

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

**MEMBER STATE: Spain**

**REGION: Cataluña**

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.
- 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 for Cataluña, C(2008) 702 of 15.02.2008

## **2 LEGAL BASIS FOR THE MODIFICATION**

This modification proposal was sent via SFC to the Commission on the 15 July 2009, following its approval by the Monitoring Committee (meeting of the 1<sup>st</sup> July 2009 and written procedure on the 2<sup>nd</sup> July 2009)

### **2.1 Changes related to the Health Check and the European Economic Recovery Package**

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 modulation adjustments and the Wine CMO reform**

Article 6 (1) (a) of Regulation (EC) No 1974/2006, as the additional amount resulting from Council Regulation (EC) No 479/2008 implies a change in the total Community contribution.

### **2.3 Other changes**

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

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

### **3.1 Health Check of CAP (HC) and European Economic Recovery Plan (RP)**

All new challenges related to the HC were already addressed in the Rural Development Programme of Cataluña for 2007-2013. Thus, existing measures, as originally defined in the RDP are foreseen to finance these Community priorities. Measures in the approved RDP from Cataluña addressing new challenges are: farm modernisation (121), adding value to agricultural and forestry products(123); cooperation for development of new products, processes and technologies in the agricultural and food sector (124); improving and developing infrastructure related to the development and adaptation of agriculture and forestry (125); agri-environmental payments (214); animal welfare payments (215); support for non-productive investments (227); first afforestation of agricultural land (221); restoring forestry potential and introducing prevention actions (226); basic services for the economy and rural population (321); diversification into non-agricultural activities (311).

The Catalanian authorities have decided to use the additional EAFRD amount of EUR 26 745 743 to reinforce some of the already existing measures which will better fulfil necessities in relation to new challenges in the region. These are: climate change, renewable energies, biodiversity and innovation linked to the priorities mentioned. No additional funds are allocated for water management since the RDP already includes operations towards this priority and the impact of new funds into this measure would be very limited, compared to the impact on the proposed measures. In relation to the milk sector, and according to the Strategy for the RDP of Cataluña, no measure is planned for restructuring the dairy sector. Finally, and in line with the National Strategic Plan, the regional RDP will not implement infrastructures for the developing of broadband in rural areas since this is a competence of the national authority (thus regional programmes should not include it) and a FEDER co -financed plan already addresses this priority.

Measures proposed to further strengthen HC/RP priorities in the RDP of Cataluña are:

#### 3.1.1 Measure 124 "Cooperation for development of new products, processes and technologies in the agricultural and food sector".

New funds will complement the existing ones and will finance cooperation activities in areas related to new challenges which have been identified of special interest in Cataluña. These areas are: improvement of energy efficiency, biomass from agricultural products transformation for renewable energy production, innovative operations related to the mitigation and adaptation of climate change, innovative operations related to the development of renewable energies, innovative operations related to improve water management, and innovative operations related to biodiversity conservation.

This measure is perfectly in line with the Spanish NSP and NFP and it absorbs 5% of HC/RP additional funds, EUR 1 450 282.

#### 3.1.2. Measure 214, "Agri-environment measures":

Certain Agri-environment sub-measures play a special role in Cataluña and contribute towards the achievement of new challenges, as regards biodiversity and climate change. Operations related to these Community priorities are proposed to be further strengthened in the rural development programme of Cataluña.

This measure is perfectly in line with the Spanish NSP, which identifies agri-environment measures as a horizontal measure within Axis 2 and in this proposal will cover 95% of HC/RP additional funds: EUR 25 295 460.

### **3.2 Adjustments in modulation of direct payments and the Wine CMO.**

After the implementation of provisions under Regulation (EC) 1782/2003, additional funds are available for Rural Development coming from modulation of direct payments and the implementation of the wine CMO. These additional funds add up to EUR 11 783 440 (EUR 3 257 440 direct payments modulation + EUR 8 526 000 wine CMO).

Several measures with increased financing necessities within axis 1 and 2 have been identified by the managing authority. These measures are: 111 (vocational training, information actions, including diffusion of scientific knowledge and innovative practices for persons engaged in the agricultural, food and forestry sectors), 113 (early retirement of farmers and farm workers), 123 (adding value to agricultural and forestry products), 133 (supporting producer groups for information and promotion activities for products under food quality schemes), 211 (natural handicap payments to farmers in mountain areas), 215 (animal welfare payments).

