

WORKING DOCUMENT
RURAL DEVELOPMENT COMMITTEE

**Modification of the Rural Development Programme of Saarland
2007-2013 (CCI No. 2007DE06RPO018)**

Member State/Region: Germany/Saarland

1. APPROVED PROGRAMME:

The Rural Development Programme for Saarland 2007-2013, C(2007)5135 of 24 October 2007

2. LEGAL BASIS FOR THE MODIFICATION

Modification related to the first implementation of Article 16a of Regulation 1698/2005 as well as other modifications according to Article 6(1)(a) and Article 6(1)(c) of Regulation 1974/2006.

The RDP modification proposal includes:

A. MODIFICATIONS RELATED TO ART. 6(1)(a) OF R. 1974/2006 FOLLOWING THE ADOPTION OF THE HEALTH CHECK (HC) AND OF THE EUROPEAN ECONOMIC RECOVERY PLAN (EERP)

B. MODIFICATION RELATED TO ART. 6(1)(a) OF R. 1974/2006 OTHER THAN THOSE FOLLOWING THE ADOPTION OF THE HC AND EERP

C. MODIFICATIONS RELATED TO ART. 6(1)(c) OF R. 1974/2006

A. MODIFICATIONS RELATED TO ART. 6(1)(a) OF R. 1974/2006 FOLLOWING THE ADOPTION OF THE HEALTH CHECK AND OF THE EUROPEAN ECONOMIC RECOVERY PLAN

3 REASONS JUSTIFYING THE AMENDMENT / STRATEGY CHOSEN

As a result of the adoption of the Health Check (HC) and European Economic Recovery Plan (EERP), the additional funds need to be programmed in the Rural Development Programme for Saarland 2007-2013 (RDP). The reasons justifying the use of additional funds, effects thereof as well as link to the programme strategy and National Strategy Plan have been described in 4. Chapter, under the description of each modification.

4 DESCRIPTION OF THE AMENDMENTS PROPOSED

4.1 NEW PRIORITIES / TYPES OF OPERATIONS

Saarland receives additional € 3,290,341¹ in the framework of the Health Check and European Economic Recovery Plan. These funds have to be used for the new challenges (climate change, renewable energies, water management, biodiversity, dairy sector, innovation and broadband). The additional funds will be used for:

- new measure 114 - Training and use of advisory services in relation to climate change with EAFRD contribution of € 290,341
- existing measure 214 – Agri-environment payments with additional EAFRD contribution of € 2,400,000
- new measure 215 – Animal welfare payments with EAFRD contribution of € 600,000.

Table 5.3.6 provided in the RDP

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*
Axis 1					
Measure 114	Use of agricultural advisory services in relation to climate change	Provision of advice to farmers to reduce greenhouse gases and to adapt to climate change	New	Chapter 5.3.1.1.4	Nr. of supported holdings: 200
Axis 2					
Measure 214-1	Organic production (introduction of organic farming on the whole holding)	Conservation of species-rich vegetation types, protection and maintenance of	Existing	Chapter 5.3.2.1.4.1.1	Nr. of supported holdings/contracts : 50 Physical supported area: 1.700 ha

¹ The total amount of HC and EERP funds has been reduced for 374,389 € due to redistribution of funds among German RDPs.

		grasslands			
Measure 214-1	Organic farming (retention of organic farming on the whole holding/extension of the duration)	Conservation of species-rich vegetation types, protection and maintenance of grasslands	Existing	Chapter 5.3.2.1.4.1.1	Nr. of supported holdings/contracts : 90 Physical supported area: 7.500 ha
Measure 214-2	Extensification of livestock and grassland management (extension of duration)	Reduction of methane (CH4) and nitrous oxide (N2O)	Existing	Chapter 5.3.2.1.4.1.2	Nr. of supported holdings/contracts : 700 Physical supported area: 20.000 ha
Measure 215	Grazing premia (summer grazing of cattle)	Enhancement of the animal welfare in dairy sector and enhancement of the positive environmental effects of the dairy sector	new	Chapter 5.3.2.1.5	Nr. of supported holdings/contracts : 100 Nr. of LU: 7.000

*Values present an addition to the existing indicators.

