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Subject: Proposal for a Regulation of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural development (EAFRD)
- Presidency consolidated draft regulation reflecting state of play in informal trilogues

With a view to the Council ("Agriculture and Fisheries) on 24-25 June 2013, delegations will find attached in the Annex the Presidency consolidated draft regulation reflecting the state of play in informal trilogues as at 4 June 2013.

Delegations are kindly invited to note that this document will be amended and supplemented as necessary to reflect progress in informal trilogues prior to the session of the Council.

All changes compared to the Commission proposal are marked in bold and underlined and strikethrough.

DRAFT

PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE
COUNCIL

on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 42 and 43(2) thereof,

Having regard to the proposal from the European Commission¹,

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

Having regard to the opinion of the European Economic and Social Committee²,

Having regard to the opinion of the Committee of the Regions³,

Having consulted the European Data Protection Supervisor⁴

Acting in accordance with the ordinary legislative procedure,

Whereas:

To be completed

¹ OJ C [...], [...], p. [...].

² OJ C [...], [...], p. [...].

³ OJ C [...], [...], p. [...].

⁴ OJ C [...], [...], p. [...].

TITLE I

Objectives and Strategy

Chapter I

Scope and Definitions

Article 1

Scope

1. This Regulation: **lays down the general rules governing Union support for rural development, financed by the European Agricultural Fund for Rural Development (hereinafter "the EAFRD"), established by Regulation (EU) No HR/2012; defines the objectives to which rural development policy is to contribute and the relevant Union priorities for rural development; outlines the strategic context for rural development policy; defines the measures of rural development policy; lays down rules on programming, networking, management, monitoring and evaluation on the basis of responsibilities shared between the Member States and the Commission and lays down the rules to ensure coordination of the EAFRD with other Union instruments.**

~~(a) lays down the general rules governing Union support for rural development, financed by the European Agricultural Fund for Rural Development (hereinafter "the EAFRD"), established by Regulation (EU) No HR/2012;~~

~~(b) defines the objectives to which rural development policy is to contribute and the relevant Union priorities for rural development;~~

~~(c) outlines the strategic context for rural development policy;~~

~~(d) defines the measures of rural development policy;~~

~~(e) lays down rules on programming, networking, management, monitoring and evaluation on the basis of responsibilities shared between the Member States and the Commission;~~

~~f) lays down the rules to ensure coordination of the EAFRD with other Union instruments.~~

2. This Regulation complements the provisions of Part Two of Regulation (EU) No [CSF/2012].

Article 2

Definitions

1. For the purposes of this Regulation, the following definitions shall apply ~~[of "operation", "community-led local development strategy", "micro, small and medium size enterprises", "completed operation", "less developed regions" and "transition regions"]~~ as laid down in Article 2 of Regulation (EU) No (CSF/2012)⁵ of the European Parliament and the Council⁶ shall apply.

In addition, the following definitions shall apply:

- (a) "programming"÷ **means** the process of organisation, decision ~~taking~~ **making** and allocating the financial resources in several stages intended to implement, on a multi-annual basis, the joint action by the Union and the Member States to achieve the Union priorities for rural development.
- (b) "region"÷ **means** 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 1059/2003⁷ of the European Parliament and of the Council ;
- (c) "measure"÷ **means** a set of operations contributing to one or more of the Union priorities for rural development;

⁵ This paragraph may be reviewed for consistency with the final text of Regulation (EU) No [CSF/2012]

⁶ OJ L [...], [...], p. [...].

⁷ Regulation (EC) No 1059/2003 of the European Parliament and of the Council of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS)

(d) "operation" : means a project, ~~contract, action or~~ group of projects ~~contract or arrangement or other action selected by the managing authority of the programme concerned, or by institutions under its responsibility, contributing to the objectives of the priority or priorities to which it relates; in the context of financial instruments, the operation is constituted by the financial contributions from a programme to financial instruments and the subsequent financial support provided by these financial instruments.~~ according to criteria for the rural development programme concerned and implemented by one or more beneficiaries allowing achievement of one or more of the Union priorities for rural development.

[(e) "beneficiary": means a natural or legal person or other body, whether public or private, responsible for implementing operations or receiving support **in the context of financial instruments, the term 'beneficiary' means the body that implements the financial instrument.;**]⁸

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

(g) ~~"local development strategy": means a coherent set of operations to meet local objectives and needs, which contributes to meeting the Union priorities for rural development;~~

[(h) "support rate": means the rate of the total public contribution to an operation;]³¹

[(i) "public expenditure": means any public contribution to the financing of operations whose origin is the budget of the State, of regional ~~and~~ **or** local authorities, of the Union ~~and~~ **or** any similar expenditure. Any contribution to the financing of operations whose origin is the budget of public law bodies or associations of one or more regional or local authorities or public law bodies, within the meaning of Directive 2004/18/EC⁹, shall be regarded as public contribution.;]³¹

⁸ This definition may be reviewed for consistency with the final text of Regulation (EU) No [CSF/2012]

⁹ Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts. **OJ L 134, 30.4.2004, p. 114.**

- (j) ~~"less developed regions": means regions whose gross domestic product (GDP) per capita is less than 75% of the average GDP of the EU-27 as referred to in Article 82 of Regulation (EU) No (CSF/2012);~~
- (k) ~~"micro-, small and medium-sized enterprises" (hereinafter "SMEs"): means micro-, small and medium-sized enterprises as defined in Commission Recommendation 2003/361/EC~~¹⁰;
- (l) "transaction cost": **means** A 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. It may be calculated on a standard cost basis;**
- (m) ~~" utilised agricultural area (UAA)-"~~ **means any area taken up by arable land, permanent grassland or permanent crops as defined in Article 4 of Regulation (EU) No DP/2012**¹¹
~~utilised agricultural area (UAA) within the meaning of Commission Decision 2000/115/EC of 24 November 1999~~¹²;
- (n) "economic losses": **To be completed**
- (o) "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;
- (p) "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 ~~90/424/EEC~~¹³ **2009/470/EC**¹⁴;
- (q) "environmental incident": **means** a specific occurrence of pollution, contamination or degradation in the quality of the environment related to a specific event and of limited geographical scope. It does not cover general environmental risks not connected with a specific event, such as climate change or atmospheric pollution;

¹⁰ Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises. OJ L 124, 20.5.2003, p. 36.

¹¹ Once this definition is agreed, Articles 30-33 would be aligned, and any reference to UAA replaced by "agricultural area"

¹² ~~Commission Decision of 24 November 1999 relating to the definitions of the characteristics, the list of agricultural products, the exceptions to the definitions and the regions and districts regarding the surveys on the structure of agricultural holdings~~

¹³ OJ L 224, 18.8.1990, p. 19.

¹⁴ Council Decision 2009/470/EC of 25 May 2009 on expenditure in the veterinary field

- (r) "natural disaster": **means** a naturally occurring event of biotic or abiotic nature that leads to important disturbances of agricultural production systems ~~and~~ **or** forest structures, eventually causing important economic damage to the farming *or forestry* sectors;
- (s) "catastrophic event": **means** an unforeseen event of biotic or abiotic nature caused by human action that leads to important disturbances of agricultural production systems and forest structures, eventually causing important economic damage to the farming *or forestry* sectors;
- [(t) "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;]
- [(u) "young farmer": **means a person** ~~Farmer~~ who is 40 years of age *or less* 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 the holding;]
- ~~(v) "completed operation": means an operation that has been physically completed or fully implemented and in respect of which all related payments have been made by beneficiaries and the corresponding public contribution has been paid to the beneficiaries;~~
- (w) "thematic objectives": **means** the thematic objectives defined in Article 9 of Regulation (EU) No [CSF/2012] of the European Parliament and the Council¹⁵.
- (x) "Common Strategic Framework" (hereinafter "CSF"): **means** the Common Strategic Framework referred to in Articles **2 and** 10 of Regulation (EU) No [CSF/2012];
- (xa) "cluster" means a grouping of independent undertakings - 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, sharing of facilities and exchange of knowledge and expertise and by contributing effectively to knowledge transfer, networking and information dissemination among the undertakings in the cluster;**
- [(xb) "forest" means an area of land spanning more than 0.5 hectares with trees higher than**

¹⁵ OJ L [...], [...], p. [...].

