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UNION

Committee of the Regions

Brussels, 14 March 2005

OPINION

of the Committee of the Regions

of 23 February 2005
on the

**Proposal for a Council Regulation on support for rural development by the European
Agricultural Fund for Rural Development (EAFRD)**
COM(2004) 490 final – 2004/0161 (CNS)

THE COMMITTEE OF THE REGIONS,

Having regard to the Proposal for a Council Regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), COM(2004) 490 final - 2004/161 (CNS);

Having regard to the decision of the European Commission on 15 July 2004 to consult it on this subject, under Article 265(1) of the Treaty establishing the European Community;

Having regard to the decision taken by its Bureau on 15 June 2004 to instruct the Commission for Sustainable development to draw up the opinion on the subject;

Having regard to the conclusions of the Second European Conference on Rural Development, held in Salzburg on 12-14 November 2003;

Having regard to the European Commission document entitled "Extended Impact Assessment – Rural Development Policy post-2006";

Having regard to the contribution by the Commission for Sustainable Development to the opinion of the Committee of the Regions on the Third Cohesion Report (DI CdR 15/2004 rev. 1);

Having regard to its opinion on the reform of the Common Agricultural Policy – CdR 66/2003 fin¹;

Having regard to its draft opinion (CdR 255/2004 rev. 1) adopted on 9 December 2004 by its Commission for Sustainable Development (rapporteur: Mr Jan Pieter Lokker, member of the Executive Council of the Province of Utrecht (NL, EPP);

adopted the following opinion at its 58th plenary session, held on 23 and 24 February 2005 (meeting of 23 February):

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1. The Committee of the Regions' views

1. Introduction

1. Considerable rural diversity is a feature of the European Union. Rural development policy has to reflect and safeguard that diversity, which also encompasses rural areas' social structure and environment. A living countryside benefits not only the rural population, but also society as a whole.
2. In the EU, a rural development policy is slowly being established which represents more than simply an extension of agricultural policy. The rural economy needs to branch out into other activities in addition to food production, given the dwindling economic importance of farming in many rural areas. That is the only way to keep Europe's rural areas alive, from an environmental, economic and social point of view. Three objectives have to be met: a) rural populations have to be given long-term prospects by increasing the number of jobs, expanding infrastructure and providing a wider variety of employment; b) agricultural production has to become more consumer-focused rather than producer-focused, as was the case in the past; c) the quality of food

has to be improved and there has to be better protection for nature, the countryside, the environment and water.

3. A realistic approach is also important. This means being aware of the role played by European agriculture in maintaining the regions, as well as the regional impact if that role were to disappear owing to the application of strictly economic criteria to agricultural and forestry activities. Rural development policy alone therefore cannot resolve all the difficulties faced by the EU's rural areas. In some places, the issues go beyond the Regulation's scope and will require joint efforts from a number of different funds. Coordination – at regional level – between rural development policy and regional policy² is thereby essential. However, the CoR calls for additional proposals for the proofing of other EU and national policies to ensure greater complementarity with EU and national rural development policies. Likewise, the EAFRD should be proofed against other policies to ensure mutually beneficial objectives.
4. The 2003 Salzburg conference gave a new and powerful boost to rural development policy. The Committee of the Regions welcomes the fact that the Salzburg conclusions have been substantially incorporated into the Regulation. The application of the policy to all regions of the EU, together with the simplification of the implementation of the policy and the financial arrangements are key positive aspects. The Committee of the Regions also gives its support to the partnership arrangements defined in Article 6 of the Regulation. It is very important to involve local and regional authorities in all stages of rural development policy. This is the best way of ensuring that, in the regions concerned, measures are implemented which bring about a higher level of social and economic cohesion within the individual regions concerned, and between these regions and surrounding regions.
5. The following comments on the regulation should be seen in this context. The main priority is to establish a genuine rural development policy.

2. Towards a multi-sectoral rural development policy

1. The Committee of the Regions welcomes the fact that the Commission, in accordance with the provisions of Treaty Article 159, earmarks a substantial portion of the European Agricultural Fund for Rural Development (EAFRD) for regions covered by the new “convergence” objective.
2. The Committee of the Regions welcomes the proposed new legislative measures in respect of rural development policy, but deplores the fact that, in the preamble to the Regulation, rural development policy is viewed initially as a policy which complements and accompanies market and income support policies, rather than being recognised as an autonomous policy. A related issue in this context is the question of whether adequate budgetary resources are available to pursue an ambitious rural development policy.
3. The Committee of the Regions endorses the benefit of a strategic approach to rural development. It is important to prevent any fragmentation of resources. Questions do, however, have to be asked with regard to the added value of a

European strategy. The Lisbon and Gothenburg strategies and the Salzburg conclusions already provide an adequate framework at EU level. It is up to the Member States, the regions and local authorities to flesh out the implications of this framework in respect of rural areas and rural development policy. This is the only way to tackle the conflicting objectives of, on the one hand, securing a more strategic approach to rural development policy at EU level and, on the other hand, maintaining adequate flexibility at the national, local and regional levels.

