European Parliament

DIRECTORATE-GENERAL FOR INTERNAL POLICIES

POLICY DEPARTMENT B
STRUCTURAL AND COHESION POLICIES

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Research for AGRI Committee - Programmes implementing the 2015-2020 Rural Development Policy

STUDY

EN DE

2016

DIRECTORATE-GENERAL FOR INTERNAL POLICIES

POLICY DEPARTMENT B: STRUCTURAL AND COHESION POLICIES

AGRICULTURE AND RURAL DEVELOPMENT

Research for AGRI Committee - Programmes implementing the 2015-2020 Rural Development Policy

STUDY

This document was requested by the European Parliament's Committee on Agriculture and Rural Development.

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LINGUISTIC VERSIONS

Original: EN
Translation: DE

ABOUT THE PUBLISHER

To contact the Policy Department or to subscribe to its monthly newsletter please write to: poldep-cohesion@europarl.europa.eu

Manuscript completed in May 2016.

Print	ISBN 978-92-823-9302-4	doi:10.2861/198869	QA-04-16-450-EN-C
PDF	ISBN 978-92-823-9299-7	doi:10.2861/44088	QA-04-16-450-EN-N

This document is available on the Internet at:
http://www.europarl.europa.eu/supporting-analyses

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Abstract

This report examines the choices made by EU Member States in preparing their Rural Development Programmes for the 2015-2020 period. It finds much continuity compared to the previous period but some notable changes, including more funding for knowledge and co-operation and greater focus upon the goals of environmental management and investments for primary sector competitiveness, with less for rural diversification. There is weak evidence of targeting of relative needs at EU level, but some evidence of a more strategic approach, learning from past experience, within Programmes. Heavy administrative burdens appear as a negative influence upon effective programme design, but innovation is indicated in the diverse uses of the co-operation measure. Other new measures have not proven popular. An effort to identify simpler approaches that enable effective targeting is recommended.

IP/B/AGRI/IC/2015-74 May 2016

PE 573.448 EN

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LIST OF ABBREVIATIONS

AWU	Agricultural Work Unit
ANC	Areas facing Natural Constraints
CAP	Common Agricultural Policy
CLLD	Community-Led Local Development
CP	Cohesion Policy
CSF	Community Support Framework
EAFRD	European Agricultural Fund for Rural Development
EMFF	European Maritime and Fisheries Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
ESIF	European Structural and Investment Funds
FA	Focus Area
GDP	Gross Domestic Product
GVA	Gross Value-Added
LEADER	Liaisons Entre Actions pour le Developpement Economie Rural
LAG	Local Action Group (LEADER)
MA	Managing Authority
MS	Member State
P	Priority (Abbreviation of Strategic Priority within EAFRD framework)
PA	Partnership Agreement
RDP	Rural Development Programme
SP	Strategic Priority
UAA	Utilised Agricultural Area

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EXECUTIVE SUMMARY

This study was commissioned by the Committee on Agriculture and Rural Development of the European Parliament (AGRI Committee) and undertaken by a team led by CCRI, University of Gloucestershire, UK, with partners in Germany, Italy, Spain and France. Its aim has been to analyse the choices made by Member States and regions in planning their new Rural Development Programmes 2014-2020, under Pillar 2 of the CAP.

The analysis was made using published information on the approved Rural Development Programmes and Partnership Agreements of all EU28 Member States for 2014-2020, supplemented with qualitative information gathered from experts in the Member States, including officials, independent experts and stakeholder organisations.

It has analysed planned expenditures on rural development funded from the European Agricultural Fund for Rural Development (EAFRD), as matched by national or regional co-financing and including additional national financing ('top ups'). A comparison has been made with funding allocation patterns in the previous programme period (2007-2013), and with choices between funds as revealed in the Partnership Agreements and the CAP Pillar 1 – Pillar 2 fund-switching decisions also made by each Member State.

The new EAFRD Regulation represents an evolution in approach from the framework which applied in the previous programming period, with some simplifications in the detailed structure of measures but also some increased complexity due to a larger number of strategic objectives, each with specific 'focus areas' and greater flexibility in the choice of measures that can be used to achieve these. The EU has moved towards a more strategic and integrated approach, focused on sustainable development. There is more emphasis in the current period upon using funding to meet identified needs in a co-ordinated way alongside other EU funding, and in justifying and tracking progress in respect of RDP indicators and targets.

The EU resources initially allocated to the Member States for rural development were less than in 2007-2013 but because of the provisions for additional national financing, variable cofinancing rates and the possibility of fund-switching between CAP pillars, the end result is a small increase in nominal terms compared to the total allocation in the previous programming period. However, there are significant 'winners' and 'losers' among individual Member States and regions in respect of how their RDP budgets differ from the old to the new period, and also in their changed relationship with Pillar 1 funding allocations, and with the other EU Structural Funds. It is the interplay of these factors which shapes many of the choices made.

The new elements under 2014-2020 programmes include a much broader approach to cooperation, the incorporation of risk management within RDPs from its former position within CAP Pillar 1, and the European Innovation Partnership. Some other measures have been slightly modified or re-defined, and the early retirement measure has been removed along with those measures previously specific to new member countries only.

The general pattern of Member States' allocation to priorities in the 2014-2020 period shows a predominance of spending on environmental measures and on physical investments for competitiveness. Less funding is devoted to broader rural development, on average. Among the focus areas, competitiveness of farms is strongly favoured, as are measures for environmental protection and land management.

The most popular measures in 2014-2020 are areas facing natural constraints (ANCs), agri-environment-climate measures (AECMs) and physical investments. Their relative importance varies by Member State and some key geographical axes of variation in priorities can be seen, with north-western MS prioritising AECMs, geographically peripheral countries (most remote from central markets) prioritising ANCs, and eastern and some southern MS prioritising physical investments. A link is suggested between those MS which spend significantly on area-based measures (ANCs and AECMs) and their Pillar 1 experience (reduced Pillar 1 spending leading to the increased use of Pillar 2 area-based measures as a compensating tactic).

Comparing the planned spend for 2014-2020 with realised expenditures[1] in the 2007-2013 period, there is considerable continuity in priorities and patterns. Notable exceptions include a good take-up of the new measure for cooperation, increased spending on LEADER, and overall a decline in funding for broader rural development measures. Many programmes have funds focused more strongly on a smaller range of measures and this can be for both strategic and administrative efficiency reasons. The main reasons for changes between periods are felt to be linked to changing politics at local level, fear of audit burdens, learning lessons from poor uptake of some measures in the past, and increased pressure from the European Commission and/or stakeholder groups – the former in respect of climate and environmental measures in particular, the latter more often in respect of strong support for farm investment aids.

The patterns seen among Member States at EU level are to a large extent repeated between regions within those countries – Italy, Germany, Spain and France – which operate multiple regional RDPs. Additional expertise enables us to identify how in all these contexts, relative wealth influences regional RDP choices but can lead to different outcomes. For example in Italy and Germany, some lagging regions continue to favour broader economic diversification whilst in Spain they prioritise agri-sector investment; while richer German regions opt to remove more complex measures from the EU administrative and control regimes and finance them as state aids, whereas in France they allocate increased resources to co-financing and in Italy, the richer northern regions appear more willing to innovate in measure design

Considering patterns and rationales, there is evidence of a more strategic approach than in the previous period but one which is simultaneously influenced by desired outcomes and by administrative considerations. Programmes are perhaps less diverse individually and there has been little enthusiasm for those new measures or approaches which are seen as administratively complex. Familiar schemes have been strengthened and there is more emphasis upon complementary planning and delivery of measures, indicated by diverse programming of the co-operation measure in particular. The greater overall focus upon farm and forestry sector support and environmental management and investment, compared to 2007-2013, is notable and it appears that LEADER is increasingly seen as the key EAFRD tool for broader rural development.

The administrative and control issues raised in our analysis are a concern for future RDP effectiveness. It seems that in a number of contexts, the basic rules and requirements of EAFRD programming, the broader CAP Pillar 2 framework and EU implementing rules, along with control requirements, procurement conditions and monitoring demands, as well as fear

[1] Predicted total expenditures as at January 2015, reported to the Commission by Managing Authorities in annual reports.

of sanctions, are acting as a barrier to more effective and creative use of the new and more (in theory) flexible EAFRD structure, in a variety of situations.

Looking ahead, we suggest that the Commission and Member States need to prioritise efforts to agree simpler approaches which can provide adequate accountability without unduly burdening managing and paying authorities, delivery agents and beneficiaries. From the findings of this study, we suggest that proportionality should be a more central consideration in this context, as well as a stronger focus upon the effectiveness and additionality of spending, rather than simply its efficiency.

Simplification of the CAP has been one of the main priorities of the Commission since 2014 but at present, the exercise concerns mainly its implementing rules. From this study it would appear that complexity in rural development policy occurs more widely than just in the implementing rules and we therefore suggest that simplification should equally be a goal of good policy design, it should be assessed in independent evaluations and should be a subject of recommendations for improvement. The EAFRD regulation and framework are decided in co-decision by the Parliament and the Council of the EU: this topic could therefore be an important one for these parties to feed into the next CAP reform.

1. GENERAL INFORMATION

KEY FINDINGS

- This study was commissioned by the Agriculture Committee of the European Parliament (AGRI Committee) and undertaken by a team led by the Countryside and Community Research institute (CCRI), at the University of Gloucestershire, UK, with partners in Germany, Italy, Spain and France. Its aim has been to analyse the choices made by Member States and regions in planning their new Rural Development Programmes (RDPs) 2014-2020, under Pillar 2 of the CAP.
- The analysis was made using published information on the approved RDPs and Partnership Agreements of all EU-28 Member States for 2014-2020, supplemented with qualitative information gathered from experts in the Member States, including some officials, some independent experts and some stakeholder organisations.
- It has analysed planned expenditures upon rural development funded from the European Agricultural Fund for Rural Development, as matched by national or regional co-financing and, as far as possible, including also additional national financing ('top ups'). A comparison has also been made with funding allocation patterns in the previous programme period (2007-2013), and with allocation choices between funds as revealed in the Partnership Agreements and the CAP Pillar 1 – Pillar 2 fund-switching decisions also made by each Member State.
- These data sources suggest a range of possible rationales for the patterns that emerge from this analysis, which are explored applying insights from the qualitative information-gathering and consideration of the wider context of the RDPs.
- From these various sources and analyses, suggestions are made concerning the main points of interest and relevance for the forthcoming discussion and planning of new legislation on EU rural development within the CAP, beyond 2020.

This study was commissioned by the AGRI Committee of the European Parliament and was completed in May 2016. It has been led by the Countryside and Community Research Institute (CCRI) at the University of Gloucestershire, UK, working in partnership with the Thünen institute, Braunschweig, Germany; Red2Red Consultores, Madrid, Spain; CREA-INEA, Rome, Italy and INRA-CESAER Agrosup Dijon, France. The individual authors and analysts in each team are listed by name at the start of this document.

The study aimed to make an analysis of the spending choices of Member States and regions in respect of their Rural Development Programmes (RDPs), co-funded by the European Agricultural Fund for Rural Development (EAFRD), under Pillar 2 of the EU's Common Agricultural Policy (CAP). These seven-year programmes were intended to run from January 2014 to the end of 2020 but in reality, most were only approved late in 2015 so the majority will only be implemented fully in 2016 (five years to 2020).

The analysis has used a variety of official sources including the published RDPs themselves, the annexes to the relevant EU Regulations giving details on allocations, also the Partnership Agreements governing use of all EU funds within each Member State, as well as the series of

EU-factsheets and other materials produced by the European Network for Rural Development (ENRD).

In addition to data sources, the study has made use of some previous and related studies which are listed in the reference section at the end of the report. As well as this, a short questionnaire seeking qualitative information and expert opinion on the main priorities and drivers for RDP planning was circulated to selected experts in all the Member States in the first quarter of 2016 and generous responses were received from 24 Member States as well as from selected EU-level experts. Two informal meetings to exchange ideas and information were also held with experts at the ENRD, in February and April 2016.

The study team would like to express thanks to the officers from the European Parliament’s Policy Department AGRI who helped us considerably in respect of identifying useful and relevant supporting materials and suggesting ideas and themes for further analysis. We would also wish to thank all those experts who offered their time freely to complete and return the qualitative questionnaires. The analysis and views expressed in this study remain those of the authors alone, to whom any questions or comments should be directed.

2. CONTEXT: UNDERSTANDING RURAL DEVELOPMENT UNDER PILLAR 2 OF THE CAP, 2014-2020

KEY FINDINGS

- The new EAFRD Regulation represents an evolution in approach from the framework which applied in the previous programming period, with some simplifications in the detailed structure of measures but also some increased complexity due to a larger number of strategic objectives, each with specific 'focus areas' and greater flexibility in the choice of measures that can be used to achieve these. In addition, the Regulation itself sits within a broader 'superstructure' of other CAP and Structural Funds regulations which add a degree of complexity to its operation.
- The EU has moved towards a more strategic and integrated approach, focused on sustainable development. There is more emphasis in the current period upon using funding to meet identified needs in a co-ordinated way alongside other EU funding, and in justifying and tracking progress in respect of RDP indicators and targets.
- The EU resources initially allocated to the Member States (MS) for rural development were less than in 2007-2013 but because of the provisions for additional national financing, variable cofinancing rates and the possibility of fund-switching between CAP pillars, the end result is a small increase in nominal terms compared to the total allocation in the previous programming period. However, there are significant 'winners' and 'losers' among individual Member States and regions in respect of how RDP budgets differ from the old to the new period, and also in changed relationships with Pillar 1 funding and with the other EU Structural Funds. It is the interplay of these factors which shapes many of the choices made.
- New elements under 2014-2020 RDPs include a broader approach to cooperation, the incorporation of risk management from its former position within CAP Pillar 1, and the European Innovation Partnership. Some other measures have been slightly modified or re-defined, and the early retirement measure has been removed along with measures previously specific to new member countries. New rules and the new legislative architecture increased the complexity of RDP design and administration.

2.1. Overview: the new approach to Pillar 2 Rural Development

In the new programme period 2014-2020, there is new rural development legislation within the Common Agricultural Policy: the EAFRD Regulation (EU) No 1305/2013, and Regulation (EU) No 1303/2013 which governs all the EU Structural (ESIF) Funds for regional, social, rural and fisheries aid. In the new EAFRD Regulation, there is some combining and reformulation of aids, by comparison with the previous EAFRD (2006), also some new items and some ending or modification of old items. The Regulation sits within a reformed CAP (figure 1).

The previous four-Axis focus within the EAFRD is replaced with six Strategic Priorities, which are nested within a higher level of 11 thematic objectives governing all EU structural fund programmes.

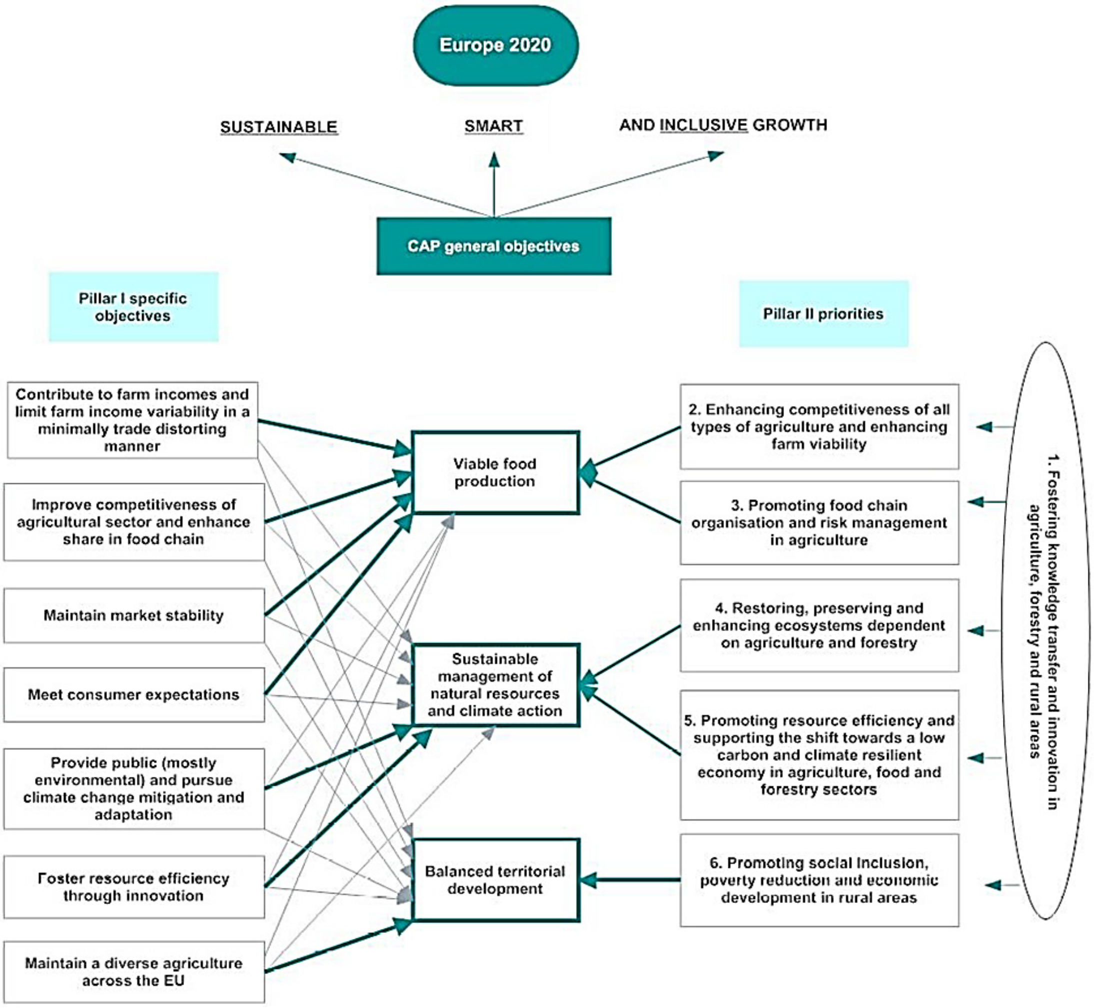
The six Strategic Priorities for EU rural development are:

1. Fostering knowledge transfer in agriculture and forestry, focused on promoting human capital and smart networking; fostering innovation and the knowledge base; and strengthening the links between the sectors and research and development.
2. Enhancing competitiveness of all types of agriculture and enhancing farm viability, with a focus on: restructuring of farms facing major structural problems, with a low degree of market participation, and farms in need of agricultural diversification; also facilitating generational renewal in the agricultural sector.
3. Promoting food chain organisation and risk management in agriculture: integrating primary producers into the food chain through quality schemes, promotion in local markets and short supply chains, producer groups and inter-sectoral organisations.
4. Preserving and enhancing ecosystems dependent on agriculture: preserving biodiversity and landscapes; improving water and soil management.
5. Promoting resource efficiency and the transition to a low carbon economy in the agriculture and food sectors, increasing efficiency in water use; energy use; supply and use of wastes, residues and other non-food raw material for the bio-economy; reducing nitrous oxide and methane emissions from agriculture; and fostering carbon sequestration in agriculture and forestry.
6. Realising the jobs potential and the development of rural areas, facilitating diversification and job creation; promoting social inclusion and poverty reduction; and fostering local development in rural areas.

Whilst organised around these priorities[2], RDPs must also contribute to the cross-cutting objectives of innovation, environment and climate change mitigation and adaptation.

[2] Programmes may address fewer than six priorities if justified.

Figure 1: Reformed CAP architecture, 2014-2020



Source: ENRD, undated

These six Strategic Priorities are sub-divided into 18 Focus Areas (typically 2-4 Focus Areas per Strategic Priority), each with more specific objectives (Table 1).

Table 1: EAFRD Strategic Priorities and Focus Areas, 2014-2020

Priorities	Focus Areas
1: Knowledge transfer and innovation	A: Innovation, cooperation & developing knowledge
	B: Linking agriculture, food production & forestry to research & innovation
	C: Learning & vocational training
2: Competitiveness and viability	A: Improving the economic performance of farms
	B: Business development for young farmers
	C: Improving the economic performance of Forestry
3: Food chain organization	A: Improving food chain integration
	B: Risk management

Priorities	Focus Areas
4: Ecosystem management	A: Biodiversity
	B: Water management
	C: Soil erosion and management
5: Low carbon and climate resilience	A: Water efficiency
	B: Energy efficiency
	C: Renewable energy
	D: GHG Emissions reduction
	E: Carbon conservation and sequestration
	F: Improve forestry use (sustainability and technology)
6: Social inclusion, poverty reduction and economic diversity	A: Diversification, SME and job creation
	B: Local development
	C: ICT

Individual measures or sub-measures can be used to deliver one or more of the different FA and SP. The European 'menu' consists of 20 possible measures, which are further divided into sub-measures (Table 2, overleaf).

This generates a matrix of funding choices by measures and sub-measures (y-axis) and by FA/SP (x-axis), for each RDP (see Table 3).

Table 2: Illustration of relationship between strategic objectives, focus areas, measures and sub-measures in RDPs 2014-2020

	Strategic priority					
Measure	**2, Focus Areas**			**3, Focus Areas**		**4, etc.**
and sub-measures:	2A	2B	2C	3A	3B	4A
Measure 1 knowledge transfer						
Sub-measure 1.1 training		X	X		X	X
Sub-measure 1.2 demonstration	X			X		

X denotes where some funding for these purposes is planned, for a hypothetical RDP

Table 3: List of Measures and sub-measures in EAFRD, 2014-2020

Measure	Sub-measure for programming purposes	Code
1. Knowledge transfer and information	vocational training and skills acquisition actions	1.1
	demonstration activities and information actions	1.2
	short-term farm and forest management exchange as well as farm and forest visits	1.3
2. Advisory services, farm management and relief services	to help benefiting from the use of advisory services	2.1
	the setting up of farm management, farm relief and farm advisory services as well as forestry advisory services	2.2
	training of advisors	2.3
3. Quality schemes for agri-products and foodstuffs	new participation in quality schemes	3.1
	information and promotion activities implemented by groups of producers in the internal market	3.2
4. Investments in physical assets	investments in agricultural holdings	4.1
	investments in processing/marketing and/or development of agricultural products	4.2
	investments in infrastructure related to development, modernisation or adaptation of agriculture and forestry	4.3
	non-productive investments linked to the achievement of agri-environment-climate objectives	4.4
5. Natural disasters: restoring production potential and preventing damage	investments in preventive actions to reduce the consequences of natural disasters, adverse climatic events and catastrophies	5.1
	investments to restore agricultural land and production potential damaged by natural disasters, adverse climatic events and catastrophies	5.2
6. Farm and business development	business start up aid for young farmers	6.1
	business start up aid for non-agricultural activities in rural areas	6.2
	business start up aid for the development of small farms	6.3
	investments in creation and development of non-agricultural activities	6.4
	payments for farmers eligible for the small farmers scheme who permanently transfer their holding to another farmer	6.5
7. Basic services and village renewal in rural areas	drawing up and updating plans for the development of municipalities and villages in rural areas and their basic services and of protection and management plans relating to Natura 2000 sites and other areas of high nature value	7.1
	investments in creation, improvement or expansion of all types of small scale infrastructure, including investments in renewable energy and energy saving	7.2
	broadband infrastructure, including creation, improvement and expansion, passive infrastructure and access to broadband and public e-government	7.3
	investments in setting-up, improving or expanding local basic services for the rural population including leisure and culture, and related infrastructure	7.4
	investments for public use in recreational infrastructure, tourist information and small scale tourism infrastructure	7.5
	studies/investments for the maintenance, restoration and upgrading of the cultural and natural heritage of villages, rural landscapes and high nature value sites including related socioeconomic aspects and environmental awareness actions	7.6
	investments targeting the relocation of activities and conversion of buildings or other facilities located inside or close to rural settlements, to improve the quality of life or increase the environmental performance of the settlement	7.7
	Others	7.8
8. Investments in forest area development and improvement of the viability of forests	afforestation/creation of woodland	8.1
	establishment and maintenance of agro-forestry systems	8.2
	prevention of damage to forests from forest fires and natural disasters and catastrophic events	8.3
	restoration of damage to forests from forest fires and natural disasters and catastrophic events	8.4
	investments improving the resilience and environmental value of forest ecosystems	8.5
	investments in forestry technologies and in processing, mobilising and marketing of forest products	8.6

Measure	Sub-measure for programming purposes	Code
9. Setting up of producer groups and organisations	setting up of producer groups and organisations in the agriculture and forestry sectors	9
10. Agri-environment-climate	agri-environment-climate commitments	10.1
	conservation and sustainable use and development of genetic resources in agriculture	10.2
11. Organic farming	payment to convert to organic farming practices and methods	11.1
	payment to maintain organic farming practices and methods	11.2
12. Natura 2000 and Water Framework Directive payments	compensation payment for Natura 2000 agricultural areas	12.1
	compensation payment for Natura 2000 forest areas	12.2
	compensation payment for agricultural areas included in river basin management plans	12.3
13. Payments to areas facing natural or other specific constraints	compensation payment in mountain areas	13.1
	compensation payment for other areas facing significant natural constraints	13.2
	compensation payment to other areas affected by specific constraints	13.3
14. Animal welfare	payment for animal welfare	14
15. Forest-environmental and climate services and forest conservation	payment for forest-environmental and climate commitments	15.1
	the conservation and promotion of forest genetic resources	15.2
16. Cooperation	establishment and operation of operational groups of the EIP for agricultural productivity and sustainability	16.1
	pilot projects and for the development of new products, practices, processes and technologies	16.2
	cooperation among small operators organising joint work and sharing facilities and resources, and developing and marketing tourism	16.3
	horizontal and vertical cooperation among supply chain actors for the establishment and development of short supply chains and local markets and promotion activities in a local context relating to this development	16.4
	joint action undertaken to mitigate or adapt to climate change and joint approaches to environmental projects and ongoing environmental practices	16.5
	cooperation among supply chain actors for sustainable provision of biomass for food and energy production and industrial processes	16.6
	non-CLLD strategies	16.7
	drawing up of forest management plans or equivalent instruments	16.8
	diversification of farming activities into health care, social integration, community-supported agriculture and education about the environment and food	16.9
	Others	16.10
17. Risk management	crop, animal and plant insurance premium	17.1
	mutual funds for adverse climatic events, animal and plant diseases, pest infestations and environmental incidents	17.2
	income stabilisation tool	17.3
18. Complementary direct payments for Croatia	financing of complementary national direct payments for Croatia	18
19. Support for LEADER local development (CLLD)	preparatory support	19.1
	support for implementation of operations under the CLLD strategy	19.2
	preparation and implementation of cooperation activities of the local action group	19.3
	running costs and animation	19.4
20. Technical assistance	technical assistance (other than NRN)	20.1
	support for establishing and operating the NRN	20.2

By comparison with what went before, we highlight five main features.

a. **The EAFRD 2015-2020 has offered Managing Authorities greater flexibility in the selection of RDP funding measures** with which to pursue the common goals of rural development within their territories. Focus Areas encourage Managing Authorities to consider *more detailed purposes* of aids for each EU strategic priority but there is no longer an assumption that a particular measure must serve only one main priority.

b. **New measures for risk management and for the stimulation of innovative approaches via the European Innovation Partnership (EIP) have been introduced** into the menu, while the co-operation measure has been significantly expanded in scope, and the LEADER approach has been 'freed' from 2007-2013 mainstreaming conditions which constrained its local flexibility (Dax et al, 2016; ENRD 2011)[3], as well as moving to a 'multi-fund' model, able to draw funding from all main ESI Funds. Some other measures have altered in scope or approach, with more focus on small farms and climate action, new definitions for marginal areas receiving targeted support, and the extension of some land management measures to non-farming as well as farming beneficiaries.

c. **Overall, the range of possible uses of Rural Development funding remains similar to that offered in the previous programming period**, but the total number of measures has reduced, mainly by regrouping former measures as sub-measures or merging measures' purposes into a single, more broadly-defined measure (although organic farming support is newly separated from other measures, in an opposite move). Conversely, the level of detail now specified for sub-measures is greater than that which applied previously to many measures (see table 2).

d. **Through the new Common Strategic Framework, RDP planning has been required to co-ordinate closely with Member States' programming of other EU funds**, notably the European Regional Development Fund (ERDF) and European Social Fund (ESF) as well as fisheries funding (EMFF). This may have encouraged a more disciplined and strategic approach to inter-fund co-ordination and complementarity than previously but much depends upon the quality of communication processes at MS level.

e. **The procedures and more detailed specification for RDP preparation, justification and target/indicator-setting for 2014-2020 presented a more significant administrative and political challenge to many Managing Authorities** than the requirements of the previous programming period and process. This has for some required significant investment in increased stakeholder involvement, and expansion and technical development of the RDP evidence base. Also, via the establishment of a new performance reserve and performance review, the EAFRD has a capacity to reward what is judged 'good practice' in RDP implementation, by additional release of resources part-way through the programme period.

[3] In the 2007-2013 period LEADER Local Action Groups (LAGs) could only fund pre-specified EAFRD measures plus cooperation projects and running costs, whereas for 2014-2020 LAGs can fund any actions supporting EU funding goals and the LAG strategy, using multiple EU funding sources.

2.2. The wider context: CAP resources and architecture

The total EU funds available for the CAP for the 2014-2020 period showed a significant decrease by comparison with the previous funding period (2007-13).

For Pillar 1, allocations led to significant money shifting in stages from old Member States to new Member States (convergence). As a result, there are winners and losers at Member States level but the changes are generally less than was initially proposed by the Commission (see table 5, end of chapter).

For Pillar 2, the allocation of EU rural development funds among Member States was decided on the basis of 'objective criteria and past performance'. However, as a result of discussion in Council, 16 countries received *ad hoc* allocations, subject to a co-financing rate of 100% at least for the initial three years. The financial resources involved in these allocations, in total EUR 5,556 million, are from the overall EU allocation to rural development policies. While the resulting allocation of rural development funds to Member States was provided in Regulation (EU) No 1305/2013 and co-financing rates determined therein, further modifications at MS level were also made possible through a fund-switching mechanism and through national top-up funding (with no EU co-financing).

The following information draws from the CREA/INEA CAP pillar 1 study for the Parliament (Henke et al, 2015). Overall, the *initial* Pillar 2 funding allocation was reduced compared to its level in 2007-13, at EUR 95.6 billion (in current prices) for 28 Member States (previously only for 27)[4]. Following negotiations in Council, there were winners and losers at MS level. For many of the longstanding EU MS, Pillar 2 funds increased from previous levels, whereas in new MS some reduced significantly and some grew. Pillar 2 remains an important element in the total CAP support available to the new MS, but by a smaller ratio compared to Pillar 1 than was the case in 2007-2013. Four of the old MS initially saw reductions in Pillar 2 budgets, and their Pillar 2 allocations remained smaller than Pillar 1.

The legislation provided a new and more multi-goal set of instruments in Pillar 1, by comparison with the pre-2014 situation. Some support is categorised as remaining 'coupled aid'. For area-based payments, the regulations require the registration of land under a new system and offer a special, simplified support scheme for very small farms. For all other farms, the new system requires them to claim area payments in at least 2 tiers: a simple area payment (60% of the total) with cross-compliance; and a 30% top-up payment on condition that they undertake 'greening' measures – crop diversification, maintenance of permanent pastures and ecological focus areas (organic farms automatically qualify).

Member States made their own decisions as to the minimum farmed area per claimant that is eligible for direct payments. As national 'envelopes' for pillar 1 aids are fixed in advance, the effect of classifying new land as eligible for CAP funding is to reduce the average payment per hectare of all eligible land. However, such land is then also eligible for CAP pillar 2 payments such as less-favoured area support and agri-environment aids. Pillar 1 provisions also enabled Member States to allocate up to 2% and 5% top-ups, respectively, to area aid for young farmers or Less Favoured Areas (now 'Areas facing Natural Constraints', ANCs).

[4] Note that this amount changed significantly as a result of the modifications described in the subsequent paragraphs – the final outcomes are shown in table 4.

Member States could also choose to switch funding between pillars. All MS could transfer up to 15% of financial resources from direct payment (Pillar I) to rural development measures (Pillar 2). And MS with an average direct payment per hectare below 90% of the EU average were allowed to transfer 10% of their allocation in the EAFRD (Pillar 2) to direct payments (Pillar 1). 11 Member States decided to move financial resources from Pillar I to Pillar 2 (Flanders, Czech Republic, Denmark, Germany, Estonia, Greece, France, Latvia, Netherlands, Romania, United Kingdom excluding Northern Ireland), while 5 Member States moved resources from Pillar 2 to Pillar I (Croatia, Hungary, Malta, Poland, Slovakia). Thus the funding devoted to RDPs in each Member State (and in some countries, in each region) may differ significantly from the original EAFRD allocation. And for 2014-2020, the total EU funds for rural development are three per cent larger than in 2007-2013, in current prices.

Table 4: Allocations to RDPs, total EU funds (EUR, current prices), EU-28

Member State	Total EU funds for EAFRD 2007-2013 Final allocation	Total EU funds for EAFRD 2014-2020 After transfers	Change, 2007-2013 to 2014-2020
Belgium	487,484,306	647,797,759	**33%**
Bulgaria	2,642,248,596	2,366,716,966	**-10%**
Czech Republic	2,857,506,354	2,305,673,996	**-19%**
Denmark	577,918,796	918,803,690	**59%**
Germany	9,079,695,055	9,445,920,050	**4%**
Estonia	723,736,855	823,341,558	**14%**
Ireland	2,494,540,590	2,190,592,153	**-12%**
Greece	3,906,228,424	4,718,291,793	**21%**
Spain	8,053,077,799	8,297,388,821	**3%**
France	7,584,497,109	11,384,844,249	**50%**
Croatia	Not then in the EU	2,026,222,500	**-**
Italy	8,985,781,883	10,444,380,767	**16%**
Cyprus	164,563,574	132,244,377	**-20%**
Latvia	1,054,373,504	1,075,603,782	**2%**
Lithuania	1,765,794,093	1,613,088,240	**-9%**
Luxembourg	94,957,826	100,574,600	**6%**
Hungary	3,860,091,392	3,430,664,493	**-11%**
Malta	77,653,355	97,326,898	**25%**
Netherlands	593,197,167	765,285,360	**29%**
Austria	4,025,575,992	3,937,551,997	**-2%**
Poland	13,398,928,156	8,697,556,814	**-35%**
Portugal	4,059,023,028	4,058,460,374	**0%**
Romania	8,124,198,745	8,127,996,402	**0%**
Slovenia	915,992,729	837,849,803	**-9%**
Slovakia	1,996,908,078	1,559,691,844	**-22%**
Finland	2,155,018,907	2,380,408,338	**10%**
Sweden	1,953,061,954	1,763,565,250	**-10%**
United Kingdom	4,612,120,420	5,195,417,491	**13%**
Total EU	96,244,174,687	99,343,260,365	**3%**

Source: European Commission, 2016

A final consideration in respect of the resources available to RDPs within the Member States is the provision for co-financing of aids at different rates, according to the specific circumstances of territories and/or beneficiaries, and permission for additional national financing – so-called 'top ups' to increase the resources available to specific measures or territories within the RDP, which may actually be funded using national or regional funds.

