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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 the outcome of the 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 outcome of the informal trilogues as at 19 June 2013.

All changes compared to the Commission proposal are marked in **bold underlined** and strikethrough. All outstanding issues appear in [square brackets].

Delegations are invited to note that recitals will be completed following the political agreement on the text of the provisions. Only recitals agreed during the trilogues appear in the text.

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 ~~P~~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:

(1) To be completed

(2) To be completed.

(3) To be completed

(4) To be completed

(5) To be completed

¹ OJ C [...], [...], p. [...].

² OJ C [...], [...], p. [...].

³ OJ C [...], [...], p. [...].

⁴ OJ C [...], [...], p. [...].

- (6) To be completed
- (7) To be completed
- (8) To be completed
- (9) To be completed
- (10) To be completed
- (11) To be completed
- (12) To be completed
- (13) To be completed

(14) The evolution and specialisation of agriculture and forestry and the particular challenges faced by micro-, small and medium-sized enterprises (hereinafter "SMEs") in rural areas require an appropriate level of technical and economic training as well as an increased capacity to access and exchange knowledge and information including in the form of diffusion of best agricultural and forestry production practices. Knowledge transfer and information actions should take not only the form of traditional training courses but be adapted to the needs of rural actors. Workshops, coaching, demonstration activities, information actions but also short-term farm exchange or visit schemes should therefore also be supported. Knowledge and information acquired should enable farmers, forest holders, persons engaged in the food sector and rural SMEs to enhance in particular their competitiveness and resource efficiency and improve their environmental performance while at the same time contributing to the sustainability of the rural economy. ***When providing support to SMEs, Member States may give priority to SMEs linked to the agriculture and forestry sectors.*** In order to ensure that knowledge transfer and information actions are effective in delivering these results it should be required that the providers of knowledge transfer services have all the appropriate capabilities.

- (15) To be completed

(16) Farm advisory services help farmers, forest holders and SMEs in rural areas to improve the sustainable management and overall performance of their holding or business. Therefore both the setting up of such services and the use of advice by farmers, forest holders and SMEs should be encouraged. In order to enhance the quality and effectiveness of the advice offered, provision should be made for the minimum qualifications and regular training of advisors. Farm advisory services, as provided for in Regulation of the European Parliament and of the Council (EU) No .../2013 [HR] should help farmers assess the performance of their agricultural holding and identify the necessary improvements as regards the statutory management requirements, good agricultural and environmental conditions, agricultural practices beneficial to the climate and the environment set out in Regulation of the European Parliament and of the Council (EU) No .../2013 [DP], requirements or actions related to climate change mitigation and adaptation, biodiversity, protection of water, animal disease notification and innovation at least as laid down in Annex I to Regulation (EU) No .../2013 [HR]. Where relevant, advice should also cover occupational safety standards **or safety linked to the farm**. Advice may also cover **setting up of young farmers, sustainable development of the economic activities of the holding, local processing and marketing** issues linked to the economic, agricultural and environmental performance of the holding or enterprise. **When providing support to SMEs, Member States may give priority to micro-enterprises and SMEs linked to the agriculture and forestry sectors**. Farm management and farm relief services should help farmers improve and facilitate management of their holding.

(17) To be completed

(18) To be completed

(19) To be completed

(20) To be completed

(21) The creation and development of new economic activity in the form of new farms, **diversification into non-agricultural activities including providing services to agricultural and forestry; activities related, activities related to health care, social integration and tourist activities** is essential for the development of rural areas. A farm and business development measure should facilitate the initial establishment of young farmers and the structural adjustment of their holdings after initial setting up. **In order to address problems of young farmers related to access to land Member States could also offer this support in combination with other forms of support e.a. through the use of financial instruments. Furthermore,** diversification of farmers into non-agricultural activities and the setting up and development of non-agricultural SMEs in rural areas **should be promoted. The measure should also encourage entrepreneurship of women in rural areas.** The development of small farms, which are potentially economically viable should also be encouraged. In order to ensure the viability of new economic activities supported under this measure, support should be made conditional on the submission of a business plan. Support for business start up should cover only the initial period of the life of a business and not become operating aid. Therefore, where Member States opt to grant aid in instalments these should be for a period of no more than five years. In addition, in order to encourage the restructuring of the agricultural sector, support should be provided for farmers who commit to transfer their entire holding and the corresponding payment entitlements to another farmer. **Such support may also take the form of a one-off payment.**

(22) To be completed

(23) To be completed

(24) The development of local infrastructure and local basic services in rural areas, including leisure and culture, the renewal of villages and activities aimed at the restoration and upgrading of the cultural and natural heritage of villages and rural landscapes is an essential element of any effort to realise the growth potential and promote the sustainability of rural areas. Support should therefore be granted to operations with this aim, including the access to Information and Communication Technologies and the development of fast and ultra-fast broadband. In line with these objectives, development of services and infrastructure leading to social inclusion and reversing trends of social and economic decline and depopulation of rural areas should be encouraged. In order to achieve the maximum effectiveness for such support, covered operations should be implemented in accordance with plans for the development of municipalities and their basic services, where such plans exist, elaborated by one or more rural communes. **Member States may give priority to investments by community-led local development partnerships, and to projects managed by local community organisations.** ~~In order to ensure coherence with the Unions climate objectives the power to adopt acts in accordance with Article 290 of the Treaty should be delegated to the Commission in respect of defining the types of renewable energy infrastructure that shall be eligible for support~~

(25) To be completed

(26) To be completed

(27) Producer groups **and organisations** help farmers to face jointly the challenges posed by increased competition and consolidation of downstream markets in relation to the marketing of their products including in local markets. The setting up of producer groups **and organisations** should therefore be encouraged. In order to ensure the best use of limited financial resources only producer groups that qualify as SMEs should benefit from support. **Member States may give priority to producer groups of quality products covered by Article 17.** In order to ensure that the producer group becomes a viable entity, a business plan should be submitted as a condition for the recognition of a producer group by Member States. To avoid providing operating aid and maintain the incentive role of support, its maximum duration should be limited to five years.

[(28) Agri-environment-climate payments should continue to play a prominent role in supporting the sustainable development of rural areas and in responding to society's increasing demands for environmental services. They should further encourage farmers and other land managers to serve society as a whole by introducing or continuing to apply agricultural practices contributing to climate change mitigation and adaptation and compatible with the protection and improvement of the environment, the landscape and its features, natural resources, the soil and genetic diversity. In this context the conservation of genetic resources in agriculture and the additional needs of farming systems that are of high nature value should be given specific attention. Payments should contribute to covering additional costs and income foregone resulting from the commitments undertaken and should only cover commitments going beyond relevant mandatory standards and requirements, in accordance with the "polluter pays" principle. In many situations the synergies resulting from commitments undertaken jointly by a group of farmers multiply the environmental and climate benefit. However, joint action brings additional transaction costs which should be compensated adequately. In order to ensure that farmers and other land managers are in a position to correctly implement the commitments they have undertaken, Member States should endeavour to provide them with the required skills and knowledge. Member States should maintain the level of efforts made during the 2007-2013 programming period and have to spend a minimum of 25 % of the total contribution from the EAFRD to each rural development programme for climate change mitigation and adaptation, **biodiversity, resource efficiency and soil, water** and land management, through the agri-environment-climate, organic farming and payments to areas facing natural or other specific constraints measures, **forestry measures , investment support contributing to these objectives and payments for Natura 2000 areas, as well as payments related to the implementation of Water Framework Directive.**]

- (29) To be completed
- (30) To be completed
- (31) To be completed
- (32) To be completed
- (33) To be completed
- (34) To be completed
- (35) To be completed

(36) During the 2007-2013 programming period **the** only ~~one~~ type of co-operation **which** was explicitly supported under rural development policy: **was** co-operation for the development of new products, processes and technologies in the agriculture and food sector and the forestry sector. Support for this type of co-operation is still necessary but should be adapted in order better to meet the requirements of the knowledge economy. In this context, ~~there possibility~~ should be **the possibility** ~~provided~~ for projects by a single operator to be financed under ~~this~~ **that** measure, on condition that the results obtained are disseminated, thus achieving the purpose of diffusion of new practices, processes or products. In addition, it has become clear that supporting a much broader range of types of co-operation, with a wider range of beneficiaries, from **smaller** operators to larger ones, can contribute to achieving the objectives of rural development policy by helping operators in rural areas ~~to~~ overcome the economic, environmental and other disadvantages of fragmentation.