5 meters and a canopy cover of more than 10 percent, or trees able to reach these thresholds in situ. It does not include land that is predominantly under agricultural or urban land use. A Member State or region may choose to apply another forest definition based on existing national legislation or inventory system. The Member States or Regions shall provide the definition in the rural development programme.]

2. **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(u), the Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning the conditions under which a legal person may be considered a 'young farmer', ~~including~~ **and** the setting of a grace period for the acquisition of occupational skills.

Chapter II

Mission, objectives, priorities and consistency

Article 3

Mission

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

Article 4

Objectives

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

- (1) **fostering** the competitiveness of agriculture;
- (2) **ensuring** the sustainable management of natural resources, and climate action;
- (3) **achieving** a balanced territorial development of rural areas **economies and communities including creating and maintaining of employment**.

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 translate 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 **and promoting innovative farm technologies**, with a focus on the following areas:]
 - [(a) **improving the economic performance of all farms** and facilitating **farm** restructuring **and modernisation** of farms facing major structural problems, notably **with a view to increase** farms with a low degree of **market participation and orientation as well as agricultural diversification;**
 - (b) facilitating **entry of adequately skilled farmers into the agricultural sector and in particular** generational renewal in the agricultural sector.

- [(3) promoting food chain organisation, **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 inter-branch organisations;]
- (b) supporting farm risk **prevention and** management.
- (4) restoring, preserving and enhancing ecosystems ~~dependent on~~ **related to** agriculture and forestry, with a focus on the following areas:
- [(a) restoring, and preserving **and enhancing** biodiversity, including in Natura 2000 areas, **areas facing natural or other specific constraints** and high nature value farming, and 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, residues and other non food raw material for purposes of the bio-economy;
- [(d) reducing ~~nitrous oxide and methane~~ **green house gas** 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 new small enterprises and job creation;
 - b) fostering local development in rural areas;
 - c) to be completed

Article 6

Consistency

- ~~1. There shall be consistency between support from the EAFRD and the measures financed by the European Agricultural Guarantee Fund.~~
- ~~2. No support under this Regulation shall be granted to operations supported under common market organizations. The Commission shall be empowered to adopt delegated acts, in accordance with Article 90 to define exceptions from this rule.~~

TITLE II

Programming

Chapter I

Programming content

Article 7

Rural development programmes

1. The EAFRD shall act in the Member States through rural development programmes. These programmes shall implement a strategy to meet the Union priorities for rural development through a set of measures defined in Title III, for the achievement of which aid from the EAFRD will be sought.
2. A Member State may submit either a single programme for its entire territory or a set of regional programmes **or in duly justified cases 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 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.]**

Thematic sub-programmes

1. **With the aim of contributing to the achievement of rural development priorities**, 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 20(2);
 - (c) mountain areas as referred to in Article 33(2);
 - (d) short supply chains.

[(da) women in rural areas.]

[(db) 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 III.

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 I may be increased by 10 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 I. However, the maximum combined support rate shall not exceed 90%.]

Content of rural development programmes

1. In addition to the elements referred to in Article 24 of Regulation (EU) No [CSF/2012], each rural development programme shall include:

(a) the *ex ante* evaluation referred to in Article 48 of Regulation (EU) No [CSF/2012];

(b) an analysis of the situation in terms of strengths, weaknesses, opportunities and threats (hereinafter "SWOT") and identification of the needs that have to be addressed in the geographical area covered by the programme ~~and, where relevant, by the thematic sub-programmes referred to in Article 8.~~

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 view of identifying relevant responses in these ~~two~~ **three** areas at the level of each priority;

(c) ~~a description of the strategy which includes the target setting for each of the focus areas of the Union priorities for rural development included in the programme, on the basis of common indicators referred to in Article 76, to be defined as part of the monitoring and evaluation system referred to in Article 74, and a selection of measures, based on a sound intervention logic of the programme, including an assessment of the expected contribution of the measures chosen to achieve the targets.~~

~~The rural development programme shall demonstrate that:~~

(ia) appropriate targets are set for each of the focus areas of the Union priorities for rural development included in the programme, on the basis of common indicators referred to in Article 76 and, where necessary, of programme specific indicators;

(i) relevant combinations of measures are ~~included~~ **selected** in relation to **each of the focus areas of** the Union priorities for rural development included in the programme, ~~logically following from~~ **based on sound intervention logic supported by** the *ex ante* evaluation referred to in point (a) and the analysis referred to in point (b);

(ii) the allocation of financial resources to the measures of the programme is ~~balanced~~ **justified** and adequate to achieve the targets set;

(iii) 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;

(iv) ~~an appropriate~~ **an appropriate** ~~pertinent~~ approach towards innovation **with a view to achieving the Union priorities for rural development, including [if relevant] 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;

~~(v) appropriate action is envisaged to simplify the implementation of 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** ~~and all aspects linked to sustainable management in agriculture and forestry, as well as climate action;~~]

~~(vii) initiatives are planned for raising awareness and animating innovative actions and establishing operational groups of the EIP for agricultural productivity and sustainability;~~

~~(viii) an appropriate approach has been defined laying down principles with regard to the setting of selection criteria for projects and local development strategies, which takes into account relevant targets. In this context Member States may provide for priority to be given or for a higher support rate for operations undertaken collectively by groups of farmers;~~

(d) ["The assessment of the ex-ante conditionalities **as referred to in Article 10. "**]

(da) **a description of the performance framework established for the purpose of Article 19 of Regulation (EU) No [CSF/2012];**

(e) to be completed

~~(f) in relation to local development, a specific description of the coordination mechanisms between the local development strategies, the measure co-operation referred to in Article 36, the measure basic services and village renewal in rural areas referred to in Article 21 and the support for non-agricultural activities in rural areas under the measure farm and business development in rural areas referred to in Article 20;~~

~~(g) a description of the approach towards innovation in view of enhancing productivity and sustainable resource management and the contribution to achieving the objectives of the EIP for agricultural productivity and sustainability referred to in Article 61;~~

[(h) the evaluation plan referred to in Article 49 of Regulation (EU) No [CSF/2012]. The Member States shall provide sufficient resources **to address the identified needs and ensure proper monitoring and evaluation;**]

(i) a financing plan comprising:

(i) a table setting out, in accordance with Article 64(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 DP/2012. The planned annual EAFRD contribution shall be compatible with the Multi-annual Financial Framework;

(ii) a table setting out, for each measure, ~~the~~ **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;

[(j) an indicator plan, **broken down into focus areas**, comprising **the targets referred to in Article 9(1)(c)(i) and the** planned outputs and planned expenditure **of each rural development measure selected in relation to a corresponding focus area;**]

(k) where applicable, a table on additional national financing per measure in accordance with Article 89;

(l) To be completed

(m) information on the complementarity with measures financed by the other common agricultural policy instruments, ~~through~~ **and by the European Structural and Investment Funds (hereinafter ESI);**

(n) programme implementing arrangements including:

(i) the designation by the Member State of all authorities referred to in Article 72(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 55;

(iv) a description of the approach laying down principles with regard to the setting of selection criteria for projects and local development strategies, which takes into account relevant targets;

(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 36, the "Basic services and village renewal in rural areas" measure referred to in Article 21 including urban-rural links;

[(o) the **actions taken to involve** the partners referred to in Article 5 of Regulation (EU) No [CSF/2012] **and a summary of the outcome** of the consultation of the partners;]

[(p) where applicable, **the structure of the National Rural Network as** referred to in Article 55(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 in terms of SWOT and identification of the needs that have 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 **of each rural development measure selected in relation to a corresponding focus area.**]
3. The Commission shall, by means of implementing acts lay down rules for the presentation of the elements described in paragraphs 1 and 2 in rural development programmes. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 91.

