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**ESTABLISHING THE NATIONAL STRATEGY PLAN
GUIDANCE TEMPLATE**

STAR
**COMITE DE GESTION DES STRUCTURES
AGRICOLES ET DU DEVELOPPEMENT RURAL**

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ESTABLISHING THE NATIONAL STRATEGY PLAN GUIDANCE TEMPLATE

1. INTRODUCTION

The working document aims to provide Member States with guidance on the preparation of the National Strategy Plan (NSP). It is based on Council Regulation (EC) No 1698/2005 on support for rural development by the EAFRD and the Community Strategic Guidelines for rural development 2007-2013 (CSG)¹.

The legal requirements for NSPs are set down in Article 11(3) of the Council Regulation:

Each national strategy plan shall include:

- (a) *an evaluation of the economic, social and environmental situation and the potential for development;*
- (b) *the strategy chosen for joint action by the Community and the Member State concerned, showing the consistency of the choices made with the Community strategic guidelines;*
- (c) *the thematic and territorial priorities for rural development under each axis, including the main quantified objectives and the appropriate monitoring and evaluation indicators;*
- (d) *a list of the rural development programmes implementing the national strategy plan and an indicative EAFRD allocation for each programme, including the amounts provided for in Article 12(2) of Regulation (EC) No 1290/2005;*
- (e) *the means to ensure coordination with the other Common Agricultural Policy instruments, the ERDF, the ESF, the CF, the Community support instrument for fisheries and the EIB;*
- (f) *if appropriate, the budget for achieving the Convergence Objective;*
- (g) *a description of the arrangements and the indication of the amount earmarked for establishing the national rural network referred to in Articles 66(3) and 68.*

The Community priorities set out in the six Community Strategic guidelines are:

1. Improving the competitiveness of the agricultural and forestry sectors. The resources devoted to **axis 1** should contribute to a strong and dynamic European agrifood sector by focusing on the **priorities of knowledge transfer, modernisation, innovation and quality in the food chain and priority sectors for investment in physical and human capital.**

2. Improving the environment and the countryside. To protect and enhance the EU's natural resources and landscapes in rural areas, the resources devoted to **axis 2** should contribute to **three EU level priority areas:**

- *biodiversity and preservation and development of high nature value farming and forestry systems [and traditional agricultural landscapes],*

¹ The CSG are still under discussion in the Council and the European Parliament. Any text in this working document relating to the CSG is therefore provisional until adoption of the Council decision on the CSG.

- *water, and*
- *climate change.*

3. *Improving the quality of life in rural areas and encouraging diversification.* The resources devoted to the fields of diversification of the rural economy and quality of life in rural areas under **axis 3** should contribute to the ***overarching priority of the creation of employment opportunities and conditions for growth.***

4. *Building local capacity for employment and diversification.* The resources devoted to **axis 4** (Leader) should contribute to the priorities of axis 1 and 2 and in particular of axis 3, but also play an important role in the horizontal ***priority of improving governance*** and mobilising the ***endogenous development potential*** of rural areas.

5. *Ensuring consistency in programming.* In working out their national strategies, Member States should ensure that synergies between and within the axes are maximised and potential contradictions avoided. Where appropriate they may develop integrated approaches. They will also wish to reflect on how to take into account other EU level strategies such as the Action Plan for Organic Farming, the commitment to increased use of renewable energy resources, the need to develop a medium and long-term EU strategy to combat climate change and the need to anticipate the likely effects on farming and forestry, the EU Forestry Strategy and Action Plan (which can help deliver on both the growth and employment and the sustainability objectives) and the priorities set out in the Sixth Community Environment Action Programme, particularly those identified as requiring thematic environmental strategies.

6. *Complementarity between Community instruments.* The synergy between structural, employment and rural development policies needs to be encouraged. In this context, Member States should ensure complementarity and coherence between actions to be financed by the ERDF, Cohesion Fund, ESF, EFF and EAFRD on a given territory and in a given field of activity. The main guiding principles as regards the demarcation line and the coordination mechanisms between actions supported by the different Funds should be defined at the level of national strategic reference framework/national strategy plan.]

By cross-reference to the above provisions section 2 proposes a common structure for the NSPs, which can serve as a basis for their drawing up ‘in close collaboration with the Commission’ (article 12.1 of the Council Regulation). Section 3 deals with procedural aspects, while the annexes provide more detailed information on issues which can be relevant for the NSPs.

2. NSP TEMPLATE

Each NSP should contain the following 6 chapters (for the *structure* of a NSP see **annex 1**):

- (1) ***Baseline analysis of the economic, social and environmental situation and setting of the baseline indicators*** (corresponding to Article 11.3.a):

The plan contains a summary analysis of the **economic, social and environmental** situation of the MS and sets the baseline indicators extracted from the Common Monitoring and Evaluation Framework (CMEF). The baseline analysis should at least cover:

- The *economic* situation/competitiveness of the agrifood sector (farm and processing sector), showing strengths/weaknesses and needs in terms of investment in human and physical capital and where relevant of the forestry sector;

- The general *environmental* situation in relation to biodiversity (Natura 2000 and other High Nature Value farming and forestry systems), water (role of agriculture and forestry in water management in quantity and quality in relation to the Water Framework Directive) and climate change (role of agriculture and forestry) and identification of needs in the three areas;
- The general *socio-economic* situation in rural areas, identifying strengths/weaknesses and needs (in terms of diversification of quality of life and of capacity building);

Member States should present **at least** the lead baseline indicators (signalled by *) in **annex 2**. Each indicator is commented in relation to the national context and key regional variations as appropriate.

In addition, specific national problems (sectoral or territorial) can be identified in the baseline analysis and relevant additional baseline indicators set.

From the baseline analysis (strengths/weaknesses and needs) conclusions about the development potential for the three core areas should be drawn, which will underbuild the strategic choices made in chapters 2 and 3.

(2) ***Overall strategy, translation of Community priorities and setting of national priorities (corresponding to Article 11.3.b)***

In the light of the baseline analysis chapter 2 should address:

- The overall balance between competitiveness/environment/diversification and quality of life and relative weighting of EU and national priorities, including a broad indication of how resources will be allocated between the three main intervention areas;
- How the implementation of the RD strategy will contribute to the Lisbon objectives and how it fits with the MS' Lisbon reform programme For both the Community and national priorities the plan should identify the key areas where intervention brings the maximum value added. When addressing the Community and national priorities, MS should indicate the type of actions (measures or combinations of measures) they envisage implementing and make the links to CSGs 1 to 4.

(3) ***Strategy per axis, including quantified targets and objectives and indicators to be used (corresponding to Article 11.3.c)***

The issues to be addressed in the light of the baseline analysis (chapter 1) and the overall strategy (chapter 2) in chapter 3 are:

- In the approach for axis 1, the balance between restructuring/modernisation and knowledge transfer/innovation, identification of priority sectors for investment in human and physical capital;
- In the approach for axis 2, the balance between AE, Natura and LFA in the light of maintaining/enhancing biodiversity; quantified objectives

for water quality and quantity management in relation to agriculture and forestry (in so far as national implementation of the WFD is sufficiently advanced); envisaged climate mitigation measures and targets;

- In the approach for axis 3, the balance between diversification/economic development (contributing more directly to creation of employment opportunities) and basic services/rural infrastructure/renovation (contributing more directly to quality of life)
- In the approach for axis 4, the balance between local capacity building (improving governance) and implementation of local development strategies (realizing endogenous development potential);
- Starting from the baseline indicators (extracted from the CMEF) of chapter 1, the plan proposes quantified objectives and targets (milestones where relevant, targets at the end of the period), broken down by gender and age where relevant. Objectives should be ‘smart’², the targets sufficiently focused and realistic in relation to (expected) available funding (national and EU) and (administrative) implementation capacity. Along with the EU ones the plan should provide national quantified objectives and targets stemming from the baseline analysis, with their weighting and balances to be achieved. . This will be achieved in two stages:
 - In the submission of the national strategy plan (first stage), the Member State will identify the key impact indicators (those from the common framework and those reflecting national priorities).
 - Where national targets do not exist or are difficult to quantify at this stage, Member States should provide a qualitative assessment of the contribution of rural development programming.
 - After adoption of the programmes (second stage), the national strategy should be adapted to include all relevant common indicators (baseline, impact, result, output) and quantified targets on the basis of the ex-ante evaluation. This will form the basis for the strategic reporting.

(4) RDPs and their indicative allocation, including Convergence amounts
(corresponding to Article 11.3.d and f)

The list of programmes for decentralised MS can be included in a simple table as follows:

RD Programmes	EAFRD allocation including amounts under Art 12(2) of R. 1290/2005
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² SMART: Specific, Measurable, Achievable and Agreed, Relevant, Time-related.