Therefore, the measure should be widened. Support for small operators to organise joint work processes and share facilities and resources should help them to be economically viable despite their small scale. Support for horizontal and vertical co-operation among actors in the supply chain, as well as for promotion activities in a local context, should catalyse the economically rational development of short supply chains, local markets and local food chains. Support for collective approaches to environmental projects and practices should help to provide greater and more consistent environmental and climate benefits than can be delivered by individual operators acting without reference to others (for example, through practices applied on larger unbroken areas of land). Support in these various areas should be provided in various forms. Clusters and networks are particularly relevant to the sharing of expertise as well as the development of new and specialised expertise, services and products. Pilot projects are important tools for testing the commercial applicability of technologies, techniques and practices in different contexts, and adapting them where necessary. Operational groups are a pivotal element of the European Innovation Partnership (hereinafter "EIP") for agricultural productivity and sustainability. Another important tool lies in local development strategies operating outside the framework of LEADER local development – between public and private actors from rural and urban areas. Unlike within the LEADER approach, such partnerships and strategies could be limited to one sector and/or to relatively specific development aims, including those mentioned above. **Member States may give priority to co-operation among entities involving primary producers.** Inter-branch organisation should also be eligible for support under this measure. It should be limited to seven years except for collective environmental and climate action in duly justified cases.

To be completed

HAVE ADOPTED THIS REGULATION:

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", "beneficiary", "community-led local development strategy", "public expenditure", "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)¹ of the European Parliament and the Council² 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.

¹ This paragraph may be reviewed for consistency with the final text of Regulation (EU) No [CSF/2012]
² OJ L [...], [...], p. [...].

(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 1059/2003¹ 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;

(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;**

¹ Regulation (EC) No 1059/2003 of the European Parliament and of the Council of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS)

~~(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;~~

~~(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/EC¹, shall be regarded as public contribution.;~~

¹ 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/EC¹;

(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**² ~~utilised agricultural area (UAA) within the meaning of Commission Decision 2000/115/EC of 24 November 1999~~³;

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

¹ Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises. OJ L 124, 20.5.2003, p. 36.

² Once this definition is agreed, Articles 30-33 would be aligned, and any reference to UAA replaced by "agricultural area"

³ ~~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~~

(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/EEC¹ **2009/470/EC**²;

(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;

(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;

¹ OJ L 224, 18.8.1990, p. 19.

² Council Decision 2009/470/EC of 25 May 2009 on expenditure in the veterinary field

(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 Council¹.

(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;

¹ OJ L [...], [...], p. [...].

(xb) “forest” means an area of land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10 percent, or trees able to reach these thresholds in situ. 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**.

Article 5

Union priorities for rural development

The achievement of the objectives of rural development, which contribute to the Europe 2020 strategy for smart, sustainable and inclusive growth, shall be pursued through the following six Union priorities for rural development, which 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 **in all regions 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 and ammonia** emissions from agriculture;
 - (e) fostering carbon **conservation and** sequestration in agriculture and forestry;
- (6) promoting social inclusion poverty reduction and economic development in rural areas, with a focus on the following areas:
- (a) facilitating diversification, creation **and development** of ~~new~~ small enterprises and job creation;
 - b) fostering local development in rural areas;
 - "(c) enhancing accessibility to, use and quality of information and communication technologies (ICT) in rural areas.

All of the priorities shall contribute to the cross-cutting objectives of innovation, environment and climate change mitigation and adaptation. **Programmes may address fewer than six priorities if justified on the basis of the analysis of the situation in terms strengths, weaknesses, opportunities and threats (hereinafter "SWOT") and the ex ante evaluation or addressed by other means. At least four priorities shall be addressed by each programme. When a Member State submits a national programme and a set of regional programmes, the national programme may address less than four priorities. Other focus areas may be included in programmes in order to pursue one of the priorities if justified and measurable.**¹

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.~~

¹ Further clarification may be provided at technical level

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%.

Article 9

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~~ pertinent approach towards innovation with a view to achieving the Union priorities for rural development, including the EIP for agricultural productivity and sustainability, towards the environment, including the specific needs of Natura 2000 areas, and towards climate change mitigation and adaptation is integrated into the programme;

~~(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) for each ex ante conditionality, established in accordance with Article 17 and Annex (...) of Regulation [CSF/2013], and in accordance with Annex IV of this regulation, which is relevant and applicable to the programme and its specific objectives, an assessment of whether the ex-ante conditionality is fulfilled at the date of submission of the Partnership Agreement and the programme, and where ex-ante conditionalities are not fulfilled, a description of the actions to fulfil the ex-ante conditionality when required, the responsible bodies and a timetable for such actions in accordance with the summary submitted in the Partnership Agreement.

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

(e) a description of each of the measures selected;

~~(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)(ia) 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) ~~the elements needed for the appraisal under Article 89 and~~, where applicable, the list of aid schemes falling under Article 88(1) to be used for the implementation of the programmes;

(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; in this context Member States may provide for priority to be given to SMEs linked to the agriculture and forestry sector.

(v) in relation to local development, where applicable, a description of the mechanisms to ensure coherence between activities envisaged under the local development strategies, the "Cooperation" measure referred to in Article 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

In addition to the **general** *ex ante* conditionalities referred to in Annex IV, the ~~general *ex ante* conditionalities established~~ **referred to** in Annex IV of Regulation (EU) No [CSF/2012], **the ex ante conditionalities referred to in Annex IV of this Regulation** shall apply for the EAFRD **programming, if relevant and applicable to the specific objectives pursued within the priorities of the programme.**

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.**

Article 13

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

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

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. Support under this measure shall be for the benefit of persons engaged in the agricultural, food and forestry sector, land managers and other economic actors which are SMEs operating in rural areas.

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

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

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

4. Eligible costs under this measure shall be the costs of organising and delivering the knowledge transfer or information action. In the case of demonstration projects, support may also cover relevant investment costs. Costs for travel, accommodation and per diem expenses of participants as well as the cost of replacement of farmers shall also be eligible. **All costs identified under this paragraph shall be paid to the beneficiary.**

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.

The Commission shall, by means of implementing acts lay down the rules on payment modalities for farmers' costs, including through the use of vouchers or other similar forms.

