

WORKING DOCUMENT

2nd Modification of the Rural Development Programme of Schleswig-Holstein 2007-2013 (CCI No. 2007DE06RPO021)

MEMBER STATE: Germany

REGION: Schleswig-Holstein

1. **APPROVED PROGRAMME:** The Rural Development Programme for Schleswig-Holstein 2007-2013, C(2007)6167 of 4 December 2007

2. **LEGAL BASIS FOR THE MODIFICATION**

Modification related to the first implementation of Article 16a of Regulation (EC) No 1698/2005, a financial transfers going beyond 1% of the total EAFRD budget and an increase of the EAFRD contribution rate for the HC and RP budget according to Article 6 (1) a) of Regulation 1974/2006 combined with other amendments proposed according to Article 6 (1) c) of Regulation 1974/2006.

3. **REASONS AND ANY IMPLEMENTATION PROBLEMS JUSTIFYING THE AMENDMENT / STRATEGY CHOSEN**

The modification of the existing Rural Development Programme of Schleswig-Holstein for 2007 – 2013 is necessary due to the following reasons:

- Modification of applicable Community regulations due to the Health Check of the Common Agricultural Policy,
- Modification of applicable Community regulations due to the adoption of the European Recovery Package,
- Additional funds from the existing modulation (5 %),
- Adjustments of the finance plan for higher and lower needs during the current programme implementation

A new chapter on the strategy in relation to the Health Check and Recovery Package is included in the RDP.

The additional funds will contribute to the new challenges “measures accompanying restructuring of the dairy sector”, “biodiversity”, “water management”, “climate change”, "renewable energies" and "broadband".

Total additional funds:

Health Check	: 45,198,876
Recovery Package	: 5,147,517
Unspent money art. 136	: 8,332,763
Commission Decision C(2008)8370	: 2,945,933
<u>Redistribution Germany</u>	<u>: 2,847,039</u>
Total	: 64,472,128

The total additional amount of € 64,472,128 EAFRD contribution (€ 58,679,156 resulting from Health Check and Recovery Package including unused funds according to Article 136 of Council Regulation (EC) No 73/2009 and €2,945,933 resulting from Commission Decision C(2008)8370 and a correction of the distribution of the existing modulation money to the German *Länder* (€2,847,039) will be attributed to measures:

- 121 "modernisation of agricultural holdings",
- 214 "Agri-environment payments",
- 321 "Basic services for the economy and rural population" (broadband),
- 323 "Conservation and upgrading of the rural heritage" and
- to axis 4 measure code 413 "Local Development Strategies".

New measures and measures in 121/2, 214, 321/4 and 323/2 will be introduced in order to contribute to the new challenges.

In the frame of this revision Schleswig-Holstein alters the Community co-financing rate for the additional funds attributed to Axis 1, 2, 3 and 4 (see table 6.2.2).

Schleswig-Holstein will use the additional funds from the Recovery Package for the improvement of the broadband infrastructure under measure code 321/4 and for measures 121/1, 323/2 and axis 4.

Set-aside and biodiversity

Regarding the loss of the obligatory set-aside and its possible negative agro-environment effects Schleswig-Holstein introduced the 2 new contract patterns "land biotopes" (habitats on agricultural land) and "permanent pasture areas " in sub-measure 214/5 - Contract-based nature conservation. Furthermore, Schleswig Holstein RDP 2007-2013 offers from the very beginning several measures to encourage biodiversity in the frame of M 214 and M 323.

4. DESCRIPTION OF THE AMENDMENTS PROPOSED:

A) HEALTH CHECK AND RECOVERY PACKAGE - TYPES OF OPERATIONS MATCHING THE NEW CHALLENGES according to Article 6 (1) a) of Regulation 1974/2006

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

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 121/2	Investment support related to dairy production	Improvement of the competitiveness of the dairy sector	New	Chapter 5.3.1.2.1	Number of supported holdings: 750 Total volume of

					investments ('000 EUR) 250,000
Axis 2 code 214/5	Construction/management of biotopes/habitats within and outside Natura 2000 sites	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering habitats, conservation of protected fauna and flora	New	Chapter 5.3.2.1.4.5	Number of supported holdings: 500 Total area supported: app. 40,000 ha Physical area supported: 50,000 ha Total number of contracts: 500 Number of actions related to genetic resources: -
Code 214/5	Perennial field and riparian boundary strips and biobeds	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering habitats, conservation of protected fauna and flora	New	Chapter 5.3.2.1.4.5	Number of supported holdings: 500 Total area supported: app. 13,000 ha Physical area supported: 10,000 ha Total number of contracts: 500 Number of actions related to genetic resources: -
Axis 3 code 321/4	Creation of and enabling access to broadband infrastructure including backhaul facilities and ground equipment (e.g. fixed, terrestrial wireless, satellite-based or combination of technologies)	Supply of rural areas with fast internet access	New	Chapter 5.3.3.2.1.4	Number of operations supported: 50 Total volume of investments ('000 EUR) 7,800 Population in rural areas benefiting from improved services: 150,000 Increase in internet penetration in rural areas: 50,000
code 323/2	Construction/management of biotopes/habitats within and outside Natura 2000 sites	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering habitats, conservation of protected fauna and flora	New	Chapter 5.3.3.2.1.1	Number of operations supported: 20 Total volume of investments ('000 EUR) 7,800
code 323/3	Development of semi-natural water bodies	Conservation of high-value water bodies, protection and improvement of water quality	Existing	Chapter 5.3.3.2.3.3	Number of operations supported: 180 Total volume of investments ('000

					EUR) 12,690 Area supported (ha): 420 Supported water flow line targeted to improve water quality: 260km
Axis 4 code 411-413	All operations of Annex II concerning priorities a) Climate change adaptation and mitigation b) Renewable energies f) Innovative approaches relevant to the priorities under Article 16a(1)(a), (b), (c) and (d)	Reduction of GHG emissions and adaptation of agriculture to climate change Substitution of fossil fuel and reduction of GHG Improvement of the capacity to use water more efficiently and to improve water quality Halting the loss of biodiversity	New	Chapter 5.3.4.1	Number of operations supported: 100 Total volume of investments ('000 EUR) 18,000 Number of beneficiaries: 50

- according to table 5.3.6 provided in the RDP

Code 121/2: Modernisation of agricultural holdings, Sub-measure: Support for agricultural investments for dairy farms (MFP)¹

Reasons and any implementation problems justifying the Amendment

This sub-measure is implemented according to the National Framework Programme (chapter 4.1.2.1).

