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Agricultural Situation

Financing Rural Development: EP 2007-2013

2007

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Report Highlights:

The EU financial perspective (FP) 2007-2013 that entered into force on January 1, 2007 considers structural changes, favoring the flow of allocation to a specific fund, the European Agricultural Fund for Rural Development (EAFRD). EAFRD is a new financial instrument that has been created to support the implementation of new Rural Development strategies. In addition, the fund is organized into a single set of programming, financial management and control framework, which simplifies the implementation of rural policies as compared with the previous FP 2000-2006. This report comments on the financing, expenditure and implementation of the EAFRD, including payments and financial supports to farmers.

Includes PSD Changes: No
Includes Trade Matrix: No
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Background

The negotiation of the [Financial Perspective \(FP\) 2007-2013](#) began in 2003, when the net contributors¹ requested to keep the budget within 1 percent of EU Gross National Income (GNI)². In order to achieve that goal, the European Commission (EC) proposed changes focused on the structure of EU budget expenditure, as well as a review of the budget revenue.³ In May 2006, the FP proposed by the European Commission was formally approved by the European Parliament and Council, endorsing a total ceiling of €862 billion for the period 2007-2013, representing 1.045 percent of the EU GNI. The new FP formally entered into force January 1, 2007.

Financing the European Common Agricultural Policy has evolved since the [FP 2000-2006](#). Agriculture, which was itself one of the eight core policies for commitment appropriations⁴ in the last FP, has become funded mostly by “Heading 2” known as “Preservation and Management of Natural Resources”⁵. [European Council Regulation 1290/2005](#) has set up two specific funds for agricultural expenditure during the period 2007-2013: the European Agricultural Guarantee Fund (EAGF) and the [European Agricultural Fund for RD](#) (EAFRD). The latter has been established as a new financial instrument to implement a new Rural Development (RD) approach, and it is expected to have an impact on competitiveness and sustainable growth of rural areas, as well as indirect economic effects on international agricultural markets.

Structural Changes in the Financial Perspective 2007-2013

Historically, the FP has been organized into “policies”, with a ceiling of expenditure agreed for each one. The FP 2000-2006 was based on eight individual policies: (1) agriculture, (2) structural operations, (3) internal policies, (4) external action, (5) administration expenditure, (6) reserves, (7) pre-accession strategy, and (8) compensations. Conversely, the [FP 2007-2013](#) is broken down into the following “headings”, which correspond to wide policy objectives instead of individual policies:

- Heading 1 – Competitiveness for growth and employment
- Heading 2 – Preservation and management of natural resources
- Heading 3 – Freedom, security and justice
- Heading 4 – The EU as a global partner
- Heading 5 – Administration
- Heading 6 - Compensations

¹ “Net contributors” is neither a technical nor a legal term, and it refers to the Contributing Member States (MS). In practice, the amounts of funds coming from a MS can be calculated and compared with funds received by that MS under various Community Programs. This information is published annually in the [report on annual expenditure broken down by MS of the EU](#).

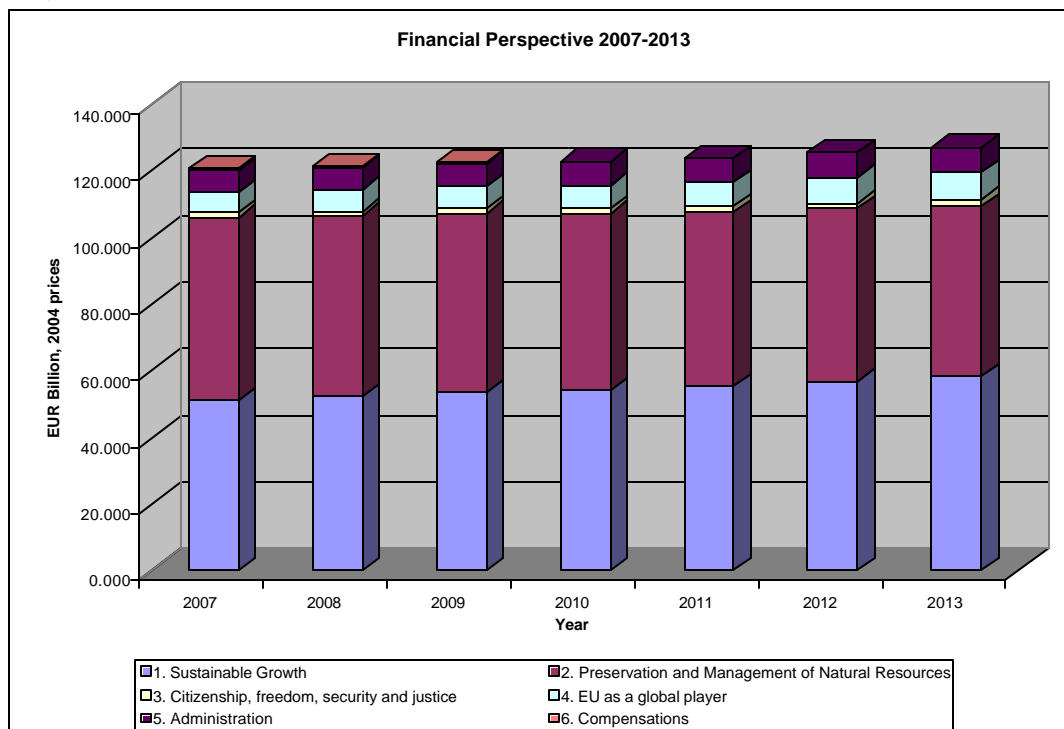
² In addition, during the [6th Report of Session 2004-05 of the European Committee of the House of the Lords](#), UK’s authorities requested a reduction of the allocation of funds from the EU to Agriculture for the period 2007-2013.