	Convergence regions (including 'phasing-out' regions)	Other regions (including 'phasing-in' to the Regional Competitiveness Objective)
Programme Region A		
Programme Region B		
.....		
Programme Region N		
TOTAL (mio EUR)		

For MS opting for a single national programme reference is made to this programme, distinguishing, where relevant, the EAFRD amount reserved for the Convergence Objective.

(5) *internal and external consistency of the NSP, complementarity with other Community funding instruments (corresponding to Article 11.3.e)*

In combination with CSG 5 and 6, chapter 5 should set out the internal consistency of the plan, the relevant links with other EU level strategies and action plans and the complementarity with other Community funding instruments.

With regard to CSG 5, the envisaged links between axes and integrated approaches (combining measures from several axes) to enhance synergies should be explained (internal consistency), as well as the relevant links per axis to other EU strategies and action plans (external consistency).

For actions similar to RD measures under 1st pillar support a demarcation principle should be set in the NSP, the details being left to the programmes.

With regard to CSG 6, the complementarity with other Community funding instruments and the envisaged division of labour in the use of Community instruments for the same territory should be set out. The term '*means to ensure coordination*' should imply also the creation of coordination structures within the MS (e.g. a common secretariat between Ministries and other public bodies involved in the management of financial instruments for rural development and structural policies).

In order to ensure consistency across axes and with other EU strategies and priorities (mainly with regard to CSG 5) a series of **fiches** analysing the objectives and content of these, as well as the possibilities offered to achieve them through rural development measures, is presented in the **annex** (fiches **1 to 6**). Moreover, a more extended analysis of *complementarity* (at NSP but also at programme level) is presented in **fiche 7 in annex** with regard to CSG 6.

Consistency is also ensured by putting in place appropriate partner consultation procedures.

(6) *Amount and set up for the national rural network (corresponding to Article 11.3.g)*

The NSP has to indicate whether the NRN will be established within a single RD programme under the programme technical assistance component or as a separate NRN programme as provided for in Article 66(3) of the regulation (for the regionalised MS). In addition to the amount reserved for the NRN, the envisaged main functions and composition should be described. A **fiche** on NRNs is enclosed (fiche **8**).

An important aspect to take into account in the construction of the NSP (baseline and priority setting and indicators used) is that in the later reporting on the progress in implementing the strategy and achieving the objectives, the indicators will need to be fed from the programmes (see also **fiche 2**). MS will therefore have the possibility to update and refine their NSPs (in particular the quantifications), once they advance with their detailed programming in a two way feed back process, for example to take into account the results of the programme level ex-ante evaluation.

For the main body of text, covering the 6 chapters, it is recommended that the total length should not exceed **20 pages**. More detailed information can be included in annexes.

3. NSP - PROCEDURAL ASPECTS

The term '*in close collaboration with the Commission*' in Article 12(1) of the Council Regulation should cover all the stages of the preparation of a NSP. In order to anticipate possible problems and delays in the whole programming process a step-by-step procedure through regular contacts between the Member State and the Commission is proposed involving:

- In a first stage (as soon as possible and in any case before end 2005) informal contacts with the MS to explain the content of the NSP template and to examine how the MS proceeds with the preparation of its NSP: envisaged timetable and steps until final version will be sent to the Commission, organisation of stakeholder consultation, coordination with other Ministries and with the regions in decentralised MS, envisaged implementation structure for the programme(s), including the national rural network (identification of potential problems in the MS' organisational approach); first orientations with regard to the Community and national priorities;
- In a second stage (December 2005 to February 2006) discussion of first versions of the NSP with the Commission (identification of potential problems in the content of the NSP)
- In a final stage the formal submission of the NSP. Formal submission of NSPs cannot take place before the formal adoption of the Community strategic guidelines by the Council. Therefore, formal submissions of NSPs in terms of Article 11(1) of the Council Regulation will take place after that date. In the

implementing regulation a maximum delay of 3 months between the adoption of the Community strategic guidelines and the submission of the NSPs is proposed. NSPs should be sent before MS send their proposed programmes. Between the submission of the NSPs and the submission of programmes another maximum 4 months delay is proposed in the implementing regulation. However, a minimum delay of two months between the submission of NSPs and programmes should be set in order to allow discussions on any remaining problems with the NSPs and achieve a 'common understanding' to facilitate the further programme negotiations.

One aspect to take into consideration is strategic monitoring as provided for in Article 13 of the Council Regulation. **Fiche 9 in annex** gives some practical guidance on this.

Annexes

Annex 1

National Strategy Plan structure

Chapter 1: Baseline analysis of the economic, social and environmental situation and setting of the baseline indicators

Chapter 2: Overall strategy, translation of Community priorities and setting of national priorities

Chapter 3: Strategy per axis, including quantified targets and objectives and indicators to be used

Chapter 4: RDPs and their indicative allocation, including Convergence amounts

Chapter 5: internal and external consistency of the NSP, complementarity with other Community funding instruments

Chapter 6: Amount and set up for the national rural network

Annex 2

Baseline Indicators

AXIS		Indicator
Horizontal	* 1	Economic development
	* 2	Employment rate
	* 3	Unemployment
AXIS 1, Competitiveness	* 4	Training and education in agriculture
	5	Age structure in agriculture
	* 6	Labour productivity in agriculture
	7	Gross fixed capital formation in agriculture
	8	Employment development of primary sector
	9	Economic development of primary sector
	* 10	Labour productivity in food industry
	11	Gross fixed capital formation in food industry
	12	Employment development in food industry
	13	Economic development of food industry
	* 14	Labour productivity in forestry
	15	Gross fixed capital formation in forestry
	16	Importance of semi-subsistence farming in NMS
AXIS 2, Environment	* 17	Biodiversity: Population of farmland birds
	* 18	Biodiversity: High Nature Value farmland areas
	19	Biodiversity: Tree species composition
	* 20	Water quality: Gross Nutrient Balances
	21	Water quality: Pollution by nitrates and pesticides
	22	Soil: Areas at risk of soil erosion
	23	Soil: Organic farming
	* 24	Climate change: Production of renewable energy from agriculture and forestry
	25	Climate change: UAA devoted to renewable energy
	26	Climate change: GHG emissions from agriculture
AXIS 3, Wider rural	* 27	Farmers with other gainful activity

development	*	28	Employment development of non-agricultural sector
	*	29	Economic development of non-agricultural sector
	*	30	Self-employment development
		31	Tourism infrastructure in rural area
	*	32	Internet take-up in rural areas
	*	33	Development of services sector
		34	Net migration
	*	35	Life-long learning in rural areas
Leader	*	36	Development of Local Action Groups

* refers to LEAD indicators

CONTEXT INDICATORS

AXIS		Indicator
Horizontal	1	Designation of rural areas
	2	Importance of rural areas
	3	Population density
	4	Age structure
	5	Structure of the Economy
	6	Structure of Employment
	7	Long-term unemployment
	8	Educational attainment
	9	Land use
AXIS 1, Competitiveness	10	Agricultural land use
	11	Farm structure
	12	Forestry structure
	13	Forest productivity
AXIS 2, Environment	14	LFA
	15	Areas of extensive agriculture
	16	Natura 2000 area
	17	Biodiversity: Protected forest
	18	Development of forest area
	19	Forest ecosystem health
	20	Water quality
	21	Water use
	22	Protective forests concerning primarily water
	23	Protective forests concerning primarily soil
AXIS 3, Wider rural development	24	Internet infrastructure

Fiche 1: EU Environmental priorities

1. Legal requirements

Whereas (31) of the Council Regulation: *“Support for specific methods of land management should contribute to sustainable development by encouraging farmers and forest holders in particular to employ methods of land use compatible with the need to preserve the natural environment and landscape and protect and improve natural resources. It should contribute to the implementation of the 6th Community Environment Action Programme and the Presidency conclusions regarding the Sustainable Development Strategy. Key issues to be addressed include biodiversity, Natura 2000 site management, the protection of water and soil, climate change mitigation including the reduction of greenhouse gas emissions, the reduction of ammonia emissions and the sustainable use of pesticides.”*

Section 3.2 of the annex to Council Decision on Community strategic guidelines for Rural Development

*“To protect and enhance the EU’s natural resources and landscapes in rural areas, the resources devoted to **axis 2** should contribute to **three EU level priority areas:***

- *biodiversity and preservation and development of high nature value farming and forestry systems [and traditional agricultural landscapes],*
- *water, and*
- *climate change.*

The measures available under axis 2 should be used to integrate these environmental objectives and contribute to the implementation of the agricultural and forestry Natura 2000 network, to the Göteborg commitment to reverse biodiversity decline by 2010, to the Water Framework Directive objectives and to the Kyoto Protocol targets for climate change mitigation.”

