

## ADVISORY GROUP ON RURAL DEVELOPMENT

24<sup>TH</sup> APRIL 2013, BRUSSELS

### DRAFT MINUTES

#### **1. Approval of the Agenda and the minutes of the last meeting of 23<sup>rd</sup> November 2012**

The Chairman opened the meeting and welcomed the new colleague from Copa-Cogeca responsible for rural development who will support the chair of the AG particularly in preparing the minute of the meetings. The points of the Agenda were presented: 1) elections, 2) Commission presentation on the new RD policy, 3) EIP presentation, 4) ENRD presentation. The agenda and the minutes of the last meeting were approved. The Commission made an announcement reminding all the members to avoid registering for the meeting at the last minute since there was a procedure to comply with and respect for others was due.

#### **2. Elections of the Chair and Vice-chairs**

The Commission managed the election procedure. Mr Pascher announced that he had decided to run for his second mandate as Chairman. He was the only candidate for the position. Three candidates stood for the Vice-chairmanship: Mrs Defossez (EEB), Mr Rousseau (UECBV), and Mr Carbone (Workers). The candidates briefly introduced themselves. Mr Pascher was unanimously re-elected as Chairman. The results of the elections for the vice-chairmanship were: 30 votes for Mrs Defossez; 19 votes for Mr Rousseau; 13 votes for Mr Carbone. Mrs Defossez and Mr Rousseau were confirmed as Vice-chairs. The Chair and the Vice-Chairs thanked the group for their re-election.

#### **3. Presentation of the EIP by Mr Boot – DG Agri**

The Chairman informed the members that the item on the progress on the negotiations on the CAP reform and transitional arrangements for RDP by the Commission would be postponed, and that the presentation of the European Innovation Partnership (EIP) would come first. The change of the agenda was approved.

The Commission presented the EIP, its main tools and mechanisms. New solutions and innovation are needed; the EU has excellent research teams but the outcome of this research does not easily reach the sector, leading to a waste of resources. Traditionally, innovation was seen as the result from research results being implemented in the sector. However, innovation can be generated by the sector itself. By sharing ideas and discussing problems and opportunities is no longer have to be implemented between different players ideas for innovation can be generated. The EIP is meant to stimulate this second type of innovation via operational groups (OGs). These OGs can be funded by different resources (Horizon 2020, national funds, ERDF, and private funds). The EIP network will stimulate further debates via dedicated focus groups which will disseminate their results through seminars and workshops. As far as governance is concerned, the EIP network uses the governance mechanisms as the ENRD but will link to Horizon 2020 by asking advise from the Scientific Committee for Agricultural Research (SCAR). At the moment Member States and regions are preparing the rural development programmes. A significant number of them told the Commission that they would like to implement the EIP. The exact amount of money available is not yet clear. For research topics, first calls for proposal will be launched by the end of this year. The network has started to build capacity and a workshop will be organised before the summer break. The Chairman opened the discussion. **Producers** highlighted the fact that its main concern regarding the EIP is the implementation method, particularly via RD. A clear method has to be established if partnerships are to be efficient. **Producers** asked how the EIP was going to focus on agriculture and be effective since less and less funding is available and is often not efficiently allocated. The

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issue is how to ensure that funds are properly managed. The EIP is well designed but may be too complicated.

**Producers** asked why an additional network had to be created when a well working EU network is already running; the risk is that this could result in further administrative burden. A further question was how it would be possible to connect those sectors and areas in which there is no research but innovation is needed to operational groups.

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One of the questions from NGOs related to bio-diversity. The NGOs also asked who was going to take the lead of the EIP, if a date for the launch had been already decided, and how the consultation process will work.

**Traders** asked how the AG, the experts and the associations not present in Brussels could contribute, stating that it is important to find a way to coordinate and pass information from EU level to national level. Had everybody been invited to the meetings?

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**Producers**, as part of the Sherpa Group, asked for clarifications on the practical management of the EIP and who was going to ensure that the network would be run properly.

