

**COUNCIL REGULATION (EC) No 74/2009**

**of 19 January 2009**

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

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 36 and 37 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament <sup>(1)</sup>,

After consulting the European Economic and Social Committee <sup>(2)</sup>,

After consulting the Committee of the Regions <sup>(3)</sup>,

Whereas:

- (1) In the assessment of the implementation of the Common Agricultural Policy (CAP) reform of 2003, climate change, renewable energies, water management, biodiversity and dairy restructuring were identified as crucial new challenges for European agriculture.
- (2) In this context, the Commission presented a Communication to the European Parliament and Council entitled 'Preparing for the "Health Check" of the CAP reform' on 20 November 2007. That Communication and the subsequent discussions of its main elements by the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, as well as numerous contributions arising from public consultation should be taken into account.
- (3) The Community, as party to the Kyoto Protocol <sup>(4)</sup>, has been called upon to implement and/or further elaborate policies and measures in accordance with their national circumstances, such as the promotion of sustainable forms of agriculture in the light of climate change considerations. Furthermore, the Kyoto Protocol obliges parties to formulate, implement, publish and regularly update national and, where appropriate, regional programmes containing measures to mitigate climate change and measures to facilitate adequate adaptation to climate change. Such programmes would, *inter alia*, concern agriculture and forestry. The role of support for rural development should be further strengthened in this context. Strong scientific evidence underlines the need for urgent action. The Community has also been called upon to

examine all possible ways of reducing greenhouse gas emissions. Although European agriculture has contributed more than other sectors to curbing greenhouse gas emissions, in the future the agriculture sector will be called upon to step up its emission reduction efforts as part of the EU global climate change strategy.

- (4) Following serious problems related to water scarcity and droughts, the Council, in its Conclusions on 'Water Scarcity and Drought' of 30 October 2007, considered that water management issues, including water quality, should be further addressed in the relevant CAP instruments. It is essential for European agriculture to have sustainable water management, in order to improve efficiency as regards the quantity of water used for agriculture and in order to better protect the quality of water. In the context of the climatic changes expected, drought-affected areas are likely to increase in extent and frequency.
- (5) Furthermore, the Council has emphasised in its Conclusions on 'Halting the Loss of Biodiversity' of 18 December 2006, that protecting biodiversity remains a major challenge, which is further increased by climate change and water demand, and that, while important progress has been made, the attainment of the Community's biodiversity target for 2010 will require additional efforts. European agriculture has a key role to play in protecting biodiversity.
- (6) It is important that operations related to these Community priorities are further strengthened in the rural development programmes approved in accordance with Council Regulation (EC) No 1698/2005 <sup>(5)</sup>.
- (7) Innovation can, in particular, contribute to the development of new technologies, products and processes and will therefore underpin the efforts to tackle climate change, renewable energies, water management and biodiversity. Specific support for innovation should be provided with reference to these challenges, in order to increase the effectiveness of the respective operations.
- (8) The expiry of the milk quota regime in 2015 under Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural

<sup>(1)</sup> Opinion of 19 November 2008 (not yet published in the Official Journal).

<sup>(2)</sup> Opinion of 23 October 2008 (not yet published in the Official Journal). Opinion delivered following non-compulsory consultation.

<sup>(3)</sup> Opinion of 8 October 2008 (not yet published in the Official Journal). Opinion delivered following non-compulsory consultation.

<sup>(4)</sup> Adopted by Council Decision 2002/358/EC (OJ L 130, 15.5.2002, p. 1).

<sup>(5)</sup> OJ L 277, 21.10.2005, p. 1.