Chapter II

Preparation, approval and modification of rural development programmes

Article 10

Ex ante conditionalities

To be completed

Article 11

Approval of rural development programmes

1. Member States shall submit to the Commission a proposal for each rural development programme, containing the information mentioned in Article 9.
2. Each rural development programme shall be approved by the Commission by means of an implementing act. ~~adopted in accordance with the examination procedure referred to in Article 91.~~

Article 12

Amendment of rural development programmes

1. Requests for programme amendments by Member States shall be approved in accordance with the following procedures:
 - (a) The Commission shall, by means of implementing acts, decide on requests to amend programmes that concern:
 - (i) a change in the programme strategy through a **change of more than 50% in any result indicator linked to a focus area** ~~major reset of quantified targets;~~
 - (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;
 - (iv) ~~a transfer of funds between measures implemented under different EAFRD contribution rates.~~

~~Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 91.~~

(b) The Commission shall, by means of implementing acts, **approve** ~~on~~ requests to amend the programme in all other cases. These shall include in particular:

- (i) introduction or withdrawal of measures or types of operations;
- (ii) changes in the description of measures, including changes of eligibility conditions.
- (iii) a transfer of funds between measures implemented under different EAFRD contribution rates.**

(c) For corrections of a purely clerical or editorial nature that do not affect the implementation of the policy and the measures, no approval by the Commission shall be required. Member States shall inform the Commission of these amendments.

2. ~~The Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning the criteria defining a major reset of quantified targets referred to in paragraph 1(a)(i).~~
The approval referred to in paragraph 1(b) shall be given by means of implementing acts. However, in the cases referred to in paragraph 1(b)(i),(ii) and (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 the lapse of 42 working days from the receipt of the request. This time limit shall not include the period which starts on the day following the date on which the Commission has sent its observations to the Member State and lasts until the Member State has responded to the observations.

Rules on procedures and timetables

The Commission shall, by means of implementing acts, adopt rules on procedures and timetables for:

(a) the approval of rural development programmes;

[(b) the submission and approval of proposals for amendments to rural development programmes **and for amendments to national frameworks**, including their entry into force and frequency of submission during the programming period.]

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 91.

TITLE III

Rural development support

Chapter I

Measures

Article 14

Measures

to be completed

Article 15

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 exchange **as well as** farm **and forest visits**.
2. to be completed
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 replacement of farmers shall also be eligible.
5. The Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning the ~~further specification of eligible costs, the minimum qualifications of bodies providing knowledge transfer services and the duration and content of farm~~ **and forest** exchange schemes and farm **and forest** visits.

Article 16

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 Article 2,** 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 HR/2012;
 - (c) promote the training of advisors.
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 the appropriate resources in the form of regularly trained and qualified staff and advisory experience and reliability with respect to the fields they advise in. The beneficiaries **under this measure** shall be chosen through calls for proposals. 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 HR/2012

4. Advice to farmers, **young farmers as defined in Article 2 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) one or more of 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 [HR];
 - (b) where applicable, the agricultural practices beneficial for the climate and the environment as laid down in Chapter 2 of Title III of Regulation (EU) No .../2013 [DP] and the maintenance of the agricultural area as referred to in Article 4(1)(c) of Regulation (EU) No .../2013 [DP];
 - (c) the requirements or actions related to climate change mitigation and adaptation, biodiversity, the protection of water and soil, animal and plant disease notification and innovation as laid down in Annex I to Regulation (EU) No .../2013 [HR];
 - (d) the sustainable development of the economical activity of the small farms as defined by the Member States and at least of the farms participating in the Small farmers scheme referred to in Title V of Regulation (EU) No DP/2012; or
 - (e) where relevant, occupational safety standards **or safety standards linked to the farm.**
(ea) specific advice for farmers setting up for the first time;

Advice may also cover other issues linked to the economic, agricultural and environmental performance of the agricultural holding. **This may include advice for the development of short supply chains and organic farming.**

5. Advice to forest holders shall cover as a minimum the relevant obligations under Directives 92/43/EEC, 2009/147/EC and 2000/60/EC. 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 justified and appropriate, advice may be partly provided in group, while taking into account the situations of the individual user of advisory services.
8. Support under paragraphs 1(a) and (c) shall be limited to the maximum amounts laid down in Annex I. Support under paragraph 1(b) shall be degressive over a maximum period of five years from setting up.
- ~~9. The Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning the further specification of the minimum qualifications of the authorities or bodies providing advice.~~

Quality schemes for agricultural products, and foodstuffs

1. Support under this measure shall cover new participation by farmers **and groups of farmers.**

(a) quality schemes ~~for agricultural products, cotton or foodstuffs established by Union legislation~~ **established under the following Regulations and provisions:**

(a) quality schemes ~~for agricultural products, cotton or foodstuffs established by Union legislation~~ **established under the following Regulations and provisions:**

i. Title VI of Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organisation of the market in wine¹⁶¹⁷;

ii. Regulation (EU) 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs;

iii. Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products and repealing Regulation (EEC) No 2092/91¹⁸;

iv. 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 1576/89¹⁹;

v. Council Regulation (EC) No 479/2008 of 29 April 2008 on the common organisation of the market in wine, amending Regulations (EC) No 1493/1999, (EC) No 1782/2003, (EC) No 1290/2005, (EC) No 3/2008 and repealing Regulations (EEC) No 2392/86 and (EC) No 1493/1999²⁰²¹;

¹⁶ **OJ L 179, 14.7.1999, p. 1.**

¹⁷ Regulation may need to be updated

¹⁸ **OJ L 189, 20.7.2007, p. 1.**

¹⁹ **OJ L 39, 13.2.2008, p. 16.**

²⁰ **OJ L 148, 6.6.2008, p. 1.**

²¹ Regulation on aromatised wines would need to be added.

(b) quality schemes for agricultural products, cotton or foodstuffs, **including farm certification schemes**, recognised by the Member States as complying with the following criteria:

(i) the specificity of the final product under such schemes is derived from clear obligations to guarantee:

- specific product characteristics, or

- 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;

(c) voluntary agricultural product certification schemes recognised by the Member States as meeting the Union best practice guidelines²² for the operation of voluntary certification schemes relating to agricultural products and foodstuffs.

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

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

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

²² Commission Communication – EU best practice guidelines for voluntary certification schemes for agricultural products and foodstuffs, OJ C 341, 16.12.2010, p. 5.

4. **In order to take into account new Union legislation that may affect this support under this measure,** ~~the~~ the Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning the specific Union quality schemes to be covered by paragraph 1(a).

Article 18

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, **the supply and saving of** energy and water; or
 - [(d) are non-productive investments linked to the achievement of agri-~~and forest-~~ environment-**climate** commitments **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 areas **systems** to be defined in the programme.]
2. **To be completed**

3. [Support under **points (a) and (b) of paragraph 1**~~this measure~~ shall be limited to the maximum support rates laid down in Annex I. These 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 ~~significant~~ natural **and other specific** constraints as referred to in Article 33(3) 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 I. However, the maximum combined support rate may not exceed 90%.]
4. ~~Paragraph 3 shall not apply to non-productive investments referred to in~~ **Support under points (c) and (d) of paragraph 1** **shall be subject to the support rates laid down in Annex I.**

4a. to be completed

Article 19

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(~~b~~) 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 Directive 2000/29/EC 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(~~a~~) shall be limited to the maximum support rates laid down in Annex I. ~~This maximum rate shall not apply to collective projects by more than one beneficiary.~~
- ~~6. The Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning the definition of eligible costs under this measure.~~

Article 20

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 ~~participating in~~ **eligible for** the small farmers scheme established by Title V of Regulation (EU) No .../2013 [DP] (hereafter "the small farmers scheme") who permanently transfer their holding to another farmer;

2. Support under **point (a)(i) of** paragraph 1(~~a~~)(i) shall be granted to young farmers.
- Support under **point (a)(ii) of** paragraph 1(~~a~~)(ii) shall be granted to farmers or members of *a* farm household **who diversify** into non-agricultural activities and to non-agricultural micro- and small- enterprises **and natural persons** in rural areas.
- Support under **point (a)(iii) of** paragraph 1(~~a~~)(iii) shall be granted to small farms as defined by Member States.
- Support under **point (b) of** paragraph 1(~~b~~) shall be granted to non-agricultural micro- and small enterprises **and natural persons** in rural areas and to farmers or members of ~~the~~ *a* farm household.
- Support under **point (c) of** paragraph 1(~~e~~) shall be granted to farmers *eligible to* participate in the small farmers scheme, at the time of submitting their application for support, for at least one year and who commit 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 as a member of a farm household, with the exception of farm workers. Where a legal person or a group of legal persons is considered as 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(~~a~~) shall be conditional on the submission of a business plan. Implementation of the business plan has to start within ~~six~~ **nine** months from the date of the decision granting the aid.

