

Commission Regulation (EC) No 718/2007 of 12 June  
2007 implementing Council Regulation (EC) No 1085/2006  
establishing an instrument for pre-accession assistance (IPA)

PART II

**SPECIFIC PROVISIONS**

TITLE IV

**RURAL DEVELOPMENT COMPONENT**

CHAPTER I

**Object of assistance and eligibility**

*Section 1*

***Object of assistance***

*Article 170*

**Additional definitions for the rural development component**

For the purposes of this Title, in addition to the definitions laid down in Article 2, the following definitions shall apply:

1. 'Community standards': the standards laid down by the Community in the fields of environmental protection, public health, animal and plant health, animal welfare and occupational safety;
2. 'Mountain areas': the areas referred to in the first subparagraph of Article 50(2) of Council Regulation (EC) No 1698/2005<sup>(1)</sup>;
3. 'Young farmer': a farmer under 40 years of age at the time when the decision to grant support is taken, possessing adequate occupational skills and competence.

*Article 171*

**Areas and forms of assistance**

1 Assistance under this component shall contribute to achieving the following objectives:

- a improving market efficiency and implementation of Community standards;
- b preparatory actions for implementation of the agri-environmental measures and local rural development strategies;
- c development of the rural economy.

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2 Assistance covering the objective set out in point (a) of paragraph 1, hereinafter referred to as ‘priority axis 1’, shall be granted through the following measures:

- a investments in agricultural holdings to restructure and to upgrade to Community standards;
- b support for the setting-up of producer groups;
- c investments in the processing and marketing of agriculture and fishery products to restructure those activities and to upgrade them to Community standards.

3 Assistance covering the objective set out in point (b) of paragraph 1, hereinafter referred to as ‘priority axis 2’, shall be granted through the following measures:

- a actions to improve the environment and the countryside;
- b preparation and implementation of local rural development strategies.

4 Assistance covering the objective set out in point (c) of paragraph 1, hereinafter referred to as ‘priority axis 3’, shall be granted through the following measures:

- a improvement and development of rural infrastructure;
- b diversification and development of rural economic activities;
- c improvement of training.

## *Section 2*

### ***General requirements on eligibility and aid intensities***

#### *Article 172*

#### **Eligibility of expenditure**

1 In addition to the costs mentioned in Article 34(2), the costs referred to in paragraph 3(c) shall be considered eligible under this component.

The technical assistance measures eligible under Article 34(2) are those referred to in Article 182.

2 In addition to the provisions of Article 34(3), the following expenditure shall not be eligible under this component:

- a the purchase of agricultural production rights, animals, annual plants and their planting;
- b any maintenance, depreciation and rental costs;
- c any cost incurred by public administration in managing and implementing assistance.

3 Notwithstanding the provisions of Article 34(3), in the case of investment:

- a eligible expenditure shall be limited to the construction or improvement of immovable property;
- b the purchase or lease-purchase of new machinery and equipment, including computer software up to the market value of the asset shall be considered as eligible; other costs connected with the leasing contract, such as lessor's margin, interest refinancing costs, overheads and insurance charges, shall not be eligible;
- c general costs linked to expenditure referred to in points (a) and (b), such as architects', engineers' and other consultation fees, feasibility studies, the acquisition of patent rights and licences shall be eligible up to a ceiling of 12 % of the costs referred to in points (a) and (b).

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Detailed provisions for the implementation of this paragraph shall be set out in sectoral agreements as defined in Article 7 or financing agreements as defined in Article 8.

4 Investment projects shall remain eligible for Community financing provided they do not, within five years from the final payment by the operating structure, undergo a substantial modification.

### *Article 173*

#### **Aid intensities and rate of Community contribution**

1 For the purposes of this component, the eligible expenditure as referred to in Article 38(1) shall be calculated on the basis of the public expenditure as defined in Article 2.

