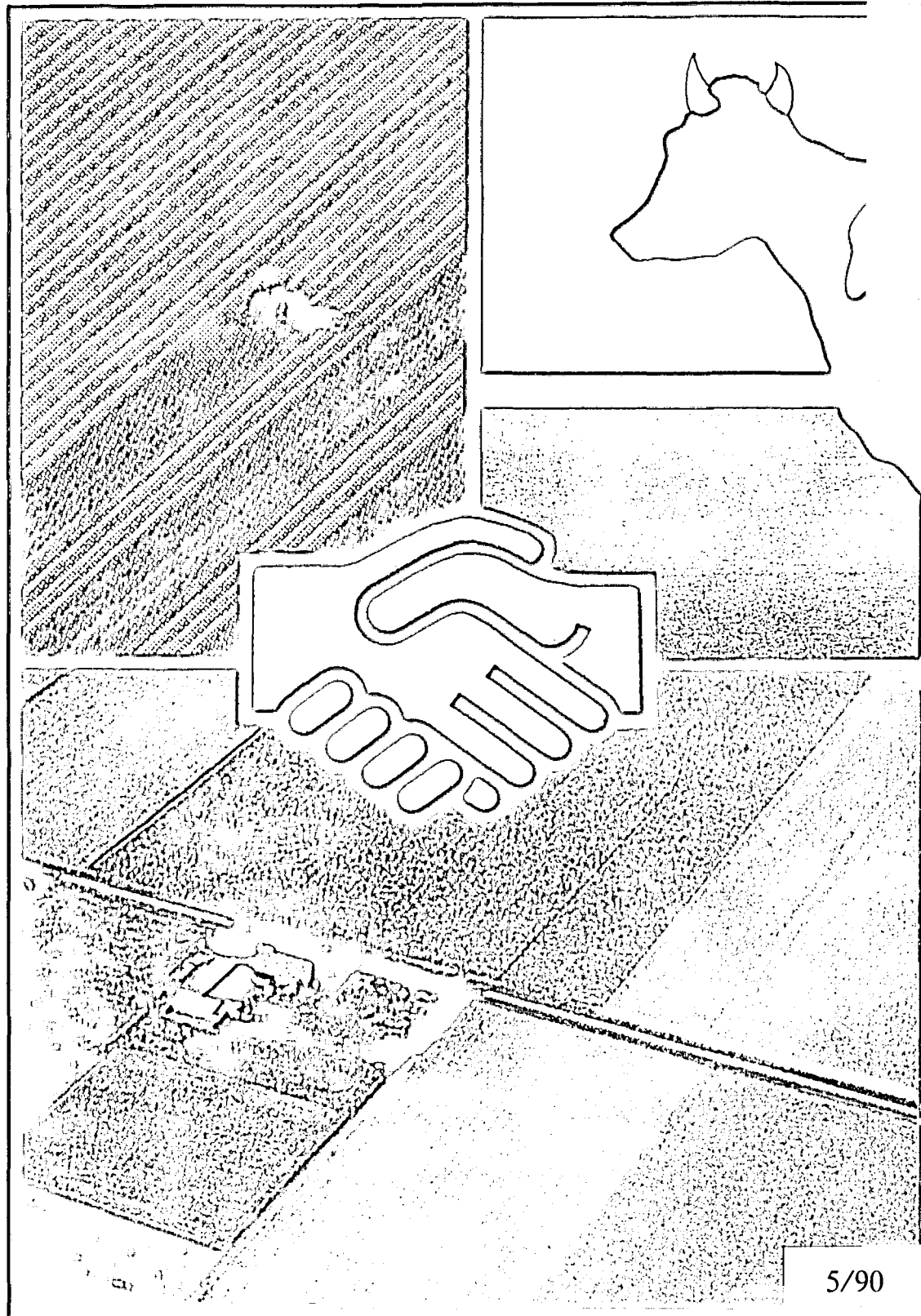




GREEN EUROPE

## agriculture and the reform of the structural funds – vade mecum



**AGRICULTURE AND THE  
REFORM OF THE  
STRUCTURAL FUNDS**

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## 1. INTRODUCTION

Agriculture has changed considerably over more than thirty years. As the years have past, these changes have dictated the development of Community policy on agricultural structures as new approaches have been defined and new measures adopted. This introduction will deal briefly with those changes.

It is becoming increasingly clear that agriculture cannot be taken as an isolated factor: it is a motive force behind rural, and even regional, development. This is why it has been given a place in the sweeping reform of the Community's structural Funds.

The following phases can be seen in the development of agricultural structural policy:

- 1962 to 1972: Coordination of national structural measures. Community activity was limited to coordinating these measures with the agricultural markets policy. There was also piecemeal financing of individual projects to improve agricultural structures (e.g. Regulation (EEC) No 17/64).
- 1972 to 1985: Implementation of a Community structural policy. The financing of individual policies was gradually replaced by Community financial contributions to common measures adopted by the Council. Two broad categories of common measures were undertaken:
  - horizontal measures, i.e. measures applicable in all the Member States, relating to the modernization of holdings (Directive 72/159/EEC), vocational training (Directive 72/161/EEC) and encouragement for early retirement (Directive 72/160/EEC), or the strengthening of processing and marketing structures for agricultural products (Regulation (EEC) No 355/77);
  - regional measures to reduce structural handicaps and improve infrastructures with a view to encouraging agriculture as a whole in certain regions. Examples are the programmes to speed up the restructuring and conversion of winegrowing in certain Mediterranean regions of France (Directive 78/627/EEC) and to speed up and guide collective irrigation operations in the Mezzogiorno (Regulation (EEC) No 1362/78), or the first



integrated programmes for the Scottish islands (Regulation (EEC) No 1939/81), Ireland (Regulation (EEC) No 1820/80), Lozère (Regulation (EEC) No 1940/81) and the less-favoured areas of Belgium (Regulation (EEC) No 1941/81). These measures can be seen as the first generation of regional measures.

- 1985 onwards: The search for a balance between the need to improve competitiveness in European agriculture, the adjustment of production capacity to meet market requirements, environmental protection and the development of backward regions.

Council Regulation (EEC) No 797/85 of 12 March 1985 on improving the efficiency of agricultural structures illustrates this concern.

It includes tried and tested components at the same time as introducing:

- an improved investment aid scheme designed to allow more farmers to improve the competitiveness of their holdings without aggravating the situation in sectors where there is structural overproduction;
- an aid scheme to help young farmers setting up in business;
- the grant of premiums per hectare to farmers undertaking to use methods compatible with environmental protection in areas recognized as sensitive (see Chapter 5).

In addition, the most recent enlargement had a considerable impact on the situation of agricultural structures in the Community, which has had to be taken into account.

It was therefore necessary to strengthen existing measures by means of specific regional measures (see Chapter 6):

- by implementing the IMPs (Integrated Mediterranean Programmes) from 1985, in southern France, part of Italy and Greece;
- by initiating a ten-year specific programme in Portugal to improve agricultural structures;
- by introducing a specific programme in Spain and renewing a similar programme in Ireland for the development of agriculture.

These programmes can be seen as the second generation of regional measures.

- The single market and the reform of the structural Funds:

To the three broad phases described above must now be added a fourth and decisive phase, namely the reform of the structural Funds.

A large-scale measure was necessary to enable the poorer regions and weakest sectors of the economy to share in the benefits of the single market.

This was the Council's intention when it adopted the first Regulation reforming the structural Funds in June 1988.

The promotion of agricultural development (in the context of the reform of the CAP) and, from a broader perspective, the development of backward rural regions is one of the top priority objectives of the reform of the structural Funds.

The reform of the structural Funds implies a change of method. Coordinated operations of the various structural instruments are concentrated in the regions with the most urgent needs, which are generally predominantly rural (see Chapter 2).

Agricultural structural policy is therefore an integral part of this new development strategy, in which it constitutes the agricultural section. Agricultural structural policy throughout the Community continues to be based on the measures provided for in Regulation (EEC) No 797/85, i.e. horizontal measures. The novelty is that in the regions and areas with special difficulties, agricultural structural measures and assistance from the other instruments are mutually supportive. In those regions and areas, in addition to horizontal measures, agricultural structural policy implements measures to maintain the countryside and protect the environment as well as to develop rural and tourism infrastructures and forestry.

The Community's structural instruments and the characteristics and objectives of the reform of the structural Funds are set out in the next chapter.

## 2. THE REFORM OF THE STRUCTURAL FUNDS

### 2.1. THE COMMUNITY'S STRUCTURAL INSTRUMENTS.

The Community has provided for instruments to facilitate structural adjustment in economic sectors and regions which are less well equipped to benefit from the potential of the single market.

There are two types of structural instrument:

- those which give grants;
- those which grant loans.

The most important of the instruments which give grants are the three structural Funds:

- The European Social Fund (ESF), created in 1970 and provided for in the Treaty of Rome, grants aids for the training, recruitment and retraining of workers;
- The European Regional Development Fund (ERDF), created in 1985, seeks to correct regional imbalances by encouraging productive investments and by improving those infrastructures which facilitate economic development;
- the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF), created in 1964, is responsible for assisting the modernization of agricultural structures.

These three large Funds are the backbone of the Community's structural policy. In addition, the fisheries, transport, energy, environmental, research and telecommunications policies finance projects and measures in each of these sectors.

Among the instruments which grant loans are the following:

- The European Investment Bank (EIB).  
This bank grants loans for public and private investments to facilitate regional and industrial development.
- The New Community Instrument (NCI).  
Created in 1970 and last renewed in 1987, this is a financial facility whereby the Commission is empowered to borrow funds on behalf of the European Community and to redistribute them as investment loans. The general objective of the fourth 'tranche' of the NCI, implemented in 1987, was to finance investments by SMEs.
- The instruments based on the Treaties establishing the ECSC and Euratom.

Completion of the single market breathed new life into the structural policies. Under the Single Act, the Member States undertook to coordinate their economic policies with a view to enhancing economic and social cohesion.

The reform of the structural funds is part of this movement; it was given concrete form on 24 June 1988, when the Council adopted the general Regulation<sup>1</sup> on the global reform of the structural Funds. This Regulation defined the new objectives and assigned new tasks to the structural Funds.

On 19 December 1988, the Council adopted the four Regulations coordinating the activities of the structural Funds and specifying their respective fields of action<sup>2</sup>.

One of the most important decisions concerned the doubling of the financial resources of the three Funds, which, over a five-year period, were to be increased from ECU 7 000 million in 1989 to ECU 14 000 million in 1993 (on the basis of the 1988 value of the ecu). In 1993, the financial envelope of the structural Funds should account for more than a quarter of the total budget of the Community.

The reform of the structural Funds entered into force on 1 January 1989. Its main characteristics are:

- the concentration of the activities of the Funds and the other structural instruments on five priority objectives;
- the considerable increase in the financial resources of the structural Funds;
- the definition of new procedures for assistance.

## 2.2. THE FIVE OBJECTIVES.

The five objectives, as they are defined in the reform of the structural Funds, are:

- Objective 1: the development and structural adjustment of the regions whose development is lagging behind.  
In these regions (see 3.1.), the three Funds (ERDF, ESF and EAGGF-Guidance Section) may contribute jointly, as may the EIB, the NCI or the ECSC instrument.
- Objective 2: converting the regions, frontier regions or parts of regions (employment areas, urban communities) seriously affected by industrial decline.  
The ESF and the ERDF may perform their tasks simultaneously, as may the EIB, the NCI or the ECSC instrument.

1 Regulation (EEC) No 2052/88 of 24 June 1988, OJ No L 185.

2 Regulations (EEC) Nos 4252/88 to 4256/88, OJ No L 374.

- Objective 3: combating long-term unemployment affecting persons above the age of 25 and unemployed for more than a year.

- Objective 4: facilitating the occupational integration of young people (below the age of 25).

The ESF is specifically responsible for these two tasks throughout the Community. The EIB, the NCI and the ECSC may also contribute.

- Objective 5: with a view to reform of the common agricultural policy, speeding up the adjustment of agricultural structures (Objective 5(a)) and promoting the development of rural areas (Objective 5(b)).

. Objective 5(a):

The Guidance Section of the EAGGF is to implement all measures to adapt production, marketing and processing structures throughout the Community.

. Objective 5(b):

The three structural Funds are to act jointly in the designated rural areas. The EIB and the NCI may also contribute.

The Commission has always held that, alongside the measures to stabilize the markets and limit agricultural production, a special effort is needed to promote rural development so as to ensure economic diversification in predominantly rural areas and regions.

This strengthening and stimulation of the economic fabric and rural regions are apparent in four of the five objectives selected for the reform of the structural Funds, even though the development of rural areas is only mentioned in Objective 5(b). Most of the regions whose development is lagging behind (referred to in Objective 1) are predominantly rural regions. This means that rural development is an integral part of regional development and the structural adjustment of those regions.

The structural instruments therefore specifically assist rural development under Objective 1 (regions whose development is lagging behind) and Objective 5(b) (rural areas). The measures provided for under these two Objectives constitute, as it were, the third generation of regional measures.

In addition to the regional measures under Objectives 1 and 5(b), Community assistance to rural development is also possible in the context of the horizontal measures under Objective 5(a) and the activities of the ESF (Objectives 3 and 4), which operates throughout the Community and therefore also in rural areas.

### 2.3. NEW PROCEDURES FOR ASSISTANCE.

In its new policy, the Community is concentrating the activities of its structural instruments on the regions, sectors and categories of persons with the greatest needs. It is also attempting to coordinate all these activities with reference to an overall design.

The new procedures for assistance respect the principles of planning, additionality and partnership.

- The "project by project" approach has been replaced by an approach based on planning.
- Community support is granted in response to a regional or national initiative. The Community's financial resources must supplement national aid, i.e. the Community approach is conceived of as complementing corresponding national measures, or as a contribution to these. This is the principle of additionality.
- This new method establishes close collaboration between the Commission, the Member State involved and the competent authorities appointed by it at national, regional or local level. All parties are partners in pursuit of a common goal. This collaboration illustrates the principle of partnership.

The partnership comes into play in the preparation, financing, monitoring and assessment of the measures in accordance with the following procedure:

- (a) The national, regional or other authorities appointed by the Member State draw up development plans for each of the Objectives, following their country's own procedural rules (except in the case of Objective 5(a), for which there is a specific procedure: see 5.1.3).

The regional development plan (RDP) for Objective 1 is generally drawn up for a geographic area corresponding to a region but it could comprise all the regions concerned in a Member State. The plan is accompanied by a description of the measures to be applied for the purpose of attaining Objective 5(a) (see 5.2).

The development plan for rural areas (DPRA) for Objective 5(b) identifies the problems of agricultural structures at a pertinent level. It also mentions the measures relating to the processing and marketing of agricultural and forestry products (see 5.2, fact sheet No 16). Other horizontal measures are not included.

- (b) The Member States send these plans to the Commission, which examines with its partners the measures and the means with which to implement them. On the basis of the results of these negotiations and in agreement with the Member State concerned, the Commission decides on a Community support framework. The EIB may be involved in drawing up the Community support framework.

The Community support framework can be seen as the Commission's response to the plans put forward by the Member States. As a rule, the geographical level of the Community support frameworks and their duration (from two to five years) corresponds to the level and duration of the plans.

The Community support frameworks show:

- the priorities for assistance of the structural instruments (the Funds, the EIB, the NCI, etc.);
- the types of assistance;
- the indicative financing plan (amounts and sources of assistance);
- the duration of assistance;
- information on the means available for preparing, implementing and adjusting the approved measures;
- the procedures for monitoring and assessing the approved measures.

