



European Commission
Agriculture and Rural Development

Fact Sheet



Overview of the implementation of rural development policy 2000-2006

Some facts and figures



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Overview of the implementation of rural development policy in the programming period 2000–2006: some facts and figures

In the following a short overview of Community expenditure on rural development is given for the first half of the programming period, i.e. 2000–03. The figures for 2003 are estimates¹. Some further information is then given on two of the more popular (in financial terms) rural development (RD) measures: agri-environment and less favoured areas.

1. Expenditure developments

The expenditure data has been aggregated at Member State level over the different types of programmes (see Table 1). The table also shows the maximum Community contribution per type of programme for the 2000–2006 period.

Table 1: Programming types EU-15 2000–2006

	No. of programmes	cofinanced by EAGGF section	Community contribution (billion EUR)
Rural development programmes	68	Guarantee	32.9
Objective 2 programmes with RD measures	20	Guarantee	
Objective 1 programmes with RD measures	69	Guidance	17.5
Leader+ programmes	73	Guidance	2.1
Total	230		52.5

The Accession States currently have their pre-accession aid for rural development in the form of Sapard (8 out of 10; for the latest annual report see <http://europa.eu.int/comm/agriculture/publi/reports/sapard2002/full.en.pdf>) and as new Member States they will have their own programming for 2004–06. They are not included in this overview.

As the programmes reach cruising speed total annual Community expenditure on rural development has been increasing and is expected to largely exceed EUR 6 billion in 2003 (Guarantee and Guidance combined²). Total expenditure under Community rural development programmes is double this figure as on average each Community euro is matched by a national euro.

¹Based on information as available end of August 2003.
²Note that the financial years are different for Guarantee (from 16.10 to 15.10) and Guidance (calendar year).

Figure 1: EAGGF expenditure on rural development

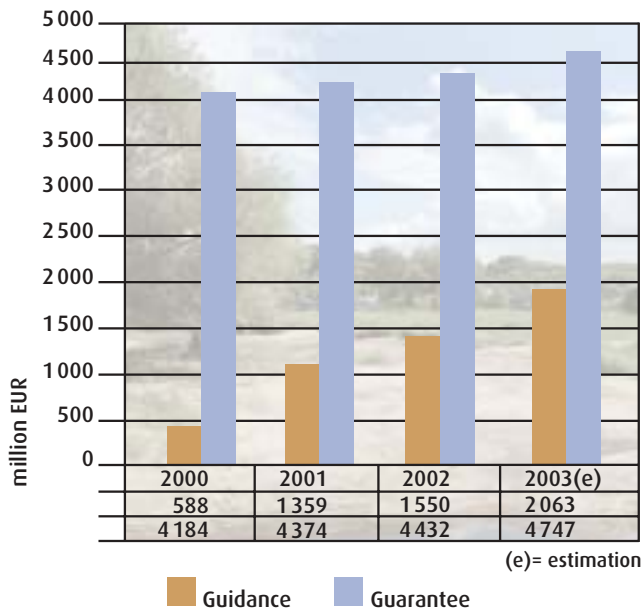
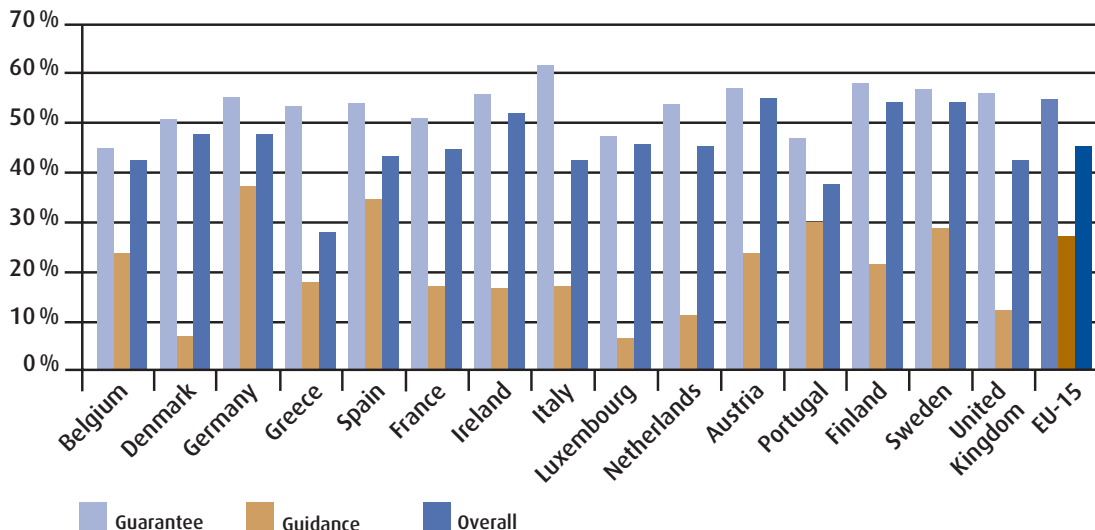