Section 3.5 of the annex to the above Council Decision

In working out their national strategies, Member States should ensure that synergies between and within the axes are maximised and potential contradictions avoided. Where appropriate they may develop integrated approaches. They will also wish to reflect on how to take into account other EU level strategies such as the Action Plan for Organic Farming, the commitment to increased use of renewable energy resources, the need to develop a medium and long-term EU strategy to combat climate change and the need to anticipate the likely effects on farming and forestry, the EU Forestry Strategy and Action Plan (which can help deliver on both the growth and employment and the sustainability objectives) and the priorities set out in the Sixth Community Environment Action Programme, particularly those identified as requiring thematic environmental strategies.

2. Environmental Legislation - 6th Community Environment Action Programme – Environmental Thematic Strategies

(a) Community Biodiversity Strategy - Natura 2000 Network

The EU adopted the Birds Directive (1979), followed by the Habitats Directive (1992), which resulted in the setting-up of the Natura 2000 network of specially protected areas. These directives are key instruments to the EU's target of halting the biodiversity loss by 2010. The protection of biodiversity is one of the four priorities identified in the EU's 6th Environment Action Programme¹.

The 6th Environment Action Programme³ (6th EAP) (2002) calls for "*ensuring the implementation and promoting the monitoring and assessment of the Community's biodiversity strategy and the relevant action plans*", "*establishing the Natura 2000 network*" and "*promoting the integration of biodiversity considerations in agricultural policies and encouraging sustainable rural development, multifunctional and sustainable agriculture*".

The Biodiversity Action Plan (BAP) for Agriculture⁴ was adopted by the Commission in March 2001 and officially launched in 2002, in the context of the European Community Biodiversity Strategy (1998). Although there is insufficient knowledge of the overall status of agricultural biodiversity in the EU, its continuing declining has been accepted. Agricultural areas are critical to meeting the biodiversity 2010 target. They represent an average of 33% of the area within Natura 2000 sites.

Some examples of RD measures:

- Natura 2000 payments (compensation to specific restrictions);
- Favours the maintenance of extensive management in the high nature value farmland areas (e.g. payments for less Favoured Areas, agri-environmental measures)
- Supporting environmental management (e.g., agri-environmental schemes to incentive the maintenance/introduction of land use/farming practices beneficial to biodiversity and the preservation of habitats).
- Drawing up of protection and management plans relating to Natura 2000 sites (under axis 3)

(b) Water Framework Directive

The overall objective of the WFD is to establish a framework for the protection of all waters, surface water and groundwater, in particular (a) to prevent further deterioration and protect the status of *ecosystems* and wetlands; (b) to promote sustainable water use, (c) to protect and improve the aquatic environment, (d) to ensure the progressive reduction of pollution of groundwater and prevent its further pollution, and (e) to contribute to mitigating the effects of floods and droughts

The Directive sets out several obligations for Member States, with clear deadlines:

- | | |
|----------|--|
| End 2003 | - Transposition into national legislation
- Identification of River Basin Districts and Authorities |
| End 2004 | - Characterisation of river basins (i.e., analysis of their characteristics + review of the impact of human activity on the status of surface waters and |

³ Decision No 1600/2002/EC of the European Parliament and of the Council (OJ L242, 10.09.2002, p.1).

⁴ COM(2001)162., volume III.

- on groundwater + economic analysis of water use)
- End 2006
 - Establishment of water monitoring networks
 - Public consultation on river basin management plans
 - End 2009
 - Finalise river basin management plans, including programmes of measures
 - End 2010
 - Introduce pricing policy (i.e., the various economic sectors must contribute to the recovery of the costs of water services, including those relating to the environment and natural resources)
 - End 2012
 - Make the programmes of measures operational
 - End 2015
 - Meet the environmental objectives (i.e., good chemical and ecological status of surface waters + good chemical and quantitative status of bodies of groundwater).

Agriculture can impact in different ways on the good chemical and good quantitative status of groundwater and on the good chemical and ecological status of surface waters.

There is an interest in creating synergies between the CAP and the WFD and in having a close co-operation between the authorities competent for water and for agriculture in the Member States, regarding the identification of key agri-environmental issues at the level of the river basins and the most appropriate measures to be adopted to address these issues.

Some examples of RD measures:

- Water saving solutions for agriculture (improve on-farm water management, combating leakages in watering systems, up-grading irrigation infrastructure,...)
- Investments into new water saving technologies
- Support to water saving rotation systems in areas affected by water handicaps
- Wetland management or restoration.
- Support to the development of infrastructures related to water management.

Details on measures to help with the implementation of the WFD will be defined at a later stage (in principle after 2009) once the river basin management plans and programmes of measures are known.

(c) Thematic Strategy on Soil Protection

The 6th Environment Action Programme (6EAP) calls for the promotion of a sustainable use of the soil, with particular attention to preventing erosion, contamination and other forms of deterioration.

The 6EAP states that the thematic strategy (TS) on the protection of soil should address “the prevention of, *inter alia*, pollution, erosion, desertification, land degradation, land-take and hydrogeological risks taking into account regional diversity including specificities of mountain and arid areas”.

The TS is intended to be adopted in 2005. It should take the form of a Communication from the Commission to the European Parliament and the Council accompanied by legislative proposals (soil framework directive) .

Adoption (16 April 2002) of the Commission Communication “Towards a thematic strategy for soil protection”⁵. It identified the main threats to soil; described the actions taken in the Member States in favour of as well as Community policies relevant for soil protection; and outlined potential measures to protect soil, in particular the implementation of a Community soil monitoring system and the further integration of soil considerations into other policies.

Some examples of RD Measures:

- Agri-environment measures targeting soil protection (eco-ditch management, keeping long-term set-aside, assuring soil cover, maintaining grasslands and converting arable land to permanent pastures...)
- Afforestation of agricultural land to control soil erosion, e.g. on steep slopes

(d) Community Climate Change Programme

The *objective* of the ECCP has been to drive forward EU efforts to meet the targets set by the Kyoto Protocol for the reduction of greenhouse gas emissions (GHG emissions). With the entry into force of the Kyoto Protocol (February 2005), international efforts to combat climate change enter into a new phase. The EU will develop its medium and long term strategies against climate change, inside the EU and together with the international community.

Under the Kyoto Protocol (1997) industrialised countries⁶ agreed to reduce their GHG emissions by 5 % below 1990 levels during the period 2008-2012. Annex B to the Protocol specifies the commitment of the EU-15 MS to this target as a joint GHG emission reduction objective of 8 %⁷. Preparation for meeting the 2008 objectives has been very uneven in the MS with some countries having already gone to great lengths while others are still much less prepared.

In addition to these quantitative targets, the Kyoto Protocol lists series of general policies and measures to reduce emissions and to enhance carbon sinks. Among these the promotion of sustainable forms of agriculture is explicitly mentioned.

Although on a smaller scale than other economic sectors, agriculture produces GHG gases and is a major source of methane (CH₄) - the second most important GHG gas after carbon dioxide (CO₂) - and nitrous oxide (N₂O). Agriculture was responsible for around 10% of the EU-15 GHG emissions in 2003.

Agriculture is one of the principal sources of emissions of methane (livestock digestion processes). Nitrous oxide is also emitted by agriculture (manure storage).

Some examples of RD Measures:

- Investments for on-farm use of renewable energy sources
- Reduction of methane emissions by appropriate, targeted land management measures (feed and grazing)

⁵ COM(2002) 179 final.

⁶ Also called “Annex I parties » in the terms of the UNFCCC.

⁷ This objective amounts to 336 Mt CO₂eq/yr and was distributed among MS by the “EU burden sharing agreement”, under which quota range from – 27 % to + 23 % (extra allowance) according to economic criteria.

- Reduction of N₂O through a lower use of nitrogen fertilisers.

(e) Thematic Strategy on Air Pollution

Air pollution is one of the issues addressed by the 6th Environment Action Programme (6EAP). The Community programme “Clean Air for Europe” (CAFE) aims at the adoption of a thematic strategy on air pollution.

The objective of the CAFE programme is to develop a long-term integrated policy to protect human health and the environment against the negative effects of air pollution.

One of the aims of the thematic strategy (TS) on air pollution is to review the implementation of the EU air quality directives and of the effectiveness of the air quality programmes of the Member States.

