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THE EUROPEAN PARLIAMENT

THE COUNCIL

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Subject: REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005

**REGULATION (EU) No .../2013
OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

of

**on support for rural development by the European Agricultural Fund for Rural Development
(EAFRD) and repealing Council Regulation (EC) No 1698/2005**

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 42 and Article 43(2) 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 Court of Auditors,

Having regard to the opinion of the European Economic and Social Committee,

Having regard to the opinion of the Committee of the Regions,

Acting in accordance with the ordinary legislative procedure¹,

¹ Position of the European Parliament of ... (not yet published in the Official Journal) and decision of the Council of

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 entitled "The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future" set out the potential challenges, objectives and orientations for the common agricultural policy ("the CAP") after 2013. In the light of the debate on that Communication, the CAP should be reformed with effect from 1 January 2014. That reform should cover all the main instruments of the CAP, including Council Regulation (EC) No 1698/2005¹. In view of the scope of the reform, it is appropriate to repeal Regulation (EC) No 1698/2005 and to replace it with a new text.
- (2) A rural development policy should be established to accompany and complement direct payments and market measures of the CAP and thereby to contribute to that policy's objectives as laid down in the Treaty on the Functioning of the European Union ("TFEU"). Such rural development policy should also integrate the major policy objectives set out in the Communication from the Commission of 3 March 2010 entitled "Europe 2020 - A strategy for smart, sustainable and inclusive growth" ("the Europe 2020 Strategy") and should be coherent with the general objectives for the economic and social cohesion policy, as set out in the TFEU.

¹ Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (OJ L 277, 21.10.2005, p. 1).

- (3) Since the objective of this Regulation, namely rural development, cannot be sufficiently achieved by the Member States, given the links between rural development and the other instruments of the CAP, the extent of the disparities that exist between the various rural areas and the limits on the financial resources of the Member States in an enlarged Union but can rather, by reason of the multi-annual guarantee of Union finance and by concentrating on its priorities, be better achieved at Union level. the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union ("TEU"). 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.

- (4) To ensure the sustainable development of rural areas, it is necessary to focus on a limited number of core priorities relating to knowledge transfer and innovation in agriculture, forestry and rural areas, to farm viability, to the competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests, to the organisation of the food chain, including the processing and marketing of agricultural products, to animal welfare, to risk management in agriculture, restoring, preserving and enhancing ecosystems that are related to agriculture and forestry, to the promotion of resource efficiency and the shift towards a low carbon economy in the agricultural, food and forestry sectors, and to promoting social inclusion, poverty reduction in and the economic development of rural areas. In doing so, account should be taken of the diversity of the situations that affect rural areas with different characteristics or different categories of potential beneficiaries and of the cross-cutting objectives of innovation, environment and climate change mitigation and adaptation. Mitigation action should relate both to limiting emissions in agriculture and forestry from key activities such as livestock production, fertilizer use and to preserving carbon sinks and enhancing carbon sequestration with regard to land use, land use change and the forestry sector. The Union priority for rural development relating to knowledge transfer and innovation in agriculture, forestry and rural areas should apply horizontally in relation to the other Union priorities for rural development.

- (5) The Union's priorities for rural development should be pursued in the framework of sustainable development and the Union's promotion of the aim of protecting and improving the environment, as set out in Article 11 TFEU, taking into account the polluter pays principle. The Member States should, provide information on the support for climate change objectives in line with the ambition to devote at least 20 % of the Union budget to this end using a methodology adopted by the Commission.
- (6) The activities of the European Agricultural Fund for Rural Development ("the EAFRD") and the operations to which it contributes should be consistent and compatible with support from other instruments of the CAP.

- (7) In order to ensure the immediate start and efficient implementation of rural development programmes, support from the EAFRD should be based on the existence of administrative framework conditions that are sound. Member States should therefore assess the applicability and fulfilment of certain ex ante conditionalities. Each Member State should prepare either a national rural development programme for its entire territory or a set of regional programmes or both a national programme and a set of regional programmes. Each programme should identify a strategy for meeting targets in relation to the Union priorities for rural development and a selection of measures. Programming should comply with Union priorities for rural development, whilst at the same time adapting to national contexts and complementing the other Union policies, in particular the agricultural market policy, the cohesion policy and the common fisheries policy. Member States which opt for preparing a set of regional programmes should also be able to prepare a national framework, without a separate budgetary allocation, in order to facilitate co-ordination among the regions in addressing nation-wide challenges.

- (8) 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. Thematic sub-programmes should concern, among others, young farmers, small farms, mountain areas, the creation of short supply chains, women in rural areas and climate change mitigation and adaptation and biodiversity. Thematic sub-programmes should also be used to provide for the possibility to contribute to the restructuring of agricultural sectors which have a strong impact on the development of rural areas. As a means of increasing the efficient intervention of certain thematic sub-programmes Member States should be allowed to provide for higher support rates for certain operations covered by those thematic sub-programmes.
- (9) Rural development programmes should identify the needs of the area covered and describe a coherent strategy to meet them in the light of the Union priorities for rural development. That strategy should be based on the setting of 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.

- (10) Targets are to be established in rural development programmes against a common set of target indicators for all Member States and where necessary, against programme specific indicators. In order to facilitate this exercise the areas covered by these indicators should be defined, in line with the Union priorities for rural development. Given the horizontal application of the Union priority for rural development 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 Union priorities.
- (11) It is necessary to establish certain rules for programming and revising rural development programmes. A simplified procedure should be provided for revisions that do not affect the strategy of the programmes or the respective Union financial contributions.

- (12) The evolution and specialisation of agriculture and forestry and the particular challenges faced by micro and small and medium-sized enterprises ("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 through the diffusion of best agricultural and forestry production practices. Knowledge transfer and information actions should not only take the form of traditional training courses but should also be adapted to the needs of rural actors. Workshops, coaching, demonstration activities, information actions and also short-term farm and forest-exchange schemes and visits should therefore also be supported. The knowledge and information acquired should enable farmers, forest holders, persons engaged in the food sector and rural SMEs to, in particular, enhance their competitiveness and resource efficiency and improve their environmental performance while at the same time contributing to the sustainability of the rural economy. When providing support to SMEs, Member States have the possibility to give priority to SMEs linked to the agriculture and forestry sectors. 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.

- (13) Farm advisory services help farmers, young farmers, forest holders, other land managers 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, young farmers, forest holders, other land managers and SMEs should be encouraged. In order to enhance the quality and effectiveness of the advice offered, provision should be made for the minimum qualifications and regular training of advisors. As provided for in Regulation (EU) No .../2013 of the European Parliament and of the Council^{1*} farm advisory services should help farmers to assess the performance of their agricultural holding and to identify the necessary improvements as regards the statutory management requirements, good agricultural and environmental conditions, agricultural practices beneficial to the climate and the environment set out in Regulation (EU) No .../2013 of the European Parliament and of the Council^{2**} and measures at farm level provided for in the rural development programmes aiming at farm modernisation,

¹ Regulation (EU) No .../2013 of the European Parliament and of the Council of ... on the financing, management and monitoring of the common agricultural policy (OJ L ...).

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [HR]

² Regulation (EU) No .../2013 of the European Parliament and of the Council of ... establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulations (EC) No 637/2008 and (EC) No 73/2009 (OJ L ...).

** OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP]

competitiveness building, sectoral integration, innovation, market orientation as well as the promotion of entrepreneurship. Farm advisory services should also help farmers to identify the necessary improvements as regards requirements laid down for the implementation of Article 11(3) of Directive 2000/60/EC of the European Parliament and of the Council¹ ("the Water Framework Directive"), as well as requirements for the implementation of Article 55 of Regulation (EC) No 1107/2009 of the European Parliament and of the Council² and Article 14 of Directive 2009/128/EC of the European Parliament and of the Council³, in particular in relation to the compliance with the general principles of integrated pest management. Where relevant, advice should also cover occupational or safety standards linked to the farm as well as specific advice for farmers setting up for the first time. It should also be possible for advice to cover the setting up by young farmers, the sustainable development of the economic activities of the holding and local processing and marketing issues, linked to the economic, agricultural and environmental performance of the holding or enterprise. Specific advice may also be provided on climate change mitigation and adaptation, biodiversity, the protection of water, the development of short supply chains, organic farming and health aspects of animal husbandry. When providing support to SMEs, Member States have the possibility to give priority to SMEs linked to the agriculture and forestry sectors. Farm management and farm relief services should help farmers improve and facilitate management of their holding.

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- ¹ Directive 2000/60/EC of the European Parliament and of the Council establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1).
- ² Regulation (EC) No 1107/2009 of the European Parliament and of the Council of 21 October 2009 concerning the placing of plant protection products on the market and repealing Council Directives 79/117/EEC and 91/414/EEC (OJ L 309, 24.11.2009, p. 1).
- ³ Directive 2009/128/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for Community action to achieve the sustainable use of pesticides (OJ L 309, 24.11.2009, p. 71).

- (14) Union or national quality schemes, including farm certification 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 and groups of farmers should therefore be encouraged to participate in those schemes. In order to ensure the effective use of EAFRD resources, support should be limited to active farmers within the meaning of Article 9 of Regulation (EU) No .../2013*. As it is at the moment of entering into such schemes and in the early years of 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 provided for new participation and should 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. Support should also be made available for information and promotion activities concerning products covered by the quality and certification schemes receiving support pursuant to this Regulation.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP]

- (15) In order to improve the economic and environmental performance of agricultural holdings and rural enterprises, to improve the efficiency of the agricultural products marketing and processing sector, including the setting up of small scale processing and marketing facilities in the context of short supply chains and local markets, to provide infrastructure needed for the development of agriculture and forestry and to support non-remunerative investments necessary to achieve environmental aims, support should be provided for physical investments contributing to these aims. During 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 most types of physical investments. Member States should direct the support to farms eligible for aid for investments related to supporting farm viability based on the results of the strengths, weaknesses, opportunities and threats ("SWOT") analysis as a means of better targeting that aid. In order to facilitate the setting up by young farmers for the first time an additional period of eligibility for investments to comply with Union standards can be granted. In order to foster the implementation of new Union standards, investments related to compliance with those standards should be eligible for an additional period after they have become mandatory for the agricultural holding.

- (16) The agricultural sector, more than other sectors, is subject to damage to its productive potential caused by natural disasters, adverse climatic events and catastrophic events. In order to help farm viability and competitiveness in the face of such disasters or events, support should be provided to help farmers restore agricultural potential which has been damaged. Member States should also ensure that no overcompensation of damages occurs as a result of the combination of Union (in particular the risk management measure under this Regulation), national and private compensation schemes.

- (17) For the development of rural areas, the creation and development of new economic activity in the form of new farms, the diversification into non-agricultural activities including the provision of services to agriculture and forestry, activities related to health care, social integration and tourist activities are essential. It is also possible for diversification into non-agricultural activities to address the sustainable management of cynegetic resources. A farm and business development measure should facilitate the initial establishment of young farmers and the structural adjustment of their agricultural holding after the initial setting up. Furthermore, diversification of farmers into non-agricultural activities and the setting up and development of non-agricultural SMEs in rural areas should be promoted. That measure should also encourage entrepreneurship of women 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 that measure, support should be made conditional on the submission of a business plan. Support for a business start up should cover only the initial period of the life of such a business and should not become an operating aid. Therefore, where Member States opt to grant aid in instalments, such instalments should be made over a period of no more than five years. In addition, in order to encourage the restructuring of the agricultural sector, support, in the form of annual or one-off payments, should be provided for farmers eligible for the small farmers scheme established by Title V of Regulation (EU) No .../2013* ("the small farmer's scheme") who commit to transfer their entire holding and the corresponding payment entitlements to another farmer.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

In order to address problems of young farmers related to access to land Member States are also able to offer this support in combination with other forms of support, for example, through the use of financial instruments.

- (18) SMEs are the backbone of the rural economy of the Union. Farm and non-agricultural business development should be aimed at employment promotion and the setting up of quality jobs in rural areas, the maintenance of existing jobs, the reduction of seasonality fluctuations in employment, the development of non-agricultural sectors outside agriculture and agricultural and food processing. At the same time it should foster business integration and local inter-sectoral links. Projects that bring together agriculture and, rural tourism through the promotion of sustainable and responsible tourism in rural areas, and natural and cultural heritage should be encouraged as well as renewable energy investments.

- (19) The development of local infrastructure and local basic services in rural areas, including leisure and culture services, the renewal of villages and activities aimed at the restoration and upgrading of the cultural and natural heritage of villages and rural landscapes is an essential element of any effort to realise the growth potential and to promote the sustainability of rural areas. Support should therefore be granted to operations with that aim, including access to Information and Communication Technologies and the development of fast and ultra-fast broadband. In line with those objectives, the 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 of such support, covered operations should be implemented in accordance with plans for the development of municipalities and their basic services, where such plans exist, elaborated by one or more rural communes. In order to create synergies and to improve co-operation, operations should also, where relevant, promote rural-urban links. Member States have the possibility to give priority to investments by community-led local development partnerships, and to projects managed by local community organisations.

(20) Forestry is an integral part of rural development and support for sustainable and climate friendly land use should include forest area development and sustainable management of forests. During the 2007-2013 programming period, a variety of measures covered different types of support for forestry investments and management. In the interests of simplification and of allowing beneficiaries to design and realise integrated projects with increased added value, a single measure should cover all types of support for forestry investments and management. That measure should cover the extension and improvement of forest resources through the afforestation of land and the creation of agroforestry systems combining extensive agriculture with forestry systems. It should also cover the restoration of forests damaged by fire or other natural disasters and catastrophic events and relevant prevention measures; investments in forestry technologies and in the processing; the mobilising and marketing of forest products aimed at improving the economic and environmental performance of forest holders; and non- remunerative investments which improve ecosystem and climate resilience and environmental value of forest ecosystems. Support should not distort competition and should be market neutral. As a result, limitations relating to the size and legal status of beneficiaries should be imposed. Preventive actions against fires should be undertaken in areas classified by Member States as medium or high fire risk. All preventive actions should be part of a forest protection plan. In the case of an action undertaken for the restoration of damaged forest potential, the occurrence of a natural disaster should be subject to formal recognition by a scientific public organisation.

The forestry measure should be adopted in the light of undertakings given by the Union and Member States at international level, and should be based on Member States' national or sub-national forest plans or equivalent instruments which should take into account the commitments made in the Ministerial Conferences on the Protection of Forests in Europe. It should contribute to the implementation of the Union Forest Strategy in line with the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled "A new EU Forest Strategy: for forests and the forest-based sector".

- (21) Producer groups and organisations help farmers to face together the challenges posed by increased competition and consolidation of downstream markets in relation to the marketing of their products including in local markets. The setting up of producer groups and organisations should therefore be encouraged. In order to ensure the best use of limited financial resources only producer groups and organisations that qualify as SMEs should benefit from support. Member States have the possibility to give priority to producer groups and organisations of quality products covered by the measure on quality schemes for agricultural products and foodstuffs in this Regulation. In order to ensure that the producer group or organisation becomes a viable entity, a business plan should be submitted to the Member States, as a condition for granting support to a producer group or organisation. In order to avoid providing operating aid and in order to maintain the incentive role of the support, the maximum duration of the support should be limited to five years from the date of recognition of the producer group or organisation on the basis of its business plan.

(22) Agri-environment-climate 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 that contribute to climate change mitigation and adaptation and that are compatible with the protection and improvement of the environment, the landscape and its features, natural resources, and the soil and genetic diversity. In that context the conservation of genetic resources in agriculture and the additional needs of farming systems that are of high nature value should be given specific attention. Payments should contribute to covering additional costs and income foregone resulting from the commitments undertaken and should only cover commitments going beyond relevant mandatory standards and requirements, in accordance with the "polluter pays principle". Member States should also ensure that payments to farmers do not lead to double funding under this Regulation and Regulation (EU) No .../2013*. In many situations the synergies resulting from commitments undertaken jointly by a group of farmers multiply the environmental and climate benefit. However, joint actions involve additional transaction costs which should be compensated adequately. In addition, in order to ensure that farmers and other land managers are in a position to correctly implement the commitments they have undertaken, Member States should endeavour to provide them with the required skills and knowledge.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP]

Member States should maintain the level of efforts made during the 2007-2013 programming period and should be required to spend a minimum of 30 % of the total contribution from the EAFRD to each rural development programme on climate change mitigation and adaptation as well as environmental issues. Such spending should be made through agri-environment-climate and organic farming payments and payments to areas facing natural or other specific constraints, through payments for forestry, payments for Natura 2000 areas and climate and environment-related investment support.

- (23) Payments to farmers for the converting to, or maintaining, organic farming should encourage them to participate in such schemes thereby responding to the increasing demand of society for the use of environmentally friendly farm practices and for high standards of animal welfare. In order to increase synergy in biodiversity, benefits delivered by the organic farming measure, collective contracts or co-operation between farmers should be encouraged to cover larger, adjacent areas. In order to avoid a large-scale return by farmers to conventional farming support should be given to both conversion and maintenance measures. Payments should contribute to covering additional costs incurred and income foregone as a result of the commitment and should cover only commitments that go beyond relevant mandatory standards and requirements. Member States should also ensure that payments to farmers do not lead to double funding under this Regulation and Regulation (EU) No .../2013 (DP)*. In order to ensure the effective use of EAFRD resources, support should be limited to active farmers within the meaning of Article 9 of Regulation (EU) No.../2013*.

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- (24) Support should continue to be granted to farmers and forest holders to help address specific disadvantages in the areas concerned resulting from the implementation of Directive 2009/147/EC of the European Parliament and of the Council¹ and Council Directive 92/43/EEC² and in order to contribute to the effective management of Natura 2000 sites. Support should also be made available to farmers to help address disadvantages in river basin areas resulting from the implementation of the Water Framework Directive. Support should be linked to specific requirements described in the rural development programme that go beyond relevant mandatory standards and requirements. Member States should also ensure that payments to farmers do not lead to double funding under this Regulation and Regulation (EU) No .../2013*. Furthermore, the specific needs of Natura 2000 areas should be taken into account by Member States in the overall design of their rural development programmes.
- (25) Payments to farmers in mountain areas or in other areas facing natural or other specific constraints should, by encouraging continued use of agricultural land, contribute 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. In order to ensure the effective use of EAFRD resources, support should be limited to active farmers within the meaning of Article 9 of Regulation (EU) No.../2013*.

¹ Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 20, 26.1.2010, p. 7).

² Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7).