- products <sup>(1)</sup> will require specific efforts from dairy farmers to adapt to changing conditions, particularly in disadvantaged regions. It is therefore appropriate that this particular situation should also be considered as a new challenge which Member States should be able to address with a view to ensuring a 'soft landing' of their dairy sectors.
- (9) Given the importance of these priorities, Member States should provide, in their rural development programmes, for operations related to the new challenges, approved in accordance with this Regulation.
- (10) Regulation (EC) No 1698/2005 provides that, with a view to taking account of major changes in the Community priorities, the Community strategic guidelines for rural development (programming period 2007 to 2013) adopted by Council Decision 2006/144/EC <sup>(2)</sup> may be subject to review. Therefore, Member States which receive additional funds should revise the national strategy plans following the review of the Community strategic guidelines, in order to establish a framework for the programmes to be modified. This obligation should apply only to those Member States which will receive, as of 2010, additional financial resources resulting from the compulsory modulation under Council Regulation (EC) No 73/2009 of 19 January 2009 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers <sup>(3)</sup> and, as from 2011, the amounts of unused funds under the national ceilings for the single payment scheme under that Regulation which they decide to transfer to the EAFRD.
- (11) It is necessary to fix a deadline for the introduction of the operations related to the new challenges into rural development programmes and for the submission of the revised rural development programmes to the Commission, in order to allow a reasonable period of time for Member States to modify their rural development programmes in the light of the revised Community strategic guidelines and national strategy plans.
- (12) Given that the 2003 and 2005 Acts of Accession provided that the farmers in the new Member States, except for Bulgaria and Romania, will receive direct payments following a phasing-in mechanism and that the rules for modulation apply to those farmers only as from 2012, the new Member States will not have to revise their national strategy plans. The deadlines for the new Member States to revise and submit their rural development programmes should be adapted accordingly. Given that, for the same reason, the rules for modulation do not apply to Bulgaria and Romania before 2013, the obligation to revise their national strategy plans and rural development programmes should not apply to these new Member States.
- (13) In view of the new obligations, the requirements as to the content of the rural development programmes should be adapted. A non-exhaustive list of types of operation and their potential effects should be established in order to help Member States to identify the relevant operations related to the new challenges in the context of the legal framework for rural development.
- (14) In order to provide additional incentives to beneficiaries for the uptake of operations related to the new priorities, the possibility of establishing higher amounts and rates of support for such operations should be provided for.
- (15) In order to reinforce cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector, more flexibility as regards the composition of the project partners should be provided.
- (16) For farmers affected by substantial reductions in the value of their direct payments granted in accordance with Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers <sup>(4)</sup>, restructuring support should be granted as of budget year 2011, which is transitional, degressive, and non-discriminatory. Such support should be provided via the rural development programmes in order to assist the farmers concerned in adapting to the changed conditions by restructuring their economic activities inside and outside agriculture.
- (17) In order to provide more flexibility for support which produces agri-environmental effects, Member States should be able to put an end to agri-environmental commitments and to make available equivalent support under the first pillar, on the condition that the economic interests and the legitimate expectations of the beneficiary are respected and the global environmental benefit is maintained.
- (18) Regulation (EC) No 1782/2003 established the principle that farmers who do not comply with certain requirements in the areas of public, animal and plant health, environment and animal welfare are subject to reductions of or exclusion from direct support. Regulation (EC) No 1698/2005 introduced the same principle in rural development for certain measures. This 'cross compliance' system forms an integral part of Community support under direct payments and rural development. However, differences can be identified between the two fields of application, since several of the rules of the direct

<sup>(1)</sup> OJ L 299, 16.11.2007, p. 1.

<sup>(2)</sup> OJ L 55, 25.2.2006, p. 20.

<sup>(3)</sup> See page 16 in this Official Journal.

<sup>(4)</sup> OJ L 270, 21.10.2003, p. 1.

payments cross compliance system are not included in the cross compliance for rural development. In order to ensure consistency, it is necessary to align rural development rules on cross compliance with those of direct payments, in particular as regards liability in the case of transfer of land, minimum thresholds applicable to reductions and exclusions, minor cases of non-compliance, the specific criteria to be taken into account for the detailed rules on reductions and exclusions to be laid down and new dates of application for requirements concerning animal welfare in new Member States.