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

- [5. Support under **point (a) of** paragraph 1(~~a~~) shall be in the form of a flat rate payment, which may be paid in at least two instalments over a period of maximum five years. Instalments may be degressive. The payment of the last instalment, under **points (a)(i) and (ii) of** paragraph 1(~~a~~)(i) and (~~ii~~) shall be conditional upon the correct implementation of the business plan.]

6. The maximum amount of support **under point (a) of** ~~for~~ paragraph 1(~~a~~) is laid down in Annex I. Member States shall define the amount of support under **points (a)(i) and (a)(ii) of** paragraph 1(~~a~~)(i) and (~~ii~~) also taking into account the socio-economic situation of the programme area.

7. Support under paragraph 1(c) shall be equal to 120% of the annual payment that the beneficiary *is eligible to* received under the small farmers scheme.

- [8. The Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning the further specification of the minimum qualifications of the authorities or bodies providing advice.]

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;]
 - (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** bodies 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, ~~and~~ 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 **inside 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 ~~where one exists~~.
4. ~~**In order to ensure coherence with the Union's climate objectives,** t~~ The Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning the definition of the types of renewable energy infrastructure that shall be eligible for support under this measure.

Article 22

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

1. Support under this measure shall concern:
 - (a) afforestation and creation of woodland;
 - (b) establishment of agro-forestry systems;
 - (c) prevention and restoration of damage to forests from forest fires and natural disasters, including pest and disease outbreaks, catastrophic events and climate related threats;
 - (d) investments improving the resilience and environmental value as well as the mitigation potential of forest ecosystems;
 - (e) investments in ~~new~~ forestry technologies and in processing, **mobilising** and marketing of forest products.

2. Limitations on ownership of forests provided for in Articles ~~2336~~ to ~~2740~~ shall not apply ~~to~~ for the tropical or subtropical forests and ~~to~~ for 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 2019/93 **of 19 July 1993 introducing specific measures for the smaller Aegean islands concerning certain agricultural products** and the French overseas departments.

For holdings above a certain size, to be determined by the Member States in the programme, support shall be conditional on the ~~submission of~~ **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 1993²³ (hereinafter "sustainable forest management").

- ~~3. The Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning the conditions for establishing the occurrence of a natural disaster or of pests and diseases outbreaks, and the definition of eligible types of preventive actions.~~

²³ Second Ministerial Conference on the Protection of Forests in Europe, 16-17 June 1993, Helsinki/Finland, "Resolution H1 - General Guidelines for the Sustainable Management of Forests in Europe".

Afforestation and creation of woodland

1. Support under Article 22(1)(a) shall be granted to **public and** private land ~~holders-owners and tenants, municipalities~~ and their associations and shall cover the costs of establishment and an annual premium per hectare to cover the costs of [**agricultural income foregone**] and maintenance, including early and late cleanings, for a maximum period of **fifteen** 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 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 **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,** ~~t~~The Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning the definition of the minimum environmental requirements referred to in paragraph 2.

Establishment of agro-forestry systems

1. Support under Article 22(1)(b) shall be granted to private land ~~holders~~ owners, tenants, municipalities and their associations and shall cover the costs of establishment and an annual premium per hectare to cover the costs of maintenance for a maximum period of ~~three~~ five years.
2. "Agro-forestry systems" shall mean land use systems in which trees are grown in combination with ~~extensive~~ agriculture on the same land. The minimum and maximum number of trees ~~to be planted~~ 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 I.

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

1. Support under Article 22(1)(c) shall be granted to private, ~~semi-public~~ and public forest- ~~owners~~ **holders, municipalities, state forests 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 for 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;
 - [(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 ~~submission of~~ **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 ~~(d)~~ 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 Directive 2000/29/EC to eradicate or contain a plant disease or pest has caused the destruction of at least **[30%]** of the relevant forest potential. ~~This percentage shall be determined on the basis of either the average existing forest potential in the three-year period immediately preceding the disaster or on the average of the five-year period immediately preceding the disaster, excluding the highest and the lowest entry.~~
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 26

Investments improving the resilience and environmental value of forest ecosystems

- [1. Support under Article 22(1)(d) shall be granted to natural persons, private **and public** forest-**holders** ~~owners~~, **and other** private law and semi-public bodies, ~~municipalities~~ and their associations. ~~In the case of state forests support may also be granted to bodies managing such forests, which are independent from the state budget.~~]
2. Investments shall be aimed at the achievement of commitments undertaken for environmental aims or providing ecosystem services and/or which enhance the public amenity value of forest and wooded land in the area concerned or improve the climate change mitigation potential of ecosystems, without excluding economic benefits in the long term.

Article 27

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

1. Support under Article 22(1)(e) shall be granted to private forest- ~~owners~~ **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- 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 I.

Article 28

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 to market requirements;
 - (b) jointly placing goods on the market, including preparation for sale, centralisation of sales and supply to bulk buyers;
 - (c) establishing common rules on production information, with particular regard to harvesting and availability; and
 - (d) other activities that may be carried out by producer groups, such as development of business and marketing skills and organisation and facilitation of innovation processes.

2. Support shall be granted to producer groups which are officially recognised by the Member States' competent authority on the basis of a business plan. It shall be limited to producer groups coming under the definition of SMEs.

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

3. The support shall be paid as a flat rate aid in annual instalments **for no more than the first five years** following the date on which the producer group was recognised on the basis of its business plan **and shall be degressive**. It shall be calculated on the basis of the group's annual marketed production. 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 calculated on the basis of the average annual value of the marketed production of its members over the three years before they entered the group. In the case of producer groups in the forestry sector, support shall be calculated on the basis of the average marketed production of the members of the group 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 I.

4a. Member States may continue support for start-up to producer groups after they have been recognised as producer organisations under the conditions of Regulation (EU) xxx/xxx[sCMO].

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 be targeted to the preservation as well as the promotion of the necessary changes into agricultural practices that make a positive contribution to the environment and climate. Its inclusion** in rural development programmes shall be compulsory
2. **To be completed**
3. **To be completed**
4. Member States shall endeavour to ~~provide~~ **ensure that** persons undertaking to carry out operations under this measure **are provided** with the knowledge and information required to implement them, **such as** ~~including by~~ commitment-related expert advice and/or by making support under this measure conditional to relevant training.
5. **To be completed**
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 to a value of up to 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%.

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 areas, calculated on basis of additional costs incurred and income foregone.

7. Where required for ensuring 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 I.
No support under this measure may be granted for commitments that are covered under the organic farming measure.
9. Support may be provided for the conservation **and for the sustainable use and development** of genetic resources in agriculture for operations not covered by the provisions under paragraphs 1 to 8. **Those commitments may be carried out by other beneficiaries than those referred to in paragraph 2.**
- [10. **In order to ensure that agri-environment-climate commitments are defined in line with the Union priorities for rural development,** the Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning ~~the annual extension of the commitments after the initial period of the operation,~~ conditions applicable to commitments to extensify or ~~manage differently~~ livestock farming, **conditions applicable to conversion or adjustment of commitments,** ~~to limit fertilisers, plant protection products or other inputs,~~ **conditions applicable to commitments** to rear local breeds in danger of being lost to farming or to preserve plant genetic resources as well as concerning the definition of eligible operations under paragraph 9.]

