

WORKING DOCUMENT
RURAL DEVELOPMENT COMMITTEE

MEMBER STATE: Spain

REGION: Andalucía

Note for the reader:

Please note that each section of this document is sub-divided into three parts:

- 1) Changes related to the Health Check (HC) and the European Economic Recovery Package (EERP)
- 2) Changes related to the increase of available funds as a result of the Wine CMO reform and the adjustment of modulation rules.
- 3) Other changes.

The opinion of the Rural Development Committee is needed for the modifications presented under 1) and 2). The modifications presented under 3) are included only for information of the Rural Development Committee

1 APPROVED PROGRAM

The Rural Development Programme Andalucía, C(2008) 3843 of 16.07.2008

2 LEGAL BASIS FOR THE MODIFICATION

2.1 Changes related to the Health Check (HC) and the European Economic Recovery Package (EERP)

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

2.2 Changes related to the increase of available funds as a result of the Wine CMO reform and the adjustment of modulation rules

Changes to the total Community contribution for the entire programming period. Revisions under Article 6, paragraph 1, letter a) of Regulation (EC) No 1974/2006

2.3 Other changes

Article 6 (1) (c) of Regulation (EC) No 1974/2006

3 REASONS JUSTIFYING THE AMENDMENT/STRATEGY CHOSEN

3.1 Modifications "Health Check and Recovery Package" according to article 6 (1)(a)

As all new challenges related to the HC & EERP were already addressed in the RDP, the Andalusian authorities have decided to use the additional EAFRD funds of 190.536.379 € in the following already existing measures, which are also defined as horizontal measures of the Spanish Marco:

- 1) Measure 125.1 "Improving and developing irrigation infrastructures" (79.943.226 € 42% of HC & EERP funds). This is justified by the fact that water scarcity is one of the main constraints for agriculture in Andalucía. This measure is perfectly in line with the Spanish NSP, which identifies the sustainable use of water resources as one of the specific objectives of Axis 1 measures, and proposes measure 125.1, amongst others, as a horizontal measure for all Spanish regions;
- 2) Measure 214, "Agri-environment measures" (94.184.324 € 49% of HC & EERP funds), in order to protect and maintain biodiversity in agricultural systems, and to meet the higher than expected measure's take-up. This measure is perfectly in line with the Spanish NSP, which identifies agri-environment measures as a horizontal measure within Axis 2 to promote biodiversity;
- 3) Measure 226 "Restoring forestry potential and introducing prevention actions" (16.408.829 € 8% of HC & EERP funds), in order to reinforce actions addressing soil erosion and climate change mitigation. This measure is perfectly in line with the Spanish NSP, which identifies reduction of forest fires and sustainable management of forest as specific objectives for Axis 2 measures, and proposes measure 226, amongst others, as a horizontal measure for all Spanish regions.

3.2 Other modifications according to article 6(1)(a) (wine reform + modulation adjustments)

The Andalusian authorities have decided to allocate the additional EAFRD funds of 2.434.800 € originated by the Wine CMO reform, to measure 214.14, "Conservation agriculture for vineyards located in slopes", as soil erosion is one of the most important environmental problems in Andalucía, due to its particular climate and orography. Prevention of soil erosion will have also a positive impact on the quality of surface water and it will help to protect biodiversity. Finally, this choice is perfectly coherent with the recommendation included in the Spanish Rural Development Framework of trying to maintain the former support provided by the CAP 1st pillar within wine-producing areas.

Concerning the EAFRD additional funds of 23.348.540 € originated by the adjustment of the modulation rules, they will be allocated to measure 431 "Running costs of local action group, skills acquisition, and animation". This is justified by the following:

- 1) A higher budget available for running costs will improve the advisory, management, monitoring and control activities of the LAGs. Furthermore, additional funds are also necessary as, because Andalucía wanted to increase as much as possible the number of inhabitants benefitting from the LEADER approach, the final number of LAGs has been increased from 50 (as originally foreseen) to 52.

