

Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005

REGULATION (EU) No 1305/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 17 December 2013

on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 42 and Article 43(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the Court of Auditors,

Having regard to the opinion of the European Economic and Social Committee,

Having regard to the opinion of the Committee of the Regions,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled "The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future" set out the potential challenges, objectives and orientations for the common agricultural policy ("the CAP") after 2013. In the light of the debate on that Communication, the CAP should be reformed with effect from 1 January 2014. That reform should cover all the main instruments of the CAP, including Council Regulation (EC) No 1698/2005<sup>(1)</sup>. In view of the scope of the reform, it is appropriate to repeal Regulation (EC) No 1698/2005 and to replace it with a new text.
- (2) A rural development policy should be established to accompany and complement direct payments and market measures of the CAP and thereby to contribute to that policy's objectives as laid down in the Treaty on the Functioning of the European Union ("TFEU"). Such rural development policy should also integrate the major policy objectives set out in the Communication from the Commission of 3 March 2010 entitled "Europe 2020 - A strategy for smart, sustainable and inclusive growth" ("the Europe 2020 Strategy") and should be coherent with the general objectives for the economic and social cohesion policy, as set out in the TFEU.

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- (3) Since the objective of this Regulation, namely rural development, cannot be sufficiently achieved by the Member States, given the links between rural development and the other instruments of the CAP, the extent of the disparities that exist between the various rural areas and the limits on the financial resources of the Member States in an enlarged Union but can rather, by reason of the multi-annual guarantee of Union finance and by concentrating on its priorities, be better achieved at Union level. the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union ("TEU"). In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective.
- (4) To ensure the sustainable development of rural areas, it is necessary to focus on a limited number of core priorities relating to knowledge transfer and innovation in agriculture, forestry and rural areas, to farm viability, to the competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests, to the organisation of the food chain, including the processing and marketing of agricultural products, to animal welfare, to risk management in agriculture, restoring, preserving and enhancing ecosystems that are related to agriculture and forestry, to the promotion of resource efficiency and the shift towards a low carbon economy in the agricultural, food and forestry sectors, and to promoting social inclusion, poverty reduction in and the economic development of rural areas. In doing so, account should be taken of the diversity of the situations that affect rural areas with different characteristics or different categories of potential beneficiaries and of the cross-cutting objectives of innovation, environment and climate change mitigation and adaptation. Mitigation action should relate both to limiting emissions in agriculture and forestry from key activities such as livestock production, fertilizer use and to preserving carbon sinks and enhancing carbon sequestration with regard to land use, land use change and the forestry sector. The Union priority for rural development relating to knowledge transfer and innovation in agriculture, forestry and rural areas should apply horizontally in relation to the other Union priorities for rural development.
- (5) The Union's priorities for rural development should be pursued in the framework of sustainable development and the Union's promotion of the aim of protecting and improving the environment, as set out in Article 11 TFEU, taking into account the polluter pays principle. The Member States should, provide information on the support for climate change objectives in line with the ambition to devote at least 20 % of the Union budget to this end using a methodology adopted by the Commission.
- (6) The activities of the European Agricultural Fund for Rural Development ("the EAFRD") and the operations to which it contributes should be consistent and compatible with support from other instruments of the CAP.
- (7) In order to ensure the immediate start and efficient implementation of rural development programmes, support from the EAFRD should be based on the existence of administrative framework conditions that are sound. Member States should therefore assess the applicability and fulfilment of certain ex ante conditionalities. Each Member State should prepare either a national rural development programme for its entire

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territory or a set of regional programmes or both a national programme and a set of regional programmes. Each programme should identify a strategy for meeting targets in relation to the Union priorities for rural development and a selection of measures. Programming should comply with Union priorities for rural development, whilst at the same time adapting to national contexts and complementing the other Union policies, in particular the agricultural market policy, the cohesion policy and the common fisheries policy. Member States which opt for preparing a set of regional programmes should also be able to prepare a national framework, without a separate budgetary allocation, in order to facilitate co-ordination among the regions in addressing nation-wide challenges.

- (8) Member States should be able to include in their rural development programmes thematic sub-programmes to address specific needs in areas of particular importance to them. Thematic sub-programmes should concern, among others, young farmers, small farms, mountain areas, the creation of short supply chains, women in rural areas and climate change mitigation and adaptation and biodiversity. Thematic sub-programmes should also be used to provide for the possibility to contribute to the restructuring of agricultural sectors which have a strong impact on the development of rural areas. As a means of increasing the efficient intervention of certain thematic sub-programmes Member States should be allowed to provide for higher support rates for certain operations covered by those thematic sub-programmes.
- (9) Rural development programmes should identify the needs of the area covered and describe a coherent strategy to meet them in the light of the Union priorities for rural development. That strategy should be based on the setting of targets. The links between the needs identified, the targets set and the choice of measures selected to meet them should be established. Rural development programmes should also contain all the information required to assess their conformity with the requirements of this Regulation.
- (10) Targets are to be established in rural development programmes against a common set of target indicators for all Member States and where necessary, against programme specific indicators. In order to facilitate this exercise the areas covered by these indicators should be defined, in line with the Union priorities for rural development. Given the horizontal application of the Union priority for rural development relating to knowledge transfer in agriculture and forestry, interventions under this priority are to be considered as instrumental to the target indicators defined for the remaining Union priorities.
- (11) It is necessary to establish certain rules for programming and revising rural development programmes. A simplified procedure should be provided for revisions that do not affect the strategy of the programmes or the respective Union financial contributions.
- (12) The evolution and specialisation of agriculture and forestry and the particular challenges faced by micro and small and medium-sized enterprises ("SMEs") in rural areas require an appropriate level of technical and economic training as well as an increased capacity to access and exchange knowledge and information including through the diffusion of best agricultural and forestry production practices. Knowledge transfer and information actions should not only take the form of traditional training courses but should also