Organic farming

- [1. Support under this measure shall be granted, per hectare of ~~UAA~~ **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 Council Regulation (EC) No 834/2007 **of 28 June 2007 on organic production and labelling of organic products.**]
2. **To be completed**
3. [Commitments under this measure shall be undertaken 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 directly following the commitment performed in the initial period, Member States may determine a shorter period in their rural development programmes.**]
4. **To be completed**
5. Support shall be limited to the maximum amounts laid down in Annex I.

Natura 2000 and Water framework directive payments

1. Support under this measure shall be granted annually and per hectare of UAA agricultural area or per hectare of forest in order to compensate beneficiaries for additional costs incurred and income foregone resulting from disadvantages in the areas concerned, related to the implementation of Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora¹, Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds² and Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy.
2. Support shall be granted to farmers and to private forest owners holders and associations to groups of farmers or associations of private forest holders owners respectively. In duly justified cases it may also be granted to other land managers.]
3. **To be completed**
4. Support to farmers, linked to Directive 2000/60/EC shall only be granted in relation to specific requirements that:
 - (a) were introduced by Directive 2000/60/EC, are in accordance with the programmes of measures of the river basin management plans for the purpose of achieving the environmental objectives of that Directive and go beyond the measures required to implement other Union legislation for the protection of water;
 - b) **To be completed;**

(c) go beyond the level of protection of the Union legislation existing at the time Directive 2000/60/EC was adopted as laid down in Article 4(9) of Directive 2000/60/EC; and
(d) impose major changes in type of land use, and/or major restrictions in farming practice resulting in a significant loss of income.

5. The 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) **To be completed**
 - (c) **To be completed**
7. Support shall be limited to the maximum amounts laid down in Annex I.

Article 32

Payments to areas facing natural or other specific constraints

To be completed

Article 33

Designation of areas facing natural and other specific constraints

To be completed

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.
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 HR/2012 and other relevant mandatory requirements established by [national] legislation. These relevant requirements shall be identified in the programme.
Those commitments shall be undertaken for a renewable period of one **[to seven years]**.
3. The area based or other unitary costs based 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 I.
- [4. **In order to ensure that animal welfare commitments are in line with the overall Union policy in this field,** tThe Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning the definition of the areas in which animal welfare commitments shall provide upgraded standards of production methods.]

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**, ~~municipalities~~ and their associations who undertake, on a voluntary basis, to carry out operations consisting of one or more forest-environment commitments. ~~Bodies managing state-owned forests may also benefit from support provided they are independent from the state budget.~~ **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 ~~submission of~~ **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 legislation. 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 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 I.

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, ~~municipalities and their associations~~ 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,** ~~t~~The Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning the types of operations eligible for support under paragraph 4.

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**, ~~and~~ food chain **and** forestry sector and among 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 62.
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 of logistic platforms to promote 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 landscape;**

(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 partnerships** other than those defined in Article 28(1)(b) of Regulation (EU) No [CSF/2012], of local development strategies **other than those defined in Article 2(16) of Regulation (EU) No [CPR]** addressing one or more of the Union priorities for rural development;

(j) drawing up of forest management plans or equivalent instruments.

[(jb) diversification into social care activities;]

3. Support under **point (b) of** paragraph 1(~~b~~) 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(~~b~~) may be granted also to individual actors where this possibility is provided for in the rural development programme.

- [4. The results of pilot projects and operations by individual actors under **points (a) and (b) of** paragraph 2(~~b~~) shall be disseminated.]

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) studies of the area concerned, feasibility studies, and ~~costs for~~ the drawing up of a business plan or a forest management plan or equivalent or a local development strategy other than the one referred to in Article 29 of Regulation EU (No) [CSF/2012];
 - (b) 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 62.** In the case of clusters, animation may also concern the organisation of training, networking between members and the recruitment of new members;
 - (c) running costs of the co-operation;
 - (d) 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 29 of Regulation (EU) No [CSF/2012] or ~~an~~ **other** actions targeted towards innovation, **including testing;**
 - (e) ~~costs of~~ promotion activities.
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 to the costs of the project.**
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,** ~~t~~The Commission shall be empowered to adopt delegated acts in accordance with Article 90 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.

Risk management

1. Support under this measure shall cover:
 - (a) financial contributions, ~~paid directly to farmers,~~ to premiums for crop, animal and plant insurance against economic losses caused by adverse climatic events, ~~and~~ animal or plant diseases, ~~or~~ pest 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** ~~who experience~~ a severe drop in their income.]
2. For the purpose of **points (b) and (c) of** paragraph 1 ~~points (b) and (c)~~, ‘mutual fund’ shall mean a scheme accredited by the Member State in accordance with its national law for affiliated farmers to insure themselves, whereby compensation payments are made to affiliated farmers ~~affected by~~ **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** ~~experiencing~~ a severe drop in their income.
3. 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.
4. The Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning the minimum and maximum duration of the commercial loans to mutual funds referred to in Articles 39(3)(b) and 40(4).

The Commission shall present a report on the implementation of this Article to the European Parliament and the Council not later than 31 December 2018.

Crop, animal, and plant insurance

1. Support under Article 37(1)(a) shall only be granted for insurance contracts which cover for loss caused by an adverse climatic event₂, or by an animal or plant disease₂, or a pest infestation₂, **or an environmental incident** or a measure adopted in accordance with Directive 2000/29/EC to eradicate or contain a plant disease₂ 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.
- 2a. As regards animal diseases, financial compensation under Article 37(1)(a) may only be granted in respect of diseases mentioned in the list of animal diseases established by the World Organisation for Animal Health and/or in the Annex to Decision 2009/470/EC.**

3. Insurance payments shall compensate for not more than the total of the cost of replacing the losses referred to in Article 37(1)(a) and shall not require or specify the type or quantity of future production.
Member States may limit the amount of the premium that is eligible for support by applying appropriate ceilings.
4. Support shall be limited to the maximum rate laid down in Annex I.

Article 39

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 to farmers in the event of crisis and for the administration and monitoring of compliance with these rules. **The occurrence of incidents mentioned in Article 37(1)(b) has to be formally recognised as such by the competent authority of the Member State concerned.]**
3. The financial contributions referred to in Article 37(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 Article 37(1)(b) shall only be granted to cover for loss caused by the outbreak of adverse climatic events, an animal or plant disease, a pest infestation, losses caused by wild animals 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 Article 37(1)(b) 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 I.
Member States may limit the costs that are eligible for support by applying:
 - (a) ceilings per fund;
 - (b) appropriate per unit ceilings.

Income stabilisation tool

- [1. Support under Article 37(1)(c) ~~may~~ **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 Article 37(1)(c) shall refer to the sum of revenues the farmer receives from the market, including any form of public support, deducting input costs. Payments by the mutual fund to farmers shall compensate for ~~not more~~ **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.
- [4. The financial contributions referred to in Article 37(1)(c) 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 I.

Article 40a

Financing of complementary national direct payments for Croatia

1. Support may be granted to farmers eligible for complementary national direct payments under Article 17a of Regulation (EU) No [DP/2012]. 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 16a of Regulation (EU) No [DP/2012]; 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%.

Rules on the implementation of the measures

The Commission shall, by means of implementing acts, adopt 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 16 ;
- (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 20;
- ~~[(c) demarcation with other measures,~~ conversion to units other than those used in Annex I, calculation of transaction costs ~~and conversion or adjustment of commitments~~ under the agri-environment-climate measure referred to in Article 29, the organic farming measure referred to in Article 30, and the forest-environmental services and forest conservation measure referred to in Article 35;]
- (d) the possibility of using standard assumptions of **additional costs and** income foregone under the measures of Articles 29 to 32, 34 and 35 and criteria for its calculation;
- (e) calculation of the amount of support where an operation is eligible for support under more than one measures.