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

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 the **individual** 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 **including competitiveness aspects. This may include advice for the development of short supply chains, organic farming and health aspects of animal husbandry.**

5. Advice to forest holders shall cover as a minimum the relevant obligations under Directives 92/43/EEC, 2009/147/EC and 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.~~

Article 17

Quality schemes for agricultural products, and foodstuffs

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

(a) quality schemes 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 wine¹;

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 2092/91³;

¹ **OJ L 179, 14.7.1999, p. 1.**

² Regulation may need to be replaced by Regulation EU/2012 [sCMO]

³ **OJ L 189, 20.7.2007, p. 1.**

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 1576/89¹;

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 1493/1999²³;

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

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

- 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;

¹ **OJ L 39, 13.2.2008, p. 16.**

² **OJ L 148, 6.6.2008, p. 1.**

³ Regulation on aromatised wines would need to be added.

(ii) the scheme is open to all producers;

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

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

(c) voluntary agricultural product certification schemes recognised by the Member States as meeting the Union best practice guidelines¹ for the operation of voluntary certification schemes relating to agricultural products and foodstuffs.

[1a. Support under this measure may also cover costs arising from information and promotion activities concerning products covered by the support of the quality schemes referred to in paragraph 1.]

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.

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

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

¹ 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 support under this measure,** ~~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. Support under **point (a) of** paragraph 1 shall be granted to **farmers or groups of farmers.**

In the case of investments to support farm restructuring, ~~only farms not exceeding a certain size, to be defined by the Member States shall~~ **target the support to farms in accordance with** ~~in the programme based on~~ the SWOT analysis carried out in relation to the Union priority for rural development "enhancing **farm viability** and competitiveness of all types of agriculture **in all regions and promoting innovative farm technologies**" shall be eligible.

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) **for investments linked to operations under Articles 29, 30** 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. Support may be granted to young farmers setting up for the first time in an agricultural holding as head of the holding for investments to comply with Union standards applying to agricultural production, including occupational safety. Such support may be provided for a maximum of 24 months from the date of setting up.**

4b. Where Union legislation imposes new requirements on farmers support may be granted for investments to comply with those requirements for a maximum of 12 months from the date on which they become mandatory for the agricultural holding.

Article 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 **who comply with the definition of active farmers in Article 9 of Regulation (EU) No .../2013 [DPI]**.

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 minimum content of business plans and the criteria to be used by Member states for setting the thresholds referred to in paragraph 4.

Article 21

Basic services and village renewal in rural areas

1. Support under this measure shall cover in particular:
 - (a) the drawing up and updating of plans for the development of municipalities, **and villages** in rural areas and their basic services and of protection and management plans relating to NATURA 2000 sites and other areas of high nature value;
 - (b) investments in the creation, improvement or expansion of all types of small scale infrastructure, including investments in renewable energy **and energy saving**;
 - (c) broadband infrastructure, including its creation, improvement and expansion, passive broadband infrastructure and provision of access to broadband and public e-government solutions;
 - (d) investments in the setting-up, improvement or expansion of local basic services for the rural population, including leisure and culture, and the related infrastructure;

(e) investments for public **use** 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. 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 1993¹ (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.~~

Article 23

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 ~~ten~~ **twelve** years. **In the case of state-owned land, support may only be granted if the body managing such land is a private body or a municipality.**

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

¹ 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".

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.

Article 24

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.

Article 25

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 **20%** 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 **or organisations** to market requirements;
 - (b) jointly placing goods on the market, including preparation for sale, centralisation of sales and supply to bulk buyers;
 - (c) establishing common rules on production information, with particular regard to harvesting and availability; and
 - (d) other activities that may be carried out by producer groups **and organisations**, such as development of business and marketing skills and organisation and facilitation of innovation processes.

2. Support shall be granted to producer groups **and organisations** 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 **or organisation**.

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 **or organisation** 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 **or organisation** calculated on the basis of the average annual value of the marketed production of its members over the three years before they entered the group. In the case of producer groups **and organisations** in the forestry sector, support shall be calculated on the basis of the average marketed production of the members of the group **or organisation** over the last five years before the recognition, excluding the highest and the lowest value.

4. Support shall be limited to the maximum rates and amounts laid down in Annex 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. Agri-environment-climate payments shall be granted to farmers, groups of farmers or groups of farmers and other land-managers who undertake, on a voluntary basis, to carry out operations consisting of one or more agri-environment-climate commitments on agricultural land **to be defined by Member States, including but not limited to the agricultural area as defined under Article 2 of this Regulation.** Where duly justified to achieve environmental objectives, agri-environment-climate payments may be granted to other land-managers or groups of other land-managers.
3. **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. Commitments under this measure shall be undertaken for a period of five to seven years. However, where necessary in order to achieve or maintain the environmental benefits sought, Member States may determine a longer period in their rural development programmes for particular types of commitments, including by means of providing for their annual extension after the termination of the initial period. **For new commitments directly following the commitment performed in the initial period, Member States may determine a shorter period in their rural development programmes.**

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.

Article 30

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 and who comply with the definition of active farmers in Article 9 of Regulation (EU) No .../2013 [DPI].**
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. Payments shall be granted annually and shall compensate beneficiaries for all or part of the additional costs and income foregone resulting from the commitments made. Where necessary they may also cover transaction costs to a value of up to 20% of the premium paid for the commitments. Where commitments are undertaken by groups of farmers, the maximum level shall be 30%.

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

Article 31

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

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

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

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

Additional costs and income foregone shall be calculated in comparison to areas which are not affected by natural or other specific constraints, taking into account payments pursuant to Chapter 3 of Title III of Regulation (EU) No DP/2012.

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

- the severity of the identified permanent natural constraint affecting farming activities;

- the farming system.

2. Payments shall be granted to farmers who undertake to pursue their farming activity in the areas designated pursuant to Article 33 **and who comply with the definition of active farmers in Article 9 of Regulation (EU) No .../2013 [DP]**.
3. Payments shall be fixed between the minimum and maximum amount laid down in Annex I.

4. Member States shall provide for degressivity of payments above a threshold level of area per holding, to be defined in the programme **except if the grant only covers the minimum payment per ha per year as laid down in Annex I.**
5. **In addition to the payments provided for in paragraph 2,** Member States may grant payments under this measure between 2014 and 2017 **2019** to farmers **beneficiaries** in areas which were eligible under Article 36(a)(ii) of Regulation (EC) No 1698/2005 during the 2007-2013 programming period but are no longer eligible following the new delimitation referred to in Article 46 33(3). These payments shall be degressive **over a four year period** starting **at the date the delimitation in accordance with Article 33(3) is completed and at the latest in 2014 2016 at no more than** 80% of the **average** payment received in 2013 **fixed in the programme for the programming period 2007-2013 in accordance with Article 36(a)(ii),** and ending in 2017 2019 **at the latest** at no more than 20%. **When the level of the payment reaches 25 EUR due to degressivity, the Member State can continue payments at this level until the four year period is completed.**
6. ~~In Member States which have not completed~~ **Until** the delimitation referred to in Article 33(3) ~~before 1 January 2014,~~ **has been completed** paragraph 5 shall apply to farmers receiving payments in areas which were eligible for such payments during the 2007-2013 period. Following completion of the delimitation, farmers in areas that remain eligible shall receive full payments under this measure. Farmers in areas that are no longer eligible shall continue to receive payments in accordance with paragraph 5.]