The new sub-measure serves as additional support contributing to the priority entitled “Measures accompanying restructuring in the dairy sector” in the sense of Annex II of Regulation (EC) No. 74/2009.

The objectives of the proposed increased investment measures for dairy operations are to secure the competitiveness of Schleswig-Holstein as a dairy site, and to increase the added value for Schleswig-Holstein’s agriculture in general. The proposed sub-measure thus represents a continuation of the priorities of Axis 1 (Chapter 3.2.4.1) of the Rural Development Programme (RDP) of Schleswig-Holstein.

¹ MFP: Agrarinvestitionsförderung für Milchviehbetriebe (MFP)

Concurrently, with regard to closing-down farms, increased incentives should be provided also for alternatives to dairy production.

Investments in dairy farms are intended to create the building and technical conditions for improving the competitiveness of the dairy sector.

As in the past, the focus of investments (investment needs) is on the dairy sector, primarily through improvements in competitiveness which are always also related to improvements in environmental protection and animal welfare. The latter are requirements for achieving top-quality products. In the dairy sector, major emphasis is placed in improvements in animal comfort (such as enlarging/improving the space for feeding, moving and resting, as well as light and ventilation conditions).

Description of the Amendments proposed

A new sub-measure will be introduced:

A. Type of actions implemented	Investments regarding production, processing or direct marketing of agricultural products.
B. Type of beneficiaries	Agricultural holdings
C. Type, scope and amount of aid	Fixed amount of €30,000 (€35,000 on islands and Halligen, maximum 25%) with a minimum investment of €120,000 and limitation of the investment volume eligible for aid up to € 600.000 during the support period 2007 – 2013. Guaranties for credits are eligible for support (but without EAFRD support)
D. Conditions for granting aid	Dairy farmers only

Allocated funds for new sub-measure due to Health Check and EU economic recovery package, starting in 2010

Expected Impact of the Amendment

The investments meet the newest standards and support animal friendly housing systems thus increasing animal welfare and improvements of environmental protection (f.e. reduction of emissions). The MFP will contribute to secure the competitiveness of Schleswig-Holstein as a dairy site, and to increase the overall added value of agriculture in Schleswig-Holstein.

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

The amendment is in compliance with the National Strategy Plan and Programme Strategy.

Financial Impact of the Amendment

Allocated funds due to Health Check (16.1 million €) and EU recovery package (1 million €), 2010 – 2013

Code 214/5: Agri-environmental payments, Sub-measure: Contract-based nature conservation

Reasons and any implementation problems justifying the Amendment

The new contract pattern “Permanent pasture areas” serves as additional support, contributing to the priority “Monitoring Measures for Restructuring the Dairy Sector “ in the sense of Annex II of Regulation (EC) No. 74/2009. The new contract pattern “Land Biotopes“ serves as additional support, contributing to the priority “Biodiversity“ in the sense of Annex II of Regulation (EC) No. 74/2009.

The intensification of grassland farming through pure cutting and increased mowing techniques in connection with a trend toward year-round stabling will lead to a significant reduction in permanent pasture areas utilization.

In addition, there is the discontinuation of the obligatory land resting periods combined with a significant reduction of single and multi-year fallows. Ecologically speaking, this is equally precarious since this development also brings about a loss of species variety in terms of flora and fauna.

The interest for the contract pattern “Resting places for migratory bird species“ shows a significant reduction of compensation payments. The interest in this contract pattern is quite low. The dwindling interest of farmers is also precarious in an environmental sense since in particular the North Frisian Islands could regionally use the (now expiring) resting place contracts to significantly increase the level of understanding for resting ducks, geese and swans, indicative of the fact that the attractiveness of the current contract patterns must be improved for the future.

Description of the Amendment

In sub-measure “Contract nature conservation“ a new contract pattern for “Permanent pasture areas“ will be introduced. This new contract pattern includes support for the use of areas only for pasturing during the time period May 1 to September 30 with cattle without prior cutting. A differentiation in this new contract pattern may the additional agreement on foregoing the soil processing (rolling and levelling) in spring so that the “Permanent pasture areas ” will be offered with two separate compensation payments (EUR 60.00 without and EUR 80.00/ha per year with a soil processing rest period).

In the sub-measure a new contract pattern for “Land biotopes“ will be introduced. This new contract scheme includes support for a targeted cover crop (using a specified seed mixture) or a self-greening crop (germination and development of wild seeds from a local seed bank); the farmers can choose between these two options which are compensated at a rate of EUR 650 and EUR 600/ha, respectively. Crop care (soil preparation, mowing or mulching) is restricted. In addition, biotope design measures may be agreed upon on a voluntary basis, and will be paid for according to other contract patterns of the sub-measure.

Contract pattern “Resting places for migratory bird species”: The justification for the amount of the premia has been changed in order to match the objectives of the measure. The measure now also tolerates the presence of ducks, geese and swans during the winter season. The newly introduced use of fertilizers and in exceptional cases pesticides also contributes to improve the young growth since the resting ducks, geese and swans have available higher quantities of better qualities (higher protein and energy content). This promotes the strength and stamina of these resting bird species during the winter season, and especially in spring just prior to their departure for the arctic breeding areas.

