

WORKING DOCUMENT

Second Modification of the Rural Development Programme of Baden-Württemberg 2007-2013 (CCI No. 2007DE06RPO003)

MEMBER STATE: Germany

REGION: Baden-Württemberg

1. Approved programme

Rural Development Programme (RDP) of Baden-Württemberg 2007-2013,
C(2007)5775 of 21 November 2007)

2. Legal basis for the modification

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

The revision has been approved by the Monitoring Committee in the 3rd Meeting of
17 June 2009.

3. Reasons justifying the amendment / Strategy chosen

1) Baden-Württemberg receives a total additional amount of €59,855,222 EAFRD contribution, thereof €51,480,559 from the Health Check (€41,745,720 resulting from modulation and €9,734,839 from unused funds according to Article 136 of Council Regulation (EC) No 73/2009) and €8,374,663 resulting from the Recovery Package).

The additional funds shall be attributed to the following new challenges: measures accompanying restructuring of the dairy sector, biodiversity and climate change. They will therefore be attributed to measures 121 "Modernisation of agricultural holdings" and 214 "Agri-environment payments" (see table 6.3). One new agri-environment sub-measure will be introduced in order to contribute to the new challenge 'climate change'.

The new challenges are already covered to a large extent by the current submeasures under code 214 (agri-environmental measures) of the RDP of Baden-Württemberg. The existing budget for this measure being much higher than the additional amount provided by the Health Check and the Recovery Package, a substantial part of the existing budget for measure 214 will be available for other needs according to regional specific priorities. Consequently, EAFRD funds equal to the budget from the Health Check and the Recovery Package will be used to increase the funds for measure 121, 123, 211, 212 and 214.

The attribution of EAFRD funds to the codes will be the following (in '000 €)

Code 121 (Modernisation of agric. holdings)	18.109
Code 123 (Adding value to agricultural and forestry products)	7.966
Code 211 (Natural handicap payments in mountain areas)	8.636
Code 212 (Payments in areas with handicaps other than	21.144

mountain areas)	
Code 214 (Agri-environmental payments)	4.000
Total	59.855

2) Justification of assignment of the additional funds to the new challenges measures accompanying restructuring of the dairy sector (code 121), biodiversity (code 214) and climate change (code 214).

In view of the overlapping effects of the phasing out of the milk quota and the global financial and economic crisis, measures accompanying restructuring of the dairy sector have a particular importance. More than 40 % of the additional funds (€26 million) will be attributed to this challenge in order to enable competitive development of the farms concerned.

The new challenge 'biodiversity' is important in particular in view of the removal of obligatory set-aside and reduced crop rotations. € 18.2 million of the additional EAFRD funds shall be spent for this. The respective agri-environmental measures for species rich grassland play an important role. A contribution to combat climate change is granted by €15.5 million assigned to measures to ensure extensive use of permanent pasture.

In the course of implementation of the additional funds from Health Check and Recovery Package, funds have been transferred from measure 214 to measure 211 and 212 in order to continue LFA payments until 2013. At the time of approval of the RDP it was assumed that LFA areas will be re-defined as of 2010 resulting in a much mowder total EAFRD support. Therefore the funds foreseen for the years 2010 to 2013 have initially been reduced by 50 %. As the re-definition is postponed, increase of the budget for these two measures became necessary.

Most of the increase can be covered by transfers of funds from measure 214 as the amount equal to the budget from HC/RP is already assigned to the new challenges in the current RDP. In addition to that, a small amount is transferred from measure 214 to measures 211 and 212. This transfer is neutral in terms of uptake of measure 214 (based on updated calculations).

3) Additionally to the increase of EAFRD funds from the Health Check and the Recovery Package, a total of € 5,558,011 resulting from increased 'existing modulation' is added to the programme.

Both increases of EAFRD money lead to transfers of funds between and within axes. All financial transfers are described in detail in chapter 7 of this document.

4) The chapter 3.2.2.3.1 'Diversification of the rural economy' is amended concerning the description of the situation as regards coverage with broadband infrastructure and existing regional support given.

According to this information, there are no regions in Baden-Württemberg not or – generally speaking – not enough covered with broadband infrastructure. A non-sufficient coverage can however be described on the level of some communities, where sometimes coverage of only 30 to 40% of all households is reached, located in particular in communes of rural areas with lower density.

The regional government has undertaken various efforts to improve the situation (influence on stakeholders, activities of promotion etc.). Additionally, a programme to support broadband infrastructure started 2007, based on a State aid notified under No. N570/2007 'Key points of broadband supply in Baden-Württemberg' exist. The total national budget for 2008-2010 is about €53 mio, thereof €30 mio from the 2nd Economic Recovery Programme of Germany Federal level). Broadband will therefore not be supported under the RDP but only with national funds under the notified programme.

