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PROPOSAL

from: Commission

dated: 30 January 2009

Subject: Proposal for a Council Regulation amending Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)

Proposal for a Council Decision amending Decision 2006/493/EC laying down the amount of Community support for rural development for the period from 1 January 2007 to 31 December 2013, its annual breakdown and the minimum amount to be concentrated in regions eligible under the Convergence Objective

Delegations will find attached a proposal from the Commission, submitted under a covering letter from Mr Jordi AYET PUIGARNAU, Director, to Mr Javier SOLANA, Secretary-General/High Representative.

Encl.: COM(2009) 38 final



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 28.1.2009
COM(2009) 38 final

2009/0011 (CNS)

Proposal for a

COUNCIL REGULATION

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

Proposal for a

COUNCIL DECISION

amending Decision 2006/493/EC laying down the amount of Community support for rural development for the period from 1 January 2007 to 31 December 2013, its annual breakdown and the minimum amount to be concentrated in regions eligible under the Convergence Objective

EXPLANATORY MEMORANDUM

The Council of the European Union of 11 and 12 December 2008 agreed on a European Economic Recovery Plan (EERP), which envisages the initiation of priority action to enable European economies to adjust more rapidly to current challenges, based on an effort equivalent in total to around 1.5% of European Union GDP (a figure amounting to around EUR 200 billion). Out of this amount, EUR 1.5 billion should be made available to all Member States via the European Agricultural Fund for Rural Development (EAFRD) with a view to developing broadband internet in rural areas and to strengthen the new challenges as defined in the context of the assessment of the 2003 midterm reform of the Common Agricultural Policy – the "Health Check" – which was completed in November 2008. One third of this amount (EUR 0.5 billion) should be spent on new challenges related operations and two thirds (EUR 1 billion) on developing broadband internet infrastructure in rural areas. The motivation for this allocation of additional funds to the two priority areas of the EU's rural development policy is the following:

Rural communities can be amongst the most vulnerable to economic downturn. In difficult times, there is a greater risk of exclusion – and when the economy starts to return to growth, the benefits can flow more slowly.

One of the most important tools in the modern economy is broadband internet. In today's Europe, it unlocks the paths to finding new jobs, learning new skills, identifying new markets and cutting costs. It is as essential to schools, libraries and government offices as to businesses. It has become an essential tool to making the modern economy work. But there are gaps – communities where the market has not delivered coverage, due to dispersed populations and high costs. That is why the European Economic Recovery Plan set out a goal of developing broadband networks to achieve a full 100% high-speed internet coverage by 2010. It also underlined the need to upgrade the performance of many existing networks, alongside efforts to promote competitive investments in fibre networks and free up spectrum for wireless broadband.

The support for broadband infrastructure is also favoured by Member States' possibility to choose specific aid intensity rates for public infrastructure investments in rural areas, with a maximum of up to 100%. This creates already a good basis for absorption of the funds for broadband from the Recovery Plan. For other non-public infrastructure operations the rates as defined under the general state aid rules apply.

Furthermore, Member States have to ensure the utmost acceleration of the implementation of additional funds from the Recovery Plan already from 2009 in order to allow for a most timely response to the economic crisis.

The EU already uses rural development to promote growth in rural economies and the overall health of rural society. The "Health Check" of the CAP identified a series of new challenges of particular relevance to European agriculture. Tackling these challenges more quickly would allow agricultural communities to bring forward work to address these challenges and better placed to be ready for improved economic circumstances. This would follow the emphasis given by the Recovery Plan to accelerating the implementation of EU structural actions, to bring investment on stream early in difficult times.

Proposal for a

COUNCIL REGULATION

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 Commission¹,

Having regard to the opinion of the European Parliament²,

After consulting the European Economic and Social Committee³,

After consulting the Committee of the Regions⁴,

Whereas:

- (1) The European Council, at its meeting on 11 and 12 December 2008, approved a European Economic Recovery Plan (EERP), which envisages the initiation of priority action to enable Member States' economies to adjust more rapidly to current challenges. It is based on an effort equivalent in total to around 1.5% of European Union GDP, a figure amounting to around EUR 200 billion.
- (2) Of the above amount, EUR 1.5 billion should be made available to all Member States via the European Agricultural Fund for Rural Development (EAFRD) with a view to developing broadband internet in rural areas and to strengthening the operations related to the priorities laid down in Article 16a(1)(a) to (f) of Council Regulation (EC) No 1698/2005⁵ (hereinafter "new challenges").
- (3) Several amendments of Regulation (EC) No 1698/2005 are necessary to establish the legal framework to allow Member States to use the above mentioned amount, in continuity with the amendments introduced by Council Regulation (EC) No [X] of [...] amending Regulation EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)⁶ [*Health Check Rural*

¹ OJ C ..., ..., p.

