actions	80%	Of the amount of eligible investment costs for prevention operations carried out by individual farmers.
25(5)	Farm and business development	70.000	Per young farmer under 23(1)(a)(i)
		70.000	Per enterprise under 23(1)(a)(ii)
		3.000	Per small farm per year under 23(1)(a)(iii)
29	Establishment of agro-forestry systems	80%	<u>Of the amount of eligible investment for the establishment of agro-forestry systems</u>
32	Investments in new forestry technologies and in processing and marketing of forestry products	50%	Of the amount of eligible investment in convergence regions
		75%	Of the amount of eligible investment in outermost regions
		65%	Of the amount of eligible investment in the smaller Aegean islands
		40%	Of the amount of eligible investment in other regions
33(4)	Producer Groups	10%, 10%, 8%, 6%,	<u>For marketed production up to 1.000.000 euro</u>  As a percentage of marketed production during the first five years following recognition, for the 1 <sup>st</sup> , 2 <sup>nd</sup> , 3 <sup>rd</sup> , 4 <sup>th</sup> and

		4%	5 <sup>th</sup> year respectively.
		5%	For marketed production exceeding 1.000.000 euro
		5%	
		4%	As a percentage of marketed production during the first five years following recognition, for the 1 <sup>st</sup> , 2 <sup>nd</sup> , 3 <sup>rd</sup> , 4 <sup>th</sup> and 5 <sup>th</sup> year respectively.
		3%	
		2%	
		100.000	Maximum amount per year in all cases.
34(7)	Agri-environment	600(*)	Per ha per year for annual crops
		900(*)	Per ha per year for specialised perennial crops
		450(*)	Per ha per year for other land uses
		200(*)	Per LU per year for local breeds in danger of being lost to farmers
35(5)	Organic farming	600(*)	Per ha per year for annual crops
		900(*)	Per ha per year for specialised perennial crops
		450(*)	Per ha per year for other land uses
36(7)	Water framework directive payments/ Natura 2000 payments	500	Per ha per year maximum in the initial period not exceeding five years
		200	Per ha per year maximum
		50	Per ha per year minimum for Water Framework Directive payments
37(3)	Payments to areas facing natural constraints	25	Minimum per ha per year
		250(*)	Maximum per ha per year
39(3)	Animal welfare	500	Per LU
40(3)	Forest environment	200	Per ha per year

43(5)	Crop, animal and plant insurance	65%	Of the insurance premium due
44(5)	Mutual fund for animal and plant diseases	65%	Of the eligible costs.
45(2)	Income stabilisation tool	65%	Of the eligible costs

\* These amounts may be increased in exceptional cases taking into account specific circumstances to be justified in the rural development programmes.

## ANNEX II

### Biophysical criteria for the delimitation of NCA

Criteria	Threshold
Too low temperature	. $LGP \leq 180$ days OR . $TSUM \leq 1500$ degree-days
Too dry conditions	. ratio $P/ETP \leq 0.5$
Poor drainage	Poorly and very poorly drained soils
Too coarse texture and stoniness	. $> 15\%$ of topsoil volume is coarse material, including rock outcrop with boulder within 15cm of the surface OR . Sand, loamy sand ( $silt\% + 2 \cdot clay\% < 30\%$ ) OR . Heavy clay ( $> 60\%$ clay) OR . organic OR . Vertisol, OR clay, silty clay or sandy clay texture with vertic properties
Too shallow rooting depth	$\leq 30$ cm
Unfavourable chemical properties	. Salinity $\geq 4$ dS/m OR . Sodicity $\geq 6$ ESP OR . Acidity: $pH \leq 5$ (measured in water)
Excessive wetness	. Soil moisture balance $\geq 260$ days at field capacity
Too steep slope	$\geq 15\%$



### **ANNEX III**

#### **Indicative list with measures and operations of particular relevance to thematic sub-programmes referred to in Article 12(4)**

##### **Young farmers:**

- Business start-up aid for young farmers setting up for the first time in an agricultural holding
- Investments in physical assets
- Knowledge transfer and information actions
- Advisory services, farm management and farm relief services
- Co-operation
- Investments in non-agricultural activities

##### **Small farmers:**

- Business start-up aid for the development of small farms
- Investments in physical assets
- Quality schemes for agricultural products and foodstuffs
- Knowledge transfer and information actions
- Advisory services, farm management and farm relief services
- Co-operation
- Investments in non-agricultural activities
- Setting up of producer groups
- Co-operation
- Leader

##### **Mountain areas:**

- Payments to areas facing natural or other specific constraints
- Agri-environment operations
- Co-operation
- Investments in physical assets

- Farm and business development in rural areas
- Quality schemes for agricultural products and foodstuffs
- Basic services and village renewal in rural areas
- Knowledge transfer and information actions
- Advisory services, farm management and farm relief services
- Setting up of producer groups
- Leader

**Short supply chain:**

- Co-operation
- Setting up of producer groups
- Leader
- Quality schemes for agricultural products and foodstuffs
- Basic services and village renewal in rural areas
- Investments in physical assets
- Knowledge transfer and information actions
- Advisory services, farm management and farm relief services