³ See also a Presidency discussion paper on structure of the EU budget at [EC CADREFIN 233 - 14118/05](#) in reference to the changes proposed to the Financial Perspective.

⁴ Commitment appropriation is a budgetary account that constitutes the maximum expenditure which can be committed during a period of time. For more information on annual commitment for appropriations visit [GAIN report E47052](#)

⁵ Heading 2 or “Preservation and management of natural resources” is one of the six specific policies taken into account by the FP 2007-2013. Commitments for appropriation of Heading 2 cover agriculture, RD, fisheries and a new financial instrument for the environment.

Figure 1: Structure of FP 2007-2013



Source : [EU Interinstitutional Agreement FP 2007-2013 \(June 2006\)](#)

Current Headings 3, 4 and 5 are related to the FP 2000-2006 policies (3), (4) and (5) respectively, but some funds have been reallocated toward external affairs and administration for the current period. FP 2007-2013 prioritizes the EU economic growth and preservation of natural resources through Headings 1 and 2, which together account for about 87 percent of the budget (see Figure 1, Appendices 1 and 2). Although the new expenditure structure makes it more difficult to identify the spending on individual policies such as the CAP, it has simplified the flow of allocations to specific funds such as the EAFRD.

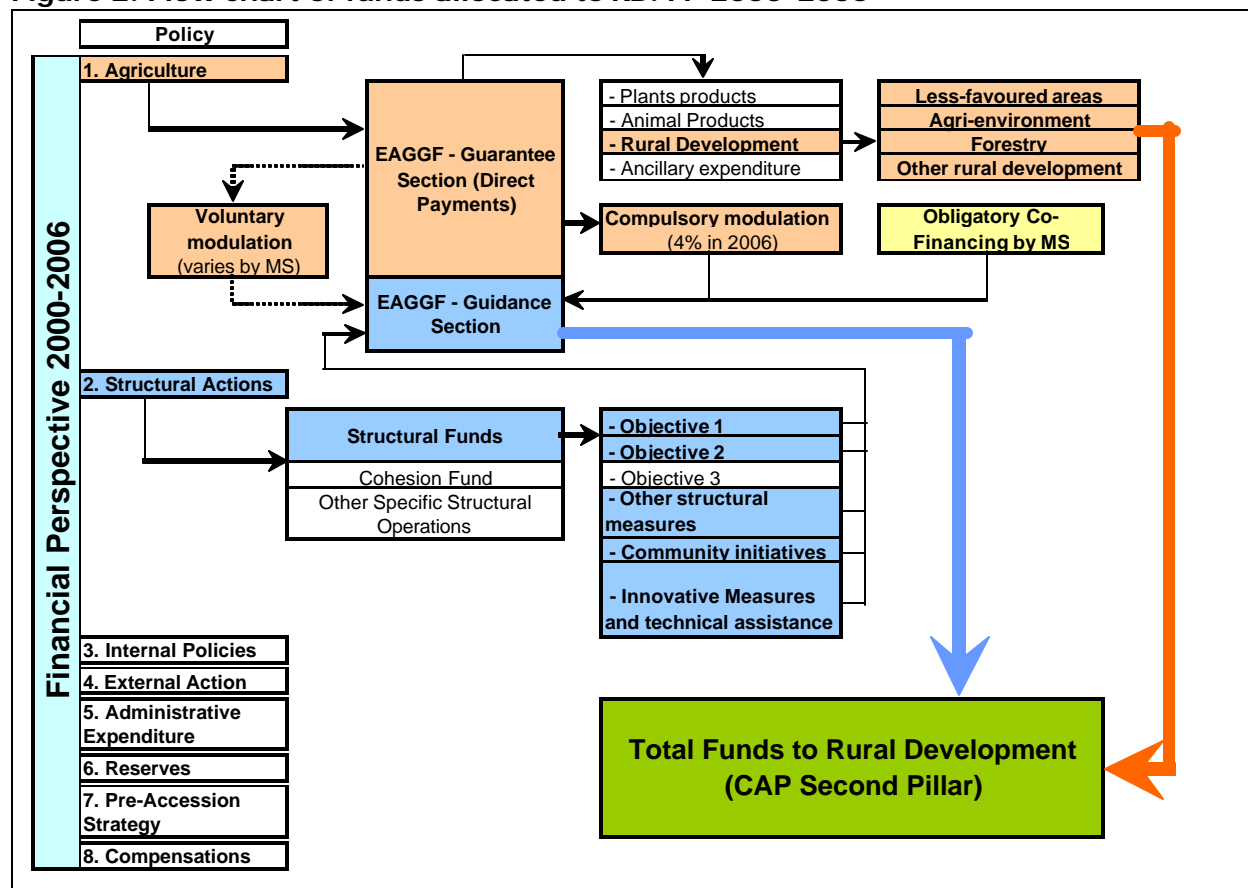
Financing European RD

The Previous Structure: 2000-2006

During the period 2000-2006, RD was financed under the CAP through the European Agricultural Guidance and Guarantee Fund (EAGGF) (see [GAIN report E34095](#)). The Guarantee section of the EAGGF financed the *RD accompanying measures* (e.g. for less favored areas⁶, agri-environment, farmland afforestation, pre-retirement and others) through direct payments in all regions. Over this period, expenditure from RD funds on measures aimed at RD outside agriculture were both limited and concentrated in a few Member States (MS) - Germany and Spain in particular (see [Fourth EC report on European economic and social cohesion – May 2007](#)).