Modifications in relation to the wine sector will be introduced in measures 111, 113, 123 and 133, in line with the strategy and as suggested by the wine producers' organisations on a specific consultation. Given the current financial crisis, the MA would not be able to contribute to the increased co financing needs that the additional funds imply. Thus, the proposal includes funds from the wine CMO devoted to the wine sector which sum up to EUR 5 540 426. The difference of EUR 2 985 574 will be devoted to increment the co financing rate of axis 3. This proposal is perfectly in line with the Spanish NSP and the NFP.

The managing authority (MA) also proposes a transfer of EUR 5 187 120 EAFRD funds from measure 214 to measures 211, 212, 215 and axis 3. This modification is justified by the increased necessities according to the level of execution of these measures and in order to improve the balance between axis in relation to axis 3.

In addition to that, there has been a reallocation of funds in axis 3: the same additional amount of EAFRD funds is replacing national financing. The co-financing rate for the RDP technical assistance would be revised as well. The justification of this transfer of funds amendments is related to the availability of national and regional funds necessary to co finance the additional EAFRD funds. In addition, the increased co financing rate in axis 3 would improve the balance between axis. This proposal is also in line with the Spanish NSP and the NFP.

### **3.3 Other modifications.**

It is proposed to increase the setting up of young farmers support up to 70 000€, as provided by Council Regulation (EC) 74/2009.

National quality scheme "MarcaQ" has been updated as a result of the demands from producers. Thus, three new generic products in the list of supported products have been included.

As a result from the annual meeting with the managing authority, it was requested to clarify the organisation of competent authorities related to chapter 11 of the RDP.

### **3.4 Coherence with the National Strategy Plan and the Spanish National Framework**

All proposed amendments are in line with the proposed version of the **Spanish National Strategy**.

In particular, the proposal to focus the new HC/RP financial allocation into the "**biodiversity**" priority (Art. 16a (1d) of Council Regulation (EC) No 1698/2005) is perfectly coherent with the text of the National Strategy Plan, which has defined biodiversity as a strategic priority to promote at national level, given the intensification of agricultural and forestry systems. The new investments proposed in the revised RDP of Cataluña aim to promote as well climate change, renewable energy and innovation.

The RDP Cataluña is also fully coherent with the proposed text of the Spanish **National Framework**.

The actions and operations proposed by the National Framework are structured in two categories: i) Horizontal measures to be compulsorily applied by all regional RDPs and ii) common elements, for which regions are entitled to decide which one is applied if any. All horizontal measures are included in the RDP of Cataluña.

The modified Spanish National Framework also includes a new "horizontal" (compulsory to all Spanish regional RDP) agro-environmental measure (code 214) under the coverage of the new challenge on biodiversity (Art. 16a (1d) of Council Regulation (EC) No 1698/2005). Actions covered under this measure must fall under at least one of the following areas: i) Organic production; ii) Preservation of genetic resources and iii) Extensification and local restoration of marginal habitats. The RDP of Cataluña complies with the new horizontal measure under the National Framework.

Furthermore, the allocation of the new funds from "**modulation adjustments**" and the "**Wine CMO**", are also in line with the Spanish National Framework.

#### 4 DESCRIPTION OF THE AMENDMENTS PROPOSED

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

HC/RP funds will be spent in measures 124 and 214. The only change proposed for these measures relates to the increase in budget.

##### 4.1.1. Measure 124 "**Cooperation for development of new products, processes and technologies in the agricultural and food sector**".

Cataluña has identified that additional support is needed within the measure cooperation for development of new products, processes and technologies, specifically in relation to several new challenges. Thus, the operations included in the proposal refer to following new challenges:

OPERATION	NEW CHALLENGE
Improvement of energy efficiency	Climate change
Biomass from agricultural products transformation for renewable energy production	Renewable energy
Innovative operations related to the mitigation and adaptation of climate change	Innovation linked to the priorities mentioned in points (a), (b), (c) and
Innovative operations related to the development of renewable energies	
Innovative operations related to improve water	

management	(d).
Innovative operations related to biodiversity conservation	

Output indicator targets are also included in the proposal.

#### 4.1.2. Measure 214 "Agri-environment measure".

The Agri-environmental measure plays a special role in Cataluña and several operations have been identified which need additional funds in order to fulfil the objectives.