These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 91.

SECTION 2

LEADER

Article 42

LEADER local action groups

1. In addition to the tasks referred to in Article 30 of Regulation (EU) No [CSF/2012] 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

- 1. Support under Article 31(a) of Regulation (EU) No [CSF/2012]] may also include a “LEADER start-up kit” consisting of capacity building actions for local communities who did not implement LEADER in the 2007-2013 programming period and support for small pilot projects.**

- (a) a “LEADER start-up kit” consisting of capacity building actions for groups who did not implement LEADER in the 2007-2013 programming period and support for small pilot projects;
- (b) capacity building, training and networking with a view to preparing and implementing a local development strategy.

- ~~2. The Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning the definition of the eligible costs of the actions under paragraph 1.~~

Article 44

LEADER co-operation activities

1. The support referred to in [Article 31(c) of Regulation (EU) No [CSF/2012]]²⁴ shall be granted to:
 - (a) **co-operation projects within a Member State** (inter-territorial ~~or transnational~~ co-operation) **or** projects;
~~“Inter-territorial co-operation” means co-operation within a Member State. “Transnational co-operation” means co-operation~~ **projects** between territories in several Member States **or** and 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 can demonstrate that they are envisaging the implementation of a concrete project.
2. Apart from other local action groups, the partners of a local action group under 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.

²⁴ This paragraph may be reviewed for consistency with the final text of Regulation (EU) No [CSF/2012]

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

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.

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

Article 45

Running costs and animation

- ~~1. Running costs referred to in Article 31(d) of Regulation (EU) No [CSF/2012] are costs linked to the management of the implementation of the local development strategy through the local action group.~~
- ~~2. Costs for the animation of the territory referred to in Article 31(d) of Regulation (EU) No [CSF/2012] are costs to cover actions to inform about the local development strategy as well as project development tasks.~~
- ~~3. The Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning the definition of the eligible costs of the actions under paragraph 2.~~

Chapter II

Common provisions for several measures

Article 46

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 legislation specific to that kind of investment where the investment is likely to have negative effects on the environment.~~]
2. Eligible expenditure shall be limited to:
- (a) the construction, acquisition, including leasing, or improvement of immovable property;
 - (b) the purchase or lease purchase of new machinery and equipment ~~including computing software~~ up to the market value of the asset;
 - (c) general costs linked to expenditure referred to in points (a) and (b), such as architect, engineer and consultation fees, *fees relating to advice on environmental and economic sustainability , including* feasibility studies, *and* the acquisition of patents or licenses.
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;**
 - (da) the costs of establishing forest management plans and their equivalent.**

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

In the case of irrigation in new and existing irrigated areas, only investments that fulfil the following conditions shall be considered as eligible expenditure:

a) A river basin management plan, as required under the terms of Directive 2000/60/EC, 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 same Directive and of relevance to the agricultural sector shall have been specified in the relevant programme of measures.

b) 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.

[c) 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 10 % 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:]

(i) 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;

(ii) 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 of point (c) 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.

d) 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 :

(i) 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

[(ii) ~~an substantial environmental analysis carried out under the responsibility of or approved by the competent authority~~ 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.

By way of derogation from sub-paragraph (i), investments resulting in a net increase of the irrigated area may still be eligible if:

[- 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 10 % and 25 % according to the technical parameters of the existing installation or infrastructure and]

- the investment as a whole 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 of sub-paragraph d (i) 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 1 January 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 Directive 2000/60/EC;

- on 1 January 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;

- this maximum limit or minimum required level of flow complies with the conditions set out in article 4 of Directive 2000/60/EC; and

- the investment in question does not result in abstractions beyond the maximum limit in force on 1 January 2013 or result in a reduction of the level of flow in affected water bodies below the minimum required level in force on 1 January 2013.]

4. In the case of agricultural investments, the purchase of agricultural production rights, payment entitlements, animals, annual plants and their planting shall not be eligible for investment support. However, in case of restoration of agricultural production potential damaged by natural disasters **or catastrophic events** in accordance with Article 19(1)(b), expenditure for the purchase of animals may be eligible expenditure.
6. **[In order to take account of specificities relating to particular types of investments,]** The Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning the conditions under which other costs connected with leasing contracts, second hand equipment and simple replacement investments may be considered as eligible expenditure **and the definition of the types of renewable energy infrastructure that shall be eligible for support.**

Article 47

Rules for area related payments

1. The number of hectares to which a commitment pursuant to Articles 29, 30 and 35 applies may vary from year to year where:
- (a) this possibility is provided for in the rural development programme; **and**
 - (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 for which a commitment given as a condition for the grant of assistance runs, the commitment **or part of the commitment corresponding to the land transferred** may be taken over for the remainder of the period by that other person or 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 HR/2012**.
5. Paragraph 2 as regards cases of transfer of the entire holding and paragraph 4 shall also apply to commitments under Article 34.
6. **In order to ensure the efficient implementation of area related measures and secure the financial interests of the Union,** ~~the~~ the Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning ~~conditions applicable in case of partial transfer of a holding,~~ the definition of other situations in which reimbursement of the aid shall not be required.

Article 48

Revision clause

A revision clause shall be provided for operations undertaken pursuant to Articles 29, 30, 34 and 35 in order to ensure their adjustment in the case of amendments of the relevant mandatory standards, requirements or obligations referred to in those Articles beyond which the commitments have to go. Operations undertaken pursuant to Articles 29, 30 and 35 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.**

Article 49

Project selection

1. **To be completed**
- [2. The Member State authority responsible for project selection **of operations** shall ensure that **operations** projects are selected in accordance with the selection criteria referred to in paragraph 1 and according to a transparent and well documented procedure. Application of **the** selection criteria shall not be compulsory ~~in the case of the measures referred to in Articles 29 to 32, 34 and 35 except~~ where available funds are not sufficient to cover all eligible applications **and where it is documented that all applications are qualified for support through the use of the eligibility criteria for the relevant measure.**]

Article 50

Rural area definition

[For the purposes of this Regulation the Managing Authority shall define "rural area" at programme level.]

Chapter III

Technical assistance and networking

Article 51

Funding technical assistance

1. In accordance with Article 6 of Regulation (EU) No HR/2012 the EAFRD may use up to 0,25% of its annual allocation to finance the tasks referred to in Article 51 of Regulation (EU) No [CSF/2012], 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 ~~and the European evaluation network for rural development referred to in Article 54~~, at the Commission's initiative and/or on its behalf.

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

Those actions shall be carried out in accordance with Article 53(2) of Regulation (EC, Euratom) No 1605/2002 and any other provisions of that Regulation and of its implementing provisions applicable to this form of execution of the budget.

2. ~~A sum of EUR 30 million shall be withdrawn from the allocation referred to in paragraph 1 and used to finance the prize for innovative, local cooperation referred to in Article 56.~~
3. 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 52 of Regulation (EC) No [CSF/2012], as well as costs related to preparatory work for the delimitation of areas facing natural **or other specific** constraints referred to in Article 33(3).

Costs relating to the certification body referred to in Article 9 of Regulation (EU) No HR/2012 shall not be eligible under this paragraph.

Within the 4% limit an amount shall be reserved for establishing and operating the national rural network referred to in Article 55.

4. **In order to ensure the efficient use of EAFRD budgetary resources,** tThe Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning the further definition of control actions that shall be eligible for support under paragraph 3.
5. **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 65(3) may be determined taking into account the predominant type of regions, by their number, in the programme.**

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 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;**
 - (c) set up and run thematic groups and/or workshops with a view to facilitating the exchange of expertise and to supporting implementation and monitoring and further development of rural development policy;
 - (d) provide information on developments in the rural areas of the Union and in third countries;
 - (e) organise meetings and seminars at Union level for those actively involved in rural development;
 - [(f) support the national networks and transnational co-operation initiatives; **support the exchange on actions and experience in the field of rural development with networks in third countries;**

(g) specifically for local action groups:

- (i) create synergies with the activities carried out on national and/or regional level 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, by means of implementing acts, set 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 91.