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be adapted to the needs of rural actors. Workshops, coaching, demonstration activities, information actions and also short-term farm and forest-exchange schemes and visits should therefore also be supported. The knowledge and information acquired should enable farmers, forest holders, persons engaged in the food sector and rural SMEs to, in particular, enhance their competitiveness and resource efficiency and improve their environmental performance while at the same time contributing to the sustainability of the rural economy. When providing support to SMEs, Member States have the possibility to give priority to SMEs linked to the agriculture and forestry sectors. In order to ensure that knowledge transfer and information actions are effective in delivering these results it should be required that the providers of knowledge transfer services have all the appropriate capabilities.

- (13) Farm advisory services help farmers, young farmers, forest holders, other land managers and SMEs in rural areas to improve the sustainable management and overall performance of their holding or business. Therefore both the setting up of such services and the use of advice by farmers, young farmers, forest holders, other land managers and SMEs should be encouraged. In order to enhance the quality and effectiveness of the advice offered, provision should be made for the minimum qualifications and regular training of advisors. As provided for in Regulation (EU) No 1306/2013 of the European Parliament and of the Council<sup>(2)</sup> farm advisory services should help farmers to assess the performance of their agricultural holding and to identify the necessary improvements as regards the statutory management requirements, good agricultural and environmental conditions, agricultural practices beneficial to the climate and the environment set out in Regulation (EU) No 1307/2013 of the European Parliament and of the Council<sup>(3)</sup> and measures at farm level provided for in the rural development programmes aiming at farm modernisation, competitiveness building, sectoral integration, innovation, market orientation as well as the promotion of entrepreneurship. Farm advisory services should also help farmers to identify the necessary improvements as regards requirements laid down for the implementation of Article 11(3) of Directive 2000/60/EC of the European Parliament and of the Council<sup>(4)</sup> ("the Water Framework Directive"), as well as requirements for the implementation of Article 55 of Regulation (EC) No 1107/2009 of the European Parliament and of the Council<sup>(5)</sup> and Article 14 of Directive 2009/128/EC of the European Parliament and of the Council<sup>(6)</sup>, in particular in relation to the compliance with the general principles of integrated pest management. Where relevant, advice should also cover occupational or safety standards linked to the farm as well as specific advice for farmers setting up for the first time. It should also be possible for advice to cover the setting up by young farmers, the sustainable development of the economic activities of the holding and local processing and marketing issues, linked to the economic, agricultural and environmental performance of the holding or enterprise. Specific advice may also be provided on climate change mitigation and adaptation, biodiversity, the protection of water, the development of short supply chains, organic farming and health aspects of animal husbandry. When providing support to SMEs, Member States have the possibility to give priority to SMEs linked to the agriculture and forestry sectors. Farm management and farm relief services should help farmers improve and facilitate management of their holding.

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- (14) Union or national quality schemes, including farm certification schemes for agricultural products and food, provide consumers with assurances on the quality and characteristics of the product or the production process used as a result of the participation of farmers in such schemes, achieve added value for the products concerned and enhance their market opportunities. Farmers and groups of farmers should therefore be encouraged to participate in those schemes. In order to ensure the effective use of EAFRD resources, support should be limited to active farmers within the meaning of Article 9 of Regulation (EU) No 1307/2013. As it is at the moment of entering into such schemes and in the early years of participation that additional costs and obligations imposed on farmers as a result of their participation are not fully remunerated by the market, support should be provided for new participation and should cover a period of no more than five years. Given the special characteristics of cotton as a farm product, quality schemes for cotton should also be covered. Support should also be made available for information and promotion activities concerning products covered by the quality and certification schemes receiving support pursuant to this Regulation.
- (15) In order to improve the economic and environmental performance of agricultural holdings and rural enterprises, to improve the efficiency of the agricultural products marketing and processing sector, including the setting up of small scale processing and marketing facilities in the context of short supply chains and local markets, to provide infrastructure needed for the development of agriculture and forestry and to support non-remunerative investments necessary to achieve environmental aims, support should be provided for physical investments contributing to these aims. During the 2007-2013 programming period a variety of measures covered different areas of intervention. In the interest of simplification, but also of allowing beneficiaries to design and realise integrated projects with increased added value, a single measure should cover most types of physical investments. Member States should direct the support to farms eligible for aid for investments related to supporting farm viability based on the results of the strengths, weaknesses, opportunities and threats ("SWOT") analysis as a means of better targeting that aid. In order to facilitate the setting up by young farmers for the first time an additional period of eligibility for investments to comply with Union standards can be granted. In order to foster the implementation of new Union standards, investments related to compliance with those standards should be eligible for an additional period after they have become mandatory for the agricultural holding.
- (16) The agricultural sector, more than other sectors, is subject to damage to its productive potential caused by natural disasters, adverse climatic events and catastrophic events. In order to help farm viability and competitiveness in the face of such disasters or events, support should be provided to help farmers restore agricultural potential which has been damaged. Member States should also ensure that no overcompensation of damages occurs as a result of the combination of Union (in particular the risk management measure under this Regulation), national and private compensation schemes.
- (17) For the development of rural areas, the creation and development of new economic activity in the form of new farms, the diversification into non-agricultural activities including the provision of services to agriculture and forestry, activities related to

