

Commission Regulation (EC) No 1974/2006 of 15 December 2006 laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (repealed)

COMMISSION REGULATION (EC) No 1974/2006

of 15 December 2006

laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (repealed)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund For Rural Development (EAFRD)<sup>(1)</sup> and in particular Article 5(6), the second sentence of Article 19(2), Article 32(1)(b), the third subparagraph of Article 66(3), Article 70(1), and Article 91 thereof,

Whereas:

- (1) Regulation (EC) No 1698/2005 established a single legal framework for the EAFRD support for rural development throughout the Community. The legal framework should be complemented by detailed implementing rules.
- (2) As regards consistency with measures financed by other instruments of the Common Agricultural Policy, detailed provisions for the exceptions for rural development support should be defined, notably those concerning the exceptions referred to in Article 5(6) of Regulation (EC) No 1698/2005. Rural development investment support should take account of any sectoral limitations or restrictions and avoid creating overcapacities in the sectors concerned.
- (3) There is a need to provide rules for updates of national strategy plans in terms of content, procedures and timing.
- (4) In order to allow the Member States and the Commission to put in place the new programming framework quickly and efficiently, the deadlines between the submission of rural development programmes and their approval by the Commission should be specified.
- (5) Detailed rules should be laid down for the presentation of rural development programmes and their revision. In order to facilitate the establishment of rural development programmes and their examination and approval by the Commission, common rules should be laid down for the structure and content of those programmes, based in particular on the requirements set out in Article 16 of Regulation (EC) No 1698/2005. Moreover, specific provisions should be established for national frameworks referred to in Article 15(3) of Regulation (EC) No 1698/2005.

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- (6) Only amendments involving significant changes in programmes, shifts of EAFRD funding among axes within a programme and changes to the EAFRD co-financing rates should be adopted by a Commission Decision. Other amendments should be decided by the Member States and notified to the Commission. A procedure should be established for agreement on such notifications.
- (7) To ensure effective and regular monitoring, the Member States should make available to the Commission a consolidated and updated electronic version of their programming documents.
- (8) Regulation (EC) No 1698/2005 lays down conditions for support to young farmers. The time by which those conditions must be fulfilled should be specified, including the duration of the period that Member States may grant to certain beneficiaries in which to comply with the occupational skills and competence condition. Since support to young farmers is subject to the condition that a business plan is submitted by the young farmer, detailed rules should be laid down as regards the business plan and the respect for its provisions by the young farmer.
- (9) As regards the conditions for early retirement support, specific problems arising where a holding is transferred by several transferors or by a tenant farmer should be solved. The non-commercial farming activity of the transferor should not be eligible for support under the Common Agricultural Policy.
- (10) The skills and resources required from the authorities and bodies selected for providing the farm advisory services eligible for support should be specified.
- (11) As regards support for the setting up of management, relief and advisory services, the methodology for the degressivity of support should be established.
- (12) As regards investments for the modernisation of agricultural holdings in order to comply with newly introduced Community standards, and in cases where young farmers are to comply with existing standards, a date should be fixed for compliance with the relevant standards.
- (13) As regards investments for the improvement of the economic value of forests, forest management plans should be defined and the types of eligible investments should be set out. Those plans should be prepared in accordance with the Pan-European Operational Level Guidelines for Sustainable Forest Management established in Annex 2 of Resolution L2 (Pan-European Criteria, Indicators and Operational Level Guidelines for Sustainable Forest Management) of the Third Ministerial Conference on the Protection of Forests in Europe held in Lisbon (2, 3 and 4 June 1998)<sup>(2)</sup>.
- (14) As regards investments for adding value to agricultural and forestry products in order to comply with newly introduced Community standards in micro-enterprises, a date should be fixed for compliance with the relevant standards. A demarcation line should be set for wood-related investments benefiting from the rates of support established by Regulation (EC) No 1698/2005 from other investments in the wood sector.

