

**WORKING DOCUMENT**  
**RURAL DEVELOPMENT COMMITTEE**

**Member State / Region:**                      **Sweden**

**1. APPROVED PROGRAMME**

The Rural Development Programme for Sweden 2007-2013, CI2007SE06RPO001, Commission Decision C(2007)3093.

**2. LEGAL BASIS FOR THE MODIFICATION**

Modification related to the first implementation of Article 16a of Regulation (EC) No 1698/2005, other modifications on the basis of Article 6(1)(a) and Article 6(1)(c) of Regulation (EC) No 1974/2006.

**3. REASONS JUSTIFYING THE AMENDMENT / STRATEGY CHOSEN**

As the modification includes four different types of modifications, for improved readability the justification for each type is included in the following chapter 4 in connection with the description of the modifications and its assessment.

**4. DESCRIPTION OF THE AMENDMENTS PROPOSED:**

The Swedish proposal includes three types of modifications:

- 1) Health Check and Recovery package related modifications including additional financing and transfer of unspent funds from direct support according to Article 136 of the Regulation 1974/2006 (Reg. 1974/2006 6(1)(a));
- 2) Other financial modifications (Reg. 1974/2006 6(1)(a)), and
- 3) Other modifications and technical corrections (Reg. 1974/2006 6(1)(c)).

**The proposal includes:**

- I. Health Check and Recovery Package + unspent funds (*+119.7 million*)
  - a. Health Check (*71.6 million*)
  - b. Recovery Package (*21.114 million*)
  - c. Transfer of unspent funds from Pillar I (2009/782/EC) (*+27 million*)
  
- II. Other financial changes
  - a. Additional modulation financing 2009/14/EC (*+7.7 million*)
  - b. Financial transfers between axes (*44 million*)

- i. Transfer of 44 M€ from measures 211/212 and 214 into measures 111, 121, 312, 331 and technical assistance
- ii. Increase in national co-financing to be covered from *unspent, existing national funds*; transfer of 19.67M€ from measure 211/212 and 214 into measures 111, 121 and 311
- c. Increase in national financing (top-up) (+10.1 million)
  - i. Measure 214 additional national top-up 10 111 111€

### III. Other modifications and technical corrections

- a. Modification of measure content
  - i. 124 and 125: specification of use for renewable energy
  - ii. 211/212: increase in LFA payments and reduction of animal density
  - iii. 214/216 Agri-environmental measures
    - 1. General
    - 2. Biodiversity and cultural heritage in semi-natural grazing lands
    - 3. Valuable natural and cultural environments
    - 4. Payments for regional priorities
    - 5. Traditional cultural plants and livestock breeds
    - 6. Environment protection measures
    - 7. Organic forms of production and life-cycle oriented production
    - 8. Extensive ley management
  - iv. 227: Non-productive investments in forests
- b. Adjustment of indicators for measures 121, 123, 211/212, 214 (reduced leakage of nutrients), 311, 312, 313, 411, 412, 413, 431

### IV. Changes in financial tables

#### **Overall, the Swedish modification has four main themes:**

**1) Environment and climate change:** the Health Check, modulation 2009/14/EC and transferred funds from Pillar I will be spent on Axis 2 and unspent funds within measure 214 will be reprioritised.

**2) Broadband:** 100% of the Recovery Package will be spent on Axis 3, measure 321

**3) "Matlandet Sverige"** ("Sweden the food country"): financial transfers from Axis 2 to Axis 1 and 3. The goal is to strengthen the Swedish food production and innovation and to promote the image of Sweden as a culinary country. Supporting the dairy sector from the Health Check supports this goal as well.

#### **4) Improvement of indicators**

#### **4.1 Health Check and Recovery Package and Unspent Funds from Pillar I (Reg. 1974/2006, Article 6(1)(a))**

##### *4.1.1 Justification for the amendment and the choice of the strategy*

Sweden will target the new challenges of renewable energy, climate change, water management, biodiversity and milk restructuring from the Health Check funds. In addition, Sweden will use the total amount of 21.11 M€ from the European Economic Recovery Programme to development of broadband in the rural areas. These goals are spelled out clearly in the Swedish National Strategy for Rural Development.

Targeting Health Check funds into *climate change* contributes to the Swedish governmental goal of reducing emissions by 40% and increasing energy efficiency by 20% by 2020 (compared to the 1990 levels).

The Swedish government has set a goal of having at least 50% of all consumed energy coming from renewable sources. Thus Sweden decided to target some of the Health Check funds into *renewable energy*.