Figure 1 shows how expenditure patterns have been developing. The more marked build-up in Guidance expenditure is mainly due to the different financial management systems for Guarantee and Guidance. Guarantee works with non-differentiated budget appropriations (commitments and payments take place in the same year, any unused money is in principle lost), while for Guidance, payments can be made up to two years following the commitment (n+2). While for Guarantee, expenditure on rural development for this programming period will stop in October 2006, for Guidance payments can follow until the end of 2008. Overall, the Guarantee section has seen a relatively high level of uptake of available appropriations already from year 2000, whilst

that for Guidance was initially slow but is now improving. A second element to be taken into account is that within the so-called accompanying measures, which throughout the Community are cofinanced by EAGGF Guarantee, two measures, i.e. support for less favoured areas and agri-environment entail annual payments to farmers, while the non-accompanying measures, which in Objective 1 areas are cofinanced by EAGGF Guidance, often have a longer lead time for their implementation.

Figure 2 also shows the same data in terms of realisation, i.e. what does the expenditure made so far represent as a share of the overall Community amounts included in programmes for 2000–06. Of the total Community amount programmed for 2000–2006, i.e. EUR 52.5 billion for the EU-15, 45% has been realised (in four of the seven programming years or 57% of the programming period), but with a much higher rate for Guarantee (55%) than for Guidance (28%) that has two extra spending years and is midway in the spending period. At the level of individual Member States the situation is mixed. Italy has the highest level of realisation for Guarantee (over 61%) and Germany for Guidance (37%).

Figure 2: Programme realisation by end of 2003



2. Spending patterns

The range of 22 measures available to Member States to include in their rural development programming can be grouped into three main categories:

Group 1: restructuring/competitiveness

- Investments in farms
- Young farmers
- Vocational training
- Early retirement
- Investments in processing/marketing
- Land improvement
- Reparcelling
- Setting up of farm relief and farm management services
- Marketing of quality agricultural products
- Agricultural water resources management
- Development and improvement of infrastructure related to agriculture
- Restoring agricultural production potential

Group 2: environment/land management

- Less favoured areas and areas with environmental restrictions
- Agri-environment
- Afforestation of agricultural land
- Other forestry
- Environmental protection in connection with agriculture, forestry

Group 3: rural economy/rural communities

- Basic services for the rural economy and population
- Renovation and development of villages
- Diversification of agricultural activities
- Encouragement for tourism and craft activities
- Financial engineering

The following figures show the share of each group in the programmed and realised EAGGF expenditure. For the whole programming period more than half of the Community contribution has been programmed for group 2, environment and land management, followed by 38% for the measures targeting restructuring and competitiveness and 10% for the measures going beyond the farm.