(19) In accordance with Regulation (EC) No 73/2009, financial resources resulting from the application of compulsory modulation under that Regulation together with, as from 2011, the amounts of unused funds under the national ceilings for the single payment scheme under that Regulation which Member States decide to transfer to the EAFRD are to be used for rural development support. It is appropriate to ensure that an amount equal to those financial resources should be used to support operations related to the new challenges.

(20) Given the additional, specific and binding use of the amounts corresponding to those financial resources, the established balance between objectives of support for rural development should not be affected.

(21) Given the importance of the new challenges at Community level and the urgency to respond to them, the EAFRD contribution should be increased to facilitate the implementation of the related operations.

(22) The role and functions of the monitoring committee with regard to changes in the rural development programmes should be modified in order to increase its efficiency.

(23) In the interest of legal certainty and simplicity, it is appropriate to clarify and harmonise the provisions which provide for the non-application of Articles 87, 88 and 89 of the Treaty to payments made by Member States pursuant to, and in conformity with, this Regulation.

(24) In order to further facilitate the initial establishment of young farmers and the structural adjustment of their holdings after their initial setting up, the maximum amount of support should be increased.

(25) In order to provide the new framework for the implementation of revised national strategy plans and rural development programmes in a timely manner, particularly with regard to the amounts to be made available by

way of modulation, this Regulation should apply as of 1 January 2009, together with Regulation (EC) No 73/2009. Given the nature of provisions of this Regulation, such retroactive application should not infringe the principle of legal certainty of the beneficiaries concerned. However, and in view of that principle, the amended provisions concerning the application of cross compliance should apply from 1 January 2010.

(26) Regulation (EC) No 1698/2005 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

#### *Article 1*

Regulation (EC) No 1698/2005 is hereby amended as follows:

(1) In Article 11(3), point (d) shall be replaced by the following:

‘(d) a list of the rural development programmes implementing the national strategy plan, an indicative EAFRD allocation for each programme, including the amounts provided for in Article 12(2) of Regulation (EC) No 1290/2005, and a separate indication of the amounts provided for in Article 69(5a) of this Regulation.’;

(2) The following Article shall be inserted in Chapter II:

#### *‘Article 12a*

#### **Revision**

1. Each Member State receiving, as of 2010, the additional funds resulting from the application of the compulsory modulation under Articles 9(4) and 10(3) together with, as from 2011, the amounts generated under Article 136 of Council Regulation (EC) No 73/2009 of 19 January 2009 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers (\*) shall revise, in accordance with the procedure referred to in Article 12(1) of this Regulation, its national strategy plan following the review of the Community strategic guidelines as referred to in Article 10 of this Regulation.

2. The revised national strategy plan referred to in paragraph 1 of this Article shall be sent to the Commission no later than 30 June 2009.

(\*) OJ L 30, 31.1.2009, p. 16.;

(3) The following Article shall be inserted:

*'Article 16a*

**Specific operations related to certain priorities**

1. From 1 January 2010, Member States shall provide in their rural development programmes, in accordance with their specific needs, for types of operations having the following priorities as described in the Community strategic guidelines and specified further in the national strategy plans:

- (a) climate change,
- (b) renewable energies,
- (c) water management,
- (d) biodiversity,
- (e) measures accompanying restructuring of the dairy sector,
- (f) innovation linked to the priorities mentioned in points (a), (b), (c) and (d).

The types of operations to be linked to the priorities referred to in the first subparagraph shall be aimed at achieving effects such as the potential effects specified in Annex II. An indicative list of such types of operations and their potential effects is set out in that Annex.

The revised rural development programmes related to the operations referred to in this paragraph shall be submitted to the Commission no later than 30 June 2009.

2. From 1 January 2010, for types of operations referred to in paragraph 1, the aid intensity rates fixed in Annex I may be increased by 10 percentage points.