The TS should lead to a better monitoring of air quality including a review of the air quality thresholds and national emission ceilings. The proposal adopted by the Commission on 21 September 2005 envisages merging the existing four Directives and a Council Decision into one Directive. This Directive does not concern the agricultural sector directly. Furthermore, the Commission Communication proposes to reduce ammonia emissions from agriculture by 27% by 2020, the cost of achieving this target being estimated to increase progressively to stand at €2.6 billion/year by 2020.

Agriculture is a major source of ammonia (NH₃) emissions, which contribute to air pollution. Some experts estimate that more than 80-90% of all ammonia emissions in the atmosphere comes from agriculture. Livestock rearing (manure and slurry) is the major agriculture contributor to emissions, followed by nitrogen fertilizers production and spreading, and biomass burning. Within the livestock sector, cattle are the largest source of emissions. The main problems caused by ammonia are: soil acidification and eutrophication, with associated loss of biodiversity.

Some examples of RD Measures:

- Reduction of ammonia emissions by appropriate, targeted land management measures.
- Agri-environmental measures aimed to reduce stocking densities.
Investments in low-emission housing and better manure storage facilities.

(f) Thematic Strategy on the Sustainable Use of Pesticides

The 6th Environment Action Programme (6EAP) aims at *i.a.* “contributing to a high level of quality of life and social well being for citizens by providing an environment where the level of pollution does not give rise to harmful effects on human health and the environment ...”. One means of reaching this goal is to develop a thematic strategy on the sustainable use of pesticides.

The thematic strategy (TS) on the sustainable use of pesticides aims at:

- *“minimising the hazards and risks to health and environment from the use of pesticides;*
- *[improving] controls on the use and distribution of pesticides;*
- *reducing the levels of harmful active substances including through substituting the most dangerous with safer, including non-chemical, alternatives;*

- [encouraging] *the use of low input or pesticide free cultivation among others through raising users' awareness, promoting the use of codes of good practices, and promoting consideration of the possible application of financial instruments;*
- [establishing] *a transparent system for reporting and monitoring progress made in fulfilling the objectives of the strategy including the development of suitable indicators."*

The TS is meant to cover the use phase of pesticides which is currently not regulated, contrary to the start and end-of-life stages of pesticides (the authorisation of pesticides and the control of residues in food and feed).

The thematic strategy is intended to be adopted by the end of 2005

Some examples of RD Measures:

- Investments for pesticide handling facilities;
- Agri-environmental measures, e.g. to promote organic farming and low-input farming, and to introduce crop rotation patterns in order to lower pesticides and herbicides needs.
- Training on the use of plant protection products and integrated pest management systems.

Fiche 2: EU Forestry Strategy

1. Legal base

Recital (32) of the RD regulation: *...Forestry measures should contribute to the implementation of the Community Forestry Strategy.*

Section 3.5 of the annex to Council Decision on Community Strategic Guidelines for Rural Development: *In working out their national strategies, Member States should ensure that synergies...They will also wish to reflect on how to take into account other EU level strategies such as... the EU Forestry Strategy and Action Plan⁸ (which can help deliver on both the growth and employment and the sustainability objectives)...*

Council Resolution of 15 December 1998 on a Forestry Strategy for the European Union⁹

2. Objectives

The EU Forestry Strategy identifies sustainable forest management¹⁰ and the multifunctional role of forests as overall principles for action, and indicates that, taking into consideration the principle of subsidiarity and the concept of shared responsibility, the Community can contribute positively to the implementation of the aforementioned principles.

In line with these considerations, forestry measures in rural development can support the implementation of the EU Forestry Strategy and the upcoming EU Forest Action Plan¹¹, in particular, by aiming at:

- Enhancing the competitiveness of the EU forestry sector and the economic viability of sustainable forest management, and support the role of forests and forestry in maintaining and developing rural areas;
- Enhancing the protection and sustainable management of forests, as well as the protective, social, recreational and cultural functions of forests;
- Extending and improving forest resources in the EU;
- Promoting the maintenance, conservation and enhancement of forest biological diversity, in particular of forests included in Natura 2000 sites;
- Contributing to climate change mitigation in line with the UNFCCC¹² and its Kyoto Protocol.

⁸ Council Conclusions – Agricultural and Fisheries Council 30 May 2005; COM(1998) 649: "A forestry strategy for the European Union", COM(2005) 84: "Reporting on the implementation of the EU Forestry Strategy".

⁹ OJ C 56 of 26.2.1999

¹⁰ As defined by the 2nd Ministerial Conference on the Protection of Forests in Europe (Helsinki, 1993)

¹¹ To be presented by the Commission by mid-2006

3. Examples of possible measures

- **Axis I: Improving the competitiveness of the agricultural and forestry sector.** Examples of measures that could help achieve the objectives of the Strategy include: support for vocational training and information actions (Article 21), use of advisory services for forest holders (Article 24), improving the economic value of forests (Article 27), co-operation for the development of new products, processes and technologies in the forestry sector (Article 29) and improving and developing infrastructure related to the development of forestry (Article 30);
- **Axis II: Improvement the environment and the countryside.** Examples of measures that could help achieve the objectives of the Strategy include: support for first afforestation of agricultural land (Article 43), establishment of agroforestry systems (Article 44), Forest-Natura 2000 (Article 46), restoring forestry potential in forests damaged by natural disasters and fire and introducing prevention actions against fire (Article 48), non-productive investments linked to environmental objectives or for enhancing public amenity value of forests (Article 49).

¹² UN Framework Convention on Climate Change

Fiche 3: Innovation in rural development strategies

1. Legal references

In the Rural Development Regulation

- Art.4, 1(a) support for rural development shall contribute to achieving the following objectives: improving the competitiveness of agriculture and forestry by supporting restructuring, development and **innovation**;
- Art.20 (a) (i) measures aimed at promoting knowledge and improving human potential through vocational training and information actions, including diffusion of scientific knowledge and **innovative practises**, for persons engaged in agricultural, food and forestry sectors,
Art.20 (b) measures aimed at restructuring and developing physical potential and promoting **innovation** through measures from (i) to (vi).

Sub-section 2, Art. 26 to 30: “Conditions for measures aimed at restructuring and developing physical potential and promoting **innovation**”.

- Art. 61 (e) The Leader approach shall comprise ...implementation of **innovative approaches**...

In the Community Strategic Guidelines (CSG)

- “Under the competitiveness axis a range of measures will target human and physical capital in the agriculture, food and forestry sectors (promoting knowledge transfer and innovation) and quality production” (CSG, point 2.3, 2nd par)
- “The agricultural and food sectors must seize the opportunities offered by new approaches, technologies and innovation to meet evolving market demand both in Europe and globally” (CSG, point 2.4, 6th par)
- “...in line with the Declaration on the Guiding Principles of Sustainable Development and the renewed Lisbon Action Programme which seeks to target resources at making Europe a more attractive place to invest and work, promoting knowledge and innovation for growth and creating more and better jobs” (CSG, point 2.4, 7th par)
- “Rural Development policy must help rural areas meet these objectives in the period 2007-2013. This requires a more strategic approach to competitiveness, job creation and innovation in rural areas and improved governance in the delivery of programmes”. (CSG, point 2.4, 8th par).
- Guideline 1: The resources devoted to axis 1 should contribute to a strong and dynamic European agrifood sector by focusing on the **priorities of knowledge transfer, innovation and quality in the food chain and priority sectors for investment in physical and human capital** (CSG,3.1, guideline)
- Facilitating innovation and access to R&D (by the) ...introduction of new products and processes ...could significantly contribute to the performance of smaller processors and farm business....In particular, new forms of

cooperation could facilitate access to R&D, innovation and actions undertaken under the 7th Framework Programme (*CSG, 3.1 key action iii*);

- In Guideline 4: **promoting cooperation and innovation**. Local initiatives such as Leader and support for diversification can play an essential role in connecting people to new ideas and approaches, encouraging innovation and entrepreneurship and promote inclusiveness and the provision of local services. On-line communities can help in the dissemination of knowledge, the exchange of good practices and innovation in rural products and services (*CSG, 3.4, key action iii*).

2. Assessing the innovation content of National strategy plans

Definition: innovation is usually defined as the *introduction of a new process, a new product, a new form of organisation or a new market in the provision of goods and services*. A distinction is to be made between **invention** and **innovation**. While *invention* brings something new (generally in high-tech terms) in a global context, *innovation* brings something new (not always in high-tech terms) in a particular context (sector, process, territory, etc) which has been already tested in other similar contexts elsewhere. Although there may be radical innovations, which transform completely an established production system, these are rare; while the application of an existing innovation to a different sector or process, its transfer and adaptation to other contexts is a much more frequent event. In the context of rural development, innovation will be defined, for the purpose of its implementation, not only in its common and general understanding mentioned above, but also in its specific meaning of *providing new responses to the specific problems of rural areas*. The innovation content within the NSPs is important because the transfer and adaptation of innovations is what has the highest impact on growth and employment.