2 Public expenditure shall in principle not exceed a ceiling of 50 % of the total eligible cost of the investment. However, that ceiling shall be raised up to:

- a 55 % for investments in agricultural holdings made by young farmers;
- b 60 % for investments in agricultural holdings in mountain areas;
- c 65 % for investments in agricultural holdings in mountain areas made by young farmers;
- d 75 % for investments referred to in paragraph 4(d) and for investments in agricultural holdings to implement the Council Directive 91/676/EEC<sup>(2)</sup>, subject to the existence of a national strategy for its implementation;
- e 100 % for investments in infrastructure not of a nature to generate substantial net revenue;
- f 100 % for measures referred to under in Article 182.

3 In determining the rate of public expenditure for the purposes of paragraph 2, account shall not be taken of national aid to facilitate access to loans granted without any Community contribution provided under the IPA Regulation.

4 The Community contribution shall in principle not exceed a ceiling of 75 % of the eligible expenditure. However, that ceiling shall be raised up to:

- a 80 % for the measures covered by priority axis 2 referred to in Article 171(3);
- b 80 % in the case of activities covered by Article 182, where those activities are not taken at the initiative of the Commission;
- c 100 % in the case of activities covered by Article 182, where those activities are taken at the initiative of the Commission;
- d 85 % in the case of investment projects carried out in regions where the Commission determines that exceptional natural disasters have occurred.

### Section 3

#### **Eligibility and specific requirements for assistance under Priority Axis 1**

##### Article 174

#### **Investments in agricultural holdings**

1 Assistance referred to in Article 171(2)(a) shall be granted for tangible or intangible investments in agricultural holdings to upgrade them to Community standards and to improve their overall performance.

2 Assistance under this measure may be granted to agricultural holdings:

- a for which a prospect of economic viability at the end of the realisation of the investment can be demonstrated;
- b which comply with national minimum standards regarding environmental protection, public health, animal and plant health, animal welfare and occupational safety at the time when the decision to grant support is taken.

3 By derogation from point (b) of paragraph 2, where national minimum standards based on Community standards have been newly introduced at the time the application is received, assistance may be granted regardless of non-compliance with those standard on the condition that the holding shall meet the new standards by the end of the realisation of the investment.

Furthermore, the Commission may, on the basis of duly substantiated request from the beneficiary country, allow derogation from point (b) of paragraph 2 in respect of non-compliance with national minimum standards based on Community standards introduced in the national law up to one year prior to date of submission of the application.

4 Assistance shall be granted on the condition that the investments comply with the relevant Community standards at the end of their realisation.

5 Beneficiary countries shall set limits for the total investment eligible for assistance. They shall lay down appropriate standards regarding farmers' occupational skill and competence which the farmers shall be required to comply with in order to be eligible for assistance.

##### Article 175

#### **Support for the setting-up of producer groups**

1 Assistance referred to in Article 171(2)(b) may be granted to facilitate the setting-up and administrative operation of producer groups, for the purposes of:

- a adapting the production and output of the members of producer groups to market requirements;
- b jointly placing goods on the market, including preparation for sale, centralisation of sale, and supply to bulk buyers;
- c establishing common rules on production information, with particular regard to harvesting and availability.

2 Assistance under this measure shall not be granted to producer groups which have been officially recognised by the relevant national authority of the beneficiary country before 1 January 2007 and/or before the approval of the programme referred to in Article 184.

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Professional and/or inter-professional organisations representing one or more sectors do not qualify as producer groups.

3 Assistance shall be granted as a flat-rate aid in annual instalments for the first five years following the date on which the producer group was recognised. It shall be calculated on the basis of the group's annual marketed production and shall fulfil the following requirements:

- a amount for the first, second, third, fourth and fifth years to 5 %, 5 %, 4 %, 3 % and 2 % respectively of the value of marketed production up to 1 million euros,
- b amount for the first, second, third, fourth and fifth years, to 2,5 %, 2,5 %, 2,0 %, 1,5 % and 1,5 % respectively of the values of marketed production exceeding 1 million euros,
- c be subject to a ceiling for each producer organisation of:
  - EUR 100 000 for the first year
  - EUR 100 000 for the second year
  - EUR 80 000 for the third year
  - EUR 60 000 for the fourth year
  - EUR 50 000 for the fifth year.