The Commission adopts a decision approving a Community support framework after consulting the Committee on the Development and Conversion of the Regions (Objective 1 regions) or the Committee on Agricultural Structures and Rural Development (Objective 5(b) areas) and the Committee referred to in Article 124 of the Treaty<sup>1</sup>.

The Decision is sent to each Member State as a declaration of intent. This declaration is published in the Official Journal of the European Communities.

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1 The Committee for the Development and Conversion of the Regions is made up of representatives of the Member States and chaired by the Commission's representative. The EIB is also represented. It gives its opinion on all draft measures to be taken in the context of the development and conversion of the regions.

The Committee on Agricultural Structures and Rural Development is made up in the same way. It gives its opinion on draft Commission decisions on common measures under Objective 5(a) and on Community support frameworks under Objective 5(b). This Committee has replaced the Standing Committee on Agricultural Structures.

The Committee referred to in Article 124 of the Treaty is made up of workers and employers. It gives its opinion on draft Commission decisions on the activities of the ESF in the context of the objectives of the reform.

The Community support framework may, where necessary, be revised and adapted on the initiative of the Member State or the Commission on the basis of any relevant new information and the results of implementation.

(c) Thereafter begins the operational phase. Only development measures included in a Community support framework can be implemented by the Community's structural instruments. Measures must take one of the following forms:

- an operational programme (a coherent body of multiannual measures, with several structural instruments contributing to their implementation);
- a national aid scheme;
- a global grant, generally managed by an intermediary appointed by the Member State in agreement with the Commission, which divides the total amount into individual grants which it distributes to the final beneficiaries;
- a major project (ERDF only);
- support for technical assistance and preparatory studies for the preparation of measures.

As a rule, however, the Community insists that the principal type of assistance from the structural instruments should take the form of operational programmes, so as to give precedence to integrated development.

(d) In order to be financed by the Community's structural instruments, development measures must have been the subject of an application for financial assistance drawn up by the authorities appointed by the Member State. Applications relate to one of the types of assistance provided for in the Community support framework. The Commission may, on its own initiative, having consulted the competent committee, decide to propose that the Member States submit applications for assistance for measures of particular interest to the Community which would not be covered by the development plans.

The Commission decides whether or not the Funds will grant the assistance, within six months of receiving the application.



- (e) Except in exceptional cases, Community financial assistance is granted only on condition that there is public part-financing by the Member State.

The rates of aid granted by the structural Funds for the realization of Objectives 1, 5(a) and 5(b) are subject to certain limits:

- In general:

- a maximum of 75% of the total cost and, as a rule, a minimum of 50% of the total public expenditure for measures applied in regions eligible for assistance under Objective 1;
- a maximum of 50% of the total cost and, as a rule, a minimum of 25% of the total public expenditure for measures applied in rural areas.
- Rates of assistance from the Guidance Section of the EAGGF for measures to improve production structures under Objective 5(a) are shown in Tables I, II and III in Chapter 5.
- As regards measures relating to the marketing and processing of agricultural and fisheries products (Regulation (EEC) No 355/77, as last amended by Regulations (EEC) No 866/90 and No 867/90), the rates are indicated in point 5.2, fact sheet No 16.

The Community's financial assistance may combine grants and loans  
In this case, the grant/loan mix is determined in conjunction with the EIB when the Community support framework is being drawn up.

The actual level of loans is defined when the Community support frameworks are implemented, with reference to the projects submitted by promoters and their financing requirements, with the agreement of the competent local authorities and after approval by the EIB.

- (f) The Commission and the Member States, within the framework of the partnership, ensure monitoring of the implementation of the Funds' assistance by means of reports, sampling checks and committees set up for this purpose.

**3. RURAL DEVELOPMENT IN THE OBJECTIVE 1 REGIONS**

**3.1. GEOGRAPHIC DEMARCAATION**

The regions concerned are those where the per capita GDP is less than 75% of the Community average, according to the data for the last three years.

This Objective also covers Northern Ireland, the French overseas departments and other regions where the per capita GDP is close to the above figure and where there are particular reasons why they should be included.

The regions selected account for 38% of the total area of the Community and 21% of the total population.

The regions are listed below:

**REGIONS CONCERNED BY OBJECTIVE 1**

Spain: Andalusia, Asturias, Castilla y León, Castilla-La Mancha, Ceuta-Melilla, Valencia, Extremadura, Galicia, Canary Islands, Murcia.

France: Corsica, the French overseas departments: Martinique, Guadeloupe, Réunion, Guiana.

Greece: the entire country.

Ireland: the entire country.

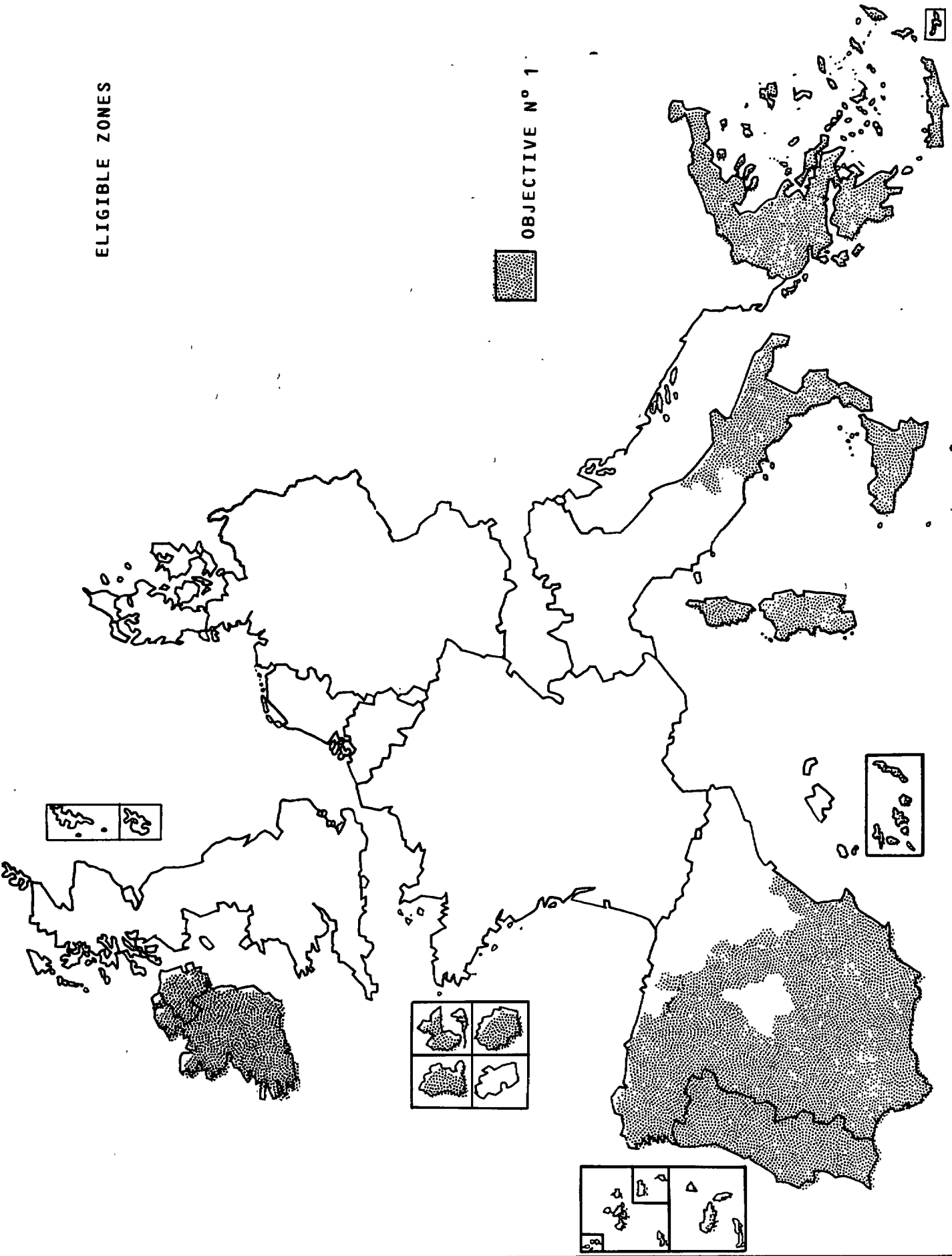
Italy: Abruzzi, Basilicata, Calabria, Campania, Molise, Apulia, Sardinia, Sicily.

Portugal: the entire country.

United Kingdom: Northern Ireland.

ELIGIBLE ZONES

OBJECTIVE N° 1



### 3.2. STRUCTURAL FUND ASSISTANCE

The three structural Funds (EAGGF Guidance Section, ERDF and ESF) contribute, each according to its rules, to the realisation of the objectives of the reform of the structural Funds.

#### 3.2.1. The EAGGF Guidance Section

The new basic Regulation governing the EAGGF Guidance Section<sup>1</sup> lays down the list of measures to maintain the countryside, reorganize and strengthen agricultural structures and help to develop rural areas which may be financed by this Fund under Objective 1.

All measures under Objective 5(b), financed exclusively by the EAGGF Guidance Section, are applicable in the regions whose development is lagging behind. Measures which are to be applied must be mentioned in the corresponding CSF.

These measures concern:

- encouraging retirement from farming in order to restructure agriculture and encourage the installation of young farmers. Thus, the "early retirement and restructuring" option is no longer a horizontal measures under Objective 5(a) (see 5.2, fact sheet No 15);
- the conversion, diversification and reduction of production;
- if their financing is not provided for by the Regulation concerning the ERDF:
  - improving rural infrastructures which are necessary for the development of agriculture and forestry;
  - measures to achieve diversification, especially those providing multiple activities or alternative incomes for farmers;
- reparaclling and associated work;
- individual or collective land or pasture improvement;

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<sup>1</sup> Regulation (EEC) No 4256/88.

- irrigation, including the renovation and improvement of irrigation networks, the creation of collective irrigation works from existing main channels, the creation of small irrigation systems not supplied from collective networks, and the renovation of drainage systems;
- encouragement for tourist and craft investments, including the improvement of living accommodation on agricultural holdings;
- protection of the environment and maintenance of the countryside;
- restoring agricultural production potential after natural disasters;
- the development and exploitation of woodland, in accordance with the conditions and criteria laid down in Regulation (EEC) No 1610/89 (see 5.2, fact sheet No 14);
- the development of agricultural and forestry advisory services and a degressive contribution to their creation, and the improvement of facilities for agricultural vocational training.

EAGGF Guidance Section activities relating to one or more of these measures generally take the form of operational programmes and global grants.

### 3.2.2. The ERDF

Council Regulation (EEC) No 4254/88<sup>1</sup> concerning the task of the European Regional Development Fund, stipulates that the ERDF is to participate in the financing of:

- productive investment to enable the creation or maintenance of permanent jobs;
- investment in infrastructure, namely:  
in the regions designated under Objective 1, investment contributing to increasing economic potential, development, structural adjustment of these regions; financing may also be provided, in areas where the need is demonstrated, for certain facilities contributing to the structural adjustment of these areas, particularly health and educational facilities;
- the development of local potential in the regions by measures which encourage and support local development initiatives and the activities of small and medium-sized enterprises (agricultural holdings are treated as SMEs);
- operations to develop frontier regions of the Member States;
- preparatory, accompanying and assessment measures;
- productive investment and investment in infrastructure aimed at environmental protection.

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<sup>1</sup> Council Regulation (EEC) No 4254/88 of 19 December 1988 (OJ No L 374).

### 3.2.3. The ESF

Regulation (EEC) No 4255/88<sup>1</sup> concerning the task of the European Social Fund provides that the ESF is to contribute to the financing of vocational training operations, accompanied where necessary by vocational guidance, subsidies towards recruitment into newly created jobs and towards the creation of self-employed activities.

ESF assistance is granted to measures aimed at persons who are unemployed or threatened with unemployment within the context of restructuring or employed in small and medium-sized enterprises and to measures to facilitate vocational training of persons involved in an integrated programme.

In addition, in Objective 1 regions only, the ESF may part-finance measures relating to:

- the theoretical portion of apprenticeship training;
- vocational training organized within national secondary education systems (following compulsory full-time schooling) which meets the challenges posed by economic and technological changes;
- recruitment measures in non-productive projects which fulfil a public need involving the creation of jobs for the long-term unemployed aged over 25.

Note:

The particular case of agricultural training.

In certain cases, particularly when the European Social Fund does not grant funding, certain agricultural vocational training measures may be part-financed by the Guarantee Section of the EAGGF (see 5.2, fact sheet No 7).

The EAGGF Guidance Section funds agricultural training measures particularly outside Objective 1 regions and rural areas.

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<sup>1</sup> Council Regulation (EEC) No 4255/88 of 19 December 1988 (OJ No L 374).

### 3.3. COMMUNITY SUPPORT FRAMEWORKS.

#### 3.3.1. Allocation of funds.

The Commission, in consultation with the Member States concerned and with the EIB, adopted the Community support frameworks for Objective 1 on 31 October 1989 and, for Greece, on 30 March 1990.

The Community's contribution to the Community support frameworks amounts to ECU 36 200 million for 1989-93, broken down as follows:

	ERDF	%	ESF	%	EAGGF	%	TOTAL
GR	3 667	55	1 733	26	1 267	19	6 667
ESP	6 199	63.4	2 348	24	1 232	12.6	9 779
FR(1)	406	45.7	322	36.3	160	18	888
IRL	1 646	44.8	1 372	37.4	654	17.8	3 627
IT	4 942	66.4	1 700	22.8	801	10.8	7 443
P	3 757	54	2 028	29	1 173	17	6 958
UK	348	43.9	315	39.7	130	16.4	793
	20 965	57.9	9 818	27.1	5 417	15.0	36 200

The indicative financing plans specify the total cost of the operation for the Community, the national authorities and private enterprise for 1989-93.

(1)	ERDF	ESF	EAGGF	TOTAL
CORSICA	80.5	22	35	145.4(1)
GUADELOUPE	79.3	63.4	23.3	166
GULIANA	33.8	27.6	12	73.4
MARTINIQUE	78.4	66.1	20	164.5
REUNION	134	142.9	69.7	346.6

(1) including grants by other instruments.



INDICATIVE FINANCING 1989-93 (ecu million)

M.S.	Community	Public sector	Private sector	Total
Greece	6 607	5 802(1)	1 347(1)	14 342
Ireland	3 672	2 454(2)	2 274(2)	8 400
Portugal	6 958	6 658.13(3)	4 443.455(3)	18 469.585
Spain	9 779	6 728(4)	1 901(4)	18 408
France	888	840.7	166.5	1 903(5)
Corsica	145.4	143.4	55.4	344.3
Guadeloupe	166	198.5	25.2	389.7
Guiana	73.4	54	7.5	134.9
Martinique	164.5	145.3	28.3	338.1
Réunion	346.6	299.5	50.1	696.2
Italy	7 443	6 479(5)	1 903(6)	15 917
United Kingdom	793	572	399	1 764

- (1) Like the private sector, the public sector may be granted loans by the EIB, up to a maximum of ECU 1 307 million.
- (2) The EIB may grant loans to these sectors up to a maximum of ECU 500 million.
- (3) The EIB may grant loans up to a maximum of ECU 2 653 million.
- (4) EIB loans up to a maximum of ECU 1 811 million.
- (5) Including subsidies from other instruments.
- (6) EIB loans up to a maximum of ECU 1 300 million.

### 3.3.2. Development priorities

In each Community support framework, development priorities have been identified.

At 1 August 1990, most of the operational programmes<sup>1</sup> and other types of assistance covering measures under the development priorities were in the process of being adopted by the Commission.