The challenge of *water quality* is one of the main environmental quality objectives, set by the Swedish Parliament. In line with the Strategy for the Baltic Sea Region and the Water Framework Directive 2000/60/EC, the water quality of the Baltic Sea is one of the main priorities for the Swedish Government and the RDP is a major instrument to contribute to fulfil this environmental objective. Thus Sweden has decided to target some of the Health Check funds into water quality.

The Swedish milk sector is suffering from a rapid structural change. The Northern and Central parts of Sweden have been affected the most. Thus, Sweden will allocate some Health Check funds towards the challenge of *restructuring the milk sector*. In addition to the Health Check funds, Sweden will also re-allocate funds from the existing budget into milk sector (please see section 4.2).

Changing the definition of eligible grassland support resulted in a decreasing number of commitments, which threatens biodiversity. Thus Sweden has decided to allocate funds into the preservation of biodiversity. Yet, it should be noted that the challenge of preserving the *biodiversity* is not financed from the Health Check funds but by a transfer of unused funds from the direct agricultural supports.

The decision of Sweden to allocate all the funds from the European Economic Recovery Plan into *broadband* stems from the Swedish government goal of providing a chance for all residents to participate equally into the information society.

All operations selected to receive financing are included in Annex II of Regulation (EC) No 1698/2005.

Table 5.3.6 is included as Annex 1 to this document.

#### *4.1.2 Description of the amendments proposed to axes and measures*

The amount of the additional EAFRD contribution is EUR 119.7 million, of which EUR 71.6 million is modulation funds, EUR 21.114 million are from the European Economic Recovery Plan and EUR 27 million are unspent funds from CAP pillar I. This additional funding is to be allocated according to the updated National Strategy to the new challenges as follows:

- a) Climate change 18.67 M€(16 %)
- b) Renewable energy 34.33 M€(28 %)
- c) Water management 13.27 M€(11 %)
- d) Biodiversity 30.67 M€(26%) (*includes 27 M€ of unspent funds from Pillar I*)

e) Milk restructuring 1.67 M€(1 %)

f) Innovative operations linked to points a), b), c) and d) (0 %)

g) Broadband infrastructure in rural areas 21.114 M€(18 %) (This sum corresponds to total recovery package financing for the Swedish RDP.)

**Specific operations to be financed are the following:**

Measure 111: Support for skills acquisition for agricultural holdings (24.67 M€)

Operations to be financed:

- Training related to climate change and water quality so that training aimed for reducing greenhouse gases and climate change adaptation is offered to the farmers.
- Training related to renewable energy that will stimulate the production of renewable energy and biomass.
- Training related to milk sector to improve the competitiveness of the dairy sector.

Measure 121: Modernisation of agricultural holdings (16.67 M€)

- Prioritising investments into climate change and development of renewable energy.

Measure 216: Non-productive investments agriculture (12.60 M€)

Sub-measures to be financed:

- “*The establishment and restoration of wetlands*”. This special sub-measure contributes to the reduction of leaching of different compounds, including phosphorus, into waters. The sub-measure is regionally directed towards nitrate-sensitive areas. The sub-measure includes three actions, “*establishments of wetlands*”, “*establishments of dams to separate phosphorus*” and “*regulated draining*”.

Measure 311: Diversification into non- agricultural activities (14.33 M€)

- Prioritising investments into development of renewable energy.

Measure 312: Business development in micro-enterprises (3.33 M€)

- Prioritising investments into climate change and development of renewable energy.

Measure 321: Basic services for the economy and rural population (Broadband) (21.114 M€)

*Objective:* To improve the existing broadband infrastructure and lay down new broadband infrastructure in the whole country and especially in the sparsely populated rural areas. The objective of the measure is to have a versatile and equal service structure in rural areas in relation to urban areas, including cultural and leisure services, services for enterprises and equal opportunities to participate in the Information Society. The principles of technological neutrality and minimising the impact of support for competition will be respected.

*Operations to be financed:*

- Creation of new broadband infrastructure.
- Upgrade of existing broadband infrastructure.
- Laying down passive broadband infrastructure.

The Swedish authorities estimate that the main type (80 %) of operation under this measure will be *Creation of and enabling access to broadband*. The costs in this type of operation could be financing of technical equipment, all necessary civil work (including buildings, ground stations, ducts and masts), installation of network elements and associated facilities (e.g. local digital switches and routers, points of presence), establishment of a back-haul infrastructure to secure an adequate connection to the backbone network, software systems and technical equipment and where necessary to achieve 100% coverage, subsidies for the installation of in-building facilities (e.g. termination buses, routers, modems, and/or satellite dishes and terminals).