Figure 3: EAGGF programmed expenditure 2000–2006 EU-15

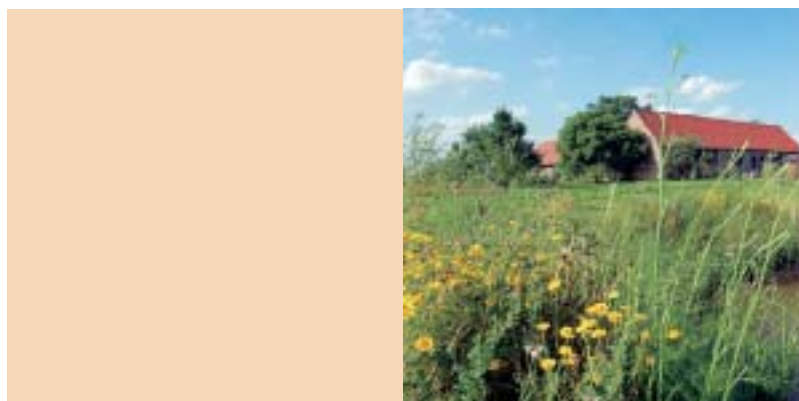
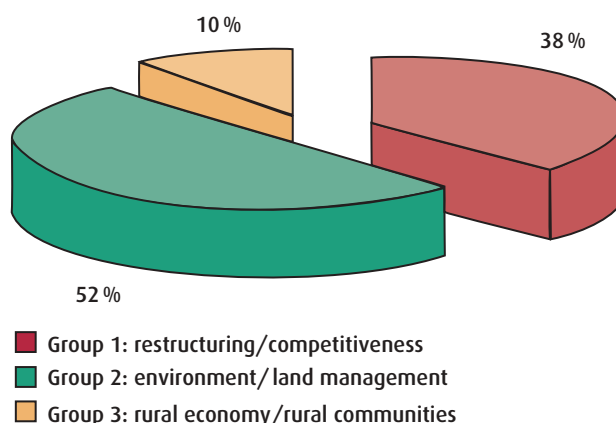
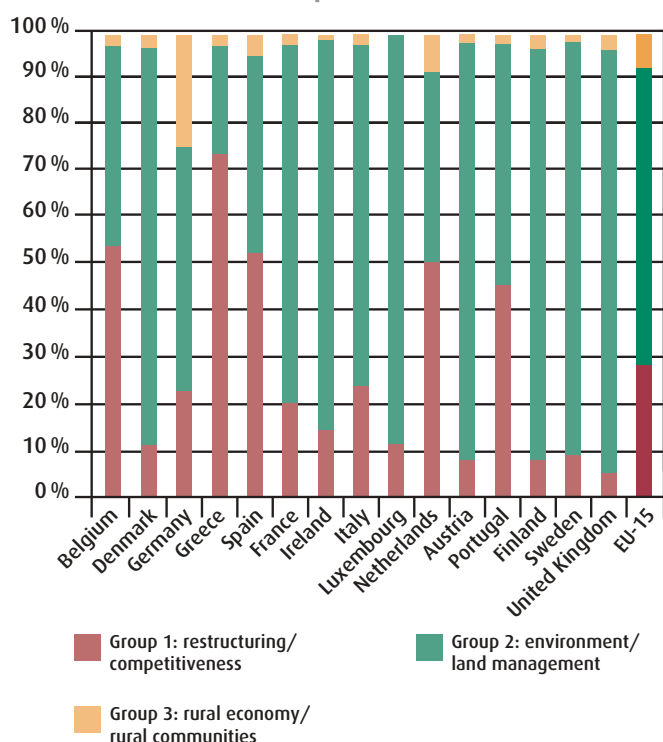


Figure 4:
EAGGF realised expenditure 2000–2003

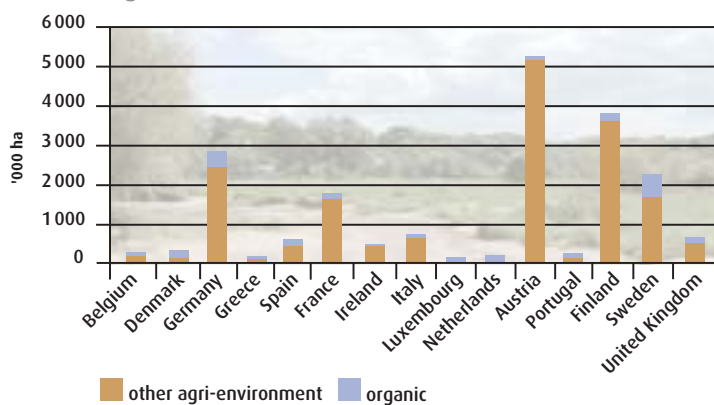


The spending patterns thus far vary per Member State, although the 2nd group tends to take up a high share of expenditure in most Member States.

At the EU level group 2 takes up 64% of the cumulated-expenditure in 2000 to 2003, followed by 29% for group 1 and 6% for group 3. The high share of the second group in the early years of this programming period can in part be explained by still ongoing agri-environmental commitments from the previous programming period with the new measures under the new rural development Regulation (EC) No 1257/99 taking some time to be implemented in full.

