

## FINAL WORKING DOCUMENT

### Fourth Modification of the Rural Development Programme of North Rhine-Westphalia 2007-2013 (CCI No. 2007DE06RPO015)

**MEMBER STATE:** Germany

**REGION:** North Rhine-Westphalia (NRW)

#### 1. Approved programme

Rural Development Programme (RDP) of North Rhine-Westphalia 2007-2013, C(2007)4003 of 5 September 2007

#### 2. Legal basis for the modification

Modification related to the first implementation of Article 16a of Regulation (EC) No 1698/2005

#### 3. Reasons justifying the amendment / Strategy chosen

A new chapter on the strategy in relation to the Health Check and Recovery Package is included in the RDP. Detailed information regarding biodiversity and the situation after abolishment of set-aside is provided. The programme strategy gives an overview of all measures inside and outside of the RDP which target biodiversity and contribute to compensate for the loss of set-aside areas. Furthermore, recent developments in the dairy sector and the importance of the dairy sector for the agriculture sector in North Rhine-Westphalia are laid down.

The total additional amount of € 76,608,506 EAFRD contribution (€ 74,637,777 resulting from Health Check and Recovery Package including unused funds according to Article 136 of Council Regulation (EC) No 73/2009 and €1,970,729 resulting from Commission Decision C(2008)8370 and a correction of the distribution of the existing modulation money to the German *Länder*) will be attributed to measures 214 "Agri-environment payments" and 215 "Animal welfare payments". Two new agri-environment measures and measure 215 will be introduced in order to contribute to the new challenges.

The new agri-environment measure "Cultivation of flowering strips" as well as the existing measure "Crop rotation on arable land" will contribute to the new challenge biodiversity. The challenge water management will be targeted with the new measure "Cultivation of catch crops" and the existing measure "Establishment of border strips along banks".

Measure 215 is of high importance to accompany the restructuring of the dairy sector and to prepare a 'soft landing' of dairy farms following expiration of milk quotas by 2015. For this reason a new potential effect was included: "Enhancing the animal welfare situation in the dairy sector and the positive environmental effects of the dairy sector". In North Rhine-Westphalia pasturing of dairy cattle became less popular during the last years. However, pasture management allows for a natural behaviour of dairy cattle and is therefore an important animal welfare measure. Furthermore, it helps to preserve permanent grassland and the traditional landscape.

An amount of €22.7 million EAFRD contribution will be transferred from measure 214 to measure 121 "Modernisation of agricultural holdings" (€6.7 million) and to

measure 212 "Payments to farmers in areas with handicaps, other than mountain areas" (€16 million). From the increase of funding for measure 121 especially dairy farms will profit as they are given priority support under this measure. The increase of the funding for measures 212 is necessary in order to implement the measure until 2013. At the time of the programme approval a new LFA classification was expected to be in place from the year 2010. That is why measure 212 was provided with funding to only cover the years until the end of 2009.

In the frame of this revision NRW alters the Community co-financing rate as provided for in the approved RDP for the additional funds attributed to Axis 2 (see Table 6.2.2).

In NRW communes are granted an amount of around € 5.36 million for the improvement of broadband infrastructure in the context of the German national recovery package II. Funds from the Recovery Package will be used especially for actions related to the implementation of the Water Framework Directive.

#### 4. Description of the amendments proposed (*unless specifically stated, this document presents the changes or additional information provided in the modification request submitted by the authorities of NRW*)

##### 4.1. New priorities / types of operations

**Table 5.3.6 Types of operations to be supported to meet the obligations resulting from Article 16a(3)(a) and Article 69(5a) of Regulation 1698/2005**

Axis/measure	Type of operation	Potential effects	"Existing" or "new" type of operation	Reference to the description in the RDP	Output indicator - target
Axis 2, code 214	Cultivation of flowering strips	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering habitats ( <b>priority: biodiversity</b> )	New	Chapter 5.3.2.1.4 BLÜ	Number of supported holdings: 500  Total area supported: 900 ha  Total number of contracts: 500
	Crop rotation on arable land	Reduction of nitrous oxide (N <sub>2</sub> O), carbon sequestration, adaptation to the effects of climate change on soil (priority: climate change adaptation and mitigation)  Conservation of species-rich vegetation types (priority: biodiversity)  <b>Main priority: biodiversity</b>	Existing	Chapter 5.3.2.1.4 VIF	Number of supported holdings: 1,100  Total area supported: 90,000 ha  Total number of contracts: 1,100*