⁶ Less favored areas, also called 'convergence' regions, are associated to the Convergence Objective, which is one of the three Community priorities in regards to the cohesion policy (Heading 1B). It is intended to support growth and job-creation in regions whose development is lagging behind. For more information on cohesion policy visit the [EC's 3rd Report on economic and social cohesion - 2006](#).

Figure 2: Flow chart of funds allocated to RD: FP 2000-2006



Source: [EC Budget - Allocation of 2005 EU expenditure by MS](#), [Council Regulation 1257/1999](#), and [EC Regulation 1782/2003](#)

As shown in Figure 2, some funds from the Guarantee Section of the EAGGF were transferred to the Guidance section through compulsory modulation⁷ (up to 4 percent of the funds assigned to direct payments in 2006), which was mandatory that MS co-finance, and through voluntary modulation. In addition, funds from the second policy, Structural Actions, were transferred to the Guidance Section of the EAGGF for RD purposes. These amounts were transferred from (1) Objective 1, (2) Objective 2, (3) other structural measures, (4) community initiatives and (5) innovative measures and technical assistance of the structural funds.⁸ During 2000-2006, RD was financially supported by 5 types of programming and 3 financial management and control systems⁹.

⁷ Modulation is the reduction in direct payments to producers in favor of RD. For more information on modulation visit [GAIN report E23121](#), and [E47034](#).

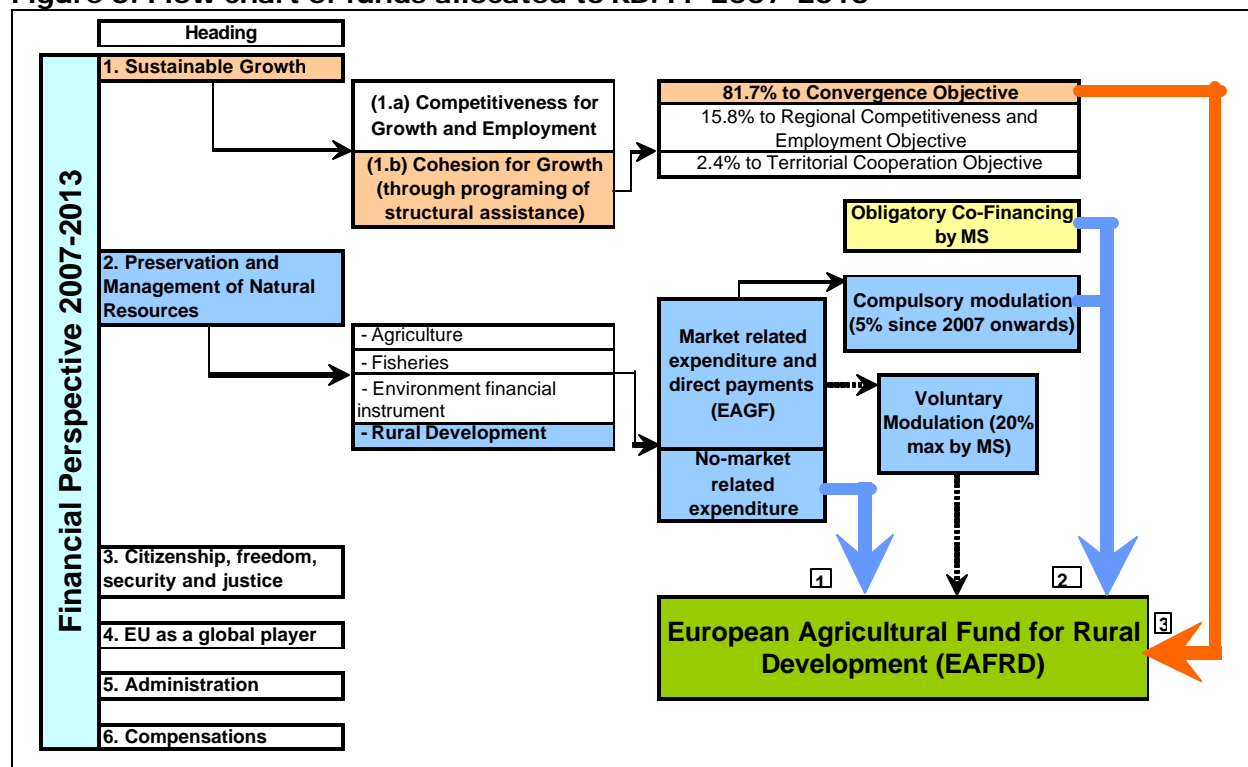
⁸ Objective 1: regions that are the least developed and least prosperous. Objective 2: areas that are considered to be facing economic structural difficulties and that need support for economic and social conversion. Objective 3: Support the adaptation and modernization of education, training and employment policies and systems. For detailed information about structural actions visit [GAIN report E34095](#).

