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COUNCIL DECISION

of 20 February 2006

on Community strategic guidelines for rural development (programming period 2007 to 2013)

(2006/144/EC)

(OJ L 55, 25.2.2006, p. 20)

Amended by:

		Official Journal		
		No	page	date
►**M1**	Council Decision 2009/61/EC of 19 January 2009	L 30	112	31.1.2009

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COUNCIL DECISION

of 20 February 2006

on Community strategic guidelines for rural development (programming period 2007 to 2013)

(2006/144/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) ([1]), and in particular Article 9(2), first sentence, thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament ([2]),

Whereas:

(1) Article 9(1) of Regulation (EC) No 1698/2005 provides that strategic guidelines for rural development for the programming period from 1 January 2007 to 31 December 2013 should be adopted at Community level to set the priorities for rural development.

(2) These strategic guidelines should reflect the multifunctional role farming plays in the richness and diversity of landscapes, food products and cultural and natural heritage throughout the Community.

(3) These strategic guidelines should identify the areas important for the realisation of Community priorities, in particular in relation to the Göteborg sustainability goals and to the renewed Lisbon strategy for growth and jobs established by the European Councils of Göteborg (15 and 16 June 2001) and Thessaloniki (20 and 21 June 2003) respectively.

(4) On the basis of these strategic guidelines, each Member State should prepare its national strategy plan as the reference framework for the preparation of rural development programmes,

HAS DECIDED AS FOLLOWS:

Sole Article

The Community strategic guidelines for rural development (programming period 2007 to 2013), as set out in the Annex, are hereby adopted.

([1]) OJ L 277, 21.10.2005, p. 1.
([2]) Not yet published in the Official Journal.

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ANNEX

Community strategic guidelines for rural development (programming period 2007 to 2013)

1. INTRODUCTION

Regulation (EC) No 1698/2005 defines the purpose and scope of assistance from the EAFRD. The Community strategic guidelines identify within this framework the areas important for the realisation of Community priorities, in particular in relation to the Göteborg sustainability goals and to the renewed Lisbon strategy for growth and jobs.

The Community strategic guidelines for rural development will help to:

— identify and agree the areas where the use of EU support for rural development creates the most value added at EU level,

— make the link with the main EU priorities (Lisbon, Göteborg) and translate them into rural development policy,

— ensure consistency with other EU policies, in particular in the fields of cohesion and environment,

— accompany the implementation of the new market-oriented common agricultural policy (CAP) and the necessary restructuring it will entail in the old and new Member States.

2. RURAL DEVELOPMENT AND THE COMMUNITY'S OVERALL AIMS

2.1. The CAP and rural development

Agriculture continues to be the largest user of rural land, as well as a key determinant of the quality of the countryside and the environment. The importance and relevance of the CAP and rural development have increased with the recent enlargement of the European Union.

Without the two pillars of the CAP, market and rural development policies, many rural areas of Europe would face increasing economic, social and environmental problems. The European model of agriculture reflects the multifunctional role farming plays in the richness and diversity of landscapes, food products and cultural and natural heritage ([1]).

The guiding principles for the CAP, market and rural development policies, were set out by the European Council of Göteborg (15 and 16 June 2001). According to its conclusions, strong economic performance must go hand in hand with the sustainable use of natural resources and levels of waste, maintaining biodiversity, preserving ecosystems and avoiding desertification. To meet these challenges, the CAP 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.

Those guiding principles were confirmed in the Lisbon strategy conclusions of the European Council of Thessaloniki (20 and 21 June 2003). The reformed CAP and rural development can make a key contribution to competitiveness and sustainable development in the coming years.

2.2. Towards sustainable agriculture: the 2003 and 2004 CAP reforms

The 2003 and 2004 CAP reforms represent a major step forward in improving the competitiveness and sustainable development of farming activity in the EU and setting the framework for future reforms. Successive reforms have contributed to the competitiveness of European agriculture by reducing price support guarantees and encouraging structural adjustment. The introduction of decoupled direct payments encourages farmers to respond to market signals generated by consumer demand rather than by quantity-related policy incentives. The inclusion of environmental, food safety and animal health and welfare standards in cross-compliance reinforces consumer confidence and increases the environmental sustainability of farming.

