



A short guide to the European Commission's proposals for **EU rural development after 2013**



What's new

...in the Commission's proposal on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) after 2013?

- **Improved coordination between CSF funds** in the service of *Europe 2020* objectives,
 - » through a *Common Strategic Framework (CSF)* for these EU funds, assisting coordination at EU level;
 - » through a common *Regulation for CSF funds*, harmonising certain rules and provisions;
 - » and through *Partnership Contracts (PCs)*, assisting coordination at national level.
- **A new framework** for assisting the smooth and effective operation of all rural development programmes,
 - » through "*ex-ante conditionalities*" (necessary conditions for the effective use of EU support);
 - » and through provisions for a *performance reserve* for each programme to reward good progress against selected targets.
- **Improved strategic programming,**
 - » through *quantified targets set against clear EU priorities* for rural development policy, linked to *Europe 2020* objectives; and
 - » through a *more flexible relationship between measures, combinations of measures and objectives / priorities.*
- The possibility to design **thematic sub-programmes**, so as to address more closely the needs of particular types of area (e.g. mountain areas) or particular groups (e.g. young farmers) within a national or regional programme.
- **A simplified menu of measures**, with improved visibility, scope and conditions, and offering more possibilities in fields such as knowledge transfer, risk management and various forms of co-operation (e.g. commercial, environmental).
- **More potential for local development**, with a 'start-up' kit for Leader, the possibility to combine different funds for an integrated local development strategy, and clear provision for capacity-building.
- Support for the **European Innovation Partnership (EIP) for Agricultural Productivity and Sustainability**, to help bridge the gap between cutting-edge research and practical farming to achieve a stronger and more sustainable farm sector.
- **A reinforced networking approach**, including the 'European Network for Rural Development' and two specialist networks (the 'Evaluation Expert Network' and the new 'European Innovation Partnership Network').

This publication presents a short guide to the European Commission's proposals for EU rural development policy from 2014 to 2020.

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An evolving EU rural development policy

Over the years, the objectives of the EU's Common Agricultural Policy (CAP) have retained a stable core based on the treaties of the EU but have been interpreted in ways which have evolved to reflect the changing context and societal needs. Moreover, successive reforms have led to changes in the instruments used. Originally, elements of rural development policy were embedded in the CAP. A separate and specific EU rural development policy became operational in 2000 when the CAP was reorganised into two pillars.

The CAP's first pillar covers direct payments and market measures and the second CAP pillar covers multi-annual rural development measures. The CAP's two pillars are complementary and EU rural development policy operates within this context.

Rural development policy's evolution since its inception has helped the policy grow and adapt to reflect key EU priorities. Its emphasis on investment for success has enabled many farmers to learn new techniques, upgrade facilities and carry out essential restructuring, thus sharpening their competitive edge.

In addition, very substantial provisions for the good of the environment are helping to turn the tide with regard to challenges of biodiversity, greenhouse gas emissions, soil and water quality, and landscape preservation. Rural development policy has also embraced the need to support different types of job creation plus the provision of basic services in our countryside. These help to promote quality of life, which is acknowledged as an important factor for sustaining thriving rural communities.



Rural development policy's broad reach creates a variety of socio-economic and environmental benefits.

These positive policy contributions are making a real difference in Europe's countryside yet considerable development challenges do remain. Such concerns must be firmly addressed if rural Europe is to fully share in the 'smart', 'sustainable' and 'inclusive' growth advocated by the EU's *Europe 2020*¹ strategy.

One of the main challenges relates to the EU farm sector, which is still under immense pressure. For instance, issues linked to threats such as price volatility need robust responses to help EU agriculture hold its ground in competitive global markets and remain one of the central props of the EU's long-term food security.

At the same time, although the advance of environmental threats has in many cases been slowed, it has for the most part not yet been reversed. Hence, considerable resources are still needed to help give economic gains in rural areas a sound environmental dimension. We need to care even better for our natural heritage and to combat the development and impact of climate change.

Finally, the progress already made in laying down the essential conditions for successful living in the countryside must be sustained. Rolling out broadband internet access and setting up basic social services are just two examples of the many tasks to be addressed so that priority groups like young people, families and businesses can have a viable and attractive alternative to living in towns and cities.



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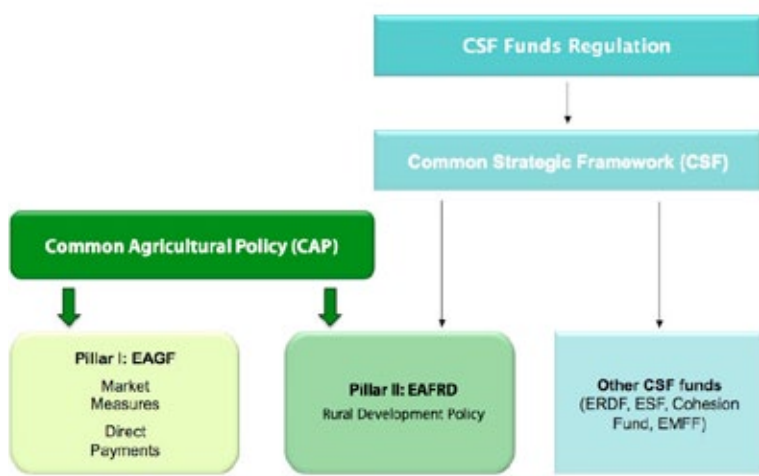
Rural Europe has considerable potential as an attractive and enjoyable place to live, work, and visit.