3. Agri-environment

Figure 5: Hectares under agri-environment contracts in 2001



Based on the monitoring data for 2001 submitted by the Member States for their rural development programmes, the total number of hectares under contract in that year amounted to 19.3 million in the EU-15 of which 1.3 million were for organic farming contracts³.

³This does not include still ongoing commitments under the predecessor Regulation (EC) No 2078/92, but it includes all contracts signed in 2000 and 2001 under Regulation (EC) No 1257/99.

The average agri-environment premium in the EU amounted to 89 EUR/ha with wide variations between Member States⁴, in part reflecting the wide diversity of agri-environment measures. Premia are calculated according to the level of income a farmer foregoes by changing his farming practice, and the additional costs associated with the agri-environment commitment he signs up to. There is also the possibility for Member States to offer a maximum 20% incentive payment.

Figure 6: Average annual agri-environment premium

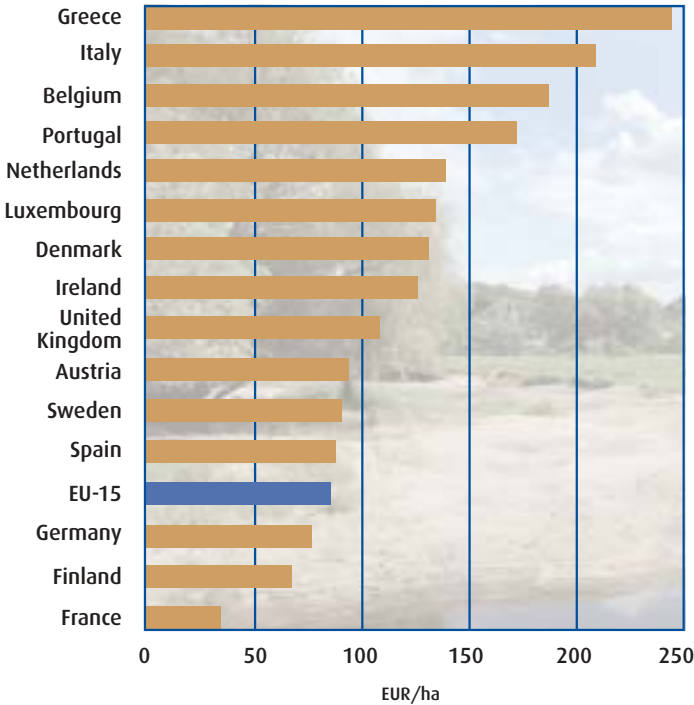
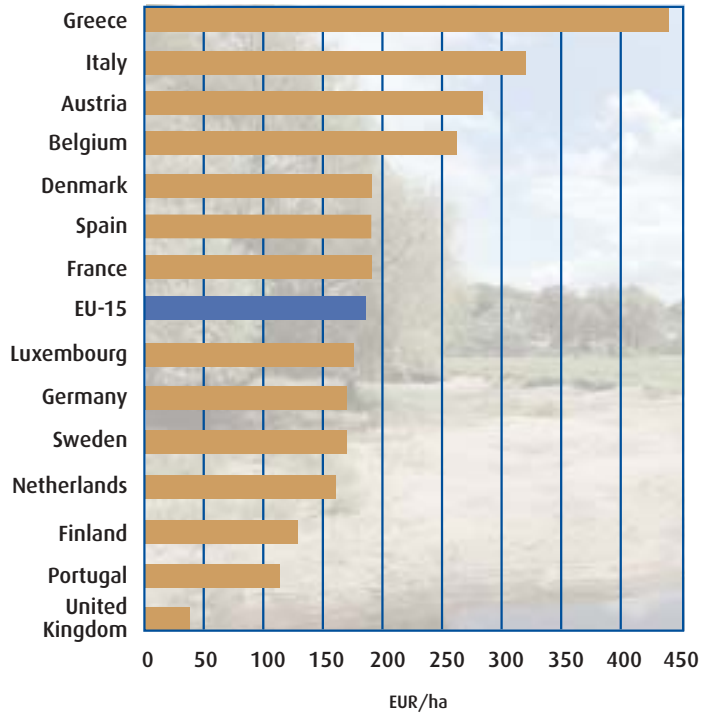


Figure 7: Average annual 'organic' premium



The average organic premium amounted to 186 EUR/ha with an even wider spread between Member States. For organic farming a conversion and a (lower) maintenance premium can be given, but not all Member States provide the maintenance premium.