2) Measure 431 originally benefitted from a national top-up of 70 million euros, in a way that EAFRD represented 14% of the total budget of the measure (national top-ups included), while national funds covered 86% of the total budget of the measure. Andalucía considers that the economic environment in which this allocation was designated is very different now, and it could be irresponsible not to take measures at this moment to face the potential restrictions in the regional budget that may occur in the short term as a consequence of the current economic crisis. As a result, and in order to secure sufficient funds for this measure, Andalucía intends now to increase the EAFRD amount up to 35 million Euros (this way EAFRD will cover 32% of the total budget of the measure, top-ups included, while national financing would cover 68%). In other words, the total budget of the measure is now increased in anticipation of an expected reduction in the national top-ups. This reduction in the top-ups has already started to take place, in order to meet the co-financing needs of the 35 million Euros of EAFRD injected in the measure, but a more significant cut is expected in the near future.

Measure 431	EAFRD	National counterpart	National top-ups	Total budget
Original amount	12.000.000	3.000.000	70.000.000	85.000.000
Revised amount	35.348.540	8.837.135	64.162.865	108.348.540

This choice is coherent with the Spanish NSP and RD Framework, as it will help to improve the local governance and will encourage the endogenous development of rural areas (one of the common elements identified by the Spanish Framework, as well as one of the priorities identified in the Spanish NSP)

3.3 Modifications according to article 6(1)(c)

See section 4.3

4 DESCRIPTION OF THE AMENDMENTS PROPOSED

4.1 Modifications "Health Check and Recovery Package" according to article 6 (1)(a)

4.1.1 New priorities/ types of operations

Axis/measure	Type of operation	Potential effects	"Existing " or "new" type of operation	Reference to the description of the type of operation in the RDP	Output indicator – target	
Priority: water management						
Axis 1 Measure 125.1 "Improvement of irrigation infrastructures"	Water saving technologies	Improvement of the capacity to use water more efficiently	existing	RDP pages 177-185	No. of operations supported	47
					Total volume of investment	137.000.000
Priority: biodiversity						
Axis 2 Measure 214 agri-environment payments	Sub-measure 214.1 "Apiculture for the improvement of biodiversity "	Conservation of species-rich vegetation types, protection and maintenance of grasslands	existing	RDP pages 216-222	No. of holdings supported	114
					Total No. of contracts	114
					Total number of hives receiving basic premium	125.983
					Total number of hives receiving increased premium	4.639
	Sub-measure 214.2 "Autochthonous breeds in danger of extinction"	Conservation of genetic diversity	existing	RDP pages 224-231	No. of holdings supported	200
					Total No. of contracts	200
					Total surface supported (No. of has.)	15.000
					Total physical surface supported (No. of has.)	3.500
	Sub-measure 214.3 "Organic agricultural production"	Conservation of species-rich vegetation types, protection and maintenance of grasslands	existing	RDP pages 232-243	No. of holdings supported	4.000
					Total No. of contracts	4.000
					Total surface supported (No. of has.)	60.000
					Total physical surface supported (No. of has.)	60.000
	Sub-measure 214.4 "Organic livestock production"	Conservation of species-rich vegetation types, protection	existing	RDP pages 232-243	No. of holdings supported	1.100
					Total No. of contracts	1.100

		and maintenance of grasslands			Total surface supported (No. of has.)	230.000
					Total physical surface supported (No. of has.)	230.000
	Sub-measure 214.5 "Integrated production of rice"	Conservation of species-rich vegetation types, protection and maintenance of grasslands	existing	RDP pages 244-248	No. of holdings supported	950
					Total No. of contracts	950
					Total surface supported (No. of has.)	20.000
					Total physical surface supported (No. of has.)	20.000
	Sub-measure 214.7 "Integrated production of olive trees"	Conservation of species-rich vegetation types, protection and maintenance of grasslands	existing	RDP pages 254-261	No. of holdings supported	5.000
					Total No. of contracts	5.000
					Total surface supported (No. of has.)	50.000
					Total physical surface supported (No. of has.)	50.000
	Sub-measure 214.8 "Sustainable management of dehesas"	Conservation of species-rich vegetation types, protection and maintenance of grasslands	existing	RDP pages 262-267	No. of holdings supported	555
					Total No. of contracts	555
					Total surface supported (No. of has.)	64.023
					Total physical surface supported (No. of has.)	64.023
Priority: climate change						
Axis 2. Measure 226 "Restoring forestry potential and introducing prevention actions"	Restoring forestry potential and introducing prevention actions	Carbon sequestration in forests and avoidance of carbon dioxide (CO2) emissions, reduction of negative effects of climate change on forests	existing	RDP pages 389-393	Total No. of prevention and restoration actions	493
					Total physical surface supported (No. of has.)	34.353
					Total volume of investment	21.878.440
					Total volume of national expenditure	5.469.610
					Total EAFRD expenditure	16.408.830
					Area under successful forestry land management contributing to biodiversity, water quality, mitigating climate change, soil quality, avoidance of marginalisation and land abandonment (ha)	34.353

Actions to be financed under measure 125.1 do not address the development of new irrigation infrastructure, only the improving of already existing infrastructures. This is also specifically foreseen in the Spanish Framework.