The *upgrade of existing broadband infrastructure* is predicted to take up approximately 15 % of the funding. The type of operation should provide the means for targeted upgrades of those network elements and associated facilities that enable a future proof infrastructure to deliver broadband services for medium to long term. This may include the financing of all necessary civil work (including buildings, ground stations, ducts and masts), installation of network elements and associated facilities (e.g. local digital switches and routers, points of presence), establishment of a back-haul infrastructure to secure an adequate connection to the backbone network, software systems and technical equipment (e.g. termination buses, routers, modems, and satellite dishes and terminals).

*Laying down passive broadband infrastructure* is estimated to receive around 5 % of the funding. The supported actions may include financial support for civil engineering work (such as ducts, sub-ducts, manholes) and other passive network elements (such as antenna towers, masts, ground stations, dark fibre, distribution frames, etc).

*Demarcation:* Support for basic services from EARDF funds will be limited to projects at local level, primarily to those projects that are part of local development strategies. The broadband projects can also be regional. Priority will be given to projects whose main motivation is to increase the possibilities for enterprises and living and working in the countryside.

Cooperation between authorities and the demarcation between EARDF and ERDF will ensure that double financing is prevented. The different scope and nature of projects eligible for ERDF and EARDF for broadband create a clear demarcation line between the funds.

In Sweden the ERDF is initiated and coordinated on a regional basis involving municipalities, universities and other institutionalized actors. This means that broadband projects within ERDF have a clear cut focus on *regional competitiveness* at a *regional level*. Therefore Swedish projects within the ERDF have - in general - a focal point in exploitation of scientific advancements, development and testbeds for new technology and construction of backhaul infrastructure. In quantitative terms, granted projects are few and quite extensive in scale and scope. Funding through the ERDF means that the entire region in question must benefit from the project.

EARDF, on the other hand, is more spatially limited. In the Swedish context, the EARDF funding is on developing *local competitiveness*. This approach is reflected in the set up of

the project. The projects funded from the EAFRD embrace the civil society and rely upon the local knowledge embedded in rural village associations, that is, in small-scale non-profit development groups created on a voluntary basis. When it comes to broadband projects, hands-on measures, suited for sparsely populated areas and local conditions are prioritized. This means a clear-cut focus on strengthening access networks, stimulating local involvement and attractiveness through Information and communication technologies. A project funded through EAFRD means that a specific spatial limited rural area must benefit from the project. The projects are assessed on their impact on local development prospects.

*Target group:* Rural residents and rural communities and enterprises.

*Beneficiaries:* Private and public law bodies or trusts (such as municipalities, associations, organisations and cooperatives). Support is targeted to projects which primarily operate from a local perspective to improve chances for local development, living and working in the countryside.

*Support level:* For purchase of external services and eligible investment amounts by companies, the aid intensity level is maximum 30%. In the less-favoured areas of Northern Sweden, the aid intensity level can be increased by a maximum of 20%. Projects may be supported by 20%-100% share of public financing. 100 % public funding could occur in cases where the beneficiary does a major part of the action as non-paid voluntary work, in-kind financing according to article 54 of Regulation (EC) No. 1974/2006. If no funding in-kind will be available the public funding is predicted to be about 50-80 % depending who is granted the aid and their possibility to raise own funds and also depending on the type of action.

Purchase of external costs could for instance be costs for consultants who are engaged to ensure a professional implementation of the action concerned. It is necessary to fulfill the branch-standards to ensure well functioning broadband-services and therefore it is especially important in actions driven by local development groups to engage professional consultants. Subscription fees are not considered to be eligible costs.

*Competition rules:* The Swedish authorities have notified the state aid scheme for broadband infrastructure to the Commission. The decision is expected in early 2010. However, until the notification has been approved by DG Competition, Sweden will implement the broadband operations under measure 321 using the *de minimis* rule, where the maximum allowed support is 200 000€ After the DG Competition approval, Sweden will implement the broadband measure according to the details of the notified state aid scheme. Sweden will include the approval number in the Rural Development Programme through the notification procedure (Article 6(1)c of Regulation 1698/2005).

#### *Measure 214: Support for environmentally friendly agriculture (27 M€)*

Article 136 of regulation 73/2009 gives the Member States a possibility to transfer unused funds from direct support to agriculture (CAP pillar I) to rural development (CAP pillar II) in the period 2011-2013. The financial framework for Sweden was increased through Commission Decision 2009/782/EC on 22 October 2009.