⁹ The 5 types of programming were: Guarantee, Guarantee Objective 2, Guarantee new MS, Guidance Objective 1, Guidance and LEADER+. The 3 Financial Management and Controls systems were: Guarantee, Guarantee new MS and Guidance.

The Current Structure: 2007-2013

During FP 2007-2013, RD is being implemented through one single fund: the EAFRD. The fund is organized into a single set of programming, financial management and control framework, which simplifies the implementation of rural policies as compared with the previous framework.

Figure 3: Flow chart of funds allocated to RD: FP 2007-2013



Source: [European Council CADREFIN 268-15915/05](#)

EAFRD is being financed mostly by amounts allocated in Heading 2 (see Figure 3). A fraction of Heading 2 goes directly to RD through “no-market related expenditures”. In addition, some “market related expenditure” amounts of the EAGF are transferred to EAFRD through compulsory modulation (5 percent of the direct payments from 2007 onwards), which is mandatory that MS co-finance, and voluntary modulation.¹⁰

EAFRD is also receiving funding from Heading 1. The allocations from this source vary by MS¹¹, and are intended to support sustainable growth of rural areas through the regional component of the Convergence Objective. About 36 percent of the EU-25 total community support for RD during 2007-2013 comes from the Convergence Objective.

¹⁰ Only UK and Portugal can apply voluntary modulation up to a maximum of 20 percent.

¹¹ For information about the total amount of RD funds from the Convergence Objective by MS visit [European Commission - Fact sheet on EU RD 2007-2013](#)

The European Agricultural Fund for RD - EAFRD

Financing the EAFRD

Total allocations to the EAFRD for 2007-2013 are €88.3 billion (see table 1). During FP 2000-2006, €31.510 billion were allocated to RD under the Guarantee Section of the EAGGF. Currently, €41.23 billion are being transferred to RD from the EAGGF, which represents an increase of about 31 percent compared to the previous framework.¹² Additional €28.52 billion are being transferred to RD from the regional component of the Convergence Objective, and €18.55 billion is being considered for modulation and other agreed transfers (cotton and tobacco).

Table 1: Financing the EAFRD (Euro billion)

Commitments Appropriations	Total 2007-2013	%
EAGGF - Guarantee section	41.230	46.7%
Regional Component of the Convergence Objective	28.520	32.3%
Total Allocation for new Rural Development Instrument before modulation	69.750	79.0%
Modulation, cotton and tobacco	18.550	21.0%
Total Allocation for new Rural Development Instrument after modulation	88.300	100.0%

Source: [European Council CADREFIN 268-15915/05](#)

Spending the EAFRD

The EU authorities have allocated minimum amounts - before modulation - from EAFRD to EU-10, and EU-15, and additional sums to Austria, Finland, Ireland, Italy, Luxemburg, France, Sweden and Portugal (See Table 2). Portugal will not be subject to the national co-financing requirement¹³ of the rest of the MS during 2007-2013 (see also Appendix 3).

**Table 2: EAFRD minimum expenditure by MS
- Before modulation**

Commitments Appropriations	Total 2007-2013	%
Minimum funds to EU10, Bulgaria and Romania	33.010	47.3%
Minimum funds to EU15 - key EC regulation 1698/2005	18.910	27.1%
Additional allocations to Austria, Finland, Ireland, Italy, Luxemburg, France, Sweden, and Portugal	4.070	5.8%
Margin	13.760	19.7%
Total Allocation for new Rural Development Instrument before modulation	69.750	100.0%

Source: [European Council CADREFIN 268-15915/05](#)

The RD support policy's aims for FP 2007-2013 have been simplified and clarified toward four objectives (Axes¹⁴) also called the *RD Support* (See Figure 4). A minimum

¹² Source: [EU Annual Financial Reports](#) and [The Community budget: the facts in figures – 2000 edition](#)