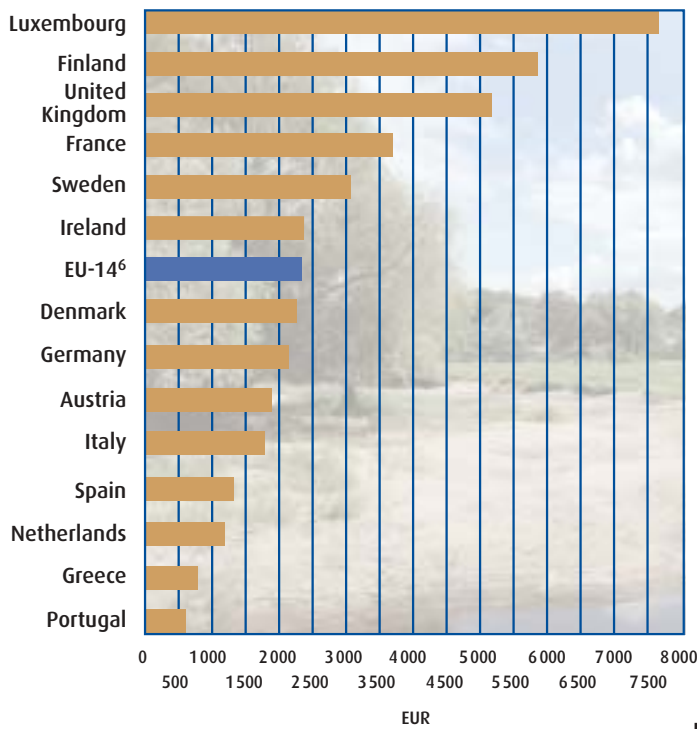
⁴The average annual premium is calculated by dividing the annual share of the total money committed (most agri-environment contracts are for five years) by the number of hectares under contract in the given year.



4. Less favoured areas

In 2001 over 1 million holdings and 33 million ha benefited from less favoured area (LFA) payments in the EU. These payments are intended to compensate farmers for the additional costs associated with farming in such areas and to ensure the continuation of farming and viable rural communities in what are often more remote areas. The average LFA payment amounted to EUR 2319 per holding and 71 EUR/ha⁵.

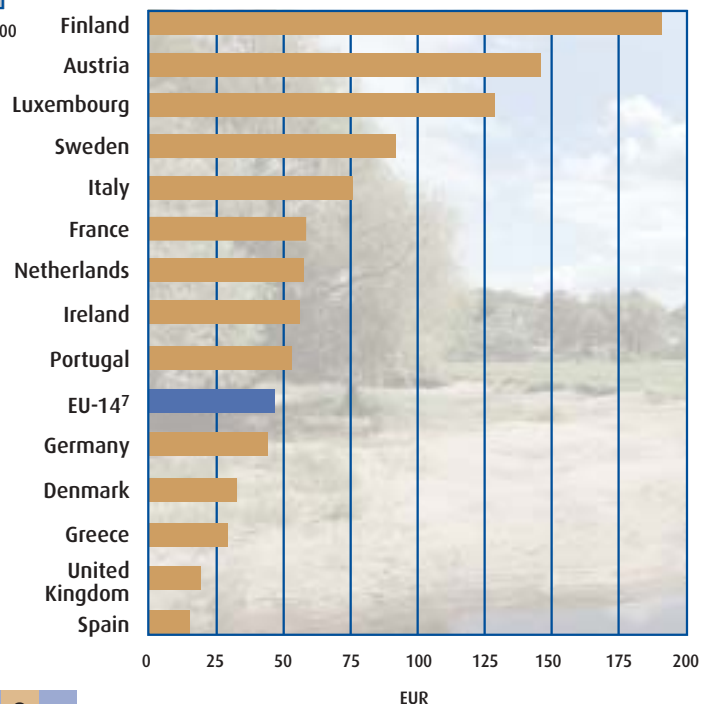
Figure 8: Average LFA payment per holding



More detailed information on the monitoring data for 2001 can be found in the summary report on the EU rural development monitoring data:

http://europa.eu.int/comm/agriculture/rur/eval/index_en.htm

Figure 9: Average LFA payment per ha



⁵In terms of money committed.
^{6/7}Belgium is excluded as it makes LFA payments as a State aid, outside its Community co-financed rural development programming.