4. The Committee of the Regions welcomes the proposal that ensures Member States must consult with their regional and local authorities. However, the Committee of the Regions expresses its concern over the time given to the Member States to draw up the national strategy plans and rural development programmes. The Committee of the Regions also deplores the fact that the national strategy plans must be submitted before the rural development programmes can be sent to the European Commission since these two measures are closely connected. In this context, the Committee of the Regions proposes that the same procedure be adopted as is applied in the case of regional policy; in the latter context Member States may submit the strategic framework together with the operational programmes (*Recommendation 1*)
5. In the longer term, the aim should be to introduce a single regional fund, thereby removing the distinction between funding for regional development policy and funding for regional policy. For each region, the aim would be to address the opportunities and problems of the whole region on the basis of a single cohesive strategy covering the whole territory of the region.
6. Rural development policy is formulated on the basis of one or more rural development programmes. On the basis of an appraisal of the strengths and weaknesses of the region and/or Member State concerned, the rural development programme introduces measures to address the needs of the region and/or Member State concerned. This action may conflict with the provisions of Article 16 of the Regulation, which stipulates a minimum Community financial contribution in respect of each of the priority objectives (15% in the case of axes I and III and 25% in respect of axis II). The Committee of the Regions endorses the need for balance in expenditure on regional development policy. From this perspective, it is advisable above all in the case of the third priority objective – namely encouraging diversification in the economies of rural areas – to prescribe a minimum contribution. Appraisals of the various regional development programmes covering the period 2002-2006 did indeed indicate that this very component of regional development policy was less well developed. The appraisal of strengths and weaknesses carried out in connection with the abovementioned programmes must, however, also be a factor in determining how resources are to be distributed between the various priority objectives. The CoR therefore urges that the option of diverging from the percentages stipulated in Article 16 be taken up in cases where such a course of action is adequately justified on the grounds of the abovementioned analyses (*Recommendation 3*).
7. It is also imperative that the distribution of resources does not impede those projects which, taken overall, fall within the scope of the Regulation but

nonetheless go beyond the scope of one individual priority objective. The stipulation in Article 71(6) that a specific action may only be financed under one priority axis does, however, appear to render the abovementioned objective impossible. The Committee of the Regions therefore proposes that this Article be amended accordingly (*Recommendation 19*).

8. The level of detail in the Regulation is sometimes remarkable, especially in comparison with the regulations dealing with regional policy. It may be better to entrust responsibility for dealing with some particular issues to the persons in charge of drawing up the rural development programme. Cases in point are the provision whereby only small and micro-enterprises are eligible for support in respect of measures to improve processing and marketing, the provision in Article 50 whereby only one of the children of farmers is eligible for support in respect of diversification and the maximum levels of EU support as stipulated in Annex I.
9. One of the conclusions reached at the Salzburg conference was that a living countryside is vital for agriculture, just as agriculture is a vital component of a living countryside. It is very important that regional development programmes pay adequate attention to the setting-up in business of young farmers. There is currently no integrated policy covering young farmers. One example of such an integrated policy would be the introduction of a start-up package bringing together, in a single scheme, all matters relating to the taking-over of an enterprise and setting up new farmers in business.
10. The Committee of the Regions takes note of the proposal to discontinue the use of the socio-economic criteria for designating "other areas with handicaps apart from mountain areas" and to bring the basis for calculating the allowances into line with agri-environmental payments. The reasons underlying the European Commission's proposal are clear but the Committee of the Regions expresses its concern over the impact which the change in the criteria may have on farming businesses in the areas concerned. In the event that the proposed changes have a major socio-economic impact, provision should be made for the introduction of other policy measures to mitigate this impact. At the very least, consideration should be given to the establishment of a transition period for phasing-out of aid to farmers in areas which will in the near future no longer be eligible for support.
11. The Committee of the Regions welcomes the fact that it is now possible for other landowners, in addition to farmers, to take up agri-environmental measures. These players may represent the missing link in land management where the aim is to cover all the land in an area (and not only agricultural land). In this context, the Committee of the Regions explicitly proposes that provision be made for other reward schemes for agri-environmental measures in view of the fact that the current reward scheme – based as it is on the additional costs and income foregone due to the fulfilment of the commitments entered into – is not always applicable. One possibility is to provide for an allowance based on actual output and related benefits (*Recommendation 8*).
12. The Regulation no longer provides for a take-up incentive for agri-environmental measures, i.e. the possibility of a 20% increase in the allowance.