([1]) Presidency conclusions of the European Councils of Luxembourg (12 and 13 December 1997), Berlin (24 and 25 March 1999) and Brussels (24 and 25 October 2002).

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2.3. **Rural development 2007 to 2013**

The future rural development policy focuses on three key areas: the agrifood economy, the environment and the broader rural economy and population. The new generation of rural development strategies and programmes will be built around four axes, namely: axis 1, on improving the competitiveness of the agricultural and forestry sector; axis 2, on improving the environment and the countryside; axis 3, on the quality of life in rural areas and diversification of the rural economy; and axis 4, on Leader.

Under axis 1, 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. Axis 2 provides measures to protect and enhance natural resources, as well as preserving highnature value farming and forestry systems and cultural landscapes in Europe's rural areas. Axis 3 helps to develop local infrastructure and human capital in rural areas to improve the conditions for growth and job creation in all sectors and the diversification of economic activities. Axis 4, based on the Leader experience, introduces possibilities for innovative governance through locally based, bottom-up approaches to rural development.

2.4. **Meeting the challenges**

Rural areas are characterised by a very large diversity of situations, ranging from remote rural areas suffering from depopulation and decline to peri-urban areas under increasing pressure from urban centres.

According to the OECD definition, which is based on population density, rural regions ([1]) account for 92 % of EU territory. Furthermore, 19 % of the population live in predominantly rural regions and 37 % in significantly rural regions. These regions generate 45 % of Gross Value Added (GVA) in the EU and provide 53 % of the employment, but tend to lag behind non-rural areas as regards a number of socioeconomic indicators, including structural indicators. In rural areas, per capita income is around a third less ([2]), activity rates for women are lower, the service sector is less developed, higher education levels are generally lower, and a smaller percentage of households has access to broadband internet. Remoteness and peripherality are major problems in some rural regions. These disadvantages tend to be even more significant in predominantly rural regions, although the general picture at EU level can vary substantially between Member States. Lack of opportunities, contacts and training infrastructure are a particular problem for women and young people in remote rural areas.

Enlargement has changed the agricultural map. In the old Member States agriculture accounts for 2 % of GDP, in the new Member States for 3 % and in Romania and Bulgaria for more than 10 %. In the new Member States the employment share of agriculture is three times higher (12 %) than in the old Member States (4 %). In Bulgaria and Romania agricultural employment levels are considerably higher.

The combined agricultural and food sector forms an important part of the EU economy, accounting for 15 million jobs (8,3 % of total employment) and 4,4 % of GDP. The EU is the world's largest producer of food and beverages, with combined production estimated at EUR 675 billion. However, the sector remains highly polarised and fragmented in terms of size, with significant opportunities and threats for firms. Forestry and related industries employ around 3,4 million people with a turnover of EUR 350 billion, but only 60 % of annual forest growth is currently exploited.

Agriculture and forestry represent 77 % of land use in the EU. The environmental performance of agriculture in the preservation and enhancement of natural resources in recent years has been mixed. As regards water quality, total nitrogen surplus has declined slightly since 1990 in most of the old Member States, although some countries and regions still

([1]) The OECD definition is based on the share of population living in rural communes (i.e. with less than 150 inhabitants per km^2) in a given NUTS III region. See Extended Impact Assessment — SEC(2004) 931. This is the only internationally recognised definition of rural areas. However, in some cases, it does not fully take into account the population living in more densely populated rural areas, particularly in peri-urban zones. In the context of these guidelines, it is used only for statistical and descriptive purposes.

([2]) As measured by GDP at purchasing power parity.