[Article 33

Designation of areas facing natural and other specific constraints

1. Member States shall, on the basis of paragraphs 2, 3 and 4, designate areas eligible for payments provided for in Article 32 under the following categories:
 - (a) mountain areas;
 - (b) areas, other than mountain areas, facing significant natural constraints; and
 - (c) other areas affected by specific constraints.
2. In order to be eligible for payments under Article 32, mountain areas shall be characterized by a considerable limitation of the possibilities for using the land and by an appreciable increase in production costs due to:
 - (a) the existence, because of altitude, of very difficult climatic conditions, the effect of which is substantially to shorten the growing season;
 - (b) at a lower altitude, the presence over the greater part of the area in question of slopes too steep for the use of machinery or requiring the use of very expensive special equipment, or a combination of these two factors, where the constraints resulting from each taken separately is less acute but the combination of the two gives rise to an equivalent constraints.

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

3. In order to be eligible for payments under Article 32, areas, other than mountain areas, shall be considered as facing significant natural constraints if, at least ~~66~~ **60%** of the ~~UAA~~ **agricultural area** meets at least one of the criteria listed in Annex II at the threshold value indicated.

In addition, as far as areas which were eligible under Article 36(a)(ii) of Regulation (EC) No 1698/2005 during the 2007-2013 programming period are concerned, Member States may count areas against the threshold of 60% referred to in the previous subparagraph where two of the criteria listed in Annex II are each met within a margin of not more than 20% of the threshold value indicated.

Respect of ~~this~~ **these** conditions shall be ensured at the ~~appropriate~~ level of local administrative-units ("LAU 2" level) ~~LAU2-level~~ **or at the level of a clearly delineated local unit which covers a single clear contiguous geographical area with a definable economic and administrative identity.**

When delimiting the areas concerned by this paragraph, Member States shall undertake a fine-tuning exercise, based on objective criteria, with the purpose of excluding areas in which significant natural constraints in accordance with the first subparagraph have been documented but have been overcome by investments or by, economic activity, **or by evidence of normal land productivity, or if production methods or farming systems offset the income loss or added costs referred to in Article 32(1).**

4. Areas other than those referred to in paragraphs 2 and 3 shall be eligible for payments under Article 32 if they are affected by specific constraints and where land management should be continued in order to conserve or improve the environment, maintain the countryside and preserve the tourist potential of the area or in order to protect the coastline.

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

By way of derogation, the previous sub-paragraph shall not apply to Member States the entire territory of which was considered as an area facing specific handicaps under Regulations 1698/2005 and 1257/1999.

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

Article 34

Animal welfare

1. Animal welfare payments under this measure shall be granted to farmers who undertake, on a voluntary basis, to carry out operations consisting of one or more animal welfare commitments **and who comply with the definition of active farmers in Article 9 of Regulation (EU) No .../2013 [DP].**

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. The Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning the **adjustment of commitments and** 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.

Article 36

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 **and development** 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.
- (ja) diversification of farming activities into activities concerning health care, social integration, community-supported agriculture and education about the environment and food.**

3. Support under **point (b) of** paragraph 1(~~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 **under point (a) of paragraph 2** and operations **under point (b) of paragraph 2 carried out** by individual actors **as provided for in paragraph 3** shall be disseminated.

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.

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.

Article 37

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.

- 1a. Support under paragraph 1 shall be granted only to active farmers within the meaning of Article 9 of Regulation (EU) No .../2013 [DP].**

2. For the purpose of **points (b) and (c) of** paragraph 1 ~~points (b) and (e)~~, ‘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. **In order to ensure the efficient use of EAFRD budgetary resource,** ~~t~~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 event, or by an animal or plant disease, or a pest infestation, **or an environmental incident** or a measure adopted in accordance with Directive 2000/29/EC to eradicate or contain a plant disease, or pest which destroys more than 30 % of the average annual production of the farmer in the preceding three-year period or a three-year average based on the preceding five-year period, excluding the highest and lowest entry. **Indexes may be used in order to calculate the annual production of the farmer. The calculation method used shall permit the determination of the actual loss of an individual farmer in a given year.**

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

(a) biological indexes (quantity of biomass loss) or equivalent yield loss indexes established at farm, local, regional or national level, or

(b) weather indexes (including quantity of rainfall and temperature) established at local, regional or national level.

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

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

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 **and the eligibility of** farmers in the event of crisis, **as well as** and for the administration and monitoring of compliance with these rules. **Member States shall ensure that the fund arrangements provide for penalties in case of negligence on the part of the farmer.**

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, 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.

Article 40

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%.

Article 41

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]] 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.

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;

(ca) the following intangible investments: acquisition or development of computer software and acquisitions of patents, licenses, copyrights, trademarks;

(cb) 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 5 % and 25 % according to the technical parameters of the existing installation or infrastructure.

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

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

5a. Working capital that is ancillary and linked to a new investment in the agriculture or forestry sector, which receives EAFRD support through a financial instrument established in accordance with Article 32 of Regulation [CPR/2013], may be eligible expenditure. Eligible expenditure under this paragraph shall not exceed 30% of the total amount of the eligible expenditure for the investment. The relevant request shall be duly substantiated.

6. **In order to take account of 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~~ 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. **Without prejudice to Article 30(3)(d) of Regulation (EU) No [CSF/2012]**, ~~the~~ the Managing Authority of the rural development programme shall define selection criteria for operations under all measures following consultation with the Monitoring Committee. Selection criteria shall aim to ensure equal treatment of applicants, better use of financial resources and targeting of measures in accordance with the Union priorities for rural development. In defining **and applying** selection criteria the principle of proportionality shall be taken into account in relation to the **size of the operation** ~~small grants~~.

2. The Member State authority responsible for project selection **of operations** shall, **with the exception of operations under Articles 29 to 32, 34 and 35**, 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. **Member states may establish such definition for a measure or type of operation if duly justified.**

Chapter III

Technical assistance and networking

Article 51

Funding technical assistance

1. In accordance with Article 6 of Regulation (EU) No 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,** (The 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.~~

- 4a. 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.**

Article 52

European network for rural development

1. A European network for rural development for the networking of national networks, organisations, and administrations active in the field of rural development at Union level shall be put in place in accordance with Article 51(1).
2. Networking through the European network for rural development shall aim to:
 - (a) increase the involvement of **all** stakeholders, **in particular agricultural, forestry and other rural development stakeholders** in the implementation of rural development;
 - (b) improve the quality of rural development programmes;
 - (c) play a role in informing the broader public on the benefits of rural development policy.
 - (d) support the evaluation of rural development programmes.**
3. The tasks of the network shall be to:
 - (a) collect, analyse and disseminate information on action in the field of rural development;
 - (ab) provide support on evaluation processes and on data collection and management;**
 - (b) 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 **and 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.

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, economic viability, sustainability, output and resource efficiency;

(ii) innovation in support of the bio-based economy;

(iii) biodiversity, ecosystem services, soil functionality and sustainable water management;

(iv) innovative products and services for the integrated supply chain;

(v) opening up new product and market opportunities for primary producers;

(vi) food quality, food safety and healthy diet;

(vii) reduce post-harvest losses and food wastage.

(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 and 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~~ networking activities for advisors and innovation support services;

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

~~(vi) ongoing studies and analysis;~~

(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;~~

(x) 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.~~

Article 58

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.