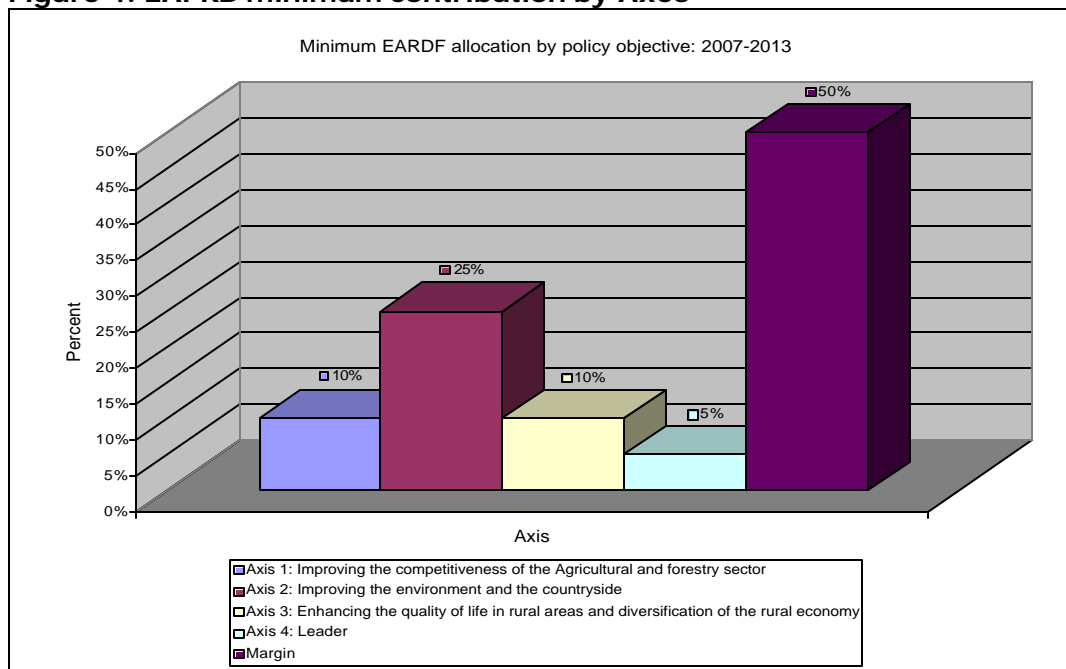
¹³ Co-financing rates would be at axis level, with a minimum of 20 percent and a maximum of 50 percent (75 percent in 'convergence regions'). For axes 2 and 4 the maximum rate would be 55 percent (80 percent in convergence regions). For the outermost regions and Aegean islands the maximum co-financing rates may be increased to 85 percent.

¹⁴ "Axis" is a coherent group of measures with specific goals resulting directly from their implementation and contributing to one or more objectives set out in [European Council Regulation 1698/2005](#). Leader is considered a

amount of the EAFRD total contribution to the RD programs is required to be allocated to each axis.

Also, a 0.25 percent of the resources transferred from the Regional Component of the Convergence Objective must be dedicated to “technical assistance”, indexed at 2 percent per year. The amounts reserved for regions eligible under the Convergence Objective are distributed based on past performance and particular situations and needs based on objective criteria.

Figure 4: EAFRD minimum contribution by Axes



Source: [European Council Regulation 1290/2005](#) and 1698/2005 (Title III, Chapter I, Article 17)

Implementing the EAFRD

When implementing the EU budget¹⁵, the Commission operates a monitoring system for agricultural expenditures. The Commission is responsible for managing the funds, and close cooperation between the EU and the MS is provided for a Committee on the Agricultural funds. The EU Parliament and the Council are kept informed regularly of the Community financing by means of financial reports.

The EAFRD is financing the EU's financial contribution to RD programs¹⁶ in a context of shared management between the MS and the EU. This is being implemented in accordance with the Community legislation on support for RD. MS are responsible for implementing the RD programs at the appropriate territorial level, according to their own

fourth axis by the European Council. This initiative has improved RD through local action groups (almost 1000 across Europe) implementing strategies for their own areas. For more information on Leader see [EU Leader initiative](#).

¹⁵ See [European Council Regulation 1290/2005](#)

¹⁶ These programs implement RD strategy through a set of measures grouped together in accordance with the axes. Each RD program covers a period between 1 January 2007 and 31 December 2013.

institutional arrangements in accordance with EC regulation 1698/2005. The MS must designate the three following authorities for each RD program¹⁷:

1. Managing Authority - to be in charge to manage the program concerned
2. Accredited paying agency
3. Certifying body

Financial Management and Control Measures

The EAFRD takes action in the MS through financial management and control measures. Financial management measures are implemented by accredited paying agencies, which are financial entities authorized by a MS to make payments to beneficiaries for EU funds. They have the responsibility to provide financial information to the MS and the Commission as requested. They also have to control (internally and on the spot) and maintain annual accounts, and pursue and recover sums in case of irregularities and statements of assurance.