This is unwelcome given the usefulness of such measures and their importance for rural land management. The Committee of the Regions proposes that this incentive be restored (*Recommendation 8*).

13. There are very significant differences between countries with well-developed and less well developed forestry sectors. The Commission proposals are not sufficiently flexible to encourage afforestation in countries with low levels. The developing forest industry in such countries will be jeopardised and the environmental advantages lost if allowances are not made for such differences.
14. Every year many farmworkers seek work outside agriculture. In some regions, this may exacerbate the problem of depopulation. Attention needs to be paid to the retraining of farmworkers as an adjunct to job-creation, and to the possibility of part-time farming. The rural development programme must provide scope for such retraining and/or for diversification, inter alia so as to include non-agricultural activities,, not least in those regions set to benefit less from assistance provided under the Structural Funds, (in particular the European Social Fund (ESF)). In regions where ESF funding is more concentrated, the ESF programmes concerned should explicitly provide for retraining and multi-jobbing of farmworkers.
15. Rural Areas in the Union offer valuable natural and cultural heritage, which can play a key role in diversification of the rural economy. However, the ability of the local tourism sector to use these attractions in a sustainable way and to provide the tourist with a high quality experience is often hampered by poor service delivery and/or inappropriate product development. Therefore, it is essential that specific reference to training is made under the tourism measure in Article 52 of the Regulation (*Recommendation 12*).
16. Women play a major role in the diversification of the economy in rural areas but frequently also come up against specific problems, such as more limited access to the capital required in order to set themselves up in business. In the Committee of the Regions' view, the Regulation should help secure greater involvement of women in rural economies (*Recommendation 11*). The Internet is also invaluable in promoting the diversification of rural economies. Many rural areas do, however, enjoy little or not access to the Internet. The Committee therefore welcomes the Commission's proposal that the ERDF be used to equip rural areas with sufficient ICT infrastructure. This will greatly help to bridge this "digital divide"; resolving this problem would also make the areas in question more attractive to new enterprises and could enable existing enterprises to tap into new markets. Complementary measures could be adopted under the EAFRD as part of the priority to diversify the rural economy.

3. ... with considerable scope for the fleshing-out of measures at regional level ...

1. The Committee of the Regions attaches considerable importance to the involvement of local and regional authorities in the drawing-up and implementation of rural development programmes and considers that this role should be reflected more strongly in the Regulation (*Recommendation 13*). The Committee of the Regions calls for national strategies to provide adequate

scope for measures which are tailor-made to meet the needs of the regions and of local areas (see also point 2.2 above). The Committee of the Regions believes that it is important that strategies take into account the need for balanced spatial development throughout each region. A surfeit of prescriptions at EU or national level in respect of the strategy to be pursued may impede the introduction of regional initiatives which are geared to addressing local opportunities and problems.

2. There is a need for programming, financing and monitoring to be tailored to actual need. It is therefore strange that the Regulation should stipulate that Member States may draw up a rural development programme either at national or regional level. It would be better to provide more leeway on this point, including the possibility of combining regional and national programmes. Moreover, in Member States with a federal structure in particular, it has proven useful during the current funding period, to take up the option of approving national framework regulations which could then be implemented in the regional programmes. (*Recommendation 2*).

3.3 The Committee of the Regions supports the proposal that the third priority should preferably be implemented by means of local development strategies. There can be no doubt that new economic activities are vital for rural areas. Such activities complement farming. The new activities must, however, be introduced with care in order to avoid impairing the quality of rural areas. In this context, the Committee shares the view expressed by the European Economic and Social Committee³ that it is essential to avoid any “rurbanisation”, i.e. the application of the same measures in both rural and urban areas. That is certainly true for areas under urban pressure, where maintaining the specific features of rural areas is vitally important for the quality of life in urbanised areas. The problems encountered in these areas, including problems linked to urban agriculture, require a completely different approach than that adopted for tackling the problems of more peripheral rural areas. The Regulation must provide adequate scope for meeting these requirements.

4. ... a clear role for LEADER

1. The Committee of the Regions attaches great importance to LEADER and therefore deplores the lack of clarity as regards the role of the LEADER programme in the Regulation. On the one hand, the LEADER approach is designated, in Article 4.2, as the fourth priority objective but it is also described, on the other hand, as a methodology for implementing measures taken in pursuance of the first three priority objectives. The Committee of the Regions urges that the LEADER approach be given its rightful position, namely as a separate priority, comparable to the role played by Interreg in regional policy. Mainstreaming of the LEADER approach runs the risk of losing the unique character and the added value of this approach. The Committee of the Regions asks the European Commission to include details on the future role of LEADER in the Regulation and to clarify the position of LEADER as a separate priority.
2. As regards the implementation of local strategies, Article 63(1) appears to indicate that these strategies have to meet all the goals of the four priority axes.