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health care, social integration and tourist activities are essential. It is also possible for diversification into non-agricultural activities to address the sustainable management of cynegetic resources. A farm and business development measure should facilitate the initial establishment of young farmers and the structural adjustment of their agricultural holding after the initial setting up. Furthermore, diversification of farmers into non-agricultural activities and the setting up and development of non-agricultural SMEs in rural areas should be promoted. That measure should also encourage entrepreneurship of women in rural areas. The development of small farms, which are potentially economically viable should also be encouraged. In order to ensure the viability of new economic activities supported under that measure, support should be made conditional on the submission of a business plan. Support for a business start up should cover only the initial period of the life of such a business and should not become an operating aid. Therefore, where Member States opt to grant aid in instalments, such instalments should be made over a period of no more than five years. In addition, in order to encourage the restructuring of the agricultural sector, support, in the form of annual or one-off payments, should be provided for farmers eligible for the small farmers scheme established by Title V of Regulation (EU) No 1307/2013 ("the small farmer's scheme") who commit to transfer their entire holding and the corresponding payment entitlements to another farmer.

In order to address problems of young farmers related to access to land Member States are also able to offer this support in combination with other forms of support, for example, through the use of financial instruments.

- (18) SMEs are the backbone of the rural economy of the Union. Farm and non-agricultural business development should be aimed at employment promotion and the setting up of quality jobs in rural areas, the maintenance of existing jobs, the reduction of seasonality fluctuations in employment, the development of non-agricultural sectors outside agriculture and agricultural and food processing. At the same time it should foster business integration and local inter-sectoral links. Projects that bring together agriculture and, rural tourism through the promotion of sustainable and responsible tourism in rural areas, and natural and cultural heritage should be encouraged as well as renewable energy investments.
- (19) The development of local infrastructure and local basic services in rural areas, including leisure and culture services, the renewal of villages and activities aimed at the restoration and upgrading of the cultural and natural heritage of villages and rural landscapes is an essential element of any effort to realise the growth potential and to promote the sustainability of rural areas. Support should therefore be granted to operations with that aim, including access to Information and Communication Technologies and the development of fast and ultra-fast broadband. In line with those objectives, the development of services and infrastructure leading to social inclusion and reversing trends of social and economic decline and depopulation of rural areas should be encouraged. In order to achieve the maximum effectiveness of such support, covered operations should be implemented in accordance with plans for the development of municipalities and their basic services, where such plans exist, elaborated by one or more rural communes. In order to create synergies and

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to improve co-operation, operations should also, where relevant, promote rural-urban links. Member States have the possibility to give priority to investments by community-led local development partnerships, and to projects managed by local community organisations.

- (20) Forestry is an integral part of rural development and support for sustainable and climate friendly land use should include forest area development and sustainable management of forests. During the 2007-2013 programming period, a variety of measures covered different types of support for forestry investments and management. In the interests of simplification and of allowing beneficiaries to design and realise integrated projects with increased added value, a single measure should cover all types of support for forestry investments and management. [X<sup>1</sup>That measure should cover the extension and improvement of forest resources through the afforestation of land and the creation of agroforestry systems combining extensive agriculture with forestry systems. It should also cover the restoration of forests damaged by fire or other natural disasters and catastrophic events and relevant prevention measures; investments in forestry technologies and in the processing; the mobilising and marketing of forest products aimed at improving the economic and environmental performance of forest holdings;] and non- remunerative investments which improve ecosystem and climate resilience and environmental value of forest ecosystems. Support should not distort competition and should be market neutral. As a result, limitations relating to the size and legal status of beneficiaries should be imposed. Preventive actions against fires should be undertaken in areas classified by Member States as medium or high fire risk. All preventive actions should be part of a forest protection plan. In the case of an action undertaken for the restoration of damaged forest potential, the occurrence of a natural disaster should be subject to formal recognition by a scientific public organisation. The forestry measure should be adopted in the light of undertakings given by the Union and Member States at international level, and should be based on Member States' national or sub-national forest plans or equivalent instruments which should take into account the commitments made in the Ministerial Conferences on the Protection of Forests in Europe. It should contribute to the implementation of the Union Forest Strategy in line with the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled "A new EU Forest Strategy: for forests and the forest-based sector".
- (21) Producer groups and organisations help farmers to face together the challenges posed by increased competition and consolidation of downstream markets in relation to the marketing of their products including in local markets. The setting up of producer groups and organisations should therefore be encouraged. In order to ensure the best use of limited financial resources only producer groups and organisations that qualify as SMEs should benefit from support. Member States have the possibility to give priority to producer groups and organisations of quality products covered by the measure on quality schemes for agricultural products and foodstuffs in this Regulation. In order to ensure that the producer group or organisation becomes a viable entity, a business plan should be submitted to the Member States, as a condition for granting support