Expected Impact of the Amendment

Amendment of existing “Contract nature conservation“ by pasture areas support is intended to strengthen the structural variety of grassland on larger areas in order to secure and develop summer biotopes, for example for amphibians and birds, as part of biodiversity support.

The support of land biotopes serves to increase the ecological variety of agricultural land in order to secure and develop biotopes, for example for invertebrate species and birds, as part of biodiversity support.

The continuation of the contract pattern for “Resting places for migratory bird species” improves acceptance among farmers and helps to secure resting places for "anatides".

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

The amendment is in compliance with the National Strategy Plan and Programme Strategy.

Financial Impact of the Amendment

Increase in allocated funds due to Health Check starting in 2010 (5.5 million €)

Code 321/4: Basic services for the economy and rural population

Sub-measure: Broadband Internet framework structures in rural areas

Reasons and any implementation problems justifying the Amendment

The new sub-measure serves as additional support contributing to the priority “Broadband access in rural areas” in the sense of Annex III of Regulation (EC) No. 473/2009 and is implemented in accordance with the National Framework Programme.

Many regions are disadvantaged in terms of quality and quantity of modern internet connections and the resulting development potential (especially living, trade, tourism and local recreation). The subsidies are intended to provide the largest possible modern broadband access across the rural regions.

Description of the Amendment

A. Type of actions implemented	Support for broadband investments which are not covered in the economic calculation of network operators. For pipes related infrastructure the transfer or the upgrading of the necessary facilities (included distribution equipments) is eligible; for radio based solutions the
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	<p>construction of technical elements of networks (included transmitter pylons) is eligible.</p> <p>Information sessions, feasibility examinations, planning works and expenditures related to the preparation and monitoring of the construction of the broadband infrastructures are eligible.</p>
B. Type of beneficiaries	bodies under public law on commune level (Kommunale Körperschaften)
C. Type, scope and amount of aid	Project financing of up to 60% eligible cost; Public expenditures limited with €200,000 per project
D. Conditions for granting aid	Proof of missing or insufficient broadband supply
Indicators	<p>Number of operations supported: 50</p> <p>Total volume of investments ('000 EUR) 7,800</p> <p>Population in rural areas benefiting from improved services: 150,000</p> <p>Increase in internet penetration in rural areas: 50,000</p>

Expected Impact of the Amendment

The objective is to achieve the largest possible modern broadband access across the rural regions. This would reduce or even eliminate the disadvantages versus the urban regions, and existing development potentials could be used to a fuller extent.

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

The amendment is in compliance with the National Strategy Plan and Programme Strategy.

Financial Impact of the Amendment

Allocated funds of 2.03 million € in 2010 from recovery package and from Health Check (1.36 million € 2011-2013)

Code 323/1: Conservation and upgrading of the rural heritage

Sub-measure: Conservation and upgrading of the cultural heritage

Reasons and any implementation problems justifying the Amendment

- Reduced utilization options for support measures by communities and rural actors due to the unfavourable economic development
- Starting in 2010, implementation of allocated funds under Axis 4

Description of the Amendment

Adjustment due to changes in National Framework: Increase of maximum aid intensity

Update of Indicators

Implementation of measure under Axis 4 from 2010

Expected Impact of the Amendment

Better utilization options for support measures by communities and rural actors

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

The amendment is in compliance with the National Strategy Plan and Programme Strategy.

Financial Impact of the Amendment

Starting in 2010, increased allocation of funds for Axis 4, 413-1

Code 323/2: Conservation and upgrading of the rural heritage

Sub-measure: Nature conservancy and countryside maintenance

Reasons and any implementation problems justifying the Amendment

- This sub-measure serves as additional support contributing to Priority “Biodiversity“ in the sense of Annex II of Directive (EC) No. 74/2009
- Adjustment of output and result indicators
- Increased allocation of funds, starting in 2010

Description of the Amendment

Starting in 2010, investments in nature conservancy for moors will be increased. This includes essentially biotope-creating measures, maintenance and care measures, protective and developing measures, as well as procuring the areas for same.

Subsequently, changes were made in the following underlines areas:

- activities concerning moor protection; EAFRD contribution 75%

Adjustment of quantification of output and result indicators

Increased allocation of funds due to Health Check and EU recovery package

Expected Impact of the Amendment

The protection of birds and other wild animals, plus the networking of biotopes will be improved, the deposit of contaminants from adjacent habitats will be reduced, and flora and fauna will be preserved.

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

The amendment is in compliance with the National Strategy Plan and Programme Strategy.

Financial Impact of the Amendment

Increased allocation of funds from Health Check (8.48 million € 2011-2013) and EU recovery package (1.12 million € in 2010) starting in 2010

Code 323/3: Conservation and upgrading of the rural heritage, sub-measure: Water Framework Directive (investment measures – near-natural design of linear water bodies, wetland restoration of low moors

Reasons and any implementation problems justifying the Amendment

This sub-measure serves as additional support contributing to the priority “Water Management” in the sense of Annex II of Regulation (EC) No. 74/2009.

Adjustment of output and result indicators

Increased allocation of funds, starting in 2010

Description of the Amendment

The description of measures was adjusted regarding the text clarification on eligible public expenditures according to the changes in the National Framework.

Adjustment of quantification of output and target indicators

Increased allocation in funds due to Health Check

Expected Impact of the Amendment

Conservation of high-valued water bodies, protection and improvement of water quality, improvement of the capacity to use water more efficiently and to improve the capacity to store water, conservation of ecologically valuable water bodies.

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

The amendment is in compliance with the National Strategy Plan and Programme Strategy.