The state aid No. N570/2007 doesn't allow any preferential treatment of certain broadband technologies or suppliers, the principles of technological neutrality and transparency are respected.

The limit for intervention of public authorities is set in Baden-Württemberg at a minimum data transfer of 1 MB/s for downloads (so called white spots). There is no shortfall of access to broadband covering bigger residential areas. There are only few communes with a coverage of less than 1 MB/s.

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 Baden-Württemberg*)

4.1. Addendum to chapter 3.1.3.5 'Biodiversity'

Description of the amendments proposed

The Chapter 3.1 – 'Analysis of the initial situation concerning strengths and weaknesses' – 3.1.3 'Environment and land cultivation' – 3.1.3.5 'Biodiversity' is complemented by information concerning the consequences of abolishment of the obligatory set-aside and an explanation, which measures of the programme cover in particular aspects of maintenance of biodiversity.

For the harvest of 2008 obligatory set-aside was set at 0 % by EU regulations and finally removed by the Health Check as of 2009. In 2007 Baden-Württemberg counted around 62.000 ha of obligatory set-aside, of which half of the area has been (and is still) used for renewable energy and was therefore integrated in the normal production process. Since 2007 areas taken out of production on a voluntary basis have doubled from around 6,000 ha to more than 13,000 ha with a high contribution to biodiversity as these areas are of low agricultural quality. Areas taken out of production on a short-term basis, outside obligatory set-aside, constitute valuable retreating space for scarce animals and plants and contribute positively to biodiversity.

The comprehensive offer of support for grassland, including grassland in Natura 2000 areas contributes largely, together with the sub-measures for extensification of arable production and the targeted greening of arable land to the maintenance of biodiversity.

In the course of the Health Check biodiversity is taken into account mainly by the increase of premia for sub-measures under code 213 and 214 concerning grassland, organic farming and greening of fallow land in order to raise acceptance and uptake of the measures and contribute to the targets. Additionally, the new sub-measure Enlarged

crop rotation on arable land (5crops)" creates retreating space for scarce animals and plants and offers feed for insects and other animals.

4.2.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 (EC) No. 1689/2005

(In the RDP document, this chapter has the number 5.3.5, Table 82)

Axis/measure	Type of operation	Potential effects	"Existing" or "new" type of operation	Reference to the description in the RDP	Output indicator - target
Axis 1, code 121	Investment support related to dairy production	Improvement of the competitiveness of the dairy sector	Existing	Chapter 5.3.1.2.1	Number of holdings supported: 600 Eligible total investment: 190 mio €
Axis 2, code 214	Extensive animal keeping (e.g. lower LU density, extensive grassland management)	Reduction of methane (CH ₄) and nitrous oxide (N ₂ O) (priority climate change)	Existing	Chapter 5.3.2.1.4 – 2 (MEKA)	Number of supported holdings: 6,000 Total area supported: 135,000 ha Physical area supported: 135,000 ha Total number of contracts: ca. 6,000 Total number of operations in relation to genetic resources: 6,000
	Integrated and organic farming	Conservation of species-rich vegetation types, protection and maintenance of grasslands, (priority: biodiversity)	Existing	Chapter 5.3.2.1.4 – 2 (MEKA)	Number of supported holdings: 2,000 Total area supported: 75,000 ha Physical area supported: 75,000 ha Total number of contracts: 2,000

4.3.Description of the amendments proposed to axes and measures

A. MODIFICATIONS RELATED TO ART. 6(1)a) OF REGULATION (EC) No 1974/2006 FOLLOWING THE ADOPTION OF THE HEALTH CHECK (HC) AND OF THE EUROPEAN ECONOMY RECOVERY PLAN (EERP)

4.3.1. Measure 121 "Modernisation of agricultural holdings"

Description of the amendments proposed

I. Update of the chapter III 'Objectives of development and strategy and expected impacts' with a new paragraph on the situation of the dairy sector:

Since 1999 the number of dairy farmers decreased by around 45 % and the number of cows by 18 %. In 2008 around 12.000 dairy farms exist with around 365.000

dairy cows, of which around 1/3 are still hold in tethering systems (more than 60 % of the dairy farms). With an average of 29 cows per farm Baden-Württemberg is together with Bavaria on the bottom of the range in Germany (overall average of 40 cows per farm), as well as with the production of milk per cow.

In dairy farms of that size production costs are much higher than in bigger entities and use of technology with higher labour productivity is difficult. The decrease of price support and phasing out of the milk quota as of 2015 will lead to an acceleration of structural adjustments and result in higher requirements for investments. Very often such investments entail also improvements in animal welfare.

Due to the importance of dairy production for Baden-Württemberg and the structural deficits of the sector, activities for investments have high priority and shall be increased by the additional funds from the Health Check and Recovery Package, contributing to the new challenge 'measures accompanying restructuring of the dairy sector'.