This runs counter to the provisions of Article 62(a) which states that a LEADER approach is to be pursued “with a view to achieving the objectives of one or more of the three priority axes ...”. The Committee of the Regions proposes that this inconsistency be removed from the Regulation (*Recommendation 14*).

3. The Committee of the Regions supports the proposal to earmark for LEADER a part of the EU funding available to Member States, according to the needs of the areas affected. The Committee of the Regions also welcomes the proposal to establish a European network for rural development. The experience gained with the establishment of national LEADER networks could be utilised in this respect. However, the Committee of the Regions cautions against a repeat of the unacceptable delays in launching the EU Observatory of Rural Areas (LEADER+), the LEADER European Observatory (LEADER II) and many of the national LEADER networks. The European Commission and the Member States should make it a priority to establish these bodies from the very outset of the programming period. Local authorities have a great deal of experience in working with the LEADER approach which should be utilised by Member States when they produce a framework for LEADER.
4. The Committee of the Regions is against keeping a substantial part of the available budget in reserve for those Member States whose LEADER programmes achieve the best results. This will probably result in priority being given to short-term, “easy” projects, at the expense of medium- and long-term projects. For planning to be reliable, it must be established what resources are available in the relevant Member State (*Recommendations 15 and 18*).

5. Conclusions

1. In the Committee of the Regions’s view it is important not to jeopardise continuity in the actions and measures during the transition between the 2000-2006 and the 2007-2013 programming periods. Steps must therefore be taken to ensure that the multi-annual measures agreed in the old phase, such as the agricultural environment measures, are funded until the expiry of the commitment period and that the agreed level of Community participation (the co-funding rate) is maintained. In order to have an effective EU rural policy in the new phase, the Committee of the Regions supports the Commission’s proposal for a budget of €88,75 billion (excluding modulation) for financing the EU rural development policy. Renationalisation of the policy or parts of the policy are strongly rejected by the CoR.
2. The Committee of the Regions notes that, according to the draft Regulation, in addition to an ex-ante, mid-term and ex-post assessment, an annual assessment is also supposed to be submitted; however, it wonders what is the value added of an annual assessment.
3. One of the aims of the Regulation is to simplify the legislation governing this area. In order to be in a position to assess whether this objective has been achieved, it is essential to have an insight into the implementing regulations. The Committee of the Regions would welcome a request for an opinion on

these regulations, in view of the experience which Committee of the Regions members have had in implementing policy in this field.

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2. Committee of the Regions' recommendations

Recommendation 1

Article 11a(2)

<i>Commission text</i>	<i>CoR amendment</i>
2. Each Member State shall send the Commission its national strategic plan before submitting its rural development programmes.	2. Each Member State shall send the Commission its national <u>and/or regional</u> strategic plans <u>before or at the same time as it submits</u> its rural development programmes.

Reason

The point of the amendment is to make the procedure for submitting the national strategic plan and rural development programmes consistent with the procedure in the regional policy regulation.

The subsidiarity principle dictates that rural development strategy is the responsibility of whichever territorial tier of authority is appropriate to the particular situation of the member State concerned.

Recommendation 2

Article 14(2)

<i>Proposed Commission text</i>	<i>CoR amendment</i>
A Member State may submit either a single programme for its entire territory or a programme for each region.	A Member State may submit either a single programme for its entire territory <u>or and/or</u> a programme for each region. <u>If programming is at national and regional level, there must be a clear link between the two. Member States may also submit for approval general framework regulations, which are to be incorporated entirely or in part in the programmes of the regions.</u>

Reason

This would give Member States more scope to adapt programming to their own needs.

Recommendation 3

Article 16

<i>Commission text</i>	<i>CoR amendment</i>
The Community financial contribution to each of the three objectives referred to in Article 4 shall cover at least 15% of the Fund's total contribution to the programme for priority axis I and III referred to in Sections I and III respectively under Chapter I of Title IV and 25% of the Fund's total contribution to the programme for the priority axis II referred to in Section II of Chapter I.	The Community financial contribution to each of the three objectives referred to in Article 4 shall cover at least 15% of the Fund's total contribution to the programme for priority axis I and III referred to in Sections I and III respectively under Chapter I of Title IV and 25% of the Fund's total contribution to the programme for the priority axis II referred to in Section II of Chapter I. <u>These percentages need not be applied if there is sufficient justification based on the results of the analysis referred to in Article 15(a).</u>

Reason

This would give the authority drawing up the rural development programme more flexibility to adapt the budget allocation across different measures to programming needs.