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experience significant nutrient leaching pressures. Problems of ammonia emissions, eutrophication, soil degradation and decline in biodiversity persist in many areas. However, an increasing share of agricultural area is devoted to organic production (5,4 million hectares in the EU) and renewable resources (an estimated 1,4 million hectares was used for bioenergy production in 2004, of which 0,3 million hectares under the energy crop premium and 0,6 million hectares on set-aside land). Long-term trends in climate change will increasingly shape farming and forestry patterns. There have been advances in the protection of biodiversity with the implementation of Natura 2000 — around 12-13 % of agricultural and forestry area has been designated. High nature value farming systems play an important role in preserving biodiversity and habitats, as well as in landscape protection and soil quality. In most Member States, these farming systems account for between 10 % and 30 % of the agricultural area. In some areas the abandonment of farming could engender serious environmental risks.

Rural areas therefore face particular challenges as regards growth, jobs and sustainability in the coming years. But they offer real opportunities in terms of their potential for growth in new sectors, the provision of rural amenities and tourism, their attractiveness as a place in which to live and work, and their role as a reservoir of natural resources and highly valued landscapes.

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. Above all, investment in the key resource of human capital will allow rural areas and the agrifood sector to look to the future with confidence.

On the occasion of the relaunch of the Lisbon strategy, the European Council has reaffirmed that the Lisbon strategy is to be seen in the wider context of sustainable development requirement that present needs must be met without compromising the ability of future generations to meet their own needs ([1]). The new programming period provides a unique opportunity to refocus support from the new EAFRD on growth, jobs and sustainability. In this respect, it is fully in line with the Declaration on the Guiding Principles for Sustainable Development ([2]) and the renewed Lisbon Action Programme which seeks to target resources at making Europe a more attractive place in which to invest and work, promoting knowledge and innovation for growth and creating more and better jobs.

Rural development policy must help rural areas meet these objectives in the period 2007 to 2013. This requires a more strategic approach to competitiveness, job creation and innovation in rural areas and improved governance in the delivery of programmes. There must be an increased focus on forward-looking investments in people, know-how and capital in the farm and forestry sectors, on new ways of delivering win-win environmental services and on creating more and better jobs through diversification, particularly for women and young people. By helping the EU's rural areas to fulfil their potential as attractive places in which to invest, work and live, rural development policy can play its part in the sustainable development of Europe's territory.

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2.5 **Meeting the new challenges**

As part of the review of the reforms introduced in 2003, the balance between expenditure for direct payments under the first pillar of the CAP and funding of rural development policy has also been assessed. With the overall CAP budget fixed until 2013, additional funding for rural development can only be realised through an increase in compulsory modulation. The additional funding is needed to reinforce the efforts with regard to the Community priorities in the field of climate change, renewable energy, water management, biodiversity (including related support for innovation) and dairy restructuring:

(i) Climate and energy have become priorities, as the EU is taking the lead in building a global low carbon economy. In March 2007, the European Council adopted conclusions ([3]) on reducing greenhouse

([1]) Presidency conclusions of the European Council of Brussels (22 and 23 March 2005).
([2]) Presidency conclusions of the European Council of Brussels (16 and 17 June 2005).
([3]) Presidency conclusions of the European Council of Brussels (8 and 9 March 2007).

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gas emissions by at least 20 % by 2020 compared to 1990 (30 % as part of an international agreement on global targets) and to set a binding 20 % target for the use of renewable energy sources by 2020, including a 10 % share of biofuels in transport petrol and diesel consumption. Agriculture and forestry can make an important contribution in providing the feed stocks for bio-energy, in carbon sequestration and in further reducing greenhouse gas emissions.

(ii) The objectives of the EU with regard to water policy are laid down in Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy [1], which will start to reach full implementation in the period 2010-2012. As main users of water and water resources, agriculture and forestry have a major role to play in sustainable water management both in terms of quantity and of quality. Water management will be an increasingly important part of the adaptation strategy to deal with already unavoidable climate change.

(iii) Member States have committed themselves to halting biodiversity decline by 2010, a target which seems increasingly unlikely to be met. A large part of Europe's biological diversity is dependent on agriculture and forestry and the efforts to protect biodiversity will have to be increased, particularly in the light of the expected adverse effects of climate change and increasing water demand.