General trends can be seen which are common to the different CSFs:

- Agriculture
  - . quality policy;
  - . restructuring and development of traditional products (olives, wine, cereals);
  - . improvement of natural and structural production conditions;
  - . improvement of the living conditions in rural communities;
  - . development of water supplies;
  - . farm tourism.
- Development of basic infrastructure:
  - . improvement of communications or reduction of the effects of geographical isolation (transport and telecommunications);
  - . creation of infrastructures to support economic activity, paying attention to environmental protection (creation of manufacturing and craft zones, water management, energy, etc.).
- Development of other sectors:
  - . creation of services to businesses (financial engineering, multi-functional service centres, support for productive investments);
  - . industrial conversion and restructuring;
  - . research and innovation.
- Tourism:
  - . investment aids;
  - . exploitation of natural and cultural resources with tourist potential (spa tourism, adventure holidays, creation of itineraries, etc.);
- Environment:
  - . conservation of natural resources (preservation of wildlife and woodlands), prevention of natural disasters, fire-fighting, control of soil erosion;
- Human resources:
  - . vocational training and apprenticeship in all sectors and at all levels.

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<sup>1</sup> An operational programme concerning the control of phylloxera in Greece, one concerning the conversion of apricot varieties in the Peloponnese and one concerning environmental protection in Ireland were adopted by the Commission ahead of the relevant Community support frameworks and are already being implemented.

RURAL DEVELOPMENT IN THE OBJECTIVE 5(b) AREAS

4.1. GEOGRAPHIC DEMARCATION

The Commission determined these areas in consultation with the Member States on the basis of the following criteria:

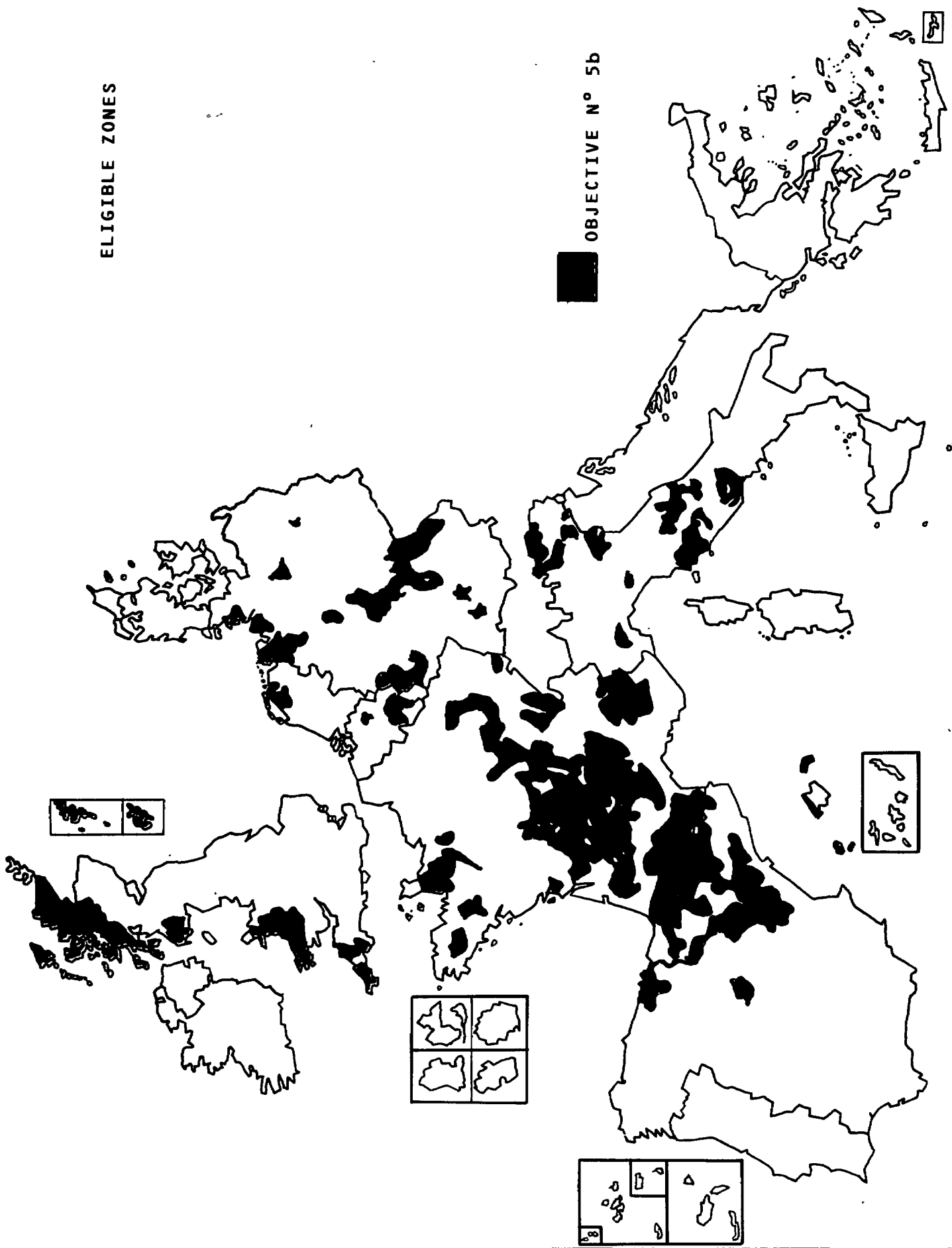
- high share of agricultural employment in total employment;
- low level of agricultural income;
- low level of socio-economic development assessed on the basis of gross domestic product per inhabitant.

In addition, on receipt of a reasoned request from a Member State, Community assistance may also be extended to other rural areas to take account of socio-economic imbalances or because such areas are particularly hard hit by the reform of the common agricultural policy.

The rural areas selected account for 17.3% of the territory and 5.1% of the population of the Community, in all the Member States except for Greece, Ireland and Portugal, the entire territory of which is covered by Objective 1.

ELIGIBLE ZONES

OBJECTIVE N° 5b



#### 4.2. STRUCTURAL FUND ASSISTANCE

The EAGGF Guidance Section, the ERDF and the ESF contribute, each in accordance with its implementing Regulation<sup>1</sup>, to the promotion of development in rural areas.

##### 4.2.1. The EAGGF Guidance Section

The list of measures which may be financed by the EAGGF Guidance Section in rural areas is the same as the list in respect of the regions whose development is lagging behind<sup>2</sup>.

In addition, the EAGGF Guidance Section may finance all measures provided for under Objective 5(a) in rural areas, since such measures help to realize the development priorities concerned with diversification of agricultural activities.

In the large majority of cases, EAGGF Guidance Section assistance takes the form of operational programmes, including those following an integrated approach, and global grants.

##### 4.2.2. The ERDF

The measures to which the ERDF contributes are the same as those provided for in the case of the regions whose development is lagging behind<sup>3</sup>. In addition, the ERDF may grant aid in rural areas for investments directly linked to economic activity which creates jobs other than in agriculture, including communication infrastructure links and others on which the development of such activities depends.

##### 4.2.3. The ESF

The ESF contributes to the same activities as those provided for in the case of the regions whose development is lagging behind<sup>4</sup>.

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1 Regulations (EEC) No 4254, No 4255 and No 4256/88.

2 See above, point 3.2.1.

3 See above, point 3.2.2.

4 See above, point 3.2.3.

#### 4.3. COMMUNITY SUPPORT FRAMEWORKS

On 6 June 1990 the Commission adopted the decisions approving the Community support frameworks (CSFs) for the Objective 5(b) rural areas of Belgium, Denmark, the Federal Republic of Germany, Spain, Italy, Luxembourg, the Netherlands and the United Kingdom.

The 18 Community support frameworks presented by France were adopted by the Commission on 27 June 1990.

##### 4.3.1. Allocation of funds

The financial contribution granted by the Community for all the Objective 5(b) CSFs (44 in all) amounts to ECU 2 607 million, broken down as follows by Member State and by Fund:

Objective 5(b)		Allocation by Fund and by Member State.				
(million ecus at 1989 prices)						
	CSFs	ERDF	EAGGF Guidance	ESF	Not allocated by Fund	TOTAL
FRG	8	235.5	194.4	95.1	51.8	525
F	18	334.9	449.1	176.0	48.2	960
I	8	145.4	184.9	54.7	51.7	385
UK	4	276.8	24.9	48.3		350
ES (8 sub-CSFs)	1	61.1	184.9	39.0		285
B	2	11.29	11.54	9.67		32.5
NL (Friesland)	1	24.9	12.5	6.6		44
DK (33 islands)	1	12.2	4.5	6.3		23
L	1	0.90	1.42	0.18	2	2.5
<b>TOTAL</b>	<b>44</b>	<b>1 103.0</b>	<b>1 068.2</b>	<b>435.8</b>	<b>153.7</b>	<b>2 607</b>

OBJECTIVE 5(b) - ALLOCATION OF COMMUNITY FUNDS BY CSF

(Million ecus at 1989 prices)

FRG		SPAIN <sup>1</sup>	
Schleswig-Holstein	36.674	Aragon	135.35
Niedersachsen	107.967	Balearic Islands	24.41
Nordrhein-Westfalen	19.534	Cantabria	29.39
Hessen	37.997	Catalonia	36.07
Rheinland-Pfalz	31.230	Madrid	10.45
Baden-Württemberg	28.752	Navarra	19.93
Bayern	259.199	La Rioja	11.76
Saarland	5.847	Pais Vasco	8.64
ITALY		BELGIUM	
Bolzano	53.72	Hageland	11.55
Lazio	84.74	S.E. Wallonia	20.95
Marche	58.72	FRANCE <sup>2</sup>	960
Piemonte	8.20	DENMARK	23
Toscana	54.73	LUXEMBOURG	2.50
Trento	19.32	THE NETHERLANDS	44
Umbria	39.86		
Veneto	65.71		
UNITED KINGDOM			
Highlands and Islands	139.995		
Devon and Cornwall	74.750		
Mid-Wales	121.385		
Dumfries and Galloway	13.870		

These appropriations also cover expenditure by the structural Funds on commitments existing prior to the entry into force of the new Regulations. Measures under certain multiannual national programmes of Community interest, integrated Mediterranean programmes and ESF expenditure for 1989 adopted under the previous rules are also guaranteed.

1 Including ESF commitments not distributed in 1989 (ECU 9 million).

2 Amounts allocated to the CSFs not available at August 1990.

#### 4.3.2. Development priorities

In each Community support framework, development priorities have been identified. The measures included under each priority must now be grouped under the various types of assistance and adopted by the Commission.

Common trends can be seen in the development priorities in each Community support framework. Most CSFs include a priority concerning the adjustment and diversification of agriculture and one concerning rural development activities outside farming.

As a rule, Member States have chosen to give precedence to the following priorities:

- Agriculture: . development of agricultural products which are not in surplus,  
. support for research and the creation of advisory services;
- Forestry
- Development of other sectors of the economy:
  - . aid for the development of SMEs,
  - . strengthening infrastructures to support SMEs;
- Tourism:
  - . aid for the development of tourism,
  - . strengthening of supporting infrastructure,
  - . development of farm tourism as an alternative source of income for farmers,
  - . promotion of tourism in rural areas;
- Environment:
  - . restoration of a quality environment,
  - . protection of ecological sites and landscapes,
  - . protection of soil and water resources,
  - . waste management;
- Human resources:
  - . preparation of training programmes to support the other development priorities.



## 5. HORIZONTAL STRUCTURAL MEASURES (Objective 5(a))

### 5.1. GENERAL PRESENTATION

In the context of the common agricultural policy, horizontal, or general, structural measures are all measures to improve the competitiveness of units engaged in producing, processing or marketing agricultural products which are applicable throughout the territory of the Community. In addition to these horizontal structural measures, which are aimed at the undertakings themselves, there are regional structural measures, which seek to improve the environment in which those undertakings operate, by addressing specific regional problems.

Alongside these structural measures, there is also a transitional scheme of agricultural income aid which is intended to offset the loss of income caused by a restrictive price policy and which is therefore not, strictly speaking, a structural measure.

#### 5.1.1. The development of horizontal structural measures

After an initial phase of coordinating national structural measures, based on individual measures, a real common policy on agricultural structures was created in 1972 with the introduction of horizontal measures concerning farm investments, vocational training and early retirement of farmers. These three schemes were supplemented by the introduction of compensatory allowances for natural handicaps in mountainous and less-favoured areas in 1975, of aid for the processing and marketing of agricultural products in 1977 and of aid for producer groups in 1978. In addition, regional measures have been gradually introduced to alleviate structural handicaps and improve infrastructures in certain areas of the Community.

Horizontal structural measures were thoroughly revised in 1985 to improve the efficiency of agricultural structures<sup>1</sup>; they were supplemented by environmental protection premiums in 1987, by premiums to adjust production levels to market requirements in 1988 and by new measures on afforested areas in June 1989.

The reform of the common agricultural policy, in particular the strict control of surpluses (see Green Europe No 3 of 1990 "Restoring equilibrium on the agricultural markets", which explains the working of the agricultural stabilizers), has been backed up by a further review of horizontal measures: structural measures must stand alongside the market policy in the attempt to restore the balance between production and market requirements and to palliate the effects of this policy on agricultural incomes.

In December 1989, in the context of the implementation of Objective 5(a)<sup>2</sup> of the reform of the structural Funds, all the horizontal structural measures were amended<sup>3</sup>, in particular with a view to allowing:

- branching out into non-agricultural activities on farms;
- greater consideration for environmental protection and animal welfare;
- strengthening of aid for the installation of young farmers;
- concentration of Community assistance in mountainous and less-favoured areas on small and medium-sized holdings;

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1 Regulation (EEC) No 797/85 (OJ No L 93, 30.3.1985), which replaced the previous directives 72/159, 160 and 161.

2 Objective 5(a): speeding up the adjustment of agricultural structures with a view to reform of the common agricultural policy (See Section 2).

3 Regulation (EEC) No 3808/89 (OJ No L 371, 20.12.1989) amending, in particular, Regulation (EEC) No 797/85; Regulations (EEC) No 866/90 and 867/90 replacing Regulation (EEC) No 355/77 (OJ No L 91, 6.4.1990).

- simpler administrative procedures for handling applications for aid for the processing and marketing of agricultural products (forestry products have now also been added), based on better defined selection criteria;
- more Community part-financing in areas concerned by Objective 1 of the reform of the structural Funds<sup>1</sup>.

#### 5.1.2. The current situation regarding horizontal structural measures

Following successive amendments, the objectives of the horizontal structural measures are now as follows:

- improving the efficiency of production structures:
  - . investment aids, including the management of national aid
  - . aid for young farmers
  - . aid for accounting on agricultural holdings
  - . aid for mutual assistance, relief services and management services
  - . aid to launch producer groups for the marketing of agricultural products
  - . aid for vocational training
  - . aid for agriculture in mountain, hill or less-favoured areas;
- helping to improve the situation on agricultural markets:
  - . aid for the set-aside of arable land
  - . specific aid for the use of arable land for non-food uses
  - . extensification aid
  - . conversion aid
  - . incentives for early retirement with cessation of agricultural production;
- protection of environmentally sensitive areas;
- improvement of structures for the processing and marketing of agricultural products;
- protection and development of woodlands.

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<sup>1</sup> Objective 1: promoting the development and structural adjustment of the regions whose development is lagging behind (see above, point 2.2).

### 5.1.3. Procedures for assistance

With regard to the types of Community part-financing, where horizontal measures are concerned agricultural structural policy will continue to be based on reimbursement of national aid by the Community. As in the past, national measures will continue to be governed by Community rules and subject to approval by the Commission following scrutiny by the Committee on Agricultural Structures and Rural Development. A different procedure will be followed for measures under the scheme for the processing and marketing of agricultural and forestry products (see fact sheet No 16).