4.2 DESCRIPTION OF THE AMENDMENTS PROPOSED TO AXES AND MEASURES

1. Chapter 3.2.2: Update of RDP Strategy in relation to the new challenges

a) Description of the proposed change

The RDP strategy has been updated as regards the new challenges. Already with the existing measures the new challenges are addressed; however with the additional funds these efforts will be reinforced. The indicative distribution of additional funds to the new challenges will be for water management (36.5%), biodiversity (36.5%), climate change (9%), and restructuring of dairy sector (18%).

b) The reasons and any implementation problems justifying the change

Adjustment to HC/EERP implementation.

c) The expected effects of the change

Adjustment to HC/EERP implementation.

d) The relationship between the change and the RDP strategy

The change refers to the update of the RDP strategy.

e) Changes in the text of the RDP – p. 114

2. Chapter 5.3.1: Introduction of new measure 114-Use of farm advisory services

a) Description of the proposed change

New measure 114 - Use of farm advisory services following the provisions of the National Framework (NF), Chapter 4.1.1.4. is introduced in the RDP.

Advice on reduction of green house gases and other environmental issues is an obligatory part of the advisory service.

For measure 114 the competent body for implementation and approval is introduced: Ministry for Environment, Unit B/6. (Chapter 11. of the RDP)

EAFRD funds: € 290.341 (the EAFRD contribution rate is 75%).

b) The reasons and any implementation problems justifying the change

During the implementation of agri-environment measures deficits in relation to environmental issues were noticed. In particular, the awareness of farmers linked to the reduction of green house gases emissions and adaptation to climate change, as well as potentials for regional and direct marketing, should be reinforced.

c) The expected effects of the change

Besides clear improvement of compliance to standards of modern, high quality agriculture and standards for safety at work, the improvements in the environmental services of the participating holdings are expected (reduction of emissions, water protection and soil management). Comprehensive professional environmental advisory services can improve the sensibilisation of farmers to the climate change, biodiversity, NATURA 2000, WFD and improve the take up of the AE measures. Consequently the ecological status of water, air, soil and flora&fauna should improve.

d) The relationship between the change and the RDP strategy

The change is targeted towards the objectives of the programme strategy, in particular the environmental objectives.

f) The relationship between the change and the NSP

The change is targeted towards the objectives of the NSP.

e) Changes in the text of the RDP – p. 170

3. Chapter 2.1.4: Increase of premia for measure 214-1 Organic farming

a) Description of the proposed change

The support for conversion of the complete holdings from conventional to organic presents a special priority for Saarland. The introduction of the organic farming should from 2010 in the first two years from the conversion be supported with an increased premia according to the NF, Chapter 4.2.1.4.2, letter C, point III.

b) The reasons and any implementation problems justifying the change

Organic farming with a holistic approach provides a significant contribution to the ecologically sustainable farming activities. With this incentive the share of organic farming holdings and organically farmed areas shall be increased.

EAFRD funds: € 600.000 (the EAFRD contribution rate is 75%).

c) The expected effects of the change

The cohesive areas with organic farming contribute significantly to the preservation of the environment, habitats and natural resources. The biodiversity as compared to the conventional farming is verifiably increased. The positive effects in the soil, surface and ground waters, climate change and air correspond to the new challenges in an ideal way.

d) The relationship between the change and the RDP strategy

The change is targeted towards achievement of the programme strategy, in particular, in relation to the environmental objectives.

f) The relationship between the change and the NSP

The change is targeted towards the objectives of the NSP.

e) Changes in the text of the RDP – p. 198

4. Chapter 2.1.4: Prolongation of commitment period for two years for 214-1 Organic farming and 214-2 Extensive use of permanent grassland

a) Description of the proposed change

The commitment period shall be prolonged for two years for the operations started from 2007 onwards resulting in a the commitment period of up to 7 years for:

- 214-1 – Retention of organic farming in the whole holding.
- 214-2 – Extensive use of permanent grassland with maximal 1.4 LU/ha of main feeding area.

As regards the eligibility criteria, the extension of the commitment presents a deviation from the National Framework.

EAFRD funds: € 1.800.000 (the EAFRD contribution rate is 75%).

b) The reasons and any implementation problems justifying the change

In the aspect of the sustainable achievement of objectives, the extended commitment period increases the efficiency of the sub-measures.

c) The expected effects of the change

The positive effects of both sub-measures (preservation of resources, reduced input of matter, increased biodiversity, effects on the soil, surface and ground water, climate and air) will be provided longer and though more sustainable.

d) The relationship between the change and the RDP strategy

The change is targeted towards achievement of the programme strategy, in particular in relation to the environmental objectives.

f) The relationship between the change and the NSP

The change is targeted towards the objectives of the NSP.

e) Changes in the text of the RDP – p. 198 and p. 200

5. Chapter 2.1.5: Introduction of measure 215 – payments for animal welfare (Summer grazing of cattle)

a) Description of the proposed change

A new measure 215 – Summer grazing of cattle will be introduced according to the National Framework (NF), Chapter 4.2.1.5.3. The support will be exclusively directed to milk cows and their offspring.