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

- (26) In order to ensure the efficient use of Union funds and equal treatment for farmers across the Union, mountain areas and areas facing natural or other specific constraints should be defined in accordance with objective criteria. In the case of areas facing natural constraints, those criteria should be bio-physical and underpinned by robust scientific evidence. Transitional arrangements should be adopted in order to facilitate the phasing-out of payments in areas that, as a result of the application of these criteria, will no longer be considered to be areas facing natural constraints.
- (27) Farmers should continue to be encouraged to adopt high standards of animal welfare by providing support for farmers who undertake to adopt standards of animal husbandry, which go beyond the relevant mandatory standards. In order to ensure the effective use of EAFRD resources, support should be limited to active farmers within the meaning of Article 9 of Regulation (EU) .../2013*.
- (28) Payments should continue to be granted to forest holders who provide environment-friendly or climate-friendly forest conservation services by undertaking commitments to enhance biodiversity, preserve high-value forest ecosystems, improve their climate change mitigation and adaptation potential, and reinforce the protective value of forests with respect to soil erosion, maintenance of water resources and natural hazards. In that context, specific attention should be paid to the conservation and promotion of forest genetic resources. Payments should be granted for forest environmental commitments going beyond relevant mandatory standards established by national law.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

- (29) During the 2007-2013 programming period the only type of co-operation which was explicitly supported under rural development policy was co-operation for the development of new products, processes and technologies in the agriculture and food sector and the forestry sector. Support for that type of co-operation is still necessary but should be adapted in order to better meet the requirements of the knowledge economy. In that context, there should be the possibility for projects by a single operator to be financed under that measure, on condition that the results obtained are disseminated, thus achieving the aim of diffusing new practices, processes or products. In addition, it has become clear that supporting a much broader range of types of co-operation, with a wider range of beneficiaries, from smaller operators to larger ones, can contribute to achieving the objectives of rural development policy by helping operators in rural areas overcome the economic, environmental and other disadvantages of fragmentation. Therefore, that measure should be widened. Support to small operators for organising joint work processes and sharing 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, local markets and local food chains. Support for joint approaches to environmental projects and practices should help to produce greater and more consistent environmental and climate benefits than those which can be delivered by individual operators acting without reference to others (for example, through practices applied on larger, unbroken areas of land).

Support should be provided in various forms. Clusters and networks are particularly relevant to the sharing of 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 European Innovation Partnership ("EIP") for agricultural productivity and sustainability. Another important tool lies in local development strategies operating outside the framework of LEADER local development – between public and private actors from rural and urban areas. Unlike under the LEADER approach, it is possible for such partnerships and strategies to be limited to one sector or to relatively specific development aims, including those mentioned above. Member States have the possibility to give priority to co-operation among entities involving primary producers. Inter-branch organisations should also be eligible for support under this measure. Such support should be limited to a period of seven years except for collective environmental and climate action in duly justified cases.

- (30) Nowadays, farmers are exposed to increasing economic and environmental risks as a consequence of climate change and increased price volatility. In this context, the effective management of risks has an increased importance for farmers. Consequently, a risk management measure should be set up to assist farmers in addressing the most common risks faced by them. That measure should therefore help farmers to cover the premiums they pay for crop, animal and plant insurance as well as help with the setting up of mutual funds and the compensation paid by such funds to farmers for losses suffered as a result of adverse climatic events, the outbreak of animal or plant diseases, pest infestation or environmental incidents. It should also include an income stabilisation tool in the form of a mutual fund to support farmers facing a severe drop in their incomes. In order to ensure that farmers receive equal treatment across the Union, that competition is not distorted and that the international obligations of the Union are respected, specific conditions should be provided for the granting of support under these measures. In order to ensure the effective use of EAFRD resources, support should be limited to active farmers within the meaning of Article 9 of Regulation (EU) No .../2013*.
- (31) The LEADER approach for local development has, over a number of years, proven its effectiveness 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 should remain compulsory for rural development programmes at national and/or regional level.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

- (32) Support for LEADER local development from the EAFRD should also cover inter-territorial co-operation projects between groups within a Member State or transnational co-operation projects between groups in several Member States or co-operation projects between groups in Member States and in third countries.
- (33) In order to enable partners in rural areas who do not yet apply LEADER to test and prepare for the design and implementation of a local development strategy, a "LEADER start-up kit" should also be financed. Support should not be conditional on the submission of a local development strategy.
- (34) Investments are common to many of the rural development measures under this Regulation and may relate to operations of a very diverse nature. In order to ensure clarity in the implementation of those operations certain common rules for all investments should be laid down. Those common rules should define the types of expenditure that may be considered to be investment expenditure and should ensure that only such investments that create new value in agriculture receive support. In order to facilitate the implementation of investment projects Member States should have the possibility to pay advances. To ensure the effectiveness, fairness and sustainable impact of EAFRD assistance, rules should be laid down to ensure that investments related to operations are durable and that EAFRD support is not used to distort competition.

(35) It should be possible for the EAFRD to support investments in irrigation to provide economic and environmental benefits, provided that the sustainability of the irrigation concerned is ensured. Consequently, in every case, support should be granted only if a river basin management plan is in place in the area concerned as required by the Water Framework Directive, and if there is already water metering in place at the level of the investment or it is put in place as part of the investment. Investments in improvements to existing irrigation infrastructure or equipment should lead to a minimum gain in terms of water efficiency, expressed as a potential water saving. If the water body affected by the investment is under stress for reasons related to water quantity as set out in the analytical framework established by the Water Framework Directive, half of the gain in terms of water efficiency should be translated into a real reduction in water use at the level of the supported investment, in order to reduce the stress on the water body concerned. Certain cases should be set out in which it is not possible or necessary for the requirements of potential or effective water savings to apply, including those concerning investments in recycling or re-using water. In addition to supporting investments in improvements to existing equipment provision should be made for the EAFRD to support investments in new irrigation subject to the findings of an environmental analysis. With certain exceptions, support should, however, not be granted for new irrigation where the affected water body is already under stress, in view of the very high risk that granting support in such circumstances would worsen existing environmental problems.

- (36) Certain area-related measures under this Regulation require beneficiaries to undertake commitments for at least five years. During that period, it is possible that changes occur to the situation of either the holding or of the beneficiary. Rules should therefore be laid down in order to determine what should happen in such cases.
- (37) Certain measures under this Regulation make support conditional upon beneficiaries undertake commitments that go beyond a relevant baseline defined in terms of mandatory standards or requirements. In view of possible changes to the law during the period of the commitments resulting in the modification of the baseline, provision should be made the contracts concerned to be revised in order to ensure continued compliance with that condition.
- (38) 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 Union priorities for rural development and in order 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 payments under agri-environmental-climate, organic farming, Natura 2000 and the Water Framework Directive, areas facing natural or other specific constraints, animal welfare, forest-environmental and climate services and risk management related measures. When applying the selection criteria the size of the operation should be taken into account in accordance with the principle of proportionality.

- (39) The EAFRD should support, through technical assistance, actions relating to the implementation of rural development programmes, including the costs related to the protection of symbols and abbreviations relating to Union 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.
- (40) 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 technical assistance at Union level. To take account of the specific needs of evaluation, a European evaluation capacity for rural development should be set up as part of the European network for rural development in order to bring together all actors involved and thereby to facilitate the exchange of expertise in the field.
- (41) The EIP for agricultural productivity and sustainability should contribute to the achievement of the Europe 2020 objectives of smart, sustainable and inclusive growth. It is important that it brings together all relevant actors at Union, national and regional levels, presenting new ideas to Member States on how to streamline, simplify and better coordinate existing instruments and initiatives and complement them with new actions where necessary.

- (42) In order to contribute to the achievement of the aims of the EIP for agricultural productivity and sustainability a EIP 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 Union level.
- (43) Member States should reserve a portion of the total amount of each rural development programme devoted to technical assistance in order to finance the setting up and operation of a national rural network that brings together organisations and administrations involved in rural development, including the EIP, with the aim of increasing their involvement in the implementation of the programme and improving the quality of rural development programmes. To this end, national rural networks should prepare and implement an action plan.
- (44) Rural development programmes should provide for innovative actions promoting a resource-efficient, productive and low-emission agricultural sector, with the support of the EIP for agricultural productivity and sustainability. The EIP should aim to promote a faster and wider transposition of innovative solutions into practice. The EIP should create added value by enhancing the uptake and effectiveness of innovation-related instruments and enhancing synergies between them. The EIP should fill gaps by better linking research and practical farming.

- (45) The implementation of innovative projects in the context of the EIP for agricultural productivity and sustainability should be undertaken by operational groups that bring together farmers, forest managers, rural communities, researchers, NGOs advisors, businesses and other actors concerned by innovation in the agricultural sector. In order to ensure that the results of such projects benefit the sector as a whole, those results in the field of innovation and knowledge exchanges within the Union and with third countries should be disseminated.
- (46) Provision should be made for the determination of the total amount of Union support for rural development under this Regulation for the period from 1 January 2014 to 31 December 2020, in accordance with the Multi-annual Financial Framework for the period 2014 to 2020. The appropriations available should be indexed on a flat-rate basis for programming.
- (47) In order to facilitate the management of EAFRD funds, a single contribution rate for support from the EAFRD to rural development programming should be set in relation to public expenditure in the Member States. In order to take account of their particular importance or nature, specific contribution rates should be set in relation to certain types of operations. In order to mitigate the specific constraints resulting from the level of development the remoteness and insularity, an appropriate EAFRD contribution rate should be set for less developed regions, the outermost regions referred to in the TFEU and the smaller Aegean islands, as well as transition regions.

- (48) Member States should take all steps necessary to ensure that their rural development measures are verifiable and controllable, including putting in place adequate provisions. To that end, the Managing Authority and Paying Agency should provide an ex ante assessment and undertake to assess measures throughout the implementation of the programme. Measures that do not comply with that condition should be adjusted.
- (49) The Commission and Member States should take all steps necessary to ensure the sound management of rural development programmes. In this context the Commission should carry out adequate measures and controls and the Member States should take measures to guarantee the sound functioning of their management systems.
- (50) A single Managing 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 whilst retaining responsibility for the efficiency and correctness of management. Where a rural development programme contains thematic sub-programmes the Managing Authority should be able to designate another body to carry out the management and implementation of that sub-programme in relation to the financial allocations that have been identified for it in the programme whilst ensuring sound financial management of those sub-programmes. Where a Member State has more than one programme to manage, a coordination body can be set up to ensure consistency.

- (51) Each rural development programme should be subject to regular monitoring of the implementation of the programme and of progress towards the established targets of the programme. Since demonstrating and improving the impact and effectiveness of actions under the EAFRD also depends on appropriate evaluation during the preparation and implementation of a programme and its completion, a monitoring and evaluation system should be set up jointly 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.
- (52) In order to ensure that information can be aggregated at Union level, a set of common indicators should form part of that monitoring and evaluation system. Key information on the implementation of rural development programmes 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.
- (53) The responsibility for monitoring the programme should be shared between the Managing Authority and a Monitoring Committee set up for that purpose. The Monitoring Committee should be responsible for the monitoring of the effectiveness of the implementation of the programme. To that end, its responsibilities should be specified.

- (54) The monitoring of the programme should involve the drawing up of an annual implementation report to be sent to the Commission.
- (55) In order to improve its quality and demonstrate its achievements, each rural development programme should be subject to evaluation.
- (56) Articles 107, 108 and 109 TFEU should apply to the support for the rural development measures under this Regulation. Nevertheless, given the specific characteristics of the agricultural sector, those TFEU provisions should not apply to rural development measures concerning operations falling within the scope of Article 42 TFEU, that are carried out under and in conformity with this Regulation or to payments made by Member States, intended to provide additional national financing for rural development operations for which Union support is granted and which fall within the scope of Article 42 TFEU.

(57) Moreover, with a view to ensuring consistency with the rural development measures eligible for Union support and in order to simplify procedures, payments made by the Member States, intended to provide additional national financing for rural development operations for which Union support is granted and which fall within the scope of Article 42 TFEU, should be included in the rural development programme for assessment and approval in accordance with the provisions of this Regulation. In order to ensure that additional national financing is not implemented unless it has been authorised by the Commission, the Member State concerned should be precluded from putting its proposed additional financing for rural development into effect until it has been approved. Payments made by Member States intended to provide additional national financing for rural development operations for which Union support is granted and which fall outside the scope of Article 42 TFEU should be notified to the Commission pursuant to Article 108(3) TFEU, unless they fall under a regulation, adopted pursuant to Council Regulation 994/98¹, and Member States should be precluded from putting them into effect until that notification procedure has resulted in a final approval by the Commission.

¹ Council Regulation (EC) No 994/98 of 7 May 1998 on the application of Articles 92 and 93 of the Treaty establishing the European Community to certain categories of horizontal State aid (OJ L 142, 14.05.1998, p.1).

- (58) In order to provide an efficient and secure exchange of data of common interest as well as to record, maintain and manage key information and report on monitoring and evaluation, an electronic information system should be established.
- (59) Union law on the protection of individuals with regard to the processing of personal data and on the free movement of such data, in particular Directive 95/46/EC of the European Parliament and of the Council¹ and Regulation (EC) No 45/2001 of the European Parliament and of the Council² should apply.

¹ Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data (OJ L 281, 23.11.1995, p. 31).

² Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data (OJ L 8, 12.1.2001, p. 1).

- (60) In order to supplement or amend certain non-essential elements of this Regulation, the power to adopt delegated acts in accordance with Article 290 TFEU should be delegated to the Commission. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.
- (61) That empowerment should cover : the conditions under which a legal person is considered to be a young farmer and the setting of a period of grace for the acquisition of skills; the duration and content of farm and forest exchange schemes and farm and forest visits. It should also cover: the specific Union schemes under Article 17(1)(a) and the characteristics of groups of producers and types of actions that may receive support under paragraph 2 of Article 17, as well as the setting of conditions to prevent distortion of competition to prevent discrimination against products and to exclude commercial brands from support.

(62) In addition, that empowerment should cover: the minimum content of business plans and the criteria to be used by Member states for setting the thresholds referred to in Article 19(4); the definition and the minimum environmental requirements for afforestation and the creation of woodland; the conditions applicable to agri-environment-climate commitments to extensify livestock farming, rear local breeds in danger of being lost to farming or preserve plant genetic resources under threat of genetic erosion, as well as the definition of eligible operations for the conservation and for the sustainable use and development of genetic resources. It should also cover: the calculation method to be used in order to avoid double funding of the practices referred to in Article 43 of Regulation (EU) No .../2013* for the agri-environment-climate, organic farming, measures under Natura 2000 and measures under the Water Framework Directive ; the definition of the areas in which animal welfare commitments shall provide upgraded standards of production methods; the type of operations eligible for support under the conservation and promotion of forest genetic resources; the specification of the characteristics of pilot projects, clusters, networks, short supply chains and local markets that will be eligible for support under the co-operation measure, as well as the conditions for granting aid to the types of operation listed under that measure.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

(63) Furthermore, that empowerment should cover: the minimum and maximum duration of commercial loans to mutual funds under the risk management measure under this Regulation; the conditions under which costs related to leasing contracts or second hand equipment may be considered as eligible investment expenditure, as well as the definition of types of renewable energy infrastructure eligible for investment ; the conditions applicable to conversion or adjustment of commitments under the measures referred to in Articles 28, 29, 33 and 34, as well as the definition of other situations in which reimbursement of the aid shall not be required. It should also cover: the review of the ceilings set out in Annex I; the conditions under which support approved by the Commission under Regulation (EC) No 1698/2005 may be integrated into support provided for under this Regulation, including for technical assistance and for the ex-post evaluations, in order to facilitate a smooth transition from the system established by Regulation (EC) No 1698/2005 to the system established by this Regulation. In order to take account of the Treaty of Accession of the Republic of Croatia those delegated acts should also cover, for Croatia, the transition from support for rural development under Council Regulation (EC) No 1085/2006¹, where necessary.

¹ Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an instrument for pre-accession assistance (IPA) (OJ L 170, 29.6.2007, p. 1).

(64) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission, in relation to the content of rural development programmes and national frameworks, the approval of programmes and of modifications thereto, the procedures and timetables for approval of programmes, the procedures and timetables for the approval of modifications to programmes and to national frameworks, including their entry in to force and frequency of submission, the rules on payment methods for participants' costs for knowledge transfer and information actions, specific conditions for the implementation of rural development measures, the structure and operation of networks set up by this Regulation, the information and publicity requirements, the adoption of the monitoring and evaluation system and the rules for the operation of the information system, and the rules concerning the presentation of the annual implementation reports. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and the Council¹.

¹ Regulation (EU) No 182/2011 of the European Parliament and 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 (OJ L 55, 28.2.2011, p. 13).

- (65) The European Data Protection Supervisor was consulted and adopted an opinion on 14 December 2011¹.
- (66) Due to the urgency of preparing the smooth implementation of the measures envisaged, this Regulation should enter into force on the day of its publication in the *Official Journal of the European Union*.
- (67) The new support scheme provided for by this Regulation replaces the support scheme set up by Regulation (EC) No 1698/2005. Regulation (EC) No 1698/2005 should therefore be repealed,

HAVE ADOPTED THIS REGULATION:

¹ OJ C 35, 9.2.2012 p.1.

TITLE I

OBJECTIVES AND STRATEGY

Chapter I

Subject matter and Definitions

Article 1

Subject matter

1. This Regulation lays down general rules governing Union support for rural development, financed by the European Agricultural Fund for Rural Development ("the EAFRD") and established by Regulation (EU) No .../2013*. It sets out the objectives to which rural development policy is to contribute and the relevant Union priorities for rural development. It outlines the strategic context for rural development policy and defines the measures to be adopted in order to implement rural development policy. In addition, it lays down rules on programming, networking, management, monitoring and evaluation on the basis of responsibilities shared between the Member States and the Commission and rules to ensure coordination of the EAFRD with other Union instruments.
2. This Regulation complements the provisions of Part Two of Regulation (EU) No .../2013 of the European Parliament and the Council¹.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [HR].

¹ OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

Article 2
Definitions

1. For the purposes of this Regulation, the definitions of "programme", "operation", "beneficiary", "community-led local development strategy", "public expenditure", "SMEs", "completed operation" and "financial instruments" as laid down or referred to in Article 2 and of "less developed regions" and "transition regions" as laid down in points (a) and (b) in Article 90(2) of Regulation (EU) No .../2013* apply.

In addition, the following definitions shall apply:

- (a) "programming": means the process of organisation, decision making and allocation of financial resources in several stages, with the involvement of partners, intended to implement, on a multi-annual basis, joint action by the Union and the Member States to achieve the Union priorities for rural development.
- (b) "region" means a 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 Council¹;
- (c) "measure" means a set of operations contributing to one or more of the Union priorities for rural development;

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].
¹ 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) (OJ L 154, 21.6.2003, p. 1).

- (d) "support rate" means the rate of public contribution to an operation;
- (e) "transaction cost" means an additional cost linked to fulfilling a commitment, but not directly attributable to its implementation or not included in the costs or income foregone that are compensated directly; and which can be calculated on a standard cost basis;
- (f) " agricultural area " means any area taken up by arable land, permanent grassland and permanent pasture or permanent crops as defined in Article 4 of Regulation (EU) No .../2013*;
- (g) "economic losses" means 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;
- (h) "adverse climatic event" means weather conditions, such as frost, storms and hail, ice, heavy rain or severe drought, which can be assimilated to a natural disaster;
- (i) "animal diseases" means diseases mentioned in the list of animal diseases established by the World Organisation for Animal Health or in the Annex to Council Decision 2009/470/EC¹;

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

¹ Council Decision 2009/470/EC of 25 May 2009 on expenditure in the veterinary field (OJ L 155, 18.6.2009, p. 30).