Policies may try to promote innovation through different forms of support. This may be achieved with a traditional approach (for example, with a grant reducing the cost of an investment to a farmer) or in an innovative way (for example, with a combination of different forms of support, material and immaterial, as in the case of Leader).

The agricultural sector and the rural economies, due to the low density of the population, the relevance of land-based activities and the higher distance from innovation centres, have often had more difficulties than urban and industrial areas in the adoption, adaptation and diffusion of innovations.

The assessment of the innovation content of rural strategies and programmes will need to check if:

a) one or more of the following type of interventions are present in the NSP's priorities:

- the *transfer of knowledge* to farmers and forest holders, through the diffusion of information, training, applied research, experimentation, cooperation, exchange;
- the *adaptation of innovations*, through research and development, to the needs of individual farmers, associations of producers, to their particular area and type of production,
- the *adoption of innovative technologies* by the agricultural sector, the rural economy and in the provision of services for the rural population;

- the *restructuring* of production and organisation, as a result of changes in the first pillar (decoupling) and a new market orientation;
- *new forms of integration of farmers in the food chain and the agri-food sector*;
- the implementation of *innovative policy approaches* such as Leader or other local development strategies, in any of the axis indicated in the RDR

b) Innovation priorities must be present in:

- the competitiveness axis (first axis), where addressing innovation in any of the above mentioned forms is an *obligatory* EU priority within the minimum funding threshold for this axis;
- the Leader axis (fourth axis), where this innovative policy approach is *obligatory* and is *suggested* for application in the improvement of the quality of life and diversification of the economy (third axis) but may also be used in the first and second axis within the minimum funding threshold for this policy approach.
- Innovations may also be introduced as priorities in the second axis, by decision of the MS, for example in the field of eco-innovation, energy efficiency, land management practises.

c) the up-take of innovations may be realised:

- in an individual form
- through cooperation and joint actions between producers and/or other rural actors
- through cooperation and joint actions between stakeholders in the food chain
- through networking between rural areas and groups, either at national, European or international level, for the transfer of know-how and best practices.

d) the target of innovation is:

- small farm businesses and processors, foresters (first axis)
- large farm businesses and processors, foresters (first axis)
- all types of farm businesses and processors, foresters (first axis)
- micro-enterprises in rural areas in the non-farm sector (third axis)
- services for rural areas (third axis)

d) whether funding allocations are coherent with strategic priorities involving innovation. EAFRD funding for innovation should be complementary to other Commission programmes financed through the Structural Funds, Information Society & Media DG Programmes, the 7th Research Framework Programme, education and training programmes, and the Competitiveness and Innovation Programme

Innovation is a new requirement for rural policy strategies. It is an obligatory requirement in the first axis and in the application of the fourth axis. For the 2nd and 3rd axis the presence of innovation is optional. It may consist of different types of interventions, be applied differently in the different axes of the RDP and its uptake may be realised by individuals or groups, in any sector of the rural economy, within

productive chains involving also in some cases stakeholders outside rural areas or cooperation /joint projects with research experimentation and training centres also located outside the rural areas. The expected impact of the introduction of an innovation should be evaluated in terms of the improvement of competitiveness (of an individual enterprise, a group of actors or the rural area as a whole) and/or the creation of employment.

3. Linking policies for rural innovation with other EU policies targeting innovation

In launching the new Lisbon partnership for growth and jobs, early this year, the European Council singled out *knowledge and innovation as the main tools in order to achieve growth and jobs*. The Secretary General and DG Enterprise are responsible for establishing the coherence between EU policies having the same objectives, and assessing their progress during the programming period. Since all EU policies are expected to contribute to the achievement of these objectives, it may be expected that NSPs will need to be checked for:

- coherence with other EU policies promoting innovation (Community innovation policy action in support of the Lisbon Action Plan: towards a European Innovation Area, currently being discussed at the Council), Structural Funds, in order to assess the contribution of rural policies to innovation, in which sectors, etc;
- whether the transfer of knowledge and innovation has effectively proved to be the main tool in the achievement of growth and jobs in rural areas.

What is innovative in one area, may not have the same mobilizing and multiplier effect in another. The type of knowledge transfer and technology relevant for a certain mix of resources available in one area may be irrelevant in another. For this reason it is important that Member States and Regions understand these differences, promote adapted approaches to the specific characteristics of their areas and are able to put them together in a coherent national strategy plan.

All this implies that innovative actions may be quite different from one rural area to another and between regions and MS, according to their level of development and diversification, their linkage with ongoing research and knowledge which is relevant for their needs, their capabilities to articulate such needs for the research community. What may be compared and aggregated at European level are on the one hand the points under a), b) and c); and on the other hand the impact of innovative actions on competitiveness and job creation/consolidation.

Fiche 4: Information and communication technologies for agriculture and rural development

1. Legal references

In the Rural Development Regulation

- Recital 15. “As regards *training, information and diffusion of knowledge*, the evolution and specialisation of agriculture and forestry require an appropriate level of technical and economic training, including expertise in **new information technologies....**”
- Recital 46. There is a need to *accompany changes in rural areas by helping them to diversify farming activities towards non-agricultural activities* and develop non-agricultural sectors, promote employment, improve basic services, including local access to **Information and Communication Technologies (ICTs)**”
- ICT may be involved in actions of *diffusion of knowledge* (art.20 (a)(i)), *diffusion of information and networking* (arts. 11(g), 61(g), 62, 66 (3), 67 and 68).

In the Community Strategic Guidelines (CSG)

- Guideline 1. ... “**Encouraging the take-up and diffusion of ICT. The agrifood sector as a whole** has been identified as lagging in the take-up of ICT technologies. This is particularly the case for smaller businesses. Adoption of e-business applications is still on a low level outside of large multinationals and their larger suppliers. Rural development funds should complement future Commission initiatives such as i2010 in the fields of e-business (particularly in relation to SME’s) and e-learning” (CSG, example of key action iv).
- Guideline 3. ... “**Encouraging the take-up and diffusion of ICT. ...essential in rural areas for diversification**, as well as for local development, the provision of local services and the promotion of e-inclusion. Economies of scale can be achieved through village ICT initiatives combining IT equipment, networking and eSkills training through community structures. Such initiatives can greatly facilitate IT take-up by local farms and rural businesses and the adoption of eBusiness and eCommerce. Full advantage needs to be taken of the possibilities afforded by the internet and broadband communications, for example supported by regional programmes under the Structural Funds, to overcome the disadvantages of location.” (CSG, example of key action vi).
- Guideline 3..... “**Encouraging the development of Tourism**. ... is a major growth sector in many rural areas. Increased use of ICT in tourism for bookings, promotion, marketing, service design and recreational activities can help improve visitor number and length of stays, particularly where this

provides links to smaller facilities and encourages agri-tourism”. (CSG, example of key action viii).

2. Assessing the contents of information and communication technologies in NSPs

Definition: Information and communication technologies (ICTs) are a specific form of innovation developed originally for another sector and then applied to agriculture and rural areas in a wide range of domains such as food safety, tracking livestock movements, agri-industry business models and rural broadband and services. ICT may be applied to processes (for example sowing a plot with computer aided equipment), for improving farm management (a software for farm accounting), the establishment of a new form of organisation (producers selling directly their produce to consumers through the internet) or a new market (for electronic bookings in agri-tourism facilities) and indeed new forms of distance work (tele-working) or the provision of services (tele-medicine).

ICTs are key enablers of innovation. Applications of ICT are considered a specific form of innovation, often combining traditional forms of know-how with IT. They have proven to be effective in providing innovative responses to agriculture and rural needs as well as in diffusing more efficiently knowledge and information. This implies that ICT is both innovative on its own, and as a tool for rural development. Although networking may take place also through direct exchange, ICT has greatly enhanced its scope and intensity.

The assessment of ICT in the CSG should be based on the following criteria:

a) There is *no obligation* for including ICT among the strategic EU priorities or for supporting the up-take of ICT in the NSPs or the RDPs, although it is a *suggested key action* in the first and third axes. Its uptake should be linked to the fact that in the analysis of the challenges, the rural areas (all or some) are characterised as lagging, in relative terms, in the use of ICTs.

b) targets for the up-take of ICT:

- Type of business beneficiaries: *smaller businesses* (individual or associated), ICT clusters, virtual platforms;
- Type of sector: emphasis on ICT applications for *agrifood, the service and tourist sector*; however all sectors introducing ICTs in the process of diversification or improving the life quality of rural areas are eligible for support.
- Facilitating *training, information and diffusion of knowledge* on ICTs
- Facilitating *access to internet and broadband communications* in rural areas
- Supporting *ICT networking* as support for local development

3. Linking policies for the uptake of ICT with other Commission Programmes

EAFRD funding for ICT should be complementary to other Commission programmes, such as i2010, e-business, e-commerce, e-learning, e-skills, financed through the Structural Funds, Information Society & Media DG Programmes, the 7th Research Framework Programme, education and training programmes, and the Competitiveness and Innovation Programme.