Sweden will transfer 27 million € from direct support to agriculture to measure 214. These funds are counted towards new challenges, and they must be reported on together with the new challenges in table 5.6.3.

Sub-measures to be financed:

- *“Biodiversity and cultural heritage in semi-natural grazing lands, mown meadowlands and wetlands”*

#### *4.1.3 The expected impacts of the amendments*

Amendments to the programme are intended to enhance the response to the new challenges and to promote, in particular, renewable energies, climate change, biodiversity, water management, broadband infrastructure.

#### *4.1.4 Assessment*

The amendments to the programme are in line with the Swedish Rural Development Strategy and support the achievement of its objectives. The changes are in conformity with the Council Regulation (EC) No1698/2005 and with the Commission Regulation (EC) No 1974/2006.

### **4.2 Other financial changes (Reg. 1974/2006, Article 6(1(a)))**

#### *4.2.1 Justification for the amendment*

The amendment to the current programme financing takes into account the addition of EUR 7.7 million of the modulation funds provided for by the Commission Decision 2009/14/EC and the smaller than estimated realised financing for measure 214 as well as the estimate for future financing needs for measures 111, 121, 311, 312 and 331 and technical assistance.

The transfer of existing funds between axes respects the balance between objectives as specified in Article 17 of Regulation No 1698/2005.

#### *4.2.2 Description of the amendments proposed to axes and measures*

##### Axis 1

EUR 4.44 million in EAFRD financing from Measure 211/212 into Measure 111: *Support for skills acquisition for agricultural holdings*. Measure 111 will also receive EUR 8.22 million of national financing from Measure 214 to cover the increased need of national co-financing for the Health Check funds. The estimate on the private financing and total costs are updated. The indicators are updated.

EUR 11.11 million in EAFRD financing from Measure 211/212 and 214 into Measure 121: *Modernisation of agricultural holdings*. Measure 121 will also receive EUR 5.56 million of national financing from Measure 214 to cover the increased need of national co-financing for the Health Check funds. The estimate on the private financing and total costs are updated. The indicators are updated.

## Axis 2

EUR 1.7 million of EAFRD financing is added to Measure 211/212: *Natural handicap payments*. The increase in the total budget is provided for by Commission Decision 2009/14/EC. The indicators are updated.

EUR 9.5 million of the existing EAFRD financing is transferred from Measure 211/212: *Natural handicap payments* to axis 1, Measures 111 and 121. The estimate on the amount of private financing and total costs for the two measures are updated. The indicators are updated.

EUR 6.0 million of EAFRD financing is added to Measure 214: *Payments for environmentally friendly agriculture*. The increase in the total budget is provided for by Commission Decision 2009/14/EC. The indicators are updated.

EUR 34.5 million of the existing EAFRD financing is transferred from Measure 214: *Payments for environmentally friendly agriculture* to axis 1, 3 (Measures 121, 312 and 331) and Technical Assistance. The estimate on the amount of private financing and total costs for the two measures are updated. The indicators are updated.

EUR 19.67 million of the existing national funding is transferred from Measure 214: *Payments for environmentally friendly agriculture* to Axes 1 and 3, Measures 111, 121, 311 and 312. These transfers will cover the increased need of national co-financing for the Health Check funds. The indicators are updated.

Additionally, existing financing within Measure 214 that was not spent during years 2007-2008 will be reallocated to the following sub-measures under measure 214, namely "*Biodiversity and cultural heritage in semi-natural grazing lands*", "*Payments for regional priorities*", "*Reduced nutrient leaching from arable land*", "*Environmental protection measures*", "*Organic forms of production and life-cycle oriented production*" and "*Extensive ley management for a better environment and open landscape*". The indicators are updated. There is no funding decrease for any of the sub-measures.

National top-ups: The level of additional national financing (top-up) for measure 214 *Payments for environmentally friendly agriculture* will be increased by 10.11 M€ from the existing 5.44 M€. The new maximum allowed level of additional national financing is 15.55 M€. Even though the increased top-up affect only the existing measures with top-ups, the increase in the budget is deemed to be so substantial that Sweden has re-submitted updated state aid forms to the Commission.

## Axis 3

EUR 4.44 million of national financing from Measure 211/212 and 214 into Measure 311: *Diversification into non-agricultural activities* to cover the increased need of national co-financing for the Health Check funds. The estimate on the private financing and total costs are updated. The indicators are updated.