- (j) "environmental incident" means a specific occurrence of pollution, contamination or degradation in the quality of the environment which is related to a specific event and is of limited geographical scope; but does not cover general environmental risks not connected with a specific event, such as climate change or atmospheric pollution;
- (k) "natural disaster": means a naturally occurring event of a biotic or abiotic nature that leads to important disturbances in agricultural production systems or forest structures, eventually causing important economic damage to the farming or forestry sectors;
- (l) "catastrophic event": means an unforeseen event of a biotic or abiotic nature caused by human action that leads to important disturbances in agricultural production systems or forest structures, eventually causing important economic damage to the farming or forestry sectors;
- (m) "short supply chain": means a supply chain involving a limited number of economic operators, committed to co-operation, local economic development, and close geographical and social relations between producers, processors and consumers;
- (n) "young farmer" means a person who is no more than 40 years of age at the moment of submitting the application, possesses adequate occupational skills and competence and is setting up for the first time in an agricultural holding as head of that holding;

- (o) "thematic objectives": means the thematic objectives defined in Article 9 of Regulation (EU) No .../2013*.
- (p) "Common Strategic Framework" ("CSF")": means the Common Strategic Framework referred to in Article 10 of Regulation (EU) No .../2013*;
- (q) "cluster" means a grouping of independent undertakings, including start-ups, small, medium and large undertakings as well as advisory bodies and/or research organisations - designed to stimulate economic/ innovative activity by promoting intensive interactions, the sharing of facilities and the exchange of knowledge and expertise, as well as contributing effectively to knowledge transfer, networking and information dissemination among the undertakings in the cluster;
- (r) "forest" means an area of land spanning more than 0,5 hectares with trees higher than 5 meters and a canopy cover of more than 10 percent, or trees able to reach these thresholds in situ; and does not include land that is predominantly under agricultural or urban land use, subject to paragraph 2.

2. A Member State or region may choose to apply a forest definition, other than the one in point (r) of paragraph 1, based on existing national law or inventory system. The Member States or regions shall provide such definition in the rural development programme;

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

3. In order to ensure a coherent approach in the treatment of beneficiaries and to take into account the need for an adaptation period, as regards the definition of young farmer laid down in paragraph 1(n), the Commission shall be empowered to adopt delegated acts in accordance with Article 83 concerning the conditions under which a legal person may be considered to be a 'young farmer', and the setting of a grace period for the acquisition of occupational skills.

Chapter II

Mission, objectives and priorities

Article 3

Mission

The EAFRD shall contribute to the Europe 2020 Strategy by promoting sustainable rural development throughout the Union in a manner that complements the other instruments of the CAP, the cohesion policy and the common fisheries policy. It shall contribute to the development of a Union agricultural sector that is more territorially and environmentally balanced, climate-friendly and resilient and competitive and innovative. It shall also contribute to the development of rural territories.

Article 4
Objectives

Within the overall framework of the CAP, support for rural development, including for activities in the food and non-food sector and in forestry, shall contribute to achieving the following objectives:

- (a) fostering the competitiveness of agriculture;
- (b) ensuring the sustainable management of natural resources, and climate action;
- (c) achieving a balanced territorial development of rural economies and communities including the creation and maintenance of employment.

Article 5
Union priorities for rural development

The achievement of the objectives of rural development, which contribute to the Europe 2020 strategy for smart, sustainable and inclusive growth, shall be pursued through the following six Union priorities for rural development, which reflect the relevant Thematic Objectives of the CSF:

- (1) fostering knowledge transfer and innovation in agriculture, forestry, and rural areas with a focus on the following areas:
 - (a) fostering innovation, cooperation, and the development of the knowledge base in rural areas;

- (b) strengthening the links between agriculture, food production and forestry and research and innovation, including for the purpose of improved environmental management and performance;
 - (c) fostering lifelong learning and vocational training in the agricultural and forestry sectors.
- (2) enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests, with a focus on the following areas:
- (a) improving the economic performance of all farms and facilitating farm restructuring and modernisation, notably with a view to increasing market participation and orientation as well as agricultural diversification;
 - (b) facilitating the entry of adequately skilled farmers into the agricultural sector and, in particular, generational renewal.

- (3) promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture, with a focus on the following areas:
- (a) improving competitiveness of primary producers by better integrating them into the agri-food chain through quality schemes, adding value to agricultural products, promotion in local markets and short supply circuits, producer groups and organisations and inter-branch organisations;
 - (b) supporting farm risk prevention and management.
- (4) restoring, preserving and enhancing ecosystems related to agriculture and forestry, with a focus on the following areas:
- (a) restoring, preserving and enhancing biodiversity, including in Natura 2000 areas, and in areas facing natural or other specific constraints, and high nature value farming, as well as the state of European landscapes;
 - (b) improving water management, including fertiliser and pesticide management;
 - (c) preventing soil erosion and improving soil management.

- (5) promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors, with a focus on the following areas:
- (a) increasing efficiency in water use by agriculture;
 - (b) increasing efficiency in energy use in agriculture and food processing;
 - (c) facilitating the supply and use of renewable sources of energy, of by-products, wastes and residues and of other non food raw material, for the purposes of the bio-economy;
 - (d) reducing green house gas and ammonia emissions from agriculture;
 - (e) fostering carbon conservation and sequestration in agriculture and forestry;
- (6) promoting social inclusion, poverty reduction and economic development in rural areas, with a focus on the following areas:
- (a) facilitating diversification, creation and development of small enterprises, as well as job creation;
 - (b) fostering local development in rural areas;
 - (c) enhancing the accessibility, use and quality of information and communication technologies (ICT) in rural areas.

All those priorities shall contribute to the cross-cutting objectives of innovation, environment and climate change mitigation and adaptation. Programmes may address fewer than six priorities if justified on the basis of the analysis of the situation in terms of strengths, weaknesses, opportunities and threats ("the SWOT") and the ex ante evaluation. At least four priorities shall be addressed by each programme. When a Member State submits a national programme and a set of regional programmes, the national programme may address fewer than four priorities.

Other focus areas may be included in programmes in order to pursue one of the priorities if justified and measurable.

TITLE II

PROGRAMMING

Chapter I

Programming content

Article 6

Rural development programmes

1. The EAFRD shall act in the Member States through rural development programmes. Those programmes shall implement a strategy to meet the Union priorities for rural development through a set of measures as defined in Title III. Support from the EAFRD shall be sought for the achievement of the objectives of rural development pursued through Union priorities.
2. A Member State may submit either a single programme for its entire territory or a set of regional programmes. Alternatively, in duly justified cases, it may submit a national programme and a set of regional programmes. If a Member State submits a national programme and a set of regional programmes, measures and/or types of operations shall be programmed either at national level or at regional level, and coherence between the strategies of the national and regional programmes shall be ensured.

3. Member States with regional programmes may also submit, for approval in accordance with Article 10(2), a national framework containing common elements for these programmes without a separate budgetary allocation.

National frameworks of Member States with regional programmes may also contain a table summarising, by region and by year, the total EAFRD contribution to the Member State concerned for the whole programming period.

Article 7

Thematic sub-programmes

1. With the aim of contributing to the achievement of the Union priorities for rural development, Member States may include within their rural development programmes thematic sub-programmes that address specific needs. Such thematic sub-programmes may, inter alia, relate to:
 - (a) young farmers;
 - (b) small farms as referred to in the third subparagraph of Article 19(2);
 - (c) mountain areas as referred to in Article 32(2);
 - (d) short supply chains;

- (e) women in rural areas;
- (f) climate change mitigation and adaptation and biodiversity.

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

2. Thematic sub-programmes may also address specific needs relating to the restructuring of agricultural sectors with a significant impact on the development of a specific rural area.
3. The support rates laid down in Annex II may be increased by 10 additional percentage points for operations supported in the framework of thematic sub-programmes concerning small farms and short supply chains, climate change mitigation and adaptation and biodiversity. In the case of young farmers and mountain areas, the maximum support rates may be increased in accordance with Annex II. However, the maximum combined support rate shall not exceed 90 %.

Article 8

Content of rural development programmes

1. In addition to the elements referred to in Article 27 of Regulation (EU) No .../2013*, each rural development programme shall include:
 - (a) the ex ante evaluation referred to in Article 55 of Regulation (EU) No .../2013*;

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

- (b) a SWOT analysis of the situation and an identification of the needs that have to be addressed in the geographical area covered by the programme.

The analysis shall be structured around the Union priorities for rural development. Specific needs concerning the environment, climate change mitigation and adaptation and innovation shall be assessed across Union priorities for rural development, in order to identify relevant responses in these three areas at the level of each priority;

- (c) a description of the strategy which demonstrates that:
 - (i) appropriate targets are set for each of the focus areas of the Union priorities for rural development included in the programme, based on the common indicators referred to in Article 69 and, where necessary, on programme specific indicators;
 - (ii) relevant combinations of measures are selected in relation to each of the focus areas of the Union priorities for rural development included in the programme, based on a sound intervention logic supported by the ex ante evaluation referred to in point (a) and the analysis referred to in point (b);
 - (iii) the allocation of financial resources to the measures of the programme is justified and adequate to achieve the targets set;

- (iv) specific needs linked with specific conditions at regional or sub-regional level are taken into account and concretely addressed through adequately designed combinations of measures or thematic sub-programmes;
 - (v) an appropriate approach towards innovation with a view to achieving the Union priorities for rural development, including the EIP for agricultural productivity and sustainability, towards the environment, including the specific needs of Natura 2000 areas, and towards climate change mitigation and adaptation is integrated into the programme;
 - (vi) measures have been taken to ensure the availability of sufficient advisory capacity on the regulatory requirements and on actions related to innovation;
- (d) for each ex ante conditionality, established in accordance with Article 19, and part II of Annex XI to Regulation (EU) No .../2013* for the general ex ante conditionalities, and in accordance with Annex V to this Regulation, an assessment of which of the ex ante conditionalities are applicable to the programme and which of them are fulfilled at the date of submission of the Partnership Agreement and the programme. Where the applicable ex ante conditionalities are not fulfilled, the programme shall contain a description of the actions to be taken, the bodies responsible and a timetable for such actions in accordance with the summary submitted in the Partnership Agreement.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

- (e) a description of the performance framework established for the purpose of Article 21 of Regulation (EU) No .../2013*;
- (f) a description of each of the measures selected;
- (g) the evaluation plan referred to in Article 56 of Regulation (EU) No .../2013*. The Member States shall provide sufficient resources to address the needs which have been identified and to ensure proper monitoring and evaluation;
- (h) a financing plan comprising:
 - (i) a table setting out, in accordance with Article 58(4), 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 less developed regions and the funds transferred to the EAFRD in application of Article 7(2) of Regulation (EU) No .../2013**. The planned annual EAFRD contribution shall be compatible with the Multi-annual Financial Framework;

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

** OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

- (ii) a table setting out, for each measure, for each type of operation with a specific EAFRD contribution rate and for technical assistance, the total Union contribution planned and the applicable EAFRD contribution rate. Where applicable, this table shall indicate separately the EAFRD contribution rate for less developed regions and for other regions;
- (i) an indicator plan, broken down into focus areas, comprising the targets referred to in point (i) of Article 8(1)(c) and the planned outputs and planned expenditure of each rural development measure selected in relation to a corresponding focus area;
- (j) where applicable, a table on additional national financing per measure in accordance with Article 82;
- (k) where applicable, the list of aid schemes falling under Article 81(1) to be used for the implementation of the programmes;
- (l) information on the complementarity with measures financed by the other common agricultural policy instruments, and by the European Structural and Investment Funds ("ESI");

- (m) programme implementing arrangements including:
- (i) the designation by the Member State of all authorities referred to in Article 65(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 referred to in Article 54;
 - (iv) a description of the approach laying down principles with regard to the establishment of selection criteria for operations and local development strategies that takes into account relevant targets; in this context Member States may provide for priority to be given to SMEs linked to the agriculture and forestry sector.
 - (v) in relation to local development, where applicable, a description of the mechanisms to ensure coherence between activities envisaged under the local development strategies, the "Cooperation" measure referred to in Article 35, and the "Basic services and village renewal in rural areas" measure referred to in Article 20 including urban-rural links;

- (n) the actions taken to involve the partners referred to in Article 5 of Regulation (EU) No .../2013* and a summary of the results of the consultation of the partners;
 - (o) where applicable, the structure of the national rural network as referred to in Article 54(3), 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) a specific analysis of the situation based on SWOT methodology and an identification of the needs that are to be addressed by the sub-programme;
 - (b) 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;
 - (c) a separate specific indicator plan, with planned outputs and planned expenditure for each rural development measure selected in relation to a corresponding focus area.
3. The Commission shall adopt implementing acts laying down rules for the presentation of the elements described in paragraphs 1 and 2 in rural development programmes and rules for the content of national frameworks referred to in Article 6(3). Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 84.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

Chapter II

Preparation, approval and modification of rural development programmes

Article 9

Ex ante conditionalities

In addition to the general ex ante conditionalities, referred to in part II of Annex XI to Regulation (EU) No .../2013*, the ex ante conditionalities referred to in Annex V to this Regulation shall apply to the EAFRD programming, if relevant and applicable to the specific objectives pursued within the priorities of the programme.

Article 10

Approval of rural development programmes

1. Member States shall submit to the Commission a proposal for each rural development programme, containing the information referred to in Article 8.
2. Each rural development programme shall be approved by the Commission by means of an implementing act

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR]

Article 11
Amendment of rural development programmes

Requests by Member States to amend programmes shall be approved in accordance with the following procedures:

- (a) The Commission shall decide, by means of implementing acts, on requests to amend programmes that concern one or more of the following:
 - (i) a change in the programme strategy through a change of more than 50 % in the quantified target linked to a focus area ;
 - (ii) a change in the EAFRD contribution rate of one or more measures;
 - (iii) a change of the entire Union contribution or its annual distribution at programme level;
- (b) The Commission shall approve, by means of implementing acts, requests to amend the programme in all other cases. These shall include, in particular:
 - (i) the introduction or withdrawal of measures or types of operations;
 - (ii) changes in the description of measures, including changes of eligibility conditions;
 - (iii) a transfer of funds between measures implemented under different EAFRD contribution rates;

However, for the purposes of points (b)(i) and (ii), and point (b)(iii) where the transfer of funds concerns less than 20 % of the allocation to a measure and less than 5 % of the total EAFRD contribution to the programme, the approval shall be deemed to be given, if the Commission has not taken a decision on the request after a period of 42 working days from the receipt of the request. That period shall not include the period starting on the day following the date on which the Commission has sent its observations to the Member State and ending on the day that the Member State responded to the observations.

- (c) The approval of the Commission shall not be required for corrections of a purely clerical or editorial nature that do not affect the implementation of the policy and the measures. Member States shall inform the Commission of such amendments.

Article 12

Rules on procedures and timetables

The Commission shall adopt implementing acts, laying down rules on procedures and timetables for:

- (a) the approval of rural development programmes and national frameworks;
- (b) the submission and approval of proposals for amendments to rural development programmes and proposals for amendments to national frameworks, including their entry into force and the frequency with which they are to be submitted during the programming period.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 84.

TITLE III

RURAL DEVELOPMENT SUPPORT

Chapter I

Measures

Article 13

Measures

Each rural development measure shall be programmed to contribute specifically to the achievement of one or more Union priorities for rural development. An indicative list of measures of particular relevance to the Union priorities is set out in Annex VI.

Article 14

Knowledge transfer and information actions

1. Support under this measure shall cover vocational training and skills acquisition actions, demonstration activities and information actions. Vocational training and skills acquisition actions may include training courses, workshops and coaching.

Support may also cover short-term farm and forest management exchanges as well as farm and forest visits.

2. 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 which are SMEs operating in rural areas.

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

3. 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 and information services shall have the appropriate capacities in the form of staff qualifications and regular training to carry out this task.

4. 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. Costs for travel, accommodation and per diem expenses of participants as well as the cost of the replacement of farmers shall also be eligible for support. All costs identified under this paragraph shall be paid to the beneficiary.

5. In order to ensure that farm and forest exchange schemes and visits are clearly demarcated in relation to similar actions under other Union schemes, the Commission shall be empowered to adopt delegated acts in accordance with Article 83 concerning the duration and content of farm and forest exchange schemes and farm and forest visits.

6. The Commission shall adopt implementing acts laying down the rules on payment modalities for participants' costs, including through the use of vouchers or other similar forms.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 84.

Article 15

Advisory services, farm management and farm relief services

1. Support under this measure shall be granted in order to:
- (a) help farmers, young farmers as defined in this Regulation, forest holders, other land managers and SMEs in rural areas benefit from the use of advisory services for the improvement of the economic and environmental performance as well as the climate friendliness and resilience of their holding, enterprise and/or investment;
 - (b) promote the setting up of farm management, farm relief and farm advisory services, as well as forestry advisory services, including the Farm Advisory System referred to in Articles 12 to 14 of Regulation (EU) No .../2013*;
 - (c) promote the training of advisors.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [HR].

2. The beneficiary of support provided in paragraph 1(a) and (c) shall be the provider of advice or training. Support under paragraph 1(b) shall be granted to the authority or body selected to set up the farm management, farm relief, farm advisory or forestry advisory service.
3. The authorities or bodies selected to provide advice shall have appropriate resources in the form of regularly trained and qualified staff and advisory experience and reliability with respect to the fields in which they advise. The beneficiaries under this measure shall be chosen through calls for tenders. The selection procedure shall be governed by public procurement law and shall be open to both public and private bodies. It shall be objective and shall exclude candidates with conflicts of interest.

When providing advice, advisory services shall respect the non-disclosure obligations referred to in Article 13(2) of Regulation (EU) No .../2013*.

4. Advice to the individual farmers, young farmers as defined in this Regulation and other land managers shall be linked to at least one Union priority for rural development and shall cover as a minimum one of the following elements:
 - (a) obligations at farm level deriving from the statutory management requirements and/or standards for good agricultural and environmental conditions provided for in Chapter I of Title VI of Regulation (EU) No .../2013*;

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [HR].

- (b) where applicable, the agricultural practices beneficial for the climate and the environment as laid down in Chapter 3 of Title III of Regulation (EU) No .../2013* and the maintenance of the agricultural area as referred to in point (c) of Article 4(1) of Regulation (EU) No .../2013*;
- (c) measures at farm level provided for in rural development programmes aiming at farm modernisation, competitiveness building, sectoral integration, innovation and market orientation, as well as the promotion of entrepreneurship;
- (d) requirements as defined by Member States for implementing Article 11(3) of the Water Framework Directive;
- (e) requirements as defined by Member States, for implementing Article 55 of Regulation (EC) No 1107/2009, in particular compliance with the general principles of integrated pest management as referred to in Article 14 of Directive 2009/128/EC; or
- (f) where relevant, occupational safety standards or safety standards linked to the farm;
- (g) specific advice for farmers setting up for the first time.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

Advice may also cover other issues and in particular the information related to climate change mitigation and adaptation, biodiversity and the protection of water as laid down in Annex I to Regulation (EU) No .../2013* or issues linked to the economic and environmental performance of the agricultural holding, including competitiveness aspects. This may include advice for the development of short supply chains, organic farming and health aspects of animal husbandry.

5. Advice to forest holders shall cover, as a minimum, the relevant obligations under Directives 92/43/EEC, 2009/147/EC and the Water Framework Directive. It may also cover issues linked to the economic and environmental performance of the forest holding.
6. Advice to SMEs may cover issues linked to the economic and environmental performance of the enterprise.
7. Where duly justified and appropriate, advice may be provided partly in a group, while taking into account the situations of the individual user of advisory services.
8. Support under points (a) and (c) of paragraph 1 shall be limited to the maximum amounts laid down in Annex II. Support under point (b) of paragraph 1 shall be degressive over a maximum period of five years from setting up.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [HR].

Article 16

Quality schemes for agricultural products, and foodstuffs

1. Support under this measure shall cover new participation by farmers and groups of farmers in:
 - (a) quality schemes established under the following Regulations and provisions:
 - (i) Regulation (EU) 1151/2012 of the European Parliament and of the Council¹;
 - (ii) Council Regulation (EC) No 834/2007²;
 - (iii) Regulation (EC) No 110/2008 of the European Parliament and of the Council³;
 - (iv) Council Regulation (EEC) No 1601/91⁴;
 - (v) Part II, Title II, Chapter I, Section 2 of Council Regulation (EU) No .../2013* as concerns wine.