Financial Impact of the Amendment

Increased allocation in funds due to Health Check (9.52 million €), starting in 2010, transfer of existing budget of 4.3 million € to sub-measures of 214

Code 41 (411-413): Local Development Strategies

Reasons and any implementation problems justifying the Amendment

- Restructuring of lower-ranked authorities
- Adjustments due to changes in National Framework
- Increased allocation of funds, starting in 2009
- Additional support contributing to the priorities “Climate change and renewable energies“ as well as “Innovations related to the priorities climate change, renewable energies, water management and measures accompanying the restructuring of the dairy sector“ in the sense of Annex II of Regulation (EC) 74/2009

Description of the Amendment

- Introduction of a new sub-measure
- Changes in description of lower-ranked authorities due to restructuring measures
- Adjustments due to changes in National Framework to eligible public expenditures
- Changes in description of measures for implementation of Regulation (EC) 74/2009

A. Type of actions implemented	Investive & non-investive projects related to climate change and renewable energies according to Article 16a (1) of Regulation (EC) No 1698/2005
B. Type of beneficiaries	Natural and legal persons of private and public law
C. Type, scope and amount of aid	Aid intensity 75% eligible cost, maximum amounts according to measure description of the rdp
D. Conditions for granting aid	Project must be implemented within the area of recognized LAG

Adjustment of indicators

Increase in allocation of funds due to Health Check and EU recovery package, as well as “old” RDP

Expected Impact of the Amendment

Contribution toward realization of potential effects of the indicative list pursuant to Annex II of Regulation (EC) No. 74/2009 through measures associated with priorities pursuant to Art. 16a (1) of Regulation (EC) No. 74/2009.

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

The amendment is in compliance with the National Strategy Plan and Programme Strategy.

Financial Impact of the Amendment

Increased allocation of funds, starting in 2009:

- 411: 13.25 million € from measure 125
- 413: 0.524 million from axis 3 and 12.57 million € HC

B) Other amendments proposed according to Article 6 (1) c) and Article 9 of Regulation 1974/2006

Code 121/1: Modernisation of agricultural holdings;

Sub-measure: Support for agricultural investments (AFP)

Reasons and any implementation problems justifying the Amendment

The measure 121 is split: old measure becomes 121/1 and a new sub-measure 121/2 for the dairy sector. This sub-measure is implemented in compliance with item 4.1.2.1 of the National Framework Programme for the development of rural areas.

This new sub-measure (121/2) addresses one part of the target group of the AFP *Agrarinvestitionsförderung*, i.e. dairy farms, and it offers better support conditions than sub-measure 121/1.

Given this background, it is reasonable to assume that AFP (121/1) will experience a significant reduction in applications for support. Accordingly, this will result in changes in the area of output and result indicators, as well as the finance plan, starting in 2010.

Description of the Amendments proposed

The modifications refer to: changes in quantification of output and result indicators as well as reduction of funds, starting in 2010

Expected Impact of the Amendment

It is reasonable to assume that introduction of the new sub-measure “Support for agricultural investments for dairy farms” will lead to a significant reduction of supported cases in sub-measure “Support for agricultural investments (AFP)”.

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

This amendment is in compliance with the National Strategy Plan and the Programme Strategy.

Financial Impact of the Amendment

Decrease in allocated funds, 2010 to 2013.

Code 125/2: Improving and developing infrastructure related to the development and adaptation of agriculture and forestry: *sub-measure: construction of rural paths*

according to National Framework

Expected Impact of the Amendment

Sustained improvements of traffic infrastructure in rural areas

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

The amendment is in compliance with the National Strategy Plan and Programme Strategy.

Financial Impact of the Amendment

Reduction of allocated funds

Code 212: Payments to farmers in areas with handicaps, other than mountain areas (compensatory allowance)

Reasons and any implementation problems justifying the Amendment

Focusing the support for the most handicapped areas

Description of the Amendment

Support for dikes and embankments only until end of 2009:

Until and including 2009, dikes and embankments receive a compensatory allowance of the amount of EUR 50/ha. In 2010, this payment will be stopped because the economic situation for cultivating these areas will significantly improve starting in 2010 due to the increase in the grassland premium.

Expected Impact of the Amendment

none

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

The amendment is in compliance with the National Strategy Plan and Programme Strategy.

Financial Impact of the Amendment:

none

Code 214/3-A2: Agri-environmental payments: Sub-sub-measure: Reduction of the input of substances into waters/winter cover crops

Reasons and any implementation problems justifying the Amendment

Recalculation of premia for new contracts relative to the specific framework conditions of Schleswig-Holstein

Expanding the professionally justified support areas by including the specified water conservation areas

Description of the Amendment

National Framework: Sub-measure 4.2.1.4.2 A2

Increased premia for new contracts:

These premia, in derivation from the National Framework, are set to EUR 125/ha for conventional farms, and EUR 80/ha for organic farms; previously €70/ha & 45/ha.

This is based on a cost/profit calculation which was conducted by an independent institution (Agricultural Chamber of Schleswig-Holstein) specifically for implementing this measure in Schleswig-Holstein. In derivation from the National Framework, the State of Schleswig-Holstein has added to the RDP additional restrictions for winter cover crop measure in order to provide a stricter qualification toward the objective of ground water conservation pursued in Schleswig-Holstein.

Expanding the areas eligible for support by specified water conservation areas.

Expected Impact of the Amendment

Increased demand for this support measure

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

The amendment is in compliance with the National Strategy Plan and Programme Strategy.

Financial Impact of the Amendment

none

Code 214/3-A7: Agri-environmental payments;

sub-measure: Reduction of the input of substances into waters/conservation strips

Reasons and any implementation problems justifying the Amendment

- Recalculation of premia for new contracts
- Increased demand
- Increased allocation of funds, starting in 2011
- Clarification

Description of the Amendment

The increase is in agreement with the recalculation performed as part of the National Framework for 2008 due to the changed economic framework conditions. In particular, the updated database on the loss of cover amount for reference crop sequences led to this increase in subsidy.