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to a producer group or organisation. In order to avoid providing operating aid and in order to maintain the incentive role of the support, the maximum duration of the support should be limited to five years from the date of recognition of the producer group or organisation on the basis of its business plan.

- (22) Agri-environment-climate payments should continue to play a prominent role in supporting the sustainable development of rural areas and in responding to society's increasing demands for environmental services. They should further encourage farmers and other land managers to serve society as a whole by introducing or continuing to apply agricultural practices that contribute to climate change mitigation and adaptation and that are compatible with the protection and improvement of the environment, the landscape and its features, natural resources, and the soil and genetic diversity. In that context the conservation of genetic resources in agriculture and the additional needs of farming systems that are of high nature value should be given specific attention. Payments should contribute to covering additional costs and income foregone resulting from the commitments undertaken and should only cover commitments going beyond relevant mandatory standards and requirements, in accordance with the "polluter pays principle". Member States should also ensure that payments to farmers do not lead to double funding under this Regulation and Regulation (EU) No 1307/2013. In many situations the synergies resulting from commitments undertaken jointly by a group of farmers multiply the environmental and climate benefit. However, joint actions involve additional transaction costs which should be compensated adequately. In addition, in order to ensure that farmers and other land managers are in a position to correctly implement the commitments they have undertaken, Member States should endeavour to provide them with the required skills and knowledge.

Member States should maintain the level of efforts made during the 2007-2013 programming period and should be required to spend a minimum of 30 % of the total contribution from the EAFRD to each rural development programme on climate change mitigation and adaptation as well as environmental issues. Such spending should be made through agri-environment-climate and organic farming payments and payments to areas facing natural or other specific constraints, through payments for forestry, payments for Natura 2000 areas and climate and environment-related investment support.

- (23) Payments to farmers for the converting to, or maintaining, organic farming should encourage them to participate in such schemes thereby responding to the increasing demand of society for the use of environmentally friendly farm practices and for high standards of animal welfare. In order to increase synergy in biodiversity, benefits delivered by the organic farming measure, collective contracts or co-operation between farmers should be encouraged to cover larger, adjacent areas. In order to avoid a large-scale return by farmers to conventional farming support should be given to both conversion and maintenance measures. Payments should contribute to covering additional costs incurred and income foregone as a result of the commitment and should cover only commitments that go beyond relevant mandatory standards and requirements. [X<sup>1</sup>Member States should also ensure that payments to farmers do not lead to double funding under this Regulation and Regulation (EU) No 1307/2013.] In order

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to ensure the effective use of EAFRD resources, support should be limited to active farmers within the meaning of Article 9 of Regulation (EU) No 1307/2013.

- (24) Support should continue to be granted to farmers and forest holders to help address specific disadvantages in the areas concerned resulting from the implementation of Directive 2009/147/EC of the European Parliament and of the Council<sup>(7)</sup> and Council Directive 92/43/EEC<sup>(8)</sup> and in order to contribute to the effective management of Natura 2000 sites. Support should also be made available to farmers to help address disadvantages in river basin areas resulting from the implementation of the Water Framework Directive. Support should be linked to specific requirements described in the rural development programme that go beyond relevant mandatory standards and requirements. Member States should also ensure that payments to farmers do not lead to double funding under this Regulation and Regulation (EU) No 1307/2013. Furthermore, the specific needs of Natura 2000 areas should be taken into account by Member States in the overall design of their rural development programmes.
- (25) Payments to farmers in mountain areas or in other areas facing natural or other specific constraints should, by encouraging continued use of agricultural land, contribute to maintaining the countryside as well as to maintaining and promoting sustainable farming systems. In order to ensure the efficiency of such support, payments should compensate farmers for income foregone and additional costs linked to the disadvantage of the area concerned. In order to ensure the effective use of EAFRD resources, support should be limited to active farmers within the meaning of Article 9 of Regulation (EU) No 1307/2013.
- (26) In order to ensure the efficient use of Union funds and equal treatment for farmers across the Union, mountain areas and areas facing natural or other specific constraints should be defined in accordance with objective criteria. In the case of areas facing natural constraints, those criteria should be bio-physical and underpinned by robust scientific evidence. Transitional arrangements should be adopted in order to facilitate the phasing-out of payments in areas that, as a result of the application of these criteria, will no longer be considered to be areas facing natural constraints.
- (27) Farmers should continue to be encouraged to adopt high standards of animal welfare by providing support for farmers who undertake to adopt standards of animal husbandry, which go beyond the relevant mandatory standards. In order to ensure the effective use of EAFRD resources, support should be limited to active farmers within the meaning of Article 9 of Regulation (EU) 1307/2013.
- (28) Payments should continue to be granted to forest holders who provide environment-friendly or climate-friendly forest conservation services by undertaking commitments to enhance biodiversity, preserve high-value forest ecosystems, improve their climate change mitigation and adaptation potential, and reinforce the protective value of forests with respect to soil erosion, maintenance of water resources and natural hazards. In that context, specific attention should be paid to the conservation and promotion of forest genetic resources. Payments should be granted for forest environmental commitments going beyond relevant mandatory standards established by national law.