3. From 1 January 2010, each rural development programme shall also include:

- (a) the list of types of operations and the information referred to in Article 16(c) on the specific types of operations referred to in paragraph 1 of this Article;
- (b) a table setting out, for the period from 1 January 2010 to 31 December 2013, the total Community contribution for types of operations referred to in paragraph 1 of this Article.

4. For new Member States, as defined in Article 2(g) of Regulation (EC) No 73/2009, the starting dates referred to in the introductory phrases of paragraphs 1 and 3 shall be 1 January 2013, the date for the submission of the revised rural development programmes referred to in paragraph 1 shall be 30 June 2012 and the period referred to in

point (b) of paragraph 3 shall be 1 January 2013 to 31 December 2013.

5. Paragraphs 1, 3 and 4 shall not apply to Bulgaria and Romania.;

(4) The following paragraph shall be added to Article 17:

'3. The amounts equal to those resulting from the application of the compulsory modulation under Article 69(5a) shall not be taken into account in the EAFRD total contribution from which the minimum Community financial contribution per axis is calculated as provided for in paragraphs 1 and 2 of this Article.;

(5) In Article 20(1), point (d) shall be replaced by the following:

'(d) transitional measures concerning:

- (i) supporting semi-subsistence agricultural holdings undergoing restructuring (for Bulgaria, the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Romania, Slovenia and Slovakia);
- (ii) supporting the setting up of producer groups (for Bulgaria, the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Romania, Slovenia and Slovakia);
- (iii) supporting agricultural holdings undergoing restructuring, including diversification to activities outside agriculture, due to a reform of a common market organisation.;

(6) The following sentence shall be added to Article 29(1):

'The cooperation shall involve at least two actors of which at least one is either a primary producer or belongs to the processing industry.;

(7) The following Article shall be inserted in Subsection 4 'Conditions for transitional measures':

*'Article 35a*

**Holdings undergoing restructuring due to a reform of a common market organisation**

1. Support provided for in Article 20(d)(iii) for agricultural holdings which undergo restructuring, including diversification outside agricultural activities, due to a reform of a common market organisation shall be granted to farmers whose direct payments are reduced as of 2010 by more than 25 % compared to 2009 in accordance with Regulation (EC) No 1782/2003 and who submit a business plan.

2. Progress in respect of the business plan referred to in paragraph 1 shall be assessed after twelve months.

3. The support shall be paid in the form of a degressive flat-rate aid and only in the years 2011, 2012 and 2013. The support shall be limited to the maximum amount laid down in Annex I and, in any event, shall not exceed 50 % of the reduction of direct payments compared to 2009 in accordance with Regulation (EC) No 1782/2003.;

(8) The following subparagraph shall be added to Article 39(3):

'Member States may put an end to such commitments, without obligation for the beneficiary concerned to reimburse support already received, provided that:

(a) support under Regulation (EC) No 73/2009 is newly made available in the framework of which rules are applied which produce global agri-environmental effects equivalent to those of the agri-environmental measure which is closed;

(b) such support is not financially less favourable for the beneficiary concerned;

(c) the beneficiary concerned is informed of this possibility at the time he undertakes his commitments.;

(9) The following Article shall be inserted in Subsection 4 'Respect of Standards':

'Article 50a

#### **Main requirements**

1. A beneficiary receiving payments under Article 36(a)(i) to (v) and Article 36(b)(i), (iv) and (v) shall respect, on the whole holding, the statutory management requirements and the good agricultural and environmental condition provided for in Articles 5 and 6 of, and in Annexes II and III to, Regulation (EC) No 73/2009.

The obligation to comply with the statutory management requirements and the good agricultural and environmental condition referred to in the first subparagraph shall not apply to non-agricultural activities on a holding and non-agricultural areas for which no support in accordance with Articles 36(b)(i), (iv) and (v) of this Regulation is claimed.