### 5.2. DESCRIPTION OF THE DIFFERENT HORIZONTAL STRUCTURAL MEASURES

In this chapter, each of the horizontal measures is presented in the form of a fact sheet. Attached to the fact sheets are tables showing the rates of Community part-financing for the different measures and regions.

FACT SHEET No 1

COMMUNITY AID FOR INVESTMENT  
IN AGRICULTURAL HOLDINGS\*

a. PURPOSE

To improve the competitiveness of agricultural holdings as part of the rational development of agricultural production while maintaining farmers' incomes.

b. TYPE OF SCHEME

Binding on the Member States, which are required to enact national provisions to implement this aid.

c. CONDITIONS TO BE MET BY APPLICANTS

The applicant must:

1. practise farming as his main occupation, that is spend at least half his time farming his holding and derive at least half his total income from it.  
However, from January 1990 the Member States may grant investment aid to farmers who, while they do not practise farming as their main occupation, derive at least 25% of their income from it and 50% from farming, forestry, tourism, craft and ecological activities on the holding and spend no more than half their working time on off-farm activities;
2. have an income per man-work unit (MWU) less than the reference income fixed by the Member State (at a level not exceeding the average gross wage of non-agricultural workers in the region) and not exceeding 120% of the reference income per MWU on completion of the improvement plan;

\* Articles 2 to 6 of Regulation (EEC) No 797/85 (OJ No L 93, 30.3.1985).

3. possess adequate occupational skill and competence as defined by the Member State in agreement with the Commission;
4. submit a plan for materially improving the holding:
  - . The plan must show that the investments are justified and that its completion will bring about a lasting improvement of the situation of the holding, and in particular of the income per man-work unit (MWU), or is necessary to maintain the present level of income per MWU.
  - . Plans must describe the initial situation and that upon completion of the plan and outline the investments proposed.
  - . A plan may relate to an individual holding or to a number of holdings grouped together. The Member States lay down the conditions to be met by group-operated holdings (legal form, minimum duration of at least six years, management, etc.);
5. undertake to keep at least simplified accounts.

d. TYPE AND AMOUNT OF AID
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1. Investments may relate to:
    - . the qualitative improvement and conversion of production;
    - . adaptation of the holding for the purposes of reducing production costs, saving energy and improving the environment and living and working conditions;
- and from January 1990:
- . diversification of activities on the holding, in particular by the introduction of tourism and craft activities or the manufacture and sale of farm produce on the farm;
  - . improvement of the hygiene conditions of livestock enterprises and compliance with Community animal welfare standards, or, failing these, national standards until Community standards are adopted.

3. In view of the situation on the agricultural markets, the following restrictions apply:

- Milk:

The investment must not result in the holding exceeding its milk quota, nor may the number of dairy cows be raised to more than 40 per MWU and 60 per holding or, where the holding has more than 1.5 MWU, the number may not increase by more than 15%.

- Pigs:

Where production is increased, aid is restricted to investments serving to reach 300 places provided that the total number of pig places on the holding does not exceed 800 after completion of the investments. The holding must also produce at least 35% of the quantity of feed consumed by the pigs.

- Eggs and poultry:

Investment aid is not authorized in this sector.

- Beef and veal (from July 1990):

No restriction up to three livestock units per hectare of fodder crops used for feeding the cattle,

Beyond that limit investment aid may be granted only if:

- it does not increase production capacity (concession available until 31 December 1991);
- it is intended to protect the environment (no cut-off date).

3. Aid is granted in the form of a capital grant or the equivalent thereof in interest subsidies or deferred repayments.

It applies to the investments needed to carry out the improvement plan with the exception of expenditure incurred in buying:

- land;
- livestock in the form of pigs, poultry and calves for slaughter.

In general, aid may be granted only for investments not exceeding ECU 60 606 per MWU and ECU 121 212 per holding per six-year period.

The value of the aid granted by the Member States as a percentage of the total investment may not exceed:

- in less-favoured areas:
  - 45% for fixed assets;
  - 30% for other types of investment;
- in other areas:
  - 35% for fixed assets;
  - 20% for other types of investment.

In the case of Portugal, Greece, Ireland, Italy and Spain, these figures may be increased by 10 percentage points until 31 December 1991.

e. COMMUNITY FINANCING CONTRIBUTION
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See Tables I and II in Part 5.



FACT SHEET No 2

RULES ON NATIONAL AID FOR INVESTMENTS  
IN AGRICULTURAL HOLDINGS\*

a. PURPOSE

Rules on national aid for investment lay down limits within which the Member States may grant aid which does not comply with the conditions for the Community investment aid scheme (see Fact Sheet No 1). Naturally, no reimbursement of such national aid can be made by the Community.

In order to give precedence to the Community scheme, aid from the Member States must be at a lower level when it is granted to farmers who do not meet the conditions relating to the scheme.

b. LIMITS ON NATIONAL AID

There are two situations:

1. National aid granted to a farmer who is also receiving Community aid

Investments carried out as part of a material improvement plan under the Community scheme (see Fact Sheet No 1) may receive national aid at a higher level than that available under the Community scheme provided that it is for:

- the construction of farm buildings;
- the relocation of farm buildings where this is done in the public interest;
- land improvement operations;
- the protection and improvement of the environment,

provided that these higher amounts are granted in accordance with the general rules on competition.\*\*

\* Article 8 of Regulation (EEC) No 797/85.

\*\* Articles 92 to 94 of the EEC Treaty.

2. National aid granted to a farmer not also receiving Community aid

Investments not carried out under a material improvement plan within the Community scheme may receive national aid not exceeding three quarters of the amount payable under that scheme (see Fact Sheet No 1, point d.3).

However, national aid for energy saving and land improvement may attract the amounts payable under the Community scheme. Any aid for investment not exceeding ECU 25 000 may also receive the amounts payable under the Community scheme plus, where appropriate, any supplement for young farmers (see Fact Sheet No 3, point d.2).

National aid is limited to that part of the investment which does not exceed ECU 60 606 per man-work unit and ECU 121 212 per holding and per six-year period.

3. Furthermore, all national aids are in general subject to the same restrictions as Community aid. The following exceptions apply:

- national aid may not result in the number of dairy cows exceeding 40 per MWU and per holding;
- national aid may be granted in the sector of geese and ducks for the production of foie gras;
- the restrictions do not apply to:
  - . aids for land purchase;
  - . subsidized operating loans the term of which does not exceed one marketing year;
  - . aids for the purchase of male breeding stock;
  - . securities for loans contracted, including interest;
  - . investments concerning the environment, hygiene conditions of livestock enterprises and animal welfare, providing they do not entail an increase in production,

provided these are consistent with the general rules on competition.

FACT SHEET  
No 3

AIDS TO YOUNG FARMERS (\*)

a. PURPOSE

To enable young persons capable of adapting to the new realities of agriculture to take over agricultural holdings, by providing them with the means to meet installation expenditure, particularly the cost of acquiring existing fixed and moveable assets. In other words the purpose is to cover the risks connected with the new responsibilities of young farmers.

b. TYPE OF SCHEME

The installation aid scheme is optional, and Member States may apply it in part or in full. They may also implement national aid schemes involving different procedures and larger amounts, as long as such schemes are consistent with the general rules on competition (\*\*).

c. CONDITIONS TO BE MET BY APPLICANTS

1. Age

Young persons are considered to be those who have not reached the age of forty, although the Member States may adopt lower limits.

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(\*) Articles 7 and 7(a) of Regulation (EEC) No 797/85.

(\*\*) Articles 92 to 94 of the EEC Treaty.

## 2. Definition of "installation"

"Installation" is regarded as assuming the legal responsibility for and taking over the management of a holding. Such a change in circumstances must be confirmed by a legal act.

"Installation" does not include, for example, the situation where a young farmer is already present on a holding and the existing holder merely reaches an age limit (e.g. 55).

## 3. Nature of activities

The young farmer must be practising farming for the first time as his main occupation, i.e. devoting at least half his working time to the holding and obtaining at least half his total income from it; alternatively he may be starting to practise farming as his main occupation following installation on a part-time basis.

## 4. Vocational qualifications

To promote the installation of competent young persons, a sufficient level of vocational qualification is required at the time of installation or at the latest two years after installation. A distinction is made between:

- several years' vocational experience, which is required for eligibility for the Community system of investment aid under a plan for material improvements;
- the vocational training required for eligibility for aids to young persons. Applicants must hold a certificate of training to agricultural middle school level (equivalent to the final years of secondary education). Young persons without such a certificate will be required to attend an installation preparation course lasting at least 150 hours (see Fact Sheet No 7).

## 5. Holding size

The young person must be taking over a holding which requires a volume of work equivalent to at least one man-work unit (MWU); this volume must be reached at the latest two years after installation.

## 6. Installation of several farmers together

In the event of several young persons together taking over a single holding, the Member State, in agreement with the Commission, must lay down the specific conditions for the granting of aid; such conditions must be at least equivalent to those applicable to a single head of holding.

d. TYPE AND AMOUNT OF AID

The Community scheme to assist young farmers comprises two separate aid categories:

1. Installation aids as such:

1. A single premium of ECU 10 000, which may be replaced by an equivalent interest-rate subsidy;
2. A 5% interest-rate subsidy for a period of five years for loans contracted in connection with installation; the capitalized value of this subsidy may not exceed ECU 10 000; it may be paid in the form of an equivalent grant.

Total installation aid eligible for Community part-financing is therefore ECU 20 000, at least half of which is to cover borrowing costs and the rest to cover general costs (e.g. notary's fees).

The Member States may grant larger sums, as long as these are consistent with the general rules on competition(\*).

2. Supplementary investment aids:

Young farmers may benefit from supplementary investment aid for new investments covered by the Community system of material improvement plans, provided that the young farmer submits his plan within five years of first being installed on a holding and possesses the requisite vocational qualifications. Supplementary additional aid amounts to 25% of standard aid and may be granted independently of installation aid.

e. COMMUNITY FINANCING CONTRIBUTION

See Tables I and II in Part 5.

f. ASSESSMENT OF THE SCHEME IN ACTION

Although this aid scheme is optional, all the Member States have adopted provisions for its application. In the United Kingdom, however, the scheme does not provide for installation aid, being limited to supplementary investment aid under material improvement plans.

By 1 January 1989 the EAGGF had already granted installation aid to almost 28 000 young farmers in the Community.

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(\*) Articles 92 to 94 of the EEC Treaty.

FACT SHEET  
No 4

AIDS TO ENCOURAGE ACCOUNTING ON AGRICULTURAL HOLDINGS (\*)

a. PURPOSE

To encourage the keeping of accounts, an indispensable tool for a correct assessment of the financial and economic situation of holdings.

b. TYPE OF SCHEME

Optional for each Member State.

c. CONDITIONS TO BE MET BY APPLICANTS

- Agriculture must be the farmer's main occupation.
- accounts must be kept for at least four years;
- accounts must be kept regularly, culminating in the presentation of an operational report, balance sheet, trading account and the necessary data for assessing the efficiency of holding management.

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(\*) Article 9 of Regulation (EEC) No 797/85.

d. TYPE AND AMOUNT OF AID

- Aid is spread over at least the first four years during which accounts are kept.
- The amount of aid is determined by the Member States within a range of ECU 700-1 050.

e. COMMUNITY FINANCING CONTRIBUTION

See Tables I and II in Part 5.

FACT SHEET  
No 5

START UP AIDS FOR THE LAUNCHING OF MUTUAL  
ASSISTANCE, RELIEF AND MANAGEMENT SERVICES (\*)

a. PURPOSE

Start-up aids for mutual assistance, relief and management services are supplementary measures designed to boost the efficiency of other measures such as aids to investments and installation of young farmers by improving the human environment and working conditions of farmers.

b. TYPE OF SCHEME

The Member States are not obliged to apply these aids.

c. TYPE AND AMOUNT OF AID

Start-up aids for mutual assistance, relief and management services are intended to cover the operating costs of these services for no more than the first five years after their formation.

1. Mutual assistance services

Aid may be granted to recognised groups of farmers, the objectives of which are:

- mutual assistance between holdings, including the use of new technologies and methods aimed at protecting and improving the environment and preserving the landscape;
- the introduction of alternative agricultural practices;
- more rational joint use of the means of agricultural production;
- or the operation of a group holding.

The amount eligible for Community part-financing is ECU 15 000 per group.

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(\*) Articles 10, 11 and 12 of Regulation (EEC) No 797/85.



2. Relief services

Aid may be granted to agricultural associations providing farm relief services, particularly for farmers who are on holiday or ill. The amount eligible for Community part-financing is ECU 12 000 per full-time relief worker.

3. Management services

Aid may be granted to agricultural associations providing management services to analyse accounts and other data for farmers. The amount eligible for Community part-financing is ECU 36 000 per full-time member of staff or ECU 500 per holding making use of the services.

d. COMMUNITY FINANCING CONTRIBUTION
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See Tables I and II in Part 5.

FACT SHEET  
No 6

START-UP AIDS FOR THE LAUNCHING OF PRODUCER GROUPS  
FOR THE MARKETING OF AGRICULTURAL PRODUCTS(\*)

a. PURPOSE

A general scheme to encourage the creation of producer groups and associations thereof was introduced to rectify structural weaknesses in the supply and placing on the market of certain agricultural products in certain regions. In addition, specific schemes have been introduced for fruit and vegetables, cotton and hops.

b. TYPE OF SCHEMES

The general scheme is compulsory for the regions and products concerned; the specific schemes are optional. Although the schemes are linked to structural market measures (see Chapter 8), this fact sheet is included here to supplement the information on producer organizations (see fact sheet No 5).

c. FIELD OF APPLICATION: REGIONS AND PRODUCTS CONCERNED

The general scheme applies in Greece, Spain, Italy and Portugal to most crop and livestock products listed in Annex II to the EEC treaties and to certain processed products. It applies to only four sectors in Belgium and Ireland and five in France.

The specific scheme for fruit and vegetables applies in all Member States except Luxembourg. The scheme for cotton applies mainly in Greece and the hops scheme is no longer applicable.

d. TYPE AND AMOUNT OF AID

The start-up aids for producer groups are designed to cover the actual launching and administrative running expenses.

The amount of the aid may be paid degressively during the five years following the creation of the groups; it amounts to a maximum of 5%, 5%, 4%, 3% and 2% of the value of the marketed products and may not exceed the abovementioned actual expenses.

In the dried fruit and locust bean sectors, there is an additional launching aid and aids for other measures (working capital, improvement plans and product promotion).

e. COMMUNITY FINANCING CONTRIBUTION

See Tables I and II in Part 5.

- 
- (\*) - Regulation (EEC) No 1360/78, for producer groups and associations thereof (general scheme)  
- Regulation (EEC) No 1035/72, for producer organizations in the fruit and vegetables sector  
- Regulation (EEC) No 389/82, for cotton producers  
- Regulation (EEC) No 1696/71, for hops producers.

FACT SHEET  
No 7

AIDS TO VOCATIONAL TRAINING (\*)

a. PURPOSE

The original aim of these aids was to improve the level of general, technical and economic training of the farming population, particularly young farmers, above all in the fields of management, production and marketing.

Since January 1990 EAGGF training aids have been used only to supplement other horizontal measures, i.e. they have been restricted to young farmers and beneficiaries of horizontal measures.

b. TYPE OF SCHEME

Optional for each Member State.

c. TYPE AND AMOUNT OF AID

1. The EAGGF Guidance Section finances aid to promote attendance at and organization of complete or supplementary courses of basic and advanced vocational (agricultural) instruction or training for:
  - farmers, family helpers and agricultural workers who have passed the minimum school-leaving age,
  - administrators and managers of producer groups and cooperatives,
  - young farmers obliged to follow a training course of at least 150 hours to reach the training level required to obtain installation aid.

