Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005

REGULATION (EU) No 1305/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 17 December 2013

on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 42 and Article 43(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the Court of Auditors,

Having regard to the opinion of the European Economic and Social Committee,

Having regard to the opinion of the Committee of the Regions,

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled "The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future" set out the potential challenges, objectives and orientations for the common agricultural policy ("the CAP") after 2013. In the light of the debate on that Communication, the CAP should be reformed with effect from 1 January 2014. That reform should cover all the main instruments of the CAP, including Council Regulation (EC) No 1698/2005[(1)]. In view of the scope of the reform, it is appropriate to repeal Regulation (EC) No 1698/2005 and to replace it with a new text.

(2) A rural development policy should be established to accompany and complement direct payments and market measures of the CAP and thereby to contribute to that policy's objectives as laid down in the Treaty on the Functioning of the European Union ("TFEU"). Such rural development policy should also integrate the major policy objectives set out in the Communication from the Commission of 3 March 2010 entitled "Europe 2020 - A strategy for smart, sustainable and inclusive growth" ("the Europe 2020 Strategy") and should be coherent with the general objectives for the economic and social cohesion policy, as set out in the TFEU.

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(3) Since the objective of this Regulation, namely rural development, cannot be sufficiently achieved by the Member States, given the links between rural development and the other instruments of the CAP, the extent of the disparities that exist between the various rural areas and the limits on the financial resources of the Member States in an enlarged Union but can rather, by reason of the multi-annual guarantee of Union finance and by concentrating on its priorities, be better achieved at Union level. the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union ("TEU"). In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective.

(4) To ensure the sustainable development of rural areas, it is necessary to focus on a limited number of core priorities relating to knowledge transfer and innovation in agriculture, forestry and rural areas, to farm viability, to the competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests, to the organisation of the food chain, including the processing and marketing of agricultural products, to animal welfare, to risk management in agriculture, restoring, preserving and enhancing ecosystems that are related to agriculture and forestry, to the promotion of resource efficiency and the shift towards a low carbon economy in the agricultural, food and forestry sectors, and to promoting social inclusion, poverty reduction in and the economic development of rural areas. In doing so, account should be taken of the diversity of the situations that affect rural areas with different characteristics or different categories of potential beneficiaries and of the cross-cutting objectives of innovation, environment and climate change mitigation and adaptation. Mitigation action should relate both to limiting emissions in agriculture and forestry from key activities such as livestock production, fertilizer use and to preserving carbon sinks and enhancing carbon sequestration with regard to land use, land use change and the forestry sector. The Union priority for rural development relating to knowledge transfer and innovation in agriculture, forestry and rural areas should apply horizontally in relation to the other Union priorities for rural development.

(5) The Union's priorities for rural development should be pursued in the framework of sustainable development and the Union's promotion of the aim of protecting and improving the environment, as set out in Article 11 TFEU, taking into account the polluter pays principle. The Member States should, provide information on the support for climate change objectives in line with the ambition to devote at least 20 % of the Union budget to this end using a methodology adopted by the Commission.

(6) The activities of the European Agricultural Fund for Rural Development ("the EAFRD") and the operations to which it contributes should be consistent and compatible with support from other instruments of the CAP.

(7) In order to ensure the immediate start and efficient implementation of rural development programmes, support from the EAFRD should be based on the existence of administrative framework conditions that are sound. Member States should therefore assess the applicability and fulfilment of certain ex ante conditionalities. Each Member State should prepare either a national rural development programme for its entire

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territory or a set of regional programmes or both a national programme and a set of regional programmes. Each programme should identify a strategy for meeting targets in relation to the Union priorities for rural development and a selection of measures. Programming should comply with Union priorities for rural development, whilst at the same time adapting to national contexts and complementing the other Union policies, in particular the agricultural market policy, the cohesion policy and the common fisheries policy. Member States which opt for preparing a set of regional programmes should also be able to prepare a national framework, without a separate budgetary allocation, in order to facilitate co-ordination among the regions in addressing nation-wide challenges.

(8) Member States should be able to include in their rural development programmes thematic sub-programmes to address specific needs in areas of particular importance to them. Thematic sub-programmes should concern, among others, young farmers, small farms, mountain areas, the creation of short supply chains, women in rural areas and climate change mitigation and adaptation and biodiversity. Thematic sub-programmes should also be used to provide for the possibility to contribute to the restructuring of agricultural sectors which have a strong impact on the development of rural areas. As a means of increasing the efficient intervention of certain thematic sub-programmes Member States should be allowed to provide for higher support rates for certain operations covered by those thematic sub-programmes.

(9) Rural development programmes should identify the needs of the area covered and describe a coherent strategy to meet them in the light of the Union priorities for rural development. That strategy should be based on the setting of targets. The links between the needs identified, the targets set and the choice of measures selected to meet them should be established. Rural development programmes should also contain all the information required to assess their conformity with the requirements of this Regulation.

(10) Targets are to be established in rural development programmes against a common set of target indicators for all Member States and where necessary, against programme specific indicators. In order to facilitate this exercise the areas covered by these indicators should be defined, in line with the Union priorities for rural development. Given the horizontal application of the Union priority for rural development relating to knowledge transfer in agriculture and forestry, interventions under this priority are to be considered as instrumental to the target indicators defined for the remaining Union priorities.

(11) It is necessary to establish certain rules for programming and revising rural development programmes. A simplified procedure should be provided for revisions that do not affect the strategy of the programmes or the respective Union financial contributions.