The RD programs are individually financed in the following fashion:

- **Pre-financing arrangements:** Each MS receives a single pre-financing amount from the Commission. This amount corresponds to seven percent of the EAFRD contribution to the specific RD adopted program. It may be split between two financial years depending on resource availability
- **Intermediate payments:** Intermediate payments are made, subject to compliance, for each RD program. The payments are made in order to reimburse the expenditure incurred by accredited paying agencies¹⁸ in implementing the programs
- **Payment of the Balance and closure of the program:** Subject to resource availability, the Commission pays the balance after receiving the last annual execution report on the implementation of a RD program
- **Automatic decommitment:** The Commission will automatically decommit any portion of a budget commitment for a RD program that has not been used for the purpose of pre-financing or making intermediate payments

In the case of intermediate payments, the paying agency declares to the Commission and MS four times per year the expenditure incurred every quarter. The commission reimburses expenditure within 45 days from reception of the claim.

The control is mostly implemented through a certifying body, which carries out audits in accordance with internationally accepted auditing standards. It is responsible for certifying the completeness and accuracy of the paying agency's accounts during and after each financial year. The statements and reports of this body are considered by the Commission to decide on the annual clearance of accounts and finally the closure of the RD programs¹⁹.

¹⁷ For more information on the authorities designated to implement RD programs visit EC Regulation 1698/2005.

¹⁸ See [European Council Regulation 1290/2005](#).

¹⁹ See [Financial management of RD programs 2007-2013 - DG Agri, October 2005](#)

Payments and financial support to farmers

After the 2003 CAP reform, a single payment scheme was introduced to benefit producers with aid no longer dependent on the type of production. The Single Area Payment Scheme (SAPS) broadly corresponds to a flat rate area-based payment with the possibility of a complementary national direct payment on some of the new MS until 2011. However, all the amounts of direct aid to be granted in a given calendar year to a farmer in a given MS are being reduced for each year until 2012.²⁰

RD programs are mostly implemented in the form of a single premium²¹ (as a fixed amount or a percentage of the total cost of the program). The amounts and rates of payment have been set up by EC Regulation 1698/2005 and differ by area of support. As shown in Appendix 4, amounts and rates of support assigned by the EU to RD programs for the FP 2007-2013 can be summarized as follows:

- Support for setting up young farmer's business and for senior farmer's early retirement is being implemented by fixed amounts on a per farmer basis
- Support for handicapped farmers, for Natura programs²², afforestation, and for the type of crops being grown have been set up in maximum amounts on a per hectare basis
- Advisory services, modernization of agricultural holdings, forests and forestry products, marketed production, and some establishment cost are being supported on a co-payment rate basis
- Livestock programs are being supported by a fixed amount on a per livestock unit basis.
- Support for meeting standards, participation in food quality schemes and semi-subsistence agricultural holding are being allocated on a maximum amount per holding basis.

To find more information about the different grants and contracts used to finance projects using sources from the EU budget, visit the [European Commission overview of new financial rules and funding opportunities 2007-2013](#).

²⁰ [EC Regulation 1782/2003](#)

²¹ [EC Regulation 1974/2006](#)

²² "Natura programs" make reference to "Natura 2000", which is a set of areas in the Member States in which plant and animal species and their habitats must be protected. Protection arrangements are laid down by the "Birds Directive" (1979) and the "Habitats Directive" (1992).

Appendices

Appendix 1: Overview of the Financial Perspective 2007-2013

All figures are shown in 2004 prices, EUR Billion²³

Commitments Appropriations	2007	2008	2009	2010	2011	2012	2013	Total 2007-2013	% of TA
1. SUSTAINABLE GROWTH	51.090	52.148	53.330	54.001	54.945	56.384	57.841	379.739	44.0%
1a Competitiveness for Growth and Employment	8.250	8.860	9.510	10.200	10.950	11.750	12.600	72.120	8.4%
1b Cohesion for Growth	42.840	43.288	43.820	43.801	43.995	44.634	45.241	307.619	35.7%
2. PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES	54.972	54.308	53.652	53.021	52.386	51.761	51.145	371.244	43.0%
Agriculture-Market related Expenditure and Direct Payments	43.120	42.697	42.279	41.864	41.453	41.047	40.645	293.105	34.0%
3. CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE	1.120	1.210	1.310	1.430	1.570	1.720	1.910	10.270	1.2%
3a Freedom, Security and Justice	0.600	0.690	0.790	0.910	1.050	1.200	1.390	6.630	0.8%
3b Citizenship	0.520	0.520	0.520	0.520	0.520	0.520	0.520	3.640	0.4%
4. EU AS A GLOBAL PLAYER	6.280	6.550	6.830	7.120	7.420	7.740	8.070	50.010	5.8%
5. ADMINISTRATION	6.720	6.900	7.050	7.180	7.320	7.450	7.680	50.300	5.8%
6. COMPENSATIONS	0.419	0.191	0.190					0.800	0.1%
TOTAL APPROPRIATION FOR COMMITMENTS (TA)	120.601	121.307	122.362	122.752	123.641	125.055	126.646	862.363	100%
As a percentage of GNI	1.10%	1.08%	1.06%	1.04%	1.03%	1.02%	1.00%	1.045%	