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The Commission replied to the questions saying that even if it looks complex the Member States were working on it today. The starting point is what are the major challenges and opportunities. The existing mechanisms will be used to implement the programme: programming will be defined by Member States and discussed in the monitoring committee at national and regional level. Regarding the proper use of money, an RD mechanism will be used: each OG will present its project to receive funding. The money is not going to pre-existing research units but it is linked to OGs that operate on the field. General networks like the ENRD address different issues, while the EIP network is very specific and not policy driven and this is the reason why a new entity has been created. The role of the focus groups and their relation with the OGs are explained: in a focus group problems that came out in OGs are discussed, and the number of focus groups will be very limited, while there will hopefully be thousands of OGs. Each Member State will decide which topics are to be addressed, so it is important to include them in the programme. By the end of June the first workshop will take place, and the names of the main contractors and subcontractors will be on the website. Quite soon calls for expressions of interest to participate in focus groups will be published; it is recommended to check the website.

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**Producers** expressed its concerns regarding the operational side, since the most important way to spread innovation from research centres to farms is through transfer of knowledge, which has to be financed.

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**Traders** asked the Commission to reply to the first question.

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**Producers** asked how it would be possible to evaluate the success of the EIP.

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The NGOs asked how innovation advisors were going to work, if the OGs were going to be stable entities, and what the difference between advisors and brokers was.

The Commission replied to **producers'** question stating that EIP generated innovation and means to spread knowledge already exist and that farmers needed to be aware of them. As far as the evaluation is concerned, after a certain period assessments will be conducted. The broker concept is new. The role of the broker will be to explain what the available opportunities are, to help form partnerships, and these activities will be carried out by various people, not only advisers. The difference between LAGs and OGs is that the LAGs develop strategies, it is a territorial concept, while the OGs are dedicated to a concrete project.

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The chair conclude that the main question regarding the EIP is how does it works in practice and that the discussion need to continue in the next meetings.

#### **4. Progress on the negotiations on the CAP reform (RDP) and transitional arrangements for RDP (2014) by Josefine Loriz-Hoffmann (Head of Unit G1 -DG Agri)**

The Commission gave an update on the negotiations: last week the first trialogue meeting had taken place in Strasbourg and 8 meetings in total were organised until the end of June to reach an agreement on the future RDP. There was not enough time for such a process. The EP had lots of ideas regarding amendments, and the Council has many ideas on how to change the proposal. The common desire was to achieve a political agreement to be translated in legal terms, and to be linked to other legal acts, such as delegated acts or implementing acts in the RD Committee.

This process takes time. Formally, the Commission cannot start formal dialogue on delegated and implementing acts with the MS before the basic legal act has been published. Meanwhile, MS are busy preparing their programmes. By the end of the year normally the programmes should be ready and then approved around mid-2014. The Commission recalled that for the 2007-2013 period, they had started receiving programmes at the end of 2006, and the first RD programme was approved in June 2007, while the last one was approved in summer 2008. The Commission wished to avoid late approval of programmes. Member States were worried because of the transitional period but it should be highlighted that MS can start preparing their programmes taking into account that commitments undertaken in the current period will be payable with the next financial envelope during the transitional period and new commitments for area and animal-related measures could be undertaken in 2014 with old rules and old or new money.

Transitional measures:

- 1) Regulation No 335/2013 amends Regulation (EC) No 1974/2006 and lays down how the current financial envelope may be used during the transitional period (2014-2015). It also states that MS cannot enter into new legal commitments on early retirement, meeting standards or first afforestation (longer period of payments is involved) as from 31 December 2013. Current financial envelope can be used for technical assistance for the new programming's ex-ante evaluation, new local development strategies and preparatory activities. Furthermore, Technical Assistance budget from the period 2007-2013 can run in parallel with the new budget 2014-2020. For the rest of measures, beneficiaries cannot undertake new legal commitments from the envelope 2007-2013 as of the day they start undertaking legal commitments pursuant new legal framework.
- 2) The use of new money for area and animal-related measures in 2014, is based on ad-hoc basic act No 226/2013, still to be discussed with the EP and the Council. Member States can enter into new commitments and payments for RD in 2014 even if current funds are already exhausted on a number of measures: LFA, animal welfare, Natura 2000, agri-environment, and forest-environmental measures. The commitments can be based on the prolongation of conditions from the period 2007-2013. From 2015 when the new rules for direct payments under the first pillar are in force, these commitments have to be adapted to take into account the changed reference level of cross compliance and greening. However, if farmers do not want to continue their contracts under changed conditions they can decide to step back. Multi-annual commitments approved under the current period 2007-2013 may be paid for with the new financial envelope when current funds are exhausted or from 31 December 2015, whichever date comes first.
- 3) Third package – normal transition – new budget- delegated acts under Article 95 of the new RD regulation to pay for multi-annual or non-completed operations approved during 2007-2013. For investment projects there are new eligibility rules and new co-financing rates. As regards payments for investment projects, the MS can pay from the new financial envelope from the starting of the eligibility period, i.e. 1 January 2014, at his own risk. The Commission reimburses after approval of programme.

Member States have to identify their needs and how they will use the money under the transitional rules.

The Chairman asked about the state of play on the Partnership Agreement (PA).

The Commission replied that the PA is the umbrella document for the five ESI funds to ensure effective coordination between Union policies and instruments. In the PA the Member States establish the national strategy which covers all five ESI funds.

One of the vice-chairs (NGOs) asked whether the Commission would defend the 25% of minimum spending for agri-environment mentioned in the dialogue. Moreover, more clarity is required in relation to thematic sub-programmes, and on the Commission's position on double funding, and on transfer of money between pillars (how the MS will justify and if it is possible to do it several times).

**Producers** stated that there would be no security on funding and that a partnership for programming was needed. Public administrative authorities have to receive assistance to ensure reimbursement. In Italy there are RDP national risk programmes but there is no legal act. The

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farming world is interested in introducing new RDPs, but a certain amount of flexibility is needed to avoid breakdowns in continuity. It is important to introduce the new RDP hand in hand with structural funds and market organisation and a series of new measures.

Producers asked about the co-financing mechanism in the transfer from first to second period- transitional period- if is with our without co-financing.

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Producers stated that in the Commission proposal Art. 18 obliged Member States to ensure size limits for support and asked if there was room for the revision of this article.

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NGOs asked whether the money transferred from the second to the first pillar would be co-financed, what the position was of the Member States of LAGs on multi-funding, if the Community Lead Local Development (CLLD) was official, if informal consultation with stakeholders were possible before legal acts had been put in place since they had been excluded by negotiations.

The Commission replied that during the trilogues different views between the bodies had arisen: for example, the Council was not in favour of maintaining current spending for agri-environmental measures at least 25%. What is important is to increase the environmental achievements and this would require programmes to be sustainable. Sub-programmes, if any, shall be justified, logical and specific. Regarding double-funding, it should be avoided by establishing clear conditions in agri-environment measures. According to the MFF proposal, transfer between pillars is up to 15% from the first to the second pillar, and up to 25% from the second to the first pillar. Transfers from the first to the second pillar have not to be co-finance by MS.

The parallel existence of regional and national programmes was not foreseen in the initial proposal but some Member States want both and they have good reasons for this (Italy, Spain); the important thing is to avoid overlapping. Actions taken to involve partner are to be described in the RDP including information on the partners consulted, the date of the consultation, the time given to comment and a summary of the results.

Producers stated that territorial development had a big role and that it was very important for farmers, but also asked how it was possible to foster simplification and multi-funding simultaneously, since small businesses in the countryside affected by the economic crisis were unable to obtain loans easily. Producers pointed out that Art. 18 calls for support for farms not exceeding a certain size: can protective soil measures specific to some areas' needs (e.g. acidity of the soil) be introduced under RDP?