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- (29) During the 2007-2013 programming period the only type of co-operation which was explicitly supported under rural development policy was co-operation for the development of new products, processes and technologies in the agriculture and food sector and the forestry sector. Support for that type of co-operation is still necessary but should be adapted in order to better meet the requirements of the knowledge economy. In that context, there should be the possibility for projects by a single operator to be financed under that measure, on condition that the results obtained are disseminated, thus achieving the aim of diffusing new practices, processes or products. In addition, it has become clear that supporting a much broader range of types of co-operation, with a wider range of beneficiaries, from smaller operators to larger ones, can contribute to achieving the objectives of rural development policy by helping operators in rural areas overcome the economic, environmental and other disadvantages of fragmentation. Therefore, that measure should be widened. Support to small operators for organising joint work processes and sharing facilities and resources should help them to be economically viable despite their small scale. Support for horizontal and vertical co-operation among actors in the supply chain, as well as for promotion activities in a local context, should catalyse the economically rational development of short supply chains, local markets and local food chains. Support for joint approaches to environmental projects and practices should help to produce greater and more consistent environmental and climate benefits than those which can be delivered by individual operators acting without reference to others (for example, through practices applied on larger, unbroken areas of land).

Support should be provided in various forms. Clusters and networks are particularly relevant to the sharing of expertise as well as the development of new and specialised expertise, services and products. Pilot projects are important tools for testing the commercial applicability of technologies, techniques and practices in different contexts, and adapting them where necessary. Operational groups are a pivotal element of the European Innovation Partnership ("EIP") for agricultural productivity and sustainability. Another important tool lies in local development strategies operating outside the framework of LEADER local development – between public and private actors from rural and urban areas. Unlike under the LEADER approach, it is possible for such partnerships and strategies to be limited to one sector or to relatively specific development aims, including those mentioned above. Member States have the possibility to give priority to co-operation among entities involving primary producers. Inter-branch organisations should also be eligible for support under this measure. Such support should be limited to a period of seven years except for collective environmental and climate action in duly justified cases.

- (30) Nowadays, farmers are exposed to increasing economic and environmental risks as a consequence of climate change and increased price volatility. In this context, the effective management of risks has an increased importance for farmers. Consequently, a risk management measure should be set up to assist farmers in addressing the most common risks faced by them. That measure should therefore help farmers to cover the premiums they pay for crop, animal and plant insurance as well as help with the setting up of mutual funds and the compensation paid by such funds to farmers for

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losses suffered as a result of adverse climatic events, the outbreak of animal or plant diseases, pest infestation or environmental incidents. It should also include an income stabilisation tool in the form of a mutual fund to support farmers facing a severe drop in their incomes. In order to ensure that farmers receive equal treatment across the Union, that competition is not distorted and that the international obligations of the Union are respected, specific conditions should be provided for the granting of support under these measures. In order to ensure the effective use of EAFRD resources, support should be limited to active farmers within the meaning of Article 9 of Regulation (EU) No 1307/2013.

- (31) The LEADER approach for local development has, over a number of years, proven its effectiveness in promoting the development of rural areas by fully taking into account the multi-sectoral needs for endogenous rural development through its bottom-up approach. LEADER should therefore be continued in the future and its application should remain compulsory for rural development programmes at national and/or regional level.
- (32) Support for LEADER local development from the EAFRD should also cover inter-territorial co-operation projects between groups within a Member State or transnational co-operation projects between groups in several Member States or co-operation projects between groups in Member States and in third countries.
- (33) In order to enable partners in rural areas who do not yet apply LEADER to test and prepare for the design and implementation of a local development strategy, a "LEADER start-up kit" should also be financed. Support should not be conditional on the submission of a local development strategy.
- (34) Investments are common to many of the rural development measures under this Regulation and may relate to operations of a very diverse nature. In order to ensure clarity in the implementation of those operations certain common rules for all investments should be laid down. Those common rules should define the types of expenditure that may be considered to be investment expenditure and should ensure that only such investments that create new value in agriculture receive support. In order to facilitate the implementation of investment projects Member States should have the possibility to pay advances. To ensure the effectiveness, fairness and sustainable impact of EAFRD assistance, rules should be laid down to ensure that investments related to operations are durable and that EAFRD support is not used to distort competition.
- (35) It should be possible for the EAFRD to support investments in irrigation to provide economic and environmental benefits, provided that the sustainability of the irrigation concerned is ensured. Consequently, in every case, support should be granted only if a river basin management plan is in place in the area concerned as required by the Water Framework Directive, and if there is already water metering in place at the level of the investment or it is put in place as part of the investment. Investments in improvements to existing irrigation infrastructure or equipment should lead to a minimum gain in terms of water efficiency, expressed as a potential water saving. If the water body affected by the investment is under stress for reasons related to water quantity as set out in the analytical framework established by the Water Framework