#### *Article 176*

### **Investments in processing and marketing of agriculture and fishery products**

1 Assistance referred to in Article 171(2)(c) shall be granted for tangible and intangible investments in processing and marketing of agricultural and fishery products, covered by Annex I to the Treaty. Such assistance shall be aimed at assisting enterprises in upgrading to Community standards and to improve their overall performance. Investments must contribute to improving the situation of the basic agricultural production sector in question.

Investments at retail level shall be excluded from support.

- 2 Assistance under this measure may be granted for investments in enterprises:
- a for which the prospect of economic viability at the end of the realisation of the investment can be demonstrated, and
  - b which comply with the national minimum standards regarding environmental protection, public health, animal and plant health, animal welfare and occupational safety at the time when the decision to grant support is taken.

3 By derogation from point (b) of paragraph 2, where national minimum standards based on Community standards have been newly introduced at the time the application is received, assistance may be granted regardless of non-compliance with those standard on the condition that the enterprise shall meet the new standards by the end of the realisation of the investment.

Furthermore, the Commission may, on the basis of a duly substantiated request from the beneficiary country, allow derogation from point (b) of paragraph 2 in respect of non-compliance with national minimum standards based on Community standards introduced in the national law up to one year prior to date of submission of the application.

4 Assistance maybe granted to investments in establishments which are part of enterprises:

- a which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million,

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giving priority to investments aiming to align the establishment with all the relevant Community standards; or

- b which employ fewer than 750 persons or have an annual turnover not exceeding EUR 200 million, where the purpose of the investments is to make the establishment comply with the relevant Community standards.

5 The Commission may, on the basis of a duly substantiated request from the beneficiary country, decide that assistance can also be granted to enterprises not covered by paragraph 4 for investments necessary to meet specific Community standards which involves especially costly investments. Such support may be granted only to enterprises identified in the national plan for upgrading to Community standards specifically intended to make the establishment compliant with the relevant Community standards in its entirety. In such cases assistance shall be granted at half of the aid rate available for the enterprises covered by paragraph 4.

6 Beneficiary countries shall set limits for total investment eligible for support under this measure.

7 Assistance to investments in the enterprises referred to in point (a) of paragraph 4 shall be granted on the condition that such investments will comply with the relevant Community standards at the end of their realisation.

#### *Section 4*

### ***Eligibility and specific requirements under Priority Axis 2***

#### *Article 177*

#### **Preparation for implementation of actions relating to environment and the countryside**

1 In order to prepare the beneficiary countries for the implementation of actions referred to in Axis 2 of Council Regulation (EC) No 1698/2005, assistance referred to in Article 171(3) (a), shall be granted to pilot projects covered by Articles 39 and 40 of Council Regulation (EC) No 1698/2005.

2 Such actions shall aim at developing practical experience of the implementation of actions to improve the environment and the countryside, at both the administrative and farm levels.

#### *Article 178*

#### **Preparation and implementation of local rural development strategies**

1 Assistance as referred to in Article 171(3)(b) shall be granted in accordance with Article 61 of Council Regulation (EC) No 1698/2005.

2 Assistance shall support:

- a the implementation of cooperation projects in accordance with the priorities as referred to in Article 171(1) and within the meaning of Article 65 of Council Regulation (EC) No 1698/2005;
- b the running of the local private-public partnerships, also referred as 'local action groups', acquisition of skills, awareness raising activities and promotional events in a view to achieving the objectives as referred to in Article 171(1).

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3 Detailed provisions for the implementation of this measure shall be agreed with the beneficiary country. They shall be consistent with the relevant rules applicable to the European Agricultural Fund for Rural Development as set out in Council Regulation (EC) No 1698/2005.

#### *Section 5*

### ***Eligibility and specific requirements under Priority Axis 3***

#### *Article 179*

### **Improvement and development of rural infrastructure**

1 Assistance referred to in Article 171(4)(a), may be provided to investments aimed at improving and developing rural infrastructure by:

- a addressing regional disparities and increasing the attractiveness of rural areas for private individuals and entrepreneurial activity;
- b providing conditions for the development of the rural economies.