(iv) Dairy producers make a substantial contribution to maintaining the countryside through sustainable farming activity, especially in disadvantaged regions. In view of their high production costs and the structural changes they have to face as a result of the phasing-out of the milk quota system, accompanying support measures should be made available to dairy producers, in order to allow them to better adapt to new market conditions.

(v) Rural development measures can be used in particular to encourage innovation in water management, in production and use of renewable energies, in protection of biodiversity and in dealing with climate change mitigation and adaptation and to promote win-win solutions for competitiveness and the environment. In order to promote full use of innovation, specific support for innovative operations related to the new challenges should be made available.

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3. SETTING THE COMMUNITY'S PRIORITIES FOR THE RURAL DEVELOPMENT PROGRAMMING PERIOD 2007 TO 2013

Within the framework of the objectives established in Regulation (EC) No 1698/2005, the strategic guidelines set out below identify priorities for the Community in accordance with Article 9 thereof. The guidelines aim at the integration of major policy priorities as spelt out in the conclusions of the Lisbon and Göteborg European Councils. For each set of priorities, illustrative key actions are presented. On the basis of these strategic guidelines, each Member State will prepare its national strategy plan as the reference framework for the preparation of rural development programmes.

The resources devoted to the Community rural development priorities (within the regulatory minimum funding limits for each axis) will depend on the specific situation, strengths, weaknesses and opportunities of each programme area. Each of the Community priorities, and their contribution to the Lisbon and Göteborg objectives, will need to be reflected at Member State level in the national strategy plan and the rural development programmes. In many cases, there will be national or regional priorities for specific problems related to the agrifood chain or the environmental, climatic and geographical situation of agriculture and forestry. Rural areas may have to deal with other specific issues such as peri-urban pressure, unemployment, remoteness or low population density.

3.1. Improving the competitiveness of the agricultural and forestry sector

Community strategic guideline

Europe's agricultural, forestry and food-processing sectors have great potential to further develop high-quality and value-added products that

[1] OJ L 327, 22.12.2000, p. 1.

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meet the diverse and growing demand of Europe's consumers and world markets.

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 on priority sectors for investment in physical and human capital.

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

(i) restructuring and modernisation of the agriculture sector, which continue to play an important role in the development of many rural areas, particularly in the new Member States. Successful agricultural adjustment can be the key to improving the competitiveness and environmental sustainability of the agricultural sector and boosting jobs and growth in related areas of the economy. This includes promoting the anticipation of change within the agricultural sector in the context of restructuring and modernisation and developing a proactive approach to training and retraining farmers, particularly as regards transferable skills;

(ii) improving integration in the agrifood chain. Europe's food industry is one of the world's most competitive and innovative, but it is facing increasing global competition. There is considerable scope in the rural economy to create and market new products, to retain more value in rural areas through quality schemes and to raise the profile of European products overseas. The use of advisory services and support to meet Community standards will contribute to this integration process. A market-oriented agricultural sector will help further consolidate the position of Europe's agrifood sector as a major employer and source of economic growth;

(iii) facilitating innovation and access to research and development (R & D). Innovation is increasingly important for Europe's farming, agrifood and forestry sectors. While Europe's large agrifood companies are often at the cutting edge of new trends, the introduction of new products and processes could significantly contribute to the performance of smaller processors and farm businesses. In particular, new forms of cooperation could facilitate access to R & D, innovation and actions undertaken under the Seventh Framework Programme ([1]);

(iv) encouraging the take-up and diffusion of information and communications technologies (ICT). The agrifood sector as a whole has been identified as lagging behind in the take-up of ICT technologies. This is particularly the case for smaller businesses. Adoption of e-business applications is still at 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 small and medium-sized enterprises), e-skills and e-learning;

(v) fostering dynamic entrepreneurship. The recent reforms have created a market-oriented environment for European farming. This brings new opportunities for farm businesses. But the realisation of this economic potential will depend on the development of strategic and organisational skills. Encouraging the entry of young farmers into the profession can play an important role in this respect;

(vi) developing 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;

(vii) improving the environmental performance of farms and forestry. Long-term sustainability will depend on the ability to produce

([1]) The work of the Standing Committee on Agricultural Research should also be taken into account in this context.