Article 59

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.~~

Article 60

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

Article 61

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

1. The total amount of Union support for rural development under this Regulation for the period from 1 January 2014 to 31 December 2020 its annual breakdown and the minimum amount to be concentrated in less developed regions shall be fixed by the European Parliament and the Council, on a proposal from the Commission in accordance with the multiannual financial framework for the years 2014 to 2020 and the Interinstitutional Agreement between the European Parliament, the Council and the Commission on cooperation in budgetary matters and on sound financial management for the same period.
2. 0,25% of the resources referred to in paragraph 1 shall be devoted to technical assistance for the Commission as referred to in Article 51(1).
3. For the purpose of their programming and subsequent inclusion in the general budget of the Union, the amounts referred to in paragraph 1 shall be indexed at 2% per year.
4. The Commission shall, by means of an implementing act, make an annual breakdown by Member State of the amounts referred to in paragraph 1, after deduction of the amount referred to in paragraph 2 ~~and taking into account the transfer of funds referred to in Article 14(2) of Regulation (EU) No DP/2012~~. In making the annual breakdown the Commission shall take into account:
 - (a) objective criteria linked to the objectives referred to in Article 4; and
 - (b) past performance.

(4a) The Commission shall subtract from the amounts allocated to each Member State in accordance with paragraph (4), funds transferred by that Member State under Article 14(2) of Regulation (EU) No DP/2012.

5. In addition to the amounts referred to in paragraph 4, the implementing act referred to in the same paragraph shall also include the funds transferred to the EAFRD in application of Articles 7(2) and 14(1) of Regulation (EU) No DP/2012 and the funds transferred to the EAFRD in application of Articles 10b and 136 of Council Regulation (EC) No 73/2009¹ in respect of calendar year 2013.
6. For the purposes of the allocation of the performance reserve referred to in Article 20(2) of Regulation (EU) No [CSF/2012], available assigned revenue collected in accordance with Article 45 of Regulation (EU) No HR/2012 for the EAFRD shall be added to the amounts referred to in Article 18 of Regulation (EU) No [CSF/2012]. It shall be allocated to Member States proportionally to their share of the total amount of support from the EAFRD. ¶

¹ OJ L 30, 31.1.2009, p.16

Fund contribution

1. The decision approving a rural development programme shall set the maximum contribution from the EAFRD to the programme. The decision shall clearly identify, where necessary, the appropriations allocated to the less developed regions.
2. The EAFRD contribution shall be calculated on the basis of the amount of eligible public expenditure.
3. The rural development programmes shall establish a single EAFRD contribution rate applicable to all measures. Where applicable, a separate EAFRD contribution rate shall be established for less developed regions, ~~and~~ for outermost regions and the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93, **and for transition regions**. The maximum EAFRD contribution rate shall be:
 - (a) ~~85%~~ **75%** of the eligible public expenditure in the less developed regions, the outermost regions and the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93;
 - (ab) 75% of the eligible public expenditure for all regions whose GDP per capita for the 2007-2013 period was less than 75% of the average of the EU-25 for the reference period but whose GDP per capita is above 75% of the GDP average of the EU-27;**
 - (ac) 63% of the eligible public expenditure for the transition regions other than those referred to in the previous indent;**
 - (b) ~~50%~~ **53%** of the eligible public expenditure in the other regions.

The minimum EAFRD contribution rate shall be 20%.

4. By way of derogation from paragraph 3, the maximum EAFRD contribution shall be:
- (a) 80% for the measures referred to in Articles 15, 28 and 36, for the LEADER local development referred to in Article 28 of Regulation (EU) No [CSF/2012] and for operations under Article 20(1)(a)(i). ~~It~~ **This rate** may be increased to **a maximum of 90%** for the programmes of less developed, the outermost regions, ~~and~~ the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93 **and transition regions**;
 - (ab) 75% for operations contributing to the objectives of environment and climate change mitigation and adaptation under Articles 18, 23, 24, 29, 30, 31(3) and (4), 32 and 35.**
 - (ac) 100% for EU-level financial instruments referred to in Article 33(1)(a) of Regulation [CPR/2013];**
 - (ad) the contribution rate applicable to the measure concerned increased by 10 percentage points for contributions to financial instruments referred to in Article 33(1)(b) of Regulation [CPR/2013].**

(b) 100% for operations receiving funding ~~under Article 66~~ **from funds transferred to the EAFRD in application of Article 7(2) and Article 14 (1) of Regulation (EU) No DP/2012.**

(ba) For Member States receiving financial assistance in accordance with Articles 136 and 143 TFEU, additional allocations will be subject to a co-financing rate of 100%.

5. At least 5%, and in the case of Croatia 2,5%, of the total EAFRD contribution to the rural development programme shall be reserved for LEADER.
6. An expenditure co-financed by the EAFRD shall not be co-financed by way of a contribution from the Structural Funds, the Cohesion Fund or any other Union financial instrument.
7. Public expenditure on aid to enterprises shall comply with the aid limits laid down in respect of State aid, unless this Regulation provides otherwise.]

Article 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.~~

Article 67

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~~ **A statement confirming the adequacy and accuracy of the calculations** shall be included in the rural development programme.

Article 70

Advances

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

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

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

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.

Article 72

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.

Article 73

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 by 31 January and 31 October**, 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.

3b. The Commission shall by means of implementing acts, lay down uniform conditions for the application of the information and publicity requirements referred to in points (h) and (i) of paragraph 1.

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.

Article 75

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

Article 76

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 available data.**

3. **The evaluator shall quantify the impact of the programme measured by the impact indicators. Based on evidence in the evaluations on the CAP, including evaluations on Rural Development programmes, the Commission 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.

Article 81

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.

Article 82

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 system to the evaluators.
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

Payments made by the Member States in relation to operations falling within the scope of Article 42 of the Treaty and intended to provide additional financing for rural development for which Union support is granted **at any time during the programming period**, shall be **included** notified by Member States **in the rural development programme as provided for in Article 9(k) and, where they comply with the criteria under this Regulation, be approved by the Commission.**

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 [...]**¹ ~~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.

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.

¹ **To be completed once the list of delegated acts is completed.**

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.**
4. **Member States shall inform the data subjects that their personal data may be processed by national and Union bodies in accordance with paragraph 1 and that in this respect they enjoy the rights set out in the data protection rules of, respectively, Directive 95/46/EC and Regulation (EC) No 45/2001.**
5. **This Article shall be subject to the provisions in Articles 110a to 110d in Regulation(EU) HR/2012.**

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

Table from Commission proposal, articles modified by Council and amended by EP indicated in grey rows

| Article | Subject | Maximum amount in EUR or rate | |
|----------------|--|--|--|
| 16(8) | Advisory services, farm management and farm relief services | 1.500 200.000 | Per advice Per three years for the training of advisors |
| 17(3) | Quality schemes or agricultural products and foodstuffs | 3.000 | Per holding per year |

| | | | |
|-------|-------------------------------|---------------------|--|
| 18(3) | Investment in physical assets | | <u>Agricultural sector</u> |
| | | 50 % | [Of the amount of eligible investment in less developed regions <u>and in all regions whose GDP per capita for the 2007 - 2013 period was less than 75% of the average of the EU-25 for the reference period but whose GDP per capita is above 75% of the GDP average of the EU-27.</u>] |
| | | 75 % | Of the amount of eligible investment in outermost regions |
| | | 75 % | Of the amount of eligible investment in Croatia for the implementation of Council Directive 91/676/EEC* within a maximum period of four years from the date of accession pursuant to Article 3(2) and Article 5(1) of that Directive |
| | | 65% 75 % | Of the amount of eligible investment in the smaller Aegean islands |