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- (15) As regards cooperation for the development of new products, processes and technologies in the agriculture and food sector and in the forestry sector, indicative eligible costs should be defined.
- (16) As regards meeting standards, the level of support to farmers should be modulated by the Member State per standard with regard to the level of obligations resulting from the application of the standard, while investment costs should not be eligible for support.
- (17) As regards support for farmers participating in a food quality scheme, the Community schemes and the criteria for the national schemes, the products concerned by this support and the types of fixed costs which may be taken into account for calculating the amount of assistance, should be specified.
- (18) In order to ensure complementarity between the promotion measures referred to in Article 33 of Regulation (EC) No 1698/2005 and the rules concerning information and promotion actions established by Council Regulation (EC) No 2826/2000 of 19 December 2000 on information and promotion actions for agricultural products on the internal market<sup>(3)</sup>, detailed requirements for support for the promotion of quality products should be laid down, in particular as regards beneficiaries and eligible activities. In addition, in order to avoid the risk of double financing, information and promotion measures supported under Regulation (EC) No 2826/2000 should not be eligible for rural development support.
- (19) As regards support for semi-subsistence farming, the content of the business plans and the conditions for their implementation should be specified.
- (20) As regards support to producer groups in Malta, specific rules should be laid down to take into account the specific characteristics of the Maltese agricultural sector.
- (21) As regards support to less-favoured areas, in accordance with Article 93 of Regulation (EC) No 1698/2005, the support system put in place by Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations<sup>(4)</sup> is to remain in force until 31 December 2009, subject to an act of the Council adopted in accordance with the procedure laid down in Article 37 of the Treaty. Therefore, Article 11 of Commission Regulation (EC) No 817/2004 of 29 April 2004 laying down detailed rules for the application of Council Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF)<sup>(5)</sup> should remain applicable until such act is adopted by the Council.
- (22) Provision should be made to avoid overlapping between the meeting standards support to farmers on the one hand, and the Natura 2000 payments on the other.
- (23) As regards support for agri-environment and animal welfare, the minimum requirements to be met by beneficiaries in connection with the various agri-environment and animal welfare commitments should ensure a balanced application of support that takes account of the objectives and should thus contribute to sustainable rural development. In this respect, establishing a methodology for the calculation of the

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additional costs, income foregone and likely transaction costs stemming from the commitment given should be of high importance. Where commitments are based on input limitations, support should be granted only if such limitations can be assessed in a way providing reasonable assurance about the respect of the commitment.

- (24) Concerning support for the conservation of genetic resources in agriculture, details of the eligible operations and a description of the beneficiaries should be provided. Provision should be made to avoid overlapping with agri-environment and to exclude from support activities which are eligible under the framework programme for research, technological development and demonstration activities.
- (25) Non-productive investments targeting the sustainable use of agricultural land should be defined.
- (26) In order to ensure a homogenous approach for forestry measures it is necessary to use a common definition of forests and wooded areas as appropriate. This definition should be in line with the definition used by the Food and Agriculture Organisation of the United Nations (FAO) and by Eurostat, as applied for the Global Forest Resources Assessment Update in 2005. The forests and wooded areas not eligible for support under Article 42(1) of Regulation (EC) No 1698/2005 should be defined in more detail.
- (27) Detailed conditions should be laid down for support for the first afforestation of agricultural land, in particular in relation to the definition of land to be afforested, of the establishment costs, of the farmer and of the fast-growing species.
- (28) As regards support to agricultural land subject to the first establishment of agroforestry systems, the Member States should define maximum densities of plantation of forest trees taking into account certain parameters.
- (29) As regards support for restoring forestry potential and preventive actions in forests classified as at high or medium risk of forest fires, it should be conditional on conformity with forest fire protection plans established by the Member States. A common approach should be ensured for the definition of preventive actions against forest fires.
- (30) As regards the areas designated in Article 50(5) and (6) of Regulation (EC) No 1698/2005, the conditions for their designation should be specified. Care should be taken to avoid afforestation harmful to the biodiversity or causing other environmental damage.
- (31) In order to allow an appropriate uptake of the measure for diversification into non-agricultural activities referred to in Article 52(a)(i) of Regulation (EC) No 1698/2005 a comprehensive definition of the member of the farm household referred to in Article 53 of that Regulation should be provided.
- (32) The support for public-private partnerships, as provided for in Article 59(e) of Regulation (EC) No 1698/2005, should comply with certain detailed conditions.
- (33) As regards the Leader Axis, the selection procedures of local action groups should be transparent and competitive to ensure that pertinent and high quality development strategies at local level are selected for support. Depending on the local conditions,