Article 53

EIP network

1. A EIP network shall be put in place to support the EIP for agricultural productivity and sustainability referred to in Article 61, in accordance with Article 51(1). It shall enable the networking of operational groups, advisory services and researchers

1a. 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.

2. 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) ~~animate discussions at the level of the programme in view of encouraging the setting up of operational groups~~ **and inform about the opportunities provided by Union policies;**
 - (ba) facilitate the setting up of cluster initiatives and pilot or demonstration projects which may, among others, concern:**
 - (i) increased agricultural productivity, 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 lifestyles;**
 - (vii) reduce post-harvest losses and food wastage.**
 - (c) ~~screen and report on research results and knowledge relevant to the EIP;~~
 - (d) ~~collect, consolidate and disseminate good practice relevant to innovation;~~
 - (e) Collect and disseminate information in the field of the EIP, including research findings and new technologies relevant to innovation and knowledge exchange, [including exchanges in the field of innovation with third countries.]**
3. The Commission shall, by means of implementing acts, set 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 91.

Article 54

European evaluation network for rural development

1. ~~A European evaluation network for rural development shall be put in place to support the evaluation of rural development programmes in accordance with Article 51(1). It shall enable the networking of those involved in the evaluation of rural development programmes.~~
2. ~~The aim of the European evaluation network for rural development shall be to facilitate the exchange of expertise and good practices on evaluation methodologies, to develop evaluation methods and tools, to provide support on evaluation processes, and on data collection and management.~~
3. ~~The Commission shall, by means of implementing acts, set out the organisational structure and operation of the European evaluation network for rural development. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 91.~~

Article 55

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 [CSF/2012] shall also be part of the national rural network.

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

2. Networking by the national rural network shall aim to:
 - (a) increase the involvement of stakeholders in 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 containing at least the following:
 - ~~(i) network management;~~
 - ~~(ii) involvement of stakeholders in support of programme design;~~
 - (iii) share and disseminate monitoring and evaluation findings;**
 - [(iv) provision of training and networking activities for advisors and innovation support services;]**
 - (v) collection of examples of projects covering all priorities of the rural development programmes;
 - (vii) provision of training and** networking activities 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 36;
 - (viii) facilitation of thematic and analytical exchanges between rural development stakeholders, sharing and dissemination of findings;**
 - ~~(ix) — networking activities for innovation;~~
 - (iv) 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;
 - (xi) provision to participate in and contribute to the activities of the European rural development network;

~~(c) the setting up of a pre-selection board of independent experts and the process of pre-selection of applications for the prize for innovative local co-operation referred to in Article 58(2).~~

4. The Commission shall, by means of implementing acts, adopt rules for the establishment and operation of national rural networks. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 91.

~~Chapter IV~~

~~Prize for innovative, local cooperation in rural areas~~

Article 56

~~Prize for innovative, local cooperation in rural areas~~

~~The funds referred to in Article 51(2) shall be used for financing the award of a prize to cooperation projects involving at least two entities located in different Member States that realise an innovative, local concept.~~

Article 57

Call for proposals

1. ~~Starting at the latest in 2015 and every year thereafter the Commission shall launch a call for proposals in view of awarding the prize referred to in Article 56. The last call for proposals shall be launched no later than in 2019.~~
2. ~~The call for proposals shall indicate a theme for the proposals which shall be related to one of the Union priorities for rural development. The theme shall also be appropriate for implementation through cooperation at transnational level.~~
3. ~~The call for proposals shall be open to both local action groups and individual entities cooperating for the purpose of the specific project.~~

Selection procedure

1. ~~Applications for the prize shall be submitted by applicants in all Member States to the respective national rural network, which will be responsible for pre-selecting applications.~~
2. ~~National rural networks shall set up, from within their members, a pre-selection board of independent experts in order to pre-select applications. Pre-selection of applications shall be done on the basis of the exclusion, selection and award criteria defined in the call for proposals. Each National Rural Network shall pre-select no more than 10 applications and shall transmit them to the Commission.~~
3. ~~The Commission shall be responsible for the selection of fifty winning projects among the applications pre-selected in all the Member States. The Commission shall set up an ad hoc steering group composed of independent experts. This steering group shall prepare the selection of the winning applications on the basis of the exclusion, selection and award criteria defined in the call for proposals.~~
4. ~~The Commission shall, by means of an implementing act, decide on the list of projects to which the prize is awarded.~~

Financial Prize—conditions and payment

1. ~~In order for projects to be eligible for the prize, the time required for their completion shall not exceed two years from the date of adoption of the implementing act awarding the prize. The time frame of realisation of the project shall be defined in the application.~~
2. ~~The prize shall be granted in the form of a lump sum payment. The amount of the payment shall be determined by the Commission, by means of implementing acts, in line with criteria defined in the call for proposals and taking into account the estimated cost of realisation of the project indicated in the application. The maximum prize per project shall not exceed 100 000 euro.~~
3. ~~Member States shall pay the award to winning applicants after verifying that the project has been completed. The relevant expenditure shall be reimbursed by the Union to Member States in accordance with the provisions of Section 4 of Chapter II of Title IV of Regulation (EU) No HR/2012. Member States may decide to pay fully or partly the sum of the prize to the winning applicants before having verified the completion of the project but they shall, in this case, bear the responsibility for the expenditure until the completion of the project is verified.~~

~~Rules on the procedure, timetables and setting up of the steering group~~

~~The Commission shall by means of implementing acts lay down detailed provisions on the procedure and timetables for the selection of projects and rules on the setting up of the steering group of independent experts referred to in Article 58(3). Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 91.~~

TITLE IV

The European Innovation Partnership (EIP) for agricultural productivity and sustainability

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, **progressing 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, both existing and new ones;

- (c) improve processes to preserve the environment, adapt to climate change and mitigate it;
- (d) build bridges between cutting-edge research knowledge and technology and farmers, **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 36, of the EIP operational groups referred to in Article 62 and the EIP Network referred to in Article 53.

Article 62

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, transparency in their operation **and decision-making** and avoid situations of conflict of interest.]
- 3. The Member States shall decide within the framework of their programmes to what extent they will support the operational groups.**

Article 63

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. In 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 64

Resources and their distribution

To be completed

Article 65

Fund contribution

To be completed

Article 66

~~Funding for operations with a significant contribution to innovation~~

~~The funds transferred to the EAFRD in application of Article 7(2) of Regulation (EU) No DP/2012 shall be reserved for operations which provide a significant contribution to innovation relevant to agricultural productivity and sustainability, including climate mitigation or adaptation.~~

Eligibility of expenditure

1. By way of derogation from Article 55(7) of Regulation (EC) No [CSF/2012], 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 46(2)(c), in respect of investment operations under measures falling within the scope of Article 42 of the Treaty, 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).
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 Article 57(1)(b), (c) and (d) of Regulation (EU) [CSF/2012].

Article 68

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.
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 59 of Regulation (EU) No [CSF/2012] are fulfilled.

4. ~~Indirect costs shall be eligible for support under the measures referred to in Articles 15, 16, 19, 21, 25 and 36.~~

Article 69

Verifiability and controllability of measures

1. Member States shall ensure that all the rural development measures they intend to implement are verifiable and controllable. To this end the Managing Authority and the paying agency of each rural development programme shall provide an *ex ante* assessment of the 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 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.

[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 ~~calculations~~ **programme implementation** and possesses the appropriate expertise shall **perform the calculations or confirm** ~~provide a certificate confirming~~ the adequacy and accuracy of the calculations. That ~~certificate~~ **confirmation** shall be included in the rural development programme.]

Article 70

Advances

To be completed.