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Directive, half of the gain in terms of water efficiency should be translated into a real reduction in water use at the level of the supported investment, in order to reduce the stress on the water body concerned. Certain cases should be set out in which it is not possible or necessary for the requirements of potential or effective water savings to apply, including those concerning investments in recycling or re-using water. In addition to supporting investments in improvements to existing equipment provision should be made for the EAFRD to support investments in new irrigation subject to the findings of an environmental analysis. With certain exceptions, support should, however, not be granted for new irrigation where the affected water body is already under stress, in view of the very high risk that granting support in such circumstances would worsen existing environmental problems.

- (36) Certain area-related measures under this Regulation require beneficiaries to undertake commitments for at least five years. During that period, it is possible that changes occur to the situation of either the holding or of the beneficiary. Rules should therefore be laid down in order to determine what should happen in such cases.
- (37) Certain measures under this Regulation make support conditional upon beneficiaries undertake commitments that go beyond a relevant baseline defined in terms of mandatory standards or requirements. In view of possible changes to the law during the period of the commitments resulting in the modification of the baseline, provision should be made the contracts concerned to be revised in order to ensure continued compliance with that condition.
- (38) In order to ensure that financial resources for rural development are used in the best possible way and to target measures under rural development programmes in accordance with the Union priorities for rural development and in order to guarantee equal treatment of applicants, Member States should establish selection criteria for the selection of projects. Exception to this rule should be made only for payments under agri-environmental-climate, organic farming, Natura 2000 and the Water Framework Directive, areas facing natural or other specific constraints, animal welfare, forest-environmental and climate services and risk management related measures. When applying the selection criteria the size of the operation should be taken into account in accordance with the principle of proportionality.
- (39) The EAFRD should support, through technical assistance, actions relating to the implementation of rural development programmes, including the costs related to the protection of symbols and abbreviations relating to Union quality schemes for participation in which support may be granted under this Regulation and costs of the Member States for the delimitation of areas facing natural constraints.
- (40) The networking of national networks, organisations and administrations involved in the various stages of programme implementation, organised in the context of the European network for rural development, has proven that it can play a very important role in improving the quality of rural development programmes by increasing the involvement of stakeholders in the governance of rural development as well as in informing the broader public of its benefits. It should, therefore, be financed as part of technical assistance at Union level. To take account of the specific needs of evaluation, a

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European evaluation capacity for rural development should be set up as part of the European network for rural development in order to bring together all actors involved and thereby to facilitate the exchange of expertise in the field.

- (41) The EIP for agricultural productivity and sustainability should contribute to the achievement of the Europe 2020 objectives of smart, sustainable and inclusive growth. It is important that it brings together all relevant actors at Union, national and regional levels, presenting new ideas to Member States on how to streamline, simplify and better coordinate existing instruments and initiatives and complement them with new actions where necessary.
- (42) In order to contribute to the achievement of the aims of the EIP for agricultural productivity and sustainability a EIP network should be set up in order to network operational groups, advisory services and researchers involved in the implementation of actions targeting innovation in agriculture. It should be financed as part of technical assistance at Union level.
- (43) Member States should reserve a portion of the total amount of each rural development programme devoted to technical assistance in order to finance the setting up and operation of a national rural network that brings together organisations and administrations involved in rural development, including the EIP, with the aim of increasing their involvement in the implementation of the programme and improving the quality of rural development programmes. To this end, national rural networks should prepare and implement an action plan.
- (44) Rural development programmes should provide for innovative actions promoting a resource-efficient, productive and low-emission agricultural sector, with the support of the EIP for agricultural productivity and sustainability. The EIP should aim to promote a faster and wider transposition of innovative solutions into practice. The EIP should create added value by enhancing the uptake and effectiveness of innovation-related instruments and enhancing synergies between them. The EIP should fill gaps by better linking research and practical farming.
- [<sup>X1</sup>(45) The implementation of innovative projects in the context of the EIP for agricultural productivity and sustainability should be undertaken by operational groups that bring together farmers, forest managers, rural communities, researchers, NGOs, advisors, businesses and other actors concerned by innovation in the agricultural sector. In order to ensure that the results of such projects benefit the sector as a whole, those results in the field of innovation and knowledge exchanges within the Union and with third countries should be disseminated.]
- (46) Provision should be made for the determination of the total amount of Union support for rural development under this Regulation for the period from 1 January 2014 to 31 December 2020, in accordance with the Multi-annual Financial Framework for the period 2014 to 2020. The appropriations available should be indexed on a flat-rate basis for programming.
- (47) In order to facilitate the management of EAFRD funds, a single contribution rate for support from the EAFRD to rural development programming should be set in relation

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to public expenditure in the Member States. In order to take account of their particular importance or nature, specific contribution rates should be set in relation to certain types of operations. In order to mitigate the specific constraints resulting from the level of development the remoteness and insularity, an appropriate EAFRD contribution rate should be set for less developed regions, the outermost regions referred to in the TFEU and the smaller Aegean islands, as well as transition regions.