Description of Measure 3.) Riparian buffer zones/conservation strips (Code 214/3 A7):

Discontinued restrictions to locations “along water bodies“

The agriculture sector in Schleswig-Holstein has indicated a major interest in establishing buffer zones not only along water bodies but also along other, non-riparian boundaries. In the future, this request shall be taken into account by supporting buffer zones even if they are not adjacent to any bodies of water. Water conservation benefits may be achieved with those buffer zones as well because the ban on using pest control and fertilizers will also lower the introduction of materials into the groundwater.

Premium increase from EUR 372/ha to EUR 600/ha for new contracts

Clarification that buffer zones do not count toward grassland utilization whereby they would be subject to the ploughing ban for permanent pasture areas s after more than 5 years.

Expected Impact of the Amendment

Increased demand for the “conservation strips” measure

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

The amendment is in compliance with the National Strategy Plan and Programme Strategy.

Financial Impact of the Amendment

Increased allocation of funds, starting in 2011

Code 214/3: Agri-environmental payments; *sub-measure: Reduction of the input of substances into waters/conservation strips/improved nitrogen utilization from liquid farm fertilizers*

Description of the Amendment

Editorial correction, clear reference is made to conditions of support in the National Framework.

Expected Impact of the Amendment

none

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

The amendment is in compliance with the National Strategy Plan and Programme Strategy.

Financial Impact of the Amendment

None

Code 214/4: Agri-environmental payments; Sub-measure: Organic farming

Reasons and any implementation problems justifying the Amendment

- Expansion of areas where organic farming is used
- Increased allocation of funds, starting in 2010

Description of the Amendment

- Expanded support for areas leased by “Stiftung Naturschutz” [Nature Conservancy Foundation]

Until now, any areas leased by farmers from the “Stiftung Naturschutz” and cultivated with extensive grassland farming, were excluded from the support through organic farming.

Reduction of minimum livestock quota to 0.3 RGV/ha DGL

The experience with support during the past year has shown that parts of the organically farmed areas are insufficient to feed 0.5 RGV/ha DGL (permanent pasture areas). The lowering of the minimum livestock numbers is aimed at preventing the need for additional feed while open pasture grazing is pursued as much as possible.

- New premia for the introduction of organic farming (previously introduction and maintenance received the same premia level):

€693/ha vegetable growing,
€262/ha arable land and grassland,
€1,107/ha permanent crop or nursery cultures

Changes in quantification of indicators

Adjustments to changed legal base of Regulation (EC) 834/2007 in the applicable form, as well as editorial adjustments according to National Framework

Expected Impact of the Amendment

Expansion of areas where organic farming is used

Supports the objectives of the Water Framework Directive

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

The amendment is in compliance with the National Strategy Plan and Programme Strategy.

Financial Impact of the Amendment

Increased allocation of funds, starting in 2010

Code 311/1: Diversification into non-agricultural activities *sub-measure: investments related to diversification*

Reasons and any implementation problems justifying the Amendment

- Adjustment of support options to National Framework
- Increased allocation of funds, starting in 2010

Description of the Amendment

- Amendment to beneficiaries according to National Framework.

- Adjustment of quantification of output and result indicators

Expected Impact of the Amendment

Amendment to diversification options, plus additional options for job creation

Expansion of options for implementing investments toward diversification through increased funding amounts

Financial Impact of the Amendment

Increased allocation of funds, starting in 2010

Code 311/2: Diversification into non-agricultural activities, Sub-measure: Restructuring of existing agricultural and forestry buildings

Reasons and any implementation problems justifying the Amendment

Increased need of funds for this existing measure

Description of the Amendment

Increased allocation of funds, starting in 2010

Changes to quantification of indicators

Expected Impact of the Amendment

Increased incentives toward implementation of measure

Avoidance of ambiguities during evaluation

Financial Impact of the Amendment

Increased allocation of funds, starting in 2010

Code 312: Support for the creation and development of micro-enterprises

Reasons and any implementation problems justifying the Amendment

Changes to aid intensity in National Framework starting 01 January 2010

Increase of funds for Axis 4, Measure 413-1

Description of the Amendment

Increase in aid intensity up to 35 % according to the National Framework starting 01 January 2010

Changes to quantification of indicators

Implementation of measure under Axis 4, starting in 2010;

Expected Impact of the Amendment

Increased incentives toward implementation of measures

Avoidance of ambiguities during evaluation

Financial Impact of the Amendment

Increased allocation of funds, starting in 2010

Code 313: Encouragement of tourism activities

Reasons and any implementation problems justifying the Amendment

Changes of maximum aid intensity

Reduced utilization options for support measures by communities and rural actors due to the unfavourable economic development

Implementation of funding under Axis 4, Measure 413-1 and increased allocation of funds for Axis 4, Measure 413-1

Description of the Amendment

- Changes of aid intensity according to the National Framework
- Outside National Framework:
 - Aid intensity: from 55 % to 75% for communes & from 35% to 45% for natural and legal persons
- quantification of output and result indicators
- Reduced allocation of funds (Starting in 2010, implementation of this measure under Axis 4)

Expected Impact of the Amendment

Increased incentives toward implementation of measures

Better utilization options for support measures by communities and rural actors

Increased performance capabilities for implementation of measures, especially by communities

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

The amendment is in compliance with the National Strategy Plan and Programme Strategy.

Financial Impact of the Amendment

Starting in 2010, allocated funds for this measure are set to zero
Increased allocation of funds for Axis 4, Measure 413-1

Code 322: Village renewal and development

Reasons and any implementation problems justifying the Amendment

- Changes to maximum aid intensity according to the National Framework starting 01 January 2010
- Implementation of non-investment measures in order to secure the quality of life in rural areas
- Adjustment of programme-specific indicators
- Implementation from 2010 under Axis 4

Description of the Amendment

- Changes of aid intensity according to the National Framework:
- Expansion of funded project outside of the National Framework also permits non-investment measures like feasibility studies
- Changes and adjustment of output indicators: here for the total investment volume and number of villages with supported measures, listed by type of measure and result indicators.
- Changes in quantification of indicators due to increased allocation of funds
- Reduced allocation of funds (starting in 2010, implementation of measure under Axis 4)

Expected Impact of the Amendment

Increased incentives toward implementation of measures

Permits implementation of non-investment measures to improve quality of life

Avoidance of ambiguities during evaluation

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

The amendment is in compliance with the National Strategy Plan and Programme Strategy.