2.3. Pillar 2 changes in detail

Key changes

- The six new strategic priorities for rural development are slightly different from the previous three goals applying for the 2007-2013 period, which covered farm and forestry competitiveness, environmental management, and economic diversification and quality of life. In particular, the new priorities add climate change adaptation and mitigation, knowledge and innovation, and tackling rural poverty and social exclusion.
- The new programmes could be made up of a number of more focused 'sub-programmes' tackling specific themes or challenges, if MS so chose.
- There is a new EU-wide approach fostering 'European Innovation Partnerships' (EIPs), supporting links between research and land-based sectors, to tackle rural challenges.
- The LEADER approach under the new Regulation offers more flexibility in how funding is used, compared to the 2007-13 period when many MS restricted the range of measures available to LEADER groups. Also, the approach has been potentially extended beyond rural areas via contributions by other EU Funds to Community Level Local Development (CLLD), following a multi-fund approach. There are also new measures to promote capacity building in relation to CLLD delivery approaches.
- Some new measures are added including risk management aids and support for new forms of co-operation. Changes are made to longstanding measures such as the early retirement measure which is replaced by a measure targeting generational transfer in small and semi-subsistence farms, a new area definition is foreseen for Areas facing Natural Constraints (replacing the former LFAs) and some of the measures which specifically targeted new MS in 2007-2013 have been removed (e.g. meeting EU standards). Some measures previously restricted to farmers have been made more widely applicable.

The common requirements are that all RDPs must be consistent with the new strategic priorities of EU RD policy; that they must be developed in partnership with stakeholders; and that they must adopt the multi-annual programming approach as first established under the Agenda 2000 reform. The agri-environment-climate measure remains, as before, the only compulsory measure within the main menu, but the requirement to spend at least 25% of programme funds on this and other measures for 'environmental land management' has been altered so that in future a 30% minimum applies to the combined budget of all land management measures pursuing benefits for biodiversity, water and climate change mitigation/adaptation. Finally, the LEADER approach remains an obligatory element in programmes, for all Member States, with a minimum RDP allocation of 5%[5].

RDP measures and goals

The new EAFRD regulation reduced the previous 30-plus measures for RD into 20, but without losing any of the functionality of the previous list. Many measures are more broadly defined than previously, while some are combinations of two previous measures which had considerable overlap (e.g. village renewal and basic rural services). While measures are no longer placed in 'axes', their titles give a clear indication of the kinds of strategic goal (some single, some multiple) for which each may be best suited.

[5] This represents no change in minimum share of spending for longstanding Member States but for those that joined the EU in 2004 or 2007 it represents an increase compared to the minimum operating in 2007-2013, of 3%.

When programming measures against objectives, the EC has required Managing Authorities to define '**sub-measures'** wherever a single measure is used in different ways for different purposes (for instance, in pursuit of a specific Focus Area) so that the Commission can monitor the precise performance of each **measure** in its specific FA and SP context. So, for example, Measure 4, physical investment aid, has 4 sub-measures related to farm modernisation, adding value, agricultural infrastructure, and non-productive capital investments for environmental purposes. In 2007-2013 these were all separate measures. Measure 6 combines 5 sub-measures that were previously individual measures. However, other sub-measures have been delineated from single or recombined measures that were previously less divided in the former RDPs, such as co-operation and village renewal. Altogether, the 20 measures have 66 sub-measures for use by Managing Authorities, with one measure only relevant to Croatia (M18, additional direct payments).

In respect of financial allocations, Managing Authorities divide up their EU allocations and add co-financing to each measure/sub-measure in accordance with the rates as specified in the implementing regulations, which vary between measures and between certain pre-defined categories of beneficiary or territory (e.g. higher rates for young farmers or those in peripheral regions). However, where funding is transferred into rural development from Pillar 1 allocations, it does not require Member State (public) co-financing. In addition, Member States can provide 'additional national financing' to increase the resources available to particular measures and priorities, over and above what they are allocated from the EU budget and what they may choose to transfer from Pillar 1. Where this is the case, such financing is tabled separately in each RDP. This generates potentially three separate types of funding for measures: EAFRD-allocated funds with MS co-financing; wholly EU funds transferred from EAGF; and additional national funds (national 'top-ups').

Partnership Agreements

New Regulation (EU) No 1303/2013 lays down common provisions for all structural funds (ERDF, ESF, Cohesion Fund, EAFRD and EMFF), and brings all under a Common Strategic Framework (CSF) at EU level, transposed at national level into a Partnership Agreement (PA). The CSF and PA provide opportunities for coordination and integration and represent 'fundamental institutional innovations in the new EU policy framework' (Mantino, 2012).

The PA is designed to translate the Europe 2020 objectives into eleven thematic objectives and then into the stated priorities for each fund, at national level. The PA should identify the linkages between the Europe 2020 objectives and the six EAFRD priorities. It should also identify the main indicators and quantify relevant targets to be met at the end of the 2014-2020 programming period, as well as 'milestones' to achieve in 2018, for each EAFRD priority, so as to assess progress over time and allocate a 6% performance reserve.

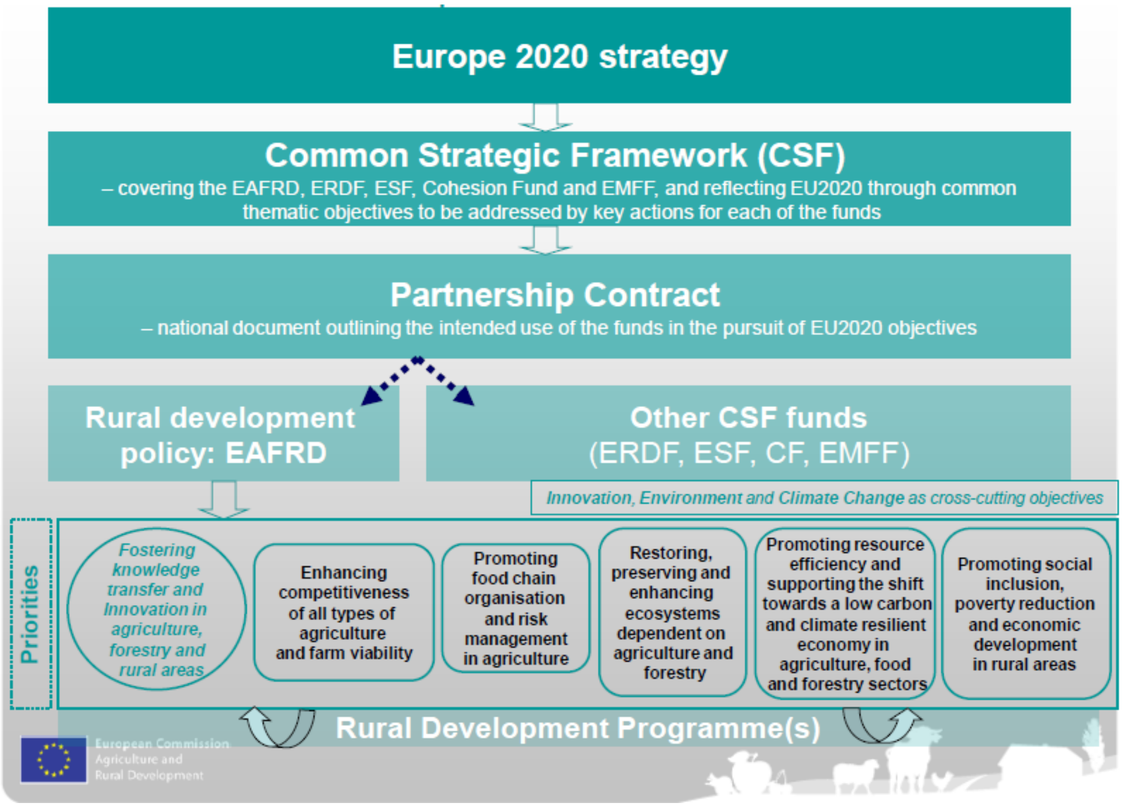
The PA must define how an integrated approach will be adopted in urban, rural, coastal and fishing areas. This also includes implementation rules for community-led local development initiatives, including the LEADER approach in rural areas. The CSF and PAs are meant to improve the co-ordination of funds in all countries, giving national governments new responsibilities in coordinating the separate programmes for each Fund. In Mantino's (2012) expert opinion, **the PA will play an important co-ordinating role only if a series of governance conditions are fulfilled**:

a. The PA document must allow for specific MS needs, and provide flexibility for local implementation - this requires major effort from MS in programming design;

b. Member States and regions must set up efficient institutional arrangements for coordination during implementation, between funds and policies, to avoid double funding but equally important, to promote synergistic use of funds and avoid gaps;

c. This system can only really be effective if all significant national and regional policies are also taken into account, in planning the general policy framework.

Figure 2: The overarching framework for EU structural funding, 2014-2020



Source: European Commission, 2015

2.4. Changes to Pillar 2 measures with implications for delivery

For many measures in the new regulation, their flexibility has increased. So, for example in respect of payments for knowledge transfer (formerly training measure 111), eligible items include training by farmers for farmers, farmers working in groups, making visits to learn from others in other countries, using capital to provide equipment for certain kinds of training (e.g. processing produce on-farms), demonstration events and sites. These expand the scope of former measure 111. In respect of payments for land management, it is explicitly stated that these can, in appropriate circumstances, be paid to people other than farmers, where that is clearly beneficial to the environment. This offers new potential to set up associations to undertake environmental tasks on behalf of farmers, in order to manage the work more effectively. Such associations may have farmer and non-farmer members. The new Regulation also enables the use of financial instruments (e.g. loans instead of grants) and simplified cost options for setting rates of aid for capital grants.

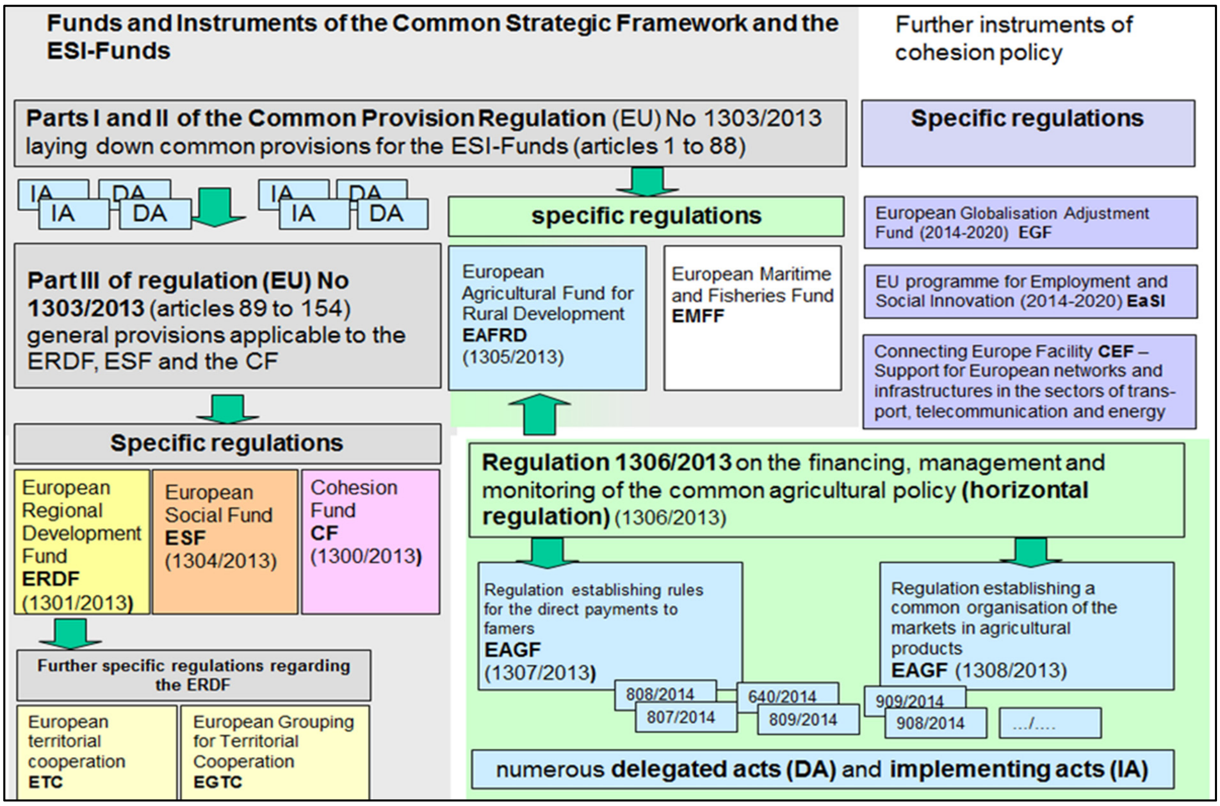
New risk management measures in Pillar 2 are similar to approaches that were available to Member States under Pillar 1 of the CAP in 2007-2013. They enable funding to establish farm insurance schemes or mutual funds to pay compensation to farmers affected by severe falls in income due to unforeseen events during the production cycle, including climate or market-related shocks. In most cases, approaches imply the involvement of financial institutions to administer measures. A detailed analysis of the measures is made in Bardaji et al. (2015).

Measures in the new EAFRD give more opportunities for the creation and support of collective solutions, offering aid for getting people together to plan and agree what needs to be done, supporting group action with additional payment to cover the costs of collaborating, and management by collective as well as individual beneficiaries. The new co-operation measure is far broader than the co-operation measure in 2007-2013 and has ten sub-measures including co-operation for sector competitiveness, environmental management and broader rural development.

The new *European Partnership for Innovation (EIP)* is designed to address goals of the EU2020 strategy for smart and sustainable growth. Managing Authorities are encouraged to establish new partnerships to bring together research, extension and farming and forestry actors to address key challenges requiring 'state of the art' science to generate innovative solutions. A prize will be awarded at EU level to the most successful partnerships, part-way through the programme period, and a new EU-EIP network supports groups and promotes innovation across territories.

Notwithstanding these changes which should, *inter alia*, increase the options available to Managing Authorities, **the new system introduces considerable additional complexity in administrative and control systems, as well as monitoring**. New requirements from the ESIF regulation, the horizontal regulation, state aid provisions, the EAFRD and several implementing acts and delegated regulations create a complex structure (Figure 3).

Figure 3: The complex legislative architecture of RDP design and delivery[6]



Source: TI team, 2016

[6] Note: this diagram does not incorporate all delegated and implementing acts to the Regulations, which add further detail to scope and implementation: e.g. 807/2014; 808/2014; 2015/2014.

This structure was demanding for the RDP programming process and remains demanding for implementation. In places the provisions are more rigid (e.g. on spot controls and sanction management) and will probably cause a significant increase in costs. As a result, the work-load upon Managing Authorities and Paying Agencies becomes a critical factor in effective implementation. In turn, this may have influenced RDP design in a negative way, for instance discouraging the use of a sufficiently wide range of measures or avoiding using measures for non-standard Priorities/FA, or tailoring measures to local circumstances.

2.5. Potential impact of Pillar 1 changes and wider context

The changes to Pillar 1 resulting from the CAP 2013 reforms have probably had some impact upon Pillar 2 choices. The introduction of 'greening' implies modifications to many of the agri-environment schemes within RDPs, in order to avoid double-funding. Expanded options for Pillar 1 coupled support could lead some Member States to opt for this approach to target particular sensitive sectors or issues rather than using Pillar 2, as the former does not require national co-financing. And perhaps most crucially, where MS have reduced Pillar 1 direct payment allocations, they may use Pillar 2 funding in similar ways, to compensate.

Increased options within Pillar 1 to support young farmers and target support to marginal areas could imply reduced use of these options under Pillar 2, if MS choose to use Pillar 1 instead – although in fact, only Denmark appears to have used Pillar 1 for marginal areas. For regions in Italy where risk management measures were previously funded under Pillar 1, they now form a new national Italian RDP 2014-2020, retaining the same uniform approach as was applied in 2007-2013. Given the significant budgetary shifts between pillars occurring in many MS, different strategic choices between funding certain items from Pillar 1 or Pillar 2 may have been made, compared to 2007-2013. Also, for countries whose Pillar 2 budget has reduced significantly, some may have replaced EAFRD-funded measures with national policy instruments pursuing similar goals, outside the EU framework.

Over the past decade, many MS in Europe have faced significant economic difficulties and challenges. As a result there may be regions and Member States where governments are less willing or able to co-finance significant Pillar 2 programmes than they were before. In turn, it could be difficult to implement programmes which envisage significant investment where public funds have to be matched by capital raised from private sources. Nonetheless, the need for RDP resources may, in many such cases, have increased.

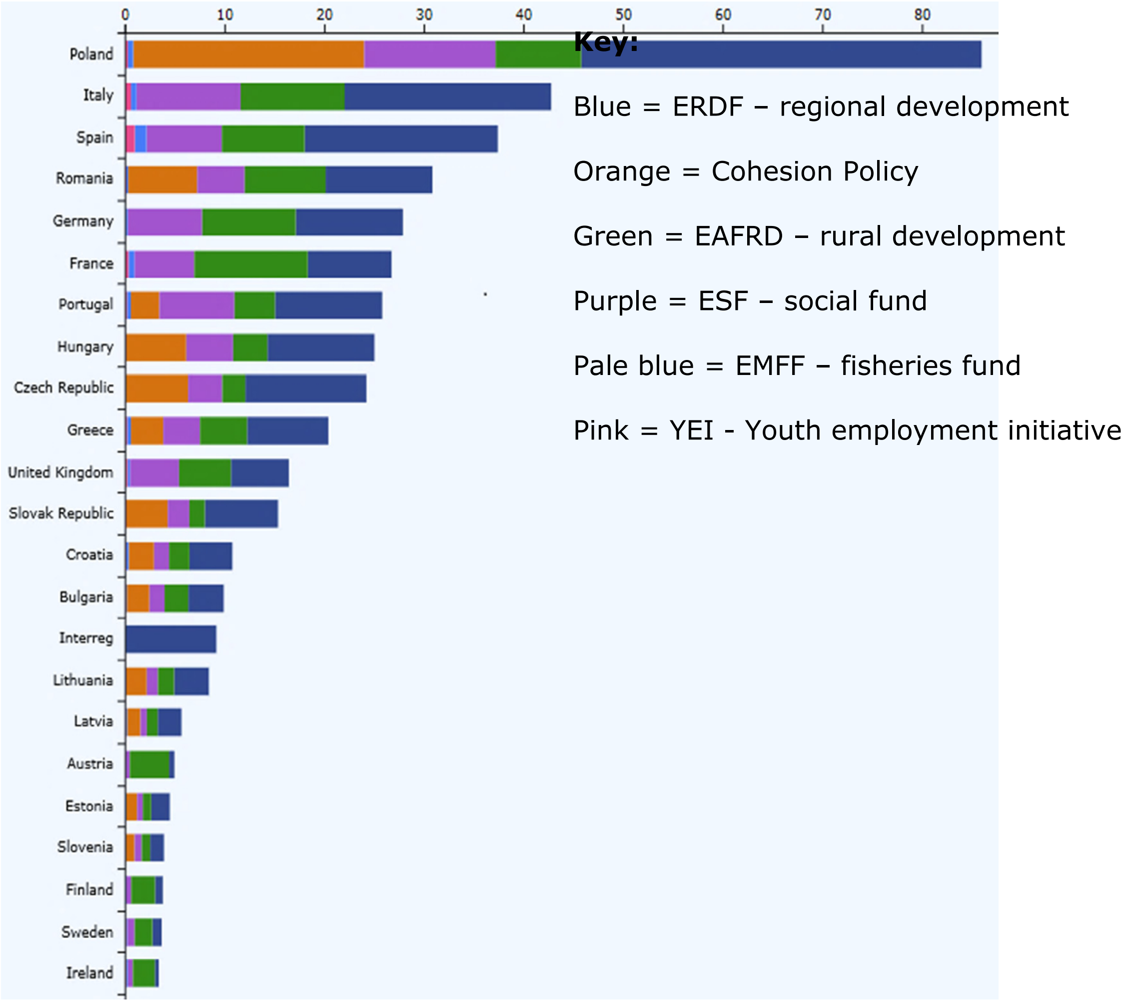
2.6. Partnership agreements and the multi-fund balance

An analysis of the allocation of EAFRD funding between the eleven thematic objectives of the Partnership Agreements has been made, for all Member States (Map 1). Note that these figures were agreed prior to the detailed consultation and agreement of RDPs. As a result, the final amounts allocated may have changed since the PA were published. Nonetheless, they give an interesting illustration of Member States' early planning in respect of EAFRD allocation. Strong emphasis in both Finland and UK on environmental protection is evident, while agricultural and SME competitiveness features particularly in the PA of Poland, Spain and Italy. Climate has a high priority in Austria, Czech Republic and to some extent in France and Sweden. A low-carbon economy appears strongly promoted in Ireland and Cyprus, while Germany, Bulgaria and Romania give higher than average priority to combating rural poverty and social exclusion. We return to these patterns in Chapter 3 and 4.

Another important contextual factor in understanding choices of MS is the relative scale of EAFRD funding compared to other EU funds: both Pillar 1 CAP funds, and the ESIF funds

(ERDF, ESF and EMFF in particular). The figure below and table 5 overleaf show these balances. We return to the influence of these figures in subsequent analysis but key elements to note are those MS that see a significant decline in CAP Pillar 1 aid, compared to 2007-2013, and those MS where EAFRD is both a significant share of the CAP in their territory, and also a significant component of their ESIF funding, in 2014-2020.

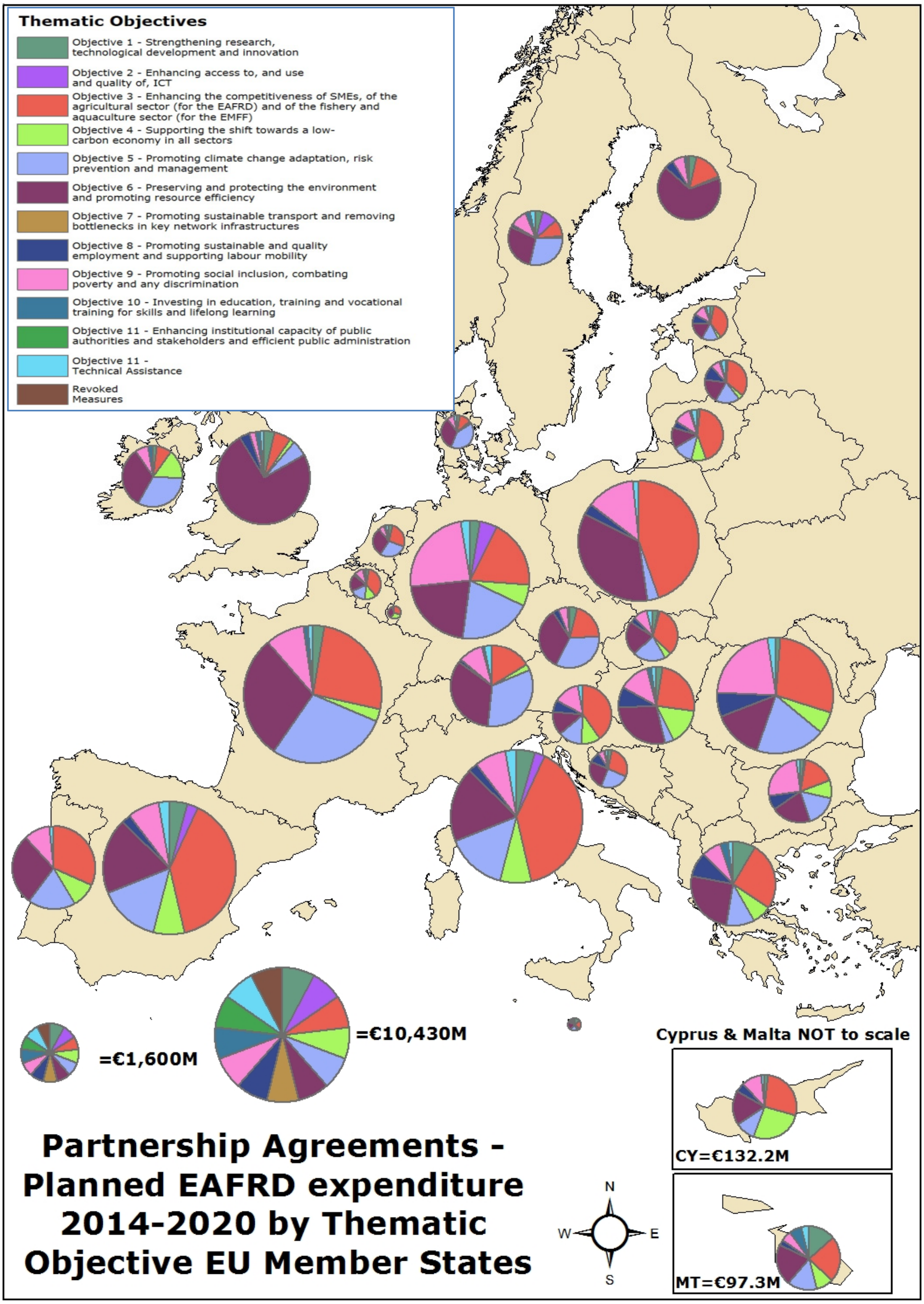
Figure 4: ESIF EU Funding Allocations by Member State, 2014-2020 in EUR billions



Source: https://cohesiondata.ec.europa.eu/overview

As can be seen, those MS for which EAFRD represents a notable share of total ESIF include France, Austria, Finland, Sweden, Ireland and Denmark, but the scale of these funds is very small for Denmark by comparison with its level of GDP whereas for all the others in this group, it is more significant.

Map 1: EAFRD national allocations to the 11 ESIF Thematic objectives, 2014-2020



For MS with a significant decrease in Pillar 1 funding between 2007-2013 and 2014-2020, there may be an incentive to seek to focus Pillar 2 funding on measures which offer broad support to the farm sector, such as ANCs or relatively 'broad and shallow' kinds of AECM.

Table 5: CAP Pillar 1 and Pillar 2 funding, by Member State, in '000 EUR

Member State	Pillar1 national ceiling[7]* in 2019	% change Pillar1 from 2007-2013 to 2014-2020	Average RDP/year, 2014-2020 after national adjustment**	Approximate Pillar2 as % of CAP total***
Belgium	481900.0	-21.63	92.54	0.02
Bulgaria	792500.0	36.61	338102.4	29.90
Czech Republic	856700.0	-5.78	329382	27.77
Denmark	818300.0	-21.99	131.25	0.02
Germany	4792600.0	-18.12	1349417	21.97
Estonia	143900.0	42.19	117.62	0.08
Ireland	1211000.0	-9.69	312941.7	20.54
Greece	2022400.0	-8.76	674041.7	25.00
Spain	4953100.0	-3.62	1185341	19.31
France	7189500.0	-15.63	1626406	18.45
Croatia	316200.0	n/a	289460.4	47.79
Italy	3702400.0	-15.28	1492054	28.72
Cyprus	48600.0	-9.16	18.89	0.04
Latvia	279800.0	90.99	153657.7	35.45
Lithuania	517000.0	36.02	230441.1	30.83
Luxembourg	33400.0	-9.97	14.36	0.04
Hungary	1273900.0	-3.42	490094.9	27.78
Malta	5200.0	1.96	13.90	0.27
Netherlands	700800.0	-21.94	109.32	0.02
Austria	691700.0	-7.97	562507.4	44.85
Poland	3430200.0	12.67	1242508	26.59
Portugal	599400.0	-1.09	579780	49.17
Romania	1903200.0	50.51	1161142	37.89
Slovenia	134300.0	-6.87	119.69	0.09
Slovakia	448700.0	15.58	222813.1	33.18
Finland	524600.0	-8.05	340058.3	39.33
Sweden	699700.0	-9.24	251937.9	26.47
United Kingdom	3200800.0	-19.74	742809.4	18.84
Total EU	41771800.0	-7.30	14,192,501	25.36

All data sourced from CREA study, Henke et al, 2015 (tables 1.5 and 1.6)

* Allocation revised in the light of transfer between pillars, transfer to RDPs of amounts from degressivity/capping and national implementation (the latter as in Regulation (EU) no. 994/2013)

** Figures in table 4 divided by 7, to indicate average levels of annual spending over the period

*** Figures calculated by dividing the RDP/year figure in column 2 by the sum of columns 2 and 4, for each MS

[7] Note: this includes **all Pillar 1 expenditures**, including Pillar 1 decoupled direct payments, remaining coupled aids and specific support for young farmers, ANCs and other targets. The proportion of this ceiling that is devoted to decoupled area payments varies from 12% in Malta to 68% in the UK.

3. COMPARATIVE ANALYSIS BY MEMBER STATE

KEY FINDINGS

- The general pattern of allocations to priorities in the 2014-2020 period shows a predominance of spending on environmental protection and on enhancing competitiveness in farming and forestry. Less funding is devoted to broader rural development, on average. Among the focus areas, competitiveness of farms is strongly favoured, as are the focus areas for ecosystem management under Priority 4.
- The most popular measures in 2014-2020 are physical investments, areas facing natural constraints (ANCs), and agri-environment-climate measures (AECMs). Their relative importance varies by Member State and some key geographical axes of variation in priorities can be seen, with north-western MS prioritising AECM, some countries and regions distant from central EU markets prioritising ANCs and eastern and some southern MS prioritising physical investments.
- Comparing the planned spend for 2014-2020 with realised expenditures[8] in the 2007-2013 period, there is considerable continuity in priorities and patterns. Notable exceptions include a good take-up of the new measure for cooperation, increased spending on LEADER and otherwise, a relative decline in funding for broader rural development measures. Many programmes have focused funds more strongly on a smaller range of measures and this seems to be for both strategic and administrative efficiency reasons.
- The main reasons for changes between periods are felt to be linked to changing politics at local level, fear of audit, and learning lessons from poor uptake of some measures in the past. Many experts report increased influence from the European Commission and/or stakeholder groups – the former in respect of climate and environmental measures in particular, the latter more often in respect of investment aids. Compensation for cuts in Pillar 1 has been a driver for some RDPs to prioritise broad, area-based measures while limited administrative capacity and/or concerns about stricter audit and control have deterred some from using more numerous or complex measures within the RDPs. The risk management measure is not widely used and some report that financial instruments and simplified cost options are not seen as easy to use, so not widely incorporated. On the other hand, the co-operation measure is reported as a valuable stimulus to innovative planning and actions.

3.1. Introduction: Data sources and scope of analysis

The 2014-2020 data, which covers total public spending (i.e. EAFRD EU allocations plus national or regional co-financing, plus additional national expenditure) has been sourced from Member States' Partnership Agreements, and Managing Authorities' Rural Development Programme (RDP) plans as agreed by the European Commission in 2015. To compare with spending on RDPs in 2007-2013 with 2014-20 we have used the following:

- For the old period (2007-2013) we use data on the programmed expenditure based on estimates published on 30 January 2015. This enables us to incorporate actual and programmed expenditure for the whole period;
- For the new period (2014-2020) we use the total public expenditure inclusive of the national top-ups;

[8] As estimated in January 2015 annual reports by Member States to the Commission.

- Where we make comparisons between old (2007-2013) and new (2014-2020) periods we use total public expenditure without additional national funding (national top-ups), i.e. EAFRD funds plus co-financing and any funds switched between pillars for the new period (i.e. 2014-2020). This enables a more realistic comparison with the data from the previous programming period, which excludes additional national funding.

For the 2014-2020 period, there is a very small proportion of expenditure occurring from the RDP 2007-2013 programme – because some measures funded multi-annual commitments stretching beyond programme end-point which could not be incorporated into new measure spending (for early retirement, which is no longer an eligible measure).

In this section, two kinds of analysis are made:

1. Comparison of planned Member State expenditures by EU Strategic Priority, focus areas and measures, 2014-2020;
2. Comparison of allocations under RDPs 2014-2020 with RDP expenditures 2007-2013 (excluding national top-up) and analysis of changing priorities via a simple typology.

Chapter 4 gives an analysis of spending in the regional RDPs in Italy, Germany, Spain and mainland France, looking at current allocation of funding and considering change from previous programmes. Because France moved from a single RDP for the whole of mainland France in 2007-2013 to Regional RDPs in 2014-2020, its regional allocations cannot be strictly compared between periods so a qualitative approach is used to assess change.