EUR 2.00 million in EAFRD financing from Measure 211/212 and 214 into Measure 312: *Business development in micro-enterprises*. Measure 312 will also receive EUR 1.11 million of national financing from Measure 211/2 and 212 to cover the increased need of national co-financing for the Health Check funds. The estimate on the private financing and total costs are updated. The indicators are updated.

EUR 2.00 million in EAFRD financing from Measure 211/212 and 214 into Measure 331: *Training and information measures*. The estimate on the private financing and total costs are updated. The indicators are updated.

#### Technical assistance

EUR 24.44 million in EAFRD financing is transferred from Measure 214 to Technical Assistance.

#### Co-financing rate

Increase in the EAFRD co-financing rate for Axis 2 from 46.66% to 47.50%. Increase in the total EAFRD co-financing rate from 46.61% to 47.23%.

#### 4.2.3 *The expected impacts of the amendments*

The increase in funding for Measure 111: Support for skills acquisition for agricultural holdings, will strengthen the competitive position and the development ability of rural companies. The funds will be invested in training, competence development, information and knowledge transfer for development of added value in the food sector.

The increase in funding for Measure 121: Modernisation of agricultural holdings strengthens the measure and provides support for restructuring of the dairy sector.

The decrease in funding for Measure 211/212: Natural handicap payments improves the spending levels for the measure, as the unspent funds from years 2007-2008 will be used to increase the payment levels within the measure and to strengthen measures 111 and 121.

The decrease in funding for Measure 214: Payments for environmentally friendly agriculture improves the spending levels for the measure, as the unspent funds from years 2007-2008 will be used to increase the sub-measure payment levels within the measure and to strengthen Axis 1, 3 and Technical Assistance.

For Measure 312: Business development in micro-enterprises, the goal is to link together value-added food production and rural tourism by strengthening of local clusters for value-added food.

The increase in funding for Measure 331: Training and information measures aims at increasing cooperation and competence development between different sectors which can help develop Sweden as a culinary country and rural areas as a resource.

The increase of Technical assistance budget permits covering higher-than-expected costs occurred to regional governments and LAGs during the entire programming period, as by the end of 2008 already 33.5% of the total Technical assistance budget had been paid out.

#### 4.2.4 *Assessment*

The amendments to the programme are in line with the Swedish Rural Development Strategy and support the achievement of its objectives. The changes are in conformity with the Council Regulation (EC) No 1698/2005 and with the Commission Regulation (EC) No 1974/2006.

### **4.3 Other changes and technical corrections (Reg. 1974/2006, Article 6(1)(c))**

#### *4.3.1 Justification for the amendment*

These modifications are mainly clarifications of the programming text, updating of indicators and re-prioritising of unspent funds from years 2007-2008 within measures by increasing aid levels for certain sub-measures and introducing new sub-measures.

For LFA payments (measure 211/212), the compensation levels that were approved with the original RDP in June 2007 did not, for budgetary reasons, cover 100% of the natural handicaps that were defined and described in the detailed calculations that were sent to the Commission. The increase in the compensation level basically aims at filling the gap between the compensation level and the level of costs. The Swedish authorities assure that the overall LFA support level respect the amounts set in Annex I of Regulation 1698/2005 in the spirit of Article 37(3) of Regulation 1698/2005.

For measures 214 (certain sub-measures) and 227 the Swedish Authorities have come to the conclusion that the calculated payments have been too low compared with the actual income loss. An increasing number of farmers are choosing not to renew their expiring contracts. This is why the payment levels have been increased for these measures. All calculations have been monitored by an independent reviewer. The basic principles of the calculations have not been changed. The only amendment is an update of the different cost components, either due to increased cost of income forgone or increased additional costs. All of these support levels respect the amounts set in Annex I of Regulation 1698/2005. The support levels will also be subject to a bi-annual review, as foreseen by the guidelines provided to the Member States by the Directorate-General for Agriculture and Rural Development.

#### *4.3.2 Description of the modifications*

- Measure 124: Support for cooperation for the development of new products, processes and technologies in the agricultural and food sector and in the forestry sector

The measure text is specified so that the measure can be used for the development of renewable energy.

- Measure 125: Infrastructure of importance to the development and adaptation of agriculture and forestry

The measure text is specified so that the measure can be used for the development of renewable energy.