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

HC + EERP money will be spent in the already existing measures 125.1, 214 and 226. The only change proposed for these measures is the increase in budget (see section 7.1) and the up-date of the values provided for out-put and result indicators. For each measure, it is clearly identified the indicators' values before and after the allocation of additional HC+EERP funds (RDP pages 214, 222, 244, 261, 267, 386 and 507-508)

4.2 Other modifications according to article 6(1)(a) (wine reform + modulation adjustments)

EAFRD additional funds of 2.434.800 € originated by the Wine CMO reform, will be allocated to measure 214.14 "Conservation agriculture for vineyards located in slopes". The only change proposed is the increase of EAFRD funds for measure 214, increasing also the national counterpart and maintaining the Axis 2 co-financing rate of 75%. The value of output and result indicators has been updated in accordance with the budget increase (p. 297 of the RDP)

EAFRD additional funds of 23.348.580 € originated by modulation adjustments, will be allocated to measure 431 "Running costs of local action group, skills acquisition, and animation". The only change proposed is the increase of EAFRD funds for measure 431, increasing also the national counterpart and maintaining the Axis 4 co-financing rate of 80%. The value of output and result indicators has been updated in accordance with the budget increase (p. 447 of the RDP)

4.3 Modifications according to article 6(1)(c)

4.3.1 References to the Managing Authority

All the references to the Managing Authority in the RDP text have been updated, as the official name of has changed from "Direccion General de Fondos Europeos" to "Direccion General de Fondos Europeos y Planificacion"

4.3.2 Advance payments to LAGs

In order to facilitate the implementation of local development strategies and the functioning of the LAGs, advance payments for LAGs' running costs, as provided by article 38 of Regulation 1974/2006, are now specifically foreseen in the RDP text (p. 453)

4.3.3 Measure "Restructuration plan for the cotton sector in Andalucia"

The RDP already included a horizontal measure addressed to the cotton sector, to be implemented trough the actions already included in Axis 1 and Axis 3. To clarify the scope, the geographical coverage is now limited to those areas concerned by the reform of the cotton CMO (p. 457 of the RDP). In addition, the original description of beneficiaries ("owners of cotton holdings, ginning industry and services' providers related to the cotton industry, and socio-economic agents participating in diversification actions") is now replaced by a simple reference to the beneficiaries of Axis 1 and Axis 3 measures implementing the restructuring plan (P. 457 of the RDP).

4.3.4 *Measure 121 "modernisation of agriculture holdings"*

Support for modernisation of milk producing holdings is now allowed, as the specific exclusion for support of "production and marketing of milk products and products imitating or substituting milk" has been now replaced by the exclusion for support of "production and marketing products imitating or substituting milk". This is justified by the need to modernize milk producing holdings in view of the removal of the milk-quotas

In addition, the definition of beneficiaries is now modified to include also group of farmers, in order to support investments of common use by various agriculture holdings (p. 149 of the RDP). This action is limited to the common use of machinery and agricultural equipment, and allows for a more rational use of the machines, avoiding long periods of non-use and a faster amortisation (therefore, the machinery fleet can be renovated sooner, with more efficient energy-savings machines). To avoid double funding, a control system is established through a public registry where information about the serial number of the machine, the owner, and the financial support received for its acquisition is recorded.

4.3.5 *Measures 132 "Participation of farmers in food quality schemes" and 133 "Information and promotion activities"*

Following a Commission request, the following products are removed from the list of eligible DOPs-IGPs of measures 132 and 133, as they are not yet registered in a Community register: DOP "Vinagres del Condado de Huelva", DOP "Vinagre de Jerez", DOP "Málaga", "Sierras de Málaga" y "Pasas de Málaga", DOP "Estepa", DOP "Campiñas de Jaén", DOP "Jaén Sierra Sur", DOP "Los Pedroches", DOP "Chirimoya de la Costa Tropical de Granada-Málaga", DOP "Montoro-Adamuz", IGP "Tomate la Cañada-Níjar".

