

*This series of informative fiches aim to present, in summary, examples of practices and approaches that EU Member States and Regions have put in place in order to implement their rural development programmes (RDPs) in the current period. These examples want to contribute to the understanding of what has worked well and less well in the delivery of the 2007-2013 RDPs and as far as possible, draw lessons in the view of future improvement of the programmes.*

N. 01

# The Global Farming Contract model in Catalonia - Spain



## **Needs addressed**

The Global Farming Contract (CGE) model was conceived to better address the specific needs of rural areas. It aims at improving the delivery of rural development programmes (RDPs) through the simplification of programme management and by creating synergies between measures. As a planning tool, the CGE prompts competitiveness, multifunctionality and long-term planning at the farm level.



## **Key elements of the approach**

The CGE is a specific feature adopted in Catalonia for the implementation of certain measures of the RDP. The CGE is essentially a cooperation agreement between the administration and the farm holder; it is a single support mechanism where the farmer is the beneficiary. The model is the most prominent form of management for EAFRD support in Catalonia.



## **Lessons learnt relevant for the future**

The CGE model can provide indications on how to achieve better synergies between RDP interventions, improve predictability and long-term planning for farm holders and, adapt RDP measures to specific regional and local needs. The model can also help to achieve a balance between costs and benefits in the management of articulated programming approaches. Finally it highlights the importance of timely planning and the usefulness of pilot actions.



## Context

Rural policy in Spain is characterised by a decentralised institutional context, which means that the competences for agricultural and rural development are devolved to the regions. Each of the 17 regions of Spain has defined and implemented a Rural Development Programme (RDP).

At the regional level of Catalonia, the design of the regional RDP was characterised by wide-range of consultations (including two congresses) and a bottom-up approach. As part of the regional consultation process 15 'territorial pacts' were agreed aiming to target specific territorial needs at a more aggregate level than that of the 41 rural districts. Each territorial pact - developed together with a range of local stakeholders (e.g. farmers' associations and cooperatives, other socio-economic actors, public institutions) - included a SWOT analysis and key strategic lines of action, which later fed into the development of the RDP.



At the same time, the 'Congress of the Rural World' was organised involving a wide range of stakeholders and including several meetings and working groups based on five horizontal topics (competitiveness, sustainability, urban-rural relationship, territorial development and

institutional networks). During the consultation and development process, the need for a territorially differentiated approach became apparent, which later inspired the first pilot experience with the global farming contracts (CGEs).

*"When I have to explain what the global farming contract is to a farmer I say: look, the contract will change you from being a 'peasant' ('payés' in Catalan) to being a farm entrepreneur ('un empresario Agrícola')." Regional officer interviewed in relation to the CGE.*

The **Global Farming Contract** (Contrato Global de Explotación, CGE) is a specific feature adopted in Catalonia for the implementation of certain measures of the RDP. The CGE model was driven by the concept of simplify the delivery of the RDP measures. The CGE became a single mechanism for the implementation of a number of RDP measures where the farmer is the beneficiary. Other beneficiaries were addressed through other management models (such as Leader).

The aim of the CGE has been to stimulate Catalan farms to become more entrepreneurial, competitive and multifunctional while using the support provided by the European Agricultural Fund for Rural Development (EAFRD). For this purpose, farms were asked to develop a business plan for a period of five years with the aim of guiding their investments as well as economic, environmental and social activities; improving the viability of farms; and achieving sustainable rural development. The CGE is essentially a cooperation agreement between the administration and the farm holder.



## The Global Farming Contract model

The CGE model consisted of a pilot phase (from 2005) following which the approach was improved and the main implementation phase (post-2007) started.

A national law in 2001 set the framework for creating contracts between the public administration and farmers with regard to the use of public funds (EU and other public funding). A pilot project was initiated with the aim to allow a trial phase for the farm contract model within small areas (such as the districts (“comarcas”) of l’Alt Urgell, el Berguedà, la Conca de Barberà y el Pla de’Estany). The implementing rules for running the Pilot Plan for the CGE were adopted in 2005 opening the call for proposals for pilot contracts. The pilot contracts started with the development of five-year farm business plans characterised by an ‘integrated (global) vision’ of the farm, including planned investments and viability assessment. Based on the business plan relevant key measures were identified from an area-specific menu defined for each Territorial Pact area. The set of measures were based on an integrated approach, combining measures financed not only by EAFRD but public funds as well other (regional and national). Advisory services supported farmers during a consultation process in the selection of an appropriate set of measures. Finally, based on the agreed five-year plan and selected measures, farmers signed the contract with the authorities that allowed them to access support in the form of a ‘single integrated package’ (i.e. covering a range of different measures).