(12) The evolution and specialisation of agriculture and forestry and the particular challenges faced by micro and small and medium-sized enterprises ("SMEs") in rural areas require an appropriate level of technical and economic training as well as an increased capacity to access and exchange knowledge and information including through the diffusion of best agricultural and forestry production practices. Knowledge transfer and information actions should not only take the form of traditional training courses but should also

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be adapted to the needs of rural actors. Workshops, coaching, demonstration activities, information actions and also short-term farm and forest-exchange schemes and visits should therefore also be supported. The knowledge and information acquired should enable farmers, forest holders, persons engaged in the food sector and rural SMEs to, in particular, enhance their competitiveness and resource efficiency and improve their environmental performance while at the same time contributing to the sustainability of the rural economy. When providing support to SMEs, Member States have the possibility to give priority to SMEs linked to the agriculture and forestry sectors. In order to ensure that knowledge transfer and information actions are effective in delivering these results it should be required that the providers of knowledge transfer services have all the appropriate capabilities.

(13) Farm advisory services help farmers, young farmers, forest holders, other land managers and SMEs in rural areas to improve the sustainable management and overall performance of their holding or business. Therefore both the setting up of such services and the use of advice by farmers, young farmers, forest holders, other land managers and SMEs should be encouraged. In order to enhance the quality and effectiveness of the advice offered, provision should be made for the minimum qualifications and regular training of advisors. As provided for in Regulation (EU) No 1306/2013 of the European Parliament and of the Council[(2)] farm advisory services should help farmers to assess the performance of their agricultural holding and to identify the necessary improvements as regards the statutory management requirements, good agricultural and environmental conditions, agricultural practices beneficial to the climate and the environment set out in Regulation (EU) No 1307/2013 of the European Parliament and of the Council[(3)] and measures at farm level provided for in the rural development programmes aiming at farm modernisation,

competitiveness building, sectoral integration, innovation, market orientation as well as the promotion of entrepreneurship. Farm advisory services should also help farmers to identify the necessary improvements as regards requirements laid down for the implementation of Article 11(3) of Directive 2000/60/EC of the European Parliament and of the Council[(4)] ("the Water Framework Directive"), as well as requirements for the implementation of Article 55 of Regulation (EC) No 1107/2009 of the European Parliament and of the Council[(5)] and Article 14 of Directive 2009/128/EC of the European Parliament and of the Council[(6)], in particular in relation to the compliance with the general principles of integrated pest management. Where relevant, advice should also cover occupational or safety standards linked to the farm as well as specific advice for farmers setting up for the first time. It should also be possible for advice to cover the setting up by young farmers, the sustainable development of the economic activities of the holding and local processing and marketing issues, linked to the economic, agricultural and environmental performance of the holding or enterprise. Specific advice may also be provided on climate change mitigation and adaptation, biodiversity, the protection of water, the development of short supply chains, organic farming and health aspects of animal husbandry. When providing support to SMEs, Member States have the possibility to give priority to SMEs linked to the agriculture and forestry sectors. Farm management and farm relief services should help farmers improve and facilitate management of their holding.

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(14) Union or national quality schemes, including farm certification schemes for agricultural products and food, provide consumers with assurances on the quality and characteristics of the product or the production process used as a result of the participation of farmers in such schemes, achieve added value for the products concerned and enhance their market opportunities. Farmers and groups of farmers should therefore be encouraged to participate in those schemes. In order to ensure the effective use of EAFRD resources, support should be limited to active farmers within the meaning of Article 9 of Regulation (EU) No 1307/2013. As it is at the moment of entering into such schemes and in the early years of participation that additional costs and obligations imposed on farmers as a result of their participation are not fully remunerated by the market, support should be provided for new participation and should cover a period of no more than five years. Given the special characteristics of cotton as a farm product, quality schemes for cotton should also be covered. Support should also be made available for information and promotion activities concerning products covered by the quality and certification schemes receiving support pursuant to this Regulation.

(15) In order to improve the economic and environmental performance of agricultural holdings and rural enterprises, to improve the efficiency of the agricultural products marketing and processing sector, including the setting up of small scale processing and marketing facilities in the context of short supply chains and local markets, to provide infrastructure needed for the development of agriculture and forestry and to support non-remunerative investments necessary to achieve environmental aims, support should be provided for physical investments contributing to these aims. During the 2007-2013 programming period a variety of measures covered different areas of intervention. In the interest of simplification, but also of allowing beneficiaries to design and realise integrated projects with increased added value, a single measure should cover most types of physical investments. Member States should direct the support to farms eligible for aid for investments related to supporting farm viability based on the results of the strengths, weaknesses, opportunities and threats ("SWOT") analysis as a means of better targeting that aid. In order to facilitate the setting up by young farmers for the first time an additional period of eligibility for investments to comply with Union standards can be granted. In order to foster the implementation of new Union standards, investments related to compliance with those standards should be eligible for an additional period after they have become mandatory for the agricultural holding.

(16) The agricultural sector, more than other sectors, is subject to damage to its productive potential caused by natural disasters, adverse climatic events and catastrophic events. In order to help farm viability and competitiveness in the face of such disasters or events, support should be provided to help farmers restore agricultural potential which has been damaged. Member States should also ensure that no overcompensation of damages occurs as a result of the combination of Union (in particular the risk management measure under this Regulation), national and private compensation schemes.

(17) For the development of rural areas, the creation and development of new economic activity in the form of new farms, the diversification into non-agricultural activities including the provision of services to agriculture and forestry, activities related to