² OJ C ..., ..., p.

³ OJ C ..., ..., p.

⁴ OJ C ..., ..., p.

⁵ OJ L 277, 21.10.2005, p. 1.

⁶ OJ L ..., ..., p.

Development Regulation] which enables using amounts resulting from increased compulsory modulation and unused funds generated under Article 136 of Council Regulation (EC) No [X] of [...] establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers⁷ on operations related to the "new challenges".

- (4) In order to ensure that the breakdown of the additional Community contribution in each Member State is used consistently with the objectives of the two policy packages (new challenges and broadband internet), Member States should specify in their national strategy plans the indicative amount, resulting from the compulsory modulation together with the unused funds generated under Article 136 of Regulation (EC) No ...⁸ and the increase of the global commitments as laid down by Council Decision 2006/493/EC⁹ as amended by Decision¹⁰. These amounts will be devoted to broadband internet infrastructure in rural areas on the one hand and to the "new challenges" on the other.
- (5) Because of the additional resources to be made available as Community support for rural development under the EERP, it is necessary for Member States to revise their National Strategy Plan (NSP). Since all Member States will receive such additional funds from 2009, they should all be required to revise their NSP by 30 June 2009.
- (6) The Conclusions of the European Council of 12 December 2008 record the European Council's supports under the EERP, in particular, developing broadband internet, including in areas that are poorly served. Because rural areas often suffer from insufficient internet access, support for broadband infrastructures in rural areas should be strengthened under the support of EAFRD. Given the importance of this priority, Member States should provide in their programmes for operations related to this priority by the end of 2009. A list of types of operations related to broadband infrastructures should be established in order to allow Member States to identify the relevant operations in the context of the legal framework for rural development.
- (7) As the additional funds from the EERP will be made available to all Member States in 2009, all Member States should provide in their rural development programmes for types of operations related to the new challenges already in that year.
- (8) The obligation to submit revised rural development programmes by 30 June 2009 should, therefore, be extended to all Member States.
- (9) Given the additional, specific and binding use of financial resources resulting from the application of compulsory modulation under Regulation (EC) No .../..., of the amounts generated under Article 136 of the same Regulation and of the amounts to be made available as Community support for rural development under the EERP, the established balance between objectives of support for rural development should not be affected by those financial resources.

⁷ OJ L ..., ..., p.

⁸ OJ L ..., ..., p.

⁹ OJ L 195, 15.7.2006, p. 22.

¹⁰ OJ L ..., ..., p.

- (10) Rural areas often lack broadband infrastructure both small and larger scale. The latter may be crucial for serving less accessible rural areas. In order to ensure the most effective use of available resources and to allow a substantive development of the broadband internet in rural areas, the pertinent operations should be considered eligible without limitation in the size of the related infrastructure. Therefore, the existing limitation in size for infrastructure in basic services for economy and rural population should not apply to the operations related to broadband infrastructures.
- (11) In order to realise the specific policy objectives of strengthening the operations related to the new challenges and developing broadband internet infrastructures it is necessary to provide that the financial resources to be made available as Community support for rural development under the EERP have to be used for certain specific purposes and to combine this obligation with the existing obligation for the amounts resulting from the compulsory modulation and the amounts generated under Article 136 of Regulation (EC) No
- (12) Given the importance of the broadband operations at Community level, the increase of EAFRD contribution foreseen in Council Regulation (EC) No [X] of [...] amending Regulation (EC) No 1698/2005 [*Health Check Rural Development Regulation*] should also apply to such types of operations in order to facilitate their implementation.
- (13) In order to help Member States which are particularly affected by the economic crisis and which have difficulties in providing national financial resources to use the available EAFRD funds, higher co-financing rates should be exceptionally allowed in 2009.
- (14) As the measures provided for in the proposed amendments should cover 2009, this Regulation should apply from 1 January 2009.
- (15) Regulation (EC) No 1698/2005 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

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

- (1) In Article 11(3), point (d) is 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 total of the amounts referred to in Article 69(5a) of this Regulation specifying which is the amount to be spent on operations of the type referred to in Article 16a(1)(g) of this Regulation;"
- (2) In Article 12a, paragraph 1 is replaced by the following:
 - "1. Member States shall revise, in accordance with the procedure referred to in Article 12(1), their national strategy plans following the review of the Community strategic guidelines as referred to in Article 10."