The Information Society Policy Link could be a useful tool, at EU level to monitor the synergies, complementarities and specificities of ICT for agriculture and rural development, as well as providing outside information to interested parties.

ICT priorities included in the NSP should be treated in the same way as innovations in terms of coherence checks and assessment of effectiveness (see innovation fiche).

Fiche 5 Organic Farming

1. Legal bases and EU commitments

Recital (21) of Council Regulation (EC) No .../2005 on support for rural development by the EAFRD

(21) *The purpose of Community farm investment aid is to modernise agricultural holdings to improve their economic performance through better use of the production factors including the introduction of new technologies and innovation, targeting quality, organic products and on/off-farm diversification, including non-food sectors and energy crops, as well as improving the environmental, occupational safety, hygiene and animal welfare status of agricultural holdings,...*

Guideline 5 of the annex to the Council Decision on Community strategic guidelines for Rural Development

5. Ensuring consistency in programming. *In working out their national strategies, Member States should ensure that synergies between and within the axes are maximised and potential contradictions avoided. Where appropriate they may develop integrated approaches. They will also wish to reflect on how to take into account other EU level strategies such as the **Action Plan for Organic Farming**, the ...thematic environmental strategies.*

In June 2001, **the European Council in Göteborg** stated "*that the Common Agricultural Policy and its future development should, among its objectives, contribute to achieving sustainable development by increasing its emphasis on encouraging healthy, high-quality products, environmentally sustainable production methods, including **organic production**, renewable raw materials and the protection of biodiversity.*"

In their decision of 22 July 2002 laying down the sixth Community Environment Action Programme, the European Parliament and the Council included the following action: "*Encouraging more environmentally responsible farming, including, where appropriate, extensive production methods, integrated farming practices, **organic farming** and agrobiodiversity, in future reviews of the Common Agricultural Policy, taking account of the need for a balanced approach to the multifunctional role of rural communities.*"

Council Conclusions on strategy for a European Action Plan for Organic Food and Farming, December 2003

The Council considered, among others, that:

- *there is a need to make organic farming one of the key components of the European food supply chain, along with typical products and high-quality products, as a forward-looking factor for sustainability of the entire farming and agri-foodstuffs sector. **Organic farming** therefore needs to be supported by a suitable integrated European research and innovation system;*

- ***organic farming** has been seen to play a vital role in protecting biodiversity and conserving non-renewable resources used in agriculture, as well as for the implementation of rural development policy and for food safety and quality, thereby acting as a driving force for the entire European farming and agri-foodstuffs sector.*

The Council called on the Commission, among others, ‘to include among the action plan's strategic objectives the evaluation of possibilities for Member States to establish rural areas for the advancement of value-added production, such as that of **organic**, typical and traditional products, in a drive for local development of quality products. In the aim of thus increasing the competitiveness of the farming sector, the diversity of agricultural potential in different rural areas shall be taken into account’.

Council Conclusions on the European Action Plan for Organic Food and Farming, October 2004

The Council attached particular importance, among others, ‘to optimising integration of organic farming into the rural development programmes’.

Regarding implementation of these priority actions, the Council called upon the Commission and the Member States, each within their respective competencies, to among others:

- *ensure that **organic production** is an integral part of the common agricultural policy, the rural development policy and of its instruments ;*
- *give due regard to voluntary initiatives to establish rural areas for the advancement of value-added production, such as that of **organic**, typical and traditional products’*

European Action Plan for Organic Food and Farming¹³, June 2004

The Commission responded to the Council Conclusion as regards rural development by Action N° 6.

Action N° 6

The Commission strongly recommends Member States to make full use within their rural development programmes of the instruments available to support organic farming, for example by developing national or regional action plans focussing on:

- *stimulating the demand side by using the new quality schemes;*
- *actions in order to preserve the benefits for the environment and nature protection in the long term;*
- *developing incentives to organic farmers to convert the whole instead of part of farms;*

¹³ Annex to the Communication from the Commission on the European Action Plan for Organic Food and Farming (COM(2004)415)

- *organic farmers having the same possibilities for receiving investment support as non-organic farmers;*
- *developing incentives to producers to facilitate the distribution and marketing by integrating the production chain by (contractual) arrangements between the actors;*
- *support to extension services;*
- *training and education for all operators in organic farming, covering production, processing and marketing;*
- *targeting organic farming as the preferred management option in environmentally sensitive areas (without restricting organic farming to these areas)*

2. Examples of possible measures under RD

It is particularly important for the development of organic farming that the structure of the sector improves, both by reinforcing co-operation between operators at a regional basis as well as by improving the co-operation between the different operators in the entire production and supply chain. Both Council and Commission have emphasised this element in their respective Council conclusions and the Action Plan. The new rural development strategy is well placed to enhance spatial and vertical chain integration in the organic sector by its emphasis on interaction between the axes, strengthening co-operation within the farming sector and with various other local socio-economic actors and extending the range of beneficiaries.

Axis I: Improving the competitiveness of the agricultural and forestry sector.

- **Vocational training** (Article 21): training outside the regular educational system. This measure is fundamental for the training of farmers that are considering converting their farm to the organic production system. It is of equal importance for other actors involved in organic production, processing or distribution.
- **Advisory systems** (Articles 24 and 25): financial support for the use of advisory systems and for the setting up of such advisory systems that will provide support for the process of converting to organic farming as well as for maintaining organic farms.
- **Farm modernisation**: targeting investment in equipment and buildings as well as in non-physical goods (Article 26). This measure should cover all necessary investments for the production, processing and packaging of organic products on the farm holding, the latter being particularly important for farm sales.
- **Adding value to primary agricultural and forestry products** (Article 28): support to small and medium size businesses, for example small slaughterhouses, processors, fruit and vegetable co-operatives, cereal storage, etc...
- **Financial support for farmers for their participation in food quality schemes** (Article 32): annual financial incitation payment covering the fixed costs of certification for organic production.

- **Financial support for promotion** (Article 33): support for producer groups for promotion campaigns for products under food quality schemes, including organic product schemes. These promotion campaigns should not be generic but rather target the specific products produced by the producer groups in question.

Axis II: Improvement the environment and the countryside.

- **Agri-environment** (Article 39): annual hectare payments. This measure may be used for conversion to as well as for maintenance of organic farming.

Fiche 6: Bio-energy

1. SCOPE

Bio-energy is the energy derived from biomass, including biofuels. The organic biomass material used can be wood, agricultural crops, forestry residues, agricultural residues or organic waste.

Biomass includes non food-products for various purposes. It has an important role to play as feedstock material for **renewable energy** generation whether for electricity, heating and cooling or for transport fuels, but also as raw material for other uses.

Biofuels are transport fuels produced from biomass feed-stocks (i.e. organic material). The term commonly applies to liquid transport fuels, but also includes gas and solid fuels such as wood pellets and chips; repeatedly the combustion of not only straw, but also the grain (i.e. the entire plant) has been discussed. Which biofuels are addressed?

- (1) **Bioethanol** (most common biofuel worldwide) produced from crops containing starch (wheat, barley, maize, rye) or sugar crops (sugar cane, sugar beets and sweet sorghum). In most EU Member States, bioethanol is first processed into ETBE (ethyl tertiary butyl ether composed of ethanol and fossil fuels) before being incorporated into the petrol as an additive.
- (1) **Biodiesel** is produced by the chemical esterification of oils from oilseed crops such as rape, sunflowers and soya, or from other sources such as waste cooking oil and animal fats.
- (1) **Biogas** is can be used as a transportation fuel and is composed mainly of methane and carbon dioxide and is produced by the anaerobic digestion of organic material. At farm level biogas is produced from manure or other organic matter.

Biomass for other than biofuel purposes has a much more limited impact on reducing fossil fuels consumption, but it can replace fossil oil as raw material in the chemical industry and has generally one important advantage: Better **biodegradability** / **recyclability** thus contributing to the reduction of the waste problem. The “classical” biomass for other uses is forestry products for paper industry or construction and which has a huge potential for carbon-fixing. But there are many other raw materials for non-food purposes: Rapeseed as raw material for lubricants, starch from corn or potatoes for the chemical industry, straw as isolation material, cork for isolation and other uses, cotton for textiles, flax and hemp for textiles or other industrial uses (car industry), medicinal or perfume plants, etc.. This huge variety shows that there is a potential for non-food outlets that needs to be explored with creativity but requiring also innovative approaches. RD offers corresponding tools.