The implementing rules of the CGEs were established through a regional decree in 2007,

and these still form the basis of CGE implementation. However, based on the pilot experience, the design of the contracts was considerably simplified. The list of measures was made homogenous for all Catalan rural areas, eliminating territorial targeting. The measures were also reduced to those available in the EAFRD regulation i.e. eliminating those previously available as state aid. At the same time, the contract was made compulsory for all beneficiary farms and extended to all rural areas of Catalonia. Two forms of contracts (*simplified* and *general*) were set up.



### *Simplified and general contracts*

#### **Simplified contracts:**

- relate to *single measures*;
- apply in the case of use of area-based measures, including LFA, agri-environment and non-productive investments;
- do not require a diagnosis or business plan.

#### **General contracts:**

- were designed for those who selected *more than one measure* and made investments as well;
- apply to setting-up young farmers, the modernisation of farm holdings, the diversification from farm to non-farm activities and meeting community standards;
- require an initial diagnosis and business plan in order to assess the feasibility of the investment.

Cooperating entities (“entidades colaboradoras”) that provide advisory services to beneficiaries are trained at two levels according to the type of contracts.

Farmers had to comply with a set of eligibility criteria -defined at regional level and common for all measures covered by the CGE- to be able to apply for funds (e.g. be operational in Catalonia, registered in the Register of farm holdings, etc.). CGE applications are open to farmers who derive at least 25% of their income from farming.

The provision of support to CGE beneficiaries is well organised along an annual cycle, called ‘campaign’. The whole cycle takes one year in the case of simplified CGEs and up to two years

in the case of general CGEs. Since both are five-year contracts, after the second year they normally require much less preparation, unless the five-year plans are substantially modified. The application for the CGEs is standardised in the electronic form of the Single Support Application (Declaración Única de Ayudas, DUN). The DUN was originally introduced for direct payments in 2001, and was later extended to pilot CGEs. For the period of 2007-2013 measures of the RDP were managed in the form of DUN (except for those measures that have been managed through other management models<sup>1</sup>).



<sup>1</sup> It has to be noted that although CGE is the most prominent form of fund-management within the Catalan RDP (51% of public funds are disbursed through this tool), there are other management models as well, namely: direct calls for proposals with regard to measures managed by Directorate General for Rural Development or the Directorate General for Environment (20% and 8% of public funds respectively), the Leader approach (10.5%), and direct implementation by the administration (10%).

### *The campaign (annual implementation cycle of CGEs)*

The campaign consists of various tasks to be accomplished by the administration and the advisory services in an integrated manner. The procedure has been improved gradually since the start of the programme. The annual cycle is divided into three phases:

**1. Application and related advisory services.** This phase starts in early autumn of each year with the preparation of calls for proposals by the administration. Calls are published on the 1<sup>st</sup> of February each year. The draft version of the calls is sent to the detached offices and advisory services that discuss these with potential beneficiaries during November and December. During this process the relevant services obtain a better idea about potential beneficiaries and their needs. Following the consultation process the services provide feedback for the managing authority (MA) during January. The MA finalises and issues the calls on this basis. During January, the administration also organises training courses for advisors, among others introduce to the advisors the changes made to the system. The applications are submitted during the period of 1<sup>st</sup> of February to 30<sup>th</sup> of April, in an electronic form. During the period of May to June applications can still be modified.

**2. Control and approval of support.** The second phase takes place between May and October of each year and is mostly concerned with the relevant controls. These include visits to the beneficiary farms, other administrative legislative requirements (e.g. environmental, commercial, etc.), and any further requests for documentation from the beneficiary. The final decision is taken by the end of October. Detached technical staff of the Agricultural Department provides continuous support and back-up services to the cooperating bodies during these first two phases.

**3. Realisation of investment and other actions & payment.** The project implementation takes place during the following year. During this period the beneficiaries have to realise their annual commitments and submit all required statements and proofs with regard to payments.

On average the support provided by the advisory services to one CGE takes around one week.



## Conclusions and relevant lessons

The implementation of the CGE model brings along a number of key benefits both for beneficiaries and the administration.