The sub-measures included in the proposal, in relation to operations and the new challenges, are the following:

SUB-MEASURE	OPERATION	NEW CHALLENGE
214.02 Organic Farming	Organic production	Biodiversity
214.05 Encouragement and improvement of meadows and natural pastures in mountain areas	Generation and conservation of meadows	
214.07 Encouragement of understorey grazing in priority protection perimeters	Livestock extensification and conservation of pasture areas	Climate change
214.13 Apiculture for biodiversity improvement in fragile areas	Extensive forms of livestock practices	Biodiversity
214.14 Improvement of pasture in mountain areas for landscape and biodiversity protection	Generation and conservation of pasture areas	

According to amendments proposed in relation to HC/RP modification, Table 5.3.6 provided in the RDP would be:

Measure	Types of operations	Potential effects	Existing' or 'New' type of operation (E or N)	Reference to the description of the type of operation in the RDP	Output indicator – target
					Number of cooperation initiatives supported
124	Improvement of energy efficiency (e.g. use of construction materials which reduce heat loss)	Reduction of CO <sub>2</sub> emissions by energy saving	E	Measure 124: Cooperation for development of new products, processes and technologies in the agricultural and food sector	7
	Processing of agricultural/forest biomass for renewable energy	Replacement of fossil combustible	E	Measure 124: Cooperation for development of new products, processes and technologies in the agricultural and food sector	7
	Innovative operations to address climate change mitigation and adaptation measures	Reduction of greenhouse effect gases and climate change adaptation	E	Measure 124: Cooperation for development of new products, processes and technologies in the agricultural and food sector	7
	Innovative operations to support the development of renewable energies	Replacement of fossil combustible and reduction of greenhouse effect gases.	E	Measure 124: Cooperation for development of new products, processes and technologies in the agricultural and food sector	7
	Innovative operations to enhance water management	Improvement of capacities for better efficient water management and quality improvement	E	Measure 124: Cooperation for development of new products, processes and technologies in the agricultural and food sector	6
	Innovative operations to support the conservation of biodiversity	Holding back biodiversity loss	E	Measure 124: Cooperation for development of new products, processes and technologies in the agricultural and food sector	4
	Others	-	-	-	-

Measure	Types of operations	Potential effects	Existing' or 'New' type of operation (E or N)	Reference to the description of the type of operation in the RDP	Output indicator – target			
					Number of holdings supported	Total area supported (Ha)	Physical area supported (Ha)	Number of contracts
214	Extensification of livestock (e.g. reduction of stocking density) and grassland management	Methane (NH <sub>4</sub> ) and nitrate oxide (N <sub>2</sub> O) reduction	E	Measure 214.05 "Encouragement and improvement of meadows and natural pastures in mountain areas" and Measure 214.07 "Encouragement of understorey grazing in priority protection perimeters"	630	17 000		
	Extensive forms of livestock management	Protection and maintenance of grassland	E	Measure 214.13 Apiculture for biodiversity improvement in fragile areas	100	100 000		
	Integrated and organic production	Preserving vegetation, species and pasture protection and maintenance	E	Measure 214.02 Organic Farming	500	9 000		
	Setting up and preservation of meadow orchards	Birds and other animal's protection	E	Measure 214.14 Improvement of pasture in mountain areas for landscape and biodiversity protection	275	7000		

## 4.2 Other modifications according to article 6(1)(a)

Additional funds originated by adjustments in modulation and the wine CMO reform will be allocated in several measures from axis 1 and 2.

Modifications in relation to the wine sector will be introduced in measures 111 (vocational training, information actions, including diffusion of scientific knowledge and innovative practices for persons engaged in the agricultural, food and forestry sectors), 113 (early retirement of farmers and farm workers), 123 (adding value to agricultural and forestry products) and 133 (supporting producer groups for information and promotion activities for products under food quality schemes).

It is also proposed to modify co-financing rate for:

- Axis 3 from 30% up to 47%. Thus, the average rate for the period would be 45%.
- Technical assistance from 31% up to 50%.

As a consequence of the modification on the co-financing rates, for axis 3 EAFRD funds will replace the national counterpart in public expenditure; for technical assistance the same EAFRD funds would decrease the national counterpart of funds and thus maintain the same total expenditure for the RDP.

The only change proposed for all measures included in table below consist on increasing the EAFRD budget by EUR 11 783 440 (from adjustments in modulation and CMO wine) + EUR 5 187 120 (transfer of funds from agri-environmental operations) = a total of EUR 16 970 560 (see section 7). The MA proposes to distribute these funds as follows:

MEASURES	FEADER (EUR)	PUBLIC EXPENDITURE (EUR)	TOTAL (EUR)
111 (vocational training)	749 211	2 508 229	3 257 440
113 (early retirement of farmers and farm workers)	3 030 235	10 144 698	13 174 933
123 (adding value to agricultural and forestry products)	1 254 980	4 201 455	5 456 435
133 (supporting producer groups for information and promotion activities for products under food quality schemes)	506 000	1 694 000	2 200 000
211 (natural handicap payments to farmers in mountain areas)	1 305 069	2 904 830	4 209 899
212 (payments to farmers in areas with handicaps, other than mountain areas)	243 763	542 559	786 332
215 (animal welfare payments)	905 319	2 015 065	2920384
Axis 3 Conditions for measures aiming to improve the quality of agricultural production and products	8 975 983	-8 975 983	0
<b>TOTAL</b>	<b>16 970 560</b>	<b>15 034 863</b>	<b>32 005 423</b>