3.2. Overview of proposed expenditure for RDPs 2014-2020

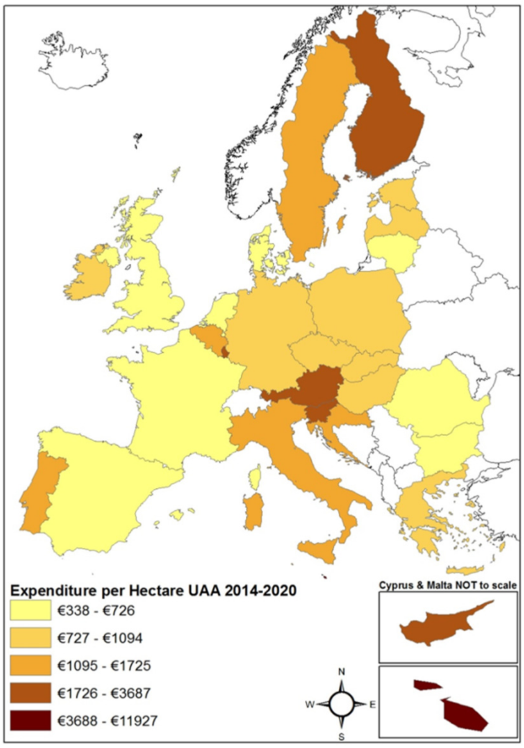
Four thematic maps provide an overview of **expenditure intensities** across the EU-28, for all the RDPs, 2014-2020. The maps use planned expenditures for Rural Development Programmes and statistics from Eurostat (using 2013 figures – the most recent available in January 2016). We have chosen to use denominators of spending intensity which are sector-specific – that is, RDP funds per hectare of farm land or per farm worker, rather than per hectare of rural territory or per rural worker - because it is not possible to adopt robust and meaningful denominators of 'rural' characteristics in the EU-28 which work well for all countries and regions. The great diversity of local situations render standardised measures of rurality (e.g. the OECD definitions of urban, intermediate and rural areas) insufficiently relevant to all Member States and regions, to reflect the territories that are recognised as rural in the RDPs[9]. By contrast, agriculture in the EU-28 has a robust and recognizable coincidence with rural areas (although agriculture's direct share of rural jobs and GDP is quite small, overall), and previous **studies suggest that the majority of RDP funds go to farmers**. For that reason, comparing relative funding by reference to farms and farmers has some relevance and may indicate interesting variance.

Map 2 illustrates total public expenditure per hectare of UAA (2013) by member state. The highest intensities are in Austria and Finland, then Sweden, Italy, Portugal, Malta and Cyprus. Expenditure is lowest per hectare in Spain, France, UK, Romania and Bulgaria. The reasons for variation are not immediately apparent but for Austria and Finland they link to funding decisions reflecting high levels of agricultural protection prior to these countries' accession to the EU, while the micro-scale of farms in Malta and Cyprus may be relevant.

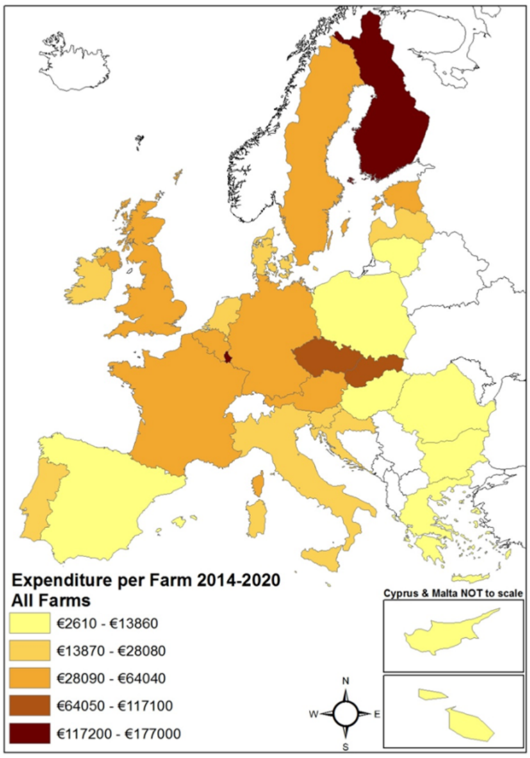
[9] For instance, under the OECD definition, no NUTS2 region in England, UK qualifies as rural, yet the England RDP notes that a significant proportion of land and population are located in rural areas, using a UK-specific definition.

Map 3 depicts total public expenditure per holding (in 2013) for each member state. Here those with highest expenditure are Finland and Luxembourg, followed by Czech Republic and Slovakia. Spain, Romania and Bulgaria have lowest levels per holding, then Hungary, Poland, Cyprus and Greece: MS with large numbers of small farm holdings.

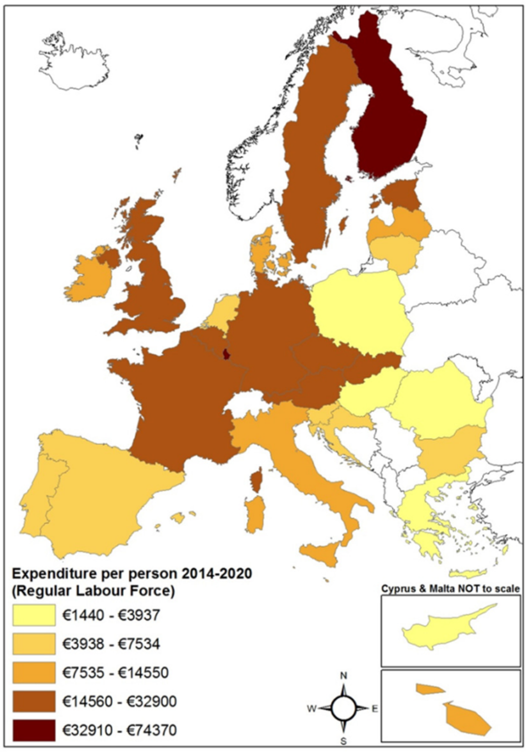
Map 2: Expenditure per Hectare UAA



Map 3: Expenditure per farm holding



Map 4: Expenditure per Farm Labour



Map 5: Expenditure per AWU

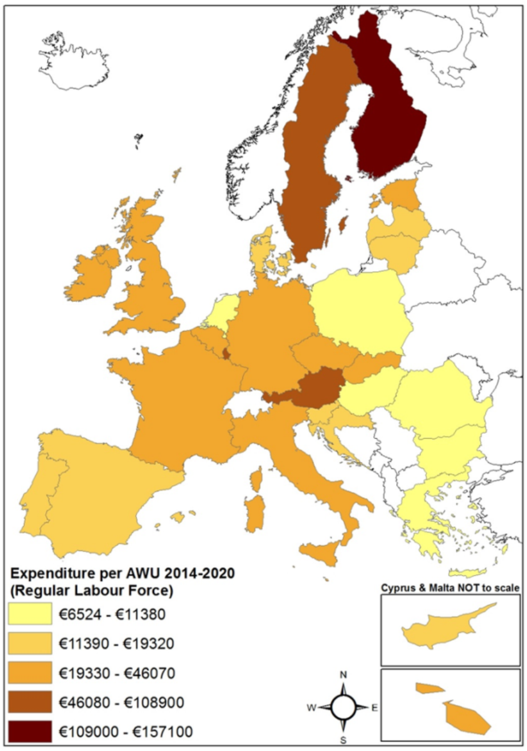


Table 6: Range of variation in the maps of spending intensity

MAP	1- UAA	2 - HOLDING	3 – Ag labour	4 – AWU
Mean	€1,641.32	€39,833.22	€16,491.93	€32,782.23
Minimum	€337.70 (DK)	€2,609.79 (RO)	€ 1,440.07 (RO)	€6,524.45 (RO)
Maximum	€11,927.32 (MT)	€176,989.04 (LU)	€74,371.15 (LU)	€157,096.64 (FI)

Maps 4 and 5 depict respectively, total public expenditure per person for the regular labour force in agriculture, and per Agricultural Work Unit (in 2013), for each Member State. This includes family and non-family labour employed on a regular basis including group holders. Considering expenditure per person working on farms (Map 4), countries with high intensity of RDP funding are Finland, Luxembourg, Austria, Czech republic and Slovakia, while some central EU countries with a large agricultural labour force such as Poland, Hungary, Romania, Cyprus, and Greece have the lowest levels. Map 5 provides a slightly different view, with only Finland in the highest payment range, followed by Sweden, Luxembourg and Austria. The influencing factors behind these patterns would seem to include both the relative degree of capitalization of farming – where machinery has replaced labour to the greatest extent – as well as how area-'intensive' or -'extensive' systems are, so more extensive systems have higher funding per person than the more intensive ones.

Overall, these maps show that there is quite a large degree of variation in the relative abundance of Pillar 2 funding, compared to an average EU level. Some Member States receive relatively lower levels of resources compared to others, for reasons which appear not entirely uniform or consistent across the territory of the EU.

3.2.1. Planned Member State expenditure 2014-2020 by Priority and Focus Area

Strategic Priority

The data for the analysis was drawn from the RDPs for each Member State (with regional RDPs collated to national level), which allocated funding by EU Strategic Priorities as set out in the EAFRD Regulation. The six Strategic Priorities can be summarized as:

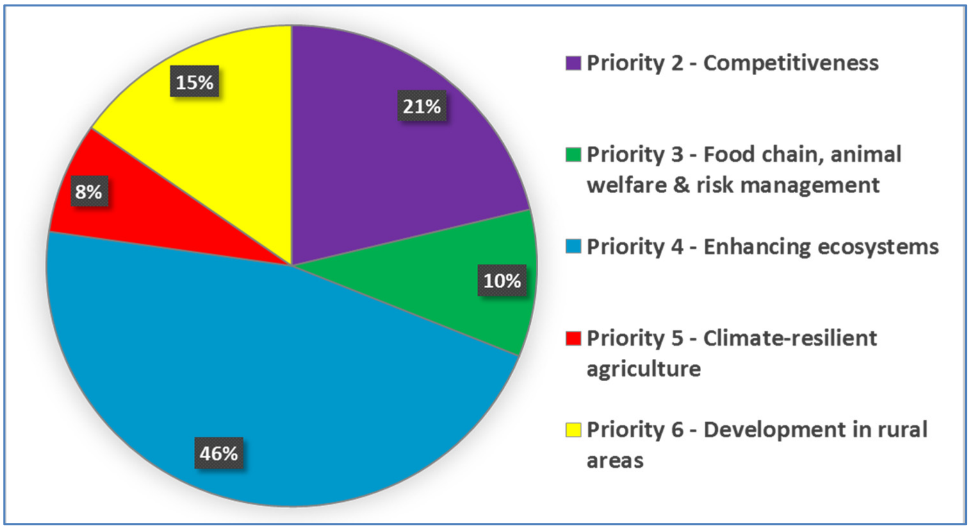
1. Knowledge transfer and innovation;
2. Competitiveness and viability;
3. Food chain organisation;
4. Ecosystem management;
5. Low-carbon and climate-resilience;
6. Social inclusion, poverty reduction and economic diversity.

Data is allocated among Strategic Priorities 2-6, as expenditure on Priority 1 is spread across these other areas since knowledge transfer and innovation support the other goals.

The pie chart in Figure 5 illustrates the average Member State expenditure by Strategic Priority for the EU-28. This illustrates that on average, almost half of expenditure (46%) is allocated for Priority 4 (Ecosystems management) and a further 8% is supporting Priority 5 (Low carbon and climate resilience in agriculture and forestry). One tenth of funding is allocated to Priority 3 (a mix of support for improvements in the food chain, animal welfare and risk management), while just over a fifth (21%) is allocated to Priority 2 to improve agriculture and forestry competitiveness and viability.

However, there is wide variability across the Member States, as we shall examine, for all Strategic Priorities.

Figure 5: Overall Expenditure by Strategic Priority, EU-28 2014-2020



Source: RDP Expenditure Data 2014-2020

Map 6 shows a country-by-country picture of RDP funding allocations by Strategic Priority. The five maps on the following pages then illustrate the pattern of expenditure for 2014-2020 across the EU for each of Strategic priorities 2 – 6, in relation to the average allocation for the EU-28 as a whole. Yellow represents countries with close to average allocations to a Priority (within 0.5 of a standard deviation either side of the mean); green represents above average expenditure, and pink and red show below average expenditure.

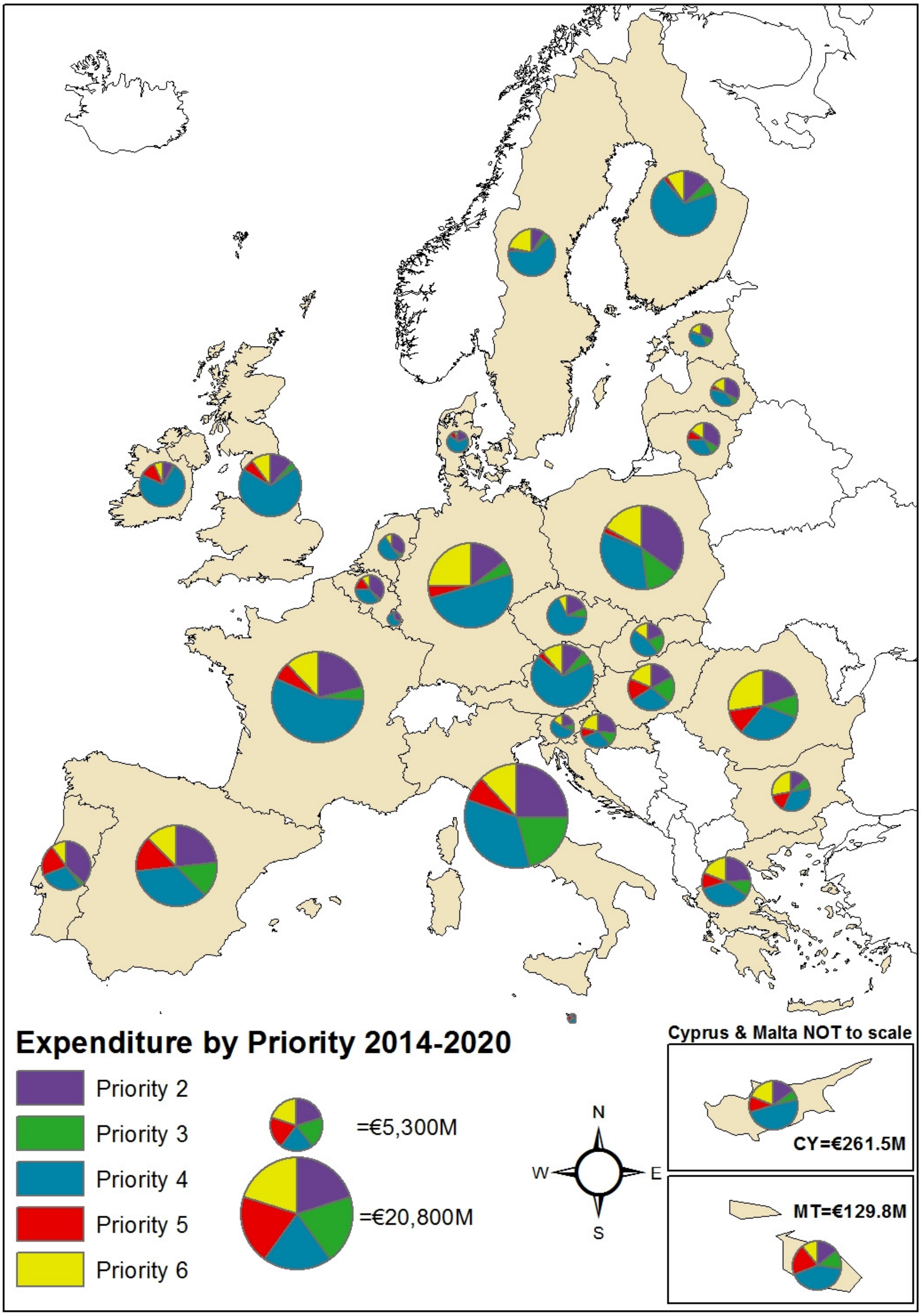
Map 7 illustrates the pattern for Priority 2 (Competitiveness and viability), showing a large group of countries across central and southern Europe with allocations close to the EU-28 average, while a small number: Poland, the Baltic States, Benelux countries and Portugal have higher than average allocations. Several north-western EU countries have below average spending (UK, Eire, Sweden, Finland), plus Germany, Austria, Bulgaria and Cyprus. In general, those countries giving relatively high allocation to enhancing ecosystems (Priority 4) give lower than average spending to Priority 2 (e.g. Austria, UK, Ireland, Sweden, Finland). Conversely some countries devoting less spend to P4 appear in the higher spending category for P2 competitiveness (e.g. Poland, Portugal, Lithuania).

Map 8 illustrates Priority 4 (Ecosystem Management) expenditure. There are fewer countries with expenditure shares close to the EU average (Germany, Slovakia, Slovenia and the Netherlands) while Scandinavian and north-western countries tend to have above average spending and southern and eastern countries have below average spending. Finland and Ireland have expenditure 'considerably' above the average.

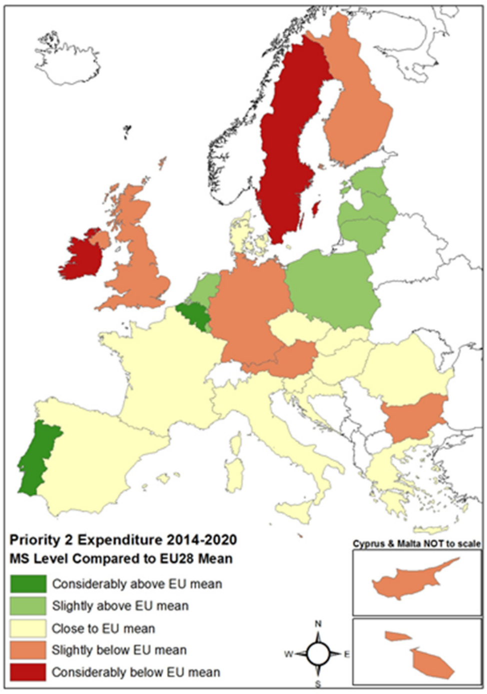
Priority 3 expenditure (Food chain organization, welfare and risk management), illustrated by Map 9, reveals that north-western countries tend to spend a proportion which is below the EU average on the priority, while southern and eastern countries tend to spend above average. Italy, Slovakia and Hungary show the highest shares of expenditure on P3.

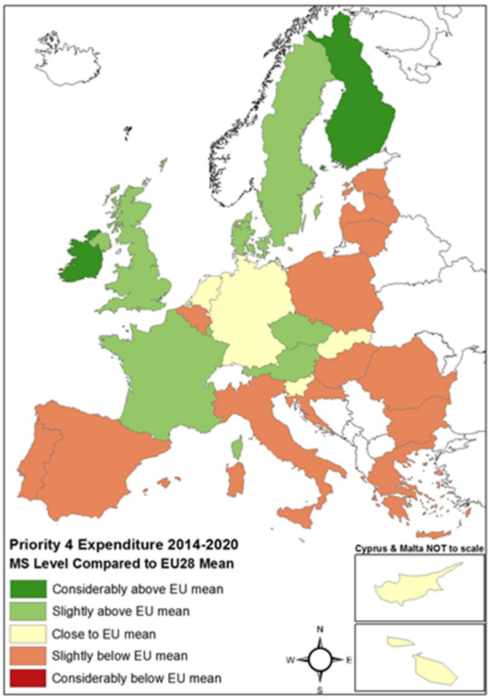
Map 10 illustrates expenditure shares for Priority 5 (Low carbon and climate resilience). Central and western European countries mostly spend close to the EU average share, while a block of countries in the south-east (Hungary, Romania, Bulgaria) are spending above average (along with Spain, Portugal, Belgium, and Ireland). A swathe of Member States in central and northern Europe is spending below the EU average.

Map 6: Allocation of budgets between Strategic Priorities, by Member State

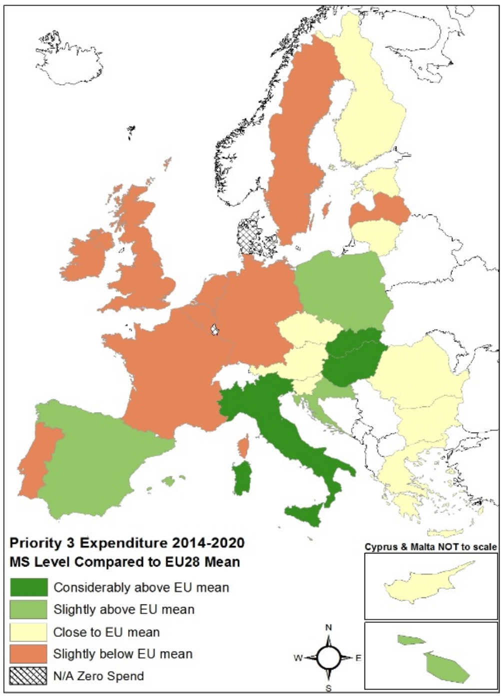


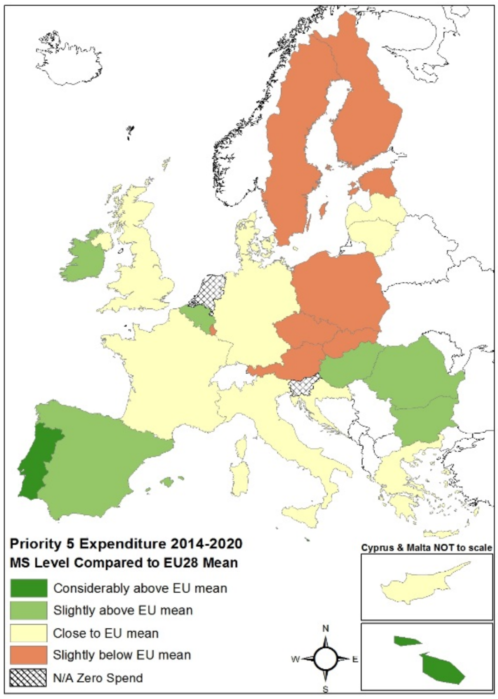
Map 7 and Map 8: Variation in expenditure allocations to Strategic Priorities 2 and 4





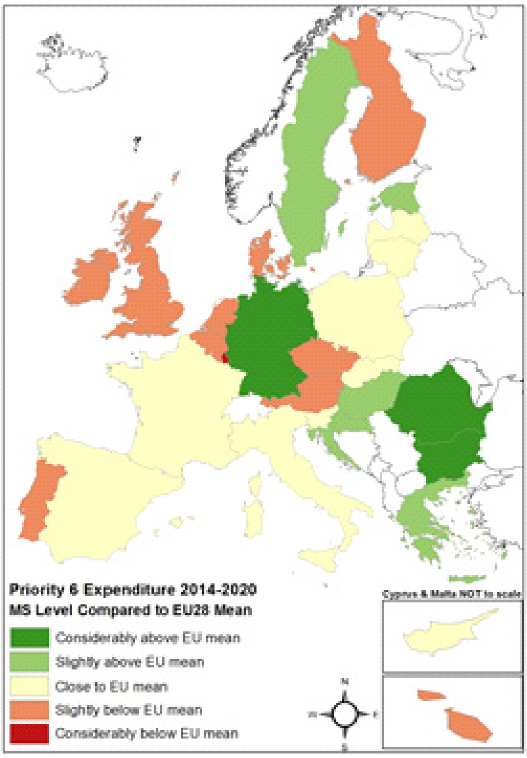
Map 9 and Map 10: Variation in allocations to Strategic Priorities 3 and 5





Priority 6 (Social Inclusion) is illustrated in Map 11. The south-eastern countries, Germany and Sweden will spend above EU average on this Priority, while the north-western states spend below the EU average along with Czech republic, Austria and Portugal.

Map 11: Variation in allocations to Strategic Priority 6



Overview of expenditure by Focus Area

Priority 2: competitiveness and viability

Across the EU-28, 21% of RDP expenditure is allocated to Priority 2 through two main Focus Areas - A: Farm and Forestry competitiveness, B: Business development for Young Farmers. Over the EU as a whole the vast majority of expenditure (77%) is on Area A, while a much smaller proportion (22%) is spent on Area B for Young Farmers. For a few MS, a third Focus Area C was agreed for forestry performance, to which 1% is allocated, but others include forestry in Focus Area A.

A strong preference for area A is seen among countries spending the smallest proportion of their budget on Priority 2, but also among those with higher relative spending on Priority 2 (i.e. >30% of total RDP allocation) only three devote a significant share to Focus Area B Support for Young Farmers: Belgium (21%), Poland (16%), and Portugal (13%). A higher level of variability is found among countries in the mid-range of Priority 2 funding. Countries allocating a significant share of Priority 2 funding to supporting young farmers are France (37%), Greece (36%), Hungary (36%), Italy (36%), Spain (29%), Slovenia (27%) and Romania (26%), while three member states spend the highest proportion of Priority 2 funding on this Focus Area B: Cyprus spends 51%; Ireland 42% and Malta 41%.

Priority 3: Food chain organisation

Across the EU-28, 10% of RDP expenditure is allocated to Priority objective 3 via two Focus Areas, A: Improving competitiveness through food chain integration and B: Risk Management. Overall, 75% of P3 funds are allocated to Area A and 25% to Area B.

Under Priority 3, food chain integration (including animal welfare) is clearly the most important activity for the majority of EU member states. Eleven countries allocate 95% or more of their Priority 3 funding to this Focus Area and only five countries allocate less than half their Priority 3 budget to this. However two countries, Denmark and Luxembourg, allocate no RDP funds to Priority 3 while Ireland and the Netherlands devote all of their relatively low Priority 3 expenditure to Risk Management (Focus Area B: <5% of total RDP share, in each case) and Germany allocates all its P3 funding under the dominant Focus Area 3B to measure 5, flood and coastal protection. The majority of spending on Risk Management is in central EU countries plus Italy. Hungary, Latvia, Slovakia, Romania, Poland, Italy and Croatia all allocate 15% or more P3 expenditure to Risk management, and also allocate above EU average expenditure to Priority 3.

Priority 4: Ecosystem Management

It was not possible to break down expenditure by focus Area within Priority 4, due to the nature of the data available. Priority 4 accounts for the largest proportion of expenditure for the 2014-2020 RDP programmes but it is notable that several large central European countries allocate a smaller proportion (in many case less than one third of the total) of their budget to Priority 4, including Bulgaria, Poland, Hungary, and Romania. In contrast, the Czech Republic allocates 65% of its total budget to this Strategic Priority, while the countries allocating more than two thirds of their budget to P4 are mainly in north-west Europe (Ireland, UK, Sweden, Finland); plus Austria.

Priority 5: Low carbon and climate resilience

Across the EU-28, Priority 5 receives the smallest share of funding (an average of 8%). Spending under Priority 5 is for five[10] different Focus Areas:

- Focus Area A: Water efficiency
- Focus Area B: Energy efficiency
- Focus Area C: Renewable energy
- Focus Area D: Emissions reduction
- Focus Area E: Carbon conservation and sequestration

Only six countries allocate 15% or more of their RDP budget to Priority 5 while two countries (Netherlands and Slovenia) allocate no funding, and 12 countries allocate 5% or less to this Priority. In general, those countries allocating a very small proportion of their RDP budget to P5 tend to focus on only one or two focus areas; Poland and Luxembourg spend 100% of their P5 budget on Areas E and D respectively; Slovakia and Austria spend 96% and 86% respectively on Area C. There are some patterns of spending that might be expected. For example, countries with water shortage issues (Portugal, Malta, Spain, Cyprus) allocate a higher share of Priority 5 to investments in water efficiency, while others (such as Croatia, Austria, Sweden, Denmark, Finland) focus on renewable energy and emissions reduction, and most RDPs include some carbon conservation and sequestration.

Priority 6: Social inclusion, poverty reduction and economic diversity

This priority targets wider rural economic development beyond agriculture and forestry, and is strong among a group of Member States with enduring rural economic challenges – i.e. the collapse of former planned economies and/or persistent geographic marginality. It is interesting that those spending over 20% on P6 do not include longer-standing EU members who suffered significantly in the economic crisis of 2007-8 (e.g. Greece, Portugal, Italy, Ireland), although Greece and Cyprus both allocate 19% of RDP budgets to this Priority.

[10] A special Focus Area F (Improved forestry use), was developed and utilised only by Spain, which allocates 0.4% of its Priority 5 spending to this.

Others in a similar situation, e.g. Spain, have instead chosen Priority 2 spend for recovery, alongside other ESIF funds.

There are three focus Areas under Priority 6 and the average allocation of P6 funds for the EU-28 is: FA A Diversification, SME and job creation (20%)**;** FA B Local development (72%); FA C ICT (8%). The vast majority of funding under P6 aids local development, whilst relatively little supports diversification and job creation. Although 16 countries allocate funding to ICT (Focus Area C) only Germany, Italy and Sweden spend a significant share. Five countries allocate 100% of P6 funding to Focus Area B (local development), while under 50% of P6 goes to this in Finland, Sweden, Greece, Latvia and Slovenia.

3.2.2. RDP 2014-2020 expenditure by Measure

Table 7 and Figure 6 provide an overview of the proportion of RDP public funding allocated to different measures under all the RDPs 2014-2020. This provides a more detailed breakdown of types of spending than data presented by Strategic Priority and Focus Area.

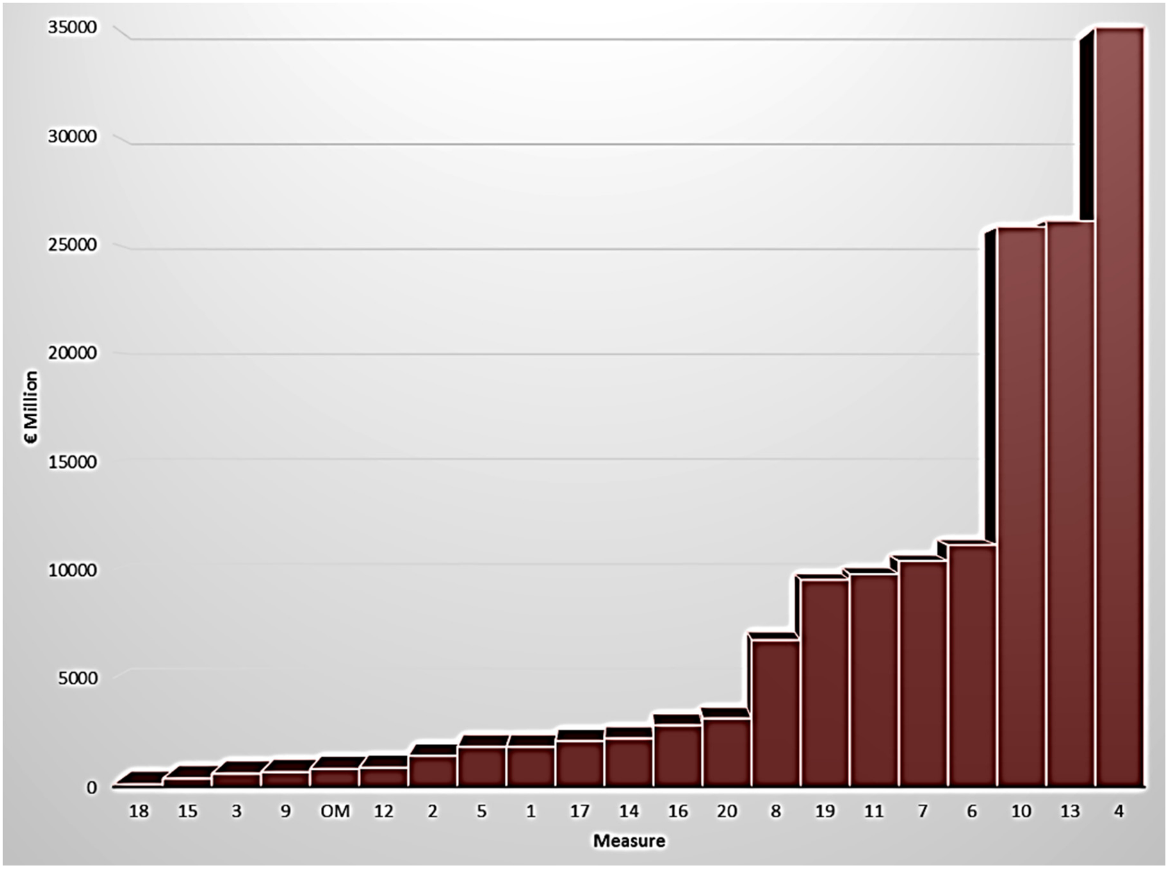
Table 7: EAFRD measures by number, % of total public expenditure 2014-2020

Measure	Measure name	%Total RDP public funding
1	Knowledge transfer	1.20%
2	Advisory services	0.92%
3	Quality schemes	0.39%
4	**Physical investments**	**22.83%**
5	Restoring production potential	1.20%
6	Farm and business development	7.27%
7	Basic services	6.79%
8	Forest investments	4.40%
9	Setting up producer groups	0.44%
10	**Agri-Environment-Climate**	**16.83%**
11	Organic farming	6.40%
12	Natura 2000 and WFD areas	0.57%
13	**Areas facing Natural Constraints**	**17.01%**
14	Animal welfare	1.45%
15	Forest-environment-climate	0.24%
16	Co-operation	1.84%
17	Risk management measures	1.37%
18	Direct payments for Croatia	0.07%
19	LEADER	6.21%
20	Technical assistance	2.05%
OM	Measure 113 2007-2013 (early retirement)	0.53%

The measure-level data indicate that **60% of all Member States' total RDP public funding is allocated across just three measures**: 22.83% investment in physical assets (M4); 16.83% Agri-Environment-Climate (M10); and 17.01% Areas facing Natural Constraints (M13). These are all established measures with a long history of funding. Other significant measures in terms of total share of RDP expenditure are Measures 6: farm and business development (7.27%); 11: organic farming (6.40%) and 19: Leader (6.21%).

Measures with the lowest proportion of funding allocated overall are Measure 3 providing support for food quality schemes (0.39%), Measure 15 providing support for forest conservation (0.24%), and Measure 9 providing support for producer groups (0.44%). Measure 18 is unusually small as it allocates funding purely to Croatia. Figure 6 illustrates clearly the significance of expenditure on Measures 4, 10 and 13. It also shows that across the Member States, ten of the available measures (1, 2, 3, 5, 9, 12, 14, 15, 16, 17), together account for less than 10% of the RDP public funding budget (excluding Measure 18, and Measure 113 from the 2007-2013 RDP). Low-spending measures largely target EU Strategic Priorities 1 (Knowledge and innovation) and 3 (supply chains, animal welfare, and risk management). While it can be argued that much smaller amounts of funding are required to deliver activities such as training programmes, compared to that needed for investing in machinery or physical infrastructure, note that the EU placed emphasis in its 2020 Vision upon Europe as a 'knowledge economy'.