4.3.6 *Measure 214.09 "214.09 "Sustainable cultivation of chestnuts"*

The previous RDP text included, as an agri-environmental commitment, the prohibition of cultivating the soil. An exception to this rule is now proposed, allowing for cultivation from 01.02 to 31.05, under the condition that the soil is not altered in more than 20 cm. of depth. This is justified by the fact that, from an agronomic point of view, it is necessary to carry out a superficial tillage to eliminate the rests of leaves and spiny cupules from last year's harvest. As this commitment has not been taken into account for the calculation of the premia, the modification proposed does not have any influence on it (p. 271 of the RDP)

4.3.7 *Measure 216 "Non-productive investments"*

The obligation to comply with the GAECs in the whole holding has been removed, as it is deemed not necessary for this measure.

4.3.8 *Changes in national top-ups*

National top-ups for measures 125, 214 and 431 are reduced as follows:

Measure		Initial amount	Revised amount
125	improving and developing infrastructure related to the development and adaptation of agriculture and forestry	125 300 000	91 038 617
214	agri-environmental payments	153 556 945	121 350 570
431	running the local action group, skills acquisition, animation	70 000 000	64 162 865
Total programme		1 199 321 917	1 127 017 024

The amounts deducted from national top-ups are used to cover the additional co-financing needs required by the allocation of the new EAFRD money injected in the program as a result of the HC + EERP, the Wine CMO reform and the adjustment of modulation rules.

This reduction is justified by the fact that, under the current economic environment (very different from the one of the preparation and approval of the RDP), the initial top-ups foreseen in the program can not be guaranteed anymore.

4.3.9 Update of the State Aid table

Measure 226 is now added to the table providing information on State Aid assistance in the RDP of Andalucía concerning operations which fall out of the scope of Article 36 of the Treaty as follows

Measure code	Name of the aid scheme	Indication of lawfulness of the scheme	Duration of the scheme
226	Training, information and diffusion of knowledge	Any aid granted under this measure will be in conformity with Regulation (EC) No 1998/2006 concerning the application of the Articles 87 and 88 of the Treaty in respect of " <i>de minimis aid</i> "	2007-2013

Note for the reader:

Please note that the managing authority has been asked to provide a demarcation with **article 68**, which would be included in the RDP at the time when Article 68 measures will enter into force, given that some measures of the RDP could finance similar actions to those included in the Spanish program implementing article 68 of Regulation (EC) No 73/2009.

The Commission reminded also the provisions of art. 2.2 of Reg. 1974/2006: "Where support under Regulation (EC) No 1698/2005 may exceptionally be granted in accordance with Article 5(6) of that Regulation, for measures falling within the scope of the support schemes listed in Annex I to this Regulation, Member States shall ensure that a beneficiary may receive support for a given operation only under one scheme. To that end, Member States, when including measures containing such exceptions in their rural development programmes, shall describe in those programmes the criteria and administrative rules they will apply for the support schemes concerned"

5 EXPECTED IMPACTS OF THE AMENDMENTS

5.1 Modifications "Health Check and Recovery Package" according to article 6 (1)(a)

The modifications proposed are expected to contribute to the adaptation to climate change and mitigation of climate change impacts, to a more sustainable use of water resources, and to better protect biodiversity.

In terms of programme implementation, the only impact refers to output and result indicators as described in section 4.1 above, as the modification proposed consists only in the allocation of additional budget to already existing measures.

5.2 Other modifications according to article 6(1)(a)

Additional 434.800 € originated by the Wine CMO reform and allocated to measure 214.14, "Conservation agriculture for vineyards located in slopes", will help to prevent soil erosion.

Additional 23.348.540 € originated by the adjustment of the modulation rules and allocated to measure 431 "Running costs of local action group, skills acquisition, and animation", will ensure sufficient funds for this measure in case national top-ups currently in place are reduced as a result of the current economic crisis.

In both cases the value of output and result indicators has been updated in accordance with the budget increase.