The scope of this factsheet shall be limited to biofuels and biomass for energy production.

2. PLACE IN THE EU STRATEGIC GUIDELINES

Axis 1

Guideline

Europe's agriculture, forestry and its food processing sector have great potential to further develop high quality and value added products that meet the diverse and growing demand of Europe's consumers and world markets.

...

In order to meet these priorities, Member States are encouraged to focus support on key actions. Such key actions could include: ...

- (vi) development of new outlets for agricultural and forestry products. New outlets can offer higher value added in particular for quality products. Support for investment and training in the field of non-food production under rural development can complement measures taken under the first pillar by creating innovative new outlets for production or helping the development of **renewable energy materials, biofuels** and processing capacity;

Axis 2

Guideline

To protect and enhance the EU's natural resources and landscapes in rural areas, the resources devoted to axis 2 should contribute to three EU level priority areas: The measures available under axis 2 should be used to integrate these environmental objectives and contribute to the implementation of the agricultural and forestry Natura 2000 network, to the Göteborg commitment to reverse biodiversity decline by 2010, to the Water Framework Directive objectives and to the Kyoto Protocol targets for climate change mitigation.

In order to meet these priorities, Member States are encouraged to focus support on key actions. Such ...include: ...

- (iii) combating climate change. Agriculture and forestry are at the forefront of the development of renewable energy and material sources for **bio-energy** installations. Appropriate agricultural and forestry practices can contribute to the reduction of emissions of greenhouse gases and preservation of the carbon sink effect of forests and organic matter in soil composition; and can also help in adapting to the impacts of climate change.

Axis 3

Guideline

The resources devoted to the fields of diversification of the rural economy and quality of life in rural areas under axis 3 should contribute to the overarching priority of the creation of employment opportunities and conditions for growth. The range of measures available under axis 3 should in particular be used to promote capacity building, skills acquisition and organisation for local strategy development and also help ensure that rural areas remain attractive for future generations. ...

In order to meet these priorities, Member States are encouraged to focus support on key actions. Such :...include:..

- (vii) developing the provision and innovative use of **renewable energy sources** can contribute to creating new outlets for agricultural and forestry products, the provision of local services and the diversification of the rural economy.

3. BIO-ENERGY – POSSIBLE MEASURES

3.1.1. Axis 1:

Modernisation of farms (article 26):

Investments can be promoted in biogas production from raw material (e.g. manure) from the own or other holdings used for heating or power generation. This implies not only replacing of fossil source, but also reducing greenhouse gas emissions (methane). Installation of heating installations fuelled by wood products. Diversification on-farm into non-food markets, e.g. raw material energy production. Machinery for growing *Miscanthus* or other bioenergy crops.

Improvement of the economic value of forests (article 27):

Planting of appropriate species (short rotation coppices etc.) for combustion purposes. Installation of equipment to process wood to material like chips suitable for such combustion.

Adding value to agricultural and forestry products (article 28):

Create/improve processing capacity (e.g. into ETBE/bioethanol; chemical esterification to biodiesel, direct combustion). This will be particularly important with the development of the second generation of biofuels.

Co-operation for development of new products processes and technologies in the agriculture ... and forestry sector (article 29):

One possibility could be the development of new wood products more suitable for energy purposes and the development of processing techniques of wood for bioenergy purposes.

3.1.2. Axis 2:

First afforestation will create on the long term a broader raw material basis for wood uses. Support for short rotation coppice

3.1.3. Axis 3:

Diversification into non-agricultural activities (members of the farm household, article 53) and Support for business creation and development (micro-enterprises, article 54):

The use of biomass for biofuels and other energy generation offers a potential new outlet for agricultural and forestry products and residues. To keep transport costs to the minimum, processing plant are logically located near to feedstock supplies, markets for

by-products (e.g. cattle feed markets) and, if possible, near to existing storage and grain procurement infrastructure, all of which implies in or close to rural areas. Plants have also been set up close to import facilities, often alongside oil refineries. Jobs in the bioenergy industry are therefore likely to be located either in rural areas or at existing refinery sites.

Transport cost for the produce (biomass) to the consumer plays also a significant role. Decentralised structures for energy supply in rural areas can contribute to minimising this cost or, in certain cases, ensure this supply.

Basic services for the economy and rural population (article 56): Installations for the production of electric power or heat for a municipality. Distribution network for biofuels or heat/electric power from biomass.

4. GENERAL POINTS FOR ASSESSMENT OF PROPOSALS

Currently a Communication from the Commission on a biomass and biofuels action plan is under preparation. The RD-measures selected by the MS should support its implementation not only by promoting the supply, but also the demand side.

Pre-condition for any RD-operation in favour of bio-energy is sufficient raw material. Tress-passing a critical mass of production is necessary to make investments run.

Fiche 7: complementarity and demarcation between rural development and other Community structural policies at NSP level/programme level

Legal requirements

Article 5(4) of the Council Regulation: *In accordance with their respective responsibilities, the Commission and the Member States shall ensure the coordination between the assistance from the different funds, the ERDF, the ESF, the CF, the Community support instrument for fisheries and the interventions of the EIB and the other Community financial instruments.*

Article 11(3) of the Council Regulation: *Each national strategy plan shall include...the means to ensure coordination with the...ERDF, the ESF, the CF and the Community support instrument for fisheries*

Article 16(h) of the Council Regulation: *Each rural development programme shall include...information on the complementarity with the measures financed...through Cohesion policy as well as by the Community support instrument for fisheries*

Article 60 of the Council Regulation: *Where a measure falling within this section targets operations eligible also under another Community support instrument, including the Structural Funds and the Community support instrument for fisheries, the Member State shall set in each programme the demarcation criteria for the operations supported by the EAFRD and those supported by the other Community support instrument.*

Guideline 6 of the CSG: *The synergy between structural, employment and rural development policies needs to be encouraged. In this context, Member States should ensure complementarity and coherence between actions to be financed by the ERDF, Cohesion Fund, ESF, EFF and EAFRD on a given territory and in a given field of activity. The main guiding principles as regards the demarcation line and the coordination mechanisms between actions supported by the different Funds should be defined at the level of national strategic reference framework/national strategy plan*

Complementarity/demarcation arrangements

The key element for the MS is first the identification of the needs and problems of the rural areas over the programming period 2007/13. The strategy is the next step, aiming at addressing the identified needs in an orderly manner along Community and national priorities by focusing on the areas where the EU value added is the most evident. In the case of axis 3 the EU funding sources may be the EAFRD and/or the Structural Funds (ERDF, ESF in particular). To a lesser extent the Structural Funds may contribute to certain aspects in axes 1 and 2. MS should then seek to implement a genuine combination of both instruments (EAFRD, SF) in order to maximise their impacts for the benefit of the rural areas.

The result of the national choices for the best combinations between instruments should be reflected in both strategic documents: National Strategy Plans (for rural development) and National Strategic Reference Framework (for regional policy).

Then the question of the demarcation line comes. These should be elaborated at NSP level and at programme level:

- (7) **At NSP level:** A combined reading of Art. 11(3) and guideline 6 is needed: The NSP should explain, by reference also to the corresponding NSRF (National Strategy Reference Framework) under regional policy, how coordination and synergy between both shall be achieved (by types of rural territories concerned, by types of actions selected under each policy and/or by type of beneficiaries, e.g. according to the size of operations, to the size or type of local administrations - municipalities) and sets out the coordination/administrative mechanism to ensure consistency: e.g. the creation of a common secretariat between Ministries and other public bodies managing structural instruments– national, regional or local depending on the programming level - including its modus operandi and rules. Since coordination is an assessment element of the NSP, the MS in their biannual strategic reporting should report on how the arrangements and coordination mechanisms functioned, how the synergic effects of the different policies in the given territories were identified and measured and how inconsistencies have been avoided.
- (8) **At programme level:** A combined reading of Art. 16(h) and 60 is needed: Once the principles established at NSP level, the programme sets the coordination mechanism and the demarcation line in concrete terms: e.g. for demarcation it sets the line according to the type of operations (accessibility infrastructure, rolling-out of telecommunication networks, links between rural-urban centres, major mobile infrastructure to fight against forest fires, drawing up of Natura 2000 management plans in areas predominantly non agricultural or forestry,...), the size of operations (e.g. tourism infrastructure above a certain size, enterprises above the micro level, training courses above a certain number of hours per training package...) or the type of the beneficiary (e.g. rural settlements above a fixed threshold of population). As a consequence, interventions such as those above should be borne by the other structural instruments. Remaining operations could fall under the EAFRD financing. With regard to administrative cooperation, the programme should explain the administrative arrangements e.g. through regular meetings of a common secretariat gathering all the public authorities (according to the internal arrangements of the MS) involved in structural policies, and/or of the respective managing authorities, presence of a ‘Structural Funds correspondent’ in the RD Managing Authority and Monitoring Committee, exchange of information between databases at operation level. The programme authorities, in their annual progress reports should report on the functioning of these arrangements, particularly where changes tend to affect consistency between EAFRD funding and other EU financial instruments.