	Cultivation of catch crops	Contributing to the reduction of losses of different compounds to water (priority: water management)  Reduction of nitrous oxide (N2O), carbon sequestration, adaptation to the effects of climate change on soil (priority: climate change adaptation and mitigation)  <b>Main priority: water management</b>	New	Chapter 5.3.2.1.4 ZWF	Number of supported holdings: 2,200  Total area supported: 40,000 ha  Total number of contracts: 2,200
	Establishment of border strips along banks	Conservation of high-value water bodies, protection and improvement of water quality (priority: water management)  Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering habitats (priority: biodiversity)  <b>Main priority: water management</b>	Existing	Chapter 5.3.2.1.4 UFE	Number of supported holdings: 2,500  Total area supported: 4,600 ha  Total number of contracts: 3,260*
	Extensive grassland use	Conservation of species-rich vegetation types; protection and maintenance of grasslands (priority: biodiversity)  Contributing to the reduction of losses of different compounds to water (priority: water management)  Reduction of nitrous oxide (N2O) (priority: climate change adaptation and mitigation)  Enhancement of the positive environmental effects of the dairy sector (priority: measures accompanying restructuring of the dairy sector)  <b>Main priority: biodiversity</b>	Existing	Chapter 5.3.2.1.4 EXG	Number of supported holdings: 3,900  Total area supported: 90,000 ha  Total number of contracts: 3,900*
Axis 2, code 215	Pasturing of dairy cattle	Enhancing the animal welfare situation in the dairy sector and the positive environmental effects of the dairy sector ( <b>priority: measures accompanying restructuring of the dairy sector</b> )	New	Chapter 5.3.2.1.5	Number of supported holdings: 3,700  Total number of contracts: 3,700  Number of supported animals: 190,000 LU

\* The indicators correspond to the total final target. From 2010 all ongoing as well as new contracts will be financed with additional funds resulting from Health Check and Recovery Package.

## 4.2. Description of the amendments proposed to axes and measures

### Changes relating to the Health Check and Recovery Package and other changes requiring a Commission decision

#### 4.2.1. Measure 121 "Modernisation of agricultural holdings"

Transfer of € 6.7 million EAFRD budget from measure 214 to measure 121 (adaptation of the total public contribution for these measures accordingly)

Adaptation of output and result indicators

Reasons and any implementation problems justifying the amendment

In 2007 and 2008 a high number of applications have been received for this measure. As the managing authority expects the number to remain at the same high level and in order to meet the demand, more money shall be made available for this measure.

Expected impact of the amendment

Especially dairy farms will profit from the proposed budget increase as they are given priority support under this measure.

Assessment relating to the coherence with the NSP and the regional programme strategy

The modification is in line with the NSP and the programme strategy.

**4.2.2. Measure 212 "Payments to farmers in areas with handicaps, other than mountain areas"**

Transfer of € 16 million EAFRD budget from measure 214 to measure 212 (adaptation of the total public contribution for these measures accordingly)

Decrease of the result indicator "number of supported holdings" to 6,000 due to an increase of the minimum amount of support to be paid to beneficiaries of this measure. *(The minimum amount is foreseen by the national legislation.)*

Reasons and any implementation problems justifying the amendment

At the time of the programme preparation NRW expected a new LFA classification to be in place from the year 2010. That is why measure 212 was provided with funding to only cover the years until the end of 2009.

As the current classification now stays in place, the financial transfer is necessary in order to implement the measure until 2013.

In NRW measure 214 is satisfactorily funded: Including Health Check and Recovery Package funds the share of measure 214 in total public expenditures amounts to 39%.

Expected impact of the amendment

Financing of the measure until the end of the programming period

Assessment relating to the coherence with the NSP and the regional programme strategy

The modification is in line with the NSP and the programme strategy.

**4.2.3. Measure 214 "Agri-environment payments"**

**A) New sub-measure: "Cultivation of flowering strips" (internal code: BLÜ)**

- **Intended aims and targets of the measure**
  - Creation of habitats with diverse functions (hibernation, food intake, etc.) for different animals on arable land
  - Increase of the number of flowers for wild and honey bees
  - Protection against erosion

- Protection of waters (reduction of losses of different compounds to water)
- Expansion of the range of agri-environment measures for holdings in regions dominated by arable farms
- **Type of action implemented**  
Cultivation of flowering strips
- **Types of beneficiary**  
Agricultural and forestry holdings
- **Aid intensity**  
Project support/set fixed allowance: 950 €/ha of flowering strip.