Financial Impact of the Amendment

Starting in 2010, allocated funds for this measure are set to zero.
Increased allocation of funds for Axis 4

Code 331: Training and information for economic players operating in the fields covered by axis 3

Reasons and any implementation problems justifying the Amendment

- Expansion of supported project in order to support economic actors through preparatory information projects with other target groups, for example in areas of culture, health, nutrition, and environment.
- Reduced performance capabilities by communities and rural actors through economic situation

Description of the Amendment

Adjustments due to changes in National Framework:

Expected Impact of the Amendment

- Creation of regulation requirements in order to provide better sales opportunities for own or new products through informed potential customers, consumers and facilitators
- Improved performance potential of communities and rural actors

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

The amendment is in compliance with the National Strategy Plan and Programme Strategy.

Financial Impact of the Amendment

Allocated funds for Measure 413-1 are increased

Amendments linked to adjustments of the National Framework (notably text clarification on eligible public expenditures and partly increase of maximum aid intensity) as well as editorial changes

Code 221: First afforestation of agricultural land

Reasons and any implementation problems justifying the Amendment

- Adjustment due to changes in National Framework
- The quantification of indicators did not yet take into account the measures of Article 89.

Description of the Amendment

According to the National Framework:

Code 227: Support for non-productive investments

Reasons and any implementation problems justifying the Amendment

- Adjustment due to changes in National Framework
- The quantification of indicators did not yet take into account the measures of Article 89.

Description of the Amendment

According to the National Framework:

Code 321/3: Basic services for the economy and rural population

Sub-measure: Basic services including leisure and cultural activities

Reasons and any implementation problems justifying the Amendment

Adjustment due to changes in National Framework

Implementation of funds under Axis 4, starting in 2010 and increased allocation of funds for Axis 4, Measure 413-1

Description of the Amendment

According to the National Framework:

Reduced allocation of funds (starting in 2010, implementation of measure under Axis 4)

Expected Impact of the Amendment

Increased incentives toward implementation of measures

Avoidance of ambiguities during evaluation

Code 341: Skills acquisition and animation with a view to preparing and implementing a local development strategy

Reasons and any implementation problems justifying the Amendment

Adjustments to changed support conditions of the National Framework, some starting as of 01 Jan 2010

Reduced utilization options for support measures by communities and rural actors due to the unfavourable economic development

Implementation of measure under Axis 4, starting in 2010

Adjustment of budget

Description of the Amendment

Increase of aid intensity rates outside of the National Framework: up to 75% EAFRD and maximum €90,000/year for communes and other bodies under public law

Starting in 2010, implementation of this measure under Axis 4 only, allocation of funds into axis 4.

Reduced allocation of funds (starting in 2010, implementation of this measure under Axis 4 only)

Expected Impact of the Amendment

Better utilization options for support measures by communities and rural actors

Harmonization of framework conditions

Code 421: Inter-territorial and transnational cooperation

Reasons and any implementation problems justifying the Amendment

- Adjustments due to changes in National Framework
- Additional support contributing to the priorities “Climate change and renewable energies“ as well as “Innovations related to the priorities climate change, renewable energies, water management and measures accompanying the restructuring of the dairy sector“ in the sense of Annex II of Regulation (EC) No 74/2009
- Commission guidelines on implementation of “Cooperation“ measure: editorial changes
- Adjustment of financial plan to increased needs, starting in 2010

Description of the Amendment

- Adjustments due to changes in National Framework (here: eligible public expenditures)
- Changes in description of measures for implementation of Regulation (EC) No 74/2009 (75% aid intensity for projects under "new challenges" classification)

- Commission guidelines on implementation of “Cooperation“ measure: editorial changes

Expected Impact of the Amendment

Contribution toward realization of potential effects of the indicative list pursuant to Annex II of Regulation (EC) No. 74/2009 through measures associated with priorities pursuant to Art. 16a (1) of Regulation (EC) No. 74/2009.

Financial Impact of the Amendment

Increase of allocated funds

Code 431: Running the local action group, skills acquisition, animation

Reasons and any implementation problems justifying the Amendment

- Adjustments due to changes in National Framework
- Adjustment of financial plan to increased needs, starting in 2010

Description of the Amendment

Adjustments due to changes in National Framework concerning eligible public expenditures.

Expected Impact of the Amendment

none

Financial Impact of the Amendment

Increase in allocated funds

For all measures described above:

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

The amendment is in compliance with the National Strategy Plan; the Programme Strategy and the Community Strategy Plan.

Summary of text clarifications on eligible public expenditures

Following measures include a clarification in the RDP on eligible public expenditures: M125/1, M125/2, M 126/1, M 313, M321/3, M321/4, M322, M323/1, M323/3, M331, M341, M41 (411-413), M421, M431

5 THE EXPECTED IMPACTS OF THE AMENDMENTS

Descriptions to be found under each amendment

6 FINANCING CHAPTERS 6 & 7

Tables 6.1, 6.2, 6.3, 7 are provided in the RDP (see annex to this working document)

6.1 Financial implications of the modification

Increase of the EAFRD contribution by € 64,472,128 (€ 58,679,156 resulting from Health Check and Recovery Package including unused funds according to Article 136 of Council Regulation (EC) No 73/2009 and €5,792,972 resulting from Commission Decision C(2008)8370 and a correction of the distribution of the existing modulation money to the German *Länder*):