Recommendation 4

Article 19(c)(iii)

<i>Commission text</i>	<i>CoR amendment</i>
Support targeting the competitiveness of the agricultural and forestry sector shall concern: (...) (c) measures aimed at improving the quality of agricultural production and products by: (...) (iii) supporting producer groups for information and promotion activities for products under food quality schemes;	Support targeting the competitiveness of the agricultural and forestry sector shall concern: (...) (c) measures aimed at improving the quality of agricultural production and products by: (...) (iii) supporting producer groups, <u>including management bodies of quality marks or instruments and interbranch associations,</u> for information and promotion activities for products

	under food quality schemes;
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Reason

This covers producer groups in the broadest sense of fresh and processed products. Management bodies are those involving producers and/or processors.

Recommendation 5

Article 27

<i>Commission text</i>	<i>CoR amendment</i>
<p><i>Adding value to primary agricultural and forestry production</i></p> <p>1. Support provided for in Article 19 (b)(iii), shall be granted for investments which:</p> <p>a) improve the overall performance of the enterprise;</p> <p>b) concern the processing and marketing of products covered by Annex I to the Treaty except fishery products, as well as forestry products, and</p> <p>c) respect the Community standards applicable to the investment concerned.</p> <p>Where investments are made in order to comply with Community standards, support may be granted only to those which are made by microenterprises, as referred in paragraph 2, in order to comply with a newly introduced Community standard. In that case a period of grace, not exceeding 36 months from the date on which the standard becomes mandatory for the enterprise, may be provided to meet the standard.</p> <p>2. Support under paragraph 1 shall be limited to micro and small enterprises within the meaning of Commission recommendation 2003/361/EC. In the case of forestry production, support shall be limited to micro-enterprises.</p> <p>Support shall not be granted to enterprises in difficulty within the meaning of the Community Guidelines in State aid for rescuing and</p>	<p><i>Adding value to primary agricultural and forestry production</i></p> <p>1. Support provided for in Article 19 (b)(iii), shall be granted for investments which:</p> <p>a) improve the overall performance of the enterprise;</p> <p>b) concern the processing and marketing of products covered by Annex I to the Treaty except fishery products, as well as forestry products, and</p> <p>c) respect the Community standards applicable to the investment concerned.</p> <p>Where investments are made in order to comply with Community standards, support may be granted only to those which are made by microenterprises, as referred in paragraph 2, in order to comply with a newly introduced Community standard. In that case a period of grace, not exceeding 36 months from the date on which the standard becomes mandatory for the enterprise, may be provided to meet the standard.</p> <p>2. Support under paragraph 1 shall be limited to micro, and <u>small and medium-sized</u> enterprises within the meaning of Commission recommendation 2003/361/EC <u>and agri-food associations</u>. In the case of forestry production, support shall be limited to micro-enterprises.</p> <p>Support shall not be granted to enterprises in difficulty within the meaning of the Community Guidelines in State aid for rescuing and</p>

restructuring firms in difficulty.	restructuring firms in difficulty.
3. Support shall be limited to the maxima laid down in Annex I.	3. Support shall be limited to the maxima laid down in Annex I.

Reason

To be consistent with measures implemented under other Structural Funds. It should be noted that the agri-food industry provides more jobs than many other sectors of production.

Recommendation 6

Article 34

<i>Commission text</i>	<i>CoR amendment</i>
<p>Measures</p> <p>Support under this section concerns the following measures:</p> <p>(a) measures targeting the sustainable use of agricultural land through:</p> <p>(i) natural handicap payments to farmers in mountain areas,</p> <p>(ii) payments to farmers in areas with handicaps, other than mountain areas,</p> <p>(iii) NATURA 2000 payments,</p> <p>(iv) agri-environment and animal welfare payments,</p> <p>(v) support for non-productive investments;</p> <p>(b) measures targeting the sustainable use of forestry land through:</p> <p>(i) first afforestation of agricultural land,</p> <p>(ii) first establishment of agroforestry systems on agricultural land,</p> <p>(iii) first afforestation of non agricultural land,</p> <p>(iv) NATURA 2000 payments,</p>	<p>Measures</p> <p>Support under this section concerns the following measures:</p> <p>(a) measures targeting the sustainable use of agricultural land through:</p> <p>(i) natural handicap payments to farmers in mountain areas,</p> <p>(ii) payments to farmers in areas with handicaps, other than mountain areas,</p> <p>(iii) NATURA 2000 payments,</p> <p>(iv) agri-environment and animal welfare payments,</p> <p>(v) support for non-productive investments;</p> <p>(b) measures targeting the sustainable use of forestry land through:</p> <p>(i) first afforestation of agricultural land,</p> <p>(ii) first establishment of agroforestry systems on agricultural land,</p> <p>(iii) first afforestation of non agricultural land,</p> <p>(iv) NATURA 2000 payments,</p>