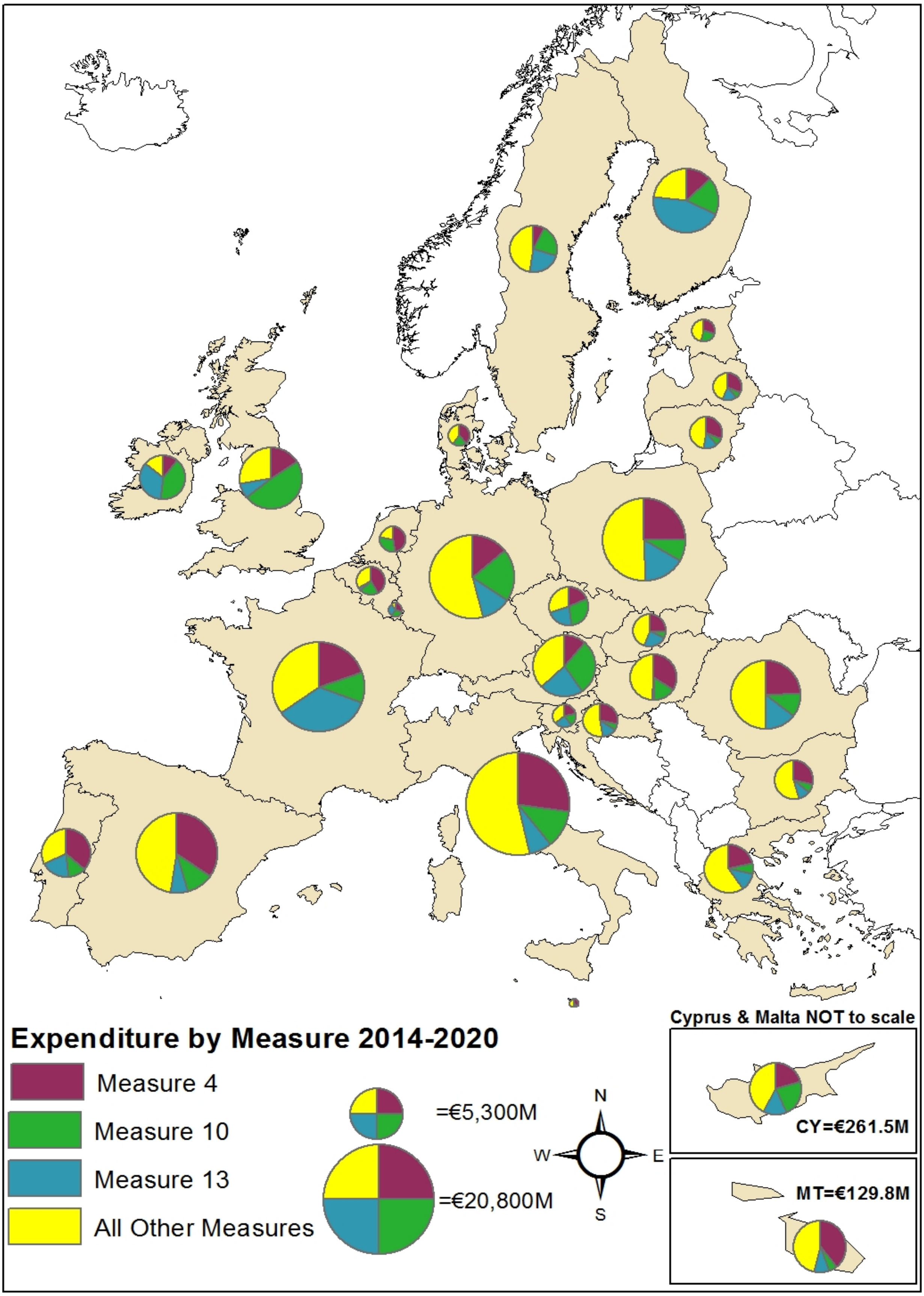
Figure 6: Allocation of total public funding EAFRD 2014-2020 by measure, EU-28



Note: OM = early retirement measure from 2007-2013

Considering measure allocations across the Member States, map 12 illustrates how funding is divided between the three most popular measures (4, 10 and 13) and the others. From the map, a pattern of differentiation is apparent whereby there are Member States for whom the investment measure clearly takes a significant share of funding, which tend to be new MS or those in the south of the EU. By contrast, those MS clearly prioritizing agri-environmental aids tend to be clustered in the north and west of the EU. France, Ireland and the Czech Republic allocate a significant share of funds to Areas facing Natural Constraint, while there is also a group of countries for which other measures apart from these three take up the largest share of the pie-chart – these include MS in both northern and southern Europe with a wide variety of natural and socio-economic conditions.

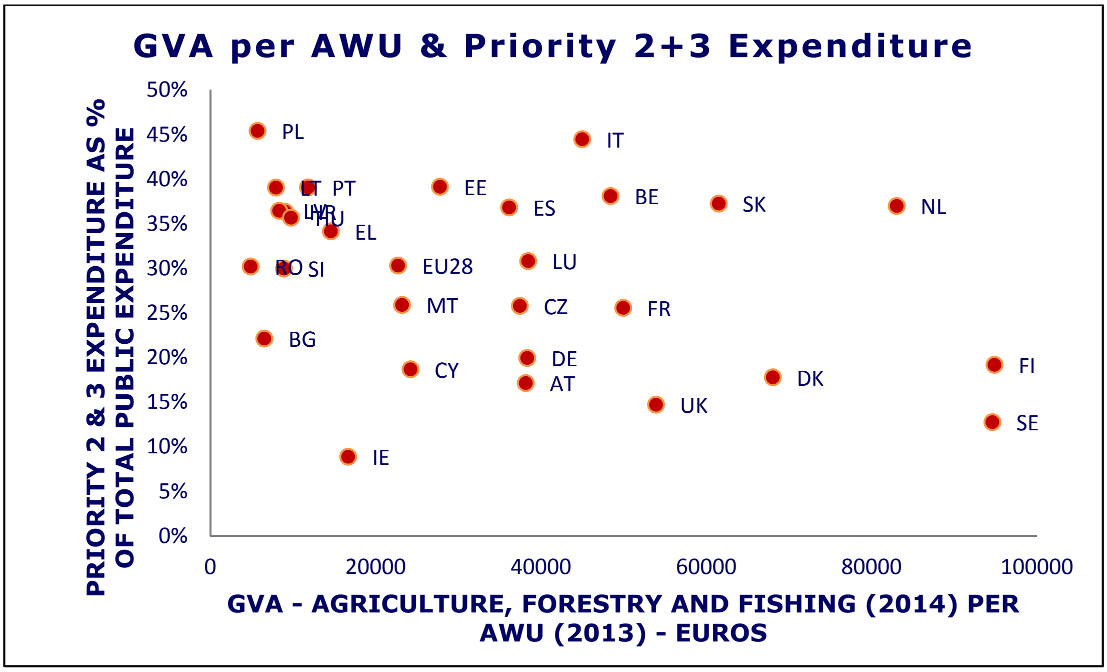
Map 12: Allocation of RDP budgets by principal measures, all Member States

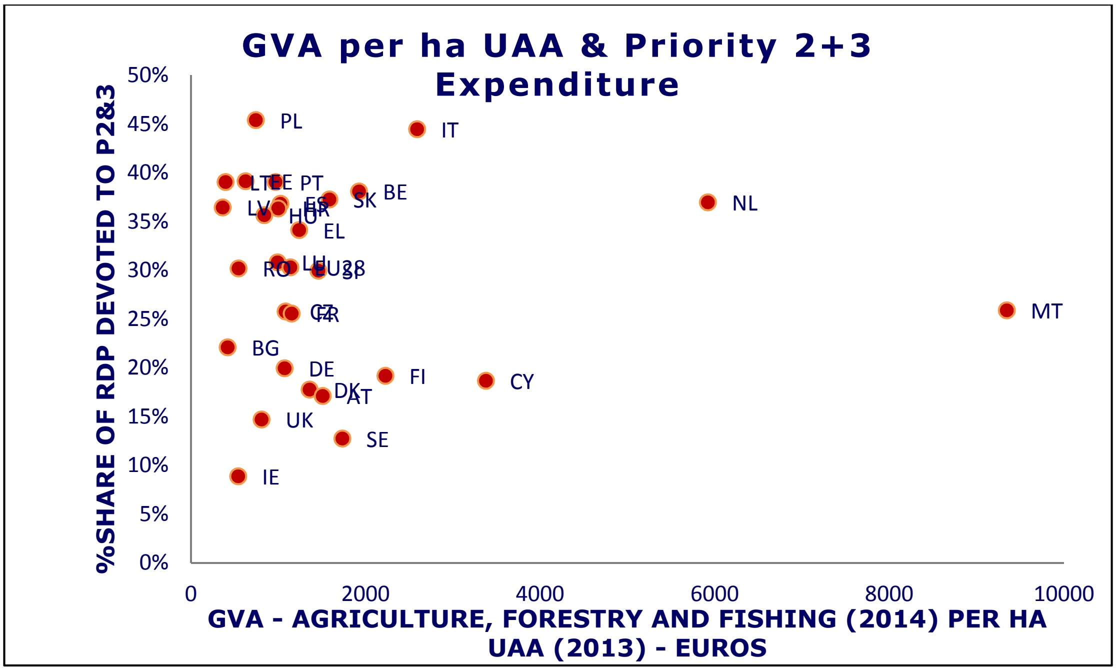


3.2.3. Comparing priorities against context indicators of relative 'need' at EU level

To seek to understand the extent to which variations in allocation priorities between countries might reflect their underlying conditions for successful rural development, we have compared priorities with a small number of potential indicators of 'need' in respect of sector competitiveness (GVA labour and land productivity), environmental assets and pressures (protected areas and nutrient loads), and rural social needs (population decline and rural poverty). Values of chosen indicators for each of these 3 categories are then mapped against shares of total RDP budgets allocated to the relevant Strategic Priority/ies, for each Member State, to see if they appear correlated.

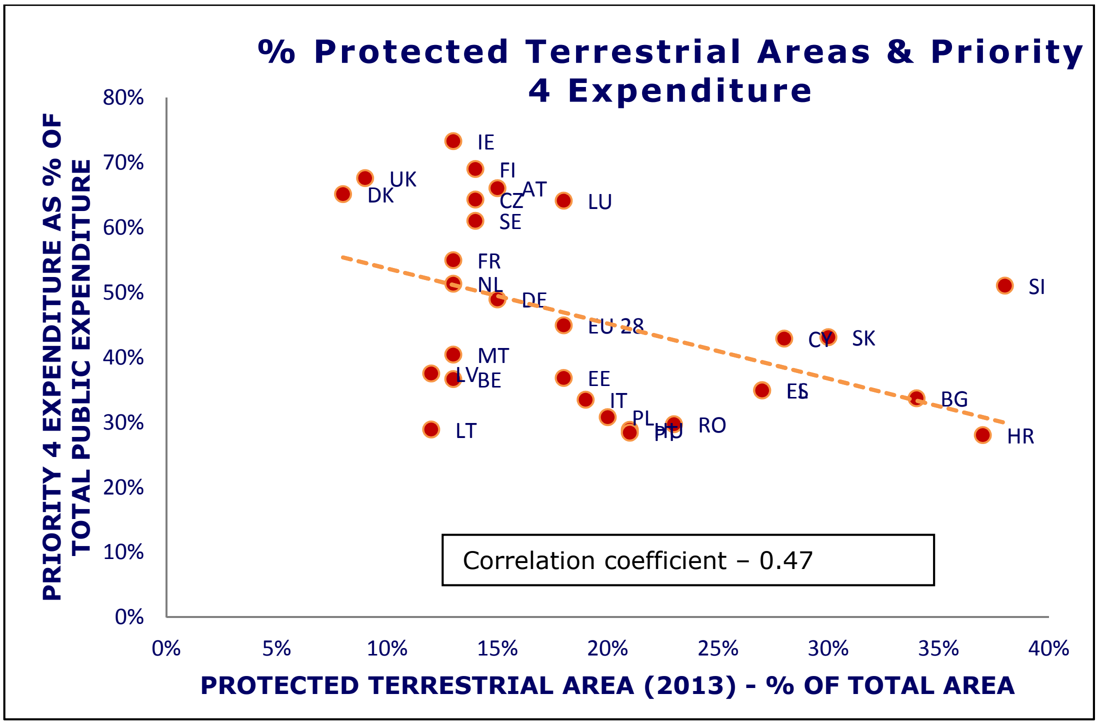
Figures 7 and 7a: Comparing priority given to competitiveness against sector productivity indicators

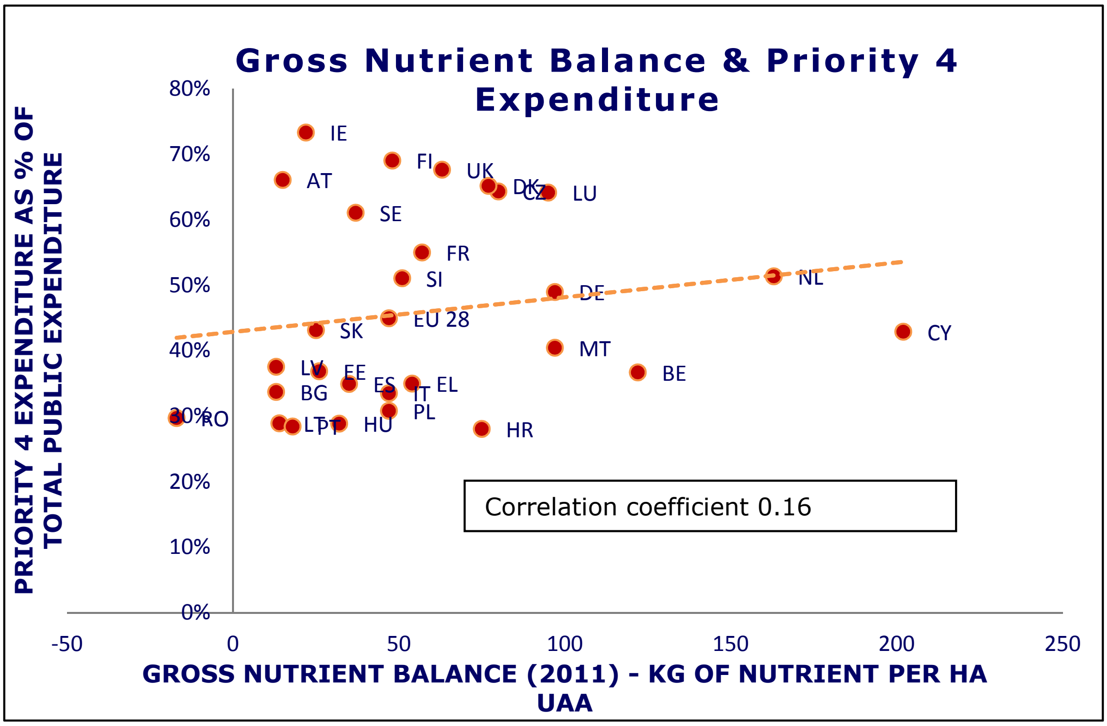




Source: authors' own based upon published RDPs data

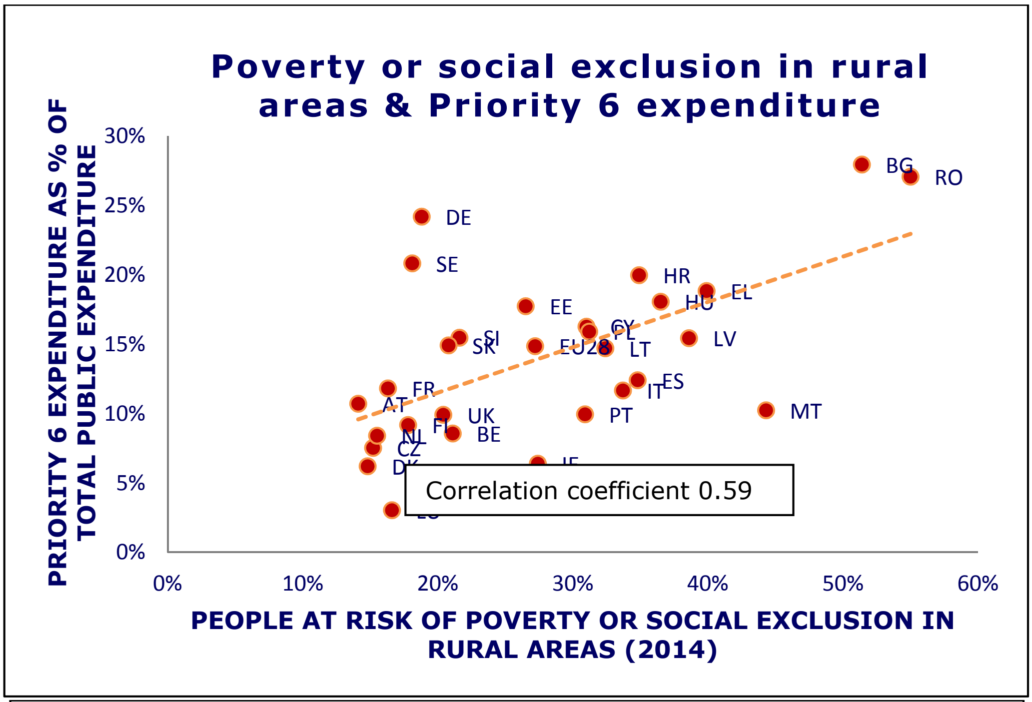
Figures 8 and 8a: Comparing priority given to environment against environmental indicators

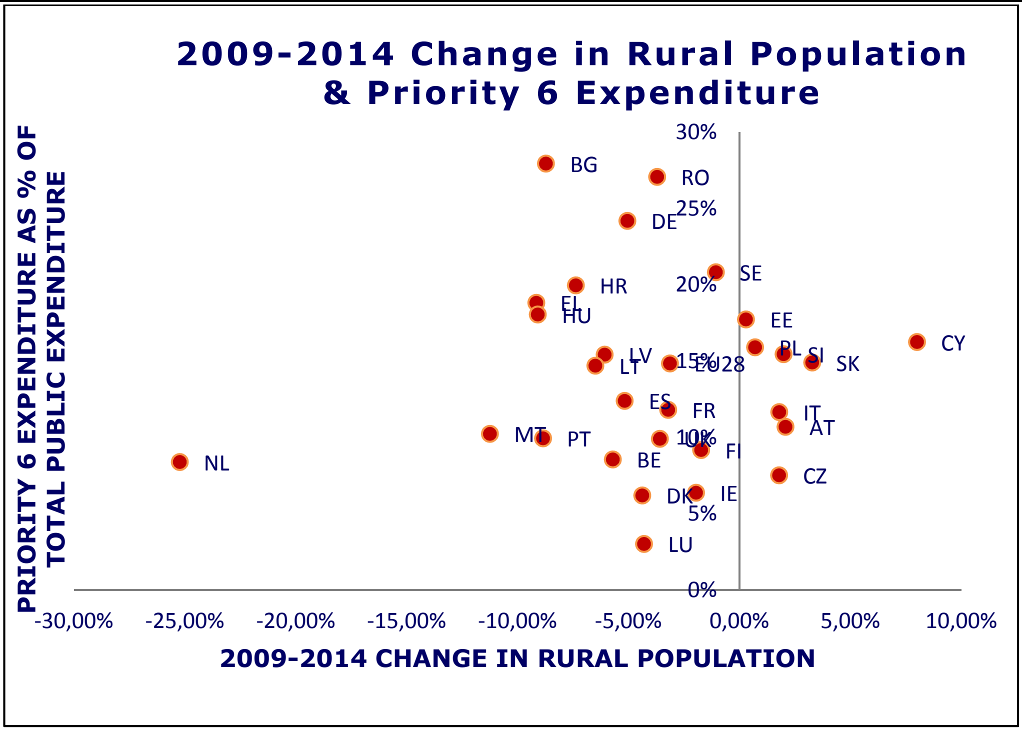




Source: authors' own based upon published RDPs data

Figures 9 and 9a: Comparing priority given to broader rural development with indicators of rural decline or disadvantage





Source: authors' own based upon published RDPs data

As can be seen, **there are no strong relationships between these indicators and relative RDP priorities among MS, although the correlation between rural poverty and SP6** – promoting social inclusion and broader rural development - **is perhaps clearest**, suggesting that those Member States with the most significant incidence of rural poverty are tending to prioritise this goal more than other MS. In respect of environmental spending (P4), weak trends may link lower priority to higher shares of protected areas and lower nutrient loading.

3.2.4. Comparison of planned expenditure under RDPs 2014-2020 with expenditure realised under RDPs 2007-2013

The main purpose of seeking to compare spending patterns between old and new periods is to assess what has changed as a way of understanding how Member States and Regions have approached making choices about RDP expenditure in the new programmes.

A direct comparison of spending at Strategic Priority or measure level between the two programme periods cannot be made, due to differences in Strategic Priorities and also in the way measures were defined, in each period. For example, the purpose of Measure 214 (agri-environment) of the 2007-2013 RDP was sub-divided into two separate measures for 2014-2020 (environment-climate and organic farming support, respectively) as a result of 'greening' of the CAP, and some 2014-2020 Measures are combinations of two or more Measures as defined in the 2007-2013 RDPs. Thus, certain measures were amalgamated in each period to enable robust comparisons to be made (see Annex for details). In brief:

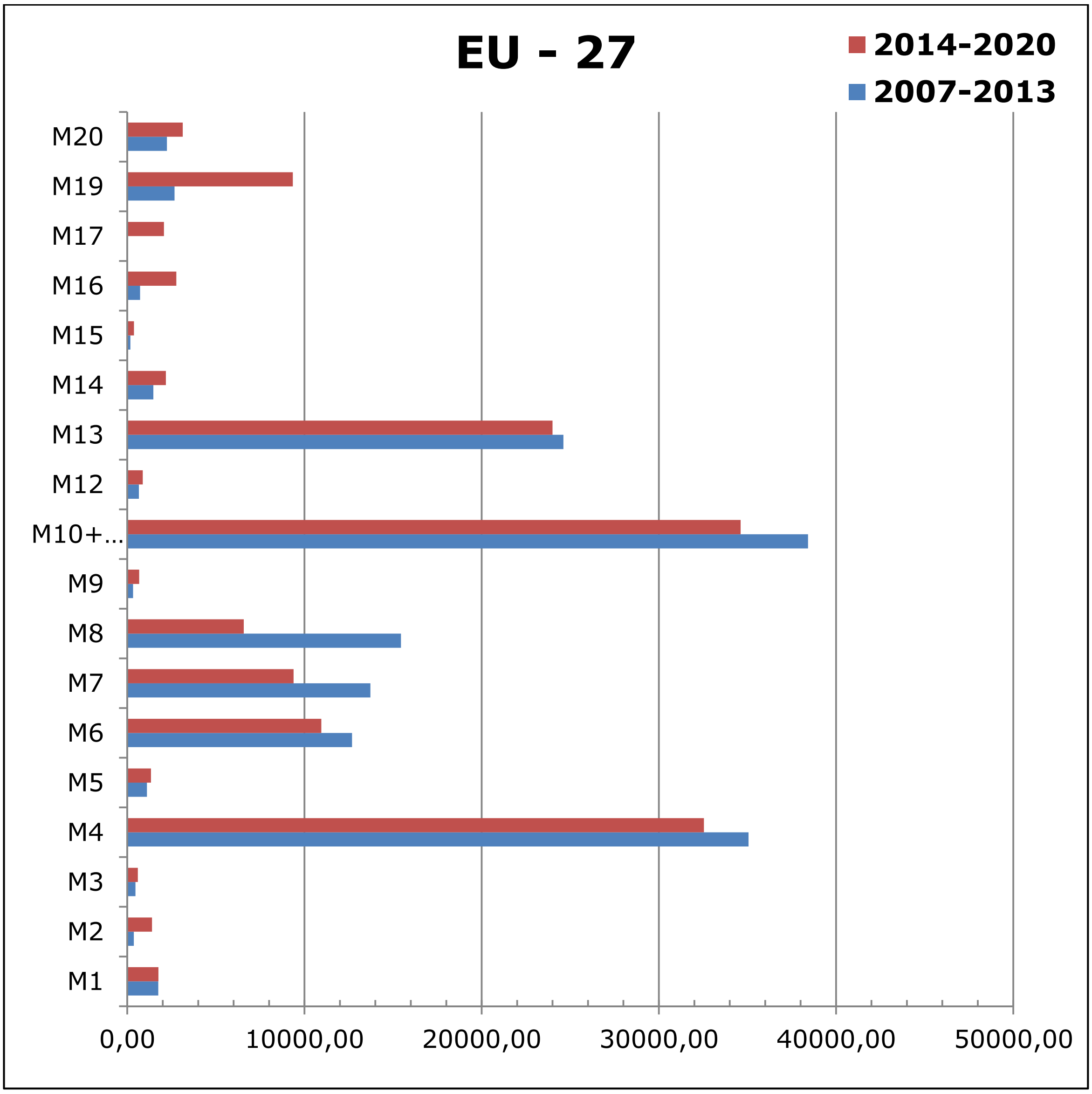
a. Expenditure on multiple Measures in 2007-2013 has been combined to enable comparisons with Measures 1, 2, 3, 4, 6, 7, 8, 12, 13, 16, and 19 in RDPs 2014-2020
b. under RDPs 2014-2020, Measures 10 and 11 have been combined in order to enable comparison with expenditure on Measure 214 in 2007-2013
c. Croatia has not been included as it was not part of the EU during the 2007-13 period
d. Measure 18 is excluded from analysis as it was directed solely at Croatia, 2014-2020.

Comparison of absolute expenditure levels across the two RDP programming periods reveals some distinctive patterns (Figure 10). There is a **concentration of expenditure on three Measures in both programing periods: annual environmental land management payments (M10+M11 in the current RDPs), annual support for areas facing natural constraint – formerly known as Less Favoured Areas (M13 in RDPs 2014-2020), and support for competitiveness through investment in physical assets (new measure M4)**. Other areas of significant expenditure are Measures 6, 7, and 8 (respectively, farm and business development, basic services and village renewal, and investment in forests). Some Measures exhibit very low levels of spending, such as advisory services (M2), quality schemes for agricultural products (M3), setting up producer groups (M9), Natura 2000 (M12), forest conservation (M15), and risk management (M17).

Pillar 2 of the CAP suffered a 10% reduction in EU funding allocation to the EAFRD between the two periods, with varying impacts at MS level (see Table 5, Chapter 2). However, through the processes of fund-switching between pillars, and additional national expenditure, the total public funding budget changed less between periods (ibid). It is therefore perhaps unsurprising that over the EU-28 as a whole, we see relatively little difference in the pattern of expenditure between the two programming periods. The three areas accounting for the majority of expenditure are consistent; and while the total spending on Areas facing Natural Constraint (M13) remains virtually unchanged there is a 10% reduction in spend on enhancing ecosystems (M10+11), and an 18% increase in spend on investments in physical assets (M4), across the two periods.

Other areas seeing a significant reduction in expenditure between 2007-2013 and 2014-2020 are investments in forests (M8, 42% reduction); Basic services (32% reduction); and Farm and Business Development (14% less). Several areas see significant increases in share of expenditure for the 2014-2020 period, compared to the previous period, including animal welfare (M14), co-operation (M16), and Leader (M19). The largest change in terms of spending has been for co-operation, with the data indicating almost a four-fold increase in allocation (albeit from a very low base), and Leader, with a 3.5-fold increase in funding allocation for the current period. It should be noted that in the old period, the new Member States had to observe a minimum spend on LEADER of 3% of their RDP, whereas it is 5% for the 2014-2020 period. Also, it should be recalled that the new period 'co-operation' measure is significantly broader in scope than that included in the 2007-2013 EAFRD.

Figure 10: Measure spend 2007-2013 and 2014-2020 in eur '000, current prices



The EU-28 values mask significant variability at Member State level, as explored below.

A common pattern of reduced spending at MS level can be observed for many of the Measures where that expenditure forms only a small proportion of the overall RDP budget. Overall, a total of 16 Member States have decreased their expenditure on Measure 1 activities (Knowledge Transfer), and across the EU-28, Measure 1 spending only accounts for 1.2% of the total RDP budget for 2014-2020. The situation is more marked for Measure 2 (Advisory Services) where 19 countries have decreased spending, and Measure 3 (Quality Schemes), where 21 countries have decreased spending; with only a minority increasing spending on these types of activity.

Table 8: Reductions in spending allocations, 2014-2020 compared to 2007-2013

Measure	Number of MS decreasing spending in 2014-2020	Share of total RDPs budget 2014-2020
M1 Knowledge transfer	16	1.2%
M2 Advisory services	19	0.9%
M3 Quality schemes	21	0.4%
M5 Restoring agricultural potential	23	1.2%
M9 Producer groups	22	0.4%
M15 Forest environment-climate	21	0.24%

Two differences to this pattern are Measure 16 (co-operation), where 23 MS have increased their expenditure, though this Measure only accounts for an average 2% of spending across the EU-28; and Measure 19 (LEADER), where almost all member states increase spend and yet the overall allocation amounts to just over 5% of the total RDP spend, for all MS.

The Measures accounting for the larger proportion of spending across the Member States tend to show a different pattern. Under Measure 4 (Investments) a total of 17 MS have increased expenditure (Measure 4 has the largest number of countries increasing spending, compared to the 2007-2013 period). Measure 4 accounts for 22.83% of expenditure across the EU-28. Under Measure 10 (Agri-environment-climate; 16.83% of EU-28 expenditure) 14 MS have increased spending, and under Measure 13 (Areas facing natural constraints; 17.01% of the EU-28 expenditure) 11 MS have increased their spending. However, in respect of the largest-spending measure for broader rural development M7 basic services, a decline is seen in 20 MS, down to 6.8%, and decline is also apparent in respect of Forest investments (24 MS decreased share of spend, overall share 2014-2020 is 4.4%) while the allocation for measure 6, which combines farm and non-farm aids, alters little.

Overall, many countries decreased expenditure on Measures for broad rural diversification and development (also channelling more of the remaining aid through LEADER), and more countries increased expenditure on Measures linked to agri-environment and farm support. In many countries another trend has been to concentrate resources: decreasing spend on most Measures, and increasing spend on fewer measures. In France, Portugal, and Finland for example, expenditure has only increased on four Measures (for France- M 6, 7, 13, 16; Portugal - M 4, 8, 12, 13; Finland - M 10, 13, 14, 16).

In one or two countries the reverse pattern can be seen; in Italy and Hungary, for example, expenditure has increased on 12 measures and in both countries expenditure has increased for M 4 investments, and decreased for M 10 and 13 Agri-Environment-Climate and Areas facing Natural Constraint. Some geographical groupings appear, in respect of member states following similar strategies (e.g. Austria, Hungary and Slovenia in one group; and possibly the UK along with some of the Baltic countries in a second), though the rationale for these apparent similarities is not altogether evident.

To examine these patterns more consistently, we adopt **a classification of RDPs based upon relative allocations to broad 'priorities' in each programme period**. For this purpose, in 2014-2020 we identify allocations in either of Priorities 2 or 3 as being essentially about 'competitiveness' in farming and forestry; either of Priorities 4 or 5 as 'environmental' and Priorities 1 and 6 as 'other'. In 2007-13 Axis 1 represents 'competitiveness', Axis 2 'environmental' and axes 3 and 4 'other' (Table 9).

Table 9: RDP classification 2014-2020 based upon main priorities

	Sustainable land use measures		
Competitiveness measures	**> 50% of public expenditures**	**< = 50% - >= 40% of public expenditures**	**< 40% of public expenditures**
> 50% of public expenditures		**B. Mainly competitiveness**	
< = 50% - >= 40% of public expenditures	**A. Mainly environmental**	**C.3 Mixed-environmental and competitiveness**	**C. 1. Mixed-Competitiveness**
< 40% of public expenditures		**C.2. Mixed – environmental**	**C.4. Mixed-rural diversification**

Source: Mantino, based upon the approach used for Italy in Chapter 4 of this report

It is then possible to examine change by reference to these different 'types' A, B or C; looking for movement of RDPs between them as we consider the old versus the new programming periods. Table 10 presents this analysis.

Table 10: changing orientations of RDPs, 2007-2013 to 2014-2020

		Strategies 2014-2020					
	Member State Classification	**A. Mainly Environ-mental**	**B. Mainly Compet-itiveness**	**C.1 Mixed – Competit-iveness**	**C.2. Mixed-Environ-mental**	**C.3 Mixed-Environ-mental and compet-itiveness**	**C.4 Mixed - Rural diver-sification**
Strategies 2007-2013	**A.Mainly environmental**	**AT CZ FI FR IE LU SE UK**			**EL**		
	B.Mainly competitiveness						
	C.1. Mixed – Competitiveness			**PL**	**HU**		**LT**
	C.2.Mixed-Environmental	**BE DE DK SI**			**SK**	**IT**	
	C.3.Mixed-Environmental & competitiveness	**CY**			**ES PT**		
	C.4.Mixed - Rural diversification	**MT NL**			**BG LV RO**		**EE**

Table 10 shows **marked geographical demarcation between the evolving strategies of Member States.** The largest group, including mainly Member States that acceded to the EU before 2004, has prioritized environmental spending in both periods (the Czech republic is the one new MS in the group). Also, several other older MS have moved from more mixed strategies in 2007-2013 to a mainly or more environmental approach for the new RDPs.

However, most of the southern old MS retain more mixed strategies in both periods, though Greece (EL) has moved to a slightly more mixed approach, between periods.

Among the new MS, the island countries MT and CY appear to have a more environmental, less mixed focus in the new period than in the previous one, which may reflect a wish to focus their more limited administrative resources, while other new MS have either not changed their strategies significantly (Poland, Slovakia, Estonia), or have increased their relative focus upon environment, within the mix (Romania, Bulgaria, Latvia away from rural diversification and Hungary away from competitiveness). Lithuania is an exception in having moved more towards rural diversification from a previous emphasis on competitiveness, within its mixed approach; while Slovenia has narrowed from a mix favouring environment to a mainly environmental approach.

Among the southern, older MS, Spain and Portugal have also slightly shifted their mixed strategies away from competitiveness towards environment, while Italy has moved in the opposite direction. However it should be remembered that Italy and Spain are large and diverse countries with regional RDPs, and we examine the different strategies of their regions using this same approach, in Chapter 4.