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Producers stated that the Commission was too positive about the transitional arrangements. MS will be left out in the cold without having the financial support. Pillar one rules are more clear than for pillar two.

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Producers asked how countries could create programmes if they did not know the exact amount of co-financing for RDP. It also asked when the deadline to make decision to transfer between pillars was, at what point the discussion with the EP on the LFA would take place, and how it would be possible to ensure technologies for small farms.

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Producers asked why in the multi-funding a distinction was made between rural and urban innovation, and what happened when during a trialogue the negotiators had different opinions.

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Producers asked how the farmer advisory service would be financed and if guidance materials on thematic sub-programmes would be available for farmers.

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Producers asked if there was news regarding rural financing issues.

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producers stated that greening and financing still remained the main issues.

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Producers asked if there was a timetable for Member States to send their options, if it was possible to change decisions during the programming period, and what the precise guidelines for Member States regarding LFAs were.

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Producers also asked about early retirement scheme and the amendment proposed by the EP to the new RD regulation.

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The Commission replied that the transitional arrangements for RD are in three legal parts and try to cover the difficulties coming up. With this rule the MS should be able to organize a smooth transfer between periods. The background idea to Art.18 is to provide support to investments that improve the performance and sustainability of the holdings which would not be done without public support. Big entities that have other possibility to obtain credit do not need this support. Regarding CLLD, a multi-funding approach could add complexity, so harmonization of rules is necessary. As regards the question on soil, the Commission is aware that some actions that lead to improvements can be considered as investments. Regarding the programming, the Commission stated that Member States have to start working and co-financing will be decided on the MFF negotiation. As in the current programming period it will be possible to make modifications in the RDP. For advisory services either you use old money if it is available, or you set up your system quickly. There are no specific rules for the transition period. No more guidelines on thematic programmes will be provided, since additional rules are not needed. On uncertainty on financing, the Commission said that Member States know the budget. Regarding the advisory service, MS can choose among the items in Article 16 that will be offered by the service providers.

The Commission said that early retirement was excluded from the new proposal because it was an inefficient and expensive measure that does not contribute to the objectives of the RDP. It should depend on the social security system of each Member State. The Parliament's proposal to support farmers that transfer farms would be discussed in the triologue the following day.

## **5. How to create more synergies between the activity of the Advisory Group and the European Network for Rural Development**

### ***I. Presentation of the of the ENRD's work and of the forthcoming activities.***

The ENRD Contact Point presented the ENRD core areas of activity:

- a) knowledge development and policy analysis;
- b) Knowledge sharing and communication;
- c) Exchange & cooperation and networking among rural development stakeholders.

The presentation highlighted some examples of the information material showing how RDPs progress, which have been developed by the ENRD and are available to all rural stakeholders, such as:

- Monitoring indicators tables and charts;
- Information sheets on Rural Development Programmes, measures or on specific themes;
- RDP project database showing examples of relevant projects funded by the EU RD policy.

The main on-going policy activities carried out by the ENRD were shortly presented:

- The Focus Group (FG) on Delivery of Environmental Services, concluded in March 2013. This FG was a good example of cooperation between the ENRD and the RD Advisory Group.
- The Focus Group on Knowledge Transfer and Innovation;
- The Thematic Initiative on Youth in rural areas.

The Advisory Group was informed about the recent LEADER 2013 Event, which took place on 17 and 18 April 2013 as well as on the on-going activities of the National Rural Networks.

The wide range of information and networking opportunities available through the ENRD website was presented.

Finally, the Advisory Group was informed about the ENRD activity planned for the so-called "ENRD year 6" (July 2013-July 2014), focussing on capitalising and "future-proofing" the knowledge and experience built up by the ENRD as well as on supporting the preparatory actions for the programming period 2014-2020.