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- minimum and maximum thresholds should be set as a general rule for the population of the areas covered by the local action groups.
- (34) To allow the largest possible implementation of the local development strategies, support for the running costs of the local action groups should be limited.
- (35) Cooperation projects implemented by local action groups should comply with certain conditions. A coordinated procedure should be established between the Commission and the Member States to facilitate the selection of transnational cooperation projects.
- (36) As regards technical assistance, co-financing arrangements for rural development programmes covering regions eligible under the Convergence Objective and other regions, as well as detailed options and a deadline for the establishment of the national rural network should be provided.
- (37) Rules common to several measures should be laid down, in particular regarding the implementation of integrated operations, investments measures, the transfer of a holding during the period for which a commitment is given as a condition for the grant of assistance, the increase of the area of the holding and the definition of different categories of *force majeure* or exceptional circumstances.
- (38) Member States should take all the necessary steps and put in place adequate provisions to ensure that all rural development measures are verifiable and controllable. Member States should ensure that their control arrangements give reasonable assurance that eligibility criteria and other commitments are respected. In particular, for payment calculations for certain measures, Member States should substantiate the adequacy and accuracy of the calculations through appropriate expertise.
- (39) Detailed rules should be laid down on interest rate subsidies for loans and certain forms of financial engineering, where applicable. The conditions which managing authorities may apply to standard costs and consider contributions in kind as eligible expenditure should also be laid down in order to ensure efficient and homogenous management. In order to ensure a better targeting of investment operations, a set of common rules for the definition of eligible expenditure should be made available. Common rules should also be necessary in cases where the competent authorities of the Member State decide to pay advances to beneficiaries of investment support.
- (40) In order to ensure compliance with State aid rules and procedures, specific provisions should be laid down for certain co-financed measures by the EAFRD and for additional national financing.
- (41) To ensure information and publicity on the rural development activities benefiting from support by the EARDF, rural development programmes should include a communication plan, the content of which should be specified. The obligations of managing authorities and beneficiaries should be defined in this respect in order to ensure the most coherent approach.
- (42) In order to enhance transparency regarding the use of the EAFRD assistance, the list of beneficiaries, the names of the operations and the amount of public funding allocated to operations should be published annually by Member States electronically or by

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other means. Making such information accessible to the public aims to improve the transparency of the Community's action in the area of rural development, to enhance the sound financial management of the public funds involved and in particular to reinforce control of the public money used, and finally to avoid distortion of competition between beneficiaries of rural development measures. Given the overriding weight of the objectives pursued it is justified, with regard to the principle of proportionality and the requirement of the protection of personal data, to provide for the general publication of the relevant information as it does not go beyond what is necessary in a democratic society for the prevention of irregularities.

- (43) As regards monitoring, details of the annual progress report provided for in Article 82 of Regulation (EC) No 1698/2005, as well as of the common indicators making part of the Common Monitoring and Evaluation Framework referred to in Article 80 of that Regulation, should be defined.
- (44) In order to ensure a secure electronic exchange of data between the Commission and the Member States, an information system should be established. The contents and functioning of that system and the access rights to the system should be defined.
- (45) The new implementing rules should replace those laid down for the application of Regulation (EC) No 1257/1999. Therefore, Regulation (EC) No 817/2004 should be repealed from 1 January 2007.
- (46) The measures provided for in this Regulation are in accordance with the opinion of the Rural Development Committee,

HAS ADOPTED THIS REGULATION:

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- (1) [OJ L 277, 21.10.2005, p. 1](#). Regulation as amended by Regulation (EC) No 1463/2006 ([OJ L 277, 9.10.2006, p. 1](#)).
- (2) [http://www.mcpfe.org/mcpfe/resolutions/lisbon/resolution\\_l2a2.pdf](http://www.mcpfe.org/mcpfe/resolutions/lisbon/resolution_l2a2.pdf)
- (3) [OJ L 328, 23.12.2000, p. 2](#). Regulation as amended by Regulation (EC) No 2060/2004 ([OJ L 357, 2.12.2004, p. 3](#)).
- (4) [OJ L 160, 26.6.1999, p. 80](#). Regulation as last amended by Regulation (EC) No 1698/2005.
- (5) [OJ L 153, 30.4.2004, p. 30](#); corrected version ([OJ L 231, 30.6.2004, p. 24](#)). Regulation as amended by Regulation (EC) No 1360/2005 ([OJ L 214, 19.8.2005, p. 55](#)).

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