TITLE VI

Management, control and publicity

Article 71

Responsibilities of the Commission

To ensure, in the context of shared management, sound financial management in accordance with Article 317 of the Treaty, the Commission shall carry out the measures and controls laid down in Regulation (EU) No HR/2012.

Responsibilities of the Member States

1. Member States shall adopt all the legislative, statutory and administrative provisions in accordance with Article 60(1) of Regulation (EU) No HR/2012 in order to ensure that the Union's financial interests are effectively protected.
2. Member States shall designate, for each rural development programme, the following authorities:
 - (a) the Managing Authority, which may be either a public or private body acting at national or regional level, or the Member State itself when it carries out that task, to be in charge of the management of the programme concerned;
 - (b) the accredited paying agency within the meaning of Article 7 of Regulation (EU) No HR/2012;
 - (c) the certification body within the meaning of Article 9 of Regulation (EU) No HR/2012.
3. Member States shall ensure for each rural development programme that the relevant management and control system has been set up ensuring a clear allocation and separation of functions between the Managing Authority and other bodies. Member States shall be responsible for ensuring that the systems function effectively throughout the programme period.
4. Member States shall clearly define the tasks of the managing authority, the Paying Agency and, the local action groups under LEADER as regards to the application of eligibility and selection criteria and the project selection procedure.

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, on ~~a quarterly basis~~ **an annual basis**, with relevant indicator data on operations selected for funding, including ~~key characteristics of the~~ **information on output and financial indicators** ~~beneficiary as well as the project;~~]
 - (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 48 of Regulation (EU) No [CSF/2012] 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 49 of Regulation (EU) No [CSF/2012] is in place, that the *ex post* programme evaluation referred to in Article 50 of Regulation (EU) No [CSF/2012] 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;
- (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 8, 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 74.

3a. Subject to the role of the paying agencies and other bodies as set out in Regulation(EU) HR/2012 , 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.

TITLE VII

Monitoring and evaluation

Chapter I

General provisions

SECTION 1

ESTABLISHMENT AND OBJECTIVES OF A MONITORING AND EVALUATION SYSTEM

Article 74

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 adopted in accordance with the examination procedure referred to in Article 91.

Objectives

The monitoring and evaluation system shall aim:

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

SECTION 2

TECHNICAL PROVISIONS

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 74 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 publicly 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 RD programmes, the Commission with the help of the Member States shall assess the combined impact of all CAP instruments.**]

Article 77

Electronic Information System

1. 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 ~~the~~ key characteristics of the **information on each** beneficiary and ~~the~~ project, shall be recorded and maintained electronically.
2. ~~The Commission shall ensure that there is an appropriate secure electronic system to record, maintain and manage key information and report on monitoring and evaluation.~~

Article 78

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 79

Monitoring procedures

1. The Managing Authority and the Monitoring Committee referred to in Article 41 of Regulation (EU) No [CSF/2012] shall monitor the quality of programme implementation.
2. The Managing Authority and the Monitoring Committee shall carry out monitoring of each rural development programme by means of financial, output and target indicators

Article 80

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.

Responsibilities of the Monitoring Committee

1. 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 43 of Regulation (EU) No [CSF] the Monitoring Committee:
 - (a) shall be consulted and issue an opinion, within four months of the decision approving the programme, on the selection criteria for financed operations. The selection criteria shall be revised according to programming needs;
 - [(b) shall examine the activities and outputs related to **the progress in the implementation of** the evaluation plan of the programme;]
 - [(c) shall 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;**]
 - (d) shall participate in the National Rural Network to exchange information on programme implementation;
 - [(e) shall consider and approve the annual implementation reports before they are sent to the Commission.]

Annual implementation report

1. By ~~31 May~~ **30 June** 2016 and by ~~31 May~~ **30 June** each subsequent year until and including ~~2023~~ **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 what is provided in Article 44 of Regulation (EU) No [CSF/2012] 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 what is provided in Article 44 of Regulation (EU) No [CSF/2012], the annual implementation report submitted in 2017 shall also cover a description of the implementation of any sub-programmes included within the programme, ~~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, and the findings relating to the meeting of the targets for each priority included in the RD programme.~~]
4. In addition to what is provided in Article 44 of Regulation (EU) No [CSF/2012], 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, by means of implementing acts, adopt 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 91.

Chapter III

Evaluation

Article 83

General provisions

1. The Commission ~~shall~~ **may**, by means of implementing acts, provide for the elements to be contained in the *ex ante* and *ex post* evaluations referred to in Articles 48 and 50 of Regulation (EU) No [CSF/2012] and establish the minimum requirements for the evaluation plan referred to in Article 49 of Regulation (EU) No [CSF/2012]. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 91.
2. Member States shall ensure that the evaluations conform to the common evaluation approach agreed in accordance with Article 74, shall organise the production and gathering of the requisite data, and shall supply the various pieces of information provided by the monitoring
3. The evaluation reports shall be made available by the Member States on the internet and by the Commission on the Union website.

Article 84

Ex ante evaluation

Member States shall ensure that the ex ante evaluator is engaged from an early stage in the process of development of the rural development programme, including the development of the analysis referred to in Article 9(1)(b), the design of the programme's intervention logic and the establishment of the programme's targets.

Article 85

Ex post evaluation

In ~~2023~~ **2024**, an *ex post* evaluation report shall be prepared by the Member States for each of their rural development programmes. This report shall be submitted to the Commission by 31 December ~~2023~~ **2024** at the latest.

Article 86

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 87

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 between undertakings which comply with the competition rules as they apply by virtue of Articles 143 to 145 of the Regulation of the European Parliament and the Council (EU) No sCMO/2012.

Article 88

State aid

1. Save as otherwise provided for in this Title, Articles 107, 108 and 109 of the Treaty shall apply to support for rural development by Member States.
2. Articles 107, 108 and 109 of the Treaty shall not apply to payments made by Member States pursuant to, and in conformity with, this Regulation, or to additional national financing referred to in Article 89, within the scope of Article 42 of the Treaty.

Article 89

Additional national financing

To be completed.

TITLE IX

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

Chapter I

Commission powers

Article 90

Exercise of the delegation

1. The power to adopt delegated acts **referred to in Articles [...]** 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 [...] ~~this Regulation~~ shall be conferred on the Commission for an ~~indeterminate~~ period of [seven years] ~~time~~ 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 ~~delegation of power~~ **to adopt delegated acts** referred to in Articles [...]²⁵ ~~this Regulation~~ 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 [...] ~~this Regulation~~ 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.

²⁵ **To be completed once the list of delegated acts is completed.**

Article 91

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.

TITLE IX

Commission powers, common provisions and transitional and final provisions

Chapter II

Common provisions

Article 92

Exchange of information and documents

1. The Commission, in collaboration with the Member States, shall establish an information system to permit the secure exchange of data of common interest between the Commission and each Member State. The Commission shall, by means of implementing acts, adopt rules for the operation of that system. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 91

- 2 The Commission shall ensure that there is an appropriate secure electronic system to record, maintain and manage key information and report on monitoring and evaluation.**

Article 92a

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 as well as 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 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 92, 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.**

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.

Article 93

General CAP provisions

Regulation (EU) No HR/2012 and the provisions adopted pursuant to it shall apply in relation to the measures set out in this Regulation.

Chapter III

Transitional and final provisions

Article 94

Repeal

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 95

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 90 concerning 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 96

Entry into force and application

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

It shall apply from 1 January 2014.

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

Done at ,

ANNEX I

Amounts and support rates

To be completed

ANNEX II

Biophysical criteria for the delimitation of areas facing natural constraints

To be completed

ANNEX III

Indicative list of measures and operations of particular relevance to thematic sub-programmes referred to in Article 8

To be completed

ANNEX IV

Ex ante conditionalities for rural development

To be completed

[ANNEX V]

Indicative list of measures with relevance to one or more Union priorities for rural development

Measures of particular relevance to several Union priorities

To be completed