3.3. Understanding choice and change – thematic insights from qualitative information

The information gathered from experts and other contacts in the Member States revealed a number of potential drivers of choices in respect of RDPs. **Many highlighted no significant changes to programme design, with programmes largely based on previous 2007-2013** measures and themes. This is said to be the case in respect of Denmark, Belgium (Wallonia), Slovenia, Finland, Ireland (only adjustments to Leader) and Romania[11]. However, **a number of countries made significant changes** in respect of RDP focus and financial allocation, reportedly due to: a **changed EAFRD contribution**; **political decisions** stemming from changes in government in several instances; and **lobbying by influential stakeholder groups** in a few others. The kinds of change seen were variously described.

The Netherlands chose to sharpen its focus on environment and agriculture and adopted stricter selection criteria. In the UK, Northern Ireland shifted from environment to competitiveness; Wales innovated with a new flexible approach based upon five themes; while Scotland set up a new advisory service. Ireland strengthened its community-based delivery approach, now including biodiversity. In Poland the MA felt the investment approach was more difficult but the RDP is focusing strongly on rural entrepreneurship. Slovakia is reducing environmental funding and concentrating upon rural employment, also introducing support for young farmers. Bulgaria is focusing upon horticulture and a new small farmer **sub-programme**. Hungary is focusing on family farm investment and associated infrastructure (water, etc.), with two sub-programmes for young farmers and short food supply chains, while Romania has a sub-programme for orchards. Czech Republic is reducing spend on rural development and KT/advice. Estonia is building up environment and supply chain investments and has removed spending on ANCs (the whole territory could qualify as ANC under the new criteria, so there is little point in using it for targeted aid). Lithuania is doing more spatial targeting for its AECM, and increasing support for small farms. Cyprus

[11] Note that these were expert judgments and may not necessarily coincide with the results of the data analysis examining which RDPs changed tactics, as the latter applied strict thresholds to categories. Under the data-driven approach, Denmark and Romania show up as Member States which have changed strategy between periods.

faced big cuts so focused more on environment. Austria is moving toward broader rural development action, and leader, and away from previous heavy dependence on area measures, also more infrastructure investment. Portugal is reducing leader spend while Malta is prioritising investment, environment and climate and more integrated cooperation and advice.

In sum, we detect a trend towards more thinking-through of rationales and opportunities, which could favour a more strategic and efficient use of measures.

We asked respondents: what are **the key factors influencing allocation** of EAFRD funds among measures, 2014-2020? The responses included:

- Inertia - in general, continuing with what worked well in the past (continuity);
- Political decisions (elections and post-election-driven changes, new government priorities);
- Demands from stakeholder groups; and for some,
- The option of new measures, and significant increase or decrease in EAFRD funds.

In Northern Ireland, it was explained that RDP design coincided with a review of the public administration and development of a new "going for growth" strategy. This stimulated a programme designed to meet a government commitment (to improve sustainability and competitiveness of farms and the wider agri-food industry). In the Netherlands it was noted that there had been a demand from water boards for co-financing the water framework directive, which led to a shift of funds from CAP pillar 1 to the RDP.

Concerning **delivery approaches**, in most of the countries these have not significantly changed compared to the 2007-2013 programming period. There have been some institutional changes due to new requirements, and some driven by a wish to increase simplification and effectiveness. Some commented that the introduction of new measures and financial instruments present a challenge in respect of implementation. Looking at the most popular delivery approach, centralised management is probably dominant, and in some cases this has been reinforced in new RDPs e.g. Hungary, where the Prime Minister's office is now responsible for the management of all EU investment funds. However, a small number of countries implemented changes at different levels – e.g. Portugal and the Netherlands are working more at regional level, while several MS altered their leader approach. Ireland's LAGs are being brought much closer to local municipalities, to avoid administrative duplication. A few Member States are experimenting with **financial instruments**: in Estonia 3 new FI measures are being launched to meet business needs, overseen by a new Rural Development Foundation. Only 5 RDPs (in 4 MS) include **sub-programmes**, largely targeting young farmers and horticulture.

Approaches to the **new co-operation measure**: the majority of Member States are planning to implement this measure (art. 35), with exception of Latvia and Luxembourg (Croatia and Romania indicate that they plan to do so probably later in 2016). The level of implementation varies with some Member States having a clear idea of actions, some are in consultation stage, and some expected to launch specific calls to support partnerships soon. Most of the Member States use several different types of cooperation under different focus areas; at sub-measure level, M16.1 (operational groups); 16.2 (pilot projects and development of new products), 16.4 (horizontal and vertical cooperation for local markets and short supply chains) seem to be most often planned, as well as M16.6 (in Austria). Denmark is implementing a national scheme for business development (FA 2), whereas the Netherlands, because of low spending on similar measures in the previous period, is focusing only on innovation testing (FA 2a), from among the various options. A table showing the precise programming choices of MS for measure 16 is in the annex.

Risk management: this new Pillar 2 measure is not implemented in the majority of MS; the reasons being either the prior existence of well-established national schemes or state aids. A more detailed assessment of the use of this measure within RDPs has been separately prepared by Bardaji et al, (2015), who note that forecast amounts for Pillar II expenditure on CPM measures will be higher than previous Pillar I expenditure under Article 68. Total public spending committed for the three risk management instruments available (insurance, mutual funds, and IST) is €2,699.6 million. However, although the CAP support to agricultural risk management has increased, the share of CAP funds being spent on CPM measures continues to be very low, less than 2% of Pillar II funds and 0.4% of the total 2014-2020 CAP budget. All Member States that used Pillar I Article 68 funding during 2007-2013 will be using new Pillar II risk prevention and management aids. A further eight MS (five at the national level and three regionally) will also be adopting risk management measures under Pillar II. Italy has a substantial national scheme which was set up under the previous pillar 1 system but uptake is mainly in the northern regions. Bardaji et al highlight what they regard as weaknesses of the new Pillar 2 approach, in that it must be WTO green-box compliant; yet it can be applied in ways which could distort intra-EU competition, and it will compete with other Pillar 2 measures for resources. The European Conference "Unlocking the Potential of the RDPs" (February 2016) recognised that there is a lack of knowledge in respect of the effective application of risk management and cooperation measures.

Among all the Member States, only Spain has highlighted a predominance of concern to create or sustain **rural and/or primary sector jobs**, among the drivers of RDP design. However this driver appears to have been influential across all of Spain's regions where rural employment in agriculture is significant and thus Priority 2 is emphasized. More widely, the relative decline in spending allocated to strategic priority 6 (compared to allocations in former Axis 3) suggests that RDP funds have not been seen as key to rural job creation, although the reasons may not be the same in all member states. On the contrary, it seems as though a combination of higher administrative burdens and more co-ordinated planning within the Partnership Agreements has led Member States and regions towards refocusing their RDPs on primary sector support and environmental aims, rather than rural economies more generally. The exception to this general pattern is seen in a significant number of MS in respect of LEADER, where the LEADER approach appears to be valued for broader rural development delivery, in a way which is clearly distinct from the more general development supported through ERDF and ESF programmes.

More detail on how different MS are approaching the **new institutional arrangements for EIPs, other types of co-operation and Community-led Local Development (CLLD)** are given in the annex to this report. The table suggests most countries work with existing structures and adapt them to fit the new requirements. However, innovation in arrangements is evident in a few cases (e.g. United Kingdom (Scotland), Estonia).

When asked to reflect on how far the new RDP represents progress in rural development policy, in their own national context, experts highlighted the following points as progress:

- Clearer RDP Intervention logic
- EU guidance progressive but opportunities were not fulfilled at national level

- Simplified procedures at programming level (Bulgaria)
- New focus on development of family farming sector (Hungary)
- Portfolio of tools to develop and fulfil local and national needs (Finland)
- Special measures for young farmers
- Attention to cooperation
- Emphasis on achievement of objectives through cross-cutting themes
- More focused AECM
- Potential in using multi-fund strategies
- More flexibility (in theory).

However, experts also identified elements regarded as backward steps, in this respect:

- The RDP is too much a political tool, strongly influenced by politicians and lobbies
- Reduced support for environment in some countries (e.g.Hungary, Slovakia, Slovenia)
- Less emphasis upon diversification
- The new system of objectives and focus areas is confusing for application processes
- More bureaucracy and complexity
- Fixed aid levels are difficult and prevent flexible implementation of RDP
- Interpretation of certain simplified cost options makes implementation more bureaucratic
- A lack of flexibility in reality – with enhanced focus on the achievement of results
- Standardised projects are not addressing local needs
- No genuine regionalisation of rural and especially agricultural policy
- Changes in the governance framework led to substantial disruption for delivery bodies.

A number of these issues were also reflected in the outcomes of the European Conference "Unlocking the Potential of the RDPs" (2016), at which **key challenges for strategic programming** were also identified. The most relevant are:

1. Late approval of first level legislation, and late publication of guidance documents
2. Frequent changes in the interpretation of legislation
3. Difficulties in implementing the 'good ideas' of the Common Strategic Framework (CSF) and Partnership Agreement
4. 'Gold-plating' at both EU and national levels increasing the complexity of the RDPs
5. Difficulties in maintaining the active engagement of social and economic partners.

In addition to these key challenges, discussions noted more flexibility in policy and strategy development and improved coordination with other funds (linked to more uniformity in the rules of ESIF; harmonisation procedures among different funds, and new selection criteria – the Art. 49 review) in order to achieve a consistent territorial strategy, as important steps in ensuring successful delivery. Furthermore, the selection criteria for co-operation projects were identified as a potential obstacle that could discourage new partnerships.

4. COMPARATIVE ANALYSIS BY REGIONS, FOR ITALY, GERMANY, SPAIN AND FRANCE

KEY FINDINGS

- The patterns seen in Italy, Germany, Spain and France, mirror many of those seen for the national level analysis. However there are some important distinctions. For instance, the increased administrative and control burden for EAFRD is identified with tactics in the German regions whereby more complex measures are being moved out of RDPs and funded under separate, national policies. They are notified as state aids but, critically, implemented under national administrative and control systems which are seen as more suited to ambitious or targeted approaches.
- In Italy and Spain, differences can be connected to the relative wealth and diversity of different regions, but an emphasis upon employment and enterprise development within the farming and forestry sectors is strong in both countries, whereas Italy also focuses strongly upon supply chain development. In Spain and some parts of Italy, administrative capacity also appears a constraining factor in RDP choices.
- In France, the availability of resources at regional level is also a key influencing factor for choices and priorities, between regions. Here, the Pillar 1 impacts are also evident, in that France's Pillar 1 budget was reduced significantly as a result of the reforms and thus compensatory use of Pillar 2 funding is evident, particularly in those marginal regions where direct payments have been a significant component of farm incomes. The French situation also highlights a phenomenon where the level of debate among actors – for instance, in respect of transformation towards more ecological farming systems – runs ahead of the established policy approaches which tend to reflect a strong conservatism in their use of longstanding measures.
- Noting these points, which emerge from the more in-depth country knowledge of the team, enables a consideration of the extent to which particular issues highlighted within these country contexts may also be key explanatory drivers or influences more widely, among other MS.

4.1. Italy

4.1.1. Allocation of funds by priorities and focus areas

The new programming phase in Italy is characterised by two national programmes (a national RDP and National Rural Network Programme- NRNP) and 21 regional programmes (RDPs). The main difference with the 2007-13 period is the national RDP. There is a substantial increase in public expenditure (+18%) in Italy: this increase was allocated first to the new national RDP (more than EUR 2 billion) and to more developed regions in the Centre and North of Italy. Two main reasons explain these choices: the introduction in the menu of RDP measures of support to risk management, a measure more efficiently managed at the national level because it requires common rules and structures and administrative expertise not (yet) available at regional level; and the need to compensate more developed regions for the losses they had in the first pillar reform, implying strong reductions of their previous budget. The resulting RDP allocations at regional level and the comparison with resources in the previous programming period are shown in Table 11.

Table 11: Italy regional RDP funds, 2007-2013 to 2014-2020 (EUR, current prices)

RDPs	***Public Expenditures***		
	2007-13	2014-20	Var. %
Abruzzo	426,327,617	432,510,834	1.5
Basilicata	656,000,886	680,160,331	3.7
Bolzano	330,192,026	366,405,380	11.0
Calabria	1.087,508,918	1,103,561,983	1.5
Campania	1,814,976,321	1,833,294,557	1.0
Emilia-Romagna	1,158,267,188	1,189,679,964	2.7
Friuli Venezia Giulia	265,683,479	296,131,725	11.5
Lazio	700,623,682	772,661,338	10.3
Liguria	288,171,302	313,608,702	8.8
Lombardia	1,026,568,657	1,157,646,104	12.8
Marche	482,282,568	537,961,503	11.5
Molise	206,585,015	208,500,000	0.9
Piemonte	974,087,993	1,092,453,619	12.2
Puglia	1,595,085,909	1,637,880,992	2.7
Sardegna	1,284,746,988	1,308,406,241	1.8
Sicilia	2,172,173,960	2,212,747,107	1.9
Tuscany	870,527,329	960,441,373	10.3
Trento	278,764,791	301,470,451	8.1
Umbria	787,024,257	876,651,205	11.4
Val d'Aosta	123,666,100	137,965,163	11.6
Veneto	1,042,158,575	1,184,320,499	13.6
National RDP	-	2,140,000,000	n.a.
National Rural Network	82,919,766	114,665,194	38.3
ITALY	17,654,343,327	20,859,124,265	18.2

The allocation to six EAFRD priorities reveals **a new, dominant role for environmental objectives**: one-third when we consider only P4, 41% when we sum P4 and P5. Focus area 3B includes mostly risk management support in the national RDP. Risk management has a particular nature and in Italy its introduction in the second pillar was controversial. Considering implications for agricultural and forestry competitiveness, it is not appropriate in Italy to view risk management as a competitiveness aid: competitiveness derives from P2A, P2B and P3A, excluding risk management which is 8% (higher than the threshold for the new LEADER approach). Rural diversification (P6) is 16% including LEADER.

Italy has three different types of regions according to the classification for all ESI Funds:

- more developed (all regions belonging to Central and Northern Italy);
- less developed (former Objective 1: Campania, Calabria, Basilicata, Puglia, Sicily);
- regions phasing out convergence status (Abruzzo, Molise and Sardinia).

This typology is common to all EU Funds. Looking at main priorities:

- over 70% of the national RDP budget is focused on risk management (focus area 3B);
- less developed regions decided to allocate about 40% to P4 environment, which is the highest share in Italy and even higher than that of 2007-13;
- more developed regions allocated relatively less to P4 and more to P5 resource efficiency, low carbon and climate-resilient economy (13%, c.f. 7.7% national average);
- overall, the allocation to environmental priorities varies from 40% in phasing-out regions to 45% in less developed regions, with developed regions in between (42%);
- regions differ little in the share of resources allocated to competitiveness: less developed regions give more emphasis to generational renewal (P2B), while phasing out and more developed regions prioritise food chain competitiveness (P3A);
- there are insignificant differences in the P6 share for broader economic development, by different types of region.

Analysis based on the financial allocation among priorities and measures, indicates that:

a) looking at the financial weight of the main priorities (in Italy P2 and P4), we conclude that no particular elements of innovation emerge. These two priorities do not seem organised differently from the previous programming phase: exactly mirroring the previous axes 1 and 2 of the 2007-13 RDPs;

b) although less financially relevant, P3 (especially focus area 3A) and P5 seem more in line with the logic and spirit of the new regulation: the variety of measures used and the idea of combining classical measures with agri-environment and transaction costs' support, the role of more 'horizontal measures' (knowledge, advisory services, quality, co-operation, etc.) are all interesting signals of a new conception of policy for rural areas – we term this a more 'progressive' approach;

c) allocation models differ, sometimes significantly, among regions according to their needs or political strategies. Overall, more developed regions seem more innovative than the other regions in allocating a higher proportion of resources to P3A and P5;

d) no conclusions can be drawn on the role of the rural diversification priority when we look at global resources and the internal composition of measures.

Regions in Italy can be grouped according to their choices, as defined in table 12.

Table 12: Typology of Main focus of RDPs (as per table 9)

	Sustainable land use measures		
Competitiveness measures	**> 50% of public expenditures**	**< = 50% - >= 40% of public expenditures**	**< 40% of public expenditures**
> 50% of public expenditures		**B. Mainly competitiveness**	
< = 50% - >= 40% of public expenditures	**A. Mainly environmental**	**C.3 Mixed-environmental and competitiveness**	**C. 1. Mixed-Competitiveness**
< 40% of public expenditures		**C.2. Mixed – environmental**	**C.4. Mixed-rural diversification**

In the first two types of strategy (predominantly environmental; predominantly competitiveness) there is a prevalence of one component of the strategy over the other ones because more than 50% of RDP resources are addressed to it. In the other types (the group of mixed strategies) there are different components and no one prevails, but some components have a higher relative share compared to a split of 40/40/15 of three components (competitiveness/ sustainable use of land/ rural diversification). In 2014-2020 there are only five types because no region shows a predominant competitiveness strategy.

Four regions belong to **group A**, predominantly environmental: Bolzano, Trento, Valle d'Aosta and Basilicata. They are the smallest regions and their strategy is based on former LFA measures and agri-environment-climate measures. Their small budget seems to push them towards more consolidated and conservative interventions in order to fulfil basic needs of farming survival.

The second group (C.1: Veneto, Liguria, Friuli VG, Lazio, Abruzzo) is characterised by the highest share of resources addressed to competitiveness (45.4% on average), but at the same time there is an important share of environment-oriented measures (38%). In this group the most relevant measures are M4 (investments in physical assets), and M6.

The third group (C.2) - a very small one (Piemonte and Campania), where the highest relative share is for sustainable land use (44%), especially agri-environment-climate aids.

There is a big group of regions (C.3) adopting a strategy based essentially on two relevant components (competitiveness and sustainable land use), both higher than 40%. This implies reducing the third component (rural diversification) to only 10% of the entire budget. This group deserves particular attention because it includes some of the richest, with intensive and industrialised agriculture in the Centre-North (Lombardia, Emilia-Romagna and Tuscany), and also some of the most specific Southern regional agricultural systems (Puglia and Sicily). In both cases RDPs adopt a strategy based on the need to foster changes in agri-food structures and support more sustainable processes in the most intensive areas of the region's agriculture. This strategy seems to neglect the need for rural diversification in the poorest areas of each region, and concentrates on agriculture.

A very different assumption underpins the strategy of the last group (C.4: Marche, Umbria and Molise), where the role of rural diversification becomes relatively important (about 20%). A strong contribution to this strategy is given by LEADER (Marche) or by basic services for rural areas (M7 in Umbria and Molise), in particular, broadband diffusion.

4.1.2. Change between programme periods

At the national level the share of the three components changed only slightly in favour of sustainable land management, while rural diversification decreased the most. To highlight these trends, however, the risk management measure should be excluded from the comparison, because it is inappropriate to align it either to competitiveness or to sustainable land use. After doing this, comparison between the two periods shows that competitiveness' share remained unchanged, while sustainable land use increased and rural diversification decreased.

Changes in regional strategies can be illustrated most conveniently by table 13. Regions along the diagonal do not change their strategy over two periods, while both regions above and below the diagonal have made relevant changes in their strategy.
The most interesting change is from strategies predominantly or relatively oriented towards one component (mainly environment) to mixed strategies, where both competitiveness and environment are considered as important to the same degree. This is the case for a big group of regions on the right side of the table (Sardinia, Lombardia, Calabria, Sicily, Emilia-Romagna): they belong, as we mentioned before, to the typology C.3 'Mixed-environment and competitiveness'. A minor shift should be mentioned for Umbria and Marche that moved from the environmental group to the rural diversification one. Another minor shift is towards mainly environment (Trento and Basilicata).

Table 13: Changing priorities in Italian Regional RDPs

		Strategies 2014-20				
Strategies 2007-13	A. Mainly compet-itiveness	B. Mainly environ-mental	C.1. Mixed-Compet-itiveness oriented	C.2 Mixed environ-mentally oriented	C.3 Mixed-Environ-mentally and compet-itiveness oriented	C.4 Mixed - Rural divers-ification oriented
A. Predominantly competitiveness			Veneto			
B. Predominantly environmental		Bolzano, Val D'aosta			Sardinia	
C.1 Mixed - environmentally oriented		Trento, Basilicata		Campania	Lombardia, Calabria, Sicily	Umbria, Marche
C.2. Mixed-Competitiveness-oriented			Liguria, Friuli VG, Lazio, Abruzzo		Emilia-Romagna	
C.3 Mixed-Environmental and competitiveness				Piemonte	Tuscany	
C.4 Mixed - Rural diversification oriented					Puglia	Molise

Source: authors' own analysis using published RDP data

In conclusion, **three main trends** are highlighted: first, a reduction in the component represented by rural diversification; second, a major focus on combining agricultural and agri-food competitiveness with sustainable land use within the budget of RDPs; and finally, in some regions (previously focused on other objectives) a strong shift towards a more environmental strategy. This happened in both small regions (Trento, Basilicata) as well as big regions (Piemonte, Puglia, Emilia-Romagna).

The reasons for these changes, as revealed from discussion with policy makers and experts in Italy, are as follows:

1. the reform of the CAP budget reduced the resources in the first pillar, strengthening the sector focus of the second pillar in allocation of resources by policy makers;
2. a stronger emphasis on the sustainability of agri-food processes, climate change issues, food safety, etc. This is visible both in the new EAFRD and in the negotiation for RDP approval. Strong pressures from the European Commission services and regional stakeholders favoured redistribution of funds in favour of more environmental support. There is increased bargaining power among political forces and social actors promoting more radical orientation for sustainable agriculture in Italy;
3. after some difficulty in spending EU resources experienced by some regions in 2007-2013 (due to administrative inefficiencies and poor technical support from managing authorities) there were strong and widespread pressures to favour measures with higher spending capacity and less burdensome procedures, so as to improve spending efficiency in the new programming period.

There are, on the other hand, more 'progressive' drivers of change in Italy, in particular:

- a recognition of specific rural needs in some fields (broadband, partnership creation and co-operation, social farming, etc.)
- strong pressure to retain integrated approaches in agri-food chains, where a series of interesting interventions were tested in the previous programming periods;
- a shift towards a more important role for the State (Ministry of Agricultural Policy), not only as a provider of general rules and programming design (as in the Partnership Agreement) but for the first time in years, in the day-to-day management of specific measures (irrigation and risk management). This new role is also supported by an improved reputation of the central State, when compared against the administrative failures and deficiencies of regional structures, over time and particularly in 2007-13;
- some interesting processes of collaboration between sector administrations at the national level, in territorial approaches explored by ERDF and EAFRD in the most marginal and remote areas. This is related to a new political climate promoting targeted, place-based rural policies (a new **National Strategy for Inner Areas**).

In many respects, these conclusions for Italy have much broader resonance with patterns and apparent concerns and motivations elsewhere across the EU-28.

4.2. Germany

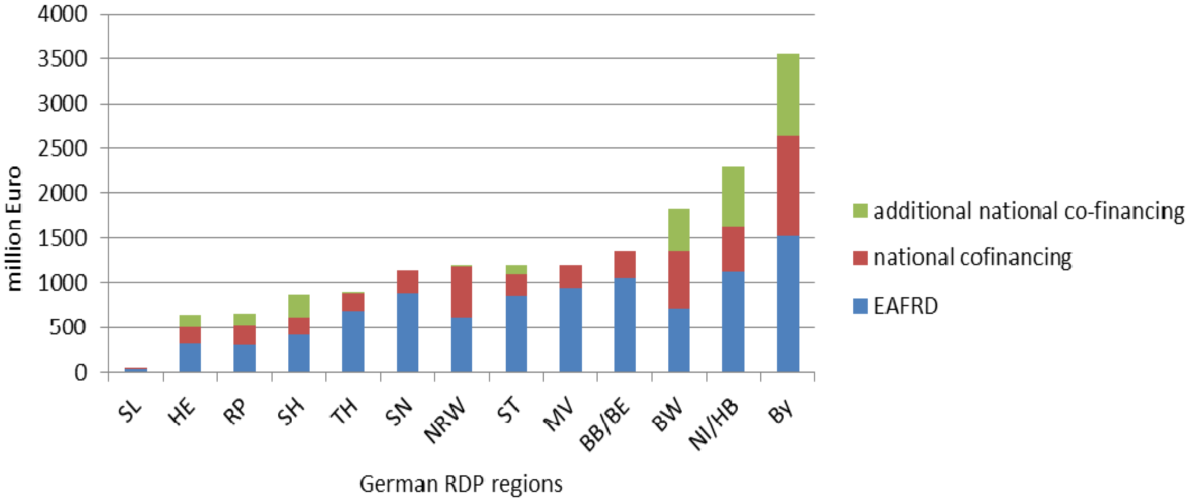
The new programming period in Germany is characterised by 13 regional programmes (RDPs)[12]. There is a small increase in total public expenditure (+4%), compared to the previous period. In Germany, expenditure allocations within RDPs are influenced not only by the amounts of funding available, but also the sources of funding, due to the particular relationship in RDP programming between the national and the federal levels of government. Under the German federal constitution, national competence in the field of rural development is limited. Apart from the National Rural Network (NRN), there is no national RDP, but the Federal Government contributes to some regional co-financing through Germany's Joint Task for the "Improvement of Agricultural Structures and Coastal Protection" for specific

[12] Hamburg does not have an EAFRD co-financed RDP, and four regions have joint RDPs: Lower Saxony together with Bremen (NI(HB) and Brandenburg together with Berlin (BB/BE).

measures, as laid down in this national framework. Although the EU rules require MS to call non-EU funds ‘national’, in a federal MS such as Germany, both cofinancing and additional funds are mostly contributed from the regional government level and regional budgets (i.e. by the Länder), except where part-funded via the Joint Task.

Figure 11 shows that the pattern differs widely regarding the financial volume, co-financing and use of national top-ups in each region. As the co-financing rate differs between regions and measures, the specific mix of programmed measures and regional status determine the relation between EAFRD and national co-financing.

Figure 11: Sources of funding for RDPs, Germany, 2014-2020



The federal states in East Germany e.g. Saxony (SN), Mecklenburg-Western-Pomerania (MV), Thuringia (TH), Brandenburg/ Berlin (BB/BE), Saxony-Anhalt (ST), and Lower-Saxony/Bremen (NI/HB) in North-West Germany show a significant higher EAFRD share (blue part of the bar), as they belong to transition or less-developed regions as defined in Article 59 no. 3b) and c) of the EAFRD Regulation. For additional national financing (top-ups), four of the five RDP regions in East Germany, plus North Rhine-Westphalia (NRW) and Saarland (SL) do not plan to use these. By contrast, in the other RDP regions the ‘national’ top-up (funded regionally) is significant, accounting for 20% to one-third of the total public expenditure. NI/HB and Bavaria (BY) increase their already significant shares of rural development funds further with additional national financing (which is actually regional funding, allocated by these Länder from their own budgets). The majority of this additional money is allocated to measures 4, 5, 7 and 10, which (except M5) already figure significantly as EAFRD co-financed measures).

Comparing RDPs, the federal states adopted different approaches towards additional national financing within their RDPs (Section 12 and 13). Similar measures to EAFRD (though not formally covered by the Regulation) have been programmed in some federal states entirely separately to their RDPs, while in others they are indicated in the RDP as additional national financing (e.g. village renewal under measure 7). Integration of additional national financing in the comparison between federal states for Germany could therefore lead to misinterpretation of relative priorities. The following analysis is thus based only on EAFRD and its co-financing by national or regional funds.

4.2.1. Expenditure priorities, 2014-2020

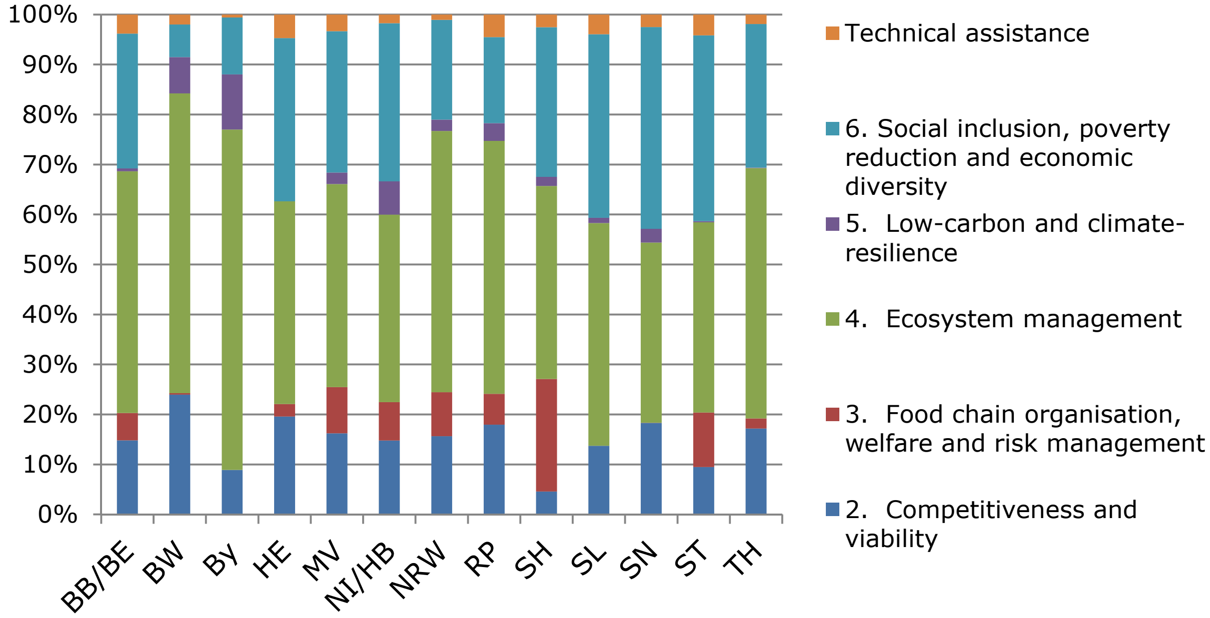
P4 Environmental protection takes almost half of planned public expenditure and is the most important priority on average in Germany. Except Schleswig-Holstein, P4 is the priority with the highest financial weight in all regions. In Bavaria and Baden-Württemberg it reaches more than 65% of the total.

P6 Rural development: Some federal states differentiate their strategy clearly from the German average of 24%: SN with almost 40% and Bavaria and Baden-Württemberg with only 10% and 12% respectively. SN uses the RDP for the development of rural areas, while the latter place a strong focus on agriculture via area-based measures.

P3 Animal Welfare and risk management and P5 climate action have the smallest priority share, comprising mainly coastal and flood protection actions, which explains its high share within the RDP of Schleswig-Holstein, situated between the Baltic and the North Seas. Bavaria's P5 allocation is significantly above average, as some of its agri-environment-climate schemes have been attributed to climate objectives.

P2 Enhancing farm viability and competitiveness has just a small financial allocation in most of Germany. The minimum share is in SH, which reduced this funding already in the former period, due to the already high competitiveness of the agri-food sector here.

Figure 12: Allocation of RDP budgets by Strategic Priority, all German regions



Contrasting strategies for the main priorities

Priority 2 - competitiveness

Four types of strategies for fostering the competitiveness of the agriculture and forestry can be identified by the use of measures:

- Individual investment approach with clear dominance of M 4.1 (farm investment)- Bavaria (BY), Hesse (HE), Saarland (SL), North Rhine-Westphalia (NRW), Saxony (SN);

- 'Intercompany approach' with significant use of M 4.3 for rural infrastructure - Lower-Saxony/Bremen (NI/HB), Saxony-Anhalt (ST), Mecklenburg-Pomerania (MV) and Rhineland-Palatinate (RP);
- Investment in knowledge and innovation Measures 1, 2, 16- Schleswig-Holstein (SH);
- Mixed - Berlin/Brandenburg (BB/BE), Baden-Württemberg (BW), Thuringia (TH).

Priority 4: environmental protection and management

The area-based measures (10, 11, 12 and 13) AECM, Organic farming, Natura 2000 compensation and ANC are the dominant measure-type in all RDPs: their share of planned expenditure for P4 ranges from 67% in MV to 99% in BY. Notably high shares for ANC (M13) occur in BY, HE, SN and TH. In BB/BE and MV forestry measures have a significant share of P4 funds. NI/HB and SH provide more for soft instruments like training, advisory services and cooperation, and almost half their P4 allocation is focused on public investment for nature protection (measures 7.1 and 7.6), whereas some others hardly use these instruments.

Priority 6: broader rural development

The strong increase of LEADER funding in this period derives, among other reasons, from the choice of some federal states to integrate all measures for local development into LEADER. Saxony (SN), Brandenburg/Berlin (BB/BE), Baden-Württemberg (BW) and Rhineland-Palatinate (RP) provide for local development measures like village renewal, basic services etc. exclusively under LEADER. At the same time SN and BB/BE put separate, strong emphases on FA 6B: fostering local development. Despite the acknowledged relevance of broadband infrastructure for the development particularly of marginal regions, five RDP (BB/BE, BW, BY, MV, SN) do not fund this sub-measure (7.3). In Germany, several aid-schemes and instruments promote broadband expansion, making the combination or complementarity challenging to manage: the risk of double funding or errors in control provisions in this complex "funding-landscape" is considered rather high, so to reduce that risk these RDP regions do not use EAFRD for broadband. The share of EAFRD funds needed in order to reach the expansion objectives is very small, so the added value of using EAFRD funds is seen as outweighed by the risks.

Table 14 and map 13 illustrate the allocation by German regions to the main types of measure, classified using Germany-specific groups informed by our understanding of similarities in purpose. In the map the shading of the RDP regions shows that the share of public expenditure for the financially most important group is more than 10% higher than the second highest.