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(\*) Regulation (EEC) No 797/85 - Article 21

The EAGGF Guidance Section may part-finance such expenditure to the amount of ECU 7 000 per person during his working life, including ECU 2 500 for courses relating to the environment, forestry and conversion of production.

2. Community financing is also available for:

- demonstration projects to show farmers different production systems and methods,
- studies relating to the efficiency of the new policy and dissemination of results. Projects and studies may be carried out by the EAGGF under Objectives 1, 5(a) and 5(b) (cf. Article 8 of Regulation (EEC) No 4256/88).

3. The Member States may also submit training measures to the Social Fund (\*). Measures which receive assistance from the Social Fund may not be financed by the EAGGF Guidance Section.

d. COMMUNITY FINANCING CONTRIBUTION
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See Tables I and II in Part 4.

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(\*) see points 3.2.3 and 4.2.3.

FACT SHEET  
No 8

AIDS TO MOUNTAIN AND HILL FARMING AND FARMING  
IN LESS-FAVOURLED AREAS(\*)

a. PURPOSE

To compensate for the difficulties caused by natural conditions in two types of area:

1. Mountain and hill areas, where altitude and slopes reduce the vegetation period and the possibilities for use of machinery;
2. Less-favoured areas threatened by falling population and characterized by land with poor productivity and low incomes.
3. Less-favoured areas with specific handicaps (small surface areas, hydrographic problems, regular flooding, etc.) and where maintaining agricultural activity is necessary to preserve the landscape.

These areas represent approximately 52% of the European Community's total useful agricultural area (see map).

b. TYPE OF SCHEME

None of the provisions is compulsory and the Member States are allowed considerable flexibility.

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(\*) Directive 75/268/EEC - OJ No L 128, 19.5.1975  
Regulation (EEC) No 797/85 - OJ No L 93, 30.3.1985  
Regulation (EEC) No 1760/87 - OJ No L 167, 26.6.1987  
Regulation (EEC) No 3808/89 - OJ No L 371, 20.12.1989

**C. CONDITIONS TO BE MET BY APPLICANTS**

There are three types of aid for these areas:

1. Compensatory allowance

This compensates for permanent natural handicaps and may be granted to:

- . farmers working at least 3 ha of useful agricultural area (2 ha in the Mezzogiorno region of Italy, the French overseas departments, Greece and Spain, 1 ha in Portugal and 0.5 ha in the Azores and Madeira) and undertaking to pursue a farming activity for at least five years;
- . holdings producing cattle, sheep, goats and equines (the number of dairy cows for which the allowance is paid may not exceed 20 per holding in less-favoured areas specializing in milk production);
- . crop-producing holdings, less the area used for livestock feeding, wheat and intensive crops.

2. Specific aids

- . aids to individual investments
- . aids to joint investments (joint purchases of equipment for fodder production including storage and distribution, improvement of jointly-farmed pastures, etc.).

3. Abolition (in mountain and hill areas) or reduction (in less-favoured areas) of the co-responsibility levy on milk.

<p>d. TYPE AND AMOUNT OF AID AND COMMUNITY FINANCING CONTRIBUTION</p>
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See also Tables I and II in Part 5.

1. Compensatory allowance

- . granted for animal production (livestock units) and crop production;
- . may not be less than ECU 20.3 per LU or per hectare;
- . may be up to ECU 102 (ordinary less-favoured areas) or ECU 121.2 (areas with severe handicaps);
- . limited to 1.4 LU per hectare of forage area;
- . the maximum amount eligible per holding is limited to the equivalent of 120 units (the first 60 at the full rate and the following 60 at half-rate);
- . the Member States may adjust the amount of the allowance according to the economic situation of the holding and the farmer's income or to take account of the use of environmentally friendly practices;
- . the EAGGF Guidance Section reimburses 25% of eligible expenditure (increased to between 30% and 65% for the regions whose development is lagging behind, covered by Objective 1).

2. Specific aids

\* Aids to individual investments:

- . to benefit, an applicant must submit a material improvement plan;
- . the volume of investment taken into account is limited to ECU 60 606 per MWU and ECU 121 212 per holding;
- . the EAGGF Guidance Section reimburses 25% of eligible expenditure (increased to between 30% and 65% for the regions whose development is lagging behind, covered by Objective 1);
- . in mountain, hill and less-favoured areas, the value of aid expressed as a percentage of the investment amount is limited to 45% for fixed assets (35% in other areas) and to 30% for other types of investment (20% in other areas).



\* Aids to joint investments

- . a material improvement plan is not required;
- . the maximum eligible amount is ECU 100 000 per joint investment project, ECU 500 per hectare of pasture improved or equipped and ECU 5 000 per hectare irrigated;
- . these aids are also applicable to certain types of individual investment in mountain and hill areas and, in the less-favoured areas where stock-breeding is a peripheral activity, to all other agricultural activities;
- . the EAGGF Guidance Section reimburses 25% of eligible expenditure (increased to between 30% and 65% for regions whose development is lagging behind, covered by Objective 1).

3. Co-responsibility levy on milk

Mountain and hill areas have always been exempt from the co-responsibility levy on milk, and less-favoured areas currently benefit from an exemption for the first 60 000 kg of milk supplied by a holding (Greece, the Italian Mezzogiorno, Galicia and Portugal are already exempt).

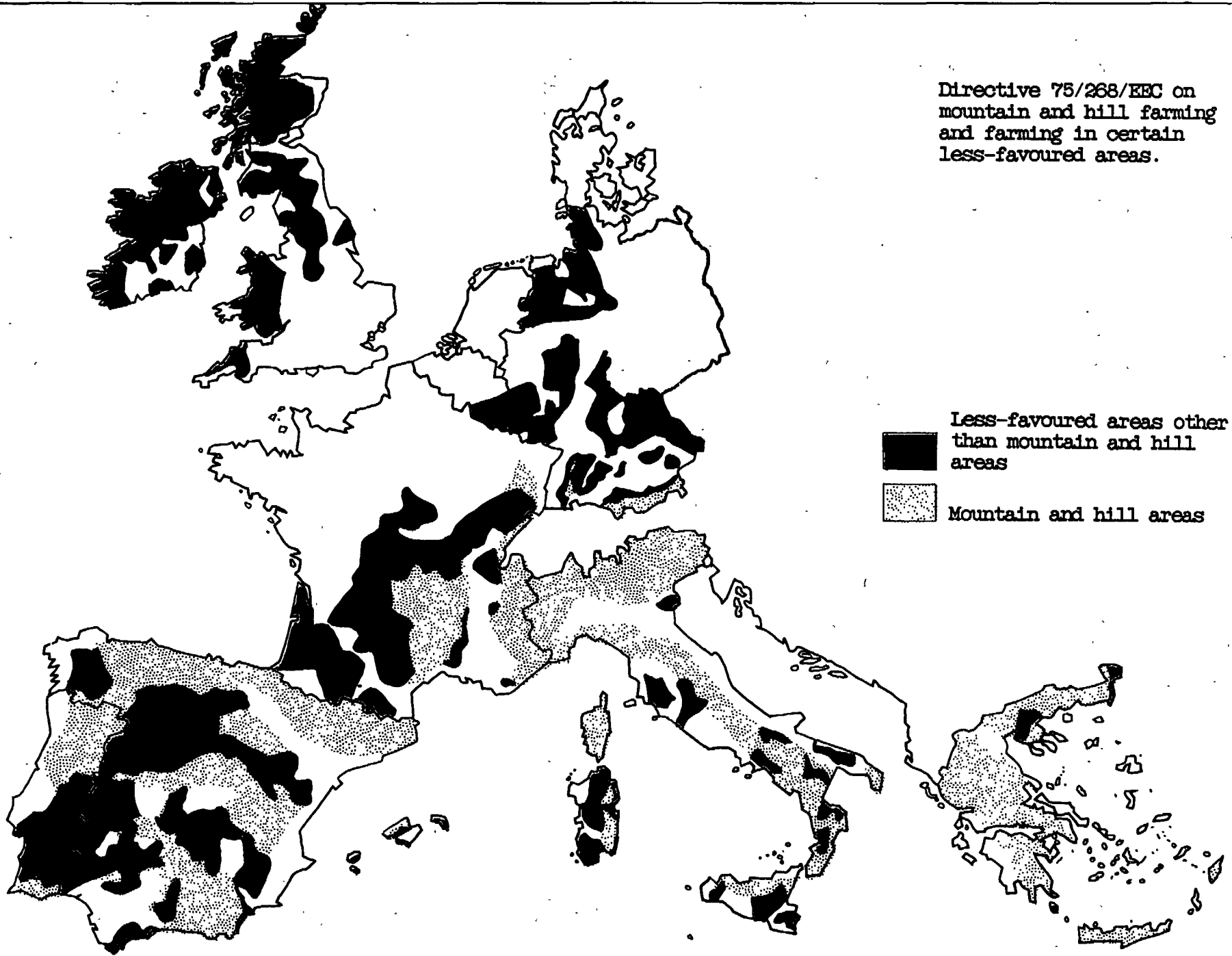
e. ASSESSMENT

The compensatory allowance is the main instrument. It is paid to more than 20% of holdings in less-favoured areas and to over one million holdings each year.

Directive 75/268/EEC on  
mountain and hill farming  
and farming in certain  
less-favoured areas.

Less-favoured areas other  
than mountain and hill  
areas

Mountain and hill areas



FACT SHEET  
No 9

AIDS TO THE SETTING ASIDE OF ARABLE LAND (\*)

a. PURPOSE

To limit the supply of surplus products by reducing areas under crops and to cushion the effects of stabilizers on agricultural incomes. It is intended, as an experiment, to step up the utilization of agricultural raw materials for non-food use (see Fact Sheet No 10).

b. TYPE OF SCHEME

The scheme is binding on the Member States, but optional for farmers. Regional exemptions are possible for certain areas where natural conditions or the risk of a population exodus speak against reducing production. In Spain exemptions may also be granted on the basis of socio-economic circumstances. Portugal is authorized to delay application until the end of 1994.

c. CONDITIONS TO BE MET BY APPLICANTS

- 1 The applicant's undertaking must be for at least five years, though with the possibility of termination after three years.
2. The arable land set aside must represent at least 20% of the arable land on the holding used to grow crops subject to a common organization of markets. Farmers who set aside at least 30% of their arable land are exempt from the co-responsibility levy on 20 tonnes of cereals. The minimum area to be withdrawn from production is 1 ha per holding (0.5 ha in Greece).

(\*) Article 1a of Regulation (EEC) No 797/85  
Regulations (EEC) No 1094/88 - OJ No L 106, 27.4.1988, p. 28;  
(EEC) No 1272/88 - OJ No L 121, 11.5.1988, p. 36;  
(EEC) No 1273/88 - OJ No L 121, 11.5.1988, p. 41;  
(EEC) No 3981/89 - OJ No L 380, 29.12.1989, p. 22;  
(EEC) No 762/90 - OJ No L 83, 30.3.1990, p. 1;  
(EEC) No 1941/90 - OJ No L 174, 7.7.1990, p. 34.

3. Land set aside must be left fallow, with the option of being included in a rotation system, wooded or used for non-agricultural purposes. It must be maintained in good cropping condition, and the quality of the environment must be maintained (prevention of leaching of nitrates and soil erosion, observance of limits on the use of plant protection products, etc).

Member States may allow farmers to use set-aside land for extensive stockfarming or for growing lentils, chick-peas or vetches (known as "green" and "yellow" fallow respectively). In these cases aids are reduced to around 50% of the amounts payable when land is left fallow.

4. To be eligible for aid, the applicant must have farmed the land himself and be entitled to farm it during the period covered by the undertaking.

d. TYPE AND AMOUNT OF AID

Grant levels are fixed by the Member States on the basis of income losses, taking care to ensure the efficiency of the scheme and to avoid over-compensation. Amounts range from ECU 100 to ECU 700 per hectare per annum.

e. COMMUNITY FINANCING CONTRIBUTION

The link with market policy is a fundamental aspect of this measure, and the EAGGF's participation is divided equally between the Guidance and Guarantee Sections. The EAGGF reimbursement rates are:

- . 60% for that portion of the aid which does not exceed ECU 300 per hectare per annum;
- . 25% for that portion of the aid between ECU 300 and ECU 600 per hectare per annum.

This ensures that the Community's contribution is higher in areas where grants (corresponding to income losses) are low and decreases in more productive areas where grants are higher.

See also Table III in Part 5.

f. ASSESSMENT OF THE SCHEME IN ACTION
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By July 1989 all Member States except Denmark had adopted the scheme. 362 313 ha were set aside in 1988/89. This modest success is explained partly by the fact that only the Federal Republic of Germany, United Kingdom, Netherlands and Belgium had adopted the scheme in time for the 1988/89 crop year and partly by the lack of information and the low level of aid. The areas set aside are highest in the Federal Republic of Germany (165 125 ha), Italy (91 617 ha) and the United Kingdom (51 567 ha), whilst the results in the other Member States are somewhat disappointing. The quantity of cereals not produced as a result of the programme is estimated at between 1 and 2 million tonnes.

To make the measure better known, the Council has amended the existing Regulations to secure the publicity required from the Member States.

FACT SHEET  
No 10

SPECIFIC AIDS TO THE REUSE OF ARABLE LAND  
FOR NON-FOOD PURPOSES(\*)

a. PURPOSE

To prevent the creation of surpluses and to alleviate the impact of the reform of the common agricultural policy on farmers' incomes, this scheme is designed to intensify the use of agricultural raw materials for non-food uses (see also fact sheet 9).

b. TYPE OF SCHEME

The scheme is optional for all Member States.

c. CONDITIONS TO BE MET BY APPLICANTS

1. Beneficiaries are the same as those for the set-aside scheme (see fact sheet No 9), i.e. they must have farmed the land themselves and be entitled to farm it during the period covered by their set-aside undertaking, which must be for at least five years.
2. The arable land set aside must represent at least 30% of the arable land on the holding used to grow crops subject to a common organization of the market.
3. Not more than 50% of the set-aside area is eligible under this scheme, provided that it is used for the cultivation of cereals and that the entire harvest is intended for non-food uses.
4. Producers must submit a contract concluded with a processing undertaking guaranteeing to use the products for non-food uses within the Community.
5. Contracts relating to consignments which qualify for the production refund for maize or wheat starch or certain derived products or for aid granted for cereals put to new industrial uses are not eligible for the specific aid.

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(\*) Regulations (EEC) No 797/85, Article 1a; No 1094/88, OJ No L 106, 27.4.1988, p. 28; No 2176/90, OJ No L 198, 28.7.1990, p. 6.

6. The specific aid is granted for the duration of the contract, up to a maximum period of five years from the first supply of products to the processing undertaking.
7. Producers who set aside at least 40% of their arable land are exempt from co-responsibility levy on all the cereals delivered to processing undertakings. In addition, they may be exempt from co-responsibility levy on 20 tonnes of cereals under the set-aside scheme.

d. TYPE AND AMOUNT OF AID

The rates of aid are fixed by the Member States on the basis of income losses, taking care to ensure the effectiveness of the scheme and to avoid over-compensation. The maximum amount is set at 70% of the aid granted for set-aside, which ranges from ECU 100 to ECU 700 per hectare per annum. For the areas in question, the specific aid replaces the set-aside aid.

e. COMMUNITY FINANCING CONTRIBUTION

The EAGGF reimbursement rates are:

- . 60% for that portion of the aid which does not exceed ECU 210 per hectare per annum;
- . 25% for that portion of the aid between ECU 210 and ECU 420 per hectare per annum.

f. OUTLOOK

An implementing Regulation will fix the maximum amounts and minimum areas qualifying for the aid, non-eligibility of certain uses, checks and detailed rules concerning delivery contracts. Subsequently, depending on the results of the scheme, the Commission may amend it to improve its effectiveness and extend it to products other than cereals.