Axis 3 distribution of EAFRD funds would be:

MEASURES	NEW EAFRD FUNDS (EUR)	TOTAL EAFRD (EUR)
311 Diversification into non-agricultural activities	4.747.186	14.946.915
313 Encouragement of tourism activities	39	310
321 Basic services for the economy and rural population	4.228.758	12.928.758
<b>TOTAL</b>	<b>8.975.983</b>	<b>35.375.983(*)</b>

(\*) This total EAFRD amount for axis 3 includes EUR 7 500 000 additional to those included in this table for measure 313 which are implemented by measure 413 (quality of life/diversification). This is the current total amount of EAFRD for axis 3 in the Cataluña RDP.

Updated output indicator targets for all the above mentioned measures have also been included in the proposal.

#### **4.3 Modifications according to article 6(1)(c).**

##### *4.3.1 References to the Health Check of CAP (HC) and the European Economic Recovery Plan (RP)*

Following the approval of the Health Check of CAP reform and the European Economic Recovery Plan, this proposal includes references to legal texts and the description of priorities according to Community strategic guidelines for Rural Development for the programming period 2007-2013.

In addition, measures and operations stated as priority in the National Framework has also been included.

##### *4.3.2 References to the Spanish Framework*

Following Commission's recommendations in the last annual review meeting, several sections of the RDP already reflected in the Spanish Framework or merely reproducing its text have been replaced by a simple reference to the Framework (to avoid duplicities and repetitions with respect to the Spanish Framework Programme).

##### *4.3.3 Update of legal references*

Following Commission's recommendations in the last annual review meeting, all legal references to regulations recently changed (organic farming, F&V CMO, Wine CMO, direct aids, etc.) have been updated

##### *4.3.4 Indicators*

Baseline, result, output and impact indicators have been completed and improved, following Commission's recommendations in the last annual review meeting. The programme includes now a single table comprising all the RDP indicators.

#### 4.3.5 *Measure 112 "Setting-up of young farmers"*

The maximum amount of support has been increased from 55.000 € to 70.000 €. The support may be given in the form of a single premium up to a maximum of 40.000 € or in the form of an interest rate subsidy, the capitalised value of which may not exceed 40.000 €. For both terms of support combined, the maximum may not exceed 70.000 €.

#### 4.3.6 *Measure 132 "Supporting farmers who participate in food quality schemes"*

National quality scheme "MarcaQ" introduces three new generic products in the list of supported products: olive oil, fruits and legumes.

Consequently, fix costs justification has been updated in order to include those three new lists of products.

#### 4.3.7 *Measure 133 "Supporting producer groups for information and promotion activities for products under food quality schemes"*

As a consequence of the modification introduced for measure 132, support for the National quality scheme "MarcaQ" has been enlarged for the three new lists of products: olive oil, fruits and legumes.

#### 4.3.8 *Update of the competent authorities and duties*

Following Commission's recommendations in the last annual review meeting, competent authorities and their duties have been drafted in order to clarify that different departments of the regional government are management authority, paying authority and certification body, according to Council Regulation 1698/2005.

#### 4.3.9 *Demarcation criteria in relation to wine CMO*

While demarcation criteria in relation to wine CMO had already been included during the second modification of Cataluña RDP, they have been refined by Commission's request as follows:

- for measure 121, other investments to be supported under the RDP have been included, therefore improving the demarcation line with article 15 of Council Regulation 479/2008, which also potentially supports those investments; a reference to the national legal basis for the restructuring and conversion of wine has also been added;
- for measure 123, the reference to article 17 of Regulation 555/2008 has been deleted since irrelevant;
- for measure 124, the same text as for measure 123 has been used to describe the demarcation line.