One of the major strengths of the CGE model is its **integrated nature**, i.e. its capacity to address complex problems in the framework of a single contract. The lack of coordination among

various funds and programmes has been identified as a key weakness during the current programming period in a number of Member States. Therefore, in the next programming

period the Commission foresees ‘greater integration between EU policies in rural areas’<sup>2</sup>.

The CGE concept offers a useful approach towards better addressing complex rural needs in the framework of a single contract. The integrated approach brings further practical advantages, including the integrated nature of advisory services (‘one-stop-shop’) and the simplification through unified application and management procedures.

*The CGE model can contribute to achieving better synergies between various interventions and improves long-term thinking and planning.*

Another area where the CGE approach offers useful lessons is **strategic planning** at both the programme level and that of individual beneficiaries. The RDP of Catalonia demonstrates ways of successfully using EU funds in line with area-specific needs. Strategic planning in Catalonia started with the identification of territorial needs and the RDP integrated measures in flexible way to address these, often crossing the scope of various axes defined by the EU regulation. At the same time, the programme administration managed to provide punctual information by axes and measures in conformity with the EU monitoring requirements. At the beneficiary level, the CGE model encouraged entrepreneurial spirit and long-term strategic planning for farm businesses. This has been achieved through the synergies of various RDP measures, the requirement of 5-year business plans and structured advisory services provided by the

<sup>2</sup> ENRD (2011), [A short guide to the European Commission’s proposals for EU rural development after 2013, p3](#)

relevant agencies. The cyclical nature of the CGE model, i.e. the annual campaign (see text box) is a further aspect that has contributed to a systematic planning and implementation of supported actions.

*The CGE model, related advisory services and the annual cycle (campaign) contributed to improved predictability and a stable planning and implementing environment.*

The case of Catalonia demonstrates that tailor-made programming and **territorial targeting** is not easy to achieve. At the programme level, the final RDP became much simplified and standardised. At the beneficiary level, the pilot phase showed that the initial design of CGEs were too ambitious, complex and costly, and the contracts became like a “multiplicity of mini-RDPs”. As a result, territorial targeting and the integrated use of EAFRD with other funds have been eliminated following the pilot phase of the CGE implementation. This also meant that the list of measures with regard to CGEs was made homogenous for all Catalan rural areas.

*Territorial targeting is essential for effective programme implementation. At the same time it is important to reach a delicate balance, whereas the costs of managing complex programmes do not exceed the benefits derived from careful targeting.*

At the same time, the simplification and standardisation of the CGEs also resulted in **reduced administrative burden** for both farmers and the administration. The administration put great emphasis on gradually rationalising and simplifying administrative

procedures (e.g. through requesting less documentary evidence and collecting relevant data through other data sources). The latest improvement in this regard is the introduction of a new decree that resulted in the improvement of advisory services as well as simplified requirements for beneficiaries.

The Catalan case in general and the CGE method in particular are good examples of **timely planning** and the CGE demonstrates the **usefulness of a piloting phase**. The preparation of the strategy of Catalonia that started in 2005 was based on extensive consultation process, and was very much influenced by a bottom-up approach. The piloting of CGEs was also a highly important part of the planning process and important lessons were drawn from this for the future programme implementation. After six years into its implementation the CGE has proved to be an efficient tool in the management of the Catalonian RDP. Finally, the CGEs have been implemented in the framework of annual campaigns, that (although proved to be too rigid in the case of certain measures) overall contributed to respecting deadlines and improved predictability.

### *Key benefits of the CGE model*

#### **A) Key benefits for beneficiaries**

- Reduced costs of submitting applications (one application instead of several)
- Single calls for proposals for a combination of measures ('one-stop-shop'): increased visibility and predictability
- Better information about alternatives for support
- More straightforward requirements, and structured advice
- Improved business planning and entrepreneurial spirit

#### **B) Key benefits for the administration**

- Capturing potential synergies of a range of measures for the benefit of the whole region
- Straightforward management model, clear division of responsibilities with regard to the various (sub-)measures
- Better targeting of beneficiaries towards individual measures
- Improved framework of support, guidance and visibility of calls

Information included in this fiche is primarily coming from the case studies carried out within the ENRD Thematic Working Group 4 "Delivery of EU rural development policy". The fiche is compiled by the Contact Point on the basis of the information collected in the EU Member States and Regions and takes into account views expressed at the European, national and regional level. This notwithstanding, the content does not necessarily reflect the official position of the EU institutions and national authorities.