A new potential effect "*Enhancement of the animal welfare in dairy sector and enhancement of the positive environmental effects of the dairy sector*" has been introduced (table 5.3.6.).

EAFRD funds: € 600,000 (the EAFRD contribution rate is up to 75%).

b) The reasons and any implementation problems justifying the change

Animal breeding holdings due to economic and work considerations tend not to practice grazing anymore. This is valid in particular for milk livestock. In big modern dairy holdings grazing represents an exception due to economic reasons and automation of feeding and milking technologies with high output.

The reference to Article 40 of R. 1698/2005 is directed to an improved animal welfare in the milk sector enabling animals to live their species typical behaviour and their wellbeing. At the same time the measure will contribute to the preservation of landscape and extensive, soil protective agriculture.

c) The expected effects of the change

The support shall produce an incentive to provide grazing for milk cows and their offspring. This will allow the animals to live out their species typical behaviour and enhance their health and well being. Overall the measure contributes to the environmental friendliness of the dairy sector and therewith to the new challenges.

d) The relationship between the change and the RDP strategy

Animal welfare is part of the programme strategy. There is also an effect on landscape attractiveness and contribution to the environmental objectives of the RDP.

f) The relationship between the change and the NSP

The change is targeted towards the objectives of the NSP.

e) Changes in the text of the RDP – p. 216

6. Chapter 12.: Update of the chapter with the new requirements for Annual progress report regarding the new challenges
--

a) Description of the proposed change

Provisions on the contents of the annual progress report in order to match with the new requirements of R. 363/2009 will be supplemented. From 2011 Saarland will introduce a new chapter in the annual progress report, which will analyse the general framework for the operations according to the priorities as defined by the Article 16(a)(1) of R. 1698/2005. In order to present the financial implementation, a table with the elements required by the R. 363/2009 will be introduced.

b) The reasons and any implementation problems justifying the change

Adjustment to the R. 363/2009.

c) The expected effects of the change

Adjustment to the R. 363/2009.

d) The relationship between the change and the RDP strategy

The change is targeted towards achievement of the programme strategy.

f) The relationship between the change and the NSP

The change is targeted towards the objectives of the NSP.

e) Changes in the text of the RDP – p. 335

7. Chapter 12.: Update of the indicators

a) Description of the proposed change

Due to the additional funds from HC/EERP the indicators shall be increased as indicated in the table 5.3.6.

b) The reasons and any implementation problems justifying the change

Adjustment to HC/EERP implementation.

c) The expected effects of the change

Adjustment to HC/EERP implementation.

d) The relationship between the change and the RDP strategy

The change is targeted towards achievement of the programme strategy.

f) The relationship between the change and the NSP

The change is targeted towards the objectives of the NSP.

e) Changes in the text of the RDP – throughout RDP

B. MODIFICATIONS RELATED TO ART. 6(1)(a) OF R. 1974/2006 OTHER THAN THOSE FOLLOWING THE ADOPTION OF THE HC AND EERP

8. Chapter 6. and 7.: Transfer of funds from axis 3 to axis 2 going beyond the 1 % the total EAFRD contribution for the entire programming period, reduction of EAFRD funds due to transfer of funds between the German RDPs

a) Description of the proposed change

Due to RDP implementation adjustment:

Axis 3 (measure 312): decrease € 400,000 (EAFRD funds)

Axis 2 (measure 227): increase € 400,000 (EAFRD funds)

Due to transfer of funds (existing modulation) between the German programmes, a reduction of € 374,389 shall be done:

Axis 1 (measure 121): decrease € 187,195

Axis 2 (measure 214): decrease € 187,194

The new financial tables are presented Chapter 6 - Financing.

b) The reasons and any implementation problems justifying the change

With the programme implementation the significant differences in relation to the acceptance of different measures have been identified. Particularly in Axis 3 the expectations of the implementation have not been confirmed in the expected extent. For measure 227 the planned amount for this measure was exceeded with the quarterly payment declarations so the funds for this measure need to be increased.

Transfer of the funds between the German programmes follows the new distribution of funds based on the update of the German NSP.

c) The expected effects of the change

The financial distribution of measures 312 and 227 is adjusted to the acceptance of measures. For measure 227 the planned EAFRD contribution is balanced and supplied with the adequate financial resources.