FACT SHEET  
No 11

AIDS TO EXTENSIFICATION (\*)

a. PURPOSE

As an alternative to setting aside land, this scheme aims to limit the supply of surplus products for which, consistently at Community level, there are no normal unsubsidized outlets, and to cushion the effects of stabilizers on agricultural incomes.

b. TYPE OF SCHEME

The scheme is binding on the Member States but optional for farmers. Portugal is authorized to defer its introduction until the end of 1994. Up to 31 December 1990 Member States may limit the scheme to an experimental application in order to improve technical and administrative procedures.

c. CONDITIONS TO BE MET BY APPLICANTS

- Production of the product concerned must be reduced by at least 20% other than by reducing the area of arable land subject to the set-aside scheme.

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(\*) Article 1b of Regulation (EEC) No 797/85  
Regulations (EEC) No 1760/87 - OJ No L 167, 26.6.1987, p. 1  
(EEC) No 1094/88 - OJ No L 106, 27.4.1988, p. 28  
(EEC) No 4115/88 - OJ No L 361, 29.12.1988, p. 13  
(EEC) No 591/89 - OJ No L 65, 9.3.1989, p. 1



- Application of the scheme is monitored by either:
  - . calculating the reduction in the production of each product concerned at holding level or
  - . examining the production methods used (less intensive methods, choice of suitable varieties, reduction of intermediate consumption, etc).
- The producer must give an undertaking and guarantee that he will comply with it for a period of at least five years.

Where extensification is applied to livestock farming, the undertaking must include a condition that production capacities (buildings, fixed plant and equipment, etc.) released as a result of extensification are not used either by the farmer or by any third party to increase the output of surplus products, including pig and poultry products. Fodder production areas must continue to be used to provide feed for the livestock on the holding.

d. TYPE AND AMOUNT OF AID
---------------------------

The maximum eligible aid amounts per annum are:

<u>Product</u>	<u>Amount in ECU</u>
Beef and veal	210/LU by which the herd is actually reduced <sup>(2)</sup> or 65/LU in the herd before the undertaking was given <sup>(3)</sup>
Sheepmeat and goatmeat	185/LU by which the flock is actually reduced <sup>(2)</sup> or 55/LU in the flock before the undertaking was given <sup>(3)</sup>
Cereals	180/ha
Rape, turnip rape, sunflower and soya (seeds)	"
Peas and field beans	"
Tobacco	"
Cotton	"
Vegetables <sup>(1)</sup>	"
Olive oil (specialized olive groves)	300/ha
Citrus fruit	900/ha
Other fruit <sup>(1)</sup>	600/ha
Wine	600/ha

(1) Listed in Annex II to Regulation (EEC) No 1035/72.

(2) Where the procedures for reducing output require the number of

Without prejudice to the amounts of eligible aid laid down by the Commission, which represent compensation of approximately 30% of average income per hectare from the various types of production, the Member States may apply differential amounts of aid at national level based on various criteria (type of product, regional or local situation, percentage of total holding area covered by the farmer's undertaking, and the method to be applied to reduce production - in the latter instance by assessing either the rate of reduction or the cultivation or stockfarming method adopted).

e. COMMUNITY FINANCING CONTRIBUTION

See Tables I and II in Part 5.

f. ASSESSMENT OF THE SCHEME AND OUTLOOK

A report on the operation of the scheme will be sent to the Commission before 1 July each year. It will cover the measures implemented to reduce production, describe the findings of checks (to be carried out on at least 5% of all beneficiary holdings) and draw conclusions from the experience acquired as regards adjusting production to the needs of the market.

FACT SHEET  
No 12

AIDS TO CONVERSION (\*)

a. PURPOSE

1. To encourage the conversion of production towards non-surplus products.
2. To help farmers adapt to the new market circumstances and cushion the effects that the new markets and prices policy is likely to have on agricultural incomes.

b. TYPE OF SCHEME

All aspects of the scheme apply to the entire Community territory. Portugal is authorized to delay application until the end of 1994. The other Member States may be authorized to exempt certain regions or areas in which natural conditions or the risk of a population exodus speak against reducing production. Spain may apply socio-economic criteria. The scheme is binding on the Member States, but optional for farmers.

c. CONDITIONS TO BE MET BY APPLICANTS

1. Crop types

Production must be converted to alternative non-surplus crops. The Commission has proposed to the Council that the Member States be empowered to specify such alternative crops, within the following sectors:

- oilseeds and protein crops;
- nuts, soft fruit, new fruit and vegetables, tropical and subtropical fruits and vegetables;

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(\*) Article 1c of Regulation (EEC) No 797/85 and COM (88) 553 final, 21.10.1988

- medicinal, cosmetic and aromatic plants, plants for the production of spices;
- plants for use in the textile, paper and chemical industries, including those used for energy production and plaiting materials;
- animals for non-food purposes;
- ornamental plants and flowers;
- small-scale food products, including frogs, snails, truffles, honey, etc.

However, in selecting products, the Member States must comply with requirements laid down by the Council to the effect that:

- alternative products are not subsidized by the EAGGF Guarantee Section, as conversion would then involve an increase in expenditure;
- the demand for products is confirmed before production is encouraged;
- conversion does not disturb existing markets, particularly for small-scale products.

## 2. Target producers

There are no restrictions relating to the age, income or degree of agricultural activity of recipients, although they must have been producing their original products for a reference period and must undertake to maintain the converted area in such a way as to protect the environment and natural resources.

d. TYPE AND AMOUNT OF AID
---------------------------

Aid is granted per hectare or per livestock unit:

- for conversion to annual crops or products which generate income as from the first year, aid is granted for up to three years, with reductions of 25% and 30% respectively in the second and third years;
- for conversion to permanent crops, aid is granted for up to five years, with reductions of 25% and 30% respectively in the fourth and fifth years.

The Commission has proposed to the Council that aid levels per hectare or per livestock unit should compensate for income losses during the transition period, though without exceeding the following limits:

<u>Original product</u>	<u>Maximum amount per annum</u>
Crops on arable land	ECU 600/ha
Permanent crops excluding citrus fruit	ECU 1 000/ha
Citrus fruit	ECU 2 200/ha
Cattle	ECU 210/livestock unit
Sheep and goats	ECU 185/livestock unit
Pigs	ECU 100/place
Poultry	ECU 100/100 head
Eggs	ECU 250/100 head of laying hens

e. COMMUNITY FINANCING CONTRIBUTION

See Tables I and II in Part 5.

f. ASSESSMENT OF THE SCHEME AND OUTLOOK

The draft Regulation has been examined by the Council. Questions remain regarding certain "sensitive" sectors to which conversion is planned. The Council will reach a decision in the near future.

FACT SHEET  
No 13

AIDS TO FARMERS IN ENVIRONMENTALLY SENSITIVE AREAS (\*)

a. PURPOSE

To contribute, in areas which are particularly sensitive from the environmental point of view, to introducing or maintaining production practices which are compatible with the requirements for protecting the environment and preserving the landscape.

b. TYPE OF SCHEME

The scheme is optional for each Member State. It is based on voluntary undertakings on the part of farmers.

c. CONDITIONS TO BE MET BY APPLICANTS

The Member States specify the areas regarded as particularly sensitive and lay down the objectives and agricultural production practices considered desirable.

Aid is then granted to farmers who, as part of a specific programme for each sensitive area, undertake to introduce or retain production practices which are compatible with the requirements for protecting the environment and landscape and to apply these practices for at least five years. The precise undertaking to be given by the farmer varies depending on the area.

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(\*) Article 19 of Regulation (EEC) No 797/85  
Regulation (EEC) No 1760/87 - OJ L 167, 26.6.1987, p.1

The conditions often include bans on ploughing up permanent pasture, spreading chemical fertilizers or plant protection products, draining, mowing before a certain date, and an obligation to clear certain undesirable plants, etc.

d. TYPE AND AMOUNT OF AID

The Member States fix the amount and duration of the premium depending on the undertaking entered into by the farmer under the programme.

The maximum amount of the annual premium eligible under the EAGGF Guidance Section is ECU 150 per hectare. However, each Member State may lay down a higher total amount of aid taking account of farmers' income losses resulting from their undertakings.

e. COMMUNITY FINANCING CONTRIBUTION

See Tables I and II in Part 5.

f. ASSESSMENT

Since the measure was introduced, 38 programmes have been or are being approved in six Member States (Denmark, the Federal Republic of Germany, Netherlands, United Kingdom, Italy and France). The total area involved is about 2.5 million ha.

FACT SHEET  
No 14

FORESTRY MEASURES (\*)

a. OBJECTIVE OF COMMUNITY FORESTRY POLICY

- To play a full part in land-use planning and to ensure the future of rural society, with particular reference to the afforestation of agricultural land and its use for amenity and recreational purposes;
- To ensure the security of Community supplies of renewable raw materials, particularly wood and other cellulosic fibres, by exploiting existing woodland;
- To contribute towards improving the environment by protecting woodland (against fire, pollution and disease, etc.) and to help prevent and control erosion.

b. FOCAL POINTS OF COMMUNITY POLICY

- Within the Community:

Forestry infrastructure (roads and equipment), structures (reparcelling, and forestry associations), forestry methods, propagating materials, harmony between forestry and industry, development of forestry products, information.

- Outside the Community:

Participation in the activities of international organizations in developing countries, research and conservation of tropical forests under the FAO-managed Plan of Action on tropical forests.

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(\*) Article 20 of Regulation (EEC) No 797/85 and Regulations (EEC) No 1609/89 to No 1615/89, OJ No L 165, 15.6.1989.



<p>c. MEASURES UNDER THE 1989-1992 PROGRAMME AND COMMUNITY FINANCING CONTRIBUTION</p>
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(Only the first three measures are financed by the EAGGF Guidance Section)

1. Afforestation of agricultural land (Regulation (EEC) No 1609/89)

\* This measure comes under Objective 5(a).

\* The amounts of aid for the afforestation of agricultural land eligible for reimbursement by the Community are:

- ECU 1 800-3 000/ha for afforestation;
- ECU 700-1 200/ha for improving damaged woodland;
- ECU 150/ha for creating fire-breaks, installing water-points, etc;
- ECU 18 000/km for forest roads,
- ECU 1 400-3 000/ha for renewing cork oaks;
- ECU 50-150/ha/year for a maximum of 20 years to compensate for the loss of earnings incurred by persons who afforest their land and receive no other aid.

N.B. The EAGGF Guidance Section's rate of participation varies from one Member State to another. (See Tables I and II in Part 5).

2. Development and exploitation of woodlands in rural areas (Regulation (EEC) No 1610/89)

\* This programme is implemented only in areas covered by Objectives 1 or 5(b) and covers:

- conservation of the environment and natural habitats;
- promotion of the forestry sector to benefit the economy (employment situation);
- social and recreational functions of woodlands.

\* The proposed measures involve:

the creation of nurseries, afforestation, soil and water conservation erosion control, reconstitution of woodland damaged by fire or other causes, connection of forests to transport networks, constitution of associations of persons exploiting woodland, and other accompanying measures.

\* the rate of participation of the EAGGF Guidance Section and other funds involved (ESF and ERDF) varies from one Member State to another

It will be specified in connection with Community support frameworks.

3. Processing and marketing of cork and forestry products (Regulations (EEC) Nos 1611/89 and 1612/89).

These Regulations extended Regulation (EEC) No 357/77 to include forestry products and cork in order to expand the cork sector and promote the utilization of existing woodlands (see also Fact Sheet No 16).

4. Standing Forestry Committee (Decision 89/367/EEC)

The purpose of this Committee is to act as a management committee in respect of Regulations (EEC) Nos 3528/86 and 3529/86. For all other Community forestry issues it plays an advisory role.

5. Protection of forests against fire (Regulation (EEC) No 1614/89)

The objective of the Community scheme established by Regulation (EEC) No 3529/86<sup>1</sup> is to help the Member States to increase protection of forests against fires by applying the following preventive measures:

- a. forestry operations designed to reduce the risk of fire;
- b. acquisition of brush-clearance equipment;
- c. provision of forest roads, fire-belts and water-points;
- d. fixed or mobile look-out structures;
- e. organization of information campaigns;
- f. assistance with establishing interdisciplinary data-gathering centres and analysing the data gathered.

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1 OJ No L 326, 21.11.1986.

These measures are supplemented by:

- training of highly specialized personnel;
- harmonization of techniques and equipment;
- coordination of the research necessary for implementation of measures.

Pilot projects and experiments in new techniques and technologies have been set up under Regulation (EEC) No 1614/89<sup>1</sup>, which also covers the development of equipment and products to increase the effectiveness of fire prevention measures.

The maximum Community participation in programmes and projects submitted to the Commission by the Member States is 50% of expenditure approved by the Commission, with a total budget of ECU 31.5 million over five years.

6. Protection of forests against atmospheric pollution (Regulations (EEC) Nos 3528/86 and 1613/89).

\* Forest protection before 1987 consisted in preparing studies, observations, brochures, catalogues of damage and the improvement of methods.

\* Regulation (EEC) No 3528/86 as amended by Regulation (EEC) No 1613/89 provides for the following measures:

- a periodic inventory of damage caused to forests based on a network of observation points covering the entire Community. This has led to the production of an initial report on the health of Community forests;
- preparation by the Member States of periodic forest health reports;
- centralized utilization of information on forest pollution and its effects;
- pilot projects to restore damaged forests;
- projects to improve knowledge of forest pollution and its effects and to develop restoration methods.

\* Community participation amounts to 50% of expenditure approved by the Commission. The budget allocated to this programme is ECU 17 million over five years.

7. European Forestry Information Communication System (Efics) (Regulation (EEC) No 1615/89)

This system, the cost of which is estimated at ECU 3.9 million over the period 1989-1992, is seen as an information system covering the forestry situation in the first instance, and later perhaps the entire timber and wood sector. Its implementation is expected to facilitate the management of Community and national forestry programmes.

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1 OJ No L 165, 15.6.1989

FACT SHEET  
No 15

EARLY RETIREMENT AIDS IN AGRICULTURE (\*)

a. PURPOSE

When introduced in 1988, the new Community system of early retirement in agriculture was principally a social measure aimed at guaranteeing an income for older farmers unable to adapt to the new market situation. The vacation of land by farmers taking early retirement helped to achieve two further objectives:

- reduction of production surpluses, where such land was no longer used for agricultural production ("abandonment" option);
- improvement of agricultural structures, where land was used to increase the size of neighbouring holdings ("restructuring" option).

As part of the reform of the Structural Funds (\*\*), the early retirement option with restructuring has been discontinued as a horizontal measure, and since January 1990 the corresponding Community aids have come under regional structural measures.

b. TYPE OF SCHEME

The early retirement scheme is optional. Member States may apply all or part of the measures to all or part of their territory or may opt not to apply the scheme at all.

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(\*) Regulation (EEC) No 1096/88, OJ No L 110, 29.4.1988.

(\*\*) See Chapter 3.2.1.

c. CONDITIONS TO BE MET BY APPLICANTS

To benefit from the scheme, applicants must be at least 55 years old, they must give up farming for good, and farming must have been their main activity.

A recipient's land must not be used for agriculture for at least five years, and not before he reaches normal retirement age. It may be set aside, wooded or used for non-agricultural purposes, in which case the quality of the environment must be preserved. It may be incorporated into a reparaelling scheme for the more rational distribution of land.