- Increase of the EAFRD contribution for measure 121 by € 17,100,000 (Health Check and Recovery Package);
- Attribution of €5,500,000 EAFRD contribution to measure 214 (Health Check);
- Attribution of € 3,389,156 EAFRD contribution to measure 321 (Health Check and Recovery Package);
- Attribution of € 19,120,000 EAFRD contribution to measure 323 (Health Check and Recovery Package);
- Attribution of € 13,570,000 EAFRD contribution to measure 413 (Health Check and Recovery Package);

Financial transfers between axes:

Transfer from axis 1 to axis 3:

- Transfer of € 1,320,000 million EAFRD contribution from measure 121 to measure 311

Transfer from axis 1 to axis 4:

- Transfer of € 13,250,550 million EAFRD contribution from measure 125 to measure 411

Transfer from axis 3 to axis 1:

- Transfer of € 1,013,678 million EAFRD contribution from measure 323 to measure 125/411

Transfer of €3,286,322 million EAFRD contribution from axis 3 to axis 2:

- Transfer of €371,322 EAFRD contribution from measure 323 to measure 213

- Transfer of € 2,915,000 million EAFRD contribution from measure 323 to measure 214

Transfer of €3,387,924 million EAFRD contribution from axis 3 to axis 4:

- Transfer of €524,124 EAFRD contribution to measure 413
- Transfer of €400,000 EAFRD contribution to measure 421
- Transfer of €2,463,800 EAFRD contribution to measure 431

Chapter 8: "Additional national financing" (top-ups)

Schleswig-Holstein proposes to introduce additional national support for the measures code 121 and 413 (see annexed revised tables 9A & 9B):

Schleswig-Holstein proposes to increase additional national support for the measures code 125, 126, 221, 227, 321, 322, 323, 341.

Schleswig-Holstein proposes to reduce additional national support for the measures code 311, 312, 313, 331.

(see annexed revised tables 8 as well as tables 9.A & 9.B)

7 Chapter 10: Information on the complementarity with the measures financed by the other Common Agricultural Policy instruments, through Cohesion policy as well as by the European Fisheries Fund

Reasons and implementation problems justifying the amendment

The introduction of future CMO programmes according to the common market organisation of sugar, wine and fruit and vegetables, require clear demarcations for EAFRD measures in order to exclude double funding.

Description of the change

In chapters 10, the following demarcation lines with regard to the CMO Programmes of the first pillar are added in the sugar, wine and fruit and vegetables sectors:

Fruit & vegetables: in case of support under the fund from the first pillar of the CAP under Regulation (EC) No 1234/2007, the support under RDP EAFRD for investments under 121 is suspended for Members of a Producer Organisation if the measure is subject to the PO programme.

The complementarity of the rural development programme (RDP) with regard to the instruments of the first pillar of the CAP is assured through the inclusion of corresponding demarcation criteria in chapter 10 of the approved RDP. The

administration and control structure in place is excluding double funding. No amendment is necessary concerning chapter 11.

The expected impacts of the amendment

No important impact is expected for the RDP of Schleswig-Holstein due to the low budget under the Pillar I support schemes and the low number of projects. No change of indicators is foreseen.

8. ASSESSMENT

General assessment of the modification

- I. Justification and description that amendments are in line with the National Strategy Plan, with the regional programme strategy, the National Framework and the Community Strategic Guidelines.
- II. The changes are in conformity with the Council Regulation (EC) N° 1698/2005 and with the Commission Regulation (EC) N° 1974/2006

Annex: tables 6.1, 6.2, 6.3, 7, 8, 9.A & 9.B

6.1 Annual contribution from the EAFRD (in EUR)

Year	2007	2008	2009	2010	2011	2012	2013	Total
Non convergence regions	34,449,839	35,273,779	34,187,284	35,272,102	35,354,081	34,809,498	34,150,302	243,496,885
Additional funds from Article 69(5a) of Regulation (EC) No 1698/2005 – non-convergence region	0	0	3,027,951	8,757,879	12,453,332	15,601,882	18,838,112	58,679,156
Total EAFRD	34,449,839	35,273,779	37,215,235	44,029,981	47,807,413	50,411,380	52,988,414	302,176,041

6.2.1 Financial plan by axis in non-convergence region (in EUR total period)

Axis	Public contribution		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	122,968,682	50.00	61,484,341
Axis 2	143,859,351	55.00	79,122,643
Axis 3	106,696,854	50.00	53,348,427
Axis 4	87,524,498	55.00	48,138,474
Technical assistance	2,806,000	50.00	1,403,000
Total	463,855,385	52.50	243,496,885

6.2.2 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	22,800,000	75.00	17,100,000
Axis 2	7,333,334	75.00	5,500,000
Axis 3	30,012,208	75.00	22,509,156
Axis 4	18,093,333	75.00	13,570,000
Total	78,238,875	75.00	58,679,156

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 (Article 16a(3b) up to the amounts specified in Article 69(5a) of Regulation (EC) No 1698/2005).

Axis/measure	EAFRD contribution for 2009-2013
Axis 1	
Measure 121/2	17,100,000
Total axis 1	17,100,000
Axis 2	
Measure 214/5	5,500,000
Total axis 2	5,500,000
Axis 3	
- Measure 321 related to priorities listed in Article 16a(1), point (g) of Regulation (EC) No 1698/2005	3,389,156
- Measure 323 related to priorities listed in Article 16a(1), points (a) to (f) of Regulation (EC) No 1698/2005	19,120,000
Total axis 3	22,509,156
Axis 4	
- Measure 413 related to priorities listed in Article 16a(1), points (a) to (f) of	13,570,000

Regulation (EC) No 1698/2005	
Total axis 4	13,570,000
Total programme	58,679,156
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	55,290,000
Total under Axis 3 and 4 related to priorities listed in Article 16a(1), point (g) of Regulation (EC) No 1698/2005	3,389,156

8. Additional national financing

(Article 16(f) of Regulation (EC) No 1698/2005)