II. Budget increase by €22,400,000 (EAFRD budget) (adaptation of the total public contribution for these measure accordingly), thereof

- €18,109,832 from Health Check and EU Recovery Programme and
- € 4,311,169 from increased existing modulation and new distribution key among German *Länder*

Reasons and any implementation problems justifying the amendment

I. Update of the analysis of objectives of development, strategy and expected impacts of the measure.

II. Assignment of parts of the additional budget to the new challenge 'measures accompanying restructuring of the dairy sector'.

Expected impact of the amendment

II. Support of investments in the course of phasing out of the milk quota. Competitiveness of future dairy farmers shall be increased and the agricultural structure of Baden-Württemberg shall be enforced.

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

The modifications are in line with the NSP and the programme strategy to improve competitiveness of the agricultural sector.

4.3.2. Measure 214-1 "Contractual nature protection"

Description of the amendments proposed

Budget increase by €4,000,000 (EAFRD budget) (adaptation of the total public contribution for these measure accordingly).

Reasons and any implementation problems justifying the amendment

Assignment of parts of the additional budget from Health Check and Recovery Programme.

Expected impact of the amendment

The increase of funds strengthens the support of contractual nature protection.

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 to improve the environment.

4.3.3. Measure 214-2 "Agri-environment payments" New sub-measure "Enlarged crop rotation on arable land (5 crops)" (N-A3)

Description of the amendments proposed

Introduction of a new sub-measure "Enlarged crop rotation on arable land (5crops)" (214 – 2, N-A3 (as of 2010) according to the National Framework (Chapter 4.1.4.2.A.1)

- **Intended aims and targets of the measure**
 - To reduce use of pesticides and input of nitrogen through cultivation of leguminous crops;
 - to reduce erosion and to increase diversity of the landscape;
 - to contribute to Objectives I, II and III as described under point 4.2.
- **Type of action implemented**

Annual cultivation of at least five different main crops on the arable land of the farm.
- **Types of beneficiaries**

Farmers according to Regulation (EC) No 73/2009
- **Type, scope and amount of aid**

Project support, grants and fixed allowances:

 - EUR 75 per ha of arable land;
 - EUR 45 per ha for farms supported under the agri-environment measure N-D2, organic farming;
- **Conditions for granting aid**
 - Commitment for a period of 5 years.
 - No reduction of the permanent pasture area.
 - Annual cultivation of at least five different main crops (without land no longer under agricultural production).
 - Annual cultivation of one or more leguminous crops or a mixture including leguminous crops on at least 5% of the arable land.
 - Leguminous crops must be followed by a crop that will be cultivated over the following winter.
 - At least 10% and maximum 30% per crop (if more than five main crops on the farm, groups of crops can be formed in order to reach the 10% ceiling).
 - Max. 2/3 of the arable land can be cultivated with cereals.

The following descriptions are amended/added in the RDP taking into account the introduction of the new sub-measure (references to the NF are not explicitly listed in the list below):

- Paragraph V 'Monitoring and Evaluation': adding of the new sub-measure in table 69 (assignment of the measures according to result indicators – biodiversity, water, climate, soil) and table 70 (quantification or target output indicators: 500 applications and 10.000 ha of area supported);
- Adding of the new sub-measure in table 72 'Combination of sub-measures within MEKA III (code 214-2). The sub-measure shall be combinable with
 - Environmentally friendly application of liquid manure (N-A1)
 - Securing "Streuobst" plantations (N-C1)
 - No use of chemical synthetic pesticides and fertilisers (N-D1)
 - Organic farming (N-D2; with a lower premia of 45 €/ha)
 - Greening with permanent cultures (N-E2.2)
 - Mulch seeding/direct seeding (N-E4)
 - No use of herbicides on arable land (N-E5.1)

Reasons and any implementation problems justifying the amendment

To be revised.

Expected impact of the amendment

A physical area of 10,000 ha shall be supported (500 applications).

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

The strategy is supported by the environmental benefits from the new sub-measure.

B. MODIFICATIONS RELATED TO ART. 6(1)c OF REGULATION (EC) NO 1974/2006

4.3.4. Measure 121 "Modernisation of agricultural holdings"

Description of the amendments proposed

I. Increase of the maximum aid level according to the *German National Framework for Rural Development* (NF; 3. amendment, sent via SFC 12/11/2009, approved by Commission on 19/11/2009). Maximum eligible investment raised to €2 million (former amount: €1.25 million). Investments with an eligible amount of investments above €1.5 million need the agreement of the Ministry.

II. Increase of the limit of prosperity by €30,000 to €150,000 (married applicants) and €120,000 (unmarried applicants).

III. Increase of the maximum intensity rate from 25% to 35% of the eligible costs for farms who were on 15 July 2009 (date of submission of this modification request) engaged in tobacco production and suspension of the limit of prosperity (both limited up to 31.12.2012).