(v) forest-environment payments,	(v) forest-environment payments,
(vi) restoring forestry production potential and introducing prevention actions,	(vi) restoring forestry production potential and introducing prevention actions,
(vii) support for non-productive investments;	(vii) support for non-productive investments;
	<u>c) measures targeting the dissemination and conservation of agroforestry systems, including:</u>
	<u>i) support for the conservation and maintenance of agroforestry systems;</u>
	<u>ii) NATURA 2000 payments.</u>

Reason

European legislation divides land use into two categories: agricultural land and forestry land. Agroforestry systems are ones which on a single piece of land combine short-term agricultural activities (crops or livestock production) with longer-term forestry activities (wood or cork production, or for recreational purposes, bringing many external benefits for the environment). Agroforestry covers a wide range of production systems based on multiple use of the land and optimisation of synergies between the various uses, so as to make mutually beneficial use of the trees, crops and livestock. The draft regulation recognises the existence of this third system of land use which differs from both agriculture and forestry. Community support is however restricted to the initial establishment of agroforestry systems. With this recommendation support for the conservation and maintenance of agroforestry is added.

Recommendation 7

Article 36

<i>Commission text</i>	<i>CoR amendment</i>
NATURA 2000 payments	NATURA 2000 payments
Support provided for in Article 34 (a)(iii), shall be granted annually and per hectare of Utilised Agricultural Area to farmers in order to compensate for costs incurred and income forgone resulting from disadvantages in the areas concerned related to the implementation of Directives 79/409/EEC.	Support provided for in Article 34 (a)(iii), shall be granted annually and per hectare of Utilised Agricultural Area to farmers in order to compensate for costs incurred and income forgone resulting from disadvantages in the areas concerned related to the implementation of Directives 79/409/EEC and 92/43/EEC, <u>and to offer an incentive for the environmental value of their farming system.</u>

Reason

The environmental role of agriculture and its importance for the conservation of fauna and flora and the upkeep of the landscape should be socially recognised. It should not be treated as a minor activity whose exercise could be limited.

Recommendation 8

Article 37(4)

<i>Commission text</i>	<i>CoR amendment</i>
<p>4. The payments shall be granted annually and shall cover additional costs and income foregone resulting from the commitment given; where necessary, they may cover also transaction cost.</p> <p>Where appropriate, the beneficiaries are selected on the basis of calls for tender, applying criteria of economic, environmental and animal welfare efficiency.</p> <p>Support shall be limited to the maxima laid down in Annex I.</p>	<p>4. The payments shall be granted annually and shall cover additional costs and income foregone resulting from the commitment given; where necessary, they may cover also transaction cost.</p> <p><u>The payments may be increased by 20% in order to encourage take-up.</u></p> <p><u>If warranted, Member States may propose alternative support schemes.</u></p> <p>Where appropriate, the beneficiaries are selected on the basis of calls for tender, applying criteria of economic, environmental and animal welfare efficiency.</p> <p>Support shall be limited to the maxima laid down in Annex I.</p>

Reason

Given the importance of agri-environmental agreements for stewardship of the countryside, it is a good idea to continue encouraging participation in such agreements. It is important to broaden the basis for calculating support, since the current system is not always applicable.

Recommendation 9

New Article 46 a

<i>Commission text</i>	<i>CoR amendment</i>
-	<p><u>Support for the conservation and improvement of agroforestry systems with high environmental value</u></p> <p><u>1.- The support provided for in Article 34(c)(i) shall be granted to farmers who make management</u></p>

	<p><u>commitments guaranteeing the conservation and improvement of agroforestry systems with high environmental value, including commitments relating to animal welfare.</u></p> <p><u>2.- The Member States shall propose a list of areas that could be considered as having agroforestry systems with high environmental value.</u></p> <p><u>3.- The support shall be limited to the maximum sums laid down in Annex I.</u></p>
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Reason

See Recommendation 6

Recommendation 10

New Article 46 b

<i>Commission text</i>	<i>CoR amendment</i>
-	<p><u>Natura 2000 payments</u></p> <p><u>The support provided for in Article 34(c)(ii) shall be granted annually per hectare of agroforestry land, to private individuals or associations in compensation for the costs incurred from the restrictions on use of this land resulting from the application of Directives 79/409/EEC and 92/43/EEC.</u></p> <p><u>The amount of this support shall be between the maximum and minimum amounts laid down in Annex I.</u></p>

Reason

See Recommendation 6

Recommendation 11

Article 49(a)

<i>Commission text</i>	<i>CoR amendment</i>
Support under this section involves:	Support under this section involves:

<p>a) Measures to diversify the rural economy, comprising:</p> <p>(i) diversification into non-agricultural activities,</p> <p>(ii) support for the creation and development of micro-enterprises with a view to promoting entrepreneurship and developing the economic fabric,</p> <p>(iii) encouragement of tourism activities,</p> <p>(iv) the protection, upgrading and management of the natural heritage, so contributing to sustainable economic development.</p>	<p>a) Measures to diversify the rural economy, comprising:</p> <p>(i) diversification into non-agricultural activities,</p> <p>(ii) support for the creation and development of micro-enterprises with a view to promoting entrepreneurship and developing the economic fabric,</p> <p>(iii) encouragement of tourism activities,</p> <p><u>(iv) support for greater participation of women in the rural economy,</u></p> <p>(iv) the protection, upgrading and management of the <u>rural heritage (natural, historical and cultural)</u>, so contributing to sustainable economic development.</p>
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Reason

Women play an important role in diversification of the rural economy, but often encounter specific problems, such as limited access to capital. The amendment is intended to allow support for measures to remove these obstacles.

The rural development strategies implemented under the EAFRD approach successfully address rural heritage, in its widest possible sense, above everything else. Historical and cultural heritage, which are also of concern to rural development groups, must be included along with natural heritage.

Recommendation 12

Article 52

<i>Commission text</i>	<i>CoR amendment</i>
<p><i>Encouragement of tourism activities</i></p> <p>The support referred to in Article 49(a)(iii) covers the following:</p> <p>(a) small-scale infrastructure such as information centres and the signposting of tourist sites;</p>	<p><i>Encouragement of tourism activities</i></p> <p>The support referred to in Article 49(a)(iii) covers the following:</p> <p>(a) small-scale infrastructure such as information centres and the signposting of tourist sites;</p> <p>(b) recreational infrastructure offering access to</p>

(b) recreational infrastructure offering access to natural areas, and small-capacity accommodation;	natural areas, and small-capacity accommodation;
(c) the development and placing on the market of tourism products relating to rural tourism.	(c) the development and placing on the market, <u>including on-line marketing</u> of tourism products relating to rural tourism;-
	(d) <u>specific vocational training for the tourism sector, in areas such as customer service and product development.</u>

Reason

Rural areas can offer fantastic natural heritage and other attractions. However, the ability of the local tourism industry to use these attractions in a sustainable way and to provide the tourist with a high quality experience is often hampered by poor service delivery and/or inappropriate product development. While Article 56 may make reference to “vocational training” it is essential that specific reference to training is made under the tourism measure.

Increasingly people are booking travel, accommodation, holiday and leisure products and services online as well accessing information. Smaller rural tourism service providers are at a disadvantage without the training and wherewithal to cater for online bookings and marketing.

Recommendation 13

Article 58

<i>Commission text</i>	<i>CoR amendment</i>
<i>Local development strategies</i>	<i>Local development strategies</i>
The measures listed in Article 49 shall be implemented preferably through local development strategies.	The measures listed in Article 49 shall be implemented preferably <u>with the active involvement of local authorities</u> through local development strategies.

Reason

Many of the measures set out in Article 49 are core responsibilities of local authorities. In previous rural development programmes, local authorities in some Member States were marginalised in the process and not directly involved in delivering local development strategies. Ensuring the active involvement of local authorities in the EAFRD will provide for a more comprehensive and coherent approach to the development of many rural areas. Failure to have a specific reference to local authorities may undermine delivering on the objectives of the EAFRD.

Recommendation 14

Article 63(1)

<i>Commission text</i>	<i>CoR amendment</i>
1. In the case of the support referred to in Article 62(a), operations under the strategy must meet the goals laid down in this Regulation for each of the priority axes.	1. In the case of the support referred to in Article 62(a), operations under the strategy must meet <u>one or more of the</u> goals laid down in this Regulation for each of the priority axes.

Reason

Article 63(1) stipulates that measures carried out under the LEADER approach must meet all the goals of the Regulation, which is inconsistent with Article 62(a). The amendment aligns the wording of the two articles.

Recommendation 15

Article 70(2)

<i>Commission text</i>	<i>CoR amendment</i>
3% of the resources referred to in paragraph 1, for an amount of EUR 2.66 billion at 2004 prices, shall be allocated to the reserve provided for in Article 92.	3% of the resources referred to in paragraph 1, for an amount of EUR 2.66 billion at 2004 prices, shall be allocated to the reserve provided for in Article 92.

Reason

It does not make sense to create a performance reserve for the LEADER approach.

Recommendation 16

Article 71.4

<i>Commission text</i>	<i>CoR amendment</i>
Notwithstanding the ceilings set out in paragraph 3, the Fund contribution may be increased by five percentage points for the programmes of the outermost regions and the smaller islands of Aegean Sea.	Notwithstanding the ceilings set out in paragraph 3, the Fund contribution may be increased by five percentage points for the <u>upto 85% of public expenditure for the financing of</u> programmes of the outermost regions and the smaller islands of Aegean Sea.