- Measure 211/212: Natural handicap payments

The compensation levels for LFA payments will be increased for pasture and ley in the following manner (1 EUR=9 SEK within the RDP):

- Support areas F, 1, 2, 3, 4a and 4b: 0-90 ha +150 SEK/ha; 90+ ha +75 SEK/ha

- Support area 5b: 0-90ha +140 SEK, 90+ ha +70 SEK/ha

The resulting levels for the different support areas will be as follows

- F and 1: 0-90 ha 2700 SEK/ha; 90+ ha 1350 SEK/ha
- 2, 3 and 4a: 0-90 ha 2100 SEK/ha; 90+ ha 1050 SEK/ha
- 4b: 0-90 ha 1100 SEK/ha; 90+ ha 550 SEK/ha
- 5a: 0-90 ha 1500 SEK/ha; 90+ ha 675 SEK/ha
- 5b: 0-90 ha 900 SEK/ha; 90+ ha 450 SEK/ha

For LFA payments, the compensation levels that were approved with the original RDP in June 2007 did not, for budgetary reasons, cover 100% of the natural handicaps that were defined and described in the detailed calculations that were sent to the Commission. The current increase in the compensation level takes into consideration the meanwhile occurred restructuring of the sector and aims at filling the gap between the compensation level and the level of costs.

The animal density per hectare will be reduced for support areas 1-3 in Northern Sweden for sheep production. The suggested density will be 0.8 instead of 1.

- Measure 214: Payments for environmentally friendly agriculture

- *General*

The measure text is specified so that environmentally friendly agriculture support can also be applied in Nature 2000 areas and within water districts, especially in Southern Sweden.

The dynamic model will be applied for 7 sub-measures from January 2010 onwards.

*Changes affecting specific sub-measures:*

- *Biodiversity and cultural heritage in semi-natural grazing lands (5.4.3.4.)*

An increase of 15.64M€ in EAFRD funding is proposed. Existing, unspent, funds within the measure will be used to finance the increase.

- *Valuable natural and cultural environments in agricultural landscape and reindeer areas (5.4.3.5.)*

A new target indicator has been added and result indicators have been adjusted

- *Payments for regional priorities (5.4.3.6.)*

Existing, unspent funds worth 12.8M€ in EAFRD funding are reprioritised so that *Management of Wetlands* and *Creation of riparian strips on erosion-prone land* are promoted in the South of Sweden, *Predator safe fences* are installed in Northern Sweden and *Fallow especially managed to promote biodiversity* is renamed.

- *Traditional cultural plants and livestock breeds (5.4.3.7.)*

A new result indicator has been added

- *Reduced nutrient leaching from arable land (5.4.3.8.)*

Existing, unspent funds worth 20.71M€ in EAFRD funding are reprioritised so that payment levels for *catch crops*, *spring cultivation* and *creation of riparian strips along waterways* are increased.

– *Environmental protection measures (5.4.3.9.)*

An increase of 11.62M€ in EAFRD funding is proposed. Existing, unspent, funds within the measure will be used to finance the increase. Furthermore, an explicit reference to the Strategy for the Baltic Sea Region and the Water Framework Directive 2000/60/EC will be added.

– *Organic forms of production and life-cycle oriented production (5.4.3.10.)*

An increase of 12.68M€ in EAFRD funding is proposed. Existing, unspent, funds within the measure will be used to finance the increase. The payment level for certified organic grain production will be increased from 1300 to 1450 SEK/ha. A new sub-measure, ley, will be added with a payment level of 350 SEK/ha. (1 EUR=9 SEK within the RDP)

– *Extensive ley management for a better environment and open landscape (5.4.3.11.)*

An increase of 40.99M€ in EAFRD funding is proposed. Existing, unspent, funds within the measure will be used to finance the increase. This sub-measure consists of two actions, A and B. Action A is executed mainly in the wooded areas of the country, whereas Action B applies for Southern Sweden. The following changes will be applied for each action (1 EUR=9 SEK within the RDP):

**A)** Extensive ley management to maintain biodiversity: supplementary payment increased by 150-200 SEK/ha for different support areas, basic payment remains unchanged

**B)** Extensive ley management to decrease nutrient leaching: basic payment increased from 300 to 500 SEK/ha, only applicable in support area

- Measure 227: Non-productive investments in forests

Maximum amount of aid for preserving and developing the biological diversity in forests will be increased to 7 000 SEK/ha for both manual and mechanical inputs.

Maximum amount of aid for promoting biodiversity in broad leaved deciduous forests will be increased to 30 000 SEK/ha and indicators are adjusted.

Existing, unspent, funds within the measure will be used to finance the increases. The budget for 2007-2008 was not used at all due to a late start of the measure. There are no maximum support levels set for measure 227 in the Annex I of Regulation 1698/2005. The support will be given under the '*de minimis*' rules until the state aid clearance for the measure has been finalised.