2. The competent national authority shall provide the beneficiary, *inter alia* by the use of electronic means, with the list of statutory management requirements and the good agricultural and environmental condition to be respected.;

(10) Article 51(1) shall be replaced by the following:

'1. Where the statutory management requirements or good agricultural and environmental condition are not complied with at any time in a given calendar year (hereinafter referred to as "the calendar year concerned"), and the non-compliance in question is the result of an act or omission directly attributable to the beneficiary who

submitted the payment claim under Article 36(a)(i) to (v) and Article 36(b)(i), (iv) and (v) in the calendar year concerned, the total amount of these payments granted or to be granted to that beneficiary related to the calendar year concerned shall be reduced or excluded in accordance with detailed rules referred to in paragraph 4.

The reduction or exclusion referred to in the first subparagraph shall also apply where the minimum requirements for fertiliser and plant protection product use referred to in Article 39(3) are not complied with at any time of the calendar year concerned and the non-compliance in question is the result of an act or omission directly attributable to the beneficiary who submitted the payment claim under Article 36(a)(iv).

The first and second subparagraphs shall also apply where the non-compliance in question is the result of an act or omission directly attributable to the person to whom or from whom the land was transferred.

For the purpose of this paragraph, "transfer" shall mean any type of transaction whereby the land ceases to be at the disposal of the transferor.

By way of derogation from the third subparagraph, where the person to whom the act or omission is directly attributable has submitted a payment claim in the calendar year concerned, the reduction or exclusion shall be applied to the total amounts of payments granted or to be granted to that person.;

(11) Article 51(2) shall be replaced by the following:

'2. The reduction or exclusion of payments referred to in paragraph 1 of this Article shall not apply to standards for which a period of grace has been granted in accordance with Article 26(1) during the period of grace.

Notwithstanding paragraph 1 and in accordance with the conditions laid down in the detailed rules referred to in paragraph 4, Member States may decide not to apply a reduction or exclusion amounting to EUR 100 or less per beneficiary and per calendar year.

Where a Member State decides to make use of the option provided for in the second subparagraph, in the following year the competent authority shall take the actions required to ensure that the beneficiary remedies the finding of non-compliance concerned. The finding and the obligation to take remedial action shall be notified to the beneficiary.;

(12) Article 51(3) shall be amended as follows:

(a) in the second subparagraph, point (c), the date '1 January 2011' shall be replaced by '1 January 2013';

(b) in the third subparagraph, point (c), the date '1 January 2014' shall be replaced by '1 January 2016';

(13) Article 51(4) shall be replaced by the following:

‘4. Detailed rules for the reductions and exclusions shall be laid down in accordance with the procedure referred to in Article 90(2). In this context account shall be taken of the severity, extent, permanence and repetition of non-compliance found as well as of the following criteria:

- (a) In the case of negligence, the percentage of reduction shall not exceed 5 % and, in the case of repeated non-compliance, 15 %.

In duly justified cases, Member States may decide that no reduction shall be applied where, given its severity, extent and permanence, a case of non-compliance is to be considered as minor. However, cases of non-compliance which constitute a direct risk to public or animal health shall not be considered as minor.

Unless the beneficiary has taken immediate remedial action putting an end to the non-compliance found, the competent authority shall take the actions required that may, where appropriate, be limited to an administrative control, to ensure that the beneficiary remedies the finding of non-compliance concerned. The finding of minor non-compliance and the obligation to take remedial action shall be notified to the beneficiary.

- (b) In case of intentional non-compliance, the percentage of reduction shall not in principle be less than 20 % and may go as far as total exclusion from one or several aid schemes and apply for one or more calendar years.

- (c) In any case, the total amount of reductions and exclusions for one calendar year shall not be more than the total amount referred to in Article 51(1).’

(14) The following paragraphs shall be inserted in Article 69:

‘5a. An amount equal to the amounts resulting from the application of the compulsory modulation under Article 9(4) and Article 10(3) together with, as from 2011, the amounts generated under Article 136 of Regulation (EC) No 73/2009 shall be exclusively spent by Member States in the period from 1 January 2010 to 31 December 2015 as Community support under the current rural development programmes for operations of the types referred to in Article 16a of this Regulation.