IV. The minimum investment is set at € 30.000 (deviant from the National Framework, where the minimum investment is now €20.000)

V. Clarification that investments in buildings have to comply with all relevant technical standards concerning hygiene, animal welfare and environment.

Reasons and any implementation problems justifying the amendment

I. As steps of development are getting bigger and therefore also the investments undertaken, the former limit of €1.25 million was too restrictive. The agreement of the Ministry in cases of investments above €1.5 million shall serve better supervision.

II. In particular successful holdings are excluded by the current limits from financial support. In order to facilitate support for those holdings, these limits are to be increased.

III. Due to decoupling of the tobacco premia as of 2010, tobacco producers have to adapt production and, if need be, to develop new possibilities for income, e.g. in horticulture or fruit growing. Therefore investments are necessary. The suspension of the limit of prosperity is necessary, as tobacco producers had an income level above this limit before, but are expected to face a lower income level with the new production processes.

IV. Continuation of the provisions as in the former programming period and as recommended in the evaluations. In particular competitive farms shall be supported.

V. Clarification of compliance.

Expected impact of the amendment

I. Support can be given also to that amount exceeding the former limit of €1.25 million. The Ministry is in the position of better steering budget allocation, as it has to give agreement on investments above €1.5 million.

II. Successful holdings, which are expected to be successful also in the future, e.g. cultivating special crops, are eligible for support for constructional investments. The increased funds necessary are covered by the additional budget of the measure.

III. Holdings concerned are strengthened as regards investments and economic sustainability. No change of output targets, as the additional funds are compensated by the higher intensity rate.

IV. Support is granted to those farms with higher potential of competitiveness in the future.

V. Compliance with standards is ensured.

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

The modifications are in line with the NSP and the programme strategy to improve competitiveness of the agricultural sector.

4.3.5. Measure 123 "Adding value to agricultural and forestry products"

Description of the amendments proposed

I. Budget increase by €7,900,000 (EAFRD budget) (adaptation of the total public contribution for these measure accordingly). No amendments of the content.

II. Update of the chapter III 'Objectives of development and strategy and expected impact' with a new paragraph on the situation of the milk processing sector. The additional funds shall increase productivity of the milk processors and strengthen competitiveness. Priority shall be given to innovative investments, improvements in quality and of the production process and activities to save energy.

Reasons and any implementation problems justifying the amendment

I. Assignment of parts of the additional budget from Health Check and Recovery Programme according to regional priorities, as the amount equal to the budget from HC/RP is already assigned to the new challenges in the current RDP.

II. Update of the analysis of objectives of development, strategy and expected impacts of the measure.

Expected impact of the amendment

I. Support shall be granted for investments in milk processing to improve competitiveness. As national top-ups will be reduced, the output target (public expenditures plus top-ups) will not be changed significantly.

II. Outlining the importance of the milk processors for competitiveness of the dairy sector as a whole.

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 to improve competitiveness.

4.3.6. Measure 211 "Natural handicap payments to farmers in mountain areas"

Description of the amendments proposed

Transfer of €9.54 EAFRD budget from measure 214 to measure 211 (adaptation of the total public contribution for these measures accordingly), thereof

- € 8.636 million coming originally from Health Check and EU Recovery Package and
- € 0.362 million from increased existing modulation and new distribution key among German *Länder*
- Additional transfer of € 0.542 million EAFRD contribution from measure 214 to measure 211

These are transfers within axis 2, not requiring a Commission decision.

Reasons and any implementation problems justifying the amendment

Re-assignment of parts of the additional budget from Health Check and Recovery Programme according to regional priorities, as an amount higher than the budget from HC/RP is already assigned to the new challenges in the current RDP. The financial transfer is necessary in order to implement the measure until 2013.

Expected impact of the amendment

Implementation of the measure until 2013. At the time of approval of the RDP it was assumed that LFA areas will be re-defined as of 2010. This didn't happen and it is expected that it will not happen within this programming period.

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

The strategy to improve the environment and in particular the maintenance of grassland use is supported.

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

Description of the amendments proposed

Transfer of €23.36 EAFRD budget from measure 214 to measure 212 (adaptation of the total public contribution for these measures accordingly), thereof

- €21.144 million coming originally from Health Check and EU Recovery Package and
- €0.885 million from increased existing modulation and new distribution key among German *Länder*
- Additional transfer of €1.330 million EAFRD contribution from measure 214 to measure 212

These are transfers within axis 2, not requiring a Commission decision.

Reasons and any implementation problems justifying the amendment

Re-assignment of parts of the additional budget from Health Check and Recovery Programme according to regional priorities, as an amount higher than the budget from HC/RP is already assigned to the new challenges in the current RDP. The financial transfer is necessary in order to implement the measure until 2013.