Transfer of the funds is adjustment to the German NSP.

d) The relationship between the change and the RDP strategy

The change is targeted towards achievement of the programme strategy.

f) The relationship between the change and the NSP

The change is targeted towards the objectives of the NSP.

e) Changes in the text of the RDP - see p. 290

C. MODIFICATIONS RELATED TO ART. 6(1)(c) OF R. 1974/2006

9. Chapter 5.2.2: Update of the chapter in accordance with R. 363/2009

a) Description of the proposed change

In view of the R. 363/2009, Annex, 2., (a) the following provision is added to the RDP text:
It is confirmed that for the measures pursuant to Articles 25, 43 to 49 and 52 of Regulation (EC) No 1698/2005 and for operations under the measures pursuant to Articles 21, 24, 28, 29, 30 and 35a of that Regulation which fall outside the scope of Article 36 of the Treaty, respect of the State aid procedures and material compatibility criteria, in particular aid ceiling of total public support under Articles 87 to 89 of the Treaty, is ensured.

b) The reasons and any implementation problems justifying the change

Adjustment to the R. 363/2009.

c) The expected effects of the change

Adjustment to the R. 363/2009.

d) The relationship between the change and the RDP strategy

The change is targeted towards achievement of the programme strategy.

f) The relationship between the change and the NSP

The change is targeted towards the objectives of the NSP.

e) Changes in the text of the RDP – p. 167

10. Chapter : Measure 121- Modernisation of agricultural holdings-amendment of the aid intensity

a) Description of the proposed change

The aid intensity for young farmers was 25%, while for other farmers it was 20%. With this change the aid intensity of 25% shall apply to all farmers.

b) The reasons and any implementation problems justifying the change

In Saarland's agriculture the structural change is faster and deeper as in other West German *Länder*. With average size of 100ha and milk reference values of 400.000 kg, the production capacities lay far above the national average. Due to these facts the generation change and takeover of the holdings takes place in several stages. Firstly the potential successor is socially insured at the parent's holding, in the next stage he is co-owner and finally the owner of the holding. Due to these circumstances the increased aid intensity for young farmers is factually not used. For these reasons the aid intensity is unified at the level of 25%.

c) The expected effects of the change

The change has an effect on the investments, as all farmers can claim 25% aid intensity. In this way all potential applicants for support under this measure will be treated equally regardless of the age.

d) The relationship between the change and the RDP strategy

The change is targeted towards achievement of the programme strategy.

f) The relationship between the change and the NSP

The change is targeted towards the objectives of the NSP.

e) Changes in the text of the RDP – p. 176

11. Chapter 2.1.4: Sub-measure 214-9 – Meadow orchards - update of the premia

a) Description of the proposed change

The derivation of the premia for this sub-measure requires an update. The premia is changed from € 450/ha to € 500/ha.

b) The reasons and any implementation problems justifying the change

The meadow orchards are high biodiversity biotopes and provide for habitats via the combination of the use of grassland and trees. The biggest costs in this sub-measure originate from taking care for trees. A regular cutting is necessary in order to maintain the tree productivity, otherwise the trees get bushy in some years and root-suckers develop, which hamper the mowing. In the last stage the bushy trees slowly die. In order to ensure that the existing trees don't overage, the substitution of the aged trees by the new high-stem trees of regionally typical varieties will be provided for.

c) The expected effects of the change

The amount of support will be adjusted according to a more fair level. Given the comparative low increase of premia and small implementation area, the increase of funds in the measure 214 is not necessary.

d) The relationship between the change and the RDP strategy

The change is targeted towards achievement of the programme strategy. The support of meadow orchards as biodiversity rich biotopes with high ecologic value are in compliance with the RDP strategy as regards the improvement of the environment and landscape. The attractiveness of the landscape will be enhanced.

f) The relationship between the change and the NSP

The change is targeted towards the objectives of the NSP.

e) Changes in the text of the RDP – p 212

12. Chapter 6.: Financial modifications
--

a) Description of the proposed change

Adjustments related to the implementation:

Axis 3 (measure 312): decrease € 600,000 (EAFRD funds)

Axis 3 (measure 311): increase for € 600,000 (EAFRD funds)

Measure 341 is to be taken out of the RDP and financed purely nationally:

Axis 3 (measure 341): decrease for € 597,000 (EAFRD funds)

Axis 3 (measure 322): increase for € 597,000 (EAFRD funds)

The new financial tables are presented in Chapter 6 - Financing.