| | | | |
|--|--|------|---|
| | | 40 % | <p>Of the amount of eligible investment in other regions</p> <p>The above rates may be increased by 20 <u>percentage points</u>, provided that maximum combined support does not exceed 90 %, for:</p> <ul style="list-style-type: none"> - Young farmers setting up <u>as defined in Article 2(u), or who have already set up during the five years preceding the application for support;</u> - Collective investments and integrated projects, <u>including those linked to a merger of Producer Organisations;</u> - Areas facing natural constraints <u>and other specific</u> as referred to in Article 33; - Operations supported in the framework of the EIP; - <u>Investments linked to operations under Articles 29 and 30</u> |
| | | | Processing and marketing of Annex I products |
| | | 50 % | <p>Of the amount of eligible investment in less developed regions <u>[and in all regions whose GDP per capita for the 2007 - 2013 period was less than 75% of the average of the EU-25 for the reference period but whose GDP per capita is above 75% of the GDP</u></p> |

| | | | |
|---------------------|---|-----------------------|--|
| | | | <u>average of the EU-27]</u> |
| | | 75 % | Of the amount of eligible investment in outermost regions |
| | | {65 %75 %} | Of the amount of eligible investment in the smaller Aegean islands |
| | | 40 % | Of the amount of eligible investment in other regions The above rates may be increased by 20 <u>percentage points</u> , provided that maximum combined support does not exceed 90 %, for operations supported in the framework of the EIP [<i>and in collective investments and integrated projects</i>] |
| <u>18(4)</u> | <u>Investment in physical assets</u> | <u>100%</u> | <u>Non productive investments and agricultural and forestry infrastructure</u> |
| 19(5) | Restoring agricultural production potential damaged by natural disasters and introduction of appropriate prevention actions | 80% | Of the amount of eligible investment costs for prevention operations carried out by individual farmers. |

| | | | |
|-------|---|-------------|---|
| 19(5) | Restoring agricultural production potential damaged by natural disasters and introduction of appropriate prevention actions | 80% | Of the amount of eligible investment costs for prevention operations carried out by individual farmers. |
| | | 100% | <u>Of the amount of eligible investment costs for prevention operations carried out collectively by more than one beneficiary.</u> |
| | | 100% | <u>Of the amount of eligible investment costs for operations to restore agricultural land and production potential damaged by natural disasters and catastrophic events.</u> |
| 20(6) | Farm and business development | 70.000 | Per young farmer under 33(1)(a)(i) |
| | | 70.000 | Per enterprise under 33(1)(a)(ii) |
| | | 15.000 | Per small farm under 33(1)(a)(iii) |

| | | | |
|-------|--|-------------------------------|---|
| 20(6) | Farm and business development | 70.000 | Per young farmer under 33 <u>20</u> (1)(a)(i) |
| | | 70.000 | Per enterprise under 33 <u>20</u> (1)(a)(ii) |
| | | 15.000 | Per small farm under 33 <u>20</u> (1)(a)(iii) |
| 24(3) | Establishment of agro-forestry systems | 80% | Of the amount of eligible investment for the establishment of agro-forestry systems |
| 24(3) | Establishment of agro-forestry systems | [80% 100 %] | Of the amount of eligible investment for the establishment of agro-forestry systems |

| | | | |
|-------|--|--|--|
| 27(5) | Investments in new forestry technologies and in processing and marketing of forestry products | [50% <u>65%</u> 75% [65% <u>75%</u> 40% | Of the amount of eligible investment in less developed regions Of the amount of eligible investment in outermost regions Of the amount of eligible investment in the smaller Aegean islands Of the amount of eligible investment in other regions |
|-------|--|--|--|

| | | | |
|-------|---|------------------------------|---|
| 28(4) | Setting up of producer groups and <u>organisations</u> | 10% 10% 8% 6% 4% | For marketed production up to EUR 1 000 000 As a percentage of marketed production during the first five years following recognition, for the 1 st , 2 nd , 3 rd , 4 th and 5 th year respectively. <u>The support shall be degressive.</u> |
| | | 5% 5% 4% 3% 2% | For marketed production exceeding EUR 1 000 000 As a percentage of marketed production during the first five years following recognition, for the 1st, 2nd, 3rd, 4th and 5th year respectively. |
| | | 100.000 | <u>Maximum amount per year in all cases.</u> |

| | | | |
|-------|--|--------|--|
| 29(8) | Agri-environment | 600(*) | Per ha per year for annual crops |
| | | 900(*) | Per ha per year for specialised perennial crops |
| | | 450(*) | Per ha per year for other land uses |
| | | 200(*) | Per Livestock Unit (“LU”) per year for local breeds in danger of being lost to farmers |
| 30(5) | Organic farming | 600(*) | Per ha per year for annual crops |
| | | 900(*) | Per ha per year for specialised perennial crops |
| | | 450(*) | Per ha per year for other land uses |
| 31(7) | Natura 2000 and Water framework directive payments | 500(*) | Per ha per year maximum in the initial period not exceeding five years |
| | | 200(*) | Per ha per year maximum |
| | | 50 | Per ha per year minimum for Water framework directive payments(**) |

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|-----------------------------|--|-----------------------------------|---|
| 32(3) | Payments to areas facing natural or other specific constraints | 25 | Minimum per ha per year <u>on average of the area of the beneficiary receiving support</u> |
| | | 250(*) | Maximum per ha per year |
| | | {300(*)-450(*)} | Maximum per ha per year in mountain areas as defined in Article 46(2) <u>33(2)</u> |
| 34(3) | Animal welfare | 500 | Per LU |
| 35(3) | Forest-Environmental services and forest conservation | 200(*) | Per ha per year |
| 38(5) | Crop, animal and plant insurance | 65% | Of the insurance premium due |
| 38(5) (4) | Crop, animal and plant insurance | {65% <u>75%</u> | Of the insurance premium due |
| 39(5) | Mutual fund for animal and plant diseases and environmental incidents | 65% | Of the eligible costs. |
| 39(5) | Mutual fund for <u>adverse climatic events</u> , animal and plant diseases, <u>pest infestations</u> and environmental incidents | 65% | Of the eligible costs. |
| 40(5) | Income stabilisation tool | 65% | Of the eligible costs |

- * These amounts may be increased in ~~exceptional~~ **duly substantiated** cases taking into account specific circumstances to be justified in the rural development programmes.
- ** **This amount may be decreased in duly substantiated cases taking into account specific circumstances to be justified in the rural development programmes.**

[ANNEX II]

Biophysical criteria for the delimitation of areas facing natural constraints

| CRITERION | DEFINITION | THRESHOLD |
|------------------------------|--|---|
| CLIMATE | | |
| Low Temperature | Length of Growing Period (number of days) defined by number of days with daily average temperature > 5°C (LGP _{t5}) OR | ≤ 180 days |
| | Thermal-time sum (degree-days) for Growing Period defined by accumulated daily average temperature > 5°C. | ≤ 1500 degree-days |
| Dryness | Ratio of the annual precipitation (P) to the annual potential evapotranspiration (PET) | P/PET ≤ 0.5 |
| CLIMATE AND SOIL | | |
| Excess Soil Moisture | Number of days at or above Field capacity | ≥ 230 days |
| SOIL | | |
| Limited Soil Drainage | Areas which are water logged for significant duration of the year | Wet within 80cm from the surface for over 6 months, or wet within 40cm for over 11 months OR Poorly or very poorly drained soil OR Gleyic colour pattern within 40cm from the surface |

