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Ministers held an orientation debate on the proposal for a regulation on support for rural development within the framework of the CAP reform.

Member states broadly support the principle that the CAP should significantly contribute to addressing the challenges concerning environment, biodiversity and climate change mitigation and adaptation. However, member states opinions were divided over setting a threshold in recital 28 of the rural development proposal, where the Commission suggests, as a guideline that member states spend a minimum of 25% of the total contribution from the EAFRD to each rural development programme on climate change mitigation and adaptation and land management. The Commission made it clear that this was not an obligation but an indication since there could be member states who would spend more and others who could spend less but still achieve the environmental objectives.

Some delegations opposed a minimum requirement while others welcomed the proposal and suggested that a binding obligation be set for all Member States. Some delegations requested even the percentage to be increased to 50%. A number of member states thought its scope should be extended to include, among other things, payments to Natura 2000, the water framework directive and forestry actions.

Co-financing rates for rural development support are part of the negotiating box for the MFF (2014-2020). Member states spoke in general terms of the need for a simple and targeted system for financing activities to meet the EU objectives for rural development.

In its proposal, the Commission envisages a single maximum co-financing rate for most of the measures supported by the European agricultural fund for rural development (EAFRD) with only a few exceptions which could benefit from higher co-financing rates. Some delegations expressed support for this proposal as it stands while others made a number of suggestions for a higher standard rate and higher rates for operations contributing to the objectives of environment and climate change mitigation and adaptation, as well as risk management and innovation.

Many member states requested that there should be no national co-financing for all transfers from pillar I to pillar II.

Many member states also pointed out that irrigation measures were an outstanding issue that the Council should still look at.

Main issues raised as regards rural development: in the Presidency text the mission, the objectives and the priorities have been further defined and clarified. The aim for a competitive Union agricultural sector is added to the mission, while food production and forestry is mentioned in relation to the objectives. In the priorities animal welfare is added and farms not facing major structural problems are included as eligible for support aimed at enhancing competitiveness.

As regards programming, a considerable number of aspects have been simplified, including a simpler programme amendment procedure. The Member States are on the basis of a SWOT analysis given the discretion to address only the most appropriate priorities under their national programmes, and to include additional EU focus areas. The application of ex-ante conditionalities are limited only to be applied when they are directly linked to the specific interventions of the programme.

Concerning monitoring and evaluation, the rules have been considerably simplified, reducing reporting requirements and data collection.

The scope of the provisions on knowledge exchange, advisory services and quality schemes has been enlarged. The scope of eligible beneficiaries has been widened, and support for information and promotion activities for quality products has been reintroduced.

With regard to investments, the provisions have been amended to allow greater flexibility for both Member States and beneficiaries and the obligation to limit the size of agricultural holdings eligible for investments for restructuring which has been deleted. Furthermore the requirements for reduction of water use in relation to investments in irrigation have been modified.

On environment related actions, support for permanent conversion of agricultural or forest area for environmental reasons has been introduced as a one-off payment (flat-rate). Many delegations support introducing the option of shorter agri-environment-climate commitments. Concerning the interplay between the "greening requirements" for Pillar I and the baseline of Pillar II measures, most delegations have taken the view that the greening requirements in pillar I should not affect the baseline of agri-environment-climate measures in Pillar II. A few delegations have expressed support for a raised baseline, referring to the need of avoiding double payments.

On forestry, many delegations supported the widening of the scope of eligible beneficiaries, to include public entities and tenants, while others were against.

With regard to risk management, many delegations supported the extension to cover adverse climatic events and pest infestations while others expressed reservations on whether it is opportune to move risk management measures into Pillar II.

With regard to areas with natural constraints, a broad majority of delegations recognise the need for a new common framework for their delimitation and to move away from the status quo, although many have requested more flexibility than envisaged in the proposal. In this respect, delegations generally welcomed the flexibility introduced by the Presidency to use an alternative local administrative unit for the designation of the areas with natural constraints to reduce of the threshold for area coverage per administrative unit (60%). However some delegations requested a further reduction (50%) while several delegations objected to the

reduction as it will enlarge the scope of eligible areas. Also more national flexibility was introduced when performing the fine tuning. A number of delegations requested greater flexibility in this area. Lastly prolongation of the transition and phasing-out periods was proposed. Some delegations wish to take this proposal further, while others are concerned by the extension of the transition and phasing out periods.

As regards financial provisions, many delegations support that total eligible expenditure has been provided for as the basis for the calculation of EU contribution at the request of delegations. Furthermore, the revised text allows for full flexibility for Member States on the use of the funds generated by capping.

The principles for distribution of rural development support and co-financing rates for rural development support are included in the Negotiating Box for Heading 2 of the Multiannual Financial Framework (MFF). On the allocation of rural development support many delegations have requested more information about the criteria of past performance and objective criteria linked to the objectives of rural development as proposed by the Commission.

In general, delegations request more information on the respective allocation key and the precise objective criteria to be applied. Concerning co-financing rates, some delegations question the complexity of the proposal and ask for simplification. Higher co-financing rates are requested, especially concerning environment and climate, transition regions, risk management and innovation. Concerning funds transferred from Pillar 1 to Pillar 2 some delegations ask for these funds to have a co-financing rate at 100 %.

All delegations have, with the aim of simplification, requested the Commission to apply a single coordinated administrative procedure ("one window approach") for the approval of the Rural Development Programmes including the approval of state aid within the programme.