2 Priority shall be given to investments in water and energy supply, waste management, local access to information and communication technologies, local access to roads of particular importance for local economic development, and, fire protection infrastructures where justified by the risk of forest fires.

3 Where local rural development strategies as referred to in Article 171(3)(b) have been established, the investments supported under this Article must be in line with those strategies.

#### *Article 180*

### **Diversification and development of rural economic activities**

1 Assistance referred to in Article 171(4)(b), may be provided to investments aimed at diversification and development of rural economic activities by:

- a raising of the economic activity;
- b creation of employment opportunities;
- c diversification into non-agricultural activities.

2 Priority shall be given to investments for the creation and development of micro and small enterprises, crafts and rural tourism, with a view to promoting entrepreneurship and developing the economic fabric.

3 Where local rural development strategies as referred to in Article 171(3)(b) have been established, the investments supported under this Article must be in line with those strategies.

#### *Article 181*

### **Improvement of training**

1 Assistance may be granted to contribute to the improvement of the occupational skills and competence of persons engaged in the agricultural, food, and forestry sectors and other economic actors operating in the fields covered by this component.

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Assistance shall not be granted to courses of instruction or training which form part of normal programmes or systems of education at secondary or higher levels.

[<sup>F12</sup> Beneficiary countries shall elaborate a training strategy for the implementation of the operations envisaged under paragraph 1. The strategy shall include a critical assessment of the existing training structures, an analysis of the training needs and objectives. It shall also establish a set of criteria for the selection of training providers. A description of the training strategy shall be included in the programme.]

#### Textual Amendments

- F1** Substituted by [Commission Regulation \(EU\) No 80/2010 of 28 January 2010 amending Regulation \(EC\) No 718/2007 implementing Council Regulation \(EC\) No 1085/2006 establishing an instrument for pre-accession assistance \(IPA\)](#).

### Section 6

#### Technical assistance

#### Article 182

#### Scope and implementation

1 Assistance may be granted for activities related to the preparation, monitoring, evaluation, information and control activities which are necessary for the implementation of the programme. These activities shall include in particular:

- a meetings and other activities necessary to discharge the responsibilities of the sectoral monitoring committee for this component, such as studies contracted and realised via expert assistance;
- b information and publicity campaigns;
- c translation and interpretation at the request of the Commission, not including those required pursuant to the application of the framework, sectoral and financing agreements;
- d visits and seminars;
- e activities related to the preparation of measures in the programme to ensure their effectiveness, including those measures whose application is foreseen at a later stage;
- f the interim evaluation of the programme;
- g the establishment and operation of a national network to coordinate activities developed under Article 178 as well as of a future national rural development network consistent with Article 68 of Council Regulation (EC) No 1698/2005.

[<sup>F12</sup> The sectoral monitoring committee for this component shall be consulted on the technical assistance activities. It shall approve each year an annual action plan for the implementation of technical assistance activities.]

3 Each visit and seminar referred to in paragraph 1(d) not made at the initiative of the Commission shall require the submission of a written report to the sectoral monitoring committee for this component.



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**Textual Amendments**

- F1** Substituted by [Commission Regulation \(EU\) No 80/2010 of 28 January 2010 amending Regulation \(EC\) No 718/2007 implementing Council Regulation \(EC\) No 1085/2006 establishing an instrument for pre-accession assistance \(IPA\)](#).

*Article 183*

**European Network for Rural Development**

Beneficiary countries and organisations established in the beneficiary countries and administrations of beneficiary countries active in the field of rural development shall have access to the European Network for Rural Development established by Article 67 of Council Regulation (CE) No 1698/2005. Relevant detailed provisions shall be agreed with beneficiary countries.

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- (1) OJ L 277, 21.10.2005, p. 1.
- (2) OJ L 375, 31.12.1991, p. 1.

**Changes to legislation:**

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