Justification for exceeding the maximum amount of support foreseen in the Annex of Reg. (EC) 1698/2005 according to (\*\*\*\*): The calculations of the premium take into account income losses and additional costs for seeding of the seed mixtures and cultivation of the strips (e.g. maintaining cuts or mulching). In NRW income losses are remarkably high due to high yields and production intensity as well as high prices of land.

- **Eligibility conditions**
  - Cultivation of flowering strips with a width between 6 and 12 m; sowing of a mixture of different site-specific plant species alongside the edges of plots or within plots
  - Flowering strips may cover max. 20% of the area of a single plot
  - Instead of flowering strips: cultivation of flowering areas of max. 0.25 ha/plot
  - Sowing of seed mixtures to be determined in NRW
  - No application of pesticides on flowering strips/areas
  - No cultivation activities except for maintaining cuts and complementary seeding
  - No usage of growth on the flowering strips/areas

Supported plots have to be located within NRW.

The commitments will last for five years. During the five years commitments parcels for which support is being granted may be exchanged.

## **B) New sub-measure "Cultivation of catch crops" (ZWF)**

Support is granted under the conditions of sub-measure 214 - A.2 "Cultivation of catch crops or under-sown crops on arable land or greening in permanent crops" of the *German National Framework for Rural Development* (NF). Intended aims and targets of the measure

- Reduction of losses of nitrogen remaining in the soil from preceding crops during winter
- Protection against wind and water erosion
- Improvement of the structure of the soil
- Increase of biological activity

- Contribution to the implementation of the Water Framework Directive (WFD)
- **Type of action implemented**  
Cultivation of catch crops (as foreseen in the NF)
- **Types of beneficiary**  
Farmers (as foreseen in the NF)
- **Aid intensity**  
Project support/set fixed allowance: 84 €/ha arable land (54 €/ha for holdings receiving support for organic farming)
- **Eligibility conditions**  
In addition to the NF the following conditions have to be respected:
  - Location of the plots within a delimited area (this area is in need for action related to the implementation of the WFD and was defined by the Ministry for the Environment and Conservation, Agriculture and Consumer Protection of NRW.)
  - Cultivation of winter-hardy catch crops (no leguminous crops), also in form of underseeds, on at least 20% of the eligible arable land; in case of mulch seeding of the following crop, other crops (not winter-hardy) may be used
  - No application of nitrogen fertilisers on catch crops (except after cereals)
  - Seeding of catch crops until 5.9. (upon the recommendation of the specialised advising service, the approving authority may allow a later date for crops which stay longer on the field)
  - Ploughing up of the catch crops at the earliest on 1.2. of the following year
  - Participation in specialised advising services, offered by the Chamber of Agriculture (*Landwirtschaftskammer – LWK*)
  - Drawing up a fertilizing scheme on the level of single plots and keeping a register of used plots

The supported plots have to be located within NRW.

The commitments will last for five years. During the five years commitments parcels for which support is being granted may be exchanged.

### **C) Increase of the total Community contribution for measure 214**

Increase of the total EAFRD contribution for measure 214 for the entire programming period by €1,970,729 (ca. €4.3 million public contribution) as well as by €55,283,737 (ca. €99.5 million public contribution).

#### Reasons and any implementation problems justifying the amendment

Commission Decision C(2008)8370 and correction of the distribution of the existing modulation money to the German *Länder* as well as Health Check and Recovery Package

The full additional amount due to Commission Decision C(2008)8370 and the correction of the distribution of the existing modulation money will be used to finance the increase of premiums for agri-environment measures proposed in the third modification request.

#### Expected impact of the amendment

Targets of the measure will be met (also with increased premiums)

#### Assessment relating to the coherence with the NSP and the regional programme strategy

The modification is in line with the NSP and the programme strategy.

#### **4.2.4. Measure 215: Animal welfare payments (new measure)**

Measure 215 is of high importance to accompany the restructuring of the dairy sector and to prepare a 'soft landing' of dairy farms following expiration of milk quotas by 2015. For this reason a new potential effect was included: "Enhancing the animal welfare situation in the dairy sector and the positive environmental effects of the dairy sector". In North Rhine-Westphalia pasturing of dairy cattle became less popular during the last years. However, pasture management allows for a natural behaviour of dairy cattle and is therefore an important animal welfare measure. Furthermore, it helps to preserve permanent grassland and the traditional landscape.