New policy proposals

In light of the needs, challenges and opportunities that still exist throughout Member States' rural areas, the European Commission has developed proposals for the operation of rural development policy from 2014 to 2020. The process of developing this new EU rural development policy has been supported by a major public debate on the future of the CAP.

New proposals for reforming the CAP after 2013 were then released in October 2011. The proposals included a [draft regulation](#)² covering support for rural development by the European Agricultural Fund for Rural Development (EAFRD). This new EAFRD proposal builds on rural development policy's CAP foundations and is closely aligned to the *Europe 2020* strategy for growth.

Figure 1: EU rural development policy linkages⁴



In its Communication on *'The CAP towards 2020'*, the European Commission presented three broad policy options for the future of the CAP. A number of parallel analyses were conducted on the options to inform the policy development process. This was followed up by a consultation with stakeholders and other institutions.

In order to focus on the *Europe 2020* objectives, greater integration is foreseen between EU policies in rural areas. New agreements will coordinate rural development policy's role alongside other EU funding instruments in order to achieve efficiencies and synergies across the EU policy framework.

Figure 1 illustrates the linkages between the CAP pillars and other EU funds. Further information about the new legislative framework is presented in the following section and an annex to this publication presents a summary of the new legal proposals that apply to the EAFRD's 2014-2020 period.

Detail from the EU's [multiannual financial framework](#)³ for 2014-2020 notes that funding for rural development policy should be maintained at current levels, namely €14.6 billion per annum for the full 2014-2020 programming period. Future funding will ensure that rural development policy continues to go about its business with an evolving approach to match the changes taking place around it.

² http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/com627/627_en.pdf

³ http://ec.europa.eu/budget/biblio/documents/fin_fw1420/fin_fw1420_en.cfm

⁴ EU funds featured in figure 1 include: the European Agricultural Guarantee Fund (EAGF), the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF) and the European Maritime and Fisheries Fund (EMFF)

Getting our priorities right

In order to deliver good value for money for the EU taxpayer, rural development policy must have a clear mission. This mission concords with the objectives of the CAP as a whole and also to the *Europe 2020* strategy, which explains why and how future economic growth in the EU should be smart (based on knowledge and innovation), sustainable (in line with the long-term needs of the planet) and inclusive (beneficial to all society). *Europe 2020* also re-affirms targets to which the EU has already committed itself, such as a goal to cut total greenhouse gas emissions by at least 20 % from their 1990 level by the year 2020.

In line with *Europe 2020* and the overall CAP objectives, the main mission of EU rural development policy from 2014 to 2020 can be stated in terms of three long-term strategic objectives, which are to contribute to:

- the competitiveness of agriculture;
- the sustainable management of natural resources, and climate action;
- a balanced territorial development of rural areas.



Innovative technological developments can help rural businesses compete and tackle environmental challenges.

These ambitions are similar to those which currently shape rural development policy. For the purposes of managing the use of rural development policy through rural development programmes (RDPs) after 2013, the broad long-term objectives outlined above will be referred to as the RDP 'priorities'. RDP priorities will have corresponding 'areas of intervention'.

RDP priorities and areas of intervention will provide the basis for rolling out EAFRD support to EU rural areas. They shall also be used to set quantified RDP targets that will be agreed by the Commission and each RDP managing authority.

Importantly, the themes of: 'fostering innovation'; 'contributing to climate change mitigation and adaptation'; and 'caring for the environment' are considered to be common goals for all RDP priorities and areas of intervention. This means that even though these cross-cutting themes may have particularly strong links to certain RDP priorities, all of them must be adequately addressed in every aspect of the 2014-2020 RDPs.

Table 1 presents a summary of the proposed new priorities for rural development policy and associated areas of intervention. A brief rationale is also provided to highlight the reasons why the different policy aspects are relevant. All of these proposed EAFRD priorities and areas of intervention will be carefully coordinated with other EU funds supporting rural areas.



European agriculture needs to be a driver of the *Europe 2020* strategy in our countryside.

Proposed RDP priorities and areas of intervention for 2014-2020

RDP priority: Fostering knowledge transfer in agriculture, forestry and rural areas.

Areas of Intervention:

- Fostering innovation and the knowledge base in rural areas.
- Strengthening research and innovation links in agriculture and forestry.
- Fostering lifelong learning and vocational training in agriculture and forestry sectors.

Why?

Knowledge, skills and innovation are the indispensable foundation of sustainable development. Rural areas often need help in this respect (for example, only 20 % of EU farmers have received a formal agricultural training) and gaps need to be narrowed between researchers and farmers or foresters.