Table 14: Planned public expenditure by measure and RDP, EUR million, Germany

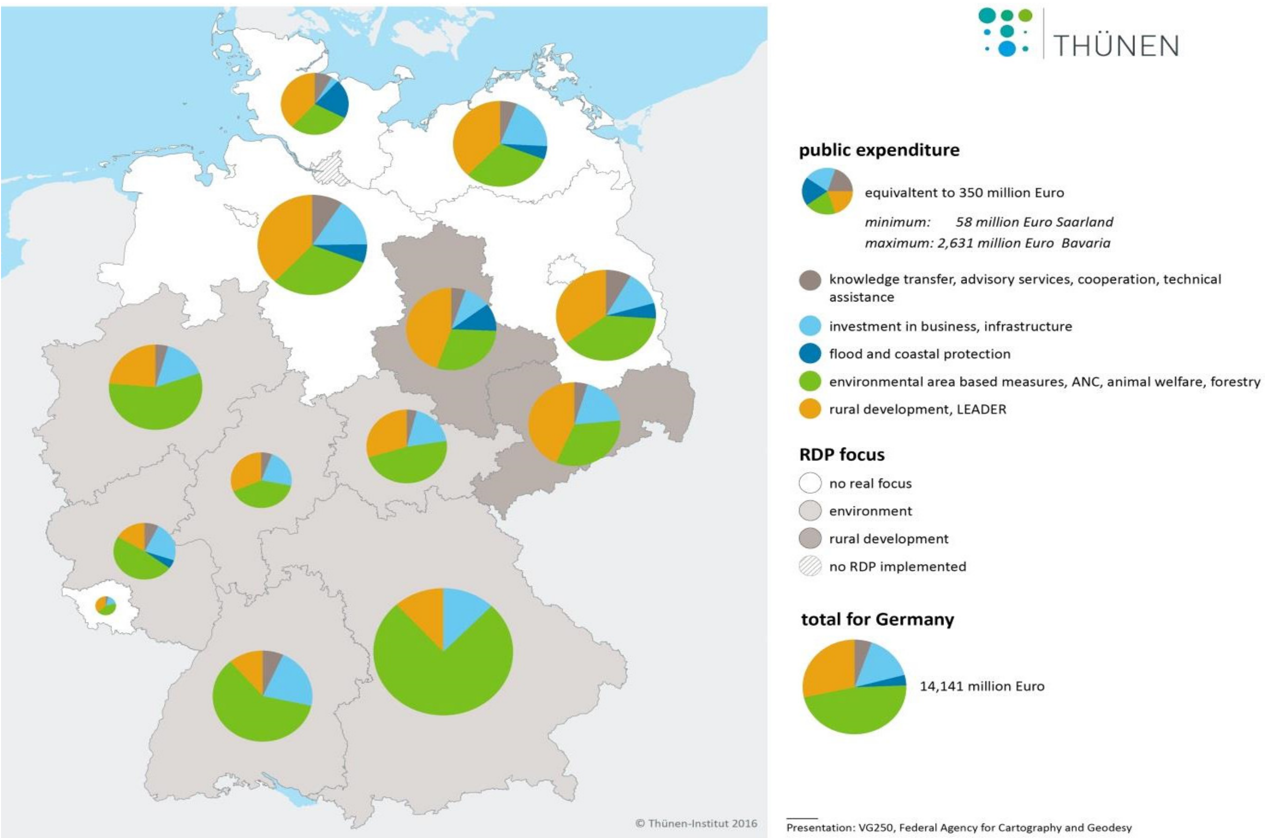
Measure	BW	BY	BB/BE	HE	MV	NI/HB	NRW	RP	SL	SN	ST	SH	TH	NRN*	ALL GER-MANY
3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	-	-	-	-	3	-	-	-	-	-	4	-	5	-	**12**
6	27	8	5	6	6	-	-	11	1	-	-	-	7	-	**71**

Measure	BW	BY	BB/BE	HE	MV	NI/HB	NRW	RP	SL	SN	ST	SH	TH	NRN*	ALL GER-MANY
2	39	-	3	-	19	10	7	4	-	-	-	19	4	-	**104**
1	3	-	12	-	6	57	8	3	-	15	-	4	4	-	**111**
14	4	-	-	-	-	27	82	-	-	-	-	-	-	-	**113**
12	3	-	28	-	20	-	29	-	1	-	23	16	-	-	**120**
16	22	4	44	5	5	52	22	7	-	10	11	13	11	-	**207**
8	17	-	78	14	29	-	54	-	1	33	16	11	15	-	**267**
20	27	15	51	24	40	28	13	24	2	28	46	16	17	10	**341**
5	-	-	74	-	60	98	-	26	-	-	120	129	-	-	**506**
11	164	412	178	120	167	97	133	118	9	47	71	60	38	-	**1,613**
13	210	776	139	51	-	99	47	-	5	118	53	8	123	-	**1,628**
19	84	152	349	62	88	129	72	68	8	456	89	79	50	-	**1,685**
7	48	140	128	96	333	458	194	18	13	9	399	133	213	-	**2,180**
4	282	324	162	106	266	287	191	107	9	246	108	46	156	-	**2,291**
10	415	800	95	18	157	284	323	135	10	180	159	87	236	-	**2,900**
ALL	1345	2632	1346	501	1198	1626	1175	521	59	1139	1098	622	879	10	**14,151**

* National rural network

Source: TI

Map 13: Proportionate expenditure by main Priority types, German Regions



Source: TI

The most important measures at national level are the group of area based Measures 10, 11, 13, Measure 4 (investment in physical assets), Measure 7 (basic services and village renewal in rural areas), and Measure 19 LEADER. Measure 3, 9, and 17 are not present in any German RDP. The EAFRD budget is very concentrated on a few measures. 50% of the programmed measures in Germany have a financial share under 3% of the total.

Map 13 illustrates the allocation of German regions to the main types of measure, classified using Germany-specific groups informed by our understanding of similarities in purpose (see Table 16). In the map the shading of the RDP regions shows that the share of public expenditure for the financially most important group is more than 10% higher than the second highest.

One group of RDP regions dedicates a high proportion of funds to the environmental area-based measures for agriculture and forestry: Bavaria, Baden-Württemberg, Rhineland-Palatinate, Hesse, Thuringia and North Rhine-Westphalia. This group comprises almost the whole of south-western Germany. It is important to note the different role of Measure 13 (ANC). In Bavaria this measure encompasses 29% of RDP public expenditure, in Baden-Württemberg 16%, and in Thuringia 14%. However, these payments only account for 4% in NRW, and Rhineland-Palatinate does not offer this measure. The proportion of ANC especially in south Germany (Bavaria, Baden Württemberg) indicates how the RDP supports and compensates for the impact of changes in the first pillar of CAP and the RDP acts as an income transfer instrument for a rather small-scale and less competitive agriculture. In other federal states the RDPs are more targeted to environmental problems deriving in part from highly specialist and productive agriculture.

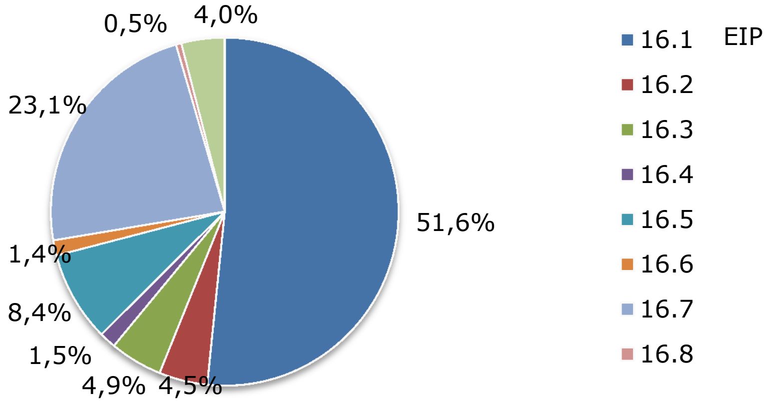
Another group of federal states dedicates the RDP primarily to the development of rural areas. These RDPs focus on LEADER, rural services and village renewal, and less on environment. This is mainly the case for Saxony and Saxony-Anhalt, both in East Germany. The other federal states in the north-west (and Saarland) use a balance of measures with no explicit priority. Especially in north Germany (Lower-Saxony, Mecklenburg-Western Pommerania, Schleswig-Holstein) a notable part of public expenditure goes to the 'measure group' investment in (farm) business, knowledge transfer and advisory services and coastal protection. While expenditure for broader rural development is also relatively high, the payments for area-based environmental measures are at a minimum level.

Innovation in measure usage

An analysis and classification was carried out by the management authorities, regarding the degree of innovation linked to the programmed measures and sub measures in RDPs. Just 7% of the measures are absolutely new for their respective RDP. These include the EIP measure together with numerous new cooperation measures (measure 16) aiming at new partnerships for local development, regional markets or biodiversity. Some sub-measures under measure 7 are new, like broadband infrastructure, re-use of brownfield sites, wastewater infrastructure, and coaching for village bioenergy.

With almost 40% of total funds, the share of little- or un-changed measures is the biggest, but the majority of programmed measures are new or have been realigned in order to reach new objectives or reach former ones more effectively. This is true for sub-measures 4.1 (farm investment), 4.2 (adding value) and rural development measures. Most AECM (M10) have been subject to realignment of provisions, eligible area or other conditions. The pie-chart shows the planned use of sub-measures of co-operation measure 16, across all of Germany.

Figure 13: Use of Measure 16 (co-operation) in German RDPs (source: TI)



Source: TI

The EIP sub-measure (16.1) has the highest allocation of M16 funds and is used in all but one RDP (not in Saarland). The implementation of the EIP differs from other RDP measures and is very heterogeneous in these 12 regions. EIP is the only measure in which a federal institution is involved in the implementation procedure. A national network established near the Bundesanstalt für Landwirtschaft und Ernährung, BLE (Federal Office for Agriculture and Food) pre-coordinates the calls and grant applications before their approval by the regional authorities.

In support of the administration and of potential applicants some RDPs regions have engaged special innovation service agencies outside the administration (e.g. HE, SH, BR/BB, NI/HB, TH), while others enhanced human resources inside the administration for specific task forces (BW, MV, NRW, SN) and a third group used no new structures (e.g. RP). The selection process is mainly based on the criteria-guided vote of a special evaluation committee/jury. Juries are mainly composed of representatives from technical departments of the ministries and state offices. The grant procedure is centralised at the federal state level (one single authority in each state).

Germany makes very little use of food chain measures so sub-measure 16.4 is only used by three regions (Hesse, Rhineland-Palatinate and Thüringen) and the expenditure allocation is low, with delivery linked to the EIP arrangements: these processes are not deemed in need of EU support within the country in general. Focus Area 3A primarily comprises the animal welfare measure 14, processing and marketing sub measure 4.2 and in a very marginal dimension measure 16 co-operation. Measures 3 and 9 are not implemented in any of the 13 RDPs. P3 is solely risk management for flood protection, measure 5.

CLLD is a multi-fund instrument combining EAFRD with ESF and ERDF funding, and has been programmed in only one German region – Saxony-Anhalt (DVS, 2015). Due to the different implementation rules, documentation, control and monitoring provisions for the ESI-funds the other regions rejected a multi-fund approach, deciding that the administrative burden and the risk of errors outweigh the potential benefit of synergies.

4.2.2. Change between programming periods

An analysis of change by broad 'thematic area' was made by comparing groups of measures in the new RDPs with groups of measures with similar purpose in the 2007-2013 period, using the TI team's detailed regional knowledge (table 15 and table 16).

Table 15: Typology of German regions' use of RDP measures across periods

Typology of measures	Measures/ measure groups	Measure codes	
		2007 – 2013	2014 - 2020
Human capital	Knowledge and advisory services	111, 114, 115, 331	1, 2
	Cooperation	124, 132, 341	16
	Technical assistance	511	20
Productive investments	Investment in business	112, 113, 121, 123, 311	4.1, 4.2, 6.4
	Rural infrastructure	125	4.3
Protection	Flood- and costal protection	126	5
Environment	Less favoured area schemes	211, 212	13
	Area based measures	213, 214	10, 11, 12.1
	Animal welfare	215	14
	Forestry measures	122, 221 - 227	8, 12.2, 15
Rural development	Broadband infrastructure	321 partly	7.3
	Other investments	216, 312, 313, 321 (partly), 322, 323	4.4, 7.1, 7.2, 7.4 - 7.7
	LEADER	411 - 431	19

The area-based measures (10, 11, 12.1) have the most important share of resources in both periods. Their financial allocation increases slightly. A more heterogeneous group 'other investments' (M4.4, 7.1, 7.2, 7.4-7.7) ranks second but its financial importance decreases by 30% in 2014-2020 compared to 2007-2013, in part explained by the integration of a number of these measures into the LEADER approach. There is an almost as strong increase of funds for LEADER (in absolute terms) - LEADER is the third strongest measure in the period 2014-2020.

Table 16: Changes in public expenditure RDPs 2007-2013 to 2014-2020, Germany

	Typology of measures				
Region	**Difference in percentage points (2014-2020 to 2007-2013), when expressed as % of public expenditure in each period**				
	Human capital	Productive investments	Protection of Environment		Rural development
	KT, advisory services, cooperation tech assist	Investment in business, infrastructure	Flood and coastal protection	AECM, ANC, welfare, forestry	Rural development LEADER
Brandenburg /Berlin (BB/B)	6.0	-10.1	-5.8	5.3	4.6
Baden Württemberg (BW)	4.3	1.2	0.0	-6.1	0.6
Bavaria (BY)	0.5	-1.1	-3.0	7.4	-3.8
Hesse (HE)	4.9	-4.0	0.0	-18.9	18.0
Mecklenburg-Western Pomerania (MV)	4.1	-6.1	4.5	2.5	-5.1
Lower-Saxony/Bremen (NI/HB)	4.7	-18.6	-0.5	3.4	11.0
North-Rhine-Westphalia (NRW)	3.1	-7.5	0.0	-1.6	6.0
Rhineland-Palatinate (RP)	6.0	-16.5	-0.4	8.4	2.5
Schleswig-Holstein (SH)	7.5	-5.7	-3.5	1.5	0.3
Saarland (SL)	2.7	-6.6	0.0	-0.1	4.1
Saxony (SN)	2.9	0.7	0.0	0.4	-3.9
Saxony-Anhalt (ST)	3.7	-5.6	4.7	-2.4	-0.3
Thuringia (TH)	2.3	-5.5	-2.2	-1.3	6.8
Germany	3.6	-6.0	-0.7	1.4	1.7

The measure group 'investment in business' (M4.1, 4.2, 6.4) shows clear decline between periods, due to significant decline in the farm investment measure (4.1) and/or its new orientation towards animal welfare and/or reduction of emissions, e.g. in NI/HB. The measure group 'rural infrastructure' (land consolidation and rural road construction 4.3) has also a reduced allocation. Some regions decided to fund this entirely outwith the EAFRD (BY and ST), while others cut funds (esp. NI/HB and regions in East Germany).

The measures broadband infrastructure, co-operation and knowledge and advisory services see a strong increase in allocated funds. Knowledge and advisory services have – due to their strategic importance for the EAFRD – a very high co-financing rate, which could have been an incentive for the enhanced offer. Whilst the number of RDPs providing for co-operation measures increases, those choosing 'knowledge and advisory measures' fall from 11 to 9, despite a high co-financing rate. These measures are mainly small-scale measures with difficult implementation conditions. They suffer especially from high administrative costs and regions prefer to support similar measures without the contribution of EAFRD funds. Besides Saarland, all RDP regions offer co-operation measures with a lot of sub-measures addressing several focus areas. It remains to be seen if this strategic focus on "soft measures" can be put into practice. In the former period, due to lack of demand, the allocation was gradually reduced at every programme amendment.

The number of RDPs including 'forestry measures' has declined. These measures face high implementation costs due to beneficiary structures and conditions of strong site-specific, weather-dependent project realisation, under EU control and documentation requirements. Comparable forestry measures exist with exclusively national financing.[13]

The significance of animal welfare in public discussion and consumer consciousness in Germany is not reflected in the financial allocation to 'animal welfare' nor the number of RDPs (3) using this. Compared with the former period there is a very slight increase and it remains at a very low level. However, measure 4.1 farm investment aid puts a strong emphasis on animal welfare.

All RDPs apply 'technical assistance', of which the planned public expenditure is more than doubled compared to the former period. This can be explained by the increased requirements with regard to programme steering (management authorities and paying agencies) and better performing IT-systems.

Almost all RDP decrease the share of financial allocation for 'productive investment', while that for 'human capital' has been significantly upgraded. Some regions particularly expand broader rural development and LEADER, e.g. Lower Saxony/Hamburg, North Rhine-Westphalia and Thuringia, while others expand disproportionally the human capital measures, e.g. Rhineland-Palatinate, Schleswig-Holstein, Brandenburg/Berlin. Hesse pursues a specific strategy: removing significant funds from the area-based environment measures[14] to strengthen rural development and LEADER. Bavaria, however, expands once more its agri-environment measures (of which the planned public expenditure was historically disproportionally high compared to the national average) at the expense of almost all other measure-types.

The new RDPs contain significantly more specific climate measures (albeit at a low level) and more biodiversity, as they are used as a core instrument to meet the requirements of Natura 2000. Focus areas 3A and 3B decline due to the national decision not to apply risk management measures and the moderate demand for animal welfare or quality schemes, plus a decline of funds for flood and coastal protection. Despite the challenges deriving from the Water Framework Directive for ground and surface waters, the percentage of measures giving priority to water protection (FA 4B) declined from 11 to 8%.

We sought to investigate if there is a shift of beneficiaries between RDP periods by allocating the public expenditure of both periods to the main target group of each measure. **The results reveal great continuity**. The allocation of the planned public expenditure to the predominant target groups has been done on sub measure level and is based on the interpretation of eligibility criteria, estimation of the managing authorities and experience of the last period. At 55%, farmers remain the predominant type of beneficiary, followed by municipalities quite a way behind. This is due to the continuing importance of 'traditional' measures like area-based-measures and farm investment. The opening of measures formerly strictly limited to farmers to the 'whole' rural community leads to an increase in mixed beneficiaries, but enterprises, forest owners and private persons are rarely beneficiaries – in both periods.

[13] Fährmann, Grajewski and Reiter (2015).
[14] The concerned measures continued as exclusively national financed interventions.

It is important to note that the RDPs represent only a part of the activities and policies of federal states in Germany to develop rural areas and tackle environmental problems. The figures and analysis show how the different RDP administrations use EAFRD and RDPs. Other developments should also be taken into consideration:

1) The aim to concentrate RDPs and seek better coordination and complementarity with other EU co-financed programmes reinforce how RDPs represent just one "brig stone of a whole construction". In some states the package of all EU co-financed programmes (ESF, ERDF, EAFRD) are seen as linked vessels – so, if ERDF excludes broadband, coastal protection or tourism, the RDP fills the gap and vice-versa.

2) The administrations and ministries in charge aimed to reduce both the number of measures and national top-ups within the RDP to enable more efficient and 'lean' documentation and control systems. This is also true for so-called 'national' top ups (many funded at regional level), as they are subject to the same data collecting, reporting, monitoring and evaluation requirements as EU co-financed measures. This influence of the complex and rigid implementation system together with error prevention on the design of the RDPs should not be underestimated. There is increasing pressure to use EU co-financed programmes to finance simple, large-scale standard measures; whereas "sophisticated" and ambitious measures, for example site-specific AECMs, are implemented by national programmes.

A simple equating of the RDPs and German regions' policy for rural areas is in parts inadequate. Thus, inferences from this analysis should be drawn carefully.

4.3. Spain

Spain has 18 Rural Development Programmes (one for each Autonomous Community –region - and a National Rural Development Programme) and a Spanish National Framework for Rural Development (to establish common elements for all the 18 RDPs). Eight Programmes out of the 18 RDPs planned in Spain have additional national funding (Section 12 of the RDPs) and additional national funding (Section 13): furthermore, La Rioja and the National RDP have allocated additional funding to Measure 20. Spain as a whole has seen growth in its Pillar 2 budget by a modest 3%, compared to the 2007-2013 period.

4.3.1. Priorities by RDP

The priorities that have the highest financial weight are: P4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry. In 10 of the 18 RDPs, P4 is the Priority with the highest financial weight, with 35.5% of total public expenditure. Cantabria is the region with the highest expenditure allocated to P 4.

Figure 14: Funding contributions, Spanish RDPs

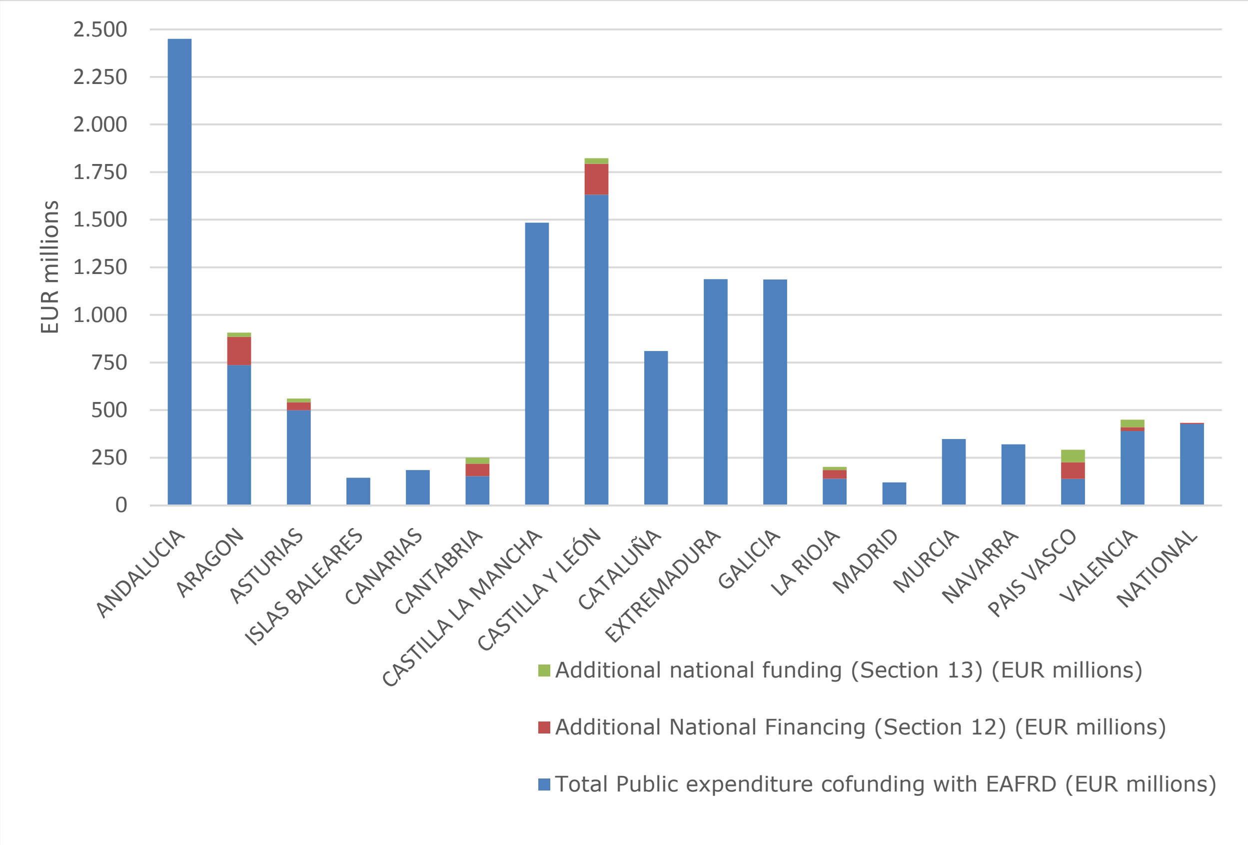
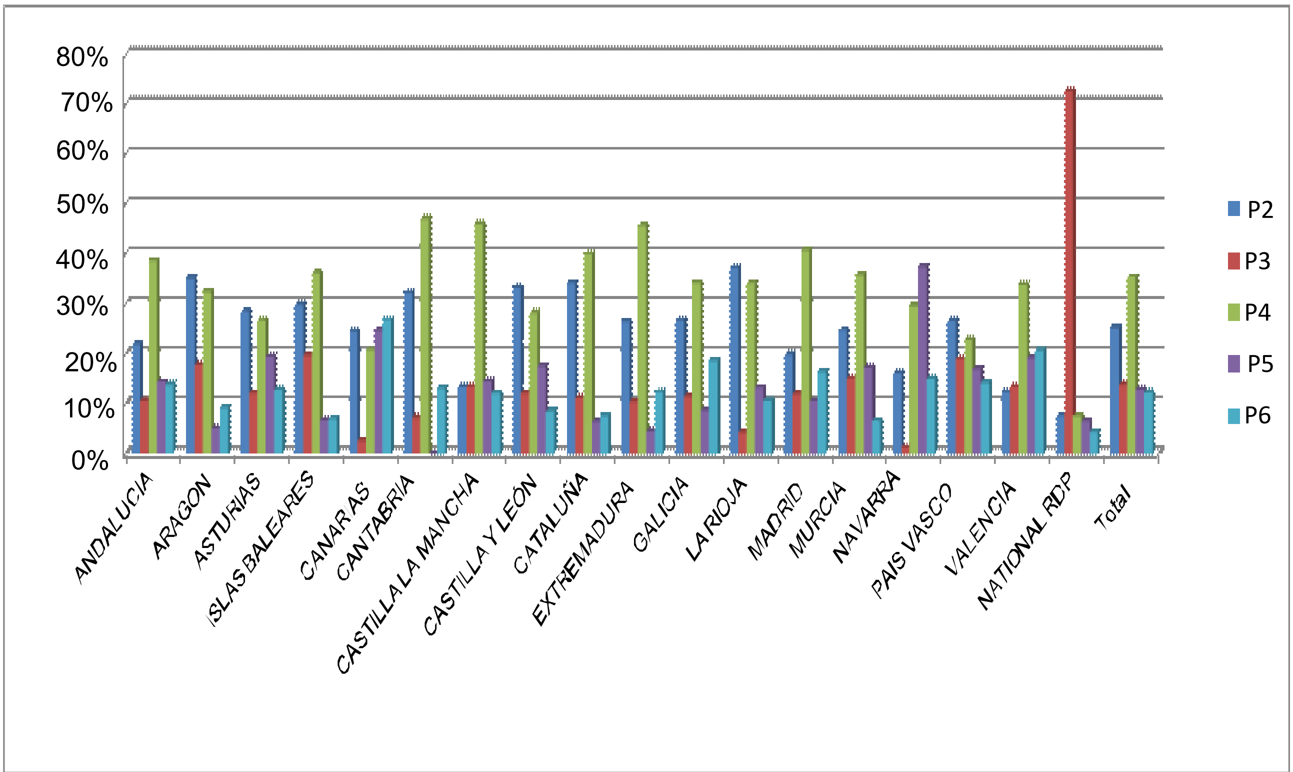


Figure 15: Allocation of funding to priorities, by Region, Spain 2014-2020 RDPs



P2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and sustainable management of forests. In 5 RDPs, P2 is the priority that has the highest financial weight. With an all-Spain average of 25.24%, la Rioja region has allocated 37% of its expenditure to P2.

Exceptionally, the National RDP allocates 75.58% of its budget to Priority 3 (due to the approach taken to delivery of particular measures), while Navarra's RDP allocates 37.35% to Priority 5 and, finally, Canarias allocates 26.95% to Priority 6.

Analysis by Focus Area

If we analyse the Focus Area shares in Spain, **Focus Area 2A** Improving the economic performance of all farms and facilitating farm restructuring and modernisation, has the highest relative weight, followed by **Focus Area 3A** Improving competitiveness of primary producers by better integrating them into the agri-food chain through quality schemes, adding value to agricultural products, promotion in local markets and short supply chains, producer groups and organisations, and inter-branch organisations. **Focus Area 2A** is over 20% in 10 RDPs, with a minimum of 5% of total public expenditure programmed. **FA 3A**: in most RDPs, the relative weight of 3A is between 10-20%. In the National RDP it reaches 72.58% and in Navarra it is only 1.46%.

A significant allocation of resources goes to the combined **Focus Areas in P4**, but further analysis of regional priorities within these FA is not possible as the allocation is combined.

Some Focus Areas have a really small weight, almost a residual value:

Focus Area 3B: *Supporting farm risk prevention and management* has an average weight of 0.3% and with total public expenditure allocated lower than 3% of the total in Spain. This is due to the limited success that Measure 17 *Risk management* has had in Spain (see also Bardaji et al, 2015; and later discussion in this report).

Focus Area 5B *Increasing efficiency in energy use in agriculture and food processing* only has a relative weight above 5% in two RDPs (Canarias with 6.27% and Navarra with 13.91%); in 10 RDPs this Focus Area is not programmed and in the rest of RDPs is lower than 2%. **Focus Area 5D** *Reducing greenhouse gas and ammonia emissions from agriculture* only has a significant weight in Navarra (with 7.38%) and Valencia (with 4.43%). **Focus Area 5F** *Improving forestry use* is a sub-priority added to the common priorities by Asturias and defined in Regulation 1305/2013. It is linked to sustainable use of natural resources, energy efficiency, climate change and new technologies. Forestry related measures in Asturias (8.1 and 8.6) are the ones with the highest allocations due to the large forestry area in this region.

Considering Priority 6, **Focus Area 6B** *Fostering local development in rural areas* is implemented through LEADER and is the FA that plays the main role, within P 6. The relative weight of **FA 6C** *Enhancing the accessibility, use and quality of information and communication technologies (ICT) in rural areas* is less than 2% of the total. The relative weight of **FA 6A** *Facilitating diversification, creation and development of small enterprises, and job creation* is only significant in four RDPs (Valencia, Navarra, Canarias and Galicia).

Measure allocations – national picture

The weight of spending in the RDPs is concentrated on seven measures, that together amount to 89% of total public expenditure. The rest of the expenditure is shared among the other measures. In particular, **Measure 4 is notable**: investments in physical assets because it alone accounts for 31.5% of the total. **Measure 8** investments in forest area is the next most prominent measure, as well as development and improvement of the viability of forests and **Measure 10** agri-environment-climate. After that, Measure 19 support for LEADER and local development (CLLD) accounts for 8.4%, Measure 13 payments to ANCs 6.9%, Measure 6 farm and business development 6.6% and measure 11 organic farming 5.1%.

Strategies of RDPs at regional level

In table 17 the regions are classified using the methodology developed by Mantino and used elsewhere in this report (Table 9). Note: The total public expenditure programmed has been used for establishing the relative weight of each priority by RDP.

Table 17: Regional allocations to strategic priorities, Spain 2014-2020

2014-2020	P2+P3	P4+P5	P6
	Competitiveness	Sustainable land use	Rural diversification
A) Mainly environment			
Andalucia	32,78%	53,30%	13,92%
Castilla la Mancha	27,12%	60,62%	12,26%
Extremadura	37,08%	50,44%	12,47%
Murcia	40,09%	53,16%	6,75%
Navarra	17,64%	67,23%	15,13%
Valencia	25,98%	53,17%	20,85%
B) Mainly competitiveness			
Aragon	53,01%	37,65%	9,34%
National RDP	80,36%	14,22%	4,52%
C.1) Mixed - competitiveness			
Pais Vasco	45,77%	39,93%	14,30%
C.2) Mixed - environmental			
Canarias	27,37%	45,68%	26,95%
Cantabria	39,70%	47,08%	13,22%
Galicia	38,29%	43,06%	18,65%
C.3) Mixed - environmental and competitiveness			
Asturias	40,81%	46,30%	12,89%
Islas Baleares	49,80%	43,10%	7,10%
Castilla y León	45,57%	45,83%	8,60%
Cataluña	45,62%	46,70%	7,68%
La Rioja	41,67%	47,61%	10,72%
C.4) Mixed - rural diversification			
N.A.			

Source: Own elaboration. Data: Total Public and EAFRD expenditure per measure by RDP-SPAIN

Group A) Mainly environmental

In this period Group A is the biggest one, with a total of **six RDPs with more than 50% of their budget allocated to P4 and P5** – Sustainable land use. Six Regions have selected this strategy as the central one; while in 2007-2013, there were only two regions (Andalucía and Castilla la Mancha) in this category *(see the table attached at the end of this section related to period 07-13).*

This increase in the number of RDPs that have chosen this strategy is caused mainly by the **importance acquired by three issues** in this programming period:

- **Water**: related to the inclusion of numerous conditions linked to compliance with the Water Framework Directive and the second cycle of hydrological planning (2015-2020). The new EAFRD required much more information as well as detailed analyses related to RDPs´ actions linked to irrigation systems (sub-measures 4.1 and 4.3, mainly).
- **Climate change**: the cross-cutting integration of climate change into the entire programme has been another issue with great influence on RDPs, in comparison with the 2007-2013 period.
- **Natura 2000 Network**: as in the 2007-13 period, themes related to this issue played a key role in negations with the Commission, and thus in the final versions of the RDPs.

The shift towards Group A) has happened in RDPs that used to be in Group B) Predominantly competitiveness, such as Navarra and Valencia; and those that used to be in Group C.3) Mixed - environmental and competitiveness oriented (Extremadura and Murcia). **Navarra and Castilla la Mancha** have allocated **more than 60% of their budget** to priorities 4 and 5. Regions such as Andalucía and Murcia have allocated around 8% of their total budget to **Measure 11 - Organic farming,** because of the importance that this type of production has in both regions. For example, in Murcia this support maintains agricultural activity across large areas of extensive production, with low profitability.

If we consider the strictly environmental measures (M10 and M11), the expenditure programmed is actually lower than the expenditure programmed in 2007-2013. **Environmental objectives in this period have a broader implementation across the RDPs in Spain.** For example: **Navarra** has allocated only 10.39% of its budget to measures 10 and 11 and it has allocated 46.8% to measure 4. But almost two thirds of the budget for measure 4 is under Priority 5, making the region of Navarra the one with the highest weight allocated to P4 and P5, combined.

Group B) Mainly competitiveness
Only two RDPs are considered as in Group B) Predominantly competitiveness, Aragón and the National RDP. In 2007-2013, this was the group with the highest number of RDPs. **Aragón** has allocated around 35.2% of its RDP budget to Priority 2. So, the strategy of this RDP is focused on combating unemployment in rural areas by guaranteeing the economic viability of agricultural holdings. **The national RDP** is a special case. 72.7% of its budget is allocated to Focus Area 3A. The main objective of this RDP is to promote innovation and cooperation among the regions of Spain with the EIP.