Expected impact of the amendment

Implementation of the measure until 2013. At the time of approval of the RDP it was assumed that LFA areas will be re-defined as of 2010. This didn't happen and it is expected that it will not happen within this programming period.

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

The strategy to improve the environment and in particular the maintenance of grassland use is supported.

4.3.8. Measure 213 "Natura 2000 payments and payments linked to Directive 2000/60/EC"

Description of the amendments proposed

Increase of the premia for the following sub-measures as of 2010:

Sub-measure	Current premia	New premia (€/ ha)
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	(€/ ha)	
IV.1 Habitat types "lowland" and "mountainous hay meadows N-B2: Extensive use (as of 2009 ¹)	140	150
IV.2 Defined habitat types 'Trespen-Schwingel-Kalktrockenrasen', 'Borstgraswiesen', and 'Pfeifengraswiesen': Extensive use.	165	185
IV.3 Defined habitat types 'Europäische trockene Heiden', 'Wacholder-Formationen der Zwergstrauchheiden oder Kalktrockenrasen', 'Subkontinentale Blau-Schillergrasrasen', 'Trespen-Schwingel-Kalktrockenrasen' and 'Borstgrasrasen': Extensive permanent pasture.	185	195

The following revision clause will be included for existing contracts "The applicants will be informed that significant changes of the conditions on agricultural markets (development of the price-cost relation) may result in an adaptation of the premia also during the contracting period. The level of premia will be subject of a re-examination each second year."

Reasons and any implementation problems justifying the amendment

Increase of premia shall reflect the changed situation as regards costs occurred and income foregone:

- IV.1: higher prices for concentrates compensating lower nutrient content due to extensification (€10/ha).
- IV.2: higher prices for hay (+5%). The reduction of the harvest compared to the reference production system causes the increase.
- IV.3: higher variable costs (mainly fences)

This increase of premia is closely linked to the increase of the premia under code 214-1 (see point 4.3.9 of this document) and 214-2 (see point 4.3.10 I).

Expected impact of the amendment

Higher uptake and acceptance rate of the measure expected.

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

Strengthening of the strategy.

4.3.9. Measure 214-1 "Contractual nature conservation"

Description of the amendments proposed

Increase of the premia for the following sub-measures as of 2010:

Sub-measure	Current premia (€/ ha)	New premia (€/ ha)

¹ For sub-measure IV.1 increased premia will be paid as of 2009, as the sub-measure belongs to the regional directive (*Förderrichtlinie*) MEKA III, together with the submeasures under 214-2 (see point 4.3.10 I).

3.5 Mowing twice per year, adapted use of nitrogen fertilizer	165	185
3.7 Abandonment of cultivation of grassland in order to create more valuable biotopes	140	160
4.1 Permanent pasturing, paddock pasture or attended pasturing	185	195
4.2 More than 2 pasturing cycles in attended pasturing.	310	320

The following revision clause will be included for existing contracts "The applicants will be informed that significant changes of the conditions on agricultural markets (development of the price-cost relation) may result in an adaptation of the premia also during the contracting period. The level of premia will be subject of a re-examination each second year."

Reasons and any implementation problems justifying the amendment

Increase of premia shall reflect the changed situation as regards costs occurred and income foregone:

- 3.5 and 3.7: higher prices for hay (+5%). The reduction of the harvest compared to the reference production system causes the increase.
- 4.1 and 4.2: higher variable costs (mainly fences)

This increase of premia is closely linked to the increase of the premia under code 213 (see point 4.3.8 of this document) and 214-2 (see point 4.3.10 I).

Expected impact of the amendment

Higher uptake and acceptance rate of the measure expected.

The higher premia will be financed by the increased budget from Health Check and Recovery Programme of €4 million (see point 4.2.3 of this document).

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

Strengthening of the strategy.

4.3.10. Measure 214-2 "Agri-environment payments – MEKA III"

Description of the amendments proposed

I. Increase of premia for some sub-measures as of 2009:

Submeasure	Current premia (€/ ha)	New premia (€/ ha)
N-B2: Extensive permanent pasture with a maximum of 1.4 bovine LU/ha main forage area	90	100
N-B4: Extensive management of certain pasture plots to preserve valuable pasture vegetation in terms of plant genetics	50	60
N-C4: Area-typical pastures (N-C4)	140	150
N-D1: No use of chemical synthetic pesticides and fertilisers	80	90

N-D2: Organic farming		
○ Grassland and arable land	150	190
○ Horticulture land	500	550
○ Permanent crops	600	700
N-E3: Fallow ground greening with corresponding flowering mix	130	500
N-G1.1: Extensive utilisation forms of valuable habitats	140	150

The following revision clause will be included for existing contracts "The applicants will be informed that significant changes of the conditions on agricultural markets (development of the price-cost relation) may result in an adaptation of the premia also during the contracting period. The level of premia will be subject of a re-examination each second year."