Reason

Recognition of the exceptional and serious nature of outermost Europe's development problems, which is enshrined in Article 299(2) of the EC Treaty (future Article III-424), calls for this to be addressed specifically and appropriately in agriculture policy after 2006.

Therefore, the specific problems of agriculture in the outermost regions merit greater assistance than other regions. For this reason, it is necessary to maintain the level of aid so that the major structural deficiencies deriving mainly from remoteness and isolation can be overcome as effectively as possible.

Recommendation 17

Article 87

<i>Commission text</i>	<i>CoR amendment</i>
1. Each year, on presentation of the annual progress report, the Commission and the Managing Authority shall examine the main results of the previous year, in accordance with procedures to be determined in agreement with the Member State and Managing Authority concerned.	1. Each year, o <u>On presentation of the annual progress report mid-term evaluation in 2010,</u> the Commission and the Managing Authority shall examine the main results of the previous year <u>since the beginning of the programme's implementation,</u> in accordance with procedures to be determined in agreement with the Member State and Managing Authority concerned.

Reason

The Regulation stipulates that the programme will run for seven years and is to offer the Member States the possibility to implement its national rural development strategies during this period, taking into account the objectives set. To ensure the sustainable development of the countryside and to achieve the strategic objectives, it is important that these programmes run for several years. For this reason the proposed Regulation covers a longer period, not merely one year.

This raises the question of whether there is any sense in annual programme reviews, especially as the measures are geared to achieving lasting goals. It is not logical to draw conclusions about the programme's implementation after only one year. It would be more sensible and quite sufficient to carry out a mid-term evaluation of the programme's implementation and how to improve quality. An annual evaluation as laid down in the Commission proposal would merely increase unnecessary red tape and run counter to the objectives of simple and clear programming with minimal bureaucracy.

Recommendation 18

Article 92

<i>Commission text</i>	<i>CoR amendment</i>
1. The amount allocated to the reserve referred to in Article 70(2) shall be used to support	1. The amount allocated to the reserve referred to in Article 70(2) shall be used to support

implementation of the LEADER approach in programmes.	implementation of the LEADER approach in programmes.
2. Implementation of the LEADER approach shall be evaluated on the basis of objective criteria including:	2. Implementation of the LEADER approach shall be evaluated on the basis of objective criteria including:
(a) the priority given to the LEADER approach,	(a) the priority given to the LEADER approach;
(b) the territorial coverage of the LEADER approach,	(b) the territorial coverage of the LEADER approach;
(c) the stage reached in implementing the LEADER priority axis,	(c) the stage reached in implementing the LEADER priority axis;
(d) the leverage effect on private capital,	(d) the leverage effect on private capital;
(e) the results of mid-term evaluations.	(e) the results of mid-term evaluations.

Reason

This article is superfluous if the performance reserve is being abolished.

Recommendation 19

Article 71(6)

<i>Commission text</i>	<i>CoR amendment</i>
An operation financed by the Fund shall not simultaneously benefit during its term of eligibility from a contribution from the Structural Funds, the Cohesion Fund or any other Community financial instrument. An expenditure co-financed by the Fund shall not be co-financed by way of another Community financial instrument.	An operation financed by the Fund shall not simultaneously benefit during its term of eligibility from a contribution from the Structural Funds, the Cohesion Fund or any other Community financial instrument. An expenditure co-financed by the Fund shall not be co-financed by way of another Community financial instrument.
An operation may qualify for a Fund contribution only under one rural development programme at a time. It may be financed under only one priority axis of the rural development programme.	An operation may qualify for a Fund contribution only under one rural development programme at a time. It may be financed under only one priority axis of the rural development programme.

Reason

The deleted sentence would rule out projects that were outside the scope of one priority axis but fell within the scope of the Regulation as a whole.

Recommendation 20

Annex I referring to Article 46a and 46b

<i>Text proposed by the European Commission</i>
None.

<i>CoR amendment</i>			
Article	Subject	Amount in euros or rate	
<u>46a (3)</u>	<u>Maximum payment</u>	<u>200</u>	<u>Per hectare of UAA</u>
<u>46b</u>	<u>Maximum Natura 2000 payment</u>	200	<u>Per hectare of UAA</u>

Reason

To remain consistent with new Article 46a(1).

Brussels, 23 February 2005.

The President
of the
Committee of the Regions

The Secretary-General
of the
Committee of the Regions

Peter Straub

Gerhard Stahl

¹ OJ C 256 of 24.10.2003, p. 18

² As outlined in the Proposal for a Council Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, COM(2004) 492 final

³ Opinion of the European Economic and Social Committee of 30 June 2004, NAT/243

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CdR 255/2004 fin EN/o

CdR 255/2004 fin EN/o