#### 4.3.10 *Measure 214 "Agri-environmental payments" – contracts.*

Cataluña RDP did not include a clear statement in relation to the reimbursement of amounts already perceived in case of non acceptance of the adjustment of agri-environment contracts. The exemption for reimbursements is limited to cases of adjustments specified in Community legal provisions. After the Commission's request,

Cataluña includes a clear statement for the implementation of adjustments of the agro environmental contracts in measure 214 of the RDP. This is: *"To put an end of such commitments. Only in cases foreseen in point 3 of article 39 from Regulation 1698/2005 and article 46 of Regulation 1974/2006, the beneficiary will not have the obligation to reimburse support already received until that moment."*

#### 4.3.11 *Measure 214.08 "Agri-environmental payments – conservation and improvement of autochthonous varieties"*.

As for the conservation and improvement of autochthonous varieties, the Commission requested Cataluña to be aware that RD Regulation foresees no possibility to support and control commitments after the end of the contracting period. The RDP has been clarified accordingly in order to specifically foresee this obligation in the last year of the contract.

#### 4.3.12 *Demarcation with art. 68*

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 that 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)**

#### 5.1.1. Measure 124 "Cooperation for development of new products, processes and technologies in the agricultural and food sector".

The impact on the programme implementation of the proposed operations is expected to be: reduction of CO<sub>2</sub> emissions by energy saving, replacement of fossil combustible, reduction of greenhouse effect gases and climate change adaptation, replacement of fossil combustible and reduction of greenhouse effect gases, improvement of capacities for better efficient water management and quality improvement, and holding back biodiversity loss.

Result indicators for this measure have been modified accordingly.

#### 5.1.2. Measure 214 "Agri-environment measures".

The expected impact of this measure is to insist in a more direct way onto biodiversity conservation and maintenance mainly by: preserving vegetation, species and pasture protection and maintenance, birds and other animal's protection, protection and maintenance of meadows, and methane (NH<sub>4</sub>) and nitrate oxide (N<sub>2</sub>O) reduction.

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

The additional funds from the adjustments of modulation in direct payments and the wine CMO will seek to, in one hand, reinforce the improvement of the competitiveness of the wine sector. Thus it is expected to have a direct impact on the generational replacement of farmers, the enhancement of the level of training of farmers and the improvement of processes of transformation and marketing, together with information and promotion for products under quality schemes.

On the other hand, the modification of the co financing rates will relieve the regional and national authorities from the need to contribute with additional funds not available for the moment given the financial crisis.

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

The modifications carried out will ensure compliance of the program with Council Regulation 1698/2005 and Regulation 1974/2006.

# **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**

As a result of the proposed modifications, financial tables of the RDP should be updated as follows:

## 7.1 Annual Contribution from the EAFRD (in EUR)

	2007	2008	2009	2010	2011	2012	2013
Non convergence regions	38 257 856	38 954 052	39 338 213	40 318 541	42 765 565	42 532 038	42 210 676
Additional funds art 69 (5bis) of Reg (EC) No 1698/2005	0	0	1 725 947	4 516 742	5 113 761	6 796 447	8 592 846
<b>TOTAL EAFRD</b>	<b>38 257 856</b>	<b>38 954 052</b>	<b>41 064 160</b>	<b>44 835 283</b>	<b>47 879 326</b>	<b>49 328 485</b>	<b>50 803 522</b>

	<b>Total 2007-2013</b>
Non convergence regions	284 376 941
Additional funds art 69 (5bis) of Reg (EC) No 1698/2005	26 745 743
<b>TOTAL EAFRD</b>	<b>311 122 684</b>

## 7.2 Financial plan by axis (in EUR total period)

Non-convergence regions:

Axis	Public contribution (in EUR)		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	534 977 639	23	123 044 857
Axis 2	312 568 768	31	96 896 318
Axis 3	59 310 602	47	27 875 983
Axis 4	106 446 373	30	31 933 912
Technical Assistance	9 251 742	50	4 625 871
<b>Total</b>	<b>1 022 555 124</b>	<b>27,81</b>	<b>284 376 941</b>

Financing plan on the additional funds - article 69 (5) (bis) of Regulation (EC) No 1698/2005:

Axis	Public contribution (in EUR)		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	1 933 709	75	1 450 282
Axis 2	33 727 281	75	25 295 461
Axis 3	0	-	0
Axis 4	0	-	0
Technical Assistance	0	-	0
<b>Total</b>	<b>35 660 990</b>	<b>75</b>	<b>26 745 743</b>

**7.3 Indicative budget related to operations referred to in Article 16a of Regulation (EC) 1698/2005 between 1 January 2009 and 31 December 2013 (article 16a (3b) up to the amounts specified in Article 69 (5a) of Regulation (EC) 1698/2005)**

<b>Axis / Measure</b>	<b>EAFRD amount</b>
Axis 1 (measure 124)	1 450 282
Axis 2 (measure 214)	25 295 461
Axis 3	0
Axis 4	0
Total programme	26 745 743