For new Member States, as defined in Article 2(g) of Regulation (EC) No 73/2009, the period referred to in the first subparagraph shall be from 1 January 2013 to 31 December 2015.

The first two subparagraphs shall not apply to Bulgaria and Romania.

5b. If, at the closure of the programme, the actual amount of Community contribution spent on the operations referred to in paragraph 5a of this Article is lower than the amount referred to in paragraph 5a of this Article, the difference shall be reimbursed by the Member State to the general budget of the European Communities up to the amount by which the total allocations available for operations other than those referred to in Article 16a have been exceeded.

5c. Amounts referred to in paragraph 5a of this Article shall not be taken into account for the purpose of Article 25 of Regulation (EC) No 1290/2005.’

(15) The following subparagraph shall be added to Article 70(4):

‘Notwithstanding the ceilings set out in paragraph 3, the EAFRD contribution may be increased to 90 % for convergence and to 75 % for non-convergence regions for the operations of the types referred to in Article 16a of this Regulation, up to the amount resulting from the application of the compulsory modulation under Article 9(4) and Article 10(3) together with, as from 2011, the amounts generated under Article 136 of Regulation (EC) No 73/2009’;

(16) In Article 78, point (f) shall be replaced by the following:

‘(f) shall consider and approve any substantial proposal for changes in rural development programmes.’;

(17) In Article 88(1), the second subparagraph shall be replaced by the following:

‘However, and without prejudice to Article 89 of this Regulation, Articles 87, 88 and 89 of the Treaty shall not apply to payments made by Member States pursuant to, and in conformity with, this Regulation within the scope of Article 36 of the Treaty.’;

(18) The word ‘Annex’ shall be replaced by ‘Annex I’ in the title of the Annex and in the following Articles: 22(2), 23(6), 24(2), 26(2), 27(3), 28(2), 31(2), 32(2), 33, 34(3), 35(2), 37(3), 38(2), 39(4), 40(3), 43(4), 44(4), 45(3), 46, 47(2), 88(2), 88(4), 88(6);

(19) The Annex shall be amended as follows:

- (a) the amount in EUR for the setting up support under Article 22(2), indicated in the third column of the first row, shall be replaced by the following:

‘70 000’;

- (b) the following row shall be inserted after the eleventh row concerning the support for producer groups under Article 35(2):

'35a(3)	Maximum amount of support for restructuring due to a reform of a common market organisation	4 500	Per holding in 2011
		3 000	in 2012
		1 500	in 2013';

(c) the endnote '\*' shall be replaced by the following:

'(\*) The setting up support may be given in the form of a single premium up to a maximum of EUR 40 000, or in the form of an interest rate subsidy, the capitalised value of which may not exceed EUR 40 000. For both forms of support combined, the maximum may not exceed EUR 70 000.;

(d) the endnote '\*\*\*\*' shall be replaced by the following:

'(\*\*\*\*) These amounts may be increased for the types of operations referred to in Article 16a and in other exceptional cases taking account of

specific circumstances to be justified in the rural development programmes.;

(20) A new Annex, the text of which is set out in the Annex to this Regulation, shall be added.

#### Article 2

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 1 January 2009, with the exception of points (10), (11) and (13) of Article 1, which shall apply from 1 January 2010.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 19 January 2009.