- Adjustment of indicators for measures 121, 123, 211/212, 214 (reduced leakage of nutrients), 311, 312, 313, 411, 412, 413 and 431

#### *4.3.3 The expected impacts of the amendments*

The programme implementation will be improved through the re-prioritising of unspent funding within measures, which will be done by increasing payment levels for certain sub-measures. The monitoring of progress in programme implementation will be made more accurate through updating and addition of certain indicators. The programme text will be clarified for certain parts.

#### *4.3.4 Assessment*

The amendments to the programme are in line with the Swedish Rural Development Strategy and support the achievement of its objectives. The changes are in conformity with the Council Regulation (EC) No 1698/2005 and with the Commission Regulation (EC) No 1974/2006.

## **5. FINANCING**

Tables 6.1, 6.2 and 6.3 of Annex II to Commission Regulation 1974/2006 are annexed.

*Annex 1: Table 5.3.6 of Annex II to Commission Regulation 1974/2006*

Measure	Types of operations	Potential effects	Existing or New operation	Reference to the description of the type of operation in the RDP	Output indicator – target Number of participants in training	Output indicator – target Number of training days received
111	Training and use of farm advisory services in relation to climate change	increased knowledge on how to reduce greenhousegas emissions and improved adaptation of agriculture and forestry	New	5.3.1.	26 000	29 250
	Information and dissemination of knowledge related to renewable energies	increased knowledge about sustainable production of renewable energies in agriculture and forestry	Existing	5.3.1.	13 000	14 625
	Information and dissemination of knowledge related to water management	increased knowledge on how to reduce nutrients leakage, improved water quality	Existing	5.3.1.	21 000	23 625
	Information and dissemination of knowledge related to dairy production	improved competitiveness of the milk sector	Existing	5.3.1.	4 000	4 500
Measure	Types of operations	Potential effects	Existing or New operation	Reference to the description of the type of operation in the RDP	Output indicator – target Number of farm holdings that received investment support	Total volume of investments
121	Others – investments preventing climate change	Reduction of emission of greenhouse gases	Existing	5.3.3.	70	SEK 14 000 000/Euro 1 500 000
	Others – investments enhancing production of renewable energy	Enhancing the production of renewable energy from farms	Existing	5.3.3.	630	SEK 125 000 000/Euro 13 900 000

Measure	Types of operations	Potential effects	Existing or New	Reference to the description of	Output indicator – target	Output indicator – target
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			<b>operation</b>	<b>the type of operation in the RDP</b>		
214	Land use change (extensive grassland management, conversion of arable land to permanent pasture, long-term set-aside)	Maintenance of biodiversity	Existing	5.4.3.4	Number of holdings 3 100  Total area supported 41 000 ha	Physical area supported 41 000 ha  Number of contracts 3 100
<b>Measure</b>	<b>Types of operations</b>	<b>Potential effects</b>	<b>Existing or New operation</b>	<b>Reference to the description of the type of operation in the RDP</b>	<b>Output indicator – target Number of holdings supported</b>	<b>Total volume of investment ('000 EUR)</b>
216	Wetland restoration	Improvement of water quality, reduced nutrient leakage	Existing	5.4.3.6	250	36 440
	Others – Establishment of sediment ponds	Improved water quality, reduced losses of phosphorus	New	5.4.3.6	1 000	22 224
	Controlled drainage	Improvement of water quality, reduced nutrient leakage	New	5.4.3.6	100	8 533