- (3) Article 16a is replaced by the following:

*"Article 16a
Specific operations related to certain priorities*

1. By 31 December 2009, 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) to (d),
 - (g) broadband internet infrastructure in rural areas.

The types of operations to be linked to the priorities referred to in points (a) to (f) of 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 Annex II. A list of types of operations linked to the priority referred to in point (g) of the first subparagraph is set out in Annex III.

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 2009, for types of operations referred to in paragraph 1(a) to (f) of this Article, the aid intensity rates fixed in Annex I may be increased by 10 percentage points.
3. By 31 December 2009, 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 2009 to 31 December 2013, the total Community contribution for types of operations referred to in points (a) to (f) of paragraph 1 and the Community contribution for types of operations referred to in point (g) of paragraph 1."

(4) In Article 17, paragraph 3 is replaced by the following:

"3. The amounts equal to those resulting from the application of the compulsory modulation under Article 69(5a) together with, as from 2011, the amounts generated under Article 136 of Regulation (EC) No ... and the amount referred to in Article 69(2a) of this Regulation 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 56 the following sentence is added:

"The limitation in size for infrastructure shall not apply to the operations referred to in Article 16a(1)(g)."

(6) Article 69 is amended as follows:

(a) a new paragraph 2a is inserted:

"2a. The part of the amount referred to in paragraph 1 of this Article resulting from the increase of the global commitments as laid down by Council Decision 2006/493/EC as amended by Decision¹¹ shall be available as from 1 January 2009. It shall be devoted to types of operations related to priorities laid down in Article 16a(1) and it shall be spent as follows:

(a) one third (EUR 0.5 billion) on types of operations related to priorities laid down in Article 16a(1)(a) to (f);

(b) two thirds (EUR 1 billion) on types of operations related to priority laid down in Article 16a(1)(g)."

(b) paragraphs 5a and 5b are replaced by the following:

"5a. An amount equal to the aggregate of the amounts resulting from the application of the compulsory modulation under Article [9(4)] and Article [10(4)] together with, as from 2011, the amounts generated under Article 136 of Regulation (EC) No ... and one third of the Member States' share of the amount referred to in paragraph 2a, as set out in the Commission Decision fixing the breakdown by Member State, shall be exclusively spent by Member States from 1 January 2009 as Community support under the current rural development programmes for operations of the types referred to in Article 16a(1)(a) to (f) of this Regulation.

Two thirds of the Member States' share of the amount referred to in paragraph 2a as set out in the Commission Decision fixing the breakdown by Member State shall be exclusively spent by Member States from 1 January 2009 as Community support under the current rural development programmes for operations of the types referred to in Article 16a(1)(g) of this Regulation.

¹¹ For OJ: please insert the number of the decision mentioned in footnote 9.

- 5b. If, at the closure of the programme, the actual amount of Community contribution spent on the operations referred to in Article 16a(1) is lower than the total of the amounts 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(1) have been exceeded.

In addition, if, at the closure of the programme, the actual amount of Community contribution spent on the operations referred to in Article 16a(1)(a) to (f) is lower than the amount referred to in paragraph 5a of this Article for those types of operations, the difference shall be reimbursed by the Member State to the general budget of the European Communities up to the amount by which the allocations available for operations referred to in Article 16a(1)(g) have been exceeded. However, if the actual amount of Community contribution spent on the operations other than those referred to in Article 16a(1) is lower than the allocations available for those types of operations, the amount to be reimbursed shall be reduced of that difference.

In parallel, if at the closure of the programme, the actual amount of Community contribution spent on the operations referred to in Article 16a(1)(g) is lower than the amount referred to in paragraph 5a of this Article for those types of operations, the difference shall be reimbursed by the Member State to the general budget of the European Communities up to the amount by which the allocations available for operations referred to in Article 16a(1)(a) to (f) have been exceeded. However, if the actual amount of Community contribution spent on the operations other than those referred to in Article 16a(1) is lower than the allocations available for those types of operations, the amount to be reimbursed shall be reduced of that difference."

- (7) In Article 70(4) the second sub-paragraph is replaced by the following:

"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(1) of this Regulation, up to the amount resulting from the application of the compulsory modulation under