Support is granted according to the NF (sub-measure 215 - TS.1 "Summer grazing of cattle").

- **Intended aims and targets of the measure**

- Coverage of additional costs and income foregone compared to rearing the animals in stables
- Allowing for a natural behaviour of animals
- Preservation of the permanent grassland
- Maintenance of the cultural landscape
- New challenge "Measures accompanying restructuring of the dairy sector"

- **Type of action implemented**

Grazing of dairy cattle and offspring (> 12 months)

- **Types of beneficiary**

The same as for sub-measure 215 – TS.1 of the NF

- **Aid intensity**

Project support/set fixed allowance:

- 35 €/GVE and year or
- 30 €/GVE and year for beneficiaries also receiving support for organic farming

- **Eligibility conditions**

- Daily grazing of dairy cattle and offspring > 12 months between 1 June and 1 October with free access to water – except in cases of diseases or expected injuries to animals
- Minimum grazing area: 0.2 ha permanent pasture/LU (half-day pasture)
- Minimum 0.3 LU, maximum 2.0 LU/ha UAA.

- **Indicators**

Output indicators:

- Number of farm holdings receiving support: app; 3,700

- Number of animal welfare contracts: ca. 3,700
- Number of supported animals: ca. 190,000 GVE

Result indicators:

- Number of supported animals: ca. 190,000 GVE

- **Competent authorities and bodies responsible**

Competent (approving) authority: Director of the NRW Chamber of Agriculture, acting as representative of the land NRW

Reasons and any implementation problems justifying the introduction of the three new sub-measures

Implementation of the Health Check, additional EAFRD contribution

Expected impact of the amendment of measure 214

The new measure complements the other measures of axis 2 and contributes to the new challenge "measures accompanying restructuring of the dairy sector".

The measure will be attributed € 19.354.040 EAFRD contribution (Health Check and Recovery Package).

Assessment relating to the coherence with the NSP and the regional programme strategy

The new measure is in line with the NSP. A new chapter on the strategy in relation to the Health Check and Recovery Package is included in the RDP.

## Other changes

### 4.2.5. Measure 214 “Agri-environment payments”

#### **Introduction of a paragraph on the possibility to reduce the area under AEM commitment during the period of commitment**

Introduction of a paragraph indicating that a decrease of the area under AEM commitment up to 10% for the whole period of the commitment does not require the beneficiary to reimburse the assistance granted

The following conditions apply:

- The assistance granted will be reduced according to the reduction of the area for the remaining time of the commitment
- The correction of the commitment has to be notified with the annual payment request.
- The Managing Authority ensures that the environmental objectives of the individual contracts will be met despite the decrease of the area under commitment

Reasons and any implementation problems justifying the introduction of the three new sub-measures

Due to the specific structure of NRW (high rate of leased land, shorter duration of lease), land endowment of many farms is changing during the five years of commitments.

#### Expected impact of the amendment

Acceptance of AEM, achievement of environmental objectives

#### **4.2.6. Measure 323 "Conservation and upgrading of the rural heritage"**

NRW proposes to include in the RDP the possibility that the purchase of land costing more than 10% of all the eligible expenditure on the operation concerned is eligible. One or more of the following conditions must be fulfilled:

- The measure contributes to the conservation or development of habitats and populations of wild animal and plant species, especially for species of high Community interest.
- The measure aims at the conservation or development of protected biotopes or biotopes in need for protection, especially for types of biotopes of Community interest.
- The measure contributes to the coherence of Natura 2000 areas and the (re-) establishment of the function of connecting biotopes.

All individual cases will be approved separately.

NRW also proposes to support the purchase of land to be exchanged including related costs (e.g. costs for the assessment of the value of the land or for surveying the land). The purchase will only be financed in the context of a specific project. The price of land to be exchanged may not exceed the usual price of comparable agricultural land in the region.

#### Reasons and any implementation problems justifying the amendment

During the period 2007-2013 the purchase of land was eligible and was evaluated positively.

#### Expected impact of the amendment

Meeting of Natura 2000 obligations; no financial impact

#### Assessment relating to the coherence with the NSP and the regional programme strategy

The modification is in line with the NSP and the programme strategy.

#### **4.2.7. Chapter 11.2.2 "Public expenditures"**

The wording concerning eligible public expenditures shall be aligned with the National Framework (editorial change).

#### **4.2.8. Adaptation of indicators**

NRW proposes to adapt the output and result indicators for measure 111 "Vocational training and information actions" as well as the output indicators for the agricultural part of measure 114 "Use of advisory services" (editorial changes). During the programme implementation the managing authority realised that the original targets cannot be met and have to be amended.