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| Unfavourable Texture and Stoniness | Relative abundance of clay, silt, sand, organic matter (weight %) and coarse material (volumetric %) fractions | ≥ 15% of topsoil volume is coarse material, including rock outcrop, boulder OR |
| | | Topsoil texture class of sand, loamy sand defined as: silt% + (2 x clay%) ≤ 30% OR |
| | | Topsoil texture class is heavy clay (≥ 60% clay) OR |
| | | Organic soil (organic matter ≥30%) of at least 40cm OR |
| | | Topsoil texture class of clay, silty clay, sandy clay and vertic properties within 100cm of the soil surface |
| Shallow Rooting Depth | Depth (cm) from soil surface to coherent hard rock or hard pan. | ≤ 30cm |
| Poor Chemical Properties | Presence in topsoil of salts, exchangeable sodium, excessive acidity | Salinity: ≥ 4 deci-Siemens per meter (dS/m) OR |
| | | Sodicity: ≥ 6 Exchangeable Sodium Percentage (ESP) OR |
| | | Soil Acidity: pH ≤ 5 (in water) |

| TERRAIN | | |
|--------------------|---|-------|
| Steep Slope | Change of elevation with respect to planimetric distance (%). | ≥ 15% |

ANNEX III

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

Young farmers:

Business start-up aid for young farmers setting up for the first time in an agricultural holding

Investments in physical assets

Knowledge transfer and information actions

Advisory services, farm management and farm relief services

Co-operation

Investments in non-agricultural activities

Small farms:

Business start-up aid for the development of small farms

Investments in physical assets

Quality schemes for agricultural products and foodstuffs

Knowledge transfer and information actions

Advisory services, farm management and farm relief services

Co-operation

Investments in non-agricultural activities

Setting up of producer groups

Leader

Mountain areas:

Payments to areas facing natural or other specific constraints

Agri-environment operations

Co-operation

Investments in physical assets

Farm and business development in rural areas

Quality schemes for agricultural products and foodstuffs

Establishment of agro-forestry systems

Basic services and village renewal in rural areas

Knowledge transfer and information actions

Advisory services, farm management and farm relief services

Setting up of producer groups

Leader

Short supply chains:

Co-operation

Setting up of producer groups

Leader

Quality schemes for agricultural products and foodstuffs

Basic services and village renewal in rural areas

Investments in physical assets

Knowledge transfer and information actions

Advisory services, farm management and farm relief services

ANNEX IV (Council General Approach)

Ex ante conditionalities for rural development

1. PRIORITIES-LINKED CONDITIONALITIES

| EU priority for RD / CSF Thematic Objective (TO) | <u>Ex ante</u> conditionality | Criteria for fulfilment |
|--|---|---|
| <p>RD priority 1: fostering knowledge transfer and innovation in agriculture, forestry, and rural areas</p> <p>TO 1: strengthening research, technological development and innovation</p> | <p>1.1. Research and innovation: The existence of a national and/or regional innovation strategy for smart specialisation in line with the National Reform Program, to leverage private R&I expenditure, which complies with the features of well-performing national or regional research and innovation systems²⁶.</p> | <p>— A national and/or regional innovation strategy for smart specialisation is in place that:</p> <ul style="list-style-type: none"> — is based on a SWOT analysis to concentrate resources on a limited set of R&I priorities; — outlines measures to stimulate private RTD investment; — contains a monitoring and review system. <p>— A Member State has adopted a framework outlining available budgetary resources for R&D;</p> <p>— A Member State has adopted a multi-annual plan for budgeting and prioritization of investments linked to EU priorities (ESFRI).</p> |

²⁶ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Europe 2020 Flagship Initiative Innovation Union (COM(2010) 546 final of 6.10.2010). Conclusions of the Competitiveness Council: Conclusions on Innovation Union for Europe (doc. 17165/10 of 26.11.2010).

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| | 1.2. Advisory capacity: sufficient advisory capacity to ensure advice on the regulatory requirements and all aspects linked with sustainable management and climate action in agriculture and forestry | —A description of the structure of extension/advisory systems at the relevant geographical scale (national/regional) — including their intended role under the scope of RD priority — which demonstrates the fulfilment of ex-ante conditionality 1.2 is included in the programme; |
| RD priority 2: enhancing competitiveness of all types of agriculture and enhancing farm viability TO 3: enhancing the competitiveness of small and medium-sized enterprises | 2-3.1. Business set-up: Specific actions have been carried out for the effective implementation of the Small Business Act (SBA) and its Review of 23 February 2011 ²⁷ including the "Think Small First" principle | —The specific actions include: <ul style="list-style-type: none"> — measures to reduce the time to set up business to 3 working days and the cost to €100; — measures to reduce the time needed to get licenses and permits to take up and perform the specific activity of an enterprise to 3 months; — a mechanism for systematic assessment of the impact of legislation on SMEs using an "SME test" while taking into account differences in the size of enterprises, where relevant |

²⁷ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Think Small First - A Small Business Act for Europe (COM(2008) 394 of 23.6.2008); Conclusions of the Competitiveness Council: Think Small First – A Small Business Act for Europe (doc. 16788/08, 1.12.2008); Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions: Review of the "Small Business Act" for Europe (COM(2008) 78 final, 23.2.2011); Conclusions of the Competitiveness Council: Conclusions on the Review of the "Small Business Act" for Europe (doc. 10975/11 of 30.5.2011).

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| <p>RD priority 3: promoting food chain organisation and risk management in agriculture</p> <p>TO2: Supporting farm risk management</p> | <p>3.1. Risk prevention: the existence of national or regional risk assessments for disaster management taking into account climate change adaptation²⁸</p> | <p>– A national or regional risk assessment with the following elements shall be in place that includes:</p> <ul style="list-style-type: none"> – A description of the process, methodology, methods and non-sensitive data used for national risk assessment <u>as well as of the risk-based criteria for the prioritisation of investment;</u> – Adoption of qualitative and quantitative methods for risk assessment; – Taking into account, where appropriate, national climate change adaptation strategies, |
| <p>TO 3: enhancing the competitiveness of small and medium-sized enterprises</p> | | |

²⁸ Conclusions of the Justice and Home Affairs Council; Conclusion on further developing risk assessments for disaster management in the European Union. 11-12 April 2011.

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| <p>RD priority 4: restoring, preserving and enhancing ecosystems dependant on agriculture and forestry</p> <p>TO 5: promoting climate change adaptation, risk prevention and management</p> <p>TO 6: protecting the environment and promoting the resource efficiency</p> | <p>4.1 Good Agricultural and Environmental Conditions (GAEC): standards for good agricultural and environmental condition of land referred to in Chapter I of Title VI of Regulation (EU) HR/xxxx are established at national level</p> <p>4.2 Minimum requirements for fertilisers and plant protection products: minimum requirements for fertilisers and plant protection products referred to in article 29 Chapter I of Title III of this Regulation are defined at national level</p> <p>4.3 other relevant national standards: relevant mandatory national standards are defined for the purpose of article 29 Chapter I of Title III of this Regulation</p> | <p>– GAEC standards are defined in national law and specified in the programmes;</p> <p>– minimum requirements for fertilisers and plant protection products referred to in Chapter I of Title III of this Regulation are specified in the programmes;</p> <p>– relevant mandatory national standards are specified in the programmes;</p> |
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| <p>RD priority 5: promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in the agriculture and food sectors and the forestry sector</p> <p>TO 4: supporting the shift towards a low-carbon economy in all sectors</p> <p>TO 5: promoting climate change adaptation, risk prevention and management</p> | <p>5.1 GHG emissions: compliance with Article 6(1) of Decision No 406/2009/EC of the European Parliament and of the Council of 23 April 2009 on the effort of Member States to reduce their greenhouse gas emissions to meet the Community’s greenhouse gas emission reduction commitments up to 2020.</p> <p>5.2 Energy efficiency: transposition into national law of Directive 2006/32/EC of the European Parliament and of the Council of 5 April 2006 on energy end-use efficiency and energy services²⁹</p> <p>5.3 Water pricing: the existence of a water pricing policy which ensures an adequate contribution of the different water uses to the recovery of the costs of water services, in accordance with Article 9 of Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a</p> | <p>– A Member State has submitted to the Commission a report on adopted national policies and measures to pursuant to Article 3 of Decision No 406/2009/EC in 2013-2020;</p> <p>– A Member State has submitted to the Commission a Energy Efficiency Action Plan which translate energy saving objectives into concrete and coherent measures in accordance consistent with article 14 of Directive 2006/32/EC;</p> <p>– <u>In sectors supported by the EAFRD, a Member State has taken account of the principle of recovery of the costs of water services, including environmental and resource costs in accordance with <u>has ensured a contribution of the different water uses to the recovery of the costs of water services by sector consistent with</u> Article 9 paragraph first indent of Directive 2000/60/EC <u>having regard where appropriate, to the social, environmental and economic effects of the recovery as</u></u></p> |
|---|---|--|