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products that consumers wish to buy, while achieving high environmental standards. Investing in increased environmental performance can also lead to efficiency gains in production, creating a win-win situation.

To enhance generational renewal in agriculture, combinations of measures available under axis 1, tailored to the needs of young farmers, may be considered.

3.2. **Improving the environment and the countryside**

Community strategic 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: biodiversity and the 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 objectives laid down in Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy ([1]), 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 key actions could include:

(i) promoting environmental services and animal-friendly farming practices. European citizens expect farmers to respect mandatory standards. But many also agree that farmers should be remunerated for signing up to commitments which go further, delivering services that the market will not provide alone, particularly when focused on specific resources of particular importance in the context of agriculture and forestry, such as water and soil;

(ii) preserving the farmed landscape and forests. In Europe, much of the valued rural environment is the product of agriculture. Sustainable land management practices can help reduce risks linked to abandonment, desertification and forest fires, particularly in less-favoured areas. Appropriate farming systems help to preserve landscapes and habitats ranging from wetlands to dry meadows and mountain pastures. In many areas, this is an important part of the cultural and natural heritage and of the overall attractiveness of rural areas as places in which to live and work;

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

(iv) consolidating the contribution of organic farming. Organic farming represents a holistic approach to sustainable agriculture. In this respect, its contribution to environmental and animal welfare objectives could be further reinforced;

(v) encouraging environmental/economic win-win initiatives. The provision of environmental goods, particularly through agri-environmental measures, can contribute to the identity of rural areas and their food products. They can form a basis for growth and jobs provided through tourism and the provision of rural amenities, particularly when linked to diversification into tourism, crafts, training or the non-food sector;

(vi) promoting territorial balance. Rural development programmes can make a vital contribution to the attractiveness of rural areas. They

([1]) OJ L 327, 22.12.2000, p. 1. Directive as amended by Decision No 2455/2001/EC (OJ L 331, 15.12.2001, p. 1).

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can also help ensure that in a competitive, knowledge-based economy, a sustainable balance between urban and rural areas is maintained. In combination with other programme axes, land management measures can make a positive contribution to the spatial distribution of economic activity and territorial cohesion.

3.3. **Improving the quality of life in rural areas and encouraging diversification of the rural economy**

Community strategic 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 promoting training, information and entrepreneurship, the particular needs of women, young people and older workers should be considered.

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

(i) raising economic activity and employment rates in the wider rural economy. Diversification is necessary for growth, employment and sustainable development in rural areas, and thereby contributes to a better territorial balance in both economic and social terms. Tourism, crafts and the provision of rural amenities are growth sectors in many regions and offer opportunities both for on-farm diversification outside agriculture and the development of micro-businesses in the broader rural economy;

(ii) encouraging the entry of women into the labour market. In many rural areas inadequate childcare provision creates specific barriers. Local initiatives to develop childcare facilities can facilitate access to the labour market. This can include the development of childcare infrastructure, potentially in combination with initiatives to encourage the creation of small businesses related to rural activities and local services;

(iii) putting the heart back into villages. Integrated initiatives combining diversification, business creation, investment in cultural heritage, infrastructure for local services and renovation can contribute to improving both economic prospects and quality of life;

(iv) developing micro-business and crafts, which can build on traditional skills or introduce new competencies, particularly when combined with purchase of equipment, training and coaching, thus helping to promote entrepreneurship and develop the economic fabric;

(v) training young people in skills needed for the diversification of the local economy, which can tap into demand for tourism, recreation, environmental services, traditional rural practices and quality products;

(vi) encouraging the take-up and diffusion of ICT. The take-up and diffusion of ICT is 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 e-skills training through community structures. Such initiatives can greatly facilitate IT take-up by local farms and rural businesses and the adoption of e-business and e-commerce. Full advantage needs to be taken of the possibilities afforded by the internet and broadband communications, supported for example by regional programmes under the Structural Funds, to overcome the disadvantages of location;

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

(viii) encouraging the development of tourism. Tourism is a major growth sector in many rural areas and can build on cultural and natural