<b>Measure</b>	<b>Types of operations</b>	<b>Potential effects</b>	<b>Existing or New</b>	<b>Reference to the description of</b>	<b>Output indicator – target</b>	<b>Total volume of investment ('000</b>
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			<b>operation</b>	<b>the type of operation in the RDP</b>	<b>Number of holdings supported</b>	<b>EUR)</b>
311	Others – investments and projects preventing climate change	Reduction of emission of greenhouse gases	Existing	5.5.1.1	42	SEK 105 000 000/Euro 11 600 000
	Others – investments and projects enhancing production of renewable energy	Enhancing the production of renewable energy from farms	Existing	5.5.1.1	158	SEK 395 000 000/Euro 44 900 000
<b>Measure</b>	<b>Types of operations</b>	<b>Potential effects</b>	<b>Existing or New operation</b>	<b>Reference to the description of the type of operation in the RDP</b>	<b>Output indicator – target Number of holdings supported</b>	<b>Total volume of investment ('000 EUR)</b>
312	Others – investments and projects preventing climate change	Reduction of emission of greenhouse gases	Existing	5.5.1.2	24	Euro 3 560 000
	Others – investments and projects enhancing production of renewable energy	Enhancing the production of renewable energy from farms	Existing	5.5.1.2	96	Euro 17 780 000
<b>Measure</b>	<b>Types of operations</b>	<b>Potential effects</b>	<b>Existing or New operation</b>	<b>Reference to the description of the type of operation in the RDP</b>	<b>Output indicator – target Number of actions supported</b>	<b>Total volume of investment ('000 EUR)</b>
321 (broadband)	Creation of new broadband infrastructure	Inhabitants/enterprises benefiting from increased access to broadband: 20 300	Existing	5.5.2.1	200	SEK 505 000 000/Euro 56 000 000
	Upgrade of existing broadband infrastructure	Inhabitants/enterprises benefiting from increased access to broadband: 3 800	Existing	5.5.2.1	40	SEK 95 000 000/Euro 10 500 000
	Laying down passive broadband infrastructure	Inhabitants/enterprises benefiting from increased access to broadband: 1 300	Existing	5.5.2.1	15	SEK 32 000 000/Euro 3 520 000

*Annex 2: Table 6.1 of Annex II to Commission Regulation 1974/2006*

<b>Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2007-2013</b>
Non-convergence regions	292 133 703	277 225 207	258 396 031	261 797 463	254 575 513	248 360 755	240 859 282	1 833 347 954
Additional funds from Article 69(5a) of Regulation (EC) No 1698/2005 – non-convergence region			12 420 000	18 694 000	24 200 000	29 500 000	34 900 000	119 714 000
Total EAFRD funding (EUR)	292 133 703	277 225 207	270 816 031	280 491 463	278 775 513	277 860 755	275 759 282	1 953 061 954

**Annex 3: Table 6.2 of Annex II to Commission Regulation 1974/2006**

Table 6.2.1 Financing plan by axis, non-convergence regions (in euro).

Axis	Total public funding (EUR)	EAFRD contribution (%)	EAFRD funding (EUR)
Axis 1	586 305 756	50	293 152 878
Axis 2	2 577 920 617	47,50	1 224 512 293
Axis 3	334 865 791	45	150 689 606
Axis 4	263 871 833	40	105 548 733
Technical assistance	118 888 888	50	59 444 444
<b>Total</b>	<b>3 881 852 885</b>	<b>47,23</b>	<b>1 833 347 954</b>

Table 6.2.2 Financing plan by axis, additional funds from Article 69(5a) of Regulation (EC) No 1698/2005 – non-convergence region

Axis	Total public funding (EUR)	EAFRD contribution (%)	EAFRD funding (EUR)
Axis 1	55 111 111	75	41 333 333
Axis 2	52 800 000	75	39 600 000
Axis 3	51 707 556	75	38 780 667
Axis 4	0	0	0
<b>Total</b>	<b>159 623 667</b>	<b>75</b>	<b>119 714 000</b>

**Annex 4: Table 6.3 of Annex II to Commission regulation 1974/2006**

Measure/Axis	EAFRD contribution for 2009-2013
<u>Axis 1:</u>	
Measure 111	24 666 667
Measure 121	16 666 667
<b>Axis 1 in total</b>	<b>41 333 333</b>
<u>Axis 2:</u>	
Measure 214 and 216	39 600 000
<b>Axis 2 in total</b>	<b>39 600 000</b>
<u>Axis 3:</u>	
Measure 311	14 333 333
Measure 312	3 333 333
Measure 321	21 114 000
- Related to priorities listed in Article 16a(1), point (g) of Regulation (EC) No 1698/2005	21 114 000
<b>Axis 3 in total</b>	<b>38 780 667</b>
<u>Axis 4:</u>	0
<b>Axis 1, 2, 3 and 4 in total</b>	<b>119 714 000</b>
- Total related to priorities listed in Article 16a(1), points (a) to (f) of Regulation (EC) No 1698/2005	98 600 000
- Total related to priorities listed in Article 16a(1), point (g) of Regulation (EC) No 1698/2005	21 114 000

**Annex 5: Modified table on Additional National Aid to replace the table in Annex II to the Commission Decision**

**State aid referred to in Article 89 of Regulation (EC) No 1698/2005**

<b>Code of the measure</b>	<b>Measure</b>	<b>Legal basis</b>	<b>Amount in euro</b>	<b>Duration</b>
214	Payments for environmentally friendly agriculture	Specific notification	15 555 555	2007-2013