²⁹ OJ L 48, 23.2.2011, p. 1

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| | <p>framework for Community action in the field of water policy³⁰ .</p> | <p><u>well as the geographic and climatic conditions of the region or regions affected;</u></p> <ul style="list-style-type: none"> – A Member State has carried out an economic analysis in accordance with Article 5 and Annex III to Directive 2000/60/EC regarding volume, price and cost of water services, and estimates of relevant investments; – A Member State has ensured contribution of the different water uses by sector in accordance with Article 9(3) of Directive 2000/60/EC |
| | <p>5.4. Waste management plans: transposition into national law of Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives³¹, in particular the development of waste management plans in accordance with the Directive.</p> <p>5.5 Renewable energy: Transposition into national law of Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable</p> | <ul style="list-style-type: none"> – A Member State has ensured that its competent authorities establish, in accordance with Articles 1, 4, 13 and 16 of Directive 2008/98/EC, one or more waste management plans as required by Article 28 of the Directive; – A Member State has adopted a national renewable energy action plan in accordance consistent with Article 4 of Directive 2009/28/EC |

³⁰ OJ L 327, 22.12.2000, p. 1.

³¹ OJ L 312, 22.11.2008, p. 3.

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| | sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC ³² | |
| <p>RD priority 6: promoting social inclusion poverty reduction and economic development in rural areas</p> <p>TO 8: promoting employment and supporting labour mobility</p> <p>TO 9: promoting social inclusion and combating poverty</p> | <p>6.1 Access to EAFRD: The provision of support for relevant stakeholders in accessing the EAFRD</p> <p>6.2 Self-employment, entrepreneurship and business creation: the existence of a comprehensive and inclusive strategy for inclusive start-up support in accordance with the Small Business Act³³ and in coherence with employment guideline 7, regarding the enabling conditions for job creation</p> | <p>— Relevant stakeholders are provided support for submitting project applications and for implementing and managing the selected projects</p> <p>— Member States have a comprehensive and inclusive strategy in place which will include:</p> <ul style="list-style-type: none"> — measures to significantly reduce the time and cost to set up business in accordance with the Small Business Act; — measures to reduce the time needed to get licenses and permits to take up and perform the specific activity of an enterprise business in accordance with the Small Business Act; — actions linking suitable business development services and financial services (access to capital), including the outreach to disadvantaged groups and areas |

³² OJ L 140, 5.6.2009, p. 16.

³³ Reference to be included

| | | |
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| | <p>6.3 NGA Infrastructure (Next Generation Access Networks): The existence of national <u>or regional</u> NGA Plans which take account of regional actions in order to reach the EU high-speed Internet access targets³⁴, focusing on areas where the market fails to provide an open infrastructure at an affordable cost and to an adequate quality.</p> | <p>– A national <u>or regional</u> NGA Plan is in place that contains:</p> <ul style="list-style-type: none"> – a plan of infrastructure investments through demand aggregation and a mapping of infrastructure and services, regularly updated; – sustainable investment models that enhance competition and provide access to open, affordable, quality and future proof infrastructure and services; – measures to stimulate private investment. |
|--|---|---|

³⁴ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A Digital Agenda for Europe (COM(2010) 245 final/2 of 26.8.2010); Commission Staff Working Paper: Digital Agenda Scoreboard (SEC(2011) 708 of 31.5.2011). Scoreboard: http://ec.europa.eu/information_society/digital-agenda/scoreboard/index_en.htm

2. HORIZONTAL CONDITIONALITIES APPLYING TO SEVERAL PRIORITIES

| | | |
|--|---|--|
| | <p>HC.1 Member States administrative efficiency: the existence of a strategy for reinforcing the country's administrative efficiency including public administration reform³⁵</p> <p>HC.2 Human resources allocation: sufficient capacity in human resources allocation, training management and IT systems is available within the bodies responsible for the management and implementation of rural development programmes</p> | <p>A strategy for reinforcing a Member States' administrative efficiency is in place and in the process of being implemented³⁶; the strategy includes:</p> <ul style="list-style-type: none"> — an analysis and strategic planning of legal, organisational and/or procedural reform actions; — the development of quality management systems; — integrated actions for simplification and rationalisation of administrative procedures; — the development of skills at all levels; — the development of procedures and tools for monitoring and evaluation; <p>A description of human resources allocation, training management and IT systems within the Managing Authorities of the programme, which demonstrates the fulfilment of ex ante conditionality HC.2 is included in the programme</p> |
|--|---|--|

³⁵ — If a Country Specific Council Recommendation is in place, directly linked to this conditionality provision, then the assessment of its fulfilment will take account of the assessment of progress made on the fulfilment of the Country Specific Council Recommendation.

³⁶ — Deadlines for delivery on all elements here contained where it concerns the implementation of the strategy may be set during the programme implementation period.

| | | |
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| | <p>HC.3 Selection criteria: an appropriate approach laying down principles with regard to the setting of selection criteria for projects and local development is defined</p> | <p>A description of the chosen approach to the setting of selection criteria for projects and local development, which demonstrates the fulfilment of ex ante conditionality HC.3 is included in the programme</p> |
|--|--|---|

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

Article 16 Advisory services, farm management and farm relief services

Article 18 Investments in physical assets

Article 20 Farm and business development

Article 36 Co-operation

Article 42 – 45 LEADER

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

Article 15 Knowledge transfer and information actions

Article 27 Investments in new forestry technologies and in processing and marketing of forestry products

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

Article 17 Quality schemes for agricultural products and foodstuffs

Article 32 -33 Payments to areas facing natural or other specific constraints

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

Article 19 Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions

Article 25 Prevention and restoration of damage to forests from forest fires and natural disasters and catastrophic events

Article 28 Setting up of producer groups

Article 34 Animal welfare

Article 37 Risk management

Article 38 Crop, animal, and plant insurance

Article 39 Mutual funds for animal and plant diseases and environmental incidents

Article 40 Income stabilisation tool

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

and

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

Article 22 Investments in forest area development and improvement of the viability of forests

Article 23 Afforestation and creation of woodland

Article 24 Establishment of agro-forestry systems

Article 26 Investments improving the resilience and environmental value of forest ecosystems

Article 29 Agri-environment- climate

Article 30 Organic farming

Article 31 Natura 2000 and Water framework directive payments

Article 35 Forest-environmental and climate services and forest conservation

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

Article 21 Basic services and village renewal in rural areas

Article 42 – 45 LEADER