II. Deletion of the provisions for area under obligatory set-aside in paragraph IV.1.a 'General conditions for support'. As obligatory set-aside has been set to an end, the provision has to be focused on areas taken out of production on a voluntary basis. The provision is now as follows:

'For areas taken out of agricultural production on a voluntary basis, no agro-environmental payments will be granted.

Reasons and any implementation problems justifying the amendment

I. Increase of premia shall reflect the changed situation as regards costs occurred and income foregone:

- N-B2, N-B4, N-C4, N-G1.1: higher prices for concentrates compensating lower nutrient content due to extensification (€ 10/ha) (the respective paragraph IV.2.B.4.E 'Premia calculation' is amended accordingly, the gross margin foregone is increased from €94 to €104).
- N-D1: higher prices for cereals and concentrates.
- N-D2: removal of the obligation for set-aside and increased prices for concentrates (grassland and arable land); higher costs for biotechnical and biological pest control (€50/ha) (horticulture land); lower product price for organic products (average €0.5/deciton) (permanent crops)
- N-E3: due to final removal of set-aside obligation according to Reg (EC) No. 73/2009, cross margins foregone (€373/ha for an average crop rotation) have to be added to the costs for ground greening (the respective paragraph IV.2.E.15.E 'Premia calculation' is amended accordingly) .

II. Adaptation to the legal background: removal of obligatory set-aside according to Reg (EC) No 73/2009.

Expected impact of the amendment

I. Higher uptake and acceptance rate of the measure expected.

II. Areas being under obligatory set-aside before and taken under cultivation now are now eligible for agri-environmental payments.

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

I. Strengthening of the strategy, in particular concerning improvement of the countryside and the new challenges climate change and biodiversity.

II. The eligibility of former set-aside areas for agri-environmental payments under MEKA III is supporting the strategy to improve the environment.

4.3.11. Measure 311 "Diversification into non-agricultural activities"

Description of the amendments proposed

I. Clarification concerning the limit of prosperity for all farms and suspension of this limit for farms who were on 15 July 2009 (date of submission of this modification request) engaged in tobacco production (limited up to 31.12.2012).

II. Clarification of the subject for support (investments in non-agricultural activities).

Reasons and any implementation problems justifying the amendment

I. The paragraph concerning the limit of prosperity is added under this code. As this measure is in analogy to measure 121, this limit of prosperity was already applicable before but by mistake not mentioned under measure 311.

Due to decoupling of the tobacco premia as of 2010, tobacco producers are forced to adapt production and, if need be, to develop new possibilities for income by non-agricultural activities. Therefore investments are necessary. The suspension of the limit of prosperity is necessary, as tobacco producers had an income level above this limit before, but are expected to face a lower income level with the new production processes.

II. Clarification that support is granted only for investments in non-agricultural activities or production of non-annex I products. In the first programme version the provision was not as clear as it referred to activities in general.

Expected impact of the amendment

I. Holdings concerned are strengthened as regards investments and economic sustainability.

II. Clarification of the difference between measures under code 121 and code 311.

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

I.+II. The strategy to improve competitiveness of the agricultural sector is strengthened. Furthermore, the measure should help to create jobs close to agriculture in rural areas.

4.3.12. Measure 323-1 "Conservation and upgrading of the rural heritage"

Description of the amendments proposed

I. Deletion of one water system of first priority (*Gewässer 1. Ordnung, 'Kinzig'*) in the paragraph mentioning demarcation to support given by the European Fisheries Fund (EFF).

II. The name of one water system of first priority (*'Dreisam'*) is exchanged by the technical name *'Elz-Dreisam incl. Leopoldkanal'* describing the whole water system.

III. Clarification of eligible area for support: Support by the EAFRD funds is possible only for activities or on those parts of rivers clearly situated in rural areas according to the definition in the programme document (chapter 3.1 of the RDP).

Reasons and any implementation problems justifying the amendment

I. The water system of first priority 'Kinzig' is excluded from support under the EFF.

II. Clarification of the demarcation to support given by the European Fisheries Fund (EFF).

III. Clarification of activities subject to support.

Expected impact of the amendment

I. The 'Kinzig' can now be supported under the EAFRD.

II. The clarification of the name has no impact on programme implementation.

III. Additional information about the eligible areas for support.

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

The coherence with the National Strategy and the programme strategy is not affected.

4.3.13. Chapter 8 "Additional national support"

Description of the amendments proposed

The table No 88 (former 85) on additional national support is amended according to the changes of the indicative financial plan and the up-dated middle-term budgeting of Baden-Württemberg and the Federal programme 'Gemeinschaftsaufgabe Agrarstruktur und Küstenschutz, GAK'.