5.3 Modifications according to article 6(1)(c)

The rest of minor changes proposed are of technical nature and intend only to better adjust the program to the current difficult economic situation, to simplify and improve the understanding of the measures by potential beneficiaries, and to update some references.

6 ASSESSMENT

6.1 Modifications "Health Check and Recovery Package" according to article 6 (1)(a)

The amendments proposed are well justified and described, and are in line with the National strategy plan, notably in relation with the priorities chosen.

6.2 Other modifications according to article 6(1)(a)

The amendments proposed are well justified and described, and are in line with the National strategy plan, the Spanish Rural Development Framework, and Regulations 1698/2005 and 1974/2006.

6.3 Modifications according to article 6(1)(c)

The amendments proposed are well justified and described, and are in line with the National strategy plan, the Spanish Rural Development Framework, and Regulations 1698/2005 and 1974/2006

7 FINANCIAL IMPLICATION OF THE MODIFICATION

7.1 Modifications "Health Check and Recovery Package" according to article 6 (1)(a)

Table 6.1 Annual contributions from the EAFRD (in EUR, total period)

Year	2007	2008	2009	2010	2011	2012	2013	2007-2013
Convergence Region	0	358 697 568	354 157 249	356 230 621	281 285 849	279 680 335	277 475 032	1 907 526 654
New Challenges - Convergence Region	0	0	11 914 400	32 742 366	36 841 011	48 372 205	60 666 397	190 536 379
Total	0	358 697 568	366 071 649	388 972 987	318 126 860	328 052 540	338 141 429	2 098 063 033

Table 6.2 Financial plan by axis. Convergence region (in EUR, total period)

Axis	Public expenditure		
	Total public expenditure	EAFRD contribution rate (%)	EAFRD amount
Axe 1	1 106 115 329	70.00	774 280 730
Axe 2	1 134 690 220	75.00	851 017 665
Axe 3	38 604 437	75.00	28 953 328
Axe 4	297 573 281	80.00	238 058 625
Technical assistance	20 288 408	75.00	15 216 306
Total	2 597 271 675	73.44	1 907 526 654

Table 6.2 Financial plan by axis. New Challenges - Convergence Region (in EUR, total period)

Axe	Public expenditure		
	Total public expenditure	EAFRD contribution rate (%)	EAFRD amount
Axe 1	114 204 609	70.00	79 943 226
Axe 2	147 457 537	75.00	110 593 153
Axe 3	0	80.00	0
Axe 4	0	75.00	0
Technical assistance	0	0.00	0
Total	261 662 146	72.82	190 536 379

Table 6.3. Indicative budget related to new challenges

Axis/measure	EAFRD contribution 2009-2013
Axis 1 Measure 125.1	79 943 226
Total Axis 1	79 943 226
Axis 2 Measure 214.4 Measure 226	94 184 324 16 408 829
Total Axis 2	110 593 153
Total Axis 3 - Related to priorities listed in Article 16a(1), points (a) to (f) of Regulation (EC) No 1698/2005 - Related to priorities listed in Article 16a(1), point (g) of Regulation (EC) No 1698/2005	0 0
Total Axis 4 - Related to priorities listed in Article 16a(1), points (a) to (f) of Regulation (EC) No 1698/2005 - Related to priorities listed in Article 16a(1), point (g) of Regulation (EC) No 1698/2005	0 0
Total programme	190 536 379
Total under Axis 1, 2, 3 and 4 related to priorities listed in Article 16a(1), points (a) to (f) of Regulation (EC) No 1698/2005	190 536 379
Total under Axis 3 and 4 related to priorities listed in Article 16a(1), point (g) of Regulation (EC) No 1698/2005	0

7.2 Other modifications according to article 6(1)(a)

EAFRD additional funds of 2.434.800, originated by the Wine CMO reform, will be allocated to measure 214.14 "Conservation agriculture for vineyards located in slopes". The national counterpart is also increased in order to maintain the Axis 2 co-financing rate of 75%.

EAFRD additional funds of 23.348.580, originated by modulation adjustments, will be allocated to measure 431 "Running costs of local action group, skills acquisition, and animation". The national counterpart is also increased in order to maintain the Axis 4 co-financing rate of 80%.

7.3 Modifications according to article 6(1)(c)

No financial implications