- (48) Member States should take all steps necessary to ensure that their rural development measures are verifiable and controllable, including putting in place adequate provisions. To that end, the Managing Authority and Paying Agency should provide an ex ante assessment and undertake to assess measures throughout the implementation of the programme. Measures that do not comply with that condition should be adjusted.
- (49) The Commission and Member States should take all steps necessary to ensure the sound management of rural development programmes. In this context the Commission should carry out adequate measures and controls and the Member States should take measures to guarantee the sound functioning of their management systems.
- (50) A single Managing Authority should be responsible for the management and implementation of each rural development programme. Its duties should be specified in this Regulation. The Managing Authority should be able to delegate part of its duties whilst retaining responsibility for the efficiency and correctness of management. Where a rural development programme contains thematic sub-programmes the Managing Authority should be able to designate another body to carry out the management and implementation of that sub-programme in relation to the financial allocations that have been identified for it in the programme whilst ensuring sound financial management of those sub-programmes. Where a Member State has more than one programme to manage, a coordination body can be set up to ensure consistency.
- (51) Each rural development programme should be subject to regular monitoring of the implementation of the programme and of progress towards the established targets of the programme. Since demonstrating and improving the impact and effectiveness of actions under the EAFRD also depends on appropriate evaluation during the preparation and implementation of a programme and its completion, a monitoring and evaluation system should be set up jointly by the Commission and the Member States with the purpose of demonstrating the progress and assessing the impact and efficiency of rural development policy implementation.
- (52) In order to ensure that information can be aggregated at Union level, a set of common indicators should form part of that monitoring and evaluation system. Key information on the implementation of rural development programmes should be recorded and maintained electronically as a means to facilitate data aggregation. Beneficiaries should therefore be required to provide the minimum necessary information that is needed for monitoring and evaluation.
- (53) The responsibility for monitoring the programme should be shared between the Managing Authority and a Monitoring Committee set up for that purpose. The Monitoring Committee should be responsible for the monitoring of the effectiveness

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of the implementation of the programme. To that end, its responsibilities should be specified.

- (54) The monitoring of the programme should involve the drawing up of an annual implementation report to be sent to the Commission.
- (55) In order to improve its quality and demonstrate its achievements, each rural development programme should be subject to evaluation.
- (56) Articles 107, 108 and 109 TFEU should apply to the support for the rural development measures under this Regulation. Nevertheless, given the specific characteristics of the agricultural sector, those TFEU provisions should not apply to rural development measures concerning operations falling within the scope of Article 42 TFEU, that are carried out under and in conformity with this Regulation or to payments made by Member States, intended to provide additional national financing for rural development operations for which Union support is granted and which fall within the scope of Article 42 TFEU.
- (57) Moreover, with a view to ensuring consistency with the rural development measures eligible for Union support and in order to simplify procedures, payments made by the Member States, intended to provide additional national financing for rural development operations for which Union support is granted and which fall within the scope of Article 42 TFEU, should be included in the rural development programme for assessment and approval in accordance with the provisions of this Regulation. In order to ensure that additional national financing is not implemented unless it has been authorised by the Commission, the Member State concerned should be precluded from putting its proposed additional financing for rural development into effect until it has been approved. Payments made by Member States intended to provide additional national financing for rural development operations for which Union support is granted and which fall outside the scope of Article 42 TFEU should be notified to the Commission pursuant to Article 108(3) TFEU, unless they fall under a regulation, adopted pursuant to Council Regulation 994/98<sup>(9)</sup>, and Member States should be precluded from putting them into effect until that notification procedure has resulted in a final approval by the Commission.
- (58) In order to provide an efficient and secure exchange of data of common interest as well as to record, maintain and manage key information and report on monitoring and evaluation, an electronic information system should be established.
- (59) Union law on the protection of individuals with regard to the processing of personal data and on the free movement of such data, in particular Directive 95/46/EC of the European Parliament and of the Council<sup>(10)</sup> and Regulation (EC) No 45/2001 of the European Parliament and of the Council<sup>(11)</sup> should apply.
- (60) In order to supplement or amend certain non-essential elements of this Regulation, the power to adopt delegated acts in accordance with Article 290 TFEU should be delegated to the Commission. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure

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a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.