¹ Regulation (EU) 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs (OJ L 343, 14.12.2012, p. 1).

² Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products and repealing Regulation (EEC) No 2092/91 (OJ L 189, 20.7.2007, p. 1).

³ Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89 (OJ L 39, 13.2.2008, p. 16).

⁴ Council Regulation (EEC) No 1601/91 of 10 June 1991 laying down general rules on the definition, description and presentation of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails (OJ L 149, 14.6.1991, p. 1).

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [sCMO].

- (b) quality schemes, including farm certification schemes, for agricultural products, cotton or foodstuffs, 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 to guarantee any of the following:
 - specific product characteristics,
 - specific farming or production methods, 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; or

- (c) voluntary agricultural product certification schemes recognised by the Member States as meeting the Union best practice guidelines for the operation of voluntary certification schemes relating to agricultural products and foodstuffs.
2. Support under this measure may also cover costs arising from information and promotion activities implemented by groups of producers in the internal market, concerning products covered by a quality scheme receiving support in accordance with paragraph 1.
3. Support under paragraph 1 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.

For the purposes of this Article, "farmer" means active farmer within the meaning of Article 9 of Regulation (EU) No .../2013*.

4. Support shall be limited to the maximum support rate and amount laid down in Annex II.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

5. In order to take into account new Union law that may affect support under this measure and in order to ensure consistency with other Union instruments on promotion of agricultural measures and prevent distortion of competition, the Commission shall be empowered to adopt delegated acts, in accordance with Article 83 concerning, the specific Union schemes to be covered by point (a) of paragraph 1 and the characteristics of groups of producers and the types of actions that may receive support under paragraph 2, the setting of conditions to prevent discrimination against certain products; and the setting of conditions on the basis of which commercial brands are to be excluded from support.

Article 17

Investments in physical assets

1. Support under this measure shall cover tangible and/or intangible investments which:
- (a) improve the overall performance and sustainability of the agricultural holding;
 - (b) concern the processing, marketing and/or development of agricultural products covered by Annex I to the Treaty or cotton, except fishery products; the output of the production process may be a product not covered by that Annex;
 - (c) concern infrastructure related to the development, modernisation or adaptation of agriculture and forestry, including access to farm and forest land, land consolidation and improvement, and the supply and saving of energy and water ; or

(d) are non-productive investments linked to the achievement of agri-environment-climate objectives as pursued under this regulation, including biodiversity conservation status of species and habitat as well as enhancing the public amenity value of a Natura 2000 area or other high nature value systems to be defined in the programme.

2. Support under point (a) of paragraph 1 shall be granted to farmers or groups of farmers.

In the case of investments to support farm restructuring, Member States shall target the support to farms in accordance with the SWOT analysis carried out in relation to the Union priority for rural development "enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and sustainable management of forests".

3. Support under points (a) and (b) of paragraph 1 shall be limited to the maximum support rates laid down in Annex II. Those maximum rates may be increased for young farmers, for collective investments, including those linked to a merger of Producer Organisations, and for integrated projects involving support under more than one measure, for investments in areas facing natural and other specific constraints as referred to in Article 32, for investments linked to operations under Articles 28 and 29 and for operations supported in the framework of the EIP for agricultural productivity and sustainability in accordance with the support rates laid down in Annex II. However, the maximum combined support rate may not exceed 90 %.

4. Support under points (c) and (d) of paragraph 1 shall be subject to the support rates laid down in Annex II.
5. Support may be granted to young farmers setting up for the first time in an agricultural holding as head of the holding in respect of investments to comply with Union standards applying to agricultural production, including occupational safety. Such support may be provided for a maximum of 24 months from the date of setting up.
6. Where Union law imposes new requirements on farmers support may be granted for investments to comply with those requirements for a maximum of 12 months from the date on which they become mandatory for the agricultural holding.

Article 18

*Restoring agricultural production potential damaged
by natural disasters and catastrophic events
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, adverse climatic events and catastrophic events;
 - (b) investments for the restoration of agricultural land and production potential damaged by natural disasters, adverse climatic events and catastrophic events.

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 point (b) of paragraph 1 shall be subject to the formal recognition by the competent public authorities of Member States that a natural disaster has occurred and that this disaster or measures adopted in accordance with Council Directive 2000/29/EC¹ to eradicate or contain a plant disease or pest 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 or catastrophic event.

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

5. Support under point (a) of paragraph 1 shall be limited to the maximum support rates laid down in Annex II.

¹ Council Directive 2000/29/EC of 8 May 2000 on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community (OJ L 169, 10.7.2000, p. 1).

Article 19
Farm and business development

1. Support under this measure shall cover:
 - (a) business start-up aid for:
 - (i) young farmers;
 - (ii) non-agricultural activities in rural areas;
 - (iii) the development of small farms;
 - (b) investments in creation and development of non-agricultural activities;
 - (c) annual payments or one-off payments for farmers eligible for the small farmers scheme established by Title V of Regulation (EU) No .../2013* ("the small farmers scheme") who permanently transfer their holding to another farmer ;

2. Support under point (a)(i) of paragraph 1 shall be granted to young farmers.

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

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

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

Support under point (b) of paragraph 1 shall be granted to micro- and small enterprises and natural persons in rural areas, as well as to farmers or members of a farm household.

Support under point (c) of paragraph 1 shall be granted to farmers eligible to participate in the small farmers scheme who, at the time of submitting their application for support, have been so eligible for at least one year and who undertake to permanently transfer their entire holding and the corresponding payment entitlements to another farmer. Support shall be paid from the date of the transfer until 31 December 2020 or calculated in respect of that period and paid in the form of a one-off payment.

3. Any 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, may be considered to be a member of a farm household, with the exception of farm workers. Where a legal person or a group of legal persons is considered to be a member of the farm household, that member must exercise an agricultural activity on the farm at the time of the support application.
4. Support under point (a) of paragraph 1 shall be conditional on the submission of a business plan. Implementation of the business plan must start within nine months from the date of the decision granting the aid.

For young farmers receiving support under point (a)(i) of paragraph 1, the business plan shall provide that the young farmer complies with Article 9 of Regulation (EU) No DP.../2013*, regarding active farmers within 18 months from the date of setting up.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP]

Member States shall define upper and lower thresholds for allowing agricultural holdings access to support under points (a)(i) and (a)(iii) of paragraph 1. The lower threshold for support under point (a)(i) of paragraph 1 shall be higher than the upper threshold for support under point (a)(iii) of paragraph 1. Support shall be limited to holdings coming under the definition of micro and small enterprises.

5. Support under point (a) of paragraph 1 shall be paid in at least two instalments over a period of maximum five years. Instalments may be degressive. The payment of the last instalment, under points (a)(i) and (a)(ii) of paragraph 1 shall be conditional upon the correct implementation of the business plan.
6. The maximum amount of support under point (a) of paragraph 1 is laid down in Annex II. Member States shall define the amount of support under points (a)(i) and (a)(ii) of paragraph 1 also taking into account the socio-economic situation of the programme area.
7. Support under point (c) of paragraph 1 shall be equal to 120 % of the annual payment that the beneficiary is eligible to receive under the small farmers scheme.
8. In order to ensure the efficient and effective use of EAFRD resources, the Commission shall be empowered to adopt delegated acts in accordance with Article 83 laying down the minimum content of business plans and the criteria to be used by Member states for setting the thresholds referred to in paragraph 4 of this Article.

Article 20

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 villages in rural areas and their basic services and of protection and management plans relating to Natura 2000 sites and other areas of high nature value;
 - (b) investments in the creation, improvement or expansion of all types of small scale infrastructure, including investments in renewable energy and energy saving;
 - (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, including leisure and culture, and the related infrastructure;
 - (e) investments for public use in recreational infrastructure, tourist information and small scale tourism infrastructure;

- (f) studies and investments associated with the maintenance, restoration and upgrading of the cultural and natural heritage of villages, rural landscapes and high nature value sites, including related socio-economic aspects, as well as environmental awareness actions;
 - (g) investments targeting the relocation of activities and conversion of buildings or other facilities located within or 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 in the programme. 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 Union instruments shall 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 villages in rural areas and their basic services, where such plans exist and shall be consistent with any relevant local development strategy.

Article 21

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 agroforestry systems;
 - (c) prevention and restoration of damage to forests from forest fires, natural disasters and catastrophic events, including pest and disease outbreaks, and climate related threats;
 - (d) investments improving the resilience and environmental value as well as the mitigation potential of forest ecosystems;
 - (e) investments in forestry technologies and in the processing, the mobilising and the marketing of forest products.

2. Limitations on ownership of forests provided for in Articles 22 to 26 shall not apply to 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 Council Regulation (EEC) No 2019/93¹ and the French overseas departments.

¹ Council Regulation (EEC) No 2019/93 of 19 July 1993 introducing specific measures for the smaller Aegean islands concerning certain agricultural products (OJ L 184, 27.7.1993, p. 1).

For holdings above a certain size, to be determined by the Member States in the programme, support shall be conditional on the presentation of the relevant information from a forest management plan or equivalent instrument in line with sustainable forest management as defined by the Ministerial Conference on the Protection of Forests in Europe of 1993.

Article 22

Afforestation and creation of woodland

1. Support under point (a) of Article 21(1) shall be granted to public and private land-holders-and their associations and shall cover the costs of establishment and an annual premium per hectare to cover the costs of agricultural income foregone and maintenance, including early and late cleanings, for a maximum period of twelve years. In the case of state-owned land, support may only be granted if the body managing such land is a private body or a municipality.

Support for afforestation of land owned by public authorities or for fast growing trees shall cover only the costs of establishment.

2. Both agricultural and non-agricultural land shall be eligible. Species planted shall be adapted to the environmental and climatic conditions of the area and shall comply with minimum environmental requirements. No support shall be granted for the planting of trees for short rotation coppicing, 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.
3. In order to ensure that afforestation of agricultural land is in line with the aims of environmental policy, the Commission shall be empowered to adopt delegated acts in accordance with Article 83 concerning the definition of the minimum environmental requirements referred to in paragraph 2 of this Article.

Article 23

Establishment of agroforestry systems

1. Support under point (b) of Article 21(1) shall be granted to private land-holders, 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 five years.

2. For the purposes of this Article, agroforestry systems means land use systems in which trees are grown in combination with agriculture on the same land. The minimum and maximum number of trees per hectare shall be determined by the Member States taking account of local pedo-climatic and environmental conditions, forestry species and the need to ensure sustainable agricultural use of the land.
3. Support shall be limited to the maximum support rate laid down in Annex II.

Article 24

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

1. Support under point (c) Article 21(1) shall be granted to private and public forest- holders and other private law and public bodies 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 to agricultural related activities in areas covered by agri-environment commitments;
 - (b) local, small scale prevention activities against fire or other natural hazards; including the use of grazing animals;
 - (c) establishing and improving forest fire, pest and diseases monitoring facilities and communication equipment; and

(d) restoring forest potential damaged from fires and other natural disasters including pests, diseases as well as catastrophic events and climate change related events.

2. In the case of preventive actions concerning 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 of organisms harmful to plants which may cause a disaster must be provided in the programme.

Eligible operations shall be consistent with the forest protection plan established by the Member States. For holdings above a certain size, to be determined by the Member States in the programme, support shall be conditional on the presentation of the relevant information from a forest management plan or equivalent instrument in line with sustainable forest management as defined by the Ministerial Conference on the Protection of Forests in Europe of 1993 detailing the preventive objectives.

Forest areas classified as medium to high forest fire risk according to the forest protection plan established by the Member States shall be eligible for support relating to forest fire prevention.

3. Support under point (d) of paragraph 1 shall be subject to the formal recognition by the competent public authorities of Member States that a natural disaster has occurred and that that disaster, or measures adopted in accordance with Directive 2000/29/EC to eradicate or contain a plant disease or pest has caused the destruction of at least 20 % of the relevant forest 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 Union support instruments or private insurance schemes is avoided.

Article 25

Investments improving the resilience and environmental value of forest ecosystems

1. Support under point (d) of Article 21(1) shall be granted to natural persons, private and public forest-holders, and other private law and public bodies and their associations.
2. Investments shall be aimed at the achievement of commitments for environmental aims, for the provision of ecosystem services and/or for the enhancement of the public amenity value of forest and wooded land in the area concerned or the improvement of the climate change mitigation potential of ecosystems, without excluding economic benefits in the long term.

Article 26

*Investments in forestry technologies and in processing, in mobilising
and in the marketing of forest products*

1. Support under point (e) of Article 21(1) shall be granted to private forest- holders, municipalities and their associations and to SMEs for investments enhancing forestry potential or relating to processing, mobilising and marketing adding value to forest products. In the territories of the Azores, Madeira, the Canary islands, the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93 and the French overseas departments support may also be granted to enterprises that are not SMEs.
2. Investments related to the improvement of the economic value of forests shall be justified in relation to expected improvements to forests on one or more holdings and may include investments for soil-friendly and resource -friendly harvesting machinery and practices.
3. 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.
4. Support shall be limited to the maximum support rates laid down in Annex II.

Article 27

Setting -up of producer groups and organisations

1. Support under this measure shall be granted in order to facilitate the setting up of producer groups and organisations in the agriculture and forestry sectors for the purpose of:
 - (a) adapting the production and output of producers who are members of such groups or organisations 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 and organisations, such as the development of business and marketing skills and the organisation and facilitation of the innovation processes.

2. Support shall be granted to producer groups and organisations which are officially recognised by a Member State's competent authority on the basis of a business plan. It shall be limited to producer groups and organisations that are SMEs.

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

3. The support shall be paid on the basis of a business plan as a flat rate aid in annual instalments for no more than five years following the date on which the producer group or organisation was recognised, and shall be degressive. It shall be calculated on the basis of the annual marketed production of the group or organisation. Member States shall pay the last instalment only after having verified the correct implementation of the business plan.

In the first year Member States may pay support to the producer group or organisation 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 or organisation. In the case of producer groups and organisations in the forestry sector, support shall be calculated on the basis of the average marketed production of the members of the group or organisation over the last five years before the recognition, excluding the highest and the lowest value.

4. Support shall be limited to the maximum rates and amounts laid down in Annex II.
5. Member States may continue support for setting up of producer groups even after they have been recognised as producer organisations under the conditions of Regulation (EU) No .../2013*.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [sCMO].

Article 28

Agri-environment-climate

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. This measure shall aim to preserve and promote the necessary changes to agricultural practices that make a positive contribution to the environment and climate. Its inclusion in rural development programmes shall be compulsory at national and/or regional level.
2. Agri-environment-climate payments shall be granted to farmers, groups of farmers or groups of farmers and other land-managers who undertake, on a voluntary basis, to carry out operations consisting of one or more agri-environment-climate commitments on agricultural land to be defined by Member States, including but not limited to the agricultural area defined under Article 2 of this Regulation. Where duly justified to achieve environmental objectives, agri-environment-climate payments may be granted to other land-managers or groups of other land-managers.

3. Agri-environment-climate payments cover only those commitments going beyond the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No .../2013*, the relevant criteria and minimum activities as established pursuant to points (c)(ii) and (c)(iii) of Article 4(1) of Regulation (EU) No .../2013**, and relevant minimum requirements for fertiliser and plant protection products use as well as other relevant mandatory requirements established by national law. All such mandatory requirements shall be identified in the programme.
4. Member States shall endeavour to ensure that persons undertaking to carry out operations under this measure are provided with the knowledge and information required to implement such operations. They may do so through, inter alia, commitment-related expert advice and/or by making support under this measure conditional on obtaining relevant training.
5. Commitments under this measure shall be undertaken for a period of five to 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 their annual extension after the termination of the initial period. For new commitments directly following the commitment performed in the initial period, Member States may determine a shorter period in their rural development programmes.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [HR].

** OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

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

When calculating the payments referred to in the first sub-paragraph, Member States shall deduct the amount necessary in order to exclude double funding of the practices referred to in Article 43 of Regulation (EU) No .../2013*.

In duly justified cases for operations concerning environmental conservation, support may be granted at a flat-rate or as a one-off payment per unit for commitments to renounce commercial use of areas, calculated on the basis of additional costs incurred and income foregone.

7. Where required in order to ensure the efficient application of the measure, Member States may use the procedure referred to in Article 49(3) for the selection of beneficiaries.
8. Support shall be limited to the maximum amounts laid down in Annex II.

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

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

9. Support may be provided for the conservation and for the sustainable use and development of genetic resources in agriculture for operations not covered by the provisions under paragraphs 1 to 8. Such commitments may be carried out by beneficiaries other than those referred to in paragraph 2.
10. In order to ensure that agri-environment-climate commitments are defined in accordance with the Union priorities for rural development, the Commission shall be empowered to adopt delegated acts in accordance with Article 83 concerning the following:
- (a) the conditions applicable to commitments to extensify livestock farming;
 - (b) the conditions applicable to commitments to rear local breeds that are in danger of being lost to farming or to preserve plant genetic resources that are under threat of genetic erosion, and
 - (c) the definition of eligible operations under paragraph 9.
11. In order to ensure that double funding, as referred to in the second subparagraph of paragraph 6 is excluded, the Commission shall be empowered to adopt delegated acts in accordance with Article 83 laying down the calculation method to be used, including in the case of equivalent measures under Article 43 of Regulation (EU) No .../2013*.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

Article 29
Organic farming

1. Support under this measure shall be granted, per hectare of agricultural area, 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 and who are active farmers within the meaning of Article 9 of Regulation (EU) No .../2013*.
2. Support shall only be granted for commitments going beyond the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No .../2013**, the relevant criteria and minimum activities as established pursuant to points (c)(ii) and (c)(iii) of Article 4(1) of Regulation (EU) No DP/2013, relevant minimum requirements for fertiliser and plant protection products use as well as other relevant mandatory requirements established by national law. All such requirements shall be identified in the programme.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

** OJ: please insert the number of the Regulation in document PE-CONS .../13 [HR].

3. Commitments under this measure shall be made for a period of five to seven years. Where support is granted for conversion to organic farming Member States may determine a shorter initial period corresponding to the period of conversion. 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 initial period. For new commitments concerning maintenance that directly follow the commitment performed in the initial period, Member States may determine a shorter period in their rural development programmes.
4. Payments shall be granted annually and shall compensate beneficiaries for all or part of the additional costs and income foregone resulting from the commitments made. Where necessary they may also cover transaction costs to a value of up to 20 % of the premium paid for the commitments. Where commitments are undertaken by groups of farmers, the maximum level shall be 30 %.

When calculating the payments referred to in the first sub-paragraph, Member States shall deduct the amount necessary in order to exclude double funding of the practices referred to in Article 43 of Regulation (EU) No .../2013*.

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

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

6. In order to ensure that double funding, as referred to in the second subparagraph of paragraph 4 is excluded, the Commission shall be empowered to adopt delegated acts in accordance with Article 83 laying down the calculation method to be used.

Article 30

Natura 2000 and Water Framework Directive payments

1. Support under this measure shall be granted annually per hectare of agricultural area or per hectare of forest in order to compensate beneficiaries for additional costs and income foregone resulting from disadvantages in the areas concerned, related to the implementation of Directives 92/43/EEC and Directive 2009/147/EC and the Water Framework Directive.