b) The reasons and any implementation problems justifying the change

With the programme implementation the significant differences in relation to the acceptance of different measures have been identified. Particularly in Axis 3 the expectations of the implementation have not been confirmed in the expected extent.

c) The expected effects of the change

The financial distribution of measures 311, 312, 322, 341 is adjusted to the acceptance of measures.

d) The relationship between the change and the RDP strategy

The change is targeted towards achievement of the programme strategy.

f) The relationship between the change and the NSP

The change is targeted towards the objectives of the NSP.

e) Changes in the text of the RDP - p. 290

13. Chapter 9.: Update of the chapter on state aid

a) Description of the proposed change

Chapter 9, letter B) (table 42) the title of the table is modified according to the R. 363/2009, Annex point 2., (j).

b) The reasons and any implementation problems justifying the change

Adjustment to the R. 363/2009.

c) The expected effects of the change

Adjustment to the R. 363/2009.

d) The relationship between the change and the RDP strategy

The change is targeted towards achievement of the programme strategy.

f) The relationship between the change and the NSP

The change is targeted towards the objectives of the NSP.

e) Changes in the text of the RDP – p. 295

14. Chapter 12.: Update of the indicators

a) Description of the proposed change

Update of the indicators to take into account the implementation of the RDP and the financial transfers presented in the RDP modification. Update of the indicators is applicable to the indicators within each measure and to the overview indicator tables in Chapter 12.

b) The reasons and any implementation problems justifying the change

Indicators have to be updated as a consequence of transfer of funds.

c) The expected effects of the change

Coherence with the financial transfers is preserved.

d) The relationship between the change and the RDP strategy

The change is targeted towards achievement of the programme strategy.

f) The relationship between the change and the NSP

The change is targeted towards the objectives of the NSP.

e) Changes in the text of the RDP – throughout RDP

15. Redactional changes

Redactional changes in measure 322, measure 413 and Chapter 11.

5 FINANCING

Table 6.1

Regions	2007	2008	2009	2010	2011	2012	2013	Total
Non-Convergence Regions	4,351,035	4,262,023	3,999,705	3,956,067	3,864,362	3,782,875	3,684,238	27,900,305
New Challenges - Non-	0	0	334,258	564,533	637,183	795,720	958,647	3,290,341

Convergence Regions								
Total	4,351,035	4,262,023	4,333,963	4,520,600	4,501,545	4,578,595	4,642,885	31,190,646

Table 6.2.1 (Non-convergence regions)

	Total Public Expenditure (1)	EAFRD Contribution Rate (%)	EAFRD Contribution
1 Improving the competitiveness of the agricultural and forestry sector	9,126,610	50.00	4,563,305
2 Improving the environment and the countryside	20,819,264	50.00	10,409,632
3 The quality of life in rural areas and diversification of the rural economy	16,600,258	50.00	8,300,129
4 Leader	8,250,478	50.00	4,125,239
5 Technical Assistance	1,004,000	50.00	502,000
Total	55,800,610	50.00	27,900,305

Table 6.2.2 (New Challenges - Non-Convergence Regions)

	Total Public Expenditure (1)	EAFRD Contribution Rate (%)	EAFRD Contribution
1 Improving the competitiveness of the agricultural and forestry sector	387,121	75.00	290,341
2 Improving the environment and the countryside	4,000,000	75.00	3,000,000
3 The quality of life in rural areas and diversification of the rural economy	0	/	0
4 Leader	0	/	0
Total	4,387,121	75.00	3,290,341

Table 6.3 (New Challenges - Non-Convergence Regions)

Axis/Measure	EAFRD contribution for 2009-2013 period
<i>Axis 1</i>	
Measure 114 – Use of advisory services	290,341
Total axis 1	290,341
<i>Axis 2</i>	
Measure 214 – Agri-environment payments	2,400,000
Measure 215 – Animal welfare payments	600,000
Total axis 2	3,000,000
<i>Axis 3</i>	0
Total axis 3	0
<i>Axis 4</i>	0
Total axis 4	0
Total Programme	
- related to priorities in points (a) to (f) of Art. 16a(1) of Regulation (EC) No 1698/2005	3,290,341
- related to priorities in point (g) of Art. 16a(1) of Regulation (EC) No 1698/2005	0

6 GENERAL ASSESSMENT

The amendments are in line with the National Strategy Plan, with the R. 1698/2005 and R. 1974/2006. The amendments are in line with the National Framework. The delimitation to SF and to the CMO programmes funded under the CMO in the sugar, fruit and vegetables and wine sectors are included in the approved RDP.