TOTAL APPROPRIATIONS FOR PAYMENTS	2007	2008	2009	2010	2011	2012	2013	Total
	116.650	119.535	111.830	118.080	115.595	119.070	118.620	819.380
As a percentage of GNI	1.06%	1.06%	0.97%	1.00%	0.96%	0.97%	0.94%	0.99%
Margin available	0.18%	0.18%	0.27%	0.24%	0.28%	0.27%	0.30%	0.25%
Own Resources Ceiling as a percentage of GNI	1.24%	1.24%	1.24%	1.24%	1.24%	1.24%	1.24%	1.24%

Source: [EU Interinstitutional Agreement FP 2007-2013 \(June 2006\)](#)

²³ “All figures are shown in 2004 prices” means that “nominal prices” estimates have been adjusted into “real prices” estimates, using 2004 as a basis year. Nominal prices represent money value in different years, while real prices represent values in the price level of the basis year (2004). The difference in the price level is then removed when using real prices. This makes it easy to compare annual values in a series of nominal values in successive years. However, it is some times very difficult to implement.

Appendix 2: Overview of the Financial Perspective 2000-2006

Figures are shown in 1999 and 2004 prices, EUR Billion

Commitments Appropriations	1999 Prices					2004 Prices		Total 2000- 2006	%
	2000	2001	2002	2003	2004	2005	2006		
1. AGRICULTURE	41.738	44.530	46.587	47.378	49.305	50.431	50.575	330.544	44.3%
1a Common Agricultural Policy	37.352	40.035	41.992	42.680	42.769	43.724	43.735	292.287	39.2%
1b Rural Development	4.386	4.495	4.595	4.698	6.536	6.707	6.840	38.257	5.1%
2. STRUCTURAL ACTIONS	32.678	32.720	33.638	33.968	41.035	41.685	42.932	258.656	34.7%
Structural Funds	30.019	30.005	30.849	31.129	35.353	36.517	37.028	230.900	31.0%
Cohesion Funds	2.659	2.715	2.789	2.839	5.682	5.168	5.904	27.756	3.7%
3. INTERNAL POLICIES	6.031	6.272	6.558	6.796	8.722	8.967	9.093	52.439	7.0%
4. EXTERNAL ACTIONS	4.627	4.735	4.873	4.972	5.082	5.093	5.104	34.486	4.6%
5. ADMINISTRATION	4.638	4.776	5.012	5.211	5.983	6.154	6.325	38.099	5.1%
6. RESERVES	0.906	0.916	0.676	0.434	0.442	0.442	0.442	4.258	0.6%
Monetary Reserve	0.500	0.500	0.250	0.000	0.000	0.000	0.000	1.250	0.2%
Emergency Aid Reserve	0.203	0.208	0.213	0.217	0.221	0.221	0.221	1.504	0.2%
Guarantee Reserve	0.203	0.208	0.213	0.217	0.221	0.221	0.221	1.504	0.2%
7. PRE-ACCESSION STRATEGY	3.174	3.240	3.328	3.386	3.455	3.455	3.455	23.493	3.2%
Agriculture	0.529	0.540	0.555	0.564				2.188	0.3%
Pre-accession Structural Instrument	1.058	1.080	1.109	1.129				4.376	0.6%
PHARE (applicant countries)	1.587	1.620	1.664	1.693				6.564	0.9%
8. COMPENSATION					1.410	1.299	1.041	3.750	0.5%
TOTAL APPROPRIATION FOR COMMITMENTS	93.792	97.189	100.672	102.145	115.434	117.526	118.967	745.725	100%
TOTAL APPROPRIATIONS FOR PAYMENTS	91.322	94.730	100.078	102.767	111.380	112.260	114.740	727.277	
As a percentage of GNI	1.07%	1.08%	1.11%	1.09%	1.08%	1.06%	1.06%	1.08%	
Margin Available	0.17%	0.16%	0.13%	0.15%	0.16%	0.18%	0.18%	0.16%	
Own Resources Ceiling as a Percentage of GNI	1.24%	1.24%	1.24%	1.24%	1.24%	1.24%	1.24%	1.24%	

Source : http://ec.europa.eu/budget/library/documents/multiannual_framework/2000_2006/tables_publication_en.pdf

Appendix 3: Funding and Co-Financing RD by Axis: FP 2007-2013

Objective setting		Rate
Axis 1	Funding share	minimum 10%
	EU co-financing rate	max 50/75%*
Axis 2	Funding share	minimum 25%
	EU co-financing rate	max 55/80%*
Axis 3	Funding share	minimum 10%
	EU co-financing rate	max 50/75%*
Axis 4	Funding share	minimum 5%
	EU co-financing rate	max 55/80%*

* The first co-financing rate refers to all regions except Convergence regions, the second co-financing rate is applied in the Convergence regions

Source: [European Commission - Fact sheet on EU RD 2007-2013](#)

Appendix 4: Payments to RD: FP 2007-2013 *

Source: [Annex to European Council Regulation 1698/2005](#)