When calculating support under this measure, Member States shall deduct the amount necessary in order to exclude double funding of the practices referred to in Article 43 of Regulation (EU) No .../2013*.

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

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

3. Support to farmers, linked to Directives 92/43/EEC and 2009/147/EC shall only be granted in relation to disadvantages resulting from requirements that go beyond the good agricultural and environmental condition provided for in Article 94 and Annex II of Council Regulation (EU) No .../2013* and the relevant criteria and minimum activities established pursuant to points (c)(ii) and (c)(iii) of Article 4(1) of point (c) of Article 4(1) of Regulation (EU) No .../2013**.
4. Support to farmers, linked to the Water Framework Directive shall only be granted in relation to specific requirements that:
 - (a) were introduced by the Water Framework Directive, 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 law for the protection of water;
 - (b) go beyond the statutory management requirements and the good agricultural and environmental condition provided for in Chapter I of Title VI of Regulation (EU) No .../2013* and the relevant criteria and minimum activities as established pursuant to points (c)(ii) and (c)(iii) of Article 4(1) of Regulation (EU) No .../2013**;
 - (c) go beyond the level of protection of the Union law existing at the time the Water Framework Directive was adopted as laid down in Article 4(9) of that Directive; and
 - (d) impose major changes in type of land use, and/or major restrictions in farming practice resulting in a significant loss of income.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [HR].

** OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

5. The requirements referred to in paragraphs 3 and 4 shall be identified in the programme.
6. The following areas shall be eligible for payments:
 - (a) Natura 2000 agricultural and forest areas designated pursuant to Directives 92/43/EEC and 2009/147/EC ;
 - (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, provided that, per rural development programme, those areas do 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 the Water Framework Directive.
7. Support shall be limited to the maximum amounts laid down in Annex II.
8. In order to ensure that double funding, as referred to in the second subparagraph of paragraph 1 is excluded, the Commission shall be empowered to adopt delegated acts in accordance with Article 83 laying down the calculation method to be used.

Article 31

Payments to areas facing natural or other specific constraints

1. Payments to farmers in mountain areas and other areas facing natural or other specific constraints shall be granted annually per hectare of agricultural area in order to compensate farmers for all or part of the 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 3 of Title III of Regulation (EU) No .../2013*.

When calculating additional costs and income foregone, Member States may, where duly justified, differentiate the level of payment taking into account:

- the severity of the identified permanent constraint affecting farming activities;
- the farming system.

2. Payments shall be granted to farmers who undertake to pursue their farming activity in the areas designated pursuant to Article 32 and are active farmers within the meaning of Article 9 of Regulation (EU) No .../2013*.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

3. Payments shall be fixed between the minimum and maximum amount laid down in Annex II. These payments may be increased in duly substantiated cases taking into account specific circumstances to be justified in the rural development programmes.
4. Member States shall provide for degressivity of payments above a threshold level of area per holding, to be defined in the programme, except if the grant covers only the minimum payment per hectare per year as laid down in Annex II.

In the case of a legal person, or a group of natural or legal persons, Member States may apply the degressivity of payments at the level of the members of these legal persons or groups on condition that:

- (a) national law provides for the individual members to assume rights and obligations comparable to those of individual farmers who have the status of head of holding, in particular as regards their economic, social and tax status; and
- (b) those individual members have contributed to strengthening the agricultural structures of the legal persons or groups concerned.

5. In addition to the payments provided for in paragraph 2, Member States may grant payments under this measure between 2014 and 2020 to beneficiaries in areas which were eligible under Article 36(a)(ii) of Regulation (EC) No 1698/2005 during the 2007-2013 programming period. For beneficiaries in areas that are no longer eligible following the new delimitation referred to in Article 32(3), those payments shall be degressive over a maximum period of four years. That period shall start on the date that the delimitation in accordance with Article 32(3) is completed and at the latest in 2018. Those payments shall start at no more than 80 % of the average payment fixed in the programme for the programming period 2007-2013 in accordance with Article 36(a)(ii) of Regulation (EC) No 1698/2005, and shall end in 2020 at the latest at no more than 20 %. When the application of degressivity results in the level of the payment reaching EUR 25, the Member State can continue payments at this level until the phasing out period is completed.

Following completion of the delimitation, beneficiaries in the areas that remain eligible shall receive full payment under this measure.

Article 32

Designation of areas facing natural and other specific constraints

1. Member States shall, on the basis of paragraphs 2, 3 and 4, designate areas eligible for payments provided for in Article 31 under the following categories:
 - (a) mountain areas;
 - (b) areas, other than mountain areas, facing significant natural constraints; and
 - (c) other areas affected by specific constraints.
2. In order to be eligible for payments under Article 31, 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 to substantially 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 constraints resulting from each taken separately are less acute but the combination of the two gives rise to an equivalent constraints.

Areas north of the 62nd parallel and certain adjacent areas shall be considered to be mountain areas.

3. In order to be eligible for payments under Article 31, areas, other than mountain areas, shall be considered to be facing significant natural constraints if, at least 60 % of the agricultural area meets at least one of the criteria listed in Annex III at the threshold value indicated.

Compliance with those conditions shall be ensured at the level of local administrative units ("LAU 2" level) or at the level of a clearly delineated local unit which covers a single clear contiguous geographical area with a definable economic and administrative identity.

When delimiting the areas concerned by this paragraph, Member States shall carry out a fine-tuning exercise, based on objective criteria, with the purpose of excluding areas in which significant natural constraints, referred to in the first subparagraph have been documented but have been overcome by investments or by, economic activity, or by evidence of normal land productivity, or in which production methods or farming systems have offset the income loss or added costs referred to in Article 31(1).

4. Areas other than those referred to in paragraphs 2 and 3 shall be eligible for payments under Article 31 if they are affected by specific constraints and if it is necessary for land management to be continued in order to conserve or improve the environment, to maintain the countryside, to preserve the tourist potential of the area or to protect the coastline.

Areas affected by specific constraints shall comprise farming areas within which the natural production conditions are similar and the total extent of which does not exceed 10 % of the area of the Member State concerned.

In addition, areas may also be eligible for payments under this paragraph, where:

- at least 60 % of the agricultural area meets at least two of the criteria listed in Annex III each within a margin of not more than 20 % of the threshold value indicated, or
- at least 60 % of the agricultural area is composed of areas meeting at least one of the criteria listed in Annex III at the threshold value indicated, and areas meeting at least two of the criteria listed in Annex III each within a margin of not more than 20 % of the threshold value indicated.

Compliance with those conditions shall be ensured at LAU2 level or at the level of a clearly delineated local unit which covers a single clear contiguous geographical area with a definable economic and administrative identity. When delimiting areas concerned by this subparagraph, Member States shall undertake a fine-tuning exercise as described in Article 32(3). Areas considered eligible pursuant to this subparagraph, shall be taken into account for calculating the 10 % limit referred to in the second subparagraph.

By way of derogation, the first sub-paragraph shall not apply to Member States the entire territory of which was considered as an area facing specific handicaps under Regulations (EC) No 1698/2005 and (EC) No 1257/1999.

5. Member States shall attach to their rural development programmes:
- (a) the existing or amended delimitation pursuant to paragraphs 2 and 4;
 - (b) the new delimitation of the areas referred to in paragraph 3.

Article 33

Animal welfare

1. Animal welfare payments under this measure shall be granted to farmers who undertake, on a voluntary basis, to carry out operations consisting of one or more animal welfare commitments and who are active farmers within the meaning of Article 9 of Regulation (EU) No .../2013*.
2. Animal welfare payments cover only those commitments going beyond the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No .../2013** and other relevant mandatory requirements. These relevant requirements shall be identified in the programme.

Those commitments shall be undertaken for a renewable period of one to seven years.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

** OJ: please insert the number of the Regulation in document PE-CONS .../13 [HR].

3. The payments shall be granted annually and shall compensate farmers 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 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 II.

4. In order to ensure that animal welfare commitments are in accordance with the overall Union policy in this field, the Commission shall be empowered to adopt delegated acts in accordance with Article 83 concerning the definition of the areas in which animal welfare commitments are to provide upgraded standards of production methods.

Article 34

Forest-environmental and climate services and forest conservation

1. Support under this measure shall be granted per hectare of forest to public and private forest-holders and other private law and public bodies and their associations who undertake, on a voluntary basis, to carry out operations consisting of one or more forest-environment and climate commitments. In the case of state owned forests, support may only be granted if the body managing such a forest is a private body or a municipality.

For forest holdings above a certain threshold to be determined by Member States in their rural development programmes, support under paragraph 1 shall be conditional on the presentation of the relevant information from a forest management plan or equivalent instrument in line with sustainable forest management as defined by the Ministerial Conference on the Protection of Forests in Europe of 1993.

2. Payments shall cover only those commitments going beyond the relevant mandatory requirements established by the national forestry act or other relevant national law. All such requirements shall be identified in the programme.

Commitments shall be undertaken 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 all or part of the additional costs and income foregone resulting from the commitments made. Where it is necessary they may also cover transaction costs to a value of up to 20 % of the premium paid for the forest-environment commitments. Support shall be limited to the maximum amount laid down in Annex II.

In duly justified cases for operations concerning environmental conservation, support may be granted as a flat-rate or one-off payment per unit for commitments to renounce commercial use of trees and forests, calculated on basis of additional costs incurred and income foregone.

4. Support may be provided to public and private entities for the conservation and promotion of forest genetic resources for operations not covered under paragraphs 1, 2 and 3.
5. In order to ensure the efficient use of EAFRD budgetary resources, the Commission shall be empowered to adopt delegated acts in accordance with Article 83 concerning the types of operations eligible for support under paragraph 4 of this Article.

Article 35

Co-operation

1. Support under this measure shall be granted in order to promote forms of co-operation involving at least two entities and in particular:
 - (a) co-operation approaches among different actors in the Union agriculture sector, forestry sector and food chain and other actors that contribute to achieving the objectives and priorities of rural development policy, including producer groups, cooperatives and inter-branch organisations;
 - (b) the creation of clusters and networks;
 - (c) the establishment and operation of operational groups of the EIP for agricultural productivity and sustainability as referred to in Article 56.

2. Co-operation under paragraph 1 shall relate, in particular, to the following:
- (a) pilot projects;
 - (b) the development of new products, practices, processes and technologies in the agriculture, food and forestry sectors;
 - (c) co-operation among small operators in organising joint work processes and sharing facilities and resources and for the development and/or marketing of tourism services relating to rural tourism;
 - (d) horizontal and vertical co-operation among supply chain actors for the establishment and the development of short supply chains and local markets;
 - (e) promotion activities in a local context relating to the development of short supply chains and local markets;
 - (f) joint action undertaken with a view to mitigating or adapting to climate change;
 - (g) joint approaches to environmental projects and ongoing environmental practices, including efficient water management, the use of renewable energy and the preservation of agricultural landscapes;

- (h) horizontal and vertical co-operation among supply chain actors in the sustainable provision of biomass for use in food and energy production and industrial processes;
- (i) implementation, in particular by groups of public and private partners other than those defined in point (b) of Article 32(2) of Regulation (EU) No .../2013*, of local development strategies other than those defined in Article 2(19) of Regulation (EU) .../2013* addressing one or more of the Union priorities for rural development;
- (j) drawing up of forest management plans or equivalent instruments;
- (k) diversification of farming activities into activities concerning health care, social integration, community-supported agriculture and education about the environment and food.

3. Support under point (b) of paragraph 1 shall be granted only to newly formed clusters and networks and those commencing an activity that is new to them.

Support for operations under points (a) and (b) of paragraph 2 may be granted also to individual actors where this possibility is provided for in the rural development programme.

4. The results of pilot projects under point (a) of paragraph 2 and operations under point (b) of paragraph 2 carried out by individual actors as provided for in paragraph 3 shall be disseminated.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

5. The following costs, linked to the forms of co-operation referred to in paragraph 1 shall be eligible for support under this measure:
- (a) the cost of studies of the area concerned, of feasibility studies, and of drawing up a business plan or a forest management plan or equivalent or a local development strategy other than the one referred to in Article 33 of Regulation (EU) No .../2013*;
 - (b) the cost of animation of the area concerned in order to make feasible a collective territorial project or a project to be carried out by an operational group of the EIP for Agricultural Productivity and Sustainability as referred to in Article 56. In the case of clusters, animation may also concern the organisation of training, networking between members and the recruitment of new members;
 - (c) the running costs of the co-operation;
 - (d) the direct costs of specific projects linked to the implementation of a business plan an environmental plan, a forest management plan or equivalent, a local development strategy other than the one referred to in Article 33 of Regulation (EU) No .../2013* or direct costs of other actions targeted towards innovation, including testing;
 - (e) the cost of promotion activities.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

6. Where a business plan or an environmental plan or a forest management plan or equivalent or a 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 Union Funds for project implementation.

Where support is paid as a global amount and the project implemented is of a type covered under another measure of this Regulation, the relevant maximum amount or rate of support shall apply.

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 seven years except for collective environmental action in duly justified cases.
9. Co-operation under this measure may be combined with projects supported by Union funds other than the EAFRD in the same territory. Member States shall ensure that overcompensation as a result of the combination of this measure with other national or Union support instruments is avoided.

10. In order to ensure the efficient use of EAFRD budgetary resources, the Commission shall be empowered to adopt delegated acts in accordance with Article 83, concerning the further specification of the characteristics of pilot projects, clusters, networks, short supply chains and local markets that will be eligible for support, as well as concerning the conditions for granting aid to the types of operation listed in paragraph 2 of this Article.

Article 36

Risk management

1. Support under this measure shall cover:
- (a) financial contributions to premiums for crop, animal and plant insurance against economic losses to farmers caused by adverse climatic events, animal or plant diseases, pest infestation, or an environmental incident;
 - (b) financial contributions to mutual funds to pay financial compensations to farmers, for economic losses caused by adverse climatic events or by the outbreak of an animal or plant disease or pest infestation or an environmental incident;
 - (c) an income stabilisation tool, in the form of financial contributions to mutual funds, providing compensation to farmers for a severe drop in their income.
2. For the purposes of this article, "farmer" means active farmer within the meaning of Article 9 of Regulation (EU) No .../2013*.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

3. For the purpose of points (b) and (c) of paragraph 1, 'mutual fund' means 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 for economic losses caused by the outbreak of adverse climatic events or an animal or plant disease or pest infestation or an environmental incident, or for a severe drop in their income.
4. Member States shall ensure that overcompensation as a result of the combination of this measure with other national or Union support instruments or private insurance schemes is avoided.
5. In order to ensure the efficient use of EAFRD budgetary resource, the Commission shall be empowered to adopt delegated acts in accordance with Article 83 concerning the minimum and maximum duration of the commercial loans to mutual funds referred to in point (b) of Article 38(3) and Article 39(4).

The Commission shall present a report on the implementation of this Article to the European Parliament and the Council by 31 December 2018.

Article 37

Crop, animal, and plant insurance

1. Support under point (a) of Article 36(1) 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, or an environmental incident or a measure adopted in accordance with Directive 2000/29/EC to eradicate or contain a plant disease, or pest 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. Indexes may be used in order to calculate the annual production of the farmer. The calculation method used shall permit the determination of the actual loss of an individual farmer in a given year.

The measurement of the extent of the loss caused may be tailored to the specific characteristics of each type of product using:

- (a) biological indexes (quantity of biomass loss) or equivalent yield loss indexes established at farm, local, regional or national level, or
- (b) weather indexes (including quantity of rainfall and temperature) established at local, regional or national level.

2. The occurrence of an adverse climatic event or the outbreak of an animal or plant disease or pest infestation or an environmental incident 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.

3. As regards animal diseases, financial compensation under point (a) of Article 36(1) may only be granted in respect of diseases mentioned in the list of animal diseases established by the World Organisation for Animal Health or in the Annex to Decision 2009/470/EC.
4. Insurance payments shall compensate for not more than the total of the cost of replacing the losses referred to in point (a) of Article 36(1) 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 rate laid down in Annex II.

Article 38

*Mutual funds for adverse climatic events, animal and plant diseases,
pest infestations and environmental incidents*

1. 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.
2. Member States shall define the rules for the constitution and management of the mutual funds, in particular for the granting of compensation payments and the eligibility of farmers in the event of crisis, as well as for the administration and monitoring of compliance with these rules. Member States shall ensure that the fund arrangements provide for penalties in case of negligence on the part of the farmer.

The occurrence of incidents mentioned in point (b) of Article 36(1) must be formally recognised as such by the competent authority of the Member State concerned.

3. The financial contributions referred to in Article 36(1)(b) may only 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 amounts paid by the mutual fund as financial compensation to farmers. In addition, the financial contribution may relate to interest on commercial loans taken out by the mutual fund for the purpose of paying the financial compensation to farmers in case of crisis.

Support under point (b) of Article 36(1) shall only be granted to cover for loss caused by the outbreak of adverse climatic events, an animal or plant disease, a pest infestation, or a measure adopted in accordance with Directive 2000/29/EC to eradicate or contain a plant disease or pest or an environmental incident, which destroy 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. Indexes may be used in order to calculate the annual production of the farmer. The calculation method used shall permit the determination of the actual loss of an individual farmer in a given year.

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

4. As regards animal diseases, financial compensation under point (b) of Article 36(1) may be granted in respect of diseases mentioned in the list of animal diseases established by the World Organisation for Animal Health or in the Annex to Decision 2009/470/EC.
5. Support shall be limited to the maximum support rate laid down in Annex II.

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

- (a) ceilings per fund;
- (b) appropriate per unit ceilings.

Article 39

Income stabilisation tool

1. Support under point (c) of Article 36(1) shall 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 point (c) of Article 36(1) shall refer to the sum of revenues the farmer receives from the market, including any form of public support, deducting input costs. Payments by the mutual fund to farmers shall compensate for less than 70 % of the income lost in the year the producer becomes eligible to receive this assistance.

2. 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.
3. 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.

Member States shall ensure that the fund arrangements provide for penalties in case of negligence on the part of the farmer.
4. The financial contributions referred to in point (c) of Article 36(1) may only 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 amounts paid by the mutual fund as financial compensation to farmers. In addition, the financial contribution may relate to interest on commercial loans taken out by the mutual fund for the purpose of paying the financial compensation to farmers in case of crisis. No contribution by public funds shall be made to initial capital stock.
5. Support shall be limited to the maximum rate laid down in Annex II.

Article 40

Financing of complementary national direct payments for Croatia

1. Support may be granted to farmers eligible for complementary national direct payments under Article 19 of Regulation (EU) No .../2013*. The conditions laid down in that Article shall also apply to the support to be granted under this Article.
2. The support granted to a farmer in respect of the years 2014, 2015 and 2016 shall not exceed the difference between:
 - (a) the level of direct payments applicable in Croatia for the year concerned in accordance with Article 17 of Regulation (EU) No .../2013*; and
 - (b) 45 % of the corresponding level of the direct payments as applied from 2022.
3. The Union contribution to support granted under this Article in Croatia in respect of the years 2014, 2015 and 2016 shall not exceed 20 % of its respective total annual EAFRD allocation.
4. The EAFRD contribution rate for the complements to direct payments shall not exceed 80 %.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

Article 41

Rules on the implementation of the measures

The Commission shall adopt implementing acts, laying down rules on the implementation of the measures in this section concerning:

- (a) 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 referred to in Article 15;
- (b) the assessment by the Member State of the progress of the business plan, payment options as well as modalities for access to other measures for young farmers under the farm and business development measure referred to in Article 19;
- (c) conversion to units other than those used in Annex II, and conversion rates of animals to livestock units (LU) under the measures referred to in Articles 28, 29, 33 and 34;
- (d) the possibility of using standard assumptions of additional costs and income foregone under the measures of Articles 28 to 31, 33 and 34 and criteria for its calculation;
- (e) calculation of the amount of support where an operation is eligible for support under more than one measures.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 84.