- (61) That empowerment should cover: the conditions under which a legal person is considered to be a young farmer and the setting of a period of grace for the acquisition of skills; the duration and content of farm and forest exchange schemes and farm and forest visits. [X<sup>1</sup>It should also cover: the specific Union schemes under Article 16(1)(a) and the characteristics of groups of producers and types of actions that may receive support under paragraph 2 of Article 16, as well as the setting of conditions to prevent distortion of competition to prevent discrimination against products and to exclude commercial brands from support.]
- (62) In addition, that empowerment should cover: the minimum content of business plans and the criteria to be used by Member states for setting the thresholds referred to in Article 19(4); the definition and the minimum environmental requirements for afforestation and the creation of woodland; the conditions applicable to agri-environment-climate commitments to extensify livestock farming, rear local breeds in danger of being lost to farming or preserve plant genetic resources under threat of genetic erosion, as well as the definition of eligible operations for the conservation and for the sustainable use and development of genetic resources. It should also cover: the calculation method to be used in order to avoid double funding of the practices referred to in Article 43 of Regulation (EU) No 1307/2013 for the agri-environment-climate, organic farming, measures under Natura 2000 and measures under the Water Framework Directive; the definition of the areas in which animal welfare commitments shall provide upgraded standards of production methods; the type of operations eligible for support under the conservation and promotion of forest genetic resources; the specification of the characteristics of pilot projects, clusters, networks, short supply chains and local markets that will be eligible for support under the co-operation measure, as well as the conditions for granting aid to the types of operation listed under that measure.
- (63) Furthermore, that empowerment should cover: the minimum and maximum duration of commercial loans to mutual funds under the risk management measure under this Regulation; the conditions under which costs related to leasing contracts or second hand equipment may be considered as eligible investment expenditure, as well as the definition of types of renewable energy infrastructure eligible for investment; the conditions applicable to conversion or adjustment of commitments under the measures referred to in Articles 28, 29, 33 and 34, as well as the definition of other situations in which reimbursement of the aid shall not be required. It should also cover: the review of the ceilings set out in Annex I; the conditions under which support approved by the Commission under Regulation (EC) No 1698/2005 may be integrated into support provided for under this Regulation, including for technical assistance and for the ex-post evaluations, in order to facilitate a smooth transition from the system established by Regulation (EC) No 1698/2005 to the system established by this Regulation. In order to take account of the Treaty of Accession of the Republic of Croatia those delegated acts should also cover, for Croatia, the transition from support for rural development under Council Regulation (EC) No 1085/2006<sup>(12)</sup>, where necessary.

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- (64) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission, in relation to the content of rural development programmes and national frameworks, the approval of programmes and of modifications thereto, the procedures and timetables for approval of programmes, the procedures and timetables for the approval of modifications to programmes and to national frameworks, including their entry in to force and frequency of submission, the rules on payment methods for participants' costs for knowledge transfer and information actions, specific conditions for the implementation of rural development measures, the structure and operation of networks set up by this Regulation, the information and publicity requirements, the adoption of the monitoring and evaluation system and the rules for the operation of the information system, and the rules concerning the presentation of the annual implementation reports. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and the Council<sup>(13)</sup>.
- (65) The European Data Protection Supervisor was consulted and adopted an opinion on 14 December 2011<sup>(14)</sup>.
- (66) Due to the urgency of preparing the smooth implementation of the measures envisaged, this Regulation should enter into force on the day of its publication in the *Official Journal of the European Union*.
- (67) The new support scheme provided for by this Regulation replaces the support scheme set up by Regulation (EC) No 1698/2005. Regulation (EC) No 1698/2005 should therefore be repealed,

HAVE ADOPTED THIS REGULATION:

**Editorial Information**

- X1** Substituted by [Corrigendum to Regulation \(EU\) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development \(EAFRD\) and repealing Council Regulation \(EC\) No 1698/2005 \(Official Journal of the European Union L 347 of 20 December 2013\)](#).

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- (1) Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) ([OJ L 277, 21.10.2005, p. 1](#)).
- (2) Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy (See page 549 of this Official Journal).
- (3) Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulations (EC) No 637/2008 and (EC) No 73/2009 (See page 608 of this Official Journal).
- (4) Directive 2000/60/EC of the European Parliament and of the Council establishing a framework for Community action in the field of water policy ([OJ L 327, 22.12.2000, p. 1](#)).
- (5) Regulation (EC) No 1107/2009 of the European Parliament and of the Council of 21 October 2009 concerning the placing of plant protection products on the market and repealing Council Directives 79/117/EEC and 91/414/EEC ([OJ L 309, 24.11.2009, p. 1](#)).
- (6) Directive 2009/128/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for Community action to achieve the sustainable use of pesticides ([OJ L 309, 24.11.2009, p. 71](#)).
- (7) Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds ([OJ L 20, 26.1.2010, p. 7](#)).
- (8) Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora ([OJ L 206, 22.7.1992, p. 7](#)).
- (9) Council Regulation (EC) No 994/98 of 7 May 1998 on the application of Articles 92 and 93 of the Treaty establishing the European Community to certain categories of horizontal State aid ([OJ L 142, 14.5.1998, p. 1](#)).
- (10) Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data ([OJ L 281, 23.11.1995, p. 31](#)).
- (11) Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data ([OJ L 8, 12.1.2001, p. 1](#)).
- (12) Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an instrument for pre-accession assistance (IPA) ([OJ L 170, 29.6.2007, p. 1](#)).
- (13) Regulation (EU) No 182/2011 of the European Parliament and the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by the Member States of the Commission's exercise of implementing powers ([OJ L 55, 28.2.2011, p. 13](#)).
- (14) [OJ C 35, 9.2.2012 p. 1](#).

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