(in EUR, total period)		Additional national financing
1	2	3
Axis 1: "Improving the competitiveness of the agricultural and forestry sector"		
12 1	Modernisation of agricultural holdings	1,000,000
12 5	Infrastructure related to the development and adaptation of agriculture and forestry	14,500,000
12 6	Restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention actions	143,200,000
Total Axis 1		158,700,000
Axis 2: "Improving the environment and the countryside"		
22 1	First afforestation of agricultural land	4,386,000
22 7	Non-productive investments	3,730,000
Total Axis 2		8,116,000
Axis 3: "The quality of life in rural areas and diversification of the rural economy"		
31 1	Diversification into non-agricultural activities	172,652
31 2	Support for the creation and development of micro-enterprises	31,845

31 3	Encouragement of tourism activities	3,576,951
32 1	Basic services for the economy and rural population	42,300,000
32 2	Village renewal and development	18,469,989
32 3	Conservation and upgrading of the rural heritage	52,300,000
33 1	Training and information measure for economic actors operating in the fields covered by axis 3	250,000
34 1	Skills acquisition	1,166,213
Total Axis 3		118,267,650
Axis 4: "Leader"		
41 3	Quality of life/diversification	22,000,000
Total Axis 4		22,000,000
Total Axis 1, Axis 2, Axis 3, Axis 4		307,083,650
Die Tabelle enthält neben den zusätzlichen staatlichen Beihilfen auch zusätzliche Mittel, die keine staatlichen Beihilfen sind, aber inhaltlich im Rahmen der in Kap. 5.2 beschriebenen Maßnahmen verwendet werden.		

9. The elements needed for the appraisal under competition rules and, when applicable, the list of aid schemes authorised under Articles 87, 88 and 89 of the Treaty to be used for the implementation of the programmes

(Article 16(g) of Regulation (EC) No 1698/2005)

9.A

Measure code	Name of the aid scheme	legal basis	Duration of aid scheme
121	Modernisation of agricultural holding	Community guidelines for State Aid in the Agriculture and Forestry Sector 2007-2013 (section IV.A)	2009-2010
125	Infrastructure related to the development and adaptation of agriculture and forestry	Additional funding is not a state aid in terms of Article 87-89 of the EC Treaty as	2007-2013

		is will not be for the economic benefit of a holding or any private person.	
126	Restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention actions	Additional funding is not a state aid in terms of Article 87-89 of the EC Treaty as is will not be for the economic benefit of a holding or any private person.	2007-2013

9.B

Measure code	Name of the aid scheme	Indication of lawfulness of the scheme	Duration of aid scheme
221	First afforestation of agricultural land	Commission decision of 18.07.2007 Registration number: N 67/2007 Reference number: K(2005) 1467	2007-2013
227	Support for non-productive investment	Commission decision of 18.07.2007 Registration number: N 67/2007 Reference number: K(2005) 1467	2007-2013
311/1	diversification into non-agricultural activities	Any aid granted under this measure will be in conformity with the de-minimis Regulation (EC) No 1998/2006 or Regelung für Kleinbeihilfen N 668/2008.	2007-2013 bzw. 2008 - 2010
311/2	diversification into non-agricultural activities	Any aid granted under this measure will be in conformity with the de-minimis Regulation (EC) No 1998/2006 Or Regelung für Kleinbeihilfen N 668/2008.	2007-2013 resp. 2008 - 2010
312	support for the creation and development of micro-enterprises	Any aid granted under this measure will be in conformity with the de-minimis Regulation (EC) No 1998/2006 Or Regelung für	2007-2013 resp. 2008 - 2010

		Kleinbeihilfen N 668/2008.	
313	Encouragement of tourism activities	Any aid granted under this measure will be in conformity with the de-minimis Regulation (EC) No 1998/2006 Or Regelung für Kleinbeihilfen N 668/2008.	2007-2013 resp. 2008 – 2010
321/1	basic services for the economy and rural population biomass & bioenergy	Commission decision of 22/03/2007 C(2007) 1372 Registration number: N 71/2007	2001-2013
321/3	basic services for the economy and rural population	Any aid granted under this measure will be in conformity with the de-minimis Regulation (EC) No 1998/2006 Or Regelung für Kleinbeihilfen N 668/2008.	2007-2013 resp. 2008 - 2010
321/4	basic services for the economy and rural population Broadband	Commission decision of 02/07/2008 Registration number: N 115/2008 Reference number: C(2008) 3157, de-minimis-Regulation (EC) No 1998/2006. See also point 4.3.2.1.1.3 NR or Regelung für Kleinbeihilfen N 668/2008.	2008-2010

322	Village renewal and development	Any aid granted under this measure will be in conformity with the de-minimis Regulation (EC) No 1998/2006 Or Regelung für Kleinbeihilfen N 668/2008.	2007-2013 bzw. 2008 - 2010
323/1	conservation and upgrading of the rural heritage	Any aid granted under this measure will be in conformity with the de-minimis Regulation (EC) No 1998/2006 Or Regelung für Kleinbeihilfen N 668/2008.	2007-2013 bzw. 2008 - 2010
331	training and information for economic actors operating in the fields covered by Axis 3	Any aid granted under this measure will be in conformity with the de-minimis Regulation (EC) No 1998/2006 Or Regelung für Kleinbeihilfen N 668/2008.	2007-2013 bzw. 2008 - 2010
341	skills acquisition and animation with a view to preparing and implementing a local development strategy	Any aid granted under this measure will be in conformity with the de-minimis Regulation (EC) No 1998/2006 Or Regelung für Kleinbeihilfen N 668/2008.	2007-2013 bzw. 2008 - 2010
431	running the local action group, skills acquisition, animation	Any aid granted under this measure will be in conformity with the de-minimis Regulation (EC) No 1998/2006 Or Regelung für Kleinbeihilfen N 668/2008.	2007-2013 bzw. 2008 - 2010