Where a holder receives early retirement aid, his employees and family workers are also entitled to such aid.

d. TYPE AND AMOUNT OF AID

1.  Holders

The annual allowance eligible for Community part-financing is ECU 3 000, which may be divided among several holders. They may also receive a supplementary annual premium per hectare withdrawn from production, to which the Community will contribute ECU 250 per hectare per year (ECU 300 per hectare per year in the case of afforestation).

Aids granted may be part-financed up to normal retirement age, for a maximum of 10 years, but not beyond the recipient's 70th birthday.

2.  Permanent employees and family workers

The annual allowance is ECU 2 000 per employee, with a limit of two allowances per holding, for a duration of 10 years, though not beyond normal retirement age.

e. COMMUNITY FINANCING CONTRIBUTION

See Tables I and II in Part 5.

FACT SHEET  
No 16

MEASURES TO IMPROVE MARKETING STRUCTURES\*

a. PURPOSE

To encourage the development and rationalization of the treatment, processing and marketing of agricultural and forestry products, particularly those aimed at new outlets. It increases the cohesion of Community action in this area.

The Regulation replaces Regulation (EEC) No 355/77\*\* on the Community scheme of aid to investment in the field of the processing and marketing of agricultural and fishery products.

b. TYPE OF SCHEME

The Member States submit sectoral plans to the Commission. On the basis of the sectoral plan, the Commission negotiates with the Member State, through the partnership procedure, the appropriate sectoral Community support framework including the priorities for intervention to be supported by the Community and the finance available from the Community.

The existence of the sectoral Community support framework is a necessary condition for the approval of applications for assistance submitted by the Member States to the Commission either in the form of operational programmes or as global grants.

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\* Regulations (EEC) Nos 866/90 and 867/90 - OJ No L 91, 6.4.1990.

\*\* OJ No L 51, 23.2.1977.

The investments to receive support from the EAGGF Guidance Section will be selected in accordance with criteria laid down by the Commission following consultation with the Member States and with the guidelines for the Community's policies.

c. CONDITIONS TO BE MET BY THE SECTORAL PLANS

- In general, sectoral plans last between three and five years. Where appropriate, they may be renewed or amended during implementation.
- They must demonstrate that the solutions which they propose and the investments they contain will help achieve the objectives of the common agricultural policy and in particular contribute to the smooth operation of the markets.
- They must also contain information to permit evaluation of the scale and utility of the modernization or rationalisation proposed by the Member State for a given sector. Accordingly, they must describe the sector at the beginning and end of the plan and contain details of the capacities for the treatment, packaging, storage and processing of the agricultural products in question.
- It must be shown that the investments under the plan will provide economic advantages for the producers of the basic product concerned and guarantee those producers a lasting share in the resulting economic benefits.
- They must also give detail of the administrative, legislative and financial measures adopted or to be taken to implement the plan and describe the national management and control systems.

d. PRECISE OBJECTIVES OF THE ELIGIBLE INVESTMENTS

- Helping to guide production in keeping with outlets and to market new or high-quality products, including organically-grown products;
- relieving the intervention mechanisms of the market organizations through long-term structural improvements;
- assisting areas faced with problems of adaptation;
- helping to improve marketing channels or processing procedures;
- improving the quality and preparation of products and the use of by-products.

e. ELIGIBLE INVESTMENTS

To be eligible for aid from the EAGGF Guidance Section, investments must relate to:

- rationalizing or developing the market preparation, preservation, treatment and processing of agricultural products or recycling by-products or manufacturing waste;
- improving marketing, including the transparency of price formation;
- applying new processing techniques, including the development of new products and by-products, or opening up new markets and innovative investments;
- improving product quality.

Special priority may be given to investments to improve the marketing structures for agricultural products.



Investments may include:

- the construction and acquisition of immovable property, with the exception of land purchase;
- new machinery and equipment, including computer software;
- general costs, such as architects' and consultants' fees and feasibility studies.

In general investments must concern products listed in Annex II to the Treaty, certain processed products and certain forestry products.

Investments at the retail level and investments in the marketing and processing of products from non-member countries are not eligible.

**f. COMMUNITY FINANCING CONTRIBUTION**

Aid from the Fund may not exceed 50% of eligible costs in the Objective 1 regions and 30% elsewhere.

The Member States must contribute at least 5% of the eligible costs.

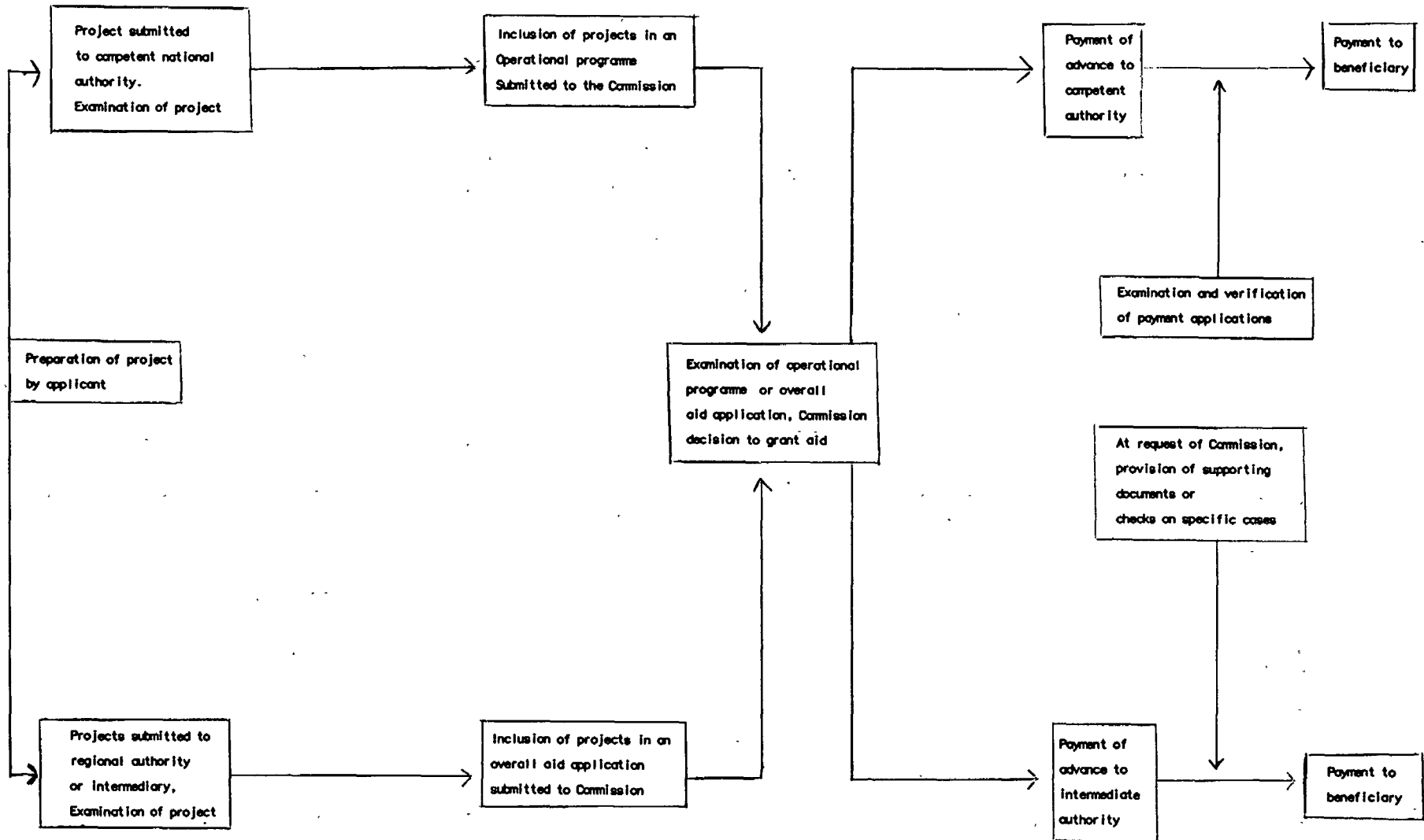
Recipients must contribute at least 25% in the Objective 1 regions and at least 45% elsewhere.

The Member States may adopt supplementary aid measures provided that these are in conformity with Articles 92 and 94 of the EEC Treaty.

**g. MONITORING OF MEASURES**

The Regulation includes rules to ensure effective cooperation on monitoring with the bodies appointed by the Member States (on-the-spot inspections, supporting documents, etc.).

REQUESTS FOR FINANCING FOR INVESTMENTS  
TO IMPROVE THE MARKETING AND PROCESSING  
OF AGRICULTURE AND FORESTRY PRODUCTS.  
Administrative Channels : aid applications



**TABLE I\***

Rates of Community part-financing applicable to the regions covered by Objective 1 as defined in Article 1 of Regulation (EEC) No 2052/88 for the measures covered by Regulation (EEC) No 797/85 (with the exception of set-aside measures), (EEC) No 1096/88, (EEC) No 1360/78, (EEC) No 389/82 and (EEC) No 1696/71 are as follows:

Member State concerned	Rate (%)
Greece, Ireland, Portugal	65
France:	
- Overseas departments (FODs)	60
- Corsica	50
Spain	50
Italy	50
United Kingdom:	
Northern Ireland:	
- measures referred to in Articles 7, 7a and 19 of Regulation (EEC) No 797/85	50
- other measures referred to in Article 1	30

\* Regulation (EEC) No 223/90 (OJ No L 22, 27.1.1990, p. 64).

**TABLE II\***

Rates of Community part-financing applicable to regions not covered by Objective 1 as defined in Article 1 of Regulation (EEC) No 2052/88 for the measures covered by Regulation (EEC) No 797/85 (with the exception of set-aside measures), (EEC) No 1096/88, (EEC) No 1360/78, (EEC) No 389/82 and (EEC) No 1696/71 are as follows:

Types of measures	Rate (%)
1. Measures referred to in Regulation (EEC) No 797/85 (with the exception of set-aside measures):	
(a) standard rate	25
(b) higher rate	50
This rate is applicable in the following cases:	
- in all areas, aids referred to in Articles 7 and 7a	
- in less-favoured areas within the meaning of Council Directive 75/268/EEC <sup>1</sup>	
* aids referred to in Articles 3 and 4 and granted in the less-favoured areas of the Italian Mezzogiorno not covered by Objective 1,	
* aid referred to in Articles 14, 17, 20a and 21 and granted in the less-favoured areas of Italy which are not covered by Objective 1,	
* aids referred to in Articles 3, 4, 14, 17, 20a and 21 granted in the less-favoured areas of Spain which are marked with an asterisk in the Annex to Council Directive 86/466/EEC <sup>2</sup> and which are not covered by Objective 1.	
2. Measures referred to in Regulation (EEC) No 1096/88	50
3. Measures referred to in Regulation (EEC) No 1360/78 <sup>3</sup>	25
4. Measures referred to in Regulation (EEC) No 389/82	50
* Regulation (EEC) No 223/90 (OJ No L 22, 27.1.1990, p. 64) and Regulation	
5. Measures referred to in Regulation (EEC) No 1696/71	25
<sup>1</sup> OJ No L 128, 19.5.1975, p. 1.	

<sup>2</sup> OJ No L 273, 24.9.1986, p. 104.

<sup>3</sup> The rate for producers' organizations within the meaning of Regulation (EEC) No 1035/72 is 50%.

**TABLE III\***

Rates of Community part-financing applicable to the set-aside measures referred to Title 01 of Regulation (EEC) No 797/85:

Types of measures and amount of aid	Rate
1. Measures referred to in the first subparagraph of Article 1a (3)	
(a) for that part of the aid which does not exceed ECU 300/ha/year	60
(b) for that part of the aid which exceeds ECU 300/ha/year but does not exceed ECU 600/ha/year	25
2. Measures referred to in the third subparagraph of Article 1a (3)	
(a) for that part of the aid which does not exceed ECU 150/ha/year	60
(b) for that part of the aid which exceeds ECU 150/ha/year but does not exceed ECU 300/ha/year	25

\* Regulation (EEC) No 223/90 (OJ No L 22, 27.1.1990, p. 64) and Regulation (EEC) No 1941/90 (OJ No L 174, 7.7.1990, p. 34).

## 6. RURAL DEVELOPMENT MEASURES PRE-DATING THE REFORM

This Chapter includes a number of regional measures which began before the reform of the structural Funds and are still in progress. Many of them have been incorporated into the Community support frameworks, or could be when their implementing measures expire.

The measures still in force comprise the integrated Mediterranean programmes, the programmes for the development of agriculture in Spain, Portugal and Ireland and a number of specific regional measures.

### 6.1 INTEGRATED MEDITERRANEAN PROGRAMMES (IMPs)\*

The objective of the IMPs is to improve socio-economic structures in Greece, southern France (Languedoc, Roussillon, Corsica, Provence-Alpes-Côte d'Azur, Aquitaine, Midi-Pyrénées, Drôme and Ardèche) and Italy (the Mezzogiorno including Lazio, Liguria, Tuscany, Umbria, the Marche, the Apennine slopes in Emilia-Romagna and for aquaculture the lagoons between Comacchio and Marano Lagunare) to enable them to cope with the latest enlargement of the Community.

These regions suffer from structural weaknesses (underdeveloped agriculture, difficult natural conditions, difficulties in marketing their products, extensive less-favoured areas, unemployment, small and medium-sized firms employing a low level of technology, industries in crisis, tourist industries which are large but create socio-economic imbalances and poorly organized administrations).

IMPs are multiannual (maximum length seven years), cover all sectors and must be consistent with the other policies, including the common agricultural policy. The measures must be interdependent and include aid from both the Member State and the Community. Each programme involves coordinated assistance from the various structural Funds.

\* Regulation (EEC) No 2088/85 (OJ No L 197, 27.7.1985) and Progress Report (SEC(89) 1665 final, 22.11.1989).

### 6.1.1 Type of measures

The measures concerning agricultural structures and rural development include:

- development of products which are not in surplus, diversification of types and varieties of sensitive products, the development of new specialities and species, forestry activities and the protection of the environment;
- socio-structural measures to increase farmers' incomes, assist the establishment of young farmers and redirect production;
- development and improvement of non-food products;
- development of alternative rural activities (agritourism), exploitation of alternative sources of energy, technical support and research.

In the field of industry and services, the IMPs encourage:

- small and medium-sized businesses and craft enterprises (new technologies and the agri-foodstuffs sector);
- facilities for industrial areas;
- the promotion of tourism;
- support for research, the strengthening of economic infrastructures and the development of commercial services for firms.

In the field of human resources, the IMPs are concerned with vocational training, labour market surveys, etc.

Some IMPs include measures in the fisheries sector.

### 6.1.2 Prospects

The IMPs for Greece, Italy (Mezzogiorno), Corsica and France have been incorporated into the Objective 1 Community support frameworks.

The IMPs for Aquitaine, Provence-Alpes-Côte d'Azur, Languedoc-Roussillon, Drôme and Ardèche in France and those for Lazio, Marche, Tuscany, Umbria and Veneto in Italy have been incorporated into the Objective 5(b) Community support frameworks.

### 6.1.3 Community financial contribution

- The Community will provide a financial contribution additional to that from national and regional authorities of ECU 6 600 million over seven years.
- The ERDF, ESF and EAGGF Guidance Section appropriations for the IMPs are included in the CSFs for Objectives 1 and 5(b).
- Measures financed from additional resources are guaranteed until the IMPs expire.