### **5. The expected impacts of the amendments**

The expected impacts are described separately for each amendment.

## 6. Assessment

- The amendment is in conformity with the German National Strategy Plan, the regional programme strategy, the German National Framework and the Community Strategic Guidelines. The changes reflect the new chapter on the Health Check and Recovery Package and the proposed actions comply with the new challenges “biodiversity”, “climate change”, “water management” and “measures accompanying restructuring of the dairy sector”.
- The changes are in conformity with the Council Regulation (EC) No 1698/2005 and with the Commission regulation (EC) No 1974/2006.
- A consistent delimitation to First Pillar and Structural Funds is included in the approved programme version. The changes are in line with the existing demarcation scheme.
- Appraisal of respect of competition rules: Not applicable

## 7. Financing

### 7.1. Financial implications of the modification

#### 1) Implications on programme level

Increase of the EAFRD contribution by €74,637,777 due to:

- Health Check: €56,742,681
- Recovery Package: €5,624,186 and
- Unused funds from the 1st Pillar according to Art. 136 of Reg. (EC) No. 73/2009: €12,270,910

Further increase of the EAFRD contribution by €1,970,729 due to:

- Commission Decision C(2008)8370: €994,320 and
- Correction of the distribution of the existing modulation money to the German *Länder*: €976,409

-> Total increase of the EAFRD contribution by €76,608,506

#### 2) Implications on measure level

- Increase of the EAFRD contribution for measure 214 by €55,283,737 (Health Check and Recovery Package; increase of the public contribution due to Health Check and Recovery Package by €99,517,036 million)
- Attribution of €19,354,040 EAFRD contribution to measure 215 (Health Check and Recovery Package; increase of the public contribution due to Health Check and Recovery Package by €99,517,036 million)
- Increase of the EAFRD contribution for measure 214 by €1,970,729 (ca. €4.3 million public contribution; Commission Decision C(2008)8370 and correction of the distribution of the existing modulation money to the German *Länder*)

Financial transfers between axes and within axis 2:

- Transfer of €6.7 million EAFRD contribution from measure 214 to measure 121 (increase of the public contribution for measure 121 by ca. €27 million)
- Transfer of €16 million EAFRD contribution from measure 214 to measure 212 (increase of the public contribution for measure 212 by ca. €35.7 million)
- Transfer of €750,000 EAFRD contribution (ca. €1.7 million public contribution) from measure 224 to measure 213 (*In the 3rd modification request an increase of the eligible area for measure 213 was included. However, in order to avoid parallel modification requests including changes of the financial table, the related financial transfer is only proposed with the current request.*)

## 7.2. Tables 6.1, 6.2 and 6.3

**Table 6.1 Annual contributions from the EAFRD (in €)**

Year	2007	2008	2009	2010	2011	2012	2013	Total
Non-convergence region	42.507.703	43.766.869	41.960.198	42.659.660	41.885.608	41.229.605	40.435.539	294.445.182
Additional funds from Article 69(5a) of Reg. No 1698/2005			3.308.345	10.636.572	16.233.067	20.194.254	24.265.539	74.637.777
Total EAFRD	42.507.703	43.766.869	45.268.543	53.296.232	58.118.675	61.423.859	64.701.078	369.082.959

**Table 6.2.1 Financial plan by axis (in €)**

Axis	Public contribution		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	242.053.692	25,00	60.513.423
Axis 2	414.938.489	45,00	186.722.320
Axis 3	116.989.084	25,00	29.247.271
Axis 4	30.447.270	50,00	15.223.635
Technical Assistance	5.477.066	50,00	2.738.533
Total	809.905.601	36,36	294.445.182

**Table 6.2.2 Financial plan by axis – Additional funds from Article 69(5a) of Regulation (EC) No 1698/2005:**

Axis	Public contribution		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	0		0
Axis 2	99.517.036	75,00	74.637.777
Axis 3	0		0
Axis 4	0		0

Technical Assistance	0		0
Total	99.517.036	75,00	74.637.777

**Table 6.3 Indicative budget related to operations referred to in Article 16a of Regulation (EC) No 1698/2005 between 1 January 2009 and 31 December 2013**

Axis /measure	EAFRD contribution for 2009-2013	
Axis 2		
Measure 214		55.283.737
Measure 215		19.354.040
Total		74.637.777

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