*For the Council*

*The President*

P. GANDALOVIČ

## ANNEX

## ANNEX II

**Indicative list with types of operations and potential effects related to priorities referred to in Article 16a**

Priority: Climate change adaptation and mitigation

Types of operations	Articles and measures	Potential effects
Improve efficiency of nitrogen fertiliser use (e.g. reduced use, equipment, precision agriculture), improvement of manure storage	Article 26: modernisation of agricultural holdings Article 39: agri-environment payments	Reduction of methane (CH <sub>4</sub> ) and nitrous oxide (N <sub>2</sub> O) emissions
Improvement of energy efficiency (e.g. use of construction materials which reduce heat loss)	Article 26: modernisation of agricultural holdings Article 28: adding value to agricultural and forestry products Article 29: cooperation for new products, processes and technologies	Reduction of carbon dioxide (CO <sub>2</sub> ) emissions by saving energy
Preventive mechanisms against adverse effects of climate-related extreme events (e.g. setting up of hail nets)	Article 26: modernisation of agricultural holdings	Reduction of negative effects from extreme weather events on agricultural production potential
Soil management practices (e.g. tillage methods, catch crops, diversified crop rotations)	Article 39: agri-environment payments	Reduction of nitrous oxide (N <sub>2</sub> O), carbon sequestration, adaptation to the effects of climate change on soil
Land use change (e.g. conversion of arable land to pastures, permanent set-aside)	Article 39: agri-environment payments Article 41: non-productive investments	Reduction of nitrous oxide (N <sub>2</sub> O), carbon sequestration
Extensification of livestock (e.g. reduction of stocking density) and grassland management	Article 39: agri-environment payments	Reduction of methane (CH <sub>4</sub> ) and nitrous oxide (N <sub>2</sub> O)
Afforestation, establishment of agro-forestry systems	Articles 43 and 45: first afforestation of agricultural and non-agricultural land Article 44: first establishment of agro-forestry systems on agricultural land	Reduction of nitrous oxide (N <sub>2</sub> O), carbon sequestration
Flood prevention and management measures (e.g. projects related to coastal and interior flood protection)	Article 20: restoring agricultural production potential damaged by natural disaster and introducing appropriate prevention actions	Reduction of the negative effects of extreme weather events related to climate change on agricultural production potential



## Priority: Climate change adaptation and mitigation

Types of operations	Articles and measures	Potential effects
Training and use of farm advisory services in relation to climate change	Article 21: vocational training and information actions Article 24: use of advisory services Article 58: training and information	Provision of training and advice to farmers to reduce greenhouse gases and to adapt to climate change
Prevention actions against forest fires and climate-related natural disasters	Article 48: restoring forestry potential and introducing prevention actions	Carbon sequestration in forests and avoidance of carbon dioxide (CO <sub>2</sub> ) emissions, reduction of negative effects of climate change on forests
Conversion to more resistant forest stand types	Article 47: forest-environment Article 49: non-productive investments	Reduction of negative effects of climate change on forests

## Priority: Renewable energies

Types of operations	Articles and measures	Potential effects
Biogas production using organic waste (on farm and local production)	Article 26: modernisation of agricultural holdings Article 53: diversification into non-agricultural activities	Substitution of fossil fuels, reduction of methane (CH <sub>4</sub> )
Perennial energy crops (short rotation coppice and herbaceous grasses)	Article 26: modernisation of agricultural holdings	Substitution of fossil fuels, carbon sequestration, reduction of nitrous oxide (N <sub>2</sub> O)
Processing of agricultural/forest biomass for renewable energy	Article 26: modernisation of agricultural holdings Article 28: adding value to agricultural and forestry products Article 29: cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector Article 53: diversification into non-agricultural activities Article 54: support for business creation and development	Substitution of fossil fuels
Installations/infrastructure for renewable energy using biomass and other renewable energy sources (solar and wind power, geothermal)	Article 53: diversification into non-agricultural activities Article 54: support for business creation and development Article 56: basic services for the economy and rural population Article 30: infrastructure related to the development and adaptation of agriculture and forestry	Substitution of fossil fuels

## Priority: Renewable energies

Types of operations	Articles and measures	Potential effects
Information and dissemination of knowledge related to renewable energies	Article 21: vocational training and information actions Article 58: training and information	Raising awareness and knowledge and thus, indirectly, the efficiency of other operations related to renewable energies