Code	Measure/Axis	Additional national financing in EUR
121	farm modernisation	93,113,000 +21,523,002 =114,636,002
123	adding value to agricultural and forestry products	76,352,360 -28,061,906 =48,290,454
125	improving and developing infrastructure related to the development and adaptation of agriculture and forestry	113,781,640 +360 =113,782,000
Total Axis 1		283,247,000 -6,538,544 =276,708,456
213	Natura 2000 payments and payments linked to Directive 2000/60/EC (WFD)	25,979,000 -3,965,947 =22,013,053
214	Agri-environmental payments	157,457,000 -10,179,304 =147,277,696
221	First afforestation of agricultural land	3,500,000
224	Natura 2000 payments	197,000 +220 =197,220
225	forest environment payments	841,000 -220 =840,780
226	restoring forestry potential and introducing prevention actions	817,000 +4.662 =821,662
227	non-productive investments	36,518,000 +723,577 =37,241,577
Total Axis 2		225,309,000 -13417,013 =211,891,987
311	diversification into non-agricultural activities	2,144,000 -400 =2,143,600
323	conservation and upgrading of the rural heritage	12,038,000 +3,654,077 =15,692,077
341	skills acquisition and animation with a view to preparing and implementing a local development strategy	1,281,000 +511 =1,281,511
Total Axis 3		15,463,000 +3,654,188 =19,117,188
GRAND TOTAL		524,019,000 -16.301.368 =507.717.632

Reasons and any implementation problems justifying the amendment
Amendment of the additional national support due to

- Co-financing of the additional funds in code 121, 123, and 214 resulting in less additional national support;
- Adaptation to the budgeting of the national GAK
- Shift of additional national support from code 214-1 to 323 and 341
- Adaptations due to the increase of technical assistance
- Correction of errors in former table

Expected impact of the amendment

No impact on the implementation of the RDP.

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

The coherence with the National Strategy and the programme strategy is not affected.

4.3.14. Chapter 16 "Technical Assistance"

Description of the amendments proposed

Budget increase by €3,169,310 (EAFRD budget) by transfer of funds from axis 1 (- €532,419), axis 2 (- €2,580,841) and axis 3 (- €56,050) (adaptation of the total public contribution for these measure accordingly).

Reasons and any implementation problems justifying the amendment

The increase of the budget for technical assistance has been necessary because the expenditures for the establishment of computer-based systems in particular for the measures of axis 2 have been much higher than assessed beforehand.

Programming of the measures of axis 2 for the administrative and on-the-spot checks and for payments to final beneficiaries has to be made yearly in order to adapt to the respective data of applications. Additional needs for programming result from adaptations of the regional directives in case of changes of the National Framework. The yearly programming concerns mainly the following measures: code 121, 311 and all measures of the 'Joint application' (according to IACS), i.e. 214, 221, 225, 226, 227, 313, 323, 341.

The increase has been realised by transfer from the budget of the respective codes, with exception of code 213 and 224, according to the share on the total payments. The total amount foreseen for technical assistance is now €9.3, i.e. 1.37 % of the total EAFRD budget.

Measures concerned by the transfer	Amount transfered (in €1.000)
121	532
214-1	530
214-2	1.771
221,226,227	232
225	48
313,323,341	56
Total	3.169

Expected impact of the amendment

The administrative implementation of the programme is assured.

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

Not applicable.

4.3.15. Annex 8 "Additional commitments justifying payments under code 214-2"

Description of the amendments proposed

The new agri-environmental sub-measure N-A.3 'Enlarged crop rotation on arable land (5crops)' is added in the table.

Reasons and any implementation problems justifying the amendment

Introduction of the new agri-environmental sub-measure.

Expected impact of the amendment

Clarification of the RDP.

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

Not applicable.

4.3.16. State aids

The revision includes a state aid form covering additional national aid for contractual nature conservation according to code 213-1 and 214-1 of the RDP Baden-Württemberg.

Description of the amendments proposed:

The individual premium increases introduced in the notification forms for measures 213, 214-1 and 214-2 are in line with the changes proposed for co-financed measures and are duly justified. Both for measure 213 and 214-1 the maximum aid amounts approved in the framework of the programming in 2007 are not increased. The maximum aid amount for measure 214-2 is slightly increased for annual crops and perennial crops but stays within the allowed limits. The revision clause is included as for the respective agri-environmental measures under the RD programme.

The total amount foreseen for additional national aid is however reduced, as more national money is necessary for the co-financing of the higher premia within the RDP. Therefore, no Annex II table is necessary in the Commission decision.

5. General Assessment

- The changes are in line with the National Strategy Plan, with the German National Framework (where applicable) and with the regional programme strategy and reflect the decisions concerning the Health Check and Recovery Package. The proposed actions comply with the new challenges "climate change", "biodiversity" and "measures accompanying restructuring of the dairy sector".