Group C.1) Mixed – Competitiveness
There is only one region in this group, **País Vasco**, but it could be easily considered in group number C.3) because its budget allocated to P4 + P5 is very close to 40%. In this region, almost €50 million of regional funds are allocated to environmental objectives. The chosen strategy makes this RDP competitiveness-oriented because it focuses on job creation and maintenance; and increasing access to financial markets.

C.2) Mixed - environmental
There are three regions in this group: Canary Islands, Cantabria and Galicia. **Canary Islands** is unusual: 46.8% of its territory is in the Natura 2000 network (ICC 34); also, the archipelago faces different issues derived from its double insularity that have to be tackled using the framework of priority 3; moreover there is significant water scarcity. **In Cantabria,**

the importance of Priority 4 is related to the support of livestock holdings and forestry systems. These systems, due to their traditional interlinkages (wood-pastures), reinforce each other. This is the typical production system in the north of Spain, where livestock has a traditional importance. In **Galicia**, the importance of Priority 4 could reflect pressure from the forestry sector when negotiating the RDP strategy. Around €170 million is allocated to forestry in Priority 4.

C.3) Mixed - environmental and competitiveness
This group ranks second in the number of regions included. **Asturias:** the RDP of the region of Asturias could be characterized by importance of the livestock sector (including the dairy sector). This northern region of Spain shares traditional importance of the livestock sector in agriculture with the region of Cantabria. **Islas Baleares**: The RDP of Islas Baleares is unusual too: the double insularity of the region has a big impact on the primary sector. Due to the small scale of the islands, the whole region is considered in one RDP. The high priority afforded to investment measures in the agro-food sector, as well as the compensation to farmers for the insularity conditions of the region, are notable. This RDP is in Group C.3 Mixed, because environmental aspects also have great importance. The RDP establishes a link between the maintenance of agricultural activity and the promotion of rural assets with the goals of conservation and a high-value environment.

The RDP of Castilla y León focuses on improving the competitiveness of agricultural holdings through employment creation and modernization of infrastructures. The environmental aspects are integrated into both the agricultural measures and the forestry measures. **Considering Cataluña,** this RDP could be considered as a model for development based on diversification (mirroring the European model). It is notable for the prominence given to support to young farmers, economic regeneration and the promotion of innovation. The environmental aspects of the RDP are considered as a route for improving the competitiveness of the rural sector. Lastly, **La Rioja** supports the rural sector through the improvement of agricultural holding profitability, access to self-employment and generational renewal (actually, the region increased the budget allocation for measure 6.1 in 2016 to around €4.6million) It also establishes a balanced approach to environment aspects, promoting sustainable agricultural practices, countering the risk of desertification, and supporting the Natura 2000 network.

In overview and comparing with the previous programming period, Spanish RDPs have focused most of their resources on those measures that **may have a major influence in the creation and/or maintenance of employment** (mainly, investment or support of productive sectors through infrastructure). But in general, the highest weight is still allocated to:

- Measures with a long trajectory: traditional measures, like 4.1, 4.2 or 4.3 - More than 30% of the Total Public Expenditure is allocated to these three sub-measures.
- The environment, but not strictly environmental measures (M10 and M11) which have decreased. **Environmental objectives in this period have a much broader implementation within the RDPs in Spain.**

The multi-fund **application in LEADER** and the implementation of the Community-Led Local Development (CLLD), in addition to the established rural Local Action Groups (LAGs) **has been very limited**. The EAFRD amounts programmed in 2007-2013 and in 2014-2020 are almost equal, but the total public expenditure programmed in 2014-2020 is much lower as there is less national financing. In general, in the RDPs, there is increased importance for actions linked to **cooperation among actors** and **innovation.**

Table 18: RDP allocations by goals, 2007-2013, Spanish regions (approach as table 9)

2007-2013	Axis 1	Axis 2	Axis 3 + Axis 4
	Competitiveness	Sustainable land use	Rural Diversification
A) Mainly Environmental			
Andalucia	35,96%	51,67%	12,37%
Castilla La Mancha	37,63%	51,56%	10,81%
B) Mainly Competitiveness			
Asturias	51,08%	37,69%	11,23%
Islas Baleares	57,94%	32,35%	9,72%
Canarias	60,90%	21,86%	17,24%
Cataluña	51,76%	38,59%	9,65%
La Rioja	55,06%	32,16%	12,78%
Navarra	66,88%	23,95%	9,17%
Pais Vasco	59,61%	23,42%	16,97%
Valencia	53,20%	36,78%	10,02%
C.1) Mixed - Competitiveness			
Aragon	47,47%	33,10%	19,44%
Galicia	49,99%	34,78%	19,61%
C.2) Mixed - Environmental			
N.A.			
C.3) Mixed - Environmental and Competitiveness			
Cantabria	41,22%	45,42%	13,36%
Castilla Y León	48,61%	40,91%	10,47%
Murcia	49,01%	42,06%	8,94%
Extremadura	41,70%	46,53%	11,77%
C.4) Mixed - Rural Diversification			
Madrid	33,35%	32,74%	33,91%

4.3.2. Conclusions for Spain

Key conclusions on analysis of the global situation of programming in 2014-2020

Considering the financial weight of each Priority in the Spanish RDPs, the two priorities with highest weight are P4 environment (35.53%) and P2 competitiveness (24.24%). The three other priorities have a similar weight of around 12-13%. In 10 of the 18 RDPs, P4 is the Priority with the highest financial weight. Priority 2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and sustainable management of forests has the highest weight in 5 RDPs.

If we analyse the Focus Area share in Spain, Focus Area 2A[1] has the highest relative weight, (with more than 20% of the Total Public Expenditure in 10 of the 18 RDPs), followed by focus Area 3A[2] that concentrates around 10-20% of Total Public Expenditure. The three measures that concentrate the highest financial weight in Spain are: Measure 4 (32% of the weight), Measure 8 (16% of the weight) and Measure 10 (11% of the weight). Measures related to investments in improvement of structures, rejuvenation of the sector and promotion of partnerships among farmers concentrate more than 40% of the funds.

In overview, the main role of investment measures, whether or not they incorporate environmental issues (if programmed in P4 or P5) is that managing authorities try to reverse their difficulties making investments after the period of financial crisis / austerity and budgetary contraction experienced by Spain in recent years. The rural development programmes are seen as the only source of funding for much of the necessary action in rural areas. Programming decisions are also influenced by the reform of payments through the first CAP pillar, trying to direct additional efforts to those sectors or types of farmers harmed by the new CAP. The environment is introduced in a cross- cutting way in all types of measures, largely due to the significant pressure exerted by the European Commission in the course of negotiations. The managing authorities try to strengthen those measures by more efficient management. On the contrary, the planning spending of measures involving greater bureaucratic burden (as LEADER) is decreased. Finally, the commitment to new measures (innovation, cooperation etc.) is currently limited, but if they succeed, the weight of these measures may be increased by possible future reprogramming of RDPs.

Key conclusions related to the changes between periods (2007-13 to 2014-20)

One of the key elements in the new programming period has been a greater presence in the Programmes (mostly promoted by the European Commission during the ongoing negotiations for RDPs approval) of the following three environmental issues:

- Water: regarding the inclusion of numerous conditions linked to compliance with the Water Framework Directive and the second cycle hydrologic planning (2015-2020). The requirement was for much more information as well as detailed analyses related to RDPs actions linked to irrigation systems (submeasures 4.1 and 4.3, mainly).
- Climate change: cross-cutting integration of climate change across the whole programme had a great influence on RDPs, by comparison with 2007-2013.
- Natura 2000: as happened in 2007-13, themes related to this issue played a relevant role in negations with the Commission, and thus in final versions of RDPs.

Despite the great importance of these three environmental issues, it was noted that they are implemented in a cross-cutting, multi-measure way among the RDPs. Specifically, **the strictly environmental measures have decreased** (i.e. the expenditure allocated to measures 10 and 11 is lower than the amount allocated in the previous period 2007-2013).

Overall, Spanish RDPs have focused most of their resources on those measures that could have more influence in the creation and/or maintenance of employment (mainly, measures of investment or support to productive sectors through infrastructure). An increase in the EAFRD amount for Measures related to productive structures and partnership has been identified. Related to the investment measures, there has been a continuation of the traditional actions (support to industries, farmers...) but, introducing a higher level of innovation, environment and climate change.

In general, the highest weight is still allocated to:

- Measures with a long trajectory: traditional measures, like 4.1, 4.2 or 4.3.
- Measures with more systematic and easier management than others (e.g. 13 or 11), these two sub-measures concentrate 12.08% of Total Public Expenditure.

There has been a change in approach regarding the measure for young farmers: 6.1 versus 112 (a premium instead of support to investment); however, this has not meant a decrease in the financial expenditure.

Also, we notice **increased prominence of the forestry sector in the Programmes**. The EAFRD allocation to forestry measures has increased during this period. In terms of the Total Public Expenditure programmed in 2014-20, it is higher compared to the Total Public Expenditure executed in 2007-2013 but slightly lower if we compare it to the amount programmed in 2007-2013: this suggests past performance was lower than anticipated, for forestry investments and sector support.

The multi-fund application of **LEADER** and implementation of the Community-Led Local Development (CLLD), in addition to established rural Local Action Groups (LAGs) has been very limited. The EAFRD amount programmed in periods 2007-2013 and 2014-2020 are almost equal, but the **Total Public Expenditure programmed in 2014-2020 is much less**, indicating lower national/regional support for this.

In general, in the RDPs, there is **increased importance for actions linked to cooperation among actors and innovation**: If we consider the weight of measure 16 (European Innovation Partnerships and co-operation) in this period 2014-2020 (2%) it is much higher than the weight of measure 124 in period 2007-2013 (0.2%). Support is also higher in comparison to the previous period for fostering co-operation among actors in the agri-food supply chain (Food chain co-operation), with a special contribution by the National RDP. Overall, although these actions do not have a significant financial weight they have strategic importance in the Programmes. They involve 'innovative actions' that if they succeed, will probably increase their financial weight in the following re-programming.

Measure 17 risk management has very limited development in Spain (because there is already a consolidated agrarian insurance system). If we consider the Group of measures related to training, advice and related services, the EAFRD and Total Public Expenditure have increased. So, we can assume that the budget allocated to these measures is greater than before. In general, **we consider that there has been better integration among measures and more strategic programming**. Also, there has been a greater commitment to innovation, climate change and cooperation.

Related to implementation, **some novelties introduced by the new Regulations have not proven popular**.

- **Simplified costs**: Although most managing authorities explored the possibility of use, simplified costs are not a significant approach in Spanish RDPs. A few examples exist so, depending upon their success, there could be more introduction/growth over the period.
- **Financial instruments**: have been explored by many managing authorities (as a way to tackle the credit access problems that occurred in the 2007-2013 period). However, not many regions included financial instruments in their RDPs. Some of the Autonomous Communities have included them in multi-regional programmes, such as Extremadura, Castilla La Mancha, Murcia, Aragón and Castilla y León, under the leadership of MAGRAMA.
- **Thematic sub-programmes**: These are not very frequent (as programmes are already regionalized in Spain, it is considered as an additional complication with few advantages).

Other changes in administrative/organizational approach are apparent: the main change is greater integration of Funds and the creation of the Partnership Agreement. Ultimately, the Partnership Agreement (PA) has not had a really important influence on RDP content (or this influence has been less important than initially anticipated). The Ministry of Agriculture, Food and Environment (that plays the role of coordination body of all the management authorities in Spain) has undertaken coordination with the rest of the European Investment Funds (EIF) through a centralized approach. The references included in the PA document are sufficiently general not to limit the RDPs. Probably, one of the factors in which the PA has had greater influence has been LEADER definition.

Regarding internal organization in Spain and changes between the previous and the current period: a **new National RDP will implement investments, training, and other measures in a centralised way** (non-existent before this period); and the National Rural Network instead of having a specific RDP as in 2007-2013, has been subsumed into the new National RDP.

Regarding issues related to implementation; a key factor has been the heavy requirements regarding verifiability and controllability (each sub-measure must describe the existing risks and mechanisms that will be undertaken in order to avoid them): these aspects influenced significantly the final elaboration of Programmes; especially measures related to agri-environment and climate. These were also influenced by CAP reform in Pillar I (greening).

The programming procedure has become highly complex. The period of time until the final approval of the Spanish RDPs was very long, and the effort and resources consumed by all stakeholders (including the European Commission) very high. The new approach of priorities/ focus area (in place of the axis system), although more realistic, has become too complicated. Issues related to governance and the participation of partners have been taken into account to a higher degree. More attention has been paid to the quantitative part; programming oriented to results, results linked to actions; introduction of the performance framework, Indicators plan and Evaluation plan. There has been higher automation of information (introduction of e-governance). All these factors increased costs.

4.4. France

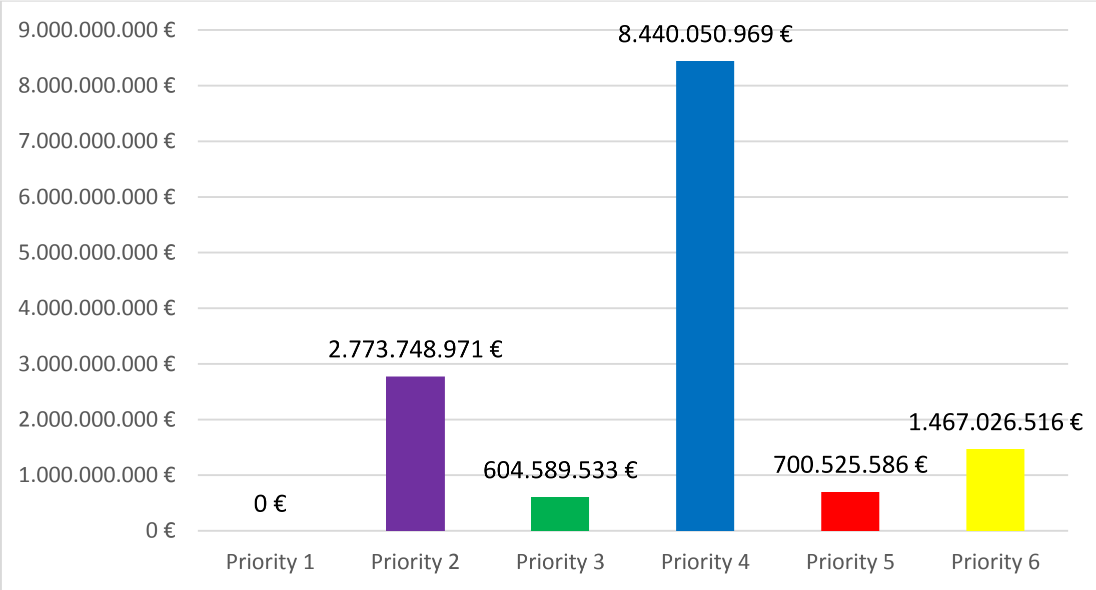
France has 30 Rural Development Programmes: one for each of the 21 (former) Regions, one for Corsica, one for each of the five overseas territories (Guadeloupe, Guyane, Martinique, Mayotte, La Réunion). In addition, there is a national programme for risk management, a national programme for the rural network and a national framework (defining specific elements of measures which are common to several RDPs in the country).

This section is not a full regional analysis of EAFRD in France, as this country adopted a new regionalised approach for mainland France in the 2014-2020 programming period, in a significant change from its previous centralised approach (the 'Hexagone' RDP, 2007-2013). We therefore focus this description on the element that has changed: i.e. metropolitan France including Corsica. The overseas territories in France have their own RDPs, as they did in 2007-2013, but these are not covered here.

The main changes between the programme periods, for metropolitan French RDPs are an increase in environmental topics and focus (Priorities 4 and 5, compared to Axis 2) and new forms of cooperation between agricultural actors.

The main reasons for change include the significance of the 'structural crisis' in agriculture (in particular, in livestock breeding) and a search for another model for the sector, symbolised by the move in French policy towards 'agroecology' which has been strongly promoted by the current government. This has combined with greater public awareness of environmental issues. In addition, the introduction of Measure 16 in the new EAFRD has encouraged a focus in the RDPs upon new collaborations to help support a transformation of agriculture towards more resilient and sustainable systems.

Figure 16: RDP allocations by Priority, metropolitan French regions, 2014-2020 total public expenditure



In overview the key factors influencing the allocation of EAFRD funds among measures, 2014-2020 were:

1. **Sectoral/agricultural issues**: a crisis in the competitiveness of farms and incomes.
2. **Budgetary constraints** upon RDP allocations, especially at regional level
3. A wish to **maintain activities in rural areas.**
4. A **commitment to strengthen organic agriculture** in line with government policy.

Notwithstanding these influences, there is a continuation of patterns with past allocations: a degree of path-dependency in choices. Currently, there is much debate and new ideas circulating across France concerning the future role for rural support, but these will probably be expressed more fully in the next RDP beyond 2020. It was decided at the end of the previous programming period to move to Regional RDPs for 2014-2020, but then once the new Programmes had been prepared and submitted to Brussels for approval, the French government decided to consolidate its regions into fewer, larger administrations covering more territory. This has not affected the structure of the RDPs which remain focused on each of the old regions, however it has been a major preoccupation of the regional administrations themselves, to plan for and manage this change.

As a result, for the 2014-2020 period, stakeholders were preoccupied by reconfiguration of the territorial architecture, leading them to focus RDPs upon continuity even where changes are anticipated, for example in respect of organic agriculture, new networks for alternative farming, new models of best practice (e.g. lower inputs and energy use).

Delivery issues

Changes in the RDP delivery system can be summarised briefly as follows.

- At national level (mainland France): the State administration has identified particular priorities including 'setting-up of young farmers' and 'support for less favoured areas' to be designed and managed at a National level. This approach was strongly favoured by the main farm Unions that were afraid of significant inequalities between farmers and/or territories if Regions were to decide and design all RDP measures. Thus those measures and priorities which are seen as raising issues of equity and stability are still managed by the French national Ministry of Agriculture.
- Regional authorities (Regions) are now in charge of their own RDPs (as Managing Authorities). One consequence is the transfer of official agents from the State to the Regional administration, to implement the RDPs.
- There were no significant changes in implementation approach at the local level.

These changes in policy reflect a process of reinforcement of decentralisation in France, although changed following elections in December 2015 of the new, larger Regions.

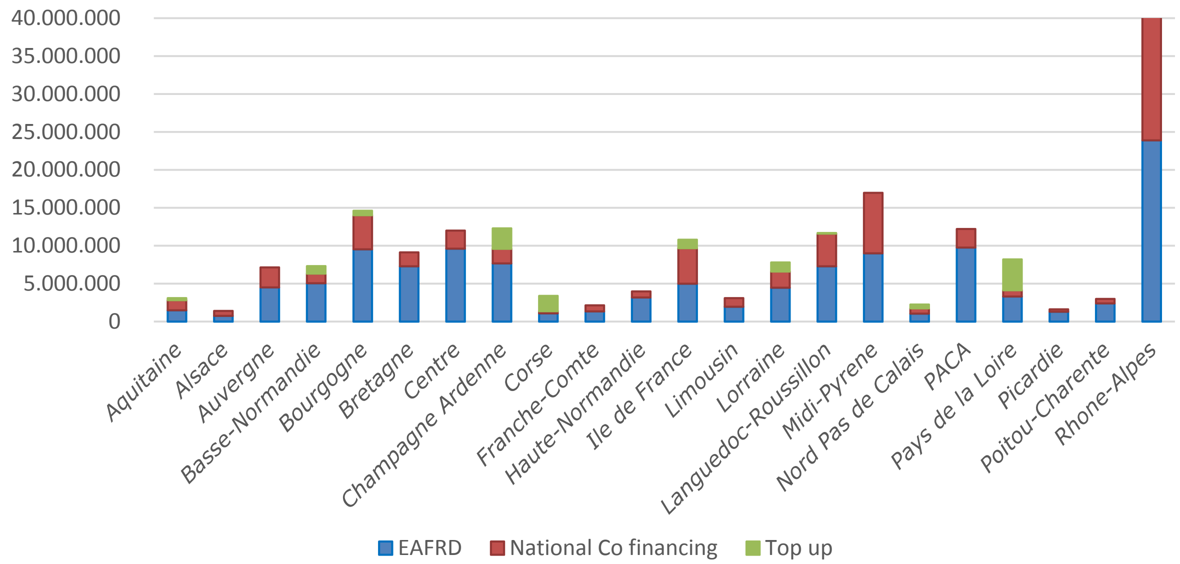
In this context of quasi-inertia, **Measure 16** has played an important role in the new Progamming approach, helping to redefine the relationships between actors (in the most powerful French Regions: Rhône-Alpes, Bretagne, Midi-Pyrénées but also in Burgundy, Centre and Champagne-Ardennes). The constitution of a new network, especially to implement the European Innovation Partnership (and a parallel 'GIEE'[15] in France: see the next point) was translated by a reinforcement of 'alternative' farming visions. For example, we have seen the empowerment of a new 'Impact' network which federates associations that defend alternative models of agriculture. Representatives for organic farms are also more present in rural development discussions and debates at national level (e.g. in meetings organized by the Ministry of Agriculture) and at regional level in debates organized by regional authorities and COREAM[16] (a new committee (created by a new French Law – the 'Loi d'avenir') bringing together different agricultural and rural actors and contributing to the setting up of public policies concerning agriculture, the agri-food sector and rural areas).

It is interesting to see the use of Measure 16 in the new Regional RDPs for France.

[15] Groupement d'intérêt économique et environnemental.

[16] Commissions régionales de l'économie agricole et du monde rural.

Figure 17: Use of Measure 16 co-operation in regional RDPs, France



Concerning **Focus Areas**, measure 16 in French RDPs is used in the following areas: 2A, 2B, 2C, 3A, 4, 5A, 5B,5C, 5E, 6A and 6B, whereas the areas 1A, 1B, 1C, 1D, 3B, 5D, 6C are not used. Interesting points concern the delivery systems (e.g. direct by the Ministry to the final beneficiary, or via certain agencies, using civil society groups or other intermediaries) for these new RDP partnership approaches.

European Innovation Partnerships (EIP or 'PEI' in France) are being formed in line with a new national structure, the 'GIEE': groups of farmers, rural actors, training and research institutes as created by the recent French law for the future of agriculture (Loi d'avenir pour l'Agriculture, l'Alimentation et la Forêt (LAAF) N° 2014-1170, October, 13, 2014). This law is just being applied. One of its main elements is the agro-ecological project with a central tool: the agro-economic contract (GIEE). Instructions for the implementation of GIEE were published in November 2014 but the first concrete regional measures appeared in Autumn 2015. From January to summer 2016 some GIEE will be selected and it will be interesting to observe the influence of these GIEE upon the subsequent development of the EIP.

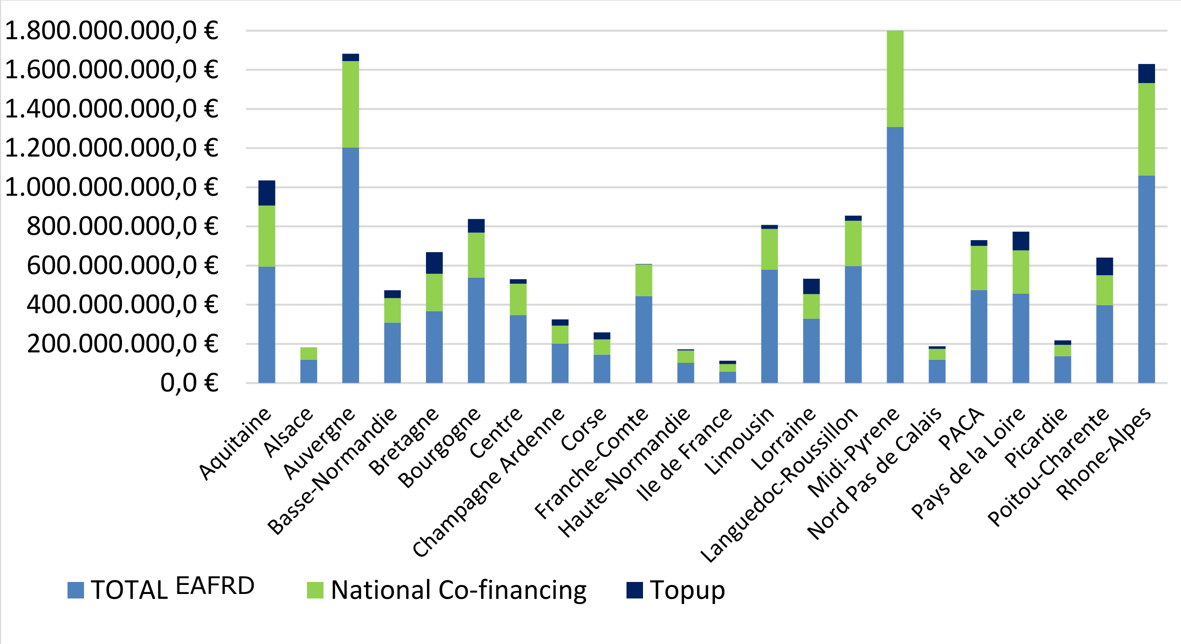
The new RDP represents continuity in the allocation of resources to priorities and in the approach, more than change, but there were nonetheless interesting debates among stakeholders around the new programmes: about new models of farming, diversification, organic agriculture and so on. At local level, for some rural actors there was a strong desire to build on the outcomes of the former CTE[17] (proposed by the French law of agricultural modernization in 1999 but suppressed in 2002 after a change in government).

4.4.1. Analysis of financial allocation

Three regions have significant allocations: Midi-Pyrénées, Rhône-Alpes and Auvergne, these are mountain regions that have important support for Areas facing Natural Constraint (M13) as well as additional national financing. Also, the regions of Pays de Loire, Bretagne, Aquitaine and Lorraine have significant ability to express their rural regional priorities.

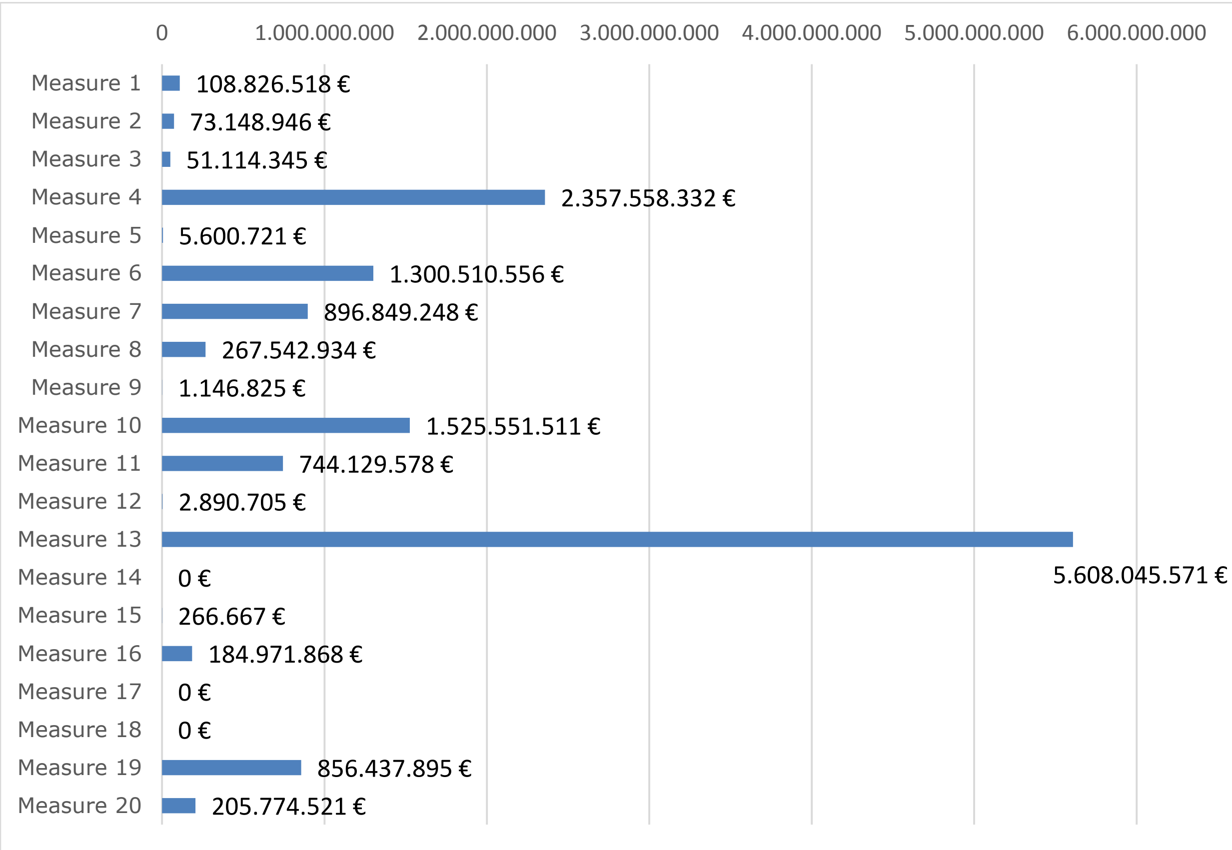
[17] Contrat territorial d'exploitation.

Figure 18: Total public financing and top-ups, mainland France RDPs 2014-2020



France has seen no significant increase or decrease in overall EAFRD funding. As mentioned earlier, the government retains two strategic measures for national delivery (young farmers, ANCs).

Figure 19: Metropolitan France, total public financing by measures 2014-2020 EUR



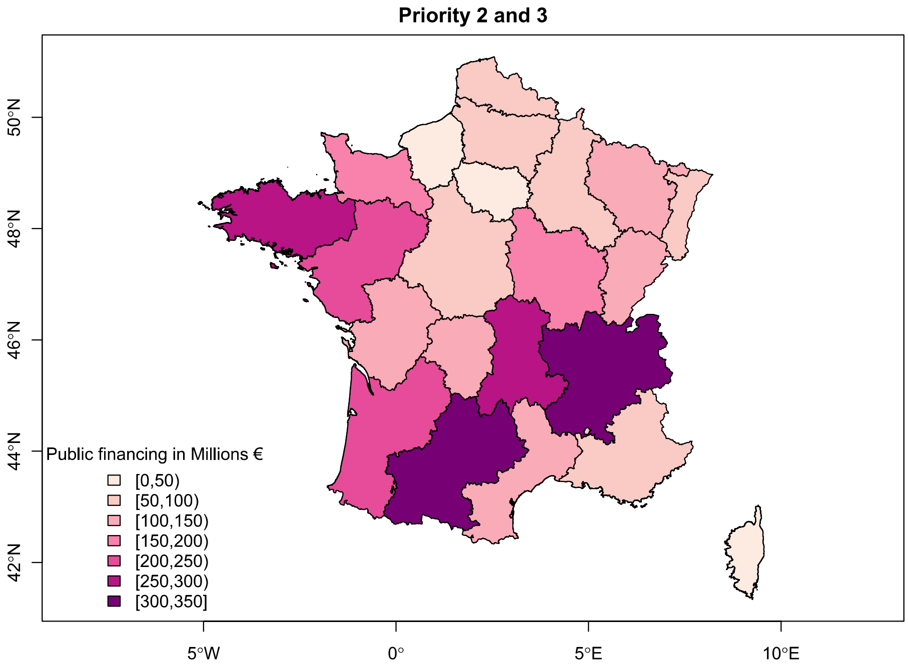
In France, you can distinguish three categories of Regions (by reference to their chosen priorities, in terms of % spend of each priority within the total RDP public financing).

1. **Regions with a sectoral conception of rural development** (relative importance of priorities 2 and 3): e.g. Bretagne, Ile de France. For these, the second pillar is an opportunity to re-inforce farm competitiveness in a context of agricultural difficulties
2. **Regions with an environmental conception** (importance of P4 and P5): Regions in the south of France with significant marginal areas. The second pillar is considered here as aid to compensate for declines in support offered via the first Pillar.
3. **Regions where integrated rural development** (Priority 6, and Leader) **is the dominant vision**: e.g. Picardie, Haute-Normandie, Nord-Pas de Calais. These regions are in post-industrial reconversion and are looking to create new economic and employment opportunities in rural areas.