## Priority: Water management

Types of operations	Articles and measures	Potential effects
Water saving technologies (e.g. efficient irrigation systems) Water storage (including water overflow areas) Water saving production techniques (e.g. adapted cropping patterns)	Article 26: modernisation of agricultural holdings Article 30: infrastructure Article 28: adding value to agricultural and forestry products Article 39: agri-environment payments	Improvement of the capacity to use water more efficiently and to improve the capacity to store water
Wetland restoration Conversion of agricultural land into swamps	Article 41: non-productive investments Article 39: agri-environment payments Article 38: Natura 2000 payments	Conservation of high-value water bodies, protection and improvement of water quality
Conversion of agricultural land into forest/ agro-forestry systems	Articles 43 and 45: first afforestation of agricultural land and non-agricultural land	Protection and improvement of water quality
Installations for waste water treatment on farms and in processing and marketing	Article 26: modernisation of agricultural holdings Article 28: adding value to agricultural land and forestry products	Improvement of the capacity to use water more efficiently
Development of semi-natural water bodies Creation of natural banks Meandering rivers	Article 39: agri-environment payments Article 57: conservation and upgrading of the rural heritage	Conservation of high-value water bodies, protection and improvement of water quality
Soil management practices (e.g. catch crops, organic farming, conversion of arable land into permanent pasture)	Article 39: agri-environment payments	Contributing to the reduction of losses of different compounds to water, including phosphorus
Information and dissemination of knowledge related to water management	Article 21: vocational training and information actions Article 58: training and information	Raising awareness and knowledge and thus, indirectly, the efficiency of operations related to water management

## Priority: Biodiversity

Types of operations	Articles and measures	Potential effects
No application of fertilizer and pesticides on high nature value agricultural land Extensive forms of livestock management Integrated and organic production	Article 39: agri-environment payments	Conservation of species-rich vegetation types, protection and maintenance of grasslands
Perennial field and riparian boundary strips and biobeds Setting up of management plans for Natura 2000 Construction/management of biotopes/habitats within and outside Natura 2000 sites Land use change (extensive grassland management, conversion of arable land to permanent pasture, long-term set-aside) Management of high nature value perennials Setting up and preservation of meadow orchards	Articles 38 and 46: Natura 2000 payments Article 39: agri-environment payments Article 41: non-productive investments Article 47: forest-environment payments Article 57: conservation and upgrading of the rural heritage	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering habitats, conservation of protected fauna and flora
Conservation of genetic diversity	Article 39: agri-environment payments	Conservation of genetic diversity
Information and dissemination of knowledge related to biodiversity	Article 21: vocational training and information actions Article 58: training and information	Raising awareness and knowledge and thus, indirectly, the efficiency of operations related to biodiversity

## Priority: Measures accompanying restructuring of the dairy sector

Types of operations	Articles and measures	Potential effects
Investment support related to dairy production	Article 26: modernisation of agricultural holdings	Improvement of the competitiveness of the dairy sector
Improvements in processing and marketing related to dairy	Article 28: adding value to agricultural and forestry products	Improvement of the competitiveness of the dairy sector
Innovation related to the dairy sector	Article 29: cooperation for development of new products, processes and technologies	Improvement of the competitiveness of the dairy sector
Grassland premia and extensive livestock production, organic production related to dairy production, permanent pasture premia in less favoured areas, grazing premia	Article 39: agri-environment payments	Enhancement of the positive environmental effects of the dairy sector

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Priority: Innovative approaches relevant to the priorities under Article 16a(1)(a), (b), (c) and (d)

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Innovative operations to address climate change mitigation and adaptation measures	Article 29: cooperation for development of new products, processes and technologies	Reduction of GHG emissions and adaptation of agriculture to climate change
Innovative operations to support the development of renewable energies	Article 29: cooperation for development of new products, processes and technologies	Substitution of fossil fuel and reduction of GHG
Innovative operations to enhance water management	Article 29: cooperation for development of new products, processes and technologies	Improvement of the capacity to use water more efficiently and to improve water quality
Innovative operations to support the conservation of biodiversity	Article 29: cooperation for development of new products, processes and technologies	Halting the loss of biodiversity'

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