## 6.2 PROGRAMME FOR THE DEVELOPMENT OF PORTUGUESE AGRICULTURE (PEDAP)\*

The aim of the programme is to improve production and marketing conditions and the structures of Portuguese agriculture. It is additional to the transition arrangements, delaying until 1 January 1991 introduction of certain market organization mechanisms, and to application of the "most favourable" provisions of the horizontal measures. The programme applies to mainland Portugal, the Azores and Madeira.

### 6.2.1. Type of measures

- Advisory services, training and agricultural research, including facilities at training and research centres and model farms intended to acquaint farmers with the potential of production methods;
- Improvement of agricultural structures
  - the development of stock farming
  - the restructuring and conversion of olive plantations
  - production and monitoring of quality seed
  - reorientation of banana production on Madeira;

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\* Article 253 of the Act of Accession and Protocol No 24 thereto  
Regulation (EEC) No 3828/85, OJ No L 372, 31.12.1985.  
Regulation (EEC) No 3464/87, OJ No L 329, 17.11.1987.  
Regulation (EEC) No 2182/88, OJ No L 191, 22.7.1988.  
Regulation (EEC) No 1008/89, OJ No L 109, 20.4.1989.



- Improvement of land tenure
  - reparaelling and related works (farm tracks, etc.)
  - encouragement for the cessation of agricultural activity;
- Physical improvements
  - irrigation and drainage
  - electrification and supply of drinking water
  - rural roads;
- Land improvement
  - soil improvement
  - purchase of seeds
  - provision of fencing, shelters and small-scale irrigation works
  - prevention of soil erosion
  - purchase of machines for the production of fodder;
- Adding value to agricultural products
- Forestry measures
  - afforestation and improvement of deteriorated woodland
  - prevention and fighting of fires
  - specific studies and experiments;
- Assistance for agricultural cooperatives, preservation of the environment, improvement of the farming environment, conversion and the promotion of new systems of production, particularly of quality products, and new activities.

#### 6.2.2 Prospects and Community financial contribution

The PEDAP has been incorporated in the Objective 1 CSF for Portugal.

Total Community financing amounts to ECU 700 million over 10 years.

### 6.3 PROGRAMME FOR THE DEVELOPMENT OF AGRICULTURE IN SPAIN\*

The aim of the programme is to improve agricultural structures to reduce production costs, maintain agriculture in less-favoured areas and protect the environment while avoiding expanding the production of products which are already in surplus. It applies in the less-favoured areas of Spain and in particular in certain areas (e.g. mountainous ones) regarded as extremely disadvantaged.

#### 6.3.1 Type of measures

The programme concerns principally investments in collective works to solve the serious structural problems of the areas concerned. It includes:

- the improvement of the rural infrastructure (supply of electricity and drinking water and farm roads);
- irrigation (renewing and improving existing networks and construction of new ones);
- reparablelling of agricultural land;
- the prevention of soil erosion (dykes, windbreaks, etc.);
- the improvement of privately owned farmland (drainage, clearance of stones, manuring, etc.);
- forestry improvements (afforestation, improvement of deteriorated woodlands);
- improvement of housing.

#### 6.3.2 Prospects and Community financial contribution

The programme for the development of Spanish agriculture now forms part of the Community support frameworks for Objectives 1 and 5(b).

Total Community financing amounts to ECU 420 million of which ECU 325.6 million, or 77%, from the EAGGF contribution will go to assist regions whose development is lagging behind.

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\* Regulation (EEC) No 1118/88 (OJ No L 107, 28.4.1988).

#### 6.4 PROGRAMME FOR THE DEVELOPMENT OF AGRICULTURE IN THE LESS-FAVOURED AREAS OF IRELAND\*

This programme was first introduced in 1981 and extended in May 1988 in accordance with fresh guidelines which gave greater weight to the protection and maintenance of the environment and the encouragement of farm tourism.

##### 6.4.1 Type of measures

###### - Improvement of rural infrastructure

Supply of electricity and drinking water, construction and improvement of rural and forest roads.

###### - Land improvement

Subdivision of land held in common ownership (fencing, improvement of pasture), improvement of mountain and hill pasture held in individual ownership, land reclamation in lowland areas.

###### - Orientation of agricultural production

- . Orientation of production and selection of farming techniques best suited to the agricultural situation;
- . investment aid for farmers who satisfy conditions as regards income, age, an improvement plan (up to 1988), etc.;
- . encouragement of new farm products or new systems of production, with priority being given to non-food products;
- . investments in basic housing for animals, fodder storage and the storage of animal wastes (from 1988).

###### - Forestry development

Afforestation of land suitable for forestry, planting of shelter belts, soil preparation, fencing, fire protection.

###### - Agricultural training facilities

Improvement of facilities, construction of regional and local agricultural training centres.

###### - Improvement of farm living standards and increase of incomes through non-agricultural activities

- . improvement of farm dwellings;
- . production and saving of energy;
- . supply of drinking water;
- . investment in non-agricultural activities carried out by farmers, particularly farm tourism from 1989.

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\* Regulation (EEC) No 1820/80 (OJ No L 180, 14.7.1980).  
Regulation (EEC) No 1030/80 (OJ No L 102, 21.4.1988).

#### 6.4.2 Prospects and Community financial contribution

The whole of the programme has been included in the Objective 1 Community support framework for Ireland.

The total contribution from the EAGGF Guidance Section is estimated at ECU 180 million.

#### 6.5 OTHER RURAL DEVELOPMENT MEASURES

Specific measures have been introduced for the general development of agriculture in a given region, accompanied by measures in non-agricultural sectors, with a view to removing structural or infrastructure handicaps to agriculture in those areas.

The programmes relating to these measures provide for assistance from a number of Community and national funds.

When Regulation (EEC) No 797/85 was revised, Article 18, on which measures of this type were based, was deleted. The reform of the Funds means that in future such measures will be included in the Community support frameworks and financed by the different Funds.

The measures still in force are intended to promote agriculture or certain important products in less-favoured areas such as, for example, the Massif Central or Lozère in France<sup>1</sup>, the French overseas departments<sup>2</sup>, the least-favoured areas of Italy<sup>3</sup>, the islands to the north of Scotland<sup>4</sup>, Northern Ireland<sup>5</sup>, Greece<sup>6</sup> and Ireland<sup>7</sup>.

1 Regulations (EEC) No 1940/81, 1400/86 and 3158/87 and Decisions 88/170/EEC and 88/171/EEC.

2 Directive 81/527/EEC.

3 Regulations (EEC) Nos 1944/81 and 1401/86.

4 Regulations (EEC) Nos 1939/81 and 1402/86 and Decision 88/237/EEC.

5 Regulations (EEC) Nos 1942/81 and 3156/87.

6 Regulations (EEC) Nos 1975/82 and 3157/87.

## 7. TRANSITIONAL AIDS TO AGRICULTURAL INCOME\*

### 7.1 OBJECTIVES

The reform of the common agricultural policy has weakened the economic and structural situation of many family holdings. In order to assist them during the process of adaptation and diversification, the Community has authorized the Member States to provide transitional aid for agricultural income.

The main aims of these income aids are:

- to safeguard income at fair levels during the process of adaptation;
- to alleviate the impact, in terms of income, arising from the financial obligations of agricultural holdings;
- to support the level of agricultural income during efforts to diversify the farmer's activity outside agriculture.

Income aids may under no circumstances stimulate agricultural production or bring about distortions of competition.

### 7.2 THE PROGRAMME OF AGRICULTURAL INCOME AIDS

Income aids may be authorized only as part of a programme of agricultural income aids (PAIA) drawn up by the Member State.

Each PAIA includes:

- its precise objectives;
- the geographical area (national territory, administrative regions, etc.) and the sector or sectors of agriculture to which it applies;
- a definition of the potential recipients of income aid;
- detailed rules for granting the aid and proof of the injury giving entitlement to the income aid;
- the maximum overall annual amount of estimated expenditure resulting from the application of the PAIA, with details of the amount likely to qualify for a Community contribution.

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\* Regulation (EEC) No 768/89, OJ No L 84, 29.3.1989  
Regulation (EEC) No 3813/89, OJ No L 371, 20.12.1989  
Regulation (EEC) No 1279/90, OJ No L 126, 16.5.1990.

### 7.3 CONDITION FOR GRANTING AID

Where the overall family income, that is, the income of the farmer and of those members of his family working on the holding, including any non-agricultural resources, amounts, per work unit, to less than a threshold determined by the Member State, income aid may be paid. Member States may not grant income aids where agricultural activity constitutes a negligible part of the household's income. The threshold may not exceed 70% of national gross domestic product or 90% of regional gross domestic product per member of the working population.

### 7.4 NATURE AND AMOUNT

The level of income aid is determined on the basis of the injury arising for potential recipients from the adjustment of the markets in the context of the reform of the common agricultural policy.

The level of aid may not be based on the prices and/or quantity of production of the holding. The level may be established, as the Member State chooses, on a flat-rate (by application area and/or sector) or individual basis.

Aid may not exceed ECU 2 500 per year per work unit on the holding concerned. It may be granted to an individual recipient only degressively and for no more than five years from the first payment.

### 7.5 PROCEDURE

Where a Member State plans to introduce or amend a PAIA, it must notify the Commission of the draft programme or the proposed amendment, which it may not implement until it has Commission approval. Within three months from the date of receipt of a draft or amendments thereto, the Commission, having consulted the Management Committee for Agricultural Income Aids, which consists of representatives of the Member States and a Commission chairman, shall decide whether to give its approval. The measures adopted by the Commission are applicable immediately. However, if they are not in accordance with the opinion of the Committee, they are immediately notified by the Commission to the Council, which may, acting by a qualified majority, take a different decision within one month.

The Member States must notify the Commission from time to time of progress made in implementing approved programmes.

## 7.6 COMMUNITY FINANCIAL CONTRIBUTION

Only income aids which are part of a PAIA are eligible for Community financing. Furthermore, they may be granted only where a farmer or member of his family practises farming as his main occupation and possesses adequate occupational skill and competence. Community financing covers only a proportion of the income aid; it may not be granted in respect of more than two work units per holding or ECU 1 000 of the ECU 2 500 paid per work unit per year. The amount eligible decreases over the five years to 85%, 70%, 55% and finally 40% of the eligible amount accepted for the first year.

The Community contribution to financing income aid amounts to:

- 70% of the eligible amount where the holding concerned is located in an Objective 1 region (Council Regulation (EEC) No 2052/88 of 24 June 1988);
- 25% of the eligible amount in other cases.

An intermediate rate of contribution may be fixed for certain Objective 5(b) areas.

The Community contribution is financed from appropriations entered in a special chapter of the general budget of the Communities. This contained ECU 155 million in the 1990 budget.

**8. EAGGF GUIDANCE AID FOR AGRICULTURAL MARKETS\***

In addition to the aids mentioned in previous chapters, the EAGGF Guidance Section finances aid directly linked to the agricultural markets. These are chiefly aids for:

- starting producers' organizations (see Fact Sheet No 6);
- the grubbing up and restructuring of vineyards;
- the restructuring and conversion of olive production;
- the restructuring of citrus fruit production;
- livestock farming;
- veterinary measures.

Where the aids apply in regions whose development is lagging behind, or in rural areas, they have been incorporated in the relevant CSFs.

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\* These aids are listed in Title III, Chapter 30 of Section II of Part B of the general budget of the European Communities.



**9. BUDGETARY ASPECTS**

The Brussels European Council in February 1988 reached agreement on the reform of the budgetary procedure. Some months later, the Interinstitutional Agreement and the financial perspectives of 29 June 1988 laid the legal and economic basis for this "budgetary reform", intended to ensure balanced growth of Community expenditure and revenue and so permit completion of the single market on a healthy and disciplined financial basis. This constituted a decisive step in implementing the reforms intended to improve economic and social cohesion in preparation for the single market.

**9.1 SHARE OF STRUCTURAL MEASURES IN THE EEC BUDGET**

The new budget discipline was accompanied by mechanisms to control EAGGF Guarantee Section expenditure on supporting agricultural markets (expenditure guideline and budget stabilizers), which also released a far greater amount of appropriations for other types of expenditure, including structural measures. It was planned that the structural Funds' financial allocation should increase steadily to ECU 1.3 billion per year (at 1988 prices), so doubling in real terms between 1987 and 1993:

ECU billion (1988 prices)

1987	7.2
1988	7.7
1989	9
1990	10.3
1991	11.6
1992	12.9
1993	14.5 <sup>1</sup>

<sup>1</sup> Implicit but not quantified objective.

For other structural measures, the budget also includes an extra ECU 100 million per year for the programme for the development of Portuguese industry (PEDIP) and maximum amounts in 1992 of:

- ECU 150 million to meet half the expenditure on set-aside<sup>1</sup>;
- ECU 300 million for income aid for farmers.

The total appropriations allocated to structural measures (structural Funds, PEDIP, income aid and half the cost of set-aside) is one of the headings of the financial perspectives used as a point of reference for budgetary discipline and the subject of the July 1988 Interinstitutional Agreement between the Commission, the Council and the European Parliament<sup>2</sup>.

## 9.2 ALLOCATION OF APPROPRIATIONS BY OBJECTIVE

The Brussels European Council also determined the main lines of the reform of the structural Funds by confirming that Objective 1 (Development and structural adjustment of regions whose development is lagging behind) would have priority in budgetary terms. Here, financial resources will double between 1987 and 1992, which means greater concentration of the Community's efforts in the regions concerned.

On that basis and in the light of the other guidelines agreed with the Council and the European Parliament, the Commission decided on the following allocation of appropriations by Objective for 1989 to 1993.

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1 The other half of this expenditure will be met from within the EAGGF Guarantee Section guideline.

2 OJ No L 185, 15.7.1988, p. 29.

All structural Funds 1989-93 (in 1989 prices)

(ECU million)

- Objective 1 (promoting the development and structural adjustment of regions whose development is lagging behind)	38 300
- Objective 2 (converting the regions, frontier regions or parts of regions (including employment areas and urban communities) seriously affected by industrial decline)	7 205
- Objective 3 (combating long-term unemployment)	
- Objective 4 (facilitating the occupational integration of young people)	7 450
- Objective 5(a) (with a view to reform of the common agricultural policy, speeding up the adaptation of agricultural	3 415
- Objective 5(b) (with a view to reform of the common agricultural policy, promoting the development of rural areas)	2 795
- Transitional and innovatory measures	1 150
<hr/> <b>TOTAL</b>	<hr/> <b>60 315</b>

**9.3 ALLOCATION OF APPROPRIATIONS AMONG FUNDS**

Hitherto the relative size of the various priorities for Community structural assistance has been determined by the size of each of the Funds in the areas for which they are responsible. The reform gives priority to the breakdown by Objective.

This means that the budgetary allocation to each Fund depends on the contribution it is required to make to the achievement of each Objective. In the case of Objectives requiring the participation of two or three Funds, the amounts of each Fund's contribution are determined mainly through partnership:

Objective	Possible contribution from			Partnership
	ERDF	ESF	EAGGF (Guidance)	
1	x	x	x*	x
2	x	x		x
3		x		x
4		x		x
5(a)			x	x(**)
5(b)	x	x	x*	x
Transitional/ Innovatory	x	x	x	

(\*) All expenditure in the Objective 1 regions contributes to achievement of that Objective. Accordingly, expenditure on horizontal measures (such as Objective 5(a)) contributes too.

(\*\*) Only as regards aid for marketing and processing.

Following consultations in partnership, budgetary allocations are laid down in the Community support frameworks.<sup>1</sup>

The breakdown of commitment appropriations in the 1990 budget is shown in the following chart.

<sup>1</sup> See 3.3 and 4.3 above.

# BREAKDOWN OF APPROPRIATIONS

## AMONG THE FUNDS IN 1990

