

Juridical implication of the Rural Development Reform



Two legislative text proposals :

- Proposal for a Council Regulation on the financing of the CAP => creates a new financing framework for the CAP
- Proposal for a Council Regulation on support for Rural Development from the European Agricultural Fund for Rural Development (EAFRD) => the new rural development regulation



The 'new 1258' establishes two new funds:

- The European Agricultural Fund for Guarantee => **EAFG**
- The European Agricultural Fund for Rural Development => **EAFRD**



Single financing framework for the CAP:

- Legal basis for the financing of all measures, actions and programmes within the scope of the CAP
- Common and specific rules for the two new Funds
- Includes the rules on budget discipline



Rural Development Policy 2007-2013:

- One single rural development fund
 - One single programming system
 - One single set of financial rules
 - One single control system
- Make it simple
- For all rural areas in the EU



SIMPLIFICATION

CURRENT

5 types of programming

Guarantee

Guarantee Objective 2

Guarantee new MS

Guidance Objective 1

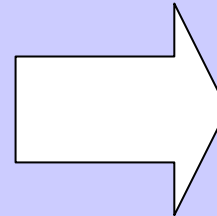
Guidance LEADER+

*3 financial
management and
control systems*

Guarantee

Guarantee new MS

Guidance



**Single funding,
programming, financial
management and control
framework for RD**



DEMARCATIION

- Pre-defined Rural Development measures for each thematic axis : necessary to ensure demarcation and coherence between 1st and 2nd pillar instruments
- Demarcation provision for Axis 3 : necessary to ensure demarcation in particular with regional policy and limit the risk of double funding of projects
- General clause no-overlapping : An operation financed by the Rural Development Fund shall not simultaneously be financed from another Community financial instrument



ELIGIBILITY

- Definition of measures with few eligibility criteria on community level leaving room to MS and regions;
- Exclusion of specific expenditure from eligibility: VAT, interest on debt, the purchase of land costing more than 10% of all eligible expenditure on the operation concerned;
- Specific eligibility criteria for investments who have to respect the Community standards applicable to the investment concerned; specific eligibility criteria for agri-environment and welfare payments who cover only those commitments going beyond cross-compliance



CROSS COMPLIANCE

- Measures under Axis 2 regarding land management are subject to cross-compliance
- Ex-post-reduction or exclusion from payments such as LFA, Agri-environment or Natura 2000, if beneficiaries do not respect mandatory requirements defined in Regulation 1972/2003



Coherence with competition rules

- Public expenditure for measures under the rural development-programmes have to respect the avoid limits laid down in respect of state aid, except for areas otherwise provided;
- National state aid measures co-financing rural development measures are not subject to state aid procedure but dealt with in the framework of the approval of programmes