LEADER

Article 42

LEADER local action groups

1. In addition to the tasks referred to in Article 34 of Regulation (EU) No .../2013* local action groups may also perform additional tasks delegated to them by the Managing Authority and/or the paying agency.
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 public support related to the running and animation costs.

Article 43

LEADER start-up kit

Support for LEADER local development may also include a "LEADER start-up kit" for local communities who did not implement LEADER in the 2007-2013 programming period. The "LEADER start-up kit" shall consist of support for capacity building and small pilot projects. Support under the "LEADER start-up kit" shall not be conditional on the submission of a LEADER local development strategy.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

Article 44

LEADER co-operation activities

1. The support referred to in point (c) of Article 35(1) of Regulation (EU) No .../2013* shall be granted to
 - (a) co-operation projects within a Member State (inter-territorial co-operation) or co-operation projects between territories in several Member States or with territories in third countries (transnational co-operation).
 - (b) preparatory technical support for inter-territorial and transnational co-operation projects, on condition that local action groups are able to 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 the EAFRD may be:
 - (a) a group of local public and private partners in a rural territory that is implementing a local development strategy within or outside the Union;
 - (b) a group of local public and private partners in a non- rural territory that is implementing a local development strategy.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

3. In cases where co-operation projects are not selected by the local action groups, Member States shall establish a system of ongoing application.

They shall make public the national or regional administrative procedures concerning the selection of transnational co-operation projects and a list of eligible costs at the latest two years after the date of approval of their rural development programmes.

Approval of co-operation projects by the competent authority shall take place no later than four months after the date of submission of the project application.

4. Member States shall communicate to the Commission the approved transnational co-operation projects.

Chapter II

Common provisions for several measures

Article 45

Investments

1. In order to be eligible for EAFRD support, investment operations shall be preceded by an assessment of the expected environmental impact in accordance with law specific to that kind of investment where the investment is likely to have negative effects on the environment.

2. Expenditure that is eligible for EAFRD support 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 up to the market value of the asset;
 - (c) general costs linked to expenditure referred to in points (a) and (b), such as architect, engineer and consultation fees, fees relating to advice on environmental and economic sustainability, including feasibility studies. Feasibility studies shall remain eligible expenditure even where, based on their results, no expenditure under points (a) and (b) is made;
 - (d) the following intangible investments: acquisition or development of computer software and acquisitions of patents, licenses, copyrights, trademarks;
 - (e) the costs of establishing forest management plans and their equivalent.
3. 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 the restoration of agricultural production potential damaged by natural disasters or catastrophic events, in accordance with point (b) of Article 18(1), expenditure for the purchase of animals may be eligible expenditure.

4. 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 that option is included in the rural development programme.
5. Working capital that is ancillary to, and linked to a new investment in the agriculture or forestry sector, which receives EAFRD support through a financial instrument established in accordance with Article 37 of Regulation (EU) No .../2013*, may be eligible expenditure. Such eligible expenditure shall not exceed 30 % of the total amount of the eligible expenditure for the investment. The relevant request shall be duly substantiated.
6. In order to take account of the special characteristics of particular types of investments, the Commission shall be empowered to adopt delegated acts in accordance with Article 83, laying down the conditions under which other costs connected with leasing contracts, second hand equipment may be considered to be eligible expenditure and specifying the types of renewable energy infrastructure that are to be eligible for support.

Article 46

Investments in irrigation

1. Without prejudice to Article 45 of this Regulation, in the case of irrigation in new and existing irrigated areas, only investments that fulfil the conditions in this Article shall be considered as eligible expenditure.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

2. A river basin management plan, as required under the terms of the Water Framework Directive, shall have been notified to the Commission for the entire area in which the investment is to take place, as well as in any other areas whose environment may be affected by the investment. The measures taking effect under the river basin management plan in accordance with Article 11 of the Water Framework Directive and of relevance to the agricultural sector shall have been specified in the relevant programme of measures.
3. Water metering enabling measurement of water use at the level of the supported investment shall be in place or shall be put in place as part of the investment.
4. An investment in an improvement to an existing irrigation installation or element of irrigation infrastructure shall be eligible only if it is assessed ex ante as offering potential water savings of a minimum of between 5 % and 25 % according to the technical parameters of the existing installation or infrastructure.

If the investment affects bodies of ground- or surface water whose status has been identified as less than good in the relevant river basin management plan for reasons related to water quantity:

- (a) the investment shall ensure an effective reduction in water use, at the level of the investment, amounting to at least 50 % of the potential water saving made possible by the investment;

- (b) in the case of an investment on a single agricultural holding, it shall also result in a reduction to the holding's total water use amounting to at least 50 % of the potential water saving made possible at the level of the investment. The total water use of the holding shall include water sold by the holding.

None of the conditions in paragraph 4 shall apply to an investment in an existing installation which affects only energy efficiency or to an investment in the creation of a reservoir or to an investment in the use of recycled water which does not affect a body of ground or surface water.

5. An investment resulting in a net increase of the irrigated area affecting a given body of ground or surface water shall be eligible only if :
- (a) the status of the water body has not been identified as less than good in the relevant river basin management plan for reasons related to water quantity; and
 - (b) an environmental analysis shows that there will be no significant negative environmental impact from the investment; such an environmental impact analysis shall be either carried out by or approved by the competent authority and may also refer to groups of holdings.

Areas which are not irrigated but in which an irrigation installation was active in the recent past, to be established and justified in the programme, may be considered as irrigated areas for the purpose of determining the net increase of the irrigated area.

6. By way of derogation from point (a) of paragraph 5 investments resulting in a net increase of the irrigated area may still be eligible if:
- (a) the investment is combined with an investment in an existing irrigation installation or element of irrigation infrastructure assessed ex ante as offering potential water savings of a minimum of between 5 % and 25 % according to the technical parameters of the existing installation or infrastructure and
 - (b) the investment ensures an effective reduction in water use, at the level of the investment as a whole, amounting to at least 50 % of the potential water saving made possible by the investment in the existing irrigation installation or element of infrastructure.

Furthermore, by way of derogation, the condition in point (a) of paragraph 5 shall not apply to investments in the establishment of a new irrigation installation supplied with water from an existing reservoir approved by the competent authorities before 31 October 2013 if the following conditions are met:

- the reservoir in question is identified in the relevant river basin management plan and is subject to the control requirements set out in article 11(3)(e) of the Water Framework Directive;

- on 31 October 2013, there was in force either a maximum limit on total abstractions from the reservoir or a minimum required level of flow in water bodies affected by the reservoir;
- that maximum limit or minimum required level of flow complies with the conditions set out in Article 4 of the Water Framework Directive; and
- the investment in question does not result in abstractions beyond the maximum limit in force on 31 October 2013 or result in a reduction of the level of flow in affected water bodies below the minimum required level in force on 31 October 2013.

Article 47

Rules for area related payments

1. The number of hectares to which a commitment pursuant to Articles 28, 29 and 34 applies may vary from year to year where:
 - (a) this possibility is provided for in the rural development programme;
 - (b) the commitment in question does not apply to fixed parcels; and
 - (c) the achievement of the commitment's 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 of that commitment, the commitment, or part thereof corresponding to the land transferred, may be taken over for the remainder of the period by that other person or may expire and reimbursement shall not be required in respect of the period during which the commitment was effective.
3. Where a beneficiary is unable to continue to comply with commitments given because the holding or part of 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 and reimbursement shall not be required in respect of the period during which the commitment was effective.
4. Reimbursement of the aid received shall not be required in cases of force majeure and exceptional circumstances as referred to in Article 2 of Regulation (EU) No .../2013*.
5. Paragraph 2, as regards cases of transfer of the entire holding, and paragraph 4 shall also apply to commitments under Article 33.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [HR].

6. In order to ensure the efficient implementation of area related measures and secure the financial interests of the Union, the Commission shall be empowered to adopt delegated acts in accordance with Article 83 laying down conditions applicable to conversion or adjustment of commitments under the measures referred to in Articles 28, 29, 33 and 34 and, specifying other situations in which reimbursement of the aid shall not be required.

Article 48

Revision clause

A revision clause shall be provided for operations undertaken pursuant to Articles 28, 29, 33 and 34 in order to ensure their adjustment in the case of amendments to the relevant mandatory standards, requirements or obligations referred to in those Articles beyond which the commitments have to go. The revision clause shall also cover adjustments needed to avoid double funding of the practices referred to in Article 43 of Regulation (EU) No .../2013* in the case of amendments to those practices.

Operations undertaken pursuant to Articles 28, 29, 33 and 34 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 and reimbursement shall not be required in respect of the period during which the commitment was effective.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

Article 49
Selection of operations

1. Without prejudice to point (d) of Article 34(3) of Regulation (EU) No .../2013*, the Managing Authority of the rural development programme shall define selection criteria for operations following consultation with the Monitoring Committee. Selection criteria shall aim to ensure equal treatment of applicants, better use of financial resources and targeting of measures in accordance with the Union priorities for rural development. In defining and applying selection criteria the principle of proportionality shall be taken into account in relation to the size of the operation.
2. The Member State authority responsible for the selection of operations shall ensure that operations, with the exception of operations under Articles 28 to 31, 33 to 34 and 36 to 39, are selected in accordance with the selection criteria referred to in paragraph 1 and according to a transparent and well documented procedure.
3. Where appropriate, the beneficiaries may be selected on the basis of calls for proposals, applying economic and environmental efficiency criteria.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

Article 50

Rural area definition

For the purposes of this Regulation the Managing Authority shall define "rural area" at programme level. Member States may establish such a definition for a measure or type of operation if duly justified.

Chapter III

Technical assistance and networking

Article 51

Funding technical assistance

1. In accordance with Article 6 of Regulation (EU) No .../2013* the EAFRD may use up to 0,25 % of its annual allocation to finance the tasks referred to in Article 58 of Regulation (EU) No .../2013**, including the costs for setting up and operating the European network for rural development referred to in Article 52 and the EIP network referred to in Article 53 at the Commission's initiative and/or on its behalf.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [HR].

** OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

The EAFRD may also finance the actions provided for in Article 41(2) of Regulation (EU) No 1151/2012 of the European Parliament and of the Council¹, in relation to Union quality scheme indications and symbols.

Those actions shall be carried out in accordance with Article 58 of Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council² and any other provisions of that Regulation and of its implementing provisions that are 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 the tasks referred to in Article 59 of Regulation (EC) No .../2013* and costs related to preparatory work for the delimitation of areas facing natural or other specific constraints referred to in Article 32.

Costs relating to the certification body referred to in Article 9 of Regulation (EU) No .../2013** shall not be eligible under this paragraph.

Within that 4 % limit an amount shall be reserved for establishing and operating the national rural network referred to in Article 54.

¹ Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs (OJ L 343, 14.12.2012, p. 1).

² Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1).

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR]

** OJ: please insert the number of the Regulation in document PE-CONS .../13 [HR]

3. In case of rural development programmes covering both less-developed regions and other regions, the EAFRD contribution rate for technical assistance referred to in Article 59(3) may be determined by taking into account the predominant type of regions, by their number, in the programme.

Article 52

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 Union level shall be put in place in accordance with Article 51(1).
2. Networking through the European network for rural development shall aim to:
 - (a) increase the involvement of all stakeholders, and in particular agricultural, forestry and other rural development 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.
 - (d) support the evaluation of rural development programmes.

3. The tasks of the network shall be to:

- (a) collect, analyse and disseminate information on action in the field of rural development;
- (b) provide support on evaluation processes and on data collection and management;
- (c) collect, consolidate and disseminate at Union level good rural development practices, including on evaluation methodologies and tools;
- (d) set up and run thematic groups and/or workshops with a view to facilitating the exchange of expertise and to supporting the implementation, monitoring and further development of rural development policy;
- (e) provide information on developments in rural areas of the Union and in third countries;
- (f) organise meetings and seminars at Union level for those actively involved in rural development;
- (g) support the national networks and transnational co-operation initiatives and the exchange concerning actions and experience in the field of rural development with networks in third countries;

- (h) specifically for local action groups:
 - (i) create synergies with the activities carried out at national or regional level, or at both by the respective networks with regard to capacity building actions and exchange of experience; and
 - (ii) cooperate with the networking and technical support bodies for local development set up by the ERDF, the ESF and the EMFF as regards their local development activities and transnational co-operation.
4. The Commission shall adopt implementing acts, setting out the organisational structure and operation of the European network for rural development network. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 84.

Article 53

European Innovation Partnership network

1. A EIP network shall be put in place to support the EIP for agricultural productivity and sustainability referred to in Article 55, in accordance with Article 51(1). It shall enable the networking of operational groups, advisory services and researchers.

2. The aim of the EIP network shall be to:
 - (a) facilitate the exchange of expertise and good practices;
 - (b) establish a dialogue between farmers and the research community and facilitate the inclusion of all stakeholders in the knowledge exchange process.

3. The tasks of the EIP network shall be to:
 - (a) provide a help desk function and provide information to key actors concerning the EIP;
 - (b) encourage the setting up of operational groups and provide information about the opportunities provided by Union policies;
 - (c) facilitate the setting up of cluster initiatives and pilot or demonstration projects which may relate, inter alia, to the following issues: :
 - (i) increased agricultural productivity, economic viability, sustainability, output and resource efficiency;
 - (ii) innovation in support of the bio-based economy;
 - (iii) biodiversity, ecosystem services, soil functionality and sustainable water management;

- (iv) innovative products and services for the integrated supply chain;
 - (v) opening up new product and market opportunities for primary producers;
 - (vi) food quality, food safety and healthy diet;
 - (vii) reduce post-harvest losses and food wastage.
- (d) Collect and disseminate information in the field of the EIP, including research findings and new technologies relevant to innovation and knowledge exchange and exchanges in the field of innovation with third countries.
4. The Commission shall adopt implementing acts, setting out the organisational structure and operation of the EIP network. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 84.

Article 54

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 5 of Regulation (EU) No .../2013* 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.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

2. Networking by the national rural network shall aim to:
 - (a) increase the involvement of stakeholders in the implementation of rural development;
 - (b) improve the quality of implementation of rural development programmes;
 - (c) inform the broader public and potential beneficiaries on rural development policy and funding opportunities;
 - (d) foster innovation in agriculture, food production, forestry and rural areas.

3. EAFRD support under Article 51(3) shall be used:
 - (a) for the structures needed to run the network;
 - (b) for the preparation and implementation of an action plan covering at least the following:
 - (i) activities regarding the collection of examples of projects covering all priorities of the rural development programmes;
 - (ii) activities regarding the facilitation of thematic and analytical exchanges between rural development stakeholders, sharing and dissemination of findings;

- (iii) activities regarding the provision of training and networking for local action groups and in particular technical assistance for inter-territorial and transnational co-operation, facilitation of co-operation among local action groups and the search of partners for the measure referred to in Article 35;
- (iv) activities regarding the provision of networking for advisors and innovation support services;
- (v) activities regarding the sharing and dissemination of monitoring and evaluation findings;
- (vi) a communication plan including publicity and information concerning the rural development programme in agreement with the Managing Authorities and information and communication activities aimed at a broader public;
- (vii) activities regarding the participation in and contribution to the European network for rural development.

4. The Commission shall adopt implementing acts, laying down rules for the establishment and operation of national rural networks and the content of the specific programmes referred to in paragraph 1. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 84.

TITLE IV
EIP FOR AGRICULTURAL PRODUCTIVITY
AND SUSTAINABILITY

Article 55

Aims

1. The EIP for agricultural productivity and sustainability shall:
 - (a) promote a resource efficient, economically viable, productive, competitive, low emission, climate friendly and resilient agricultural and forestry sector, working towards agro-ecological production systems and working in harmony with the essential natural resources on which farming and forestry depend;
 - (b) help deliver a steady and sustainable supply of food, feed and biomaterials, including existing and new types;
 - (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, forest managers, rural communities, businesses, NGOs and advisory services.

2. The EIP for 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 solutions into practice;
and
 - (c) informing the scientific community about the research needs of farming practice.
3. The EAFRD shall contribute to the aims of the EIP for agricultural productivity and sustainability through support, in accordance with Article 35, of the EIP operational groups referred to in Article 56 and the EIP network referred to in Article 53.

Article 56

Operational groups

1. EIP operational groups shall form part of the EIP for agricultural productivity and sustainability. They shall be set up by interested actors such as farmers, researchers, advisors and businesses involved in the agriculture and food sector, who are relevant for achieving the objectives of the EIP.
2. EIP operational groups shall establish internal procedures that ensure, that their operation and decision-making is transparent and that situations of conflict of interest are avoided.

3. The Member States shall decide within the framework of their programmes to what extent they will support the operational groups.

Article 57

Tasks of operational groups

1. EIP 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.
2. When implementing their innovative projects operational groups shall:
 - (a) make decisions on the elaboration and implementation of innovative actions; and
 - (b) implement innovative actions through measures financed through the rural development programmes.
3. Operational groups shall disseminate the results of their project, in particular through the EIP network.

TITLE V

FINANCIAL PROVISIONS

Article 58

Resources and their distribution

1. Without prejudice to paragraphs 5, 6 and 7 of this Article, the total amount of Union support for rural development under this Regulation for the period from 1 January 2014 to 31 December 2020 shall be EUR 84 936 million, in 2011 prices, in accordance with the multiannual financial framework for the years 2014 to 2020.
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 51(1).
3. For the purpose of their programming and subsequent inclusion in the general budget of the Union, the amounts referred to in paragraph 1 shall be indexed at 2 % per year.
4. The annual breakdown by Member State of the amounts referred to in paragraph 1, after deduction of the amount referred to in paragraph 2 is set out in Annex I.
5. Funds transferred by a Member State under Article 14(2) of Regulation (EU) No .../2013* shall be subtracted from the amounts allocated to that Member State in accordance with paragraph 4.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

6. The funds transferred to the EAFRD in application of Articles 7(2) and 14(1) of Regulation (EU) No .../2013* and the funds transferred to the EAFRD in application of Articles 10b and 136 of Council Regulation (EC) No 73/2009¹ in respect of calendar year 2013 shall also be included in the annual breakdown referred to in paragraph 4.
7. In order to take account of the developments relating to the annual breakdown referred to in paragraph 4, including the transfers referred to in paragraphs 5 and 6; to make technical adjustments without changing the overall allocations; or to take account of any other change provided for by a legislative act after the adoption of this Regulation, the Commission shall be empowered to adopt delegated acts, in accordance with Article 83, to review the ceilings set out in Annex I.
8. For the purposes of the allocation of the performance reserve referred to in Article 22(3) and (4) of Regulation (EU) No .../2013**, available assigned revenue collected in accordance with Article 43 of Regulation (EU) No .../2013*** for the EAFRD shall be added to the amounts referred to in Article 20 of Regulation (EU) No .../2013**. That available assigned revenue shall be allocated to Member States in proportion to their share of the total amount of support from the EAFRD.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

¹ Council Regulation (EC) No 73/2009 of 19 January 2009 establishing common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers, amending Regulations (EC) No 1290/2005, (EC) No 247/2006, (EC) No 378/2007 and repealing Regulation (EC) No 1782/2003 (OJ L 30, 31.1.2009, p.16).

** OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

*** OJ: please insert the number of the Regulation in document PE-CONS .../13 [HR].

Article 59

Fund contribution

1. The decision approving a rural development programme shall set the maximum contribution from the EAFRD to the programme. The decision shall clearly identify, where necessary, the appropriations allocated to the less developed regions.
2. The EAFRD contribution shall be calculated on the basis of the amount of eligible public expenditure.
3. The rural development programmes shall establish a single EAFRD contribution rate applicable to all measures. Where applicable, a separate EAFRD contribution rate shall be established for less-developed regions, for outermost regions and for the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93, as well as for transition regions. The maximum EAFRD contribution rate shall be:
 - (a) 85 % of the eligible public expenditure in the less developed regions, in the outermost regions and in the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93;

- (b) 75 % of the eligible public expenditure for all regions whose GDP per capita for the 2007-2013 period was less than 75 % of the average of the EU-25 for the reference period but whose GDP per capita is above 75 % of the GDP average of the EU-27;
- (c) 63 % of the eligible public expenditure for the transition regions other than those referred to in point (b) of this paragraph;
- (d) 53 % of the eligible public expenditure in the other regions.

The minimum EAFRD contribution rate shall be 20 %.

4. By way of derogation from paragraph 3, the maximum EAFRD contribution shall be:

- (a) 80 % for the measures referred to in Articles 14, 27 and 35, for the LEADER local development referred to in Article 32 of Regulation (EU) No .../2013* and for operations under point (a)(i) of Article 19(1). That rate may be increased to a maximum of 90 % for the programmes of less developed, the outermost regions, of the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93 and of transition regions referred to in points (b) and (c) of paragraph 3;
- (b) 75 % for operations contributing to the objectives of environment and climate change mitigation and adaptation under Article 17, points (a) and (b) of Article 21(1), Articles 28 29, 30 31 and 34.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

- (c) 100 % for Union-level financial instruments referred to in point (a) of Article 38(1) of Regulation /2013*;
- (d) the contribution rate applicable to the measure concerned increased by an additional 10 percentage points for contributions to financial instruments referred to in point (b) of Article 38(1) of Regulation .../2013*.
- (e) 100 % for operations receiving funding from funds transferred to the EAFRD in application of Article 7(2) and Article 14(1) of Regulation (EU) No .../2013**.
- (f) 100 % for an amount of EUR 500 million, in 2011 prices, allocated to Portugal and for an amount of EUR 7 million, in 2011 prices, allocated to Cyprus on condition that those Member States are receiving financial assistance in accordance with Articles 136 and 143 TFEU on 1 January 2014 or thereafter, until 2016, when the application of this provision shall be reassessed.
- (g) For Member States receiving on 1 January 2014 or thereafter financial assistance in accordance with Article 136 and 143 TFEU, the EAFRD contribution rate resulting from the application of Article 24(1) of Regulation (EU) No .../2013* may be increased by a maximum of an additional 10 percentage points up to a total maximum of 95 %, for expenditure to be paid by these Member States in the first two years of implementation of the rural development programme. The EAFRD contribution rate which would be applicable without this derogation shall, however, be respected for the total public expenditure made during the programming period.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

** OJ: please insert the number of the Regulation in document PE-CONS .../13 [DP].

5. At least 5 %, and in the case of Croatia 2,5 %, of the total EAFRD contribution to the rural development programme shall be reserved for LEADER.
6. At least 30 % of the total EAFRD contribution to the rural development programme shall be reserved for measures under the following Articles: Article 17 for environment and climate related investments; Articles 21, 28, 29 and 30, with the exception of Water Framework Directive related payments; and Articles 31, 32 and 34.

The first subparagraph shall not apply to the outermost regions and the overseas territories of the Member States..

7. Where a Member State submits both a national programme and a set of regional programmes, paragraphs 5 and 6 shall not apply to the national programme. The EAFRD contribution to the national programme shall be taken into account for the purpose of calculating the percentages referred to in paragraphs 5 and 6 for each regional programme, in proportion to that regional programme's share of the national allocation.
8. An expenditure co-financed by the EAFRD shall not be co-financed by way of a contribution from the Structural Funds, from the Cohesion Fund or from any other Union financial instrument.
9. 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 60
Eligibility of expenditure

1. By way of derogation from Article 65(9) of Regulation (EU) No .../2013*, 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 the date when the natural disaster occurred.
2. Expenditure shall be eligible for an EAFRD contribution only where incurred for operations decided upon by the Managing Authority of the programme in question or under its responsibility, in accordance with selection criteria referred to in Article 49.

With the exception of general costs as defined in Article 45(2)(c), in respect of investment operations under measures falling within the scope of Article 42 TFEU, only expenditure which has been incurred after an application has been submitted to the competent authority shall be considered eligible.

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

3. Paragraphs 1 and 2 shall not apply to Article 51(1) and (2).

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

4. Payments by beneficiaries shall be supported by invoices and documents proving payment. Where this cannot be done, payments shall be supported by documents of equivalent probative value, except for forms of support under points (b), (c) and (d) of Article 67(1) of Regulation (EU) .../2013*.

Article 61

Eligible expenditure

1. Where running costs are covered by support under this Regulation the following types of costs shall be eligible:
- (a) operating costs;
 - (b) personnel costs;
 - (c) training costs;
 - (d) costs linked to public relations;
 - (e) financial costs;
 - (f) networking costs.
2. 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.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

3. Contributions in kind in the form of provision of works, goods, services, land and real estate for which no cash payment supported by invoices or documents of equivalent probative value has been made, may be eligible for support provided that the conditions of Article 69 of Regulation (EU) No .../2013* are fulfilled.

Article 62

Verifiability and controllability of measures

1. Member States shall ensure that all the rural development measures that 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 verifiability and controllability of the measures to be included in the rural development programme. The Managing Authority and paying agency shall also undertake the assessment of the verifiability and controllability of measures during the implementation of the rural development programme. Ex ante assessment and assessment during the implementation period shall 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 shall be adjusted accordingly.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

2. Where aid is granted on the basis of standard costs or additional costs and income foregone, Member States shall ensure that 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 functionally independent from the authorities responsible for the programme implementation and possesses the appropriate expertise shall perform the calculations or confirm the adequacy and accuracy of the calculations. A statement confirming the adequacy and accuracy of the calculations shall be included in the rural development programme.

Article 63

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, regional authorities and associations thereof, as well as 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 if entitlement to the advance paid is not 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.

TITLE VI

MANAGEMENT, CONTROL AND PUBLICITY

Article 64

Responsibilities of the Commission

To ensure, in the context of shared management, sound financial management in accordance with Article 317 TFEU, the Commission shall carry out the measures and controls laid down in Regulation (EU) No .../2013*.

Article 65

Responsibilities of the Member States

1. Member States shall adopt all the legislative, statutory and administrative provisions in accordance with Article 58(1) of Regulation (EU) No .../2013* in order to ensure that the Union's financial interests are protected effectively.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [HR].

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 7 of Regulation (EU) No .../2013*;
 - (c) the certification body within the meaning of Article 9 of Regulation (EU) No .../2013*.
3. Member States shall ensure, for each rural development programme, that the relevant management and control system has been set up in such a way that ensures 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 the local action groups under LEADER as regards to the application of eligibility and selection criteria and the project selection procedure.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [HR].

Article 66
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) 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;
 - (b) providing the Commission, by 31 January and 31 October in each year of the programme, with relevant indicator data on operations selected for funding, including information on output and financial indicators;
 - (c) 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;

- (d) ensuring that the ex ante evaluation referred to in Article 55 of Regulation (EU) No .../2013* conforms to the evaluation and monitoring system and accepting and submitting it to the Commission;
- (e) ensuring that the evaluation plan referred to in Article 56 of Regulation (EU) No .../2013* is in place, that the ex post programme evaluation referred to in Article 57 of Regulation (EU) No .../2013* is conducted within the time limits laid down in that Regulation, ensuring that such evaluations conform to the monitoring and evaluation system and submitting them to the Monitoring Committee and the Commission;
- (f) 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;
- (g) drawing up the annual progress report, including aggregate monitoring tables, and, after approval by the Monitoring Committee, submitting it to the Commission;
- (h) 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;

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

(i) 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 Union contribution and the general public on the role played by the Union 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 thematic sub-programme, as referred to in Article 7, 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. Paragraph 2 shall apply in this case.

The managing authority shall ensure that operations and outputs of this thematic sub-programme are identified separately for the purposes of the monitoring and evaluation system referred to in Article 67.

4. Subject to the role of the paying agencies and other bodies as set out in Regulation (EU) No .../2013*, where a Member State has more than one programme, a coordinating body may be designated with the purpose of ensuring consistency in the management of the funds and of providing a link between the Commission and the national management authorities.
5. The Commission shall adopt implementing acts, laying down uniform conditions for the application of the information and publicity requirements referred to in point (i) of paragraph 1.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [HR].

TITLE VII
MONITORING AND EVALUATION

Chapter I
General provisions

SECTION 1
ESTABLISHMENT AND OBJECTIVES
OF A MONITORING AND EVALUATION SYSTEM

Article 67

Monitoring and evaluation system

In accordance with this Title, a common monitoring and evaluation system shall be drawn up in co-operation between the Commission and the Member States and shall be adopted by the Commission by means of implementing acts. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 84.

Article 68
Objectives

The monitoring and evaluation system shall aim to:

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

SECTION 2
TECHNICAL PROVISIONS

Article 69
Common 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 67 to allow for aggregation of data at Union level.

2. The common indicators shall be based on available data and 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 Union, national and programme level. The common impact indicators shall be based on available data.
3. The evaluator shall quantify the impact of the programme measured by the impact indicators. Based on evidence in the evaluations on the CAP, including evaluations on Rural Development programmes, the Commission shall, with the help of the Member States, assess the combined impact of all CAP instruments.

Article 70

Electronic Information System

Key information on the implementation of the programme, on each operation selected for funding, as well as on completed operations, needed for monitoring and evaluation, including key information on each beneficiary and project, shall be recorded and maintained electronically.

Article 71

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 72

Monitoring procedures

1. The Managing Authority and the Monitoring Committee referred to in Article 47 of Regulation (EU) No .../2013* shall monitor the quality of the implementation of the programme.
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.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

Article 73
Monitoring Committee

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 74
Responsibilities of the Monitoring Committee

The Monitoring Committee shall satisfy itself as to the performance of the rural development programme and the effectiveness of its implementation. To that end, in addition to the functions referred to in Article 49 of Regulation (EU) No .../2013* the Monitoring Committee shall:

- (a) be consulted and shall issue an opinion, within four months of the decision approving the programme, on the selection criteria for financed operations, which shall be revised according to programming needs;
- (b) examine the activities and outputs related to the progress in the implementation of the evaluation plan of the programme;
- (c) examine, in particular, actions in the programme relating to the fulfilment of ex ante conditionalities, which fall within the responsibilities of the Managing Authority, and be informed of actions relating to the fulfilment of other ex ante conditionalities;

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

- (d) participate in the national rural network to exchange information on programme implementation; and
- (e) consider and approve the annual implementation reports before they are sent to the Commission.

Article 75

Annual implementation report

1. By 30 June 2016 and by 30 June of each subsequent year until and including 2024, the Member State shall submit to the Commission an annual implementation report on implementation of the rural development programme in the previous calendar year. The report submitted in 2016 shall cover the calendar years 2014 and 2015.
2. In addition to complying with the requirements of Article 50 of Regulation (EU) No .../2013* annual implementation reports shall include information inter alia on financial commitments and expenditure by measure, and a summary of the activities undertaken in relation to the evaluation plan.
3. In addition to complying with the requirements of Article 50 of Regulation (EU) No .../2013*, the annual implementation report submitted in 2017 shall also cover a description of the implementation of any sub-programmes included within the programme.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

4. In addition to complying with the requirements of Article 50 of Regulation (EU) No .../2013*, the annual implementation report submitted in 2019 shall also cover, a description of the implementation of any sub-programmes included within the programme and an assessment of progress made in ensuring an integrated approach to use of the EAFRD and other EU financial instruments to support the territorial development of rural areas, including through local development strategies.
5. The Commission shall adopt implementing acts, laying down rules concerning the presentation of the annual implementation reports. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 84.

Chapter III

Evaluation

Article 76

General provisions

1. The Commission may adopt implementing acts, specifying the elements to be contained in the ex ante and ex post evaluations referred to in Articles 55 and 57 of Regulation (EU) No .../2013* and establishing the minimum requirements for the evaluation plan referred to in Article 56 of Regulation (EU) No /2013*. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 84.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [CPR].

2. Member States shall ensure that the evaluations are in accordance with the common evaluation approach agreed in accordance with Article 67, 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.
3. The evaluation reports shall be made available by the Member States on the internet and by the Commission on its website.

Article 77

Ex ante evaluation

Member States shall ensure that the ex ante evaluator is involved from an early stage in the process of development of the rural development programme, including in the development of the analysis referred to in Article 8(1)(b), in the design of the programme's intervention logic and in the establishment of the programme's targets.

Article 78

Ex post evaluation

In 2024, an ex post evaluation report shall be prepared by the Member States for each of their rural development programmes. That report shall be submitted to the Commission by 31 December 2024.

Article 79

Syntheses of evaluations

Syntheses at Union level of the ex ante 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
COMPETITION PROVISIONS

Article 80

Rules applying to undertakings

Where support under this Regulation is granted to forms of co-operation between undertakings, it may be granted only to such forms of co-operation which comply with the competition rules as they apply by virtue of Articles 206 to 210 of the Regulation of the European Parliament and the Council (EU) No .../2013*.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [sCMO].

Article 81

State aid

1. Save as otherwise provided for in this Title, Articles 107, 108 and 109 TFEU shall apply to support for rural development by Member States.
2. Articles 107, 108 and 109 TFEU shall not apply to payments made by Member States pursuant to, and in conformity with, this Regulation, or to additional national financing referred to in Article 82, within the scope of Article 42 TFEU.

Article 82

Additional national financing

Payments made by Member States in relation to operations falling within the scope of Article 42 TFEU and intended to provide additional financing for rural development for which Union support is granted at any time during the programming period, shall be included by Member States in the rural development programme as provided for in paragraph 1(j) of Article 8 and, where they comply with the criteria under this Regulation, shall be approved by the Commission.

TITLE IX
COMMISSION POWERS, COMMON PROVISIONS
AND TRANSITIONAL AND FINAL PROVISIONS

Chapter I
Commission powers

Article 83

Exercise of the delegation

1. The power to adopt delegated acts referred to in Articles 2(3), Article 14(5), Article 16(5), Article 19(8), Article 22(3), Article 28(10) and (11), Article 29(6), Article 30(8), Article 33(4), Article 34(5), Article 35(10), Article 36(5), Article 45(6), Article 47(6) and Article 89 is conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in in Articles 2(3), Article 14(5), Article 16(5), Article 19(8), Article 22(3), Article 28(10) and (11), Article 29(6), Article 30(8), Article 33(4), Article 34(5), Article 35(10), Article 36(5), Article 45(6), Article 47(6) and Article 89 shall be conferred on the Commission for a period of seven years from the date of entry into force of this Regulation. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the seven-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.

3. The power to adopt delegated acts referred to in Articles 2(3), Article 14(5), Article 16(5), Article 19(8), Article 22(3), Article 28(10) and (11), Article 29(6), Article 30(8), Article 33(4), Article 34(5), Article 35(10), Article 36(5), Article 45(6), Article 47(6) and Article 89 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the powers specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
5. A delegated act adopted pursuant to Articles 2(3), Article 14(5), Article 16(5), Article 19(8), Article 22(3), Article 28(10) and (11), Article 29(6), Article 30(8), Article 33(4), Article 34(5), Article 35(10), Article 36(5), Article 45(6), Article 47(6) and Article 89 shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and 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. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

Article 84

Committee procedure

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

Chapter II

Common provisions

Article 85

Exchange of information and documents

1. The Commission, in collaboration with the Member States, shall establish an information system to enable the secure exchange of data of common interest between the Commission and each Member State. The Commission shall adopt implementing acts, laying down rules for the operation of that system. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 84.

2. The Commission shall ensure that there is an appropriate secure electronic system in which key information and report on monitoring and evaluation can be recorded, maintained and managed.

Article 86

Processing and protection of personal data

1. Member States and the Commission shall collect personal data for the purpose of carrying out their respective management control, monitoring and evaluation obligations under this Regulation, and in particular those laid down in Titles VI and VII, and shall not process this data in a way which is incompatible with this purpose.

2. Where personal data are processed for monitoring and evaluation purposes under Title VII using the secure electronic system referred to in Article 85, they shall be made anonymous, and processed in aggregated form only.
3. Personal data shall be processed in accordance with the rules of Directive 95/46/EC and Regulation (EC) No 45/2001. In particular, such data shall not be stored in a form which permits identification of data subjects for longer than is necessary for the purposes for which they were collected or for which they are further processed, taking into account the minimum retention periods laid down in the applicable national and Union law.
4. Member States shall inform the data subjects that their personal data may be processed by national and Union bodies in accordance with paragraph 1 and that in this respect they enjoy the rights set out in the data protection rules of, respectively, Directive 95/46/EC and Regulation (EC) No 45/2001.
5. Articles 111 to 114 in Regulation(EU) .../2013* shall apply to this Article.

Article 87

General CAP provisions

Regulation (EU) No .../2013* and the provisions adopted pursuant to it shall apply in relation to the measures set out in this Regulation.

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [HR].

Chapter III

Transitional and final provisions

Article 88

Regulation (EC) No 1698/2005

Regulation (EC) No 1698/2005 is repealed.

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

Article 89

Transitional provisions

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 83, laying down the conditions under which support approved by the Commission under Regulation (EC) No 1698/2005 may be integrated into support provided for under this Regulation, including for technical assistance and for the ex-post evaluations. Those delegated acts may also provide conditions for the transition from rural development support for Croatia under Regulation (EC) No 1085/2006 to support provided for under this Regulation.

Article 90

Entry into force and application

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

It shall apply from 1 January 2014.