Main common fields with other financial instruments where coordination/demarcation is needed:

- **With ESF:** Vocational Training and capacity building.
- **With ERDF:** Forest protection/prevention measures and non-productive investments in Natura 2000 sites in axis 2; diversification/quality of life in axis 3.

- **With CF:** Prevention measures in case of natural disasters in axis 1; forestry protection/prevention measures in axis 2.
- **With EFF:** Implementation of local development strategies in coastal areas by CAG (coastal action groups, the equivalent of LAGs in axis 4).
- **With Life+:** Drawing up of Natura 2000 management plans in axis 3

Fiche 8: National Rural Network

1. LEGAL REQUIREMENTS

Article 66(3) of the Council Regulation:

“Within the limit set out in paragraph 2 [4% of the programme amount for technical assistance] an amount shall be reserved for establishing and operating the national rural network referred to in Article 68.”

Article 68 of the Council Regulation:

“1. Each Member State shall establish a national rural network, which groups the organisations and administrations involved in rural development.

2. The amount referred to in Article 66(3) first subparagraph shall be used:

- (a) for the structures needed to run the network;*
- (b) for an action plan containing at least the identification and analysis of good transferable practices and the provision of information about them, network management, the organisation of exchanges of experience and know-how, the preparation of training programmes for local action groups in the process of formation and technical assistance for inter-territorial and trans-national cooperation.”*

2. RURAL ACTORS MEMBERS OF THE NATIONAL NETWORK

- (a) organisations representing the categories of beneficiaries of the programme or third parties concerned by the objectives of measures:

Axis 1 and Axis 2: vocational training organisations for agriculture, food and forestry sectors; the farmers associations including young farmer organisations; producer groups associations and associations of cooperatives in agriculture and forestry including quality producer groups associations in agriculture; chambers of agriculture, network of advisory services for agriculture and forestry, forestry owner associations, food and forestry processing industry associations, land management agencies, energy and water supply organisations, mountain farming organisations, Natura 2000 network, environmental NGO, agri-environment technical and scientific institutes, animal welfare NGO

Axis 3: Chambers of trade and industry in rural areas, rural tourism organisations, landscape and environmental protection organisations, cultural heritage organisations, vocational training organisations.

Axis 4: local action groups and their informal networks.

(b) *administrations:*

Regional and national administrations involved in the implementation of the programmes, other administrations concerned by rural policies, national association of rural communes.

3. DUTIES

There is a general duty to facilitate at Member State level an exchange of expertise and support implementation and evaluation of the rural development policy and to secure and coordinate the information flow between the local, national and European level.

The action plan contains at least:

(a) the identification and analysis of good transferable practices and the provision of information about them : this could cover best practice :

- on the four axis and different measures and on the different "themes" contained in the EU RD Strategy and the National strategies (innovation, renewable energies, employment creation in rural areas...), on horizontal themes as women and young people in rural areas...
- on implementation issues such as project selection criteria, monitoring, evaluation, local strategies...

(b) the organisation of exchanges of experience and know-how, including on administrative topics and procedures

(c) the preparation of training programmes for local action groups in the building process

(d) technical assistance for inter-territorial and trans-national cooperation (e.g. websites and conferences to find partners, training and direct advice to LAGs...)

5. LESSONS LEARNED FROM IMPLEMENTATION OF LEADER AND EXPECTED DIFFICULTIES

(a) *Difficulties related to the implementation of the network.*

The major difficulty for the Member State is to have a national network in place from the beginning of the programming period. Two options are possible: the network could be set up within the administration or outsourced via contracts with external companies (the more probable case in reality as normally administrations will not have animation capacity). Several tenders might be needed to implement all tasks mentioned in Article 68. In such cases a coordinating function among the contractors to manage the network is needed.

Large Member States with regional programming will need a separate small national programme to run the rural national network. In this case the technical

assistance component from the regional programmes will have to contribute before hand from the regional allocations an amount to fund the national programme.

Large Member States need in general national network units with several regional antennas to be close to the local beneficiaries. National network in these countries can also provide support to regional managing authorities.

The task to group the administration and organisation could be envisaged through the creation of a rural development committee at national level having this composition (to be decided by the MS).

The network is also in place to serve the needs of its members; action plan referred to in Article 68 must envisage also from the beginning an identification of information and training needs.

(b) *Experience with network tools*

Network Tool	Major Strengths	Major Weakness
National website	<ul style="list-style-type: none"> • Easy and anonymous facility targeting all beneficiaries • Unique location where all relevant information is collected 	<ul style="list-style-type: none"> • Up-date requires continuous efforts (many users hesitate to provide data)
Networking national meetings	<ul style="list-style-type: none"> • main opportunity to get in personal touch with potential Programme beneficiaries • easy to focus on topics and to encourage partnership for topics 	<ul style="list-style-type: none"> • resource intensive • adequate frequency of meetings • attracts mainly the already most active and networked players • format often information-driven instead of leaving ‘open space’
Training seminars and	<ul style="list-style-type: none"> • Tailored to needs of a group 	<ul style="list-style-type: none"> • resource intensive requiring prior identification of training needs • require an high level of expertise
Direct advisory services to beneficiaries	<ul style="list-style-type: none"> • Tailored to the needs of the person 	<ul style="list-style-type: none"> • Require specialized staff

	<ul style="list-style-type: none"> • Direct personal interaction 	
Support to territorial cooperation between LAGs (using various tools)	<ul style="list-style-type: none"> • Main opportunity to get in touch with potential partners 	<ul style="list-style-type: none"> • Require a specific action plan and specialized staff

Fiche 9: Two-yearly strategic monitoring by the MS

1. Legal base

Article 13 of the Council Regulation requires MS to prepare three strategic reports summarising:

- (a) The achievements and results of the RD programmes relative to the indicators set out in the NSP;
- (b) The results of the ongoing evaluation activities for each programme.

2. Proposed structure of the report

The section below should be understood as a flexible approach on what a strategic monitoring report should bear and not as a standard template.

It is thus recommended to include the following elements in the report:

- (c) A chapter (corresponding to Chapter 1 of the NSP) summarising and updating the basic economic/social/environmental situation.
- (d) A chapter (corresponding to Chapters 2 and 3 of the NSP) summarising the progress made over the last two years covered by the report of the strategy chosen and the thematic and territorial priorities under each axis. In doing so, MS should report on the consistency and relevance of the implementation of their strategy with its initial (or latest modified) objectives and priorities and with the EU strategic guidelines. A feed-back from programme implementation using aggregated indicators from programme to National Strategy (NS) level and from the ongoing evaluation activities of programmes is to be considered. To this end, the table of the EU indicators (completed by the national ones) at National Strategy level (for the indicators table see enclosure of the template) should be completed, showing the baseline situation in a 1st column, the quantified target in a 3rd column and the ‘progress indicator’ respectively in 2010, 2012 and 2014 (value of the indicator between baseline and target) in the middle.
- (e) A chapter (corresponding to chapter 4 of the NSP) with the financial progress (inputs) of the NSP looking like the following table:

Programme	NSP allocation 2007-13 (including national public expenditure)	Public expenditure committed by year X	Public expenditure paid by year X	Public expenditure paid / NSP allocation * 100
Programme Region A				
.....				

Programme Region N				
TOTAL				

- (f) A chapter devoted to an effectiveness analysis (qualitative), based on the two above chapters putting in relation the achievements with the means mobilised to reach them.
- (g) A chapter reporting the main evaluation results stemming from the ongoing evaluation activities for each programme.
- (h) A chapter (corresponding to chapters 5 and 6 of the NSP) summarising the functioning of the consistency and coordination arrangements with other EU policies, priorities and financial instruments and the state of play of the establishment and functioning of the National Rural Network.

Where a MS uses the possibility offered by the provision of Article 13(3) (combination of annual progress report and strategic monitoring report), in the annual progress reports of years 2010, 2012 and 2014 a section should be added comprising the above elements (a) to (f), in order to make a clear distinction between the annual programme progress report and the 2-yearly strategic one.