Amounts and rates of support		
Subject	Amount in EUR or rate	
Setting up support (*)	55000	
Early retirement	18000	Per transfer or per year
	180000	Total amount per transfer or
	4000	Per worker per year
	40000	Total amount per worker
Advisory services	80%	Of the eligible cost per advisory service
	1500	Maximum eligible amount
Intensity of aid for the modernization of agricultural holdings	60%	Of the amount of eligible investment by young farmers in the areas referred to in Article 36(a)(i), (ii) and (iii)
	50%	Of the amount of eligible investment by other farmers in the areas referred to in Article 36(a)(i), (ii) and (iii)
	50%	Of the amount of eligible investment by young farmers in other areas
	40%	Of the amount of eligible investment by other farmers in other areas
	75%	Of the amount of eligible investment in the outermost regions and the smaller Aegean Islands within the meaning of Regulation (EEC) No 2019/93
	75%	Of the amount of eligible investment in the Member States which acceded to the Community on 1 May 2004, for the implementation of Council Directive 91/676/EEC within a maximum period of four years from the date of Accession pursuant to Articles 3(2) and 5(1) of that Directive
Intensity of aid for the improvement of the economic value of forests	60% (**)	Of the amount of eligible investment in the areas referred to in Article 36 (a)(i), (ii) and (iii)
	50%	Of the amount of eligible investment in other areas
	85% (**)	Of the amount of eligible investment in the outermost regions

Subject	Amount in EUR or rate	
Intensity of aid for adding value to agricultural and forestry products	50%	Of the amount of eligible investment in regions eligible under the Convergence Objective
	40%	Of the amount of eligible investment in other regions
	75%	Of the amount of eligible investment in the outermost regions
	65%	Of the amount of eligible investment in the smaller Aegean Islands within the meaning of regulation EEC No 2019/2003
Maximum amount of support for meeting standards	10000	Per holding
Maximum amount of support for participation in food quality schemes	3000	Per holding
Intensity of aid for information and promotion activities	70%	Of the eligible cost of the action
Maximum amount for semi-subsistence agricultural holdings	1500	Per agricultural holding per year
Producer groups: ceiling, as a percentage of marketed production during the first five years following recognition	5%, 5%, 4%, 3%, and 2% (***)	For the 1st, 2nd, 3rd, 4th, and 5th year respectively for marketed production exceeding EUR 1000000
	2.5%, 2.5%, 2.0%, 1.5% and 1.5%	For the 1st, 2nd, 3rd, 4th, and 5th year respectively for marketed production up to EUR 1000000
But not exceeding in respect of each of the first five years the amount of	100000	For the 1st year
	100000	For the 2nd year
	80000	For the 3rd year
	60000	For the 4th year
	50000	For the 5th year
Minimum handicap payment	25	Per hectare of UAA
Maximum handicap payment for mountain areas	250	Per hectare of UAA
Maximum payment for areas with other handicaps	150	Per hectare of UAA
Initial maximum Natura 2000 payment for a period not exceeding five years	500 (****)	Per hectare of UAA
Normal maximum Natura 2000 payment	200 (****)	Per hectare of UAA
Annual crops	600 (****)	Per hectare
Specialized perennial crops	900 (****)	Per hectare
Other land uses	450 (****)	Per hectare
Local breeds in danger of being lost to farming	200 (****)	Per livestock unit
Animal welfare	500	Per livestock unit

Subject	Amount in EUR or rate	
Maximum annual premium to cover loss of income from afforestation - for farmers or associations thereof - for any other natural persons or private-law bodies	700 150	Per hectare Per hectare
- Intensity of aid for establishment costs	80% (**) 70% 85% (**)	Of eligible costs in the areas referred to in Article 36(a)(i), (ii) and (iii) Of eligible costs in other areas Of eligible costs in the outermost regions
Natura 2000 and forest-environmental annual payment - minimum payment - maximum payment	40 200 (***)	Per hectare Per hectare
<p>(*) The setting up support may be given in the form of a single premium up to a maximum of EUR 40000, or in the form of an interest rate subsidy, the capitalized value of which may not exceed EUR 40000. For both forms of support combined, the maximum may not exceed EUR 55000.</p> <p>(**) Not applicable in the case of State-owned tropical or subtropical forest and wooded areas of the territories of the Azores, Madeira, the Canary Islands, the smaller Aegean Island within the meaning of Regulation (EEC) No 2019/93 and the French overseas departments.</p> <p>(***) In the case of Malta, the Commission may set a minimum amount of aid for sectors of production in which total output is extremely small.</p> <p>(****) These amounts may be increased in exceptional cases taking account of specific circumstances to be justified in the rural development programmes.</p>		

* **Outermost regions:** There are seven "outermost regions": Guadeloupe, French Guiana, Martinique and Reunion (the four French overseas departments), the Canaries (Spain), and Azores and Madeira (Portugal). Those regions are distinguished by their low population density and considerable distance from mainland Europe. Their specific location makes them European bridgeheads for fostering trade relations with their non-EU neighbors, most of whom are less-developed countries. For more information on EU action plan for the outermost regions visit <http://europa.eu/scadplus/leg/en/lvb/g24237.htm>.