RDP priority: Enhancing the competitiveness of all types of agriculture and enhancing farm viability.

Areas of Intervention:

- Facilitating restructuring of farms facing major structural problems (notably farms with a low degree of market participation, or market-orientated farms active in particular sectors, or farms in need of agricultural diversification).
- Facilitating a balanced age structure in the agricultural sector.

Why?

Various forces pose threats to farmers' incomes, and therefore farmers working within a variety of farming models should aim to continue to become more competitive. In some cases further restructuring is needed. Given that only six percent of farm managers are aged below 35, more young people must be encouraged to bring their energy and ideas to the farm sector.



RDP priority: Promoting food chain organisation and risk management in agriculture.

Areas of Intervention:

- Better integrating primary producers into the food chain through quality schemes, promotion in local markets and short-supply chains, producer groups and 'inter-branch' organisations.
- Supporting risk management on farms.

Why?



Farmers' position in the food supply chain can be relatively weak and they can benefit from organising themselves better to improve revenue opportunities. One route to doing so lies in local markets and short-supply chains. Risk management tools are needed to help farmers cope better with the uncertainty created by problems of weather, animal disease and market volatility.

RDP priority: Restoring, preserving and enhancing ecosystems dependent on agriculture and forestry.

Areas of Intervention:

- Restoring and preserving biodiversity (including in Natura 2000 areas and areas of high nature value farming) and the state of European landscapes.
- Improving water management.
- Improving soil management.

Why?



Pressures on the environment are still very prevalent. For example, only 17 % of EU habitats and 11 % of ecosystems are considered to be in a 'favourable' state, nutrient surpluses persist in some water bodies (despite progress in others), and 45 % of EU soils suffer from problems of quality. These challenges need to be remedied and the positive environmental contributions of farming and forestry should be strengthened.

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

Areas of Intervention:

- Increasing efficiency in water use by agriculture.
- Increasing efficiency in energy use in agriculture and food processing.
- Facilitating the supply and use of renewable sources of energy, by-products, wastes, residues and other non-food raw materials for the bio-economy.
- Reducing nitrous oxide and methane emissions from agriculture.
- Fostering carbon sequestration in agriculture and forestry.



Why?

In all economic sectors, 'smart' and 'sustainable' growth must look after scarce resources. Agriculture must use energy and water more efficiently (farms account for about 24 % of total EU water abstractions) while cutting its emissions of greenhouse gases and sequestering carbon. Farming and other rural sectors can supply essential raw materials for use in the bio-economy.

RDP priority: Promoting social inclusion, poverty reduction and economic development in rural areas.

Areas of Intervention:

- Facilitating diversification, creation of new small enterprises and job creation.
- Promoting local development in rural areas.
- Enhancing accessibility to, and use and quality of information and communication technologies (ICT) in rural areas.



Why?

Some 14 % of the population in the EU's predominantly rural regions suffers from employment rates of less than half the EU average, and there are areas of low per-capita GDP. Much can be done to help create a wider variety of better quality jobs and an improved level of overall local development, including through ICT.

Delivering on priorities: the overall approach

Getting the priorities right gives a good starting point, but no more than that. In order to deliver on promises made and provide good value for money, the structure and basic approach of rural development policy must be stronger than ever before.

Part of the recipe for effective delivery concerns coordination with other EU policies. Thus, rural development policy must stand shoulder to shoulder with other policies if the EU is to meet its *Europe 2020* objectives. A new legal mechanism, referred to as a 'Common Strategic Framework' (CSF), is proposed to ensure this coordination.

Policy co-ordination at EU level

Several EU funds provide support for rural areas. Namely the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF) and the European Maritime and Fisheries Fund (EMFF).

document, harmonising and simplifying rules where possible and appropriate. This type of common regulation will be a cornerstone for the other contractual tools designed to improve co-ordination between policies (see below).

It makes sense to identify the common characteristics of these funds and legislate for these together in one legal

Nevertheless, rural development policy will keep its distinctive identity. Specific aspects of the policy's operation will

Figure 2: Rural development policy in a new framework





Urban areas are important markets and service centres for rural businesses and Europe's countryside is popular among urban populations.

be covered by a regulation applying only to rural development policy and common financial and management provisions by another regulation applying to the entire CAP.

An essential tool for helping EU funding instruments to work together after 2013 will be the CSF. This is to cover the EAFRD, ERDF, ESF, CF and EMFF. The CSF's main role will be to help the different funds involved to complement each other. In particular, it will clarify how they can work together in the service of the *Europe 2020* priorities of smart, sustainable and inclusive growth, as translated into more detailed thematic objectives and priorities.

CSF systems will also strengthen provision for 'territorial' (cross-sectoral) co-operation between funds. This will be useful for development topics such as reinforcing rural-urban links.

Very importantly, the CSF will be sufficiently detailed to provide genuine improvements in co-ordination between funds, but sufficiently flexible to allow each policy covered to fulfil its own mission. It will replace the EU Strategic Guidelines which currently apply to rural development policy.