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

Done at,

For the European Parliament

The President

For the Council

The President

ANNEX I

Breakdown of Union support for rural development (2014 to 2020)

(current prices in EUR)

	2014	2015	2016	2017	2018	2019	2020	TOTAL 2014-2020
Belgium	78 342 401	78 499 837	78 660 375	78 824 076	78 991 202	79 158 713	79 314 155	551 790 759
Bulgaria	335 499 038	335 057 822	334 607 538	334 147 994	333 680 052	333 187 306	332 604 216	2 338 783 966
Czech Republic	314 349 445	312 969 048	311 560 782	310 124 078	308 659 490	307 149 050	305 522 103	2 170 333 996
Denmark	90 287 658	90 168 920	90 047 742	89 924 072	89 798 142	89 665 537	89 508 619	629 400 690
Germany	1 178 778 847	1 177 251 936	1 175 693 642	1 174 103 302	1 172 483 899	1 170 778 658	1 168 760 766	8 217 851 050
Estonia	103 626 144	103 651 030	103 676 345	103 702 093	103 728 583	103 751 180	103 751 183	725 886 558
Ireland	313 148 955	313 059 463	312 967 965	312 874 411	312 779 690	312 669 355	312 485 314	2 189 985 153
Greece	601 051 830	600 533 693	600 004 906	599 465 245	598 915 722	598 337 071	597 652 326	4 195 960 793
Spain	1 187 488 617	1 186 425 595	1 185 344 141	1 184 244 005	1 183 112 678	1 182 137 718	1 182 076 067	8 290 828 821
France	1 404 875 907	1 408 287 165	1 411 769 545	1 415 324 592	1 418 941 328	1 422 813 729	1 427 718 983	9 909 731 249
Croatia	332 167 500	332 167 500	332 167 500	332 167 500	332 167 500	332 167 500	332 167 500	2 325 172 500
Italy	1 480 213 402	1 483 373 476	1 486 595 990	1 489 882 162	1 493 236 530	1 496 609 799	1 499 799 408	10 429 710 767
Cyprus	18 895 839	18 893 552	18 891 207	18 888 801	18 886 389	18 883 108	18 875 481	132 214 377
Latvia	138 327 376	138 361 424	138 396 059	138 431 289	138 467 528	138 498 589	138 499 517	968 981 782
Lithuania	230 392 975	230 412 316	230 431 887	230 451 686	230 472 391	230 483 599	230 443 386	1 613 088 240

	2014	2015	2016	2017	2018	2019	2020	TOTAL 2014-2020
Luxembourg	14 226 474	14 272 231	14 318 896	14 366 484	14 415 051	14 464 074	14 511 390	100 574 600
Hungary	495 668 727	495 016 871	494 351 618	493 672 684	492 981 342	492 253 356	491 391 895	3 455 336 493
Malta	13 880 143	13 965 035	14 051 619	14 139 927	14 230 023	14 321 504	14 412 647	99 000 898
Netherlands	87 118 078	87 003 509	86 886 585	86 767 256	86 645 747	86 517 797	86 366 388	607 305 360
Austria	557 806 503	559 329 914	560 883 465	562 467 745	564 084 777	565 713 368	567 266 225	3 937 551 997
Poland	1 569 517 638	1 567 453 560	1 565 347 059	1 563 197 238	1 561 008 130	1 558 702 987	1 555 975 202	10 941 201 814
Portugal	577 031 070	577 895 019	578 775 888	579 674 001	580 591 241	581 504 133	582 317 022	4 057 788 374
Romania	1 149 848 554	1 148 336 385	1 146 793 135	1 145 218 149	1 143 614 381	1 141 925 604	1 139 927 194	8 015 663 402
Slovenia	118 678 072	119 006 876	119 342 187	119 684 133	120 033 142	120 384 760	120 720 633	837 849 803
Slovakia	271 154 575	270 797 979	270 434 053	270 062 644	269 684 447	269 286 203	268 814 943	1 890 234 844
Finland	335 440 884	336 933 734	338 456 263	340 009 057	341 593 485	343 198 337	344 776 578	2 380 408 338
Sweden	248 858 535	249 014 757	249 173 940	249 336 135	249 502 108	249 660 989	249 768 786	1 745 315 250
United Kingdom	371 473 873	370 520 030	369 548 156	368 557 938	367 544 511	366 577 113	365 935 870	2 580 157 491
Total EU-28	13 618 149 060	13 618 658 677	13 619 178 488	13 619 708 697	13 620 249 509	13 620 801 137	13 621 363 797	95 338 109 365
Technical assistance (0,25 %)	34 130 699	34 131 977	34 133 279	34 134 608	34 135 964	34 137 346	34 138 756	238 942 629
Total	13 652 279 759	13 652 790 654	13 653 311 767	13 653 843 305	13 654 385 473	13 654 938 483	13 655 502 553	95 577 051 994

ANNEX II

Amounts and support rates

Article	Subject	Maximum amount in EUR or rate	
15(8)	Advisory services, farm management and farm relief services	1 500	Per advice
		200 000	Per three years for the training of advisors
16(2)	Information and promotion activities	70 %	Of the eligible costs of the action
16(4)	Quality schemes or agricultural products and foodstuffs	3 000	Per holding per year

Article	Subject	Maximum amount in EUR or rate	
17(3)	Investment in physical assets		Agricultural sector
		50 %	Of the amount of eligible investment in less developed regions and in all regions whose GDP per capita for the 2007 - 2013 period was less than 75 % of the average of the EU-25 for the reference period but whose GDP per capita is above 75 % of the GDP average of the EU-27.
		75 %	Of the amount of eligible investment in outermost regions
		75 %	Of the amount of eligible investment in Croatia for the implementation of Council Directive 91/676/EEC ¹ within a maximum period of four years from the date of accession pursuant to Article 3(2) and Article 5(1) of that Directive
		75 %	Of the amount of eligible investment in the smaller Aegean islands

¹ Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources(OJ L 375, 31.12.1991, p. 1).

Article	Subject	Maximum amount in EUR or rate	
		40 %	<p>Of the amount of eligible investment in other regions</p> <p>The above rates may be increased by an additional 20 percentage points, provided that maximum combined support does not exceed 90 %, for:</p> <ul style="list-style-type: none"> - Young farmers as defined in this Regulation, or who have already set up during the five years preceding the application for support; - Collective investments and integrated projects, including those linked to a merger of producer organisations; - Areas facing natural constraints and other specific as referred to in Article 32; - Operations supported in the framework of the EIP; - Investments linked to operations under Articles 28 and 29
			Processing and marketing of products listed in Annex I to the TFEU

Article	Subject	Maximum amount in EUR or rate	
		50 %	Of the amount of eligible investment in less developed regions and in all regions whose GDP per capita for the 2007 - 2013 period was less than 75 % of the average of the EU-25 for the reference period but whose GDP per capita is above 75 % of the GDP average of the EU-27
		75 %	Of the amount of eligible investment in outermost regions
		75 %	Of the amount of eligible investment in the smaller Aegean islands
		40 %	Of the amount of eligible investment in other regions The above rates may be increased by an additional 20 percentage points, provided that maximum combined support does not exceed 90 %, for operations supported in the framework of the EIP or those linked to a merger of producer organisations

Article	Subject	Maximum amount in EUR or rate	
17(4)	Investment in physical assets	100 %	Non-productive investments and agricultural and forestry infrastructure
18(5)	Restoring agricultural production potential damaged by natural disasters and introduction of appropriate prevention actions	80 %	Of the amount of eligible investment costs for prevention operations carried out by individual farmers.
		100 %	Of the amount of eligible investment costs for prevention operations carried out collectively by more than one beneficiary.
		100 %	Of the amount of eligible investment costs for operations to restore agricultural land and production potential damaged by natural disasters and catastrophic events.
19(6)	Farm and business development	70 000	Per young farmer under Article 19(1)(a)(i)
		70 000	Per beneficiary under Article 19(1)(a)(ii)
		15 000	Per small farm under Article 19(1)(a)(iii)

Article	Subject	Maximum amount in EUR or rate	
23(3)	Establishment of agroforestry systems	80 %	Of the amount of eligible investment for the establishment of agroforestry systems
26(4)	Investments in forestry technologies and in processing, in mobilising and in the marketing of forestry products	65 %	Of the amount of eligible investment in less developed regions
		75 %	Of the amount of eligible investment in outermost regions
		75 %	Of the amount of eligible investment in the smaller Aegean islands
		40 %	Of the amount of eligible investment in other regions
27(4)	Setting up of producer groups and organisations	10 %	As a percentage of marketed production during the first five years following recognition The support shall be degressive.
		100 000	Maximum amount per year in all cases.

Article	Subject	Maximum amount in EUR or rate	
28(8)	Agri-environment-climate	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 livestock unit ("LU") per year for local breeds in danger of being lost to farmers
29(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
30(7)	Natura 2000 and Water Framework Directive 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
31(3)	Payments to areas facing natural or other specific constraints	25	Minimum per ha per year on average of the area of the beneficiary receiving support
		250(*)	Maximum per ha per year
		450(*)	Maximum per ha per year in mountain areas as defined in Article 32(2)

Article	Subject	Maximum amount in EUR or rate	
33(3)	Animal welfare	500	Per LU
34(3)	Forest-environmental and climate services and forest conservation	200(*)	Per ha per year
37 (5)	Crop, animal and plant insurance	65 %	Of the insurance premium due
38(5)	Mutual funds for adverse climatic events, animal and plant diseases, pest infestations and environmental incidents	65 %	Of the eligible costs.
39(5)	Income stabilisation tool	65 %	Of the eligible costs

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

** This amount may be decreased in duly substantiated cases taking into account specific circumstances to be justified in the rural development programmes.

NB: The aid intensities are without prejudice to Union State aid rules.

ANNEX III

Biophysical criteria for the delimitation of areas facing natural constraints

CRITERION	DEFINITION	THRESHOLD
CLIMATE		
Low Temperature *	Length of growing period (number of days) defined by number of days with daily average temperature > 5°C (LGp5) or	≤ 180 days
	Thermal-time sum (degree-days) for Growing Period defined by accumulated daily average temperature > 5°C	≤ 1500 degree-days
Dryness	Ratio of the annual precipitation (P) to the annual potential evapotranspiration (PET)	$P/PET \leq 0.5$
CLIMATE AND SOIL		
Excess Soil Moisture	Number of days at or above field capacity	≥ 230 days

CRITERION	DEFINITION	THRESHOLD
SOIL		
Limited Soil Drainage *	Areas which are water logged for significant duration of the year	Wet within 80cm from the surface for over 6 months, or wet within 40cm for over 11 months or Poorly or very poorly drained soil or Gleyic colour pattern within 40cm from the surface
Unfavourable Texture and Stoniness *	Relative abundance of clay, silt, sand, organic matter (weight %) and coarse material (volumetric %) fractions	≥ 15 % of topsoil volume is coarse material, including rock outcrop, boulder or
		texture class in half or more (cumulatively) of the 100 cm soil surface is sand, loamy sand defined as:
		Silt % + (2 x clay %) ≤ 30 % or
		Topsoil texture class is heavy clay (≥ 60 % clay) or
		Organic soil (organic matter ≥ 30 %) of at least 40cm or
		Topsoil contains 30 % or more clay, and there are vertic properties within 100cm of the soil surface

CRITERION	DEFINITION	THRESHOLD
Shallow Rooting Depth	Depth (cm) from soil surface to coherent hard rock or hard pan	≤ 30cm
Poor Chemical Properties *	Presence of salts, exchangeable sodium, excessive acidity	Salinity: ≥ 4 deci-Siemens per meter (dS/m) in topsoil or
		Sodicity: ≥ 6 Exchangeable Sodium Percentage (ESP) in half or more (cumulatively) of the 100 cm soil surface layer or
		Soil Acidity: pH ≤ 5 (in water) in topsoil
TERRAIN		
Steep Slope	Change of elevation with respect to planimetric distance (%)	≥ 15 %

* Member States need only check fulfilment of this criterion against those of the thresholds that are relevant to the specific situation of an area

ANNEX IV

Indicative list of measures and operations of particular relevance
to thematic sub-programmes referred to in Article 7

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 farms:

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

LEADER

Mountain areas:

Payments to areas facing natural or other specific constraints

Agri-environment climate operations

Co-operation

Investments in physical assets

Farm and business development in rural areas

Quality schemes for agricultural products and foodstuffs

Establishment of agroforestry systems

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 chains:

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

Women in rural areas:

Knowledge transfer and information actions

Advisory services, farm management and farm relief services

Investments in physical assets

Farm and business development

Basic services and village renewal in rural areas

Co-operation

LEADER

Climate change mitigation and adaptation and biodiversity:

Knowledge transfer & information actions

Advisory services, farm management and farm relief services

Investments in physical assets

Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention action

Basic services & village renewal in rural areas

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

Agri-environment-climate

Organic farming

Natura 2000 and Water framework directive payments

Payments to areas facing natural and other specific constraints (biodiversity)

Forest-environmental and climate services and forest conservation

Co-operation

Risk management



ANNEX V

Ex ante conditionalities for rural development

1. PRIORITIES-LINKED CONDITIONALITIES

EU priority for RD / CPR Thematic Objective (TO)	Ex ante conditionality	Criteria for fulfilment
RD priority 3: promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture TO 5: promoting climate change adaptation, risk prevention and management	3.1. Risk prevention and risk management: the existence of national or regional risk assessments for disaster management. taking into account climate change adaptation	<ul style="list-style-type: none">– A national or regional risk assessment with the following elements shall be in place :<ul style="list-style-type: none">– A description of the process, methodology, methods and non-sensitive data used for risk assessment as well as of the risk-based criteria for the prioritisation of investment;– A description of single-risk and multi-risk scenarios;– Taking into account, where appropriate, national climate change adaptation strategies.

EU priority for RD / CPR Thematic Objective (TO)	Ex ante conditionality	Criteria for fulfilment
<p>RD priority 4: restoring, preserving and enhancing ecosystems related to agriculture and forestry</p> <p>TO 5: promoting climate change adaptation, risk prevention and management</p> <p>TO 6: Preserving and protecting the environment and promoting resource efficiency</p>	<p>4.1 Good Agricultural and Environmental Conditions (GAEC): standards for good agricultural and environmental condition of land referred to in Chapter I of Title VI of Regulation (EU) .../2013* are established at national level</p> <p>4.2 Minimum requirements for fertilisers and plant protection products: minimum requirements for fertilisers and plant protection products referred to in Article 28 of Chapter I of Title III of this Regulation are defined at national level</p> <p>4.3 other relevant national standards: relevant mandatory national standards are defined for the purpose of Article 28 of Chapter I of Title III of this Regulation</p>	<ul style="list-style-type: none"> – GAEC standards are defined in national law and specified in the programmes; – minimum requirements for fertilisers and plant protection products referred to in Chapter I of Title III of this Regulation are specified in the programmes; – relevant mandatory national standards are specified in the programmes;

* OJ: please insert the number of the Regulation in document PE-CONS .../13 [HR].

EU priority for RD / CPR Thematic Objective (TO)	Ex ante conditionality	Criteria for fulfilment
<p>RD priority 5: promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in the agriculture and food sectors and the forestry sector</p> <p>TO 4: supporting the shift towards a low-carbon economy in all sectors</p> <p>TO 6: Preserving and protecting the environment and promoting resource efficiency</p>	<p>5.1 Energy efficiency: Actions have been carried out to promote cost-effective improvements of energy end use efficiency and cost-effective investment in Energy efficiency when constructing or renovating buildings.</p>	<p>– The actions are:</p> <ul style="list-style-type: none"> - Measures to ensure minimum requirements are in place related to the energy performance of buildings consistent with Articles 3, 4 and 5 of Directive 2010/31/EU of the European Parliament and the Council.¹. - Measures necessary to establish a system of certification of the energy performance of buildings consistent with Article 11 of Directive 2010/31/EU - Measures to ensure strategic planning on energy efficiency, consistent with Article 3 of Directive 2012/27 EU of the European Parliament and the Council².

¹ Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13).

² Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJ L 315, 14.11.2012, p. 1).

EU priority for RD / CPR Thematic Objective (TO)	Ex ante conditionality	Criteria for fulfilment
		<ul style="list-style-type: none"> - Measures consistent with Article 13 of Directive 2006/32/EC of the European Parliament and the Council¹ on energy end-use efficiency and energy services to ensure the provision to final customers of individual meters in so far as it is technically possible, financially reasonable and proportionate in relation to the potential energy savings.

¹ Directive 2006/32/EC of the European Parliament and of the Council of 5 April 2006 on energy end-use efficiency and energy services and repealing Council Directive 93/76/EEC (OJ L 114, 27.4.2006, p. 64).

EU priority for RD / CPR Thematic Objective (TO)	Ex ante conditionality	Criteria for fulfilment
	<p>5.2 Water sector: The existence of a) a water pricing policy which provides adequate incentives for users to use water resources efficiently and b) an adequate contribution of the different water uses to the recovery of the costs of water services at a rate determined in the approved river basin management plan for investment supported by the programmes.</p>	<p>– In sectors supported by the EAFRD, a Member State has ensured a contribution of the different water uses to the recovery of the costs of water services by sector consistent with Article 9, paragraph 1 first indent of the Water Framework Directive having regard where appropriate, to the social, environmental and economic effects of the recovery as well as the geographic and climatic conditions of the region or regions affected.</p>

EU priority for RD / CPR Thematic Objective (TO)	Ex ante conditionality	Criteria for fulfilment
	5.3 Renewable energy: Actions have been carried out to promote the production and distribution of renewable energy sources ¹ .	<ul style="list-style-type: none"> - Transparent support schemes, priority in grid access or guaranteed access and priority in dispatching, as well as standard rules relating to the bearing and sharing of costs of technical adaptations which have been made public are in place consistent with Article 14(1) and Article 16(2) and (3) of Directive 2009/28/EC – A Member State has adopted a national renewable energy action plan consistent with Article 4 of Directive 2009/28/EC

¹ Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC (OJ L 140, 5.6.2009, p. 16).

EU priority for RD / CPR Thematic Objective (TO)	Ex ante conditionality	Criteria for fulfilment
<p>RD priority 6: promoting social inclusion poverty reduction and economic development in rural areas</p> <p>TO 2: Enhancing access to, and use and quality of, information and communication technologies (Broadband target)</p>	<p>6. Next Generation Network (NGN) Infrastructure : The existence of national or regional NGA Plans which take account of regional actions in order to reach the Union high-speed Internet access targets, focusing on areas where the market fails to provide an open infrastructure at an affordable cost and of a quality in line with the Union competition and State aid rules and to provide accessible services to vulnerable groups.</p>	<ul style="list-style-type: none"> – A national or regional NGN Plan is in place that contains: <ul style="list-style-type: none"> – a plan of infrastructure investments based on an economic analysis taking account of existing private and public infrastructures and planned investments; – sustainable investment models that enhance competition and provide access to open, affordable, quality and future proof infrastructure and services; – measures to stimulate private investment.

ANNEX VI

INDICATIVE LIST OF MEASURES WITH RELEVANCE TO ONE OR MORE UNION PRIORITIES FOR RURAL DEVELOPMENT

Measures of particular relevance to several Union priorities

Article 15 Advisory services, farm management and farm relief services

Article 17 Investments in physical assets

Article 19 Farm and business development

Article 35 Co-operation

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Measures of particular relevance to fostering knowledge transfer and innovation in agriculture, forestry, and rural areas

Article 14 Knowledge transfer and information actions

Article 26 Investments in forestry technologies and in processing in mobilising and in the marketing of forestry products

Measures of particular relevance for enhancing the competitiveness of all types of agriculture and enhancing farm viability

Article 16 Quality schemes for agricultural products and foodstuffs

Measures of particular relevance to promoting food chain organisation and risk management in agriculture

Article 18 Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions

Article 24 Prevention and restoration of damage to forests from forest fires and natural disasters and catastrophic events

Article 27 Setting up of producer groups

Article 33 Animal welfare

Article 36 Risk management

Article 37 Crop, animal, and plant insurance

Article 38 Mutual funds for animal and plant diseases and environmental incidents

Article 39 Income stabilisation tool

Measure of particular relevance to restoring, preserving and enhancing ecosystems dependent on agriculture and forestry

and

Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors

Article 21(1)(a) Afforestation and creation of woodland

Article 21(1)(b) Establishment of agroforestry systems

Article 21(1)(d) Investments improving the resilience and environmental value as well as the mitigation of potential forest ecosystems

Article 28 Agri-environment-climate

Article 29 Organic farming

Article 30 Natura 2000 and Water framework directive payments

Article 31 -32 Payments to areas facing natural or other specific constraints

Article 34 Forest-environmental and climate services and forest conservation

Measures of particular relevance to promoting social inclusion, poverty reduction and economic development in rural areas

Article 20 Basic services and village renewal in rural areas

Article 42 – 44 LEADER