- The changes are in conformity with Council Regulation (EC) No 1689/2005 and with Commission regulation (EC) No 1974/2006.

- Appraisal of respect of competition rules: No additional state aids requested

6. Financing

6.1. Financial implications of the modification

A) Implications on programme level

Increase of the EAFRD contribution by €65,413,223:

- € 5,558,011 resulting from increased 'existing modulation' (see table 6.2.1), thereof
 - €2,804,113 resulting from Commission Decision (Decision C(2008)8370)
 - €2,753,898 resulting from a correction of the distribution of the existing modulation money among the German *Länder*
- € 59,855,222 resulting from the Health Check and the Recovery Package (see table 6.2.2), thereof
 - €41,745,720 resulting from modulation
 - € 9,734,839 unused funds from the 1st Pillar according to Art. 136 of Reg. (EC) No. 73/2009:
 - €8,374,663 from the Recovery Package

B) Implications on measure level

- Increase of the EAFRD contribution by €5,558,011 (Decision C(2008)8370) and correction of the distribution to the German *Länder*) resulting in:
 - increase of measure 121 by €4,311,169
 - increase of measure 211 and 212 by €1,246,842

The total amount of public expenditures is adapted accordingly, the EAFRD contribution rates are kept the same (50% for axis 1 and 3, 47% for axis 2, 55% for axis 4).

- Shift between axis (from axis 1, 2 and 3 to technical assistance):

A total of €3,169,310 is shifted from axis 1 (- €32,419), axis 2 (- €2,580,841) and axis 3 (- €56,050) to technical assistance. The explanations for this shift are given under point 4.3.14 'Technical Assistance' of this document.

The balance between axes will very slightly change due to this increase and shift compared to the approved programme. The new balance is as follows:

Axis 1 – 17.69 %

Axis 2 – 64.01%

Axis 3 – 13.17 %

Axis 4 - 5.14 %

Thus, the minimum percentages according to Article 17 of R 1698/2005 will be respected.

- Increase of the EAFRD contribution by € 59,855,222 (Health Check including unused funds and Recovery Package) resulting in:
 - Increase of measure 121 by €26,075,222
 - Increase of measure 214 by €33,780,000
- Financial transfers within axes:
 - Transfer of €7,966,000 EAFRD contribution from measure 121 to measure 123 in the margins of the former increase of measure 121 by Health Check including unused funds and Recovery Package
 - Transfer of €8,636,000 EAFRD contribution from measure 214 to measure 211 in the margins of the former increase of measure 214 by Health Check including unused funds and Recovery Package
 - Transfer of €21,144,000 EAFRD contribution from measure 214 to measure 212 in the margins of the former increase of measure 214 by Health Check including unused funds and Recovery Package.
 - Additional transfer of €1,873,000 EAFRD contribution from measure 214 to measures 211 and 212 (thereof €0.542 million to measure 211 and €1.330 million to measure 212)

6.2. 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 *	92,924,451	89,209,039	83,696,302	85,484,359	90,317,142	88,457,427	86,206,311	616,295,031
Additional funds from Art. 69(5a) of Reg. No 1698/2005 – Non-convergence region			4,926,272	9,597,125	12,187,108	15,083,623	18,061,094	59,855,222
Total EAFRD	92,924,451	89,209,039	88,622,574	95,081,484	102,504,250	103,541,050	104,267,405	676,150,253

* Including the increase of the total EAFRD contribution by €5,558,011 (additional funds from increased 'existing modulation' (Decision C(2008)8370) and a correction of the distribution of the existing modulation money to the German *Länder*.

Table 6.2.1 Financial plan by axis (in €) – Non-convergence region

Axis	Public contribution		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	214,729,500	50.00	107,364,750
Axis 2	826,655,321	47.00	388,528,001
Axis 3	159,881,900	50.00	79,940,950
Axis 4	56,700,000	55.00	31,185,000
Technical Assistance	18,552,660	50.00	9,276,330
Total	1,276,519,381	48.28	616,295,031

Table 6.2.2 Financial plan by axis – Additional funds from Article 69(5a) of Regulation (EC) No 1698/2005 – Non-convergence region

Axis	Public contribution		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	52,150,444	50.00	26,075,222
Axis 2	71,872,340	47.00	33,780,000
Axis 3		50.00	
Axis 4		55.00	
Technical Assistance		50.00	
Total	124,022,784	48.26	59,855,222

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 121	26,075,222
Axis 2	
Measure 214	33,780,000
Total programme	59,855,222
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	59,855,222
Total under Axis 3 and 4 related to priorities listed in Article 16a(1), point (g) of Regulation (EC) No 1698/2005	0

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