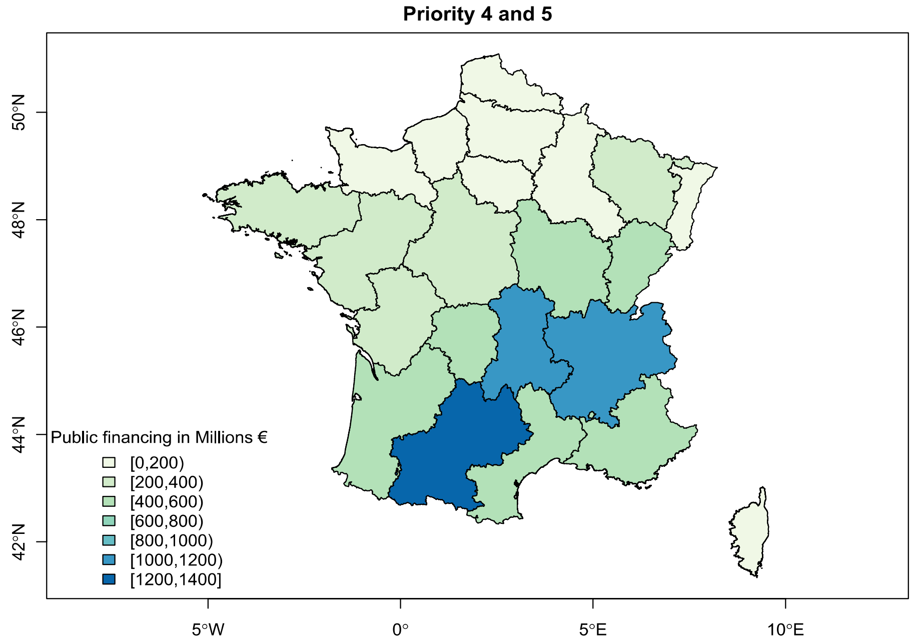
Table 19: Strategic priorities and types of approach, French regions

RDP 2014-2020	Priorities	Type of approach
P1	Knowledge transfer and innovation	Horizontal (not territorially programmed)
P2 and P3	Rural development via competitiveness of farms Adding value in the food chain and risk management	Sectoral concept, agri-centred
P4 and P5	Protect and restore ecosystems and biodiversity Actions in the face of climate change	Environmental concept
P6	Promote broader rural social and economic development	Integrated rural development concept

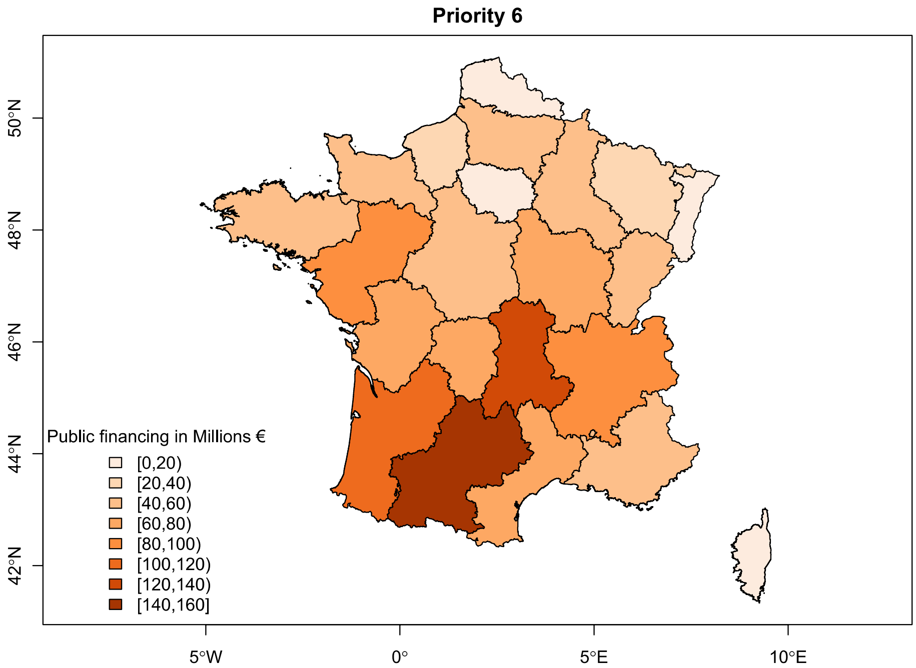
Map 14: RDP Financing per region, Metropolitan France, 2014-2020: sum of priorities 2 and 3 (absolute spend)



Map 15: RDP Financing per region, Metropolitan France, 2014-2020: sum of priorities 4 and 5 (absolute spend)

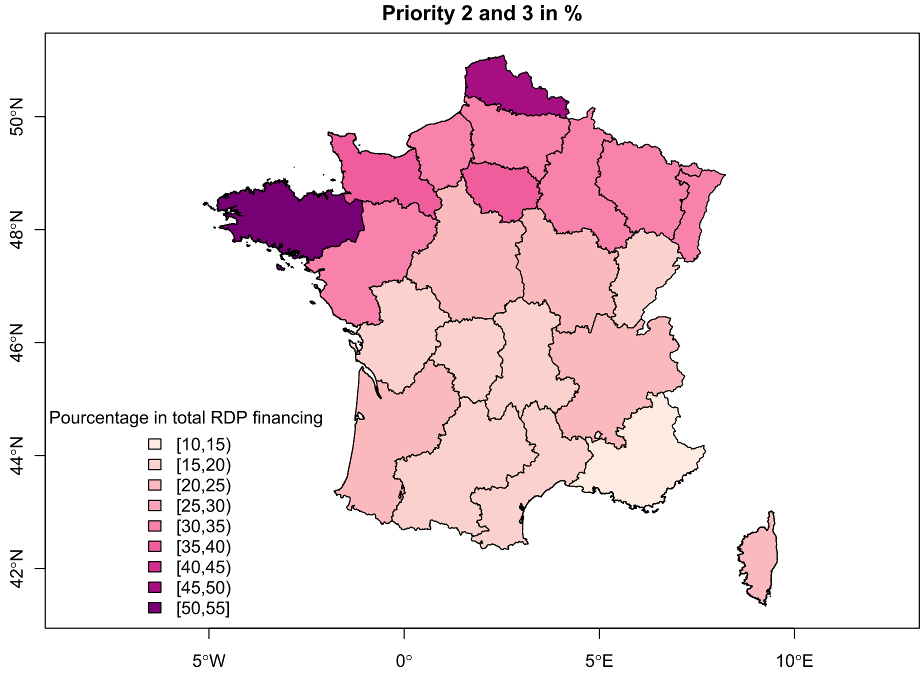


Map 16: RDP Financing per region, Metropolitan France, 2014-2020: Priority 6

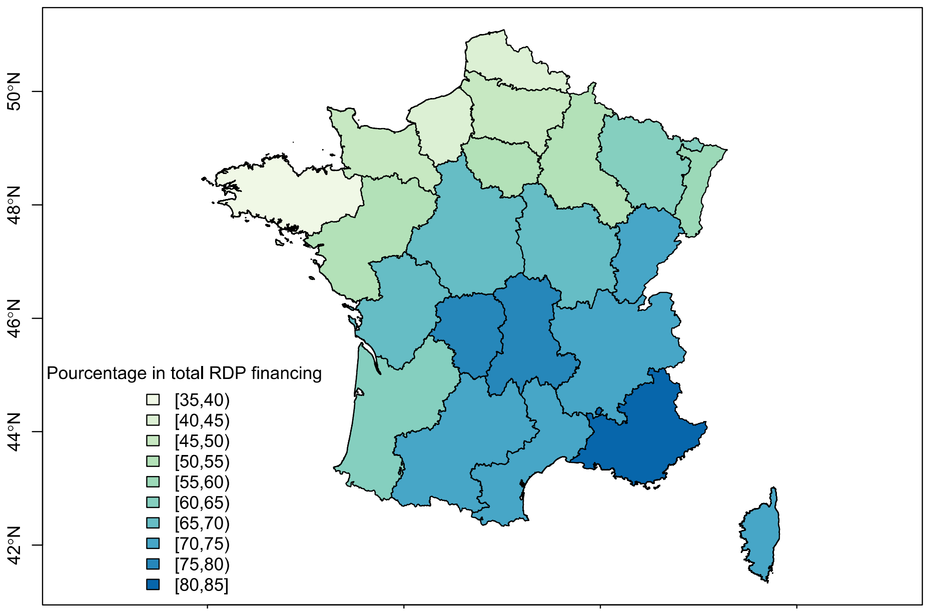


These maps can be contrasted with maps which show RDP financing per region in relative values (percentage of total financing), for each of these grouped priorities. It is in these maps that the three-way typology of choices becomes more apparent.

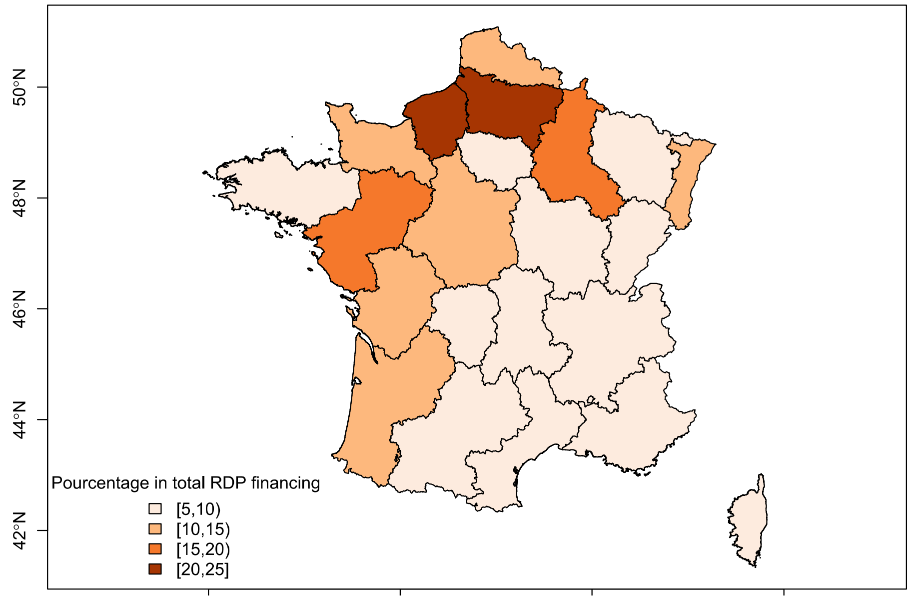
Map 17: Relative share of total RDP finance, Priorities 2 and 3, French regions



Map 18: Relative share of total RDP finance, Priorities 4 and 5, French regions



Map 19: Relative share of RDPs, Priority 6, French regions



4.5. Conclusions

The patterns seen among Member States at EU level are to a large extent repeated between regions within those countries – Italy, Germany, Spain and Metropolitan France – which operate multiple regional RDPs. Additional expertise enables us to identify how in all these contexts, relative wealth influences regional RDP choices but can lead to different outcomes. For example in Italy and Germany, some lagging regions continue to favour broader economic diversification whilst in Spain they prioritise agri-sector investment; while richer German regions opt to remove more complex measures from the EU administrative and control regimes and finance them as state aids, whereas in France they allocate increased resources to co-financing and in Italy, the richer northern regions appear more willing to innovate in measure design. In all countries, the increased complexity of Programming requirements has influenced choices, as has the experience of the previous Programming period and the change in CAP funding allocations between periods.

5. CONCLUSIONS AND RECOMMENDATIONS FOR POLICY

KEY FINDINGS

- The study paints a picture of a mainly conservative, but nonetheless more strategic approach to RDPs and rural development choices among the EU-28, for the 2014-2020 period. Member States and regions are prioritizing agricultural development and environmental and climate actions and most give a lower focus to rural diversification than in the previous programming period. The new measure for cooperation has proven popular but that for risk management much less so, and there appears relatively little use of some new approaches such as thematic sub-programmes and financial instruments.
- Key influences include lessons learned from previous periods, concerns relating to specific recent changes in economic and environmental situations, strong steering by the Commission in respect of environmental and climate priorities and a tendency for Managing Authorities to focus funding and reduce complexity in programming choices, which is driven by concerns around bureaucracy, audit and control. Reduced Pillar 1 allocations have influenced some decisions to prioritise area-based payments in Pillar 2, in certain countries and regions.
- Whilst we note positive signs of more strategic co-ordination and some interesting innovative developments in measure use and in delivery - especially novel and varied use of measure 16 for co-operation - we also note potentially constraining developments particularly driven by the increased complexity of the overall framework and requirements of the EAFRD and its supporting and linked legislation.
- We therefore recommend that this is a key area of focus for further investigation as the Programmes are implemented, seeking ways to reduce disproportionate administrative and control processes and to encourage Member States and regions to use the flexibility within the new approach, in more creative and effective ways.

The study has sought to examine and investigate the choices made by the Member States and regions, in designing their Rural Development Programmes for the new period 2014-2020. It has examined planned allocations of funding – from the European EAFRD, as well as from national and regional sources, considered the varied priorities as indicated in partnership agreements as well as RDPs, analysed choices by reference to a wide variety of contextual factors and also considered delivery approaches and the influence of administrative and other process factors upon future RDP design and performance.

In summary, the following factors emerge as underpinning the main patterns observed, as well as explaining the main changes between this new programming period and the previous one for 2007-2013:

Factors which may be seen as essentially tactical and responsive to external pressures:

- CAP influences - the reform of the CAP significantly reduced the resources in the first pillar, supporting direct payments, to some MS and regions, leading policy makers in these cases to strengthen the sectoral focus of the second pillar in its allocation of resources. This has translated into RDPs which devote more funding to Priority 2 competitiveness and farm support more broadly, or to a predominance of measures which offer area-based and widespread support to a large proportion of farms (e.g. as with ANCs in Czech republic and southern regions in France) – in some cases it is seen by experts as using the RDP as an income transfer instrument to support a rather less competitive agriculture, in certain regions or territories;

- A stronger emphasis on the sustainability of environmental land management, agri-food processes, and action on climate change, which is visible both in the new EAFRD regulations and in the emphasis of negotiations which took place with the European Commission during RDP scrutiny and approvals. This is perhaps where the Commission, through its process of inter-service consultation, has had the strongest influence upon Programme content via the specialist commentary and critique offered by DGs Environment and Climate Action, on all RDPs. This particularly reflects the ambitious EU agenda on climate following the Paris Agreement (COP21), which means that climate change will be an important feature of future EU rural development policy. To an extent, this internal process mirrors an increase in the formal recognition and political influence of actors and actions promoting environmentally-sustainable agriculture, and climate actions, within many MS (e.g. the French initiative on agro-ecology, the growth of the EU 'slow food' movement, significant environmental NGO influence and investment in Romania, farmer-led environmental action in the Netherlands, strong organic NGO influence in Estonia, etc.).
- In light of some significant difficulties in spending EU resources by some MS and regions in the 2007-2013 period, arising partly due to administrative inefficiencies and low technical support in managing authorities and paying agencies, often combined with insufficient advice and facilitation for potential beneficiaries, there have been strong pressures in these territories to focus future spending on measures with easier spending capability and less burdensome procedures, in order to improve spending efficiency in the new programming period. Some experts suggest the measures that were more complex were LEADER, also those that involved complex design (Measure 124, new M10). On the other hand, the simpler measures include 'automatic' measures similar to Pillar 1 Direct payments (e.g. 211 and 212, new M13) or any managed directly by the Administration through direct public sector investments/administrative procurement (instead of those implemented through subsidies to third parties, where the administrative burden is higher). Also, measures with a long history within or even preceding previous RDPs (e.g. the accompanying measures of 1992, or the farm modernisation and LFA aids dating from the 1970s) may have acquired more systematic and easier management than others which were established more recently.

Factors which could be characterised as more 'progressive' or positive drivers of change:

- Specific rural needs in some fields (e.g. broad-band-led innovation in networks and marketing, multi-actor and multi-functional partnership creation and cooperation, new directions including social agriculture, farm-community engagement, local food networks and new landscape-scale partnerships, new agri-related jobs and enterprises in areas affected by recent economic collapse, etc.)
- Strong commitment to particular integrated approaches which were tested and developed in the previous programming periods (e.g. for marginal areas in several MS, for food chain performance in Italy, for agri-environmental management in the Netherlands and for LEADER in many countries);

- In some countries, a shift towards more centralised delivery, in response to what were perceived as administrative failures and capacity issues in regional or other devolved structures in 2007-13;
- In other Member States (e.g. France, Poland) and some regions of the larger Member States, by contrast, a drive for greater local influence upon delivery, often driven by processes which go beyond the scope of RDP (e.g. a general political commitment to devolution which is then applied to this particular policy topic – as seen in France, also Netherlands).
- There have been some interesting processes of collaboration between sector administrations or specialist agencies at the national level and regional and sub-regional actors and delivery arrangements, both in new territorial approaches and in response to the launch of the EIP (e.g. France, Estonia, Poland).
- The use of targeted sub-programmes in just a few Member States (4 countries, 5 RDPs, as reported by the EC, 2016) – e.g. several in Poland, one for the olive sector in Andalusia, Spain, and one for young farmers, in Bulgaria.

The **main reasons for changes between periods are felt to be linked to changing politics at local level, fear of audit burdens, learning lessons from poor uptake of some measures in the past, and increased pressure from the EC and/or stakeholder groups** – the former in respect of climate and environmental measures in particular, the latter more often in respect of strong support for farm investment aids.

The patterns seen among Member States at EU level are to a large extent repeated between regions within those countries – Italy, Germany, Spain and France – which operate multiple regional RDPs. In all these contexts, relative wealth influences regional RDP choices but can lead to different outcomes. For example in Italy and Germany, some lagging regions continue to favour broader economic diversification whilst in Spain they prioritise agri-sector investment; while richer German regions opt to remove more complex measures from the EU administrative and control regimes and finance them as state aids, whereas in France they allocate increased resources to co-financing and in Italy, the richer northern regions appear more willing to innovate in measure design.

Considering patterns and rationales, **there is evidence of a more strategic approach than was apparent in the previous period, suggested by the reformulation and/or narrowing of priorities in funding allocations, as well as in the comments of experts**. **However, this is apparently simultaneously influenced by a wish more closely to target desired outcomes as well as by administrative considerations**. Programmes are perhaps less diverse individually and there has been little enthusiasm for those new measures or approaches which are seen as administratively complex. Familiar schemes have been strengthened and there is more emphasis upon complementary planning and delivery of measures, indicated by diverse programming of the co-operation measure in particular.

The greater overall focus upon farm and forestry sector support and environmental management and investment, compared to 2007-2013, is notable and it appears that LEADER is increasingly seen as the key EAFRD tool for broader rural development while other such measures (e.g. basic services, village renewal, economic diversification) have been scaled back.

The administrative and control issues raised in our analysis are a concern for future RDP effectiveness. It seems that in a number of contexts, EU implementing rules, along with control requirements, procurement conditions and monitoring demands as well as fear of sanctions are acting as a barrier to more effective and creative use of the new and more (in theory) flexible EAFRD structure, in a variety of situations. The problem applies at all levels of administration, from the decisions within Managing Authorities to reduce or cease the use of more complex measures to the challenges of managing procurement and sub-contracting in small or localised projects where the rules governing the process appear unwieldy and disproportionate to the situations concerned. **There is a considerable risk, in such situations, that programme operations and funding decisions become influenced more by considerations of ease of management rather than value of outcomes.**

We consider that much of the complexity starts in the RDP development phase. A key factor related to the change in Programmes has been the heavy requirements regarding verifiability and controllability (each sub-measure must describe the existing risks and the mechanisms that will be undertaken in order to avoid them): these aspects have influenced significantly the final elaboration of Programmes. The programming procedure has become highly complex. The new approach of priorities/ focus areas (replacing the former Axis system), although it is more realistic, has become too complicated, particularly through the definition of detailed sub-measures. Furthermore, the requirements for separate specification of each of these in respect of its verifiability, controllability and eligibility and selection criteria, have weighed heavily upon the process of RDP design. It is notable that in many situations, managing authorities were unable to meaningfully achieve a wide consultation on the text of the RDP itself because this had become too lengthy and difficult for stakeholders to understand. Instead, summary versions and simplified presentations were needed in order to ensure accessibility to a wide range of relevant interests.

Complexity in programming follows through into implementation via the requirements to establish processes and institutions with appropriate checks and controls to ensure verifiability and controllability of all aspects of sub-measure delivery. And as well as actual implementation, managing these RDPs also requires monitoring and reporting at a considerable level of detail, on a regular basis, to national and regional stakeholders and to the European Commission.

Looking ahead, we suggest that the Commission and Member States need to prioritise efforts to agree simpler approaches, which can provide adequate accountability without unduly burdening managing and paying authorities, delivery agents and beneficiaries. Proportionality should be a more central consideration in this context, as well as a stronger focus upon the effectiveness and additionality of spending, rather than simply efficiency.

In addition, it may be that the EAFRD framework itself requires further simplification. Increased complexity should not be the inevitable result of a desire for increased flexibility in RDP design, and audit and control considerations should not be so significant a deterrent to creative approaches as they appear to have been so far, in the current period. The Parliament should work closely with the Commission and Council to identify how best to 'free up' aspects of the financial and procedural bureaucracy in order to enable the new strategic aspirations of the EAFRD, in the wider context of the EU2020 vision, to be followed through to a greater degree, in practice. This could have implications for both current and future programming periods.

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ANNEXES

1. Measure correspondence between programme periods 2007-2013 and 2014-2020

EAFRD measures and sub-measures 2014-2020				EAFRD measures 2007-13	
1	knowledge transfer and information actions	1.1	vocational training and skills acquisition actions	111	331
		1.2	demonstration activities and information actions	111	331
		1.3	short-term farm and forest management exchange as well as farm and forest visits	111	331
2	advisory services, farm management and farm relief services	2.1	help benefiting from the use of advisory services	114	
		2.2	setting up of farm management, farm relief and farm advisory services as well as forestry advisory services	115	143
		2.3	training of advisors	115	
3	quality schemes for agricultural products and foodstuffs	3.1	new participation in quality schemes	132	
		3.2	information and promotion activities implemented by groups of producers in the internal market	133	
4	investments in physical assets	4.1	investments in agricultural holdings	121	
		4.2	investments in processing/marketing and/or development of agricultural products	123	
		4.3	investments in infrastructure related to development, modernisation or adaptation of agriculture and forestry	125	
		4.4	non-productive investments linked to the achievement of agri-environment-climate objectives	216	
5	restoring agricultural production potential damaged by natural disasters and introduction of	5.1	investments in preventive actions aimed at reducing the consequences of probable natural disasters, adverse climatic events and catastrophic events	126	
		5.2	investments for the restoration of agricultural land and production potential damaged by natural disasters, adverse climatic events and catastrophic events	126	
6	farm and business development	6.1	business start up aid for young farmers	112	
		6.2	business start up aid for non-agricultural activities in rural areas	312	
		6.3	business start up aid for the development of small farms	113	
		6.4	investments in creation and development of non-agricultural activities	311	312
		6.5	payments for farmers eligible for the small farmers scheme who permanently transfer their holding to another farmer	113	
7	basic services and village renewal in rural areas	7.1	drawing up and updating of plans for the development of municipalities and villages in rural areas and their basic services and of protection and management plans relating to Natura 2000 sites and other areas of high nature value	321	322
		7.2	investments in the creation, improvement or expansion of all types of small scale infrastructure, including investments in renewable energy and energy saving	321	322
		7.3	broadband infrastructure, including its creation, improvement and expansion, passive broadband infrastructure and provision of access to broadband and public e-government	321	322
		7.4	investments in the setting-up, improvement or expansion of local basic services for the rural population including leisure and culture, and the related infrastructure	321	322
		7.5	investments for public use in recreational infrastructure, tourist information and small scale tourism infrastructure	313	
		7.6	studies/investments associated with the maintenance, restoration and upgrading of the cultural and natural heritage of villages, rural landscapes and high nature value sites including related socioeconomic aspects, as well as environmental awareness actions	323	
		7.7	investments targeting the relocation of activities and conversion of buildings or other facilities located inside or close to rural settlements, with a view to improving the quality of life or increasing the environmental performance of the settlement	321	322
		7.8	others	321	322
8	investments in forest area development and improvement of the viability of forests	8.1	afforestation/creation of woodland	221	223
		8.2	establishment and maintenance of agro- forestry systems	222	
		8.3	prevention of damage to forests from forest fires and natural disasters and catastrophic events	226	
		8.4	restoration of damage to forests from forest fires and natural disasters and catastrophic events	226	
		8.5	investments improving the resilience and environmental value of forest ecosystems	227	
		8.6	investments in forestry technologies and in processing, mobilising and marketing of forest products	122	123
9	setting up of producer g	9	setting up of producer groups and organisations in the agriculture and forestry sectors	142	
10	agri-environment-climate and organic farming	10.1	payment for agri-environment-climate commitments	214	
		10.2	conservation and sustainable use and development of genetic resources in agriculture	214	
11		11.1	payment to convert to organic farming practices and methods	214	
		11.2	payment to maintain organic farming practices and methods	214	

12	Natura 2000 and Water Framework Directive payments	12.1	compensation payment for Natura 2000 agricultural areas	213	
		12.2	compensation payment for Natura 2000 forest areas	224	
		12.3	compensation payment for agricultural areas included in river basin management plans	213	
13	payments to areas facing natural or other specific constraints	13.1	compensation payment in mountain areas	211	
		13.2	compensation payment for other areas facing significant natural constraints	212	
		13.3	compensation payment to other areas affected by specific constraints	212	
14	animal welfare	14	payment for]animal welfare	215	
15	forest-environmental and climate services	15.1	payment for forest-environmental and climate commitments	225	
		15.2	conservation and promotion of forest genetic resources	225	
16	cooperation	16.1	establishment and operation of operational groups of the EIP for agricultural productivity and sustainability	na	
		16.2	pilot projects and for the development of new products, practices, processes and technologies	124	
		16.3	cooperation among small operators in organising joint work processes and sharing facilities and resources, and for developing and marketing tourism	124	
		16.4	horizontal and vertical cooperation among supply chain actors for the establishment and development of short supply chains and local markets and for promotion activities in a local context relating to the development of short supply chains and local markets	124	
		16.5	joint action undertaken with a view to mitigating or adapting to climate change and for joint approaches to environmental projects and ongoing environmental practices	na	
		16.6	cooperation among supply chain actors for sustainable provision of biomass for use in food and energy production and industrial processes	na	
		16.7	non-CLLD strategies	341	
		16.8	drawing up of forest management plans or equivalent instruments	na	
		16.9	diversification of farming activities into activities concerning health care, social integration, community-supported agriculture and education about the environment and food	na	
		16.10	others	124	na
17	risk management	17.1	crop, animal and plant insurance premium	na	
		17.2	mutual funds for adverse climatic events, animal and plant diseases, pest infestations and environmental incidents	na	
		17.3	income stabilisation tool		
18	financing of complemen	18	financing of complementary national direct payments for Croatia	na	
19	support for LEADER local development (CLLD)	19.1	preparatory support	411	412
		19.2	implementation of operations under the CLLD strategy	411	412
		19.3	preparation and implementation of cooperation activities of the local action group	421	
		19.4	running costs and animation	431	
20	technical assistance	20.1	technical assistance (other than NRN)	511	
		20.2	establishing and operating the NRN	511	

2. Member States' programming of Measure 16 Co-operation, 2014-2020

Country - M16	P2 Competitive ness	P3 food chain & risk management	P 4 Ecosystem management	P 5 Resource efficiency& climate	P6 Social inclusion & local development
AUSTRIA	2A (8%); 2B (0.4%)	3A (21%); 3B(0.4%)	P4 20%	5A (0.8%); 5B (0.8%); 5C (0.8%) 5D (0.8%) 5E (0.8%)	6A (47%) 6B (0.4%)
BELGIUM- Flan	2A (32%)		23%	5B (20%)	6B (24%)
BELGIUM-Wall					6A (47%) 6B (53%)
BULGARIA	2A (24%)	3A (29%)	30%	5A (3%) 5B (3%) 5C (3%) 5D (3%)5E (3%)	
CROATIA*	2A (90%)	3A (10%)			
CYPRUS	2A (25%)	3A (50%)	13%	5A (8%) 5B (5%)	
CZECH REPUBLIC	2A (31%)	3A (68%)		5C (1%)	
DENMARK	2A (99%)			5C (0.01%)	
ESTONIA	2A (63%)	3A (21%)	8%		
FINLAND – mainland	2A (31%)		9%	5B (4%) 5C (4%) 5D (2%) 5E (2%)	6A (45%) 6B (2%)
FRANCE (hex)		3B (100%)			
GERMANY	2A (50%)	3A (4.5%)	4A (13%) 4B (0.4%)	5A (0.25%) 5B (0.25%) 5C (0.4 %) 5D (0.25%) 5E (3.5 %)	6A (0.6%) 6B (26.7%)
GREECE	2A (14%)	3A (25%)	25%	5A (16%) 5C (5%) 5D (1%) 5E (12%)	
HUNGARY	2A (8%)	3A (33%)	28%	5E (4%)	6A (27%)
IRELAND	2A (25%) 2B (32%)		29%	5D (14%)	
ITALY		3B (100%)			
LATVIA		3B (100%)			
LITHUANIA	2A (59%)	3A (32%)	3%	5D	
MALTA		3A (14%)	53%	5A (12%) 5C (6%)	6A (6%) 6B (9%)
NETHERLANDS	2A (100%)				
POLAND	2A (50%)	3A (50%)			
PORTUGAL-Mainland	2A (31%)	3A (23%)	16%	5A (9%) 5B (6%) 5C (5%)5E (3%)	6B (6%)
ROMANIA		3A (100%)			
SLOVAKIA	2A (41%)	3A (42%)	4%	5C (6%)	6A (6%)
SLOVENIA	2A (44%) 2B (19%)		28%		6A (19%)
SPAIN-national	2A (25%)	3A (50%)	8%	5A (8%) 5B (4%)5C (6%)	
SWEDEN	2A (24%)	3A (19%)	7%	5C (2%) 5D (4%)	6A (19%) 6B (25%) 6C:1%

Country - M16	P2 Competitiveness	P3 food chain & risk management	P 4 Ecosystem management	P 5 Resource efficiency& climate	P6 Social inclusion & local development
UK - England	2A (18%) 2B (18%)	3B (12%)	14%		6A (19%) 6B (19%)
UK- N. Ireland	2A (24%)	3A (56%)	19%	5E (1%)	
UK- Scotland	2A (17%) 2B (3%)	3A (35%) 3B (1%)	39%	5B (3%) 5C (0.3%) 5D (0.3%) 5E (2%)	
UK- Wales	2A (1%)	3A (31%)	18%	5B (7%) 5C (17%) 5D (7%) 5E (8%)	6A (1%) 6B (10%)

Source: ENRD 2015 plus qualitative questionnaire responses from experts

* the Co-operation measure (M16) is not implemented in Croatia, yet and the EIP is still not established. Knowledge and access to innovation (innovative processes) are very low in the agri-food sector in Croatia, so the measure was programmed as a contribution to setting-up of Operational groups within the EIP. The goals are to:

- reduce the gap between agricultural practices and research by promoting innovative solutions and innovations in practice,
- optimize production potential of the farms,
- develop, test and introduce modern technologies and methods in production/processing,
- increase productivity and competitiveness of primary producers by creating local markets (using short food supply chains and creating added value products).

NB: Luxembourg and Latvia are not implementing the measure.

3. Community-led Local Development implementation by MS

Country - delivery	European Innovation Partnerships	Food chain co-operation actions	Community-led local development
AUSTRIA	MA (Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management)	Operation dependent-delivery varies 1.MA (local food, cooperation between producer groups) as cross-federal states operations 2. Short supply chains – implemented as cross state or federal state operation. When single state – responsibility of authority of respective federal state	CLLD limited to federal state of Tyrol in frame of the ETC programme Austria-Italy (AU authority: Department for regional development and future strategies of the regional government of Tyrol, the same body as LEADER)
BELGIUM			
BULGARIA	MA/ Payment Agency	MA/ Payment Agency	
CROATIA	Payment Agency	Payment Agency	LAGs
CYPRUS	National Rural Network	Department of Agriculture (Quality Products Sector)	Department of Agriculture (Agricultural Economics Sector)
CZECH REPUBLIC	Agricultural Intervention Fund (SZIF)- acting as payment agency/ MA /NRN	SZIF	SZIF / National network of LAGs
DENMARK	X	X	LAGs
ESTONIA	Payment Agency. No EIP but **innovation cluster measure** was implemented	Payment Agency	Payment Agency
FINLAND	NRN and its support unit and the Ministry of Agriculture and Forestry as the MA of the RDP	NRN and its support unit and the Ministry of Agriculture and Forestry as the MA of the RDP and the Agency for Rural Affairs (as partly MA and Payment Agency of RDP)	NRN and its support unit and the Ministry of Agriculture and Forestry as the MA of the RDP and the Agency for Rural Affairs (as partly MA and Payment Agency of RDP). There is also a group of national specialists working on development of CLLD.
FRANCE	National level coordination by the Ministry of Agriculture, Food and Forest; each region (Conseil Régional) has the responsibility of defining EIP including regional and departmental specificities	Regional authorities (Conseil Régional) in cooperation with State services at a regional level (DRAAF France AgriMer services)	CLLD and LAGs are selected in each Region by tender (appel d'offre) CLLD implemented via LAGs. The French national network (and regional networks as well) provide advice to local actors to submit Leader/CLLD projets.
GERMANY	Involvement of national network in implementation-coordination of calls and grant application before approval from regional authorities. Heterogeneous approach across 12 regions, Saarland **not** implementing EIP	Federal state level implementation. Marginal role in German RDPs. Just 3 RDP implement measure 16.4- HE,RP and TH (little financial allocation)	Only Saxony-Anhalt implementing via LAGs
GREECE			

Country - delivery	European Innovation Partnerships	Food chain co-operation actions	Community-led local development
HUNGARY	PM office/MA	PM office/MA	low support
IRELAND	Department of Agriculture is the lead body and is supported by Teagasc (National Agriculture and Food Development Agency)		X
ITALY	Regional Management Authorities	Regional Management Authorities	Regional Management Authorities (LAGs)
LATVIA			
LITHUANIA	MA	Probably MA, not clear yet, focus on promotion of local markets	LEADER/LAGs – CLLD not implemented separately
LUXEMBOURG			
MALTA	MA	MA	X
NETHERLANDS	provinces/regional authorities	provinces/regional authorities	X
POLAND	Agricultural Extension Centre, within overall framework of NRN (overall responsibility MA)	Consultation, not clarified	LAGs – managing authority delegated to 16 Regional (voivodship) Offices
PORTUGAL	MA	Madeira not implementing	LAGs and other local partnerships (to be defined)
ROMANIA	MA (consultation process)	MA (consultation process)	MA (consultation process)
SLOVAKIA	MA	MA	CLLD system developed within Ministry of Agriculture and Rural Development to create synergies between RDP (LEADER) and Regional Development Fund (both managed by the same ministry). Delivery LAGs
SLOVENIA	MA consultation	LAGS/CLLD	LAGs/CCLD
SPAIN	Regional and national level; OG,NRN support	Regional level	LAGs/NRN
SWEDEN			
UK England	NRN support		LAGs and CLLD-ERDF and ESF funds as part of the ESIF Growth Programme
UK N. Ireland	Government Department	External body which will be appointed through public procurement.	CLLD is not being implemented outside of the Leader approach.
UK Scotland	new Farm Advisory Service and Scottish Rural Network	membership of Rural Development Operational Committee (RDOC) and LAGs, primarily Scottish Enterprise and HIE	LAGs
UK Wales	EIP support- Farming Connect Knowledge Exchange Hub, hosted by Aberystwyth University's Institute of Biological, Environmental and Rural Sciences	Co-operation & Supply Chain Development Scheme.	LAGs

NB: Where a line is empty, we were unable to gather these details in the time available.

CAT: QA-04-16-450-EN-C (paper)
CAT: QA-04-16-450-EN-N (pdf)

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PHOTO CREDIT: iStock International Inc., Photodisk, Phovoir

ISBN 978-92-823-9302-4 (paper)
ISBN 978-92-823-9299-7 (pdf)

doi:10.2861/198869 (paper)
doi:10.2861/44088 (pdf)

Publications Office