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heritage. Increased use of ICT in tourism for bookings, promotion, marketing, service design and recreational activities can help improve visitor numbers and lengths of stays, particularly where this provides links to smaller facilities and encourages agri-tourism;

(ix) upgrading local infrastructure, particularly in the new Member States. Significant investment will be undertaken in major telecommunications, transport, energy and water infrastructure over the coming years. Considerable support will be available from the Structural Funds, ranging from trans-European networks to the development of connections to business or science parks. For the multiplier effect to be fully realised in terms of jobs and growth, small-scale local infrastructure, supported within rural development programmes, can play a vital role in connecting these major investments to local strategies for the diversification and development of agricultural and food-sector potential.

3.4. **Building local capacity for employment and diversification**

Community strategic guideline

The resources devoted to axis 4 (Leader) should contribute to the priorities of axes 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.

Support under axis 4 offers the possibility, in the context of a community-led local development strategy building on local needs and strengths, to combine all three objectives — competitiveness, environment and quality of life/diversification. Integrated approaches involving farmers, foresters and other rural actors can safeguard and enhance the local natural and cultural heritage, raise environmental awareness, and invest in and promote specialty products, tourism and renewable resources and energy.

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

(i) building local partnership capacity, animation and promoting skills acquisition, which can help mobilise local potential;

(ii) promoting private-public partnership. In particular, Leader will continue to play an important role in encouraging innovative approaches to rural development and bringing the private and public sectors together;

(iii) 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 can 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;

(iv) improving local governance. Leader can help foster innovative approaches to linking agriculture, forestry and the local economy, thereby helping to diversify the economic base and strengthen the socioeconomic fabric of rural areas.

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3.4a. **Addressing the new challenges**

Community strategic guideline

Climate change, renewable energy, water management, biodiversity (including related support for innovation) and dairy restructuring are crucial challenges for Europe's rural areas, agriculture and forestry. As part of the EU global climate change strategy, agriculture and forestry will be called upon to make a greater contribution to curbing greenhouse gas emissions and increasing carbon sequestration. Increasing production of renewable energy from agriculture and forestry biomass should also help to meet the new EU targets for total fuel and energy consumption by 2020. More sustainable water management practices in agriculture will be essential to ensure sufficient quantity and quality of water for the future, and to adapt to the projected climate change impacts on water resources.

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Furthermore, halting biodiversity decline remains a major challenge. Support for innovation related to the above-mentioned new challenges may facilitate the implementation of these priorities. In view of the expiry of the dairy quota regime, the need for restructuring in agriculture will increase. In this context, rural development measures will be an important accompaniment to the reforms in the dairy sector. The additional resources which will be made available as of 2010 by an increase in compulsory modulation should be devoted to reinforcing the Community action in the fields of climate change, renewable energy, water management, biodiversity and dairy restructuring.

In order to meet these priorities, Member States are encouraged to focus support on key actions. Such key actions may include the following types of operations:

(i) In particular, investment support under axis 1 can be targeted towards energy, water and other input saving machinery and equipment as well as to the production of renewable energy for on farm use. In the agriculture and food sector and in the forestry sector, investment support should help to develop innovative and more sustainable ways of biofuel processing.

(ii) Under axis 2, the agri-environment measures and forestry measures can be used in particular to enhance biodiversity by conserving species-rich vegetation types and protecting and maintaining grassland and extensive forms of agricultural production. Specific actions under axis 2, such as agri-environment measures or afforestation, can also help to improve the capacity to better manage the available water resources in terms of quantity and protect them in terms of quality. Furthermore, certain agri-environmental and forestry actions contribute to curbing emissions of nitrous oxide (N_2O) and methane (CH_4) and help to promote carbon sequestration.

(iii) Under axis 3 and 4, local scale projects and cooperation for renewable energy projects can be supported as well as diversification of farmers into bioenergy production. Conservation of natural heritage can help in protecting high-nature-value habitats and high-value water bodies.