The presentation was followed by a short discussion on a number of points raised by some members, such as:

- How to identify Good Practices. A constant dialogue with stakeholders and feedback from the ground were considered essential in order to find projects whose example is relevant for other stakeholders and for future policy developments.
- Use of Scientific Evidence as a basis for ENRD policy analysis, e.g. the monitoring of environmental services is fundamental. The involvement of different types of knowledge (scientists, academics, institutions) ensures a self-checking process.
- How the ENRD is going to evolve in the new programming period and how it would cooperate with the EIP network. While negotiations were still on-going, it appeared clear that the ENRD's functions and objectives would remain substantially unchanged. Rural development Policy can rely on several networks, with the overall goal of making the whole system more inclusive and flexible.

Traders underlined that two meetings per year of the AG are not enough, and added that another meeting per year would be useful.

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The Chair stated that a faster implementation of the new rules had to be expected immediately after the political agreement and that the AG and the ENRD could fruitfully cooperate in that context.

I. *Exchange on improved cooperation between the RD Advisory Group and the ENRD: Discussion in small groups based on past cooperation and expectations for the future.*

The AG members discussed the question “How can we create more synergies between the RD Advisory Group and ENRD?”. The following main points emerged from the discussion:

- the AG and the ENRD have distinct roles: the ENRD has a technical role with greater capacity to discuss subjects related to transfer of knowledge, research, and implementing measures, while the AG intervenes at political level.
- the information flow between the AG and the ENRD can be improved, as the data and analysis developed by the ENRD are extremely useful for the AG to carry-out its advisory role. Communication between rapporteurs in the AG and Network Groups should be intensified. It is acknowledged that lots of information and materials by the ENRD are available; however shorter, clearer documents would facilitate AG members' work.
- it is important to ensure that stakeholders from all Member States have the possibility to participate in the ENRD activities, since there is a great disparity in knowledge between various countries;

The Commission stressed that the ENRD is fully open to the AG members, and that inputs from the AG are always welcome. The roles of the AG and the ENRD are clear but it is important to avoid duplications, and foster the best use of resources. The good cooperation experienced with the Focus Group on Environmental Services will certainly be repeated and the ENRD will regularly invite AG members to participate in its activities.

The Chair summed up the discussion and indicated that the implementation of the new programming period should be a priority for the forthcoming cooperation between the AG and the ENRD.

## **6. AOB – ISMEA**



Under any other business, ISMEA gave a presentation on a project related to young Italian farmers based on a survey on land mobility. Land mobility in Italy is very low, but young people are more and more interested in agriculture; the problem is that access to credit is difficult. It is important to keep in mind that innovation comes from young people; we cannot talk about innovation without talking of young people. It is of the utmost importance to give them the chance to set up agricultural holdings by helping them with the set-up costs. ISMEA launched a partnership with universities and young farmers to transfer the innovation from what they have learned; the goal of the project is the set-up of a small network of farms run by young people that could play an important role in the EIP and OGs, taking advantage of transfer of knowledge thanks to contacts between regions. The problem is that access to credit and financial support are both needed. Costs could be covered under cooperation measures: the proposal is to set up a network of holding covering their investment costs (up to 50,000 Euros).

**Producers** asked what ISMEA was expecting from the AG.

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ISMEA replies that ISMEA deals with services to farmers, and it is a member of AEIAR; the presentation has been shared to provide information about what is happening in other countries and would be available on internet as a base for future discussion.

AEIAR explained that they are an institution dealing with land management and that the presentation has to be seen as point for their information.

The Chair proposed holding the next meeting in September instead of November taking into account the importance of the preparation of the implementation phase of the RDP.

The Commission requested an official letter to try to change the date of the next meeting.

#### Disclaimer

"The opinions expressed in this report represent the point of view of the meeting participants from agriculturally related NGOs at community level. These opinions cannot, under any circumstances, be attributed to the European Commission. Neither the European Commission nor any person acting on behalf of the Commission is responsible for the use which might be made of the here above information."