Partnership contracts will formalise co-ordination approaches between policies at national level. The partnership contracts will be the next section of the bridge between challenges at EU level on the one hand and those at national, regional and

local level on the other hand. In the case of rural development policy, these partnership contracts will replace the current National Strategy Plans.

Partnership contracts will be agreed for each Member State and cover the same EU funds as the CSF. Contract content will set out how the Member State will use and coordinate CSF funds together to serve the *Europe 2020* objectives (in co-ordination with a Member State's National Reform Programme).

Partnership contracts will therefore provide a useful bird's-eye view in any given Member State of the main features of all the EU programmes for that Member State which are covered by the CSF, including indicative financial indications for each EU fund and the main results expected for each fund. Nevertheless, partnership contracts will leave a number of important processes at the level of individual programmes (e.g. the setting of binding quantified targets as noted below).



The new CSF approach represents a significant step forward in coordinating EU funds in rural areas

RDP implementation proposals

RDPs have been beneficial in the past and comparable programmes will still remain the focal point for implementing rural development policy. RDP content will be influenced by the CSF and by partnership contracts. As in the current period, some RDPs will cover entire countries, whereas others will cover a given region.

The most important elements of drawing up RDPs will be:

- Conducting an analysis of the strengths, weaknesses, opportunities and threats (SWOT) related to the area to be covered by the programme;
- Setting quantified targets against the new RDP priorities and associated areas of intervention, using consistent target indicators from the Common

Monitoring and Evaluation Framework (CMEF). RDP indicators must take account of the lessons learnt from experiences with implementing pillar 2 of the CAP.

The indicators and baseline data needs to be accurate and broad enough to say something meaningful with regard to rural development, but also specific enough to clearly measure what difference RDP actions are making in relation to the influence of a host of external factors;

- Explaining how, for each priority, the cross-cutting themes of innovation, environment and climate change mitigation and adaptation will be properly taken into account; and
- Choosing combinations of measures to address the priorities and cross-cutting themes and to meet the targets.

RDP measures

As previously, the measures involved in implementing RDPs are set out in EU legislation. It should be emphasised that the new RDP measures are defined mainly according to types of support and beneficiary rather than according to priorities (e.g. investment support or area-based payment support, farmer beneficiaries or other business beneficiaries etc).

Commission proposals for rural development policy measures for after 2013 are a judicious blend of old and new. They take measures which have proved their worth in the current period and update them. The result aims to make these modernised measures work more efficiently, and to make them better reflect the priorities of rural development policy as well as the cross-cutting themes of innovation, climate change and environmental care. Some brand-new measures are also appearing in the menu.

The number of measures presented for the 2014-2020 RDPs is less than the current menu of 2007-2013 measures. But this should not be mistaken for lack of content. In many cases, individual measures from the present period are being rolled together so that Member States can choose an implementation adapted to their needs. This new menu provides a very solid range of tools for meeting the various challenges faced by rural areas.

Figure 3 shows the proposed measures of rural development policy. An indication is provided concerning which measures are particularly relevant for each of the Union priorities for rural development. However, it must be strongly emphasized that no measure is “priority-specific”. It will be up to Member States/Regions to decide which measures to use to serve a given priority. Some measures in particular are clearly relevant for several Union priorities. Descriptions of proposed new EAFRD measures can be found on the ENRD website at http://enrd.ec.europa.eu/en/home-page_en.cfm



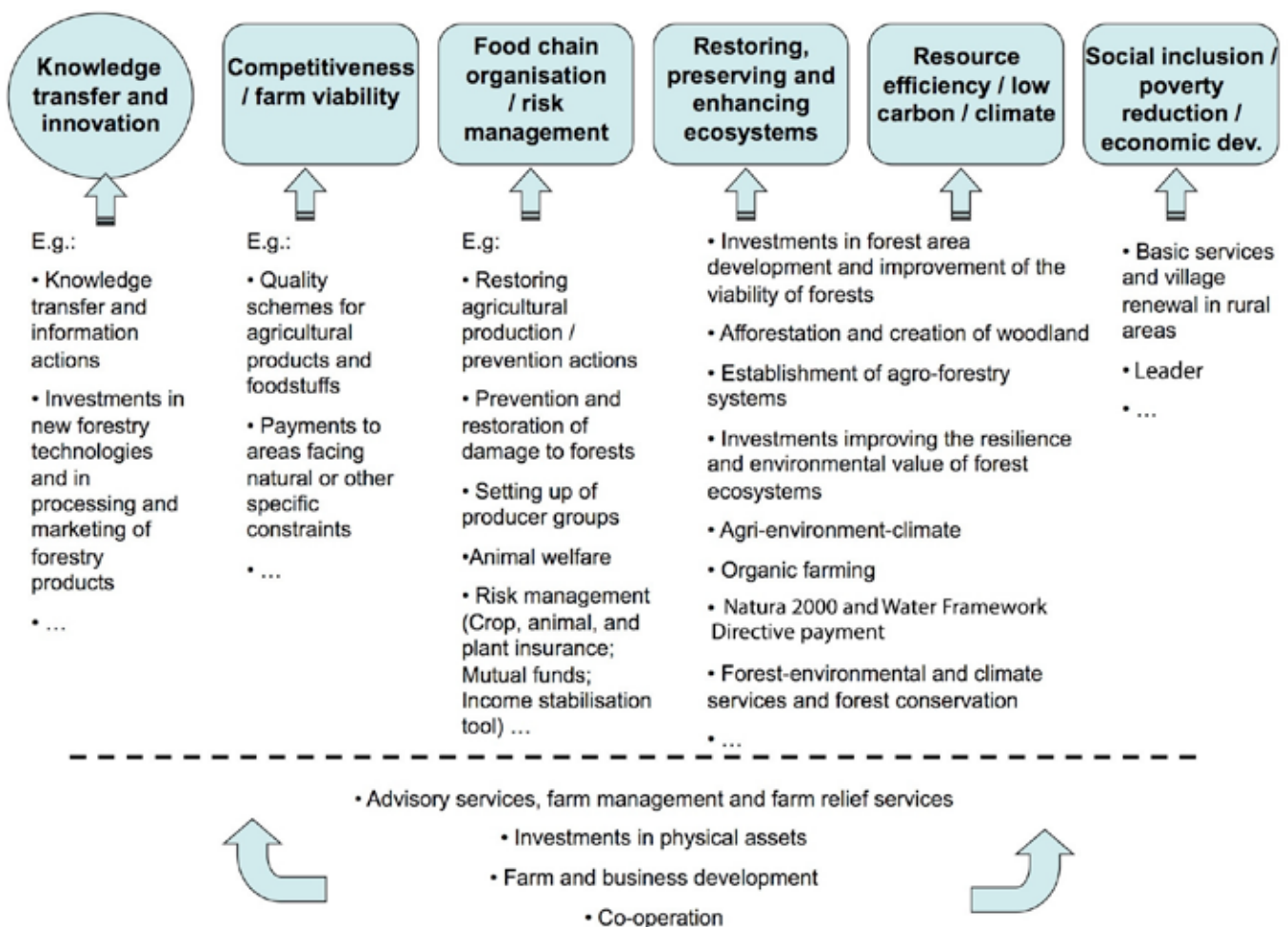
Combinations of EAFRD measures can be used to promote more and better rural products, like organic food, for EU citizens.

There will be a much firmer emphasis on the use of these new measures in combination. It is clear that many or even most priorities and targets cannot be met through the use of one measure alone. Therefore, Member States and regions should in the future set out a clear intervention logic illustrating how measures will work together.

The programming system will take account of the fact that a given measure can contribute to more than one

priority at a time. Other innovations for the next generation of RDPs include the possibility to set up 'sub-programmes' to address particular groups, areas or objectives (see page 15 for more information about the sub programme proposals).

Figure 3: Indicative list of measures showing their relevance to the priorities of rural development policy



Rewarding good performance

Overall targets for each RDP will express objectives for that programme during its lifetime. It also makes sense to set milestones along the way (intermediate targets) to check that everything is moving in the right direction at the right speed.

Therefore, within a new performance framework, formal milestones will be agreed for all RDPs in relation to some of the overall targets agreed between the Commission and the Member State. If the milestones are not reached, the Commission will make recommendations to correct the situation.

For milestones that have been achieved, further EAFRD allocations may be released at a later stage from a Member State's rural development 'performance reserve' budget (containing five percent of its total EAFRD budget). These performance reserve funds will be available to support additional rural development actions within priorities for which the milestones have been reached.





Ex ante conditionalities

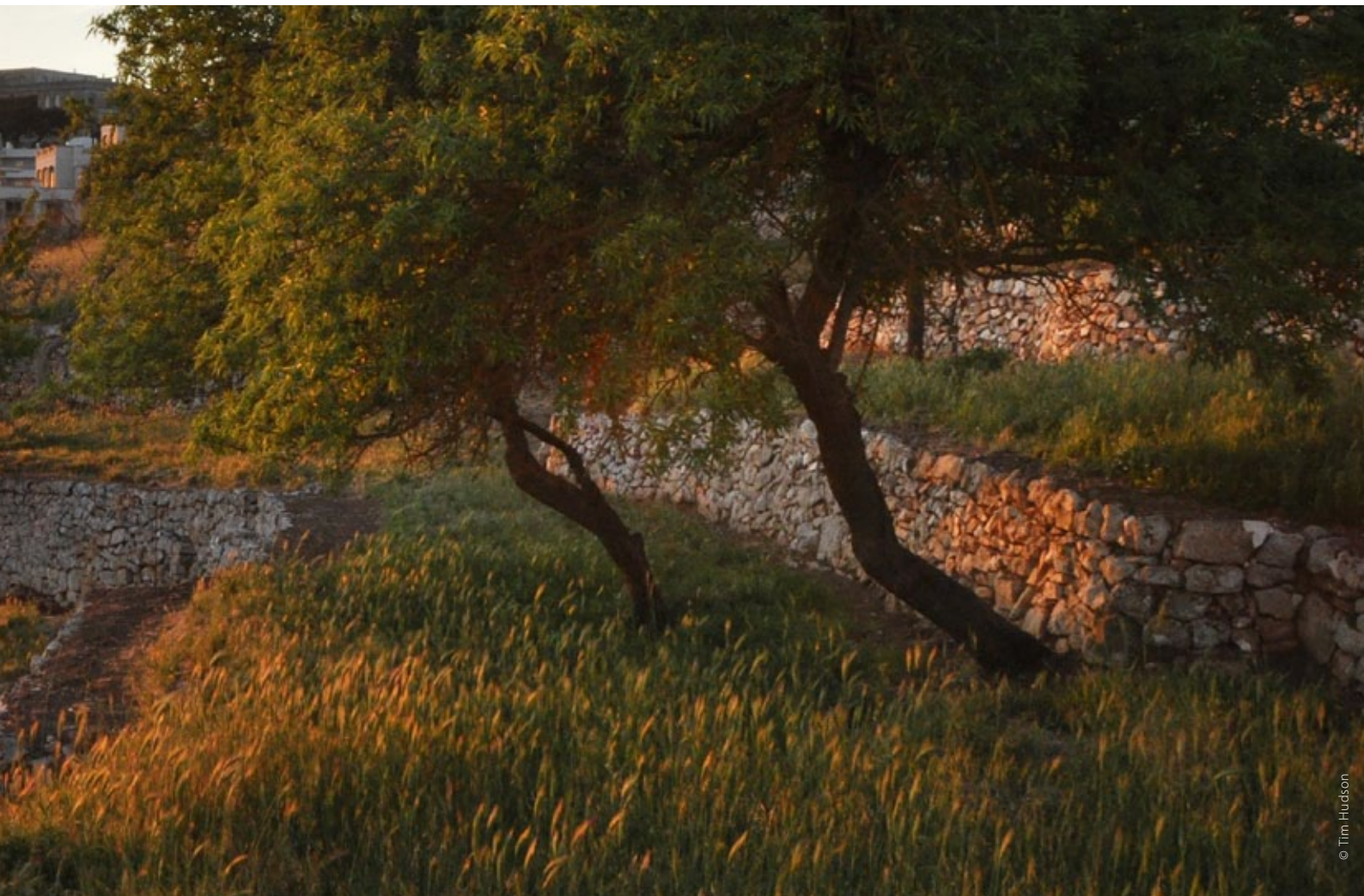
New draft rules that will govern the implementation of rural development policy include an explicit recognition that RDPs function best if certain prior conditions have been met. These are referred to as 'ex ante conditionalities'.

Many ex ante conditionalities are a matter of common sense. For example, Member States and regions should make sure that they have sufficient staff and IT systems of adequate quality to put their programmes into action. They

RDP managing authorities must have competence to implement all rules governing EAFRD operations.

must also have accredited paying agencies to ensure that funding absorption targets are achievable.

Where such important conditions are not fulfilled by a certain date, the Commission will agree steps to be taken with the Member State or region in question. Stronger action could follow later if necessary.



Special attention to special cases

Flexibility will continue to be an essential feature for all RDPs. This will ensure that EU rural development policy retains its capacity for meeting the varied needs of rural areas from one corner of the EU to another.

In addition to the standard programme-based structure, Member States and regions will also now be given the opportunity to offer special support to certain groups, areas or objectives, if they wish. The new draft EAFRD regulation notes that particular attention is needed for:

- **Young farmers** are the guarantors of the future of agriculture, and they bring essential new energy and ideas to the sector. However, they face various difficulties, especially in terms of access to land and credit. The attractions of lifestyles in towns and cities can also deter young people from entering into rural-based career paths. Only six percent of EU farmers are aged below 35, and the figure is falling.
- **Small farms** often have a particular contribution to make to product diversity, habitat conservation (e.g. because of a high number of field boundaries) and social focus for rural communities. However, in some areas of the EU they face somewhat different challenges from those faced by larger farms.

- **Mountain areas** in many cases offer distinctive products and essential and attractive ecosystems. Yet, they may often face their own quite particular challenges related to climate and distance from centres of population.
- **Short-supply chains** can bring economic, environmental and social benefits (by securing a greater share of added value for farmers, by reducing the carbon footprint of food distribution, and by enabling face-to-face contact between producers and buyers). It can be helpful to cut the distance from the farm gate to the dinner plate, however, considerable effort is sometimes needed to start up viable alternatives to well-established longer supply chains.
- Finally, in some parts of the EU there are particular agricultural sectors in need of restructuring which have a substantial impact on a specific rural area.



EAFRD support can be tailored to properly reflect the special development needs of certain target groups, like mountain farms.



Small farms will be one of the categories of beneficiaries which can be targeted by specific RDP sub-programmes and/or higher rates of RDP funding.

Sub-programmes and higher aid intensities

Member States and regions will have the opportunity to draw up rural development sub-programmes that pay particular attention to the needs of any of the themes noted in the draft regulation.

Sub-programmes will operate within the main RDP structure. Each sub-programme will contain:

- A specific analysis of the strengths, weaknesses, opportunities and threats (SWOT) related to the theme in question; and
- Specific targets to be achieved and a relevant selection of measures.

Within sub-programmes, investment measures used in favour of small farms and short-supply chains will attract a higher maximum rate of public spending in relation to total spending on the measures (in technical language: an extra 10 percentage points of aid intensity).

Under the measure supporting investments in physical assets, in the case of young farmers and mountain areas higher maximum rates of aid intensity will be on offer.

Stay in the Lead

Over the years, the Leader approach has proved itself as an effective tool for handing power to 'people on the ground' to examine the challenges and opportunities which *they* face, come up with *their* ideas in response and turn these into reality. Valuable lessons yielded from the current 2007-2013 period will be applied to bring out the proper flavour of Leader more fully after 2013 while also further raising participation.

A number of adjustments will be made to keep Leader true to its traditions and clear away certain organisational problems. Examples include:

- Clarification that Leader must serve the objectives of rural development policy in a spirit of innovation, and not be bound by the rules of predefined measures.
- A limit of 49 % on the voting rights of the public sector and any single interest group in the decision-making process of a local development strategy (LDS).



Leader methodologies have a productive track record and support a wide spectrum of rural society

Boosting capacity

In order to fulfil its mission, the Leader approach must be as accessible as possible to anyone with the required level of commitment and innovative spirit. But to use Leader effectively, expertise is needed and some potential groups may have less of this than others.

Therefore, after 2013 there will be a stronger and more explicit emphasis on building the necessary capacity to maximise Leader's positive impact. EAFRD will be available to cover a preparatory phase, during which time Local Action Groups (LAGs) can build up their base of knowledge and skills for the subsequent implementation of a LDS.

As a special provision for potential LAGs which were not involved in Leader during the 2007-2013 period, a new 'Leader start-up kit' will be introduced, to be adapted to the particular needs of a given territory. Potential LAGs that make use of the kit will receive support for building capacity and will also be able to experiment with small pilot projects. If local partnerships use the start-up kit to try out Leader methods for a time and decide it is not for them, they will be under no obligation to implement a LDS.

Co-ordination with other funds

The Leader approach has attracted interest from stakeholders in the ERDF and the ESF. The EMFF already supports its own types of LDS methodology. There is considerable scope for ensuring that local partnerships are free to use these EU funds in a co-ordinated way.

After 2013, when the selection committee for an LDS decides that it will need to use more than one EU fund, it will be free to designate a 'lead fund' if it so wishes. In this case, the strategy's running costs, 'animation' and networking activities will be financed from the lead fund only. All other finance will be drawn from the respective fund concerned in each case.



Europe's coastal areas are already benefitting from coordination between Leader and Fisheries Local Action Groups.



Leader Local Action Groups will be able to make use of support from other EU finance including the European Regional Development Fund.

Enhancing networking and nurturing innovation

Networking

Launched in 2008, the European Network for Rural Development (ENRD) and the Member States' National Rural Networks (NRNs) have made important contributions to the delivery of rural development policy.

Working in liaison, they have demonstrated their potential to play a series of useful roles in adding value to, and enriching the quality of, RDP delivery. They have helped to improve the consistency in programming and led to regular exchanges of information and practices between RDP stakeholders. They have also been instrumental in essential capacity building work supporting Leader approaches and their existence has assisted joint analyses which provide advantageous perspectives at EU and national levels.

Positive networking experiences have also been shown from the operations of the European Evaluation Network. Particular progress has been made here in enhancing the effectiveness of RDP evaluation practices through the CMEF and the relevance of such work is to be reinforced for the 2014-2020 period.

Networking approaches will therefore continue to play a key role for the development of rural areas. Networking approaches will be built on in the future to extend the engagement of stakeholders in the governance of rural development policy, and the sharing of expertise, plus of course for spreading innovation.



Through networking, information exchange, and capacity building actions, the ENRD and NRNs are helping to connect rural Europe.

Innovation

Innovation of various kinds can be an engine of progress. Objectives in the EU's *Europe 2020* growth strategy underscore the importance for all parts of Europe (rural and urban)

to harness this innovation engine equally. New products, services, technologies, processes and forms of organisation (among other things) can lift the profits of a farm or other rural business, deliver better care for the environment and strengthen the social fabric of the countryside.

In the current period of 2007-2013, various rural development measures can be used in the service of innovation. This provision will be even stronger after 2013 and measures addressing knowledge transfer, advisory

services, investments in physical assets or co-operation will be especially relevant (so will the Leader approach).

Above and beyond these possibilities within individual measures and Leader, rural development policy will be a tool for helping to fan the flames of creative thinking in new ways.



Improvements in the quality of EU food is a typical example of the benefits that innovative rural development ideas can produce.

European Innovation Partnership

A 'European Innovation Partnership (EIP) for Agricultural Productivity and Sustainability' is being currently developed that aims to interlink existing policies and to foster co-operation among partners in view of exploiting the potential for innovative breakthroughs. For achieving this, the EIP needs to build bridges between cutting-edge research and technology and practitioners, and to raise awareness on the need for investing in innovation. In this way, the EIP will help facilitate a resource-efficient, productive and low-emission farm sector which works in harmony with the natural resources on which it depends.

Within this EIP, operational groups (consisting of farmers, researchers, advisors, businesses and NGO in the agri-food sector) will draw on rural development funding measures to organise themselves and to run innovative projects, of which the results will be published.

Drawing on the ENRD experiences, an EIP Network will be set up that works as a mediator enhancing communication between science and practice and fostering cooperation. It will support the work of operational groups through seminars, data bases, and help desk functions; it will stimulate discussion among interested parties by reporting on relevant research, promoting good practice in terms of innovative projects, and organising conferences and workshops.

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Innovation incentives

As part of its encouragement for innovative thinking, rural development policy will offer a limited number of annual cash prizes to projects exemplifying innovative local co-operation involving partners from at least two Member States. The prizes may be of particular interest to people or businesses that are not drawing funding from a RDP, though candidates may also be involved in such a programme.

A final category of innovation to be mentioned is the creative use of financial tools, such as guarantee funds, loan funds and venture capital funds. All of these have a place alongside traditional direct grants in helping to provide the capital which farms and other rural businesses need to thrive, especially small businesses.



Small rural businesses will continue to be a priority for EAFRD support throughout the 27 Member States

Clearer rules will be drawn up to help direct and demonstrate how rural development policy after 2013 can support the use of such tools. The new rules will be designed to clear away many long-standing obstacles to their popularity.

Annex: Legal proposals applying to the EAFRD for the 2014-2020 period

Three distinct legal proposals from the European Commission are relevant for the EAFRD. The main content of these proposals is summarised in the following table and further information about the new Regulations is described below:

Regulation on support for **rural development**

- Definitions
- Objectives and priorities
- Programme content
- Procedures
- Measures
- Technical assistance and networking
- Prize for innovative, local cooperation in rural areas
- European Innovation Partnership for agricultural productivity and sustainability
- Financial provisions
- Management, control and publicity
- Monitoring and evaluation
- Amount and support rates (Annex I)
- Biophysical criteria for the delimitation of areas facing natural constraints (Annex II)
- Indicative list of measures and operations of particular relevance to thematic sub-programmes (Annex III)
- Ex ante conditionalities (Annex IV)
- Indicative list of measures with relevance to one or more Union priorities for rural development (Annex V)

CSF Funds Regulation

- Definitions
- Principles of Union support for the CSF Funds
- Strategic approach
- Programming (general provisions, community-led local development and financial instruments)
- Monitoring and evaluation
- Technical assistance
- Financial support (support from CSF funds, eligibility of expenditure and durability)
- Management and control
- Financial management, clearance of account and financial corrections, de-commitment

CAP Horizontal Regulation

- General provisions on Agricultural Funds (incl. Paying agencies and other bodies)
- Farm advisory system
- Financial management of the funds
- Control systems and penalties
- Cross compliance
- Common provisions (incl. communication, report and evaluation)



Equal opportunities will continue to be a feature of EU rural development policy.

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)

This is the basic act that sets out the specific rules relating to the EAFRD for rural development programming.

For full details see:

http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/com627/627_en.pdf

Proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1083/2006

The *CSF Funds Regulation* provides for a common set of basic rules applying to all structural instruments including the EAFRD. These provisions concern the general principles of support such as partnership, multi-level governance, gender equality, sustainability and compliance with applicable EU and national law. The proposal also contains the common elements of strategic planning and programming, including a

list of joint thematic objectives derived from the *Europe 2020* strategy, provisions on the Common Strategic Framework (CSF) at Union level and on Partnership Contracts to be concluded with each Member State.

It includes provisions concerning conditionalities and performance review, but also the arrangements for monitoring, reporting and evaluation. Common provisions concerning the implementation of CSF Funds are also set out with regard to eligibility rules, and special arrangements are defined for financial instruments and community-led local development. Some management and control arrangements are also common for all CSF Funds.

For full details see:

http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/pdf/2014/proposals/regulation/general/general_proposal_en.pdf

Proposal for a Regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy

The so-called *CAP Horizontal Regulation* provides the financial management rules for the two CAP funds, the European Agricultural Guarantee Fund (EAGF), which finances market measures and direct payments, and the EAFRD which

finances support to rural development. In addition to the financing provisions the horizontal regulation brings together the rules on cross compliance, farm advisory systems and monitoring and evaluation of the CAP.

For full details see:

http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/com628/628_en.pdf

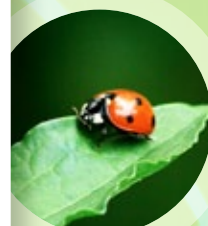


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