(iv) As all rural areas are being confronted with the climate change and renewable energy issues, Member States can encourage the local action groups under axis 4 (Leader) to pick up these issues in their local development strategies as a cross-cutting theme. The groups are well placed to contribute to climate change adaptation and renewable energy solutions tailored to the local situation.

(v) Innovation has the potential to achieve particularly positive effects in meeting the new challenges of climate change, the production of renewable energies, more sustainable water management practices and halting biodiversity decline. Support for innovation in these areas could take the form of encouraging the development, take-up and application of relevant technologies, products and processes.

(vi) As a general principle, support shall be targeted on types of operations which are coherent with the objectives and provisions established in Regulation (EC) No 1698/2005 and which contribute to generating positive potential effects in view of the new challenges such as those specified in Annex II to that Regulation.

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3.5. **Ensuring consistency in programming**

Community strategic guideline

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 Food and Farming, the commitment to increased use of renewable energy resources [1], the need to develop a medium- and long-term EU strategy to combat climate change [2], 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

[1] Presidency conclusions of the European Council of Brussels (25 and 26 March 2004).
[2] Presidency conclusions of the European Council of Brussels (22 and 23 March 2005).

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employment and the sustainability objectives) and the priorities set out in the Sixth Community Environment Action Programme laid down by Decision No 1600/2002/EC of the European Parliament and of the Council [1], particularly those priorities identified as requiring thematic environmental strategies (soil protection, protection and conservation of the marine environment, the sustainable use of pesticides, air pollution, urban environment, the sustainable use of resources, and waste recycling).

Several means are available at EU and Member State level to improve governance and policy delivery. Technical assistance can be used to build up European and national networks for rural development, as a platform for exchange of best practice and expertise on all aspects of policy design, management and implementation between stakeholders. Information and publicity to ensure early involvement of the different actors will need to be considered in the preparation of the national strategies and worked out for the later stages of implementation.

3.6. **Complementarity between Community instruments**

Community strategic guideline

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 European Regional Development Fund, the Cohesion Fund, the European Social Fund, the European Fisheries Fund and the 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 in the national strategic reference framework and the national strategy plan.

For infrastructure investments, the scale of intervention could be a guiding principle. For example, for investments in transport and other infrastructure at Member State, regional or subregional level, cohesion policy instruments would be used, while at the local level the basic services measure under axis 3 could be used, ensuring the link between local and regional levels.

As regards the development of human capital, support under rural development would target farmers and the economic actors involved in the diversification of the rural economy. The population of rural areas could receive support as part of an integrated, bottom-up approach. Actions in these fields should be implemented in full compliance with the objectives of the European Employment Strategy, as set out in the Integrated Guidelines for Growth and Jobs, and coherent with the actions taken under the national reform programmes in the framework of the Lisbon process. The Education and Training 2010 work programme seeks to achieve the education and the training side of the Lisbon goals. Lifelong learning is at the heart of this programme and applies to all levels and types of education and training, including the agricultural, forestry and agrifood sectors.

4. **THE REPORTING SYSTEM**

Regulation (EC) No 1698/2005 foresees strategic monitoring of the Community and national strategies. The basis for reporting on progress will be the common framework for monitoring and evaluation, to be established in cooperation with the Member States.

The framework will provide a limited number of common indicators and a common methodology. It will be supplemented by programme-specific indicators to reflect the character of each programme area.

A common set of indicators will allow aggregation of outputs, results and impacts at EU level and help assess progress in achieving Community priorities. Baseline indicators defined at the start of the programming period will allow for assessment of the initial situation and form the basis for the development of the programme strategy.

[1] OJ L 242, 10.9.2002, p. 1.

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Evaluation activities will take place on an ongoing basis, comprising at programme level *ex ante*, mid-term, and *ex post* evaluation, as well as other evaluation activity considered useful for improving programme management and impact. These will be accompanied by thematic studies and synthesis evaluations at Community level, as well as by the activities of the European network for rural development as a platform for exchange and capacity building for evaluation in Member States. The exchange of good practices and the sharing of evaluation results can contribute significantly to the effectiveness of rural development. In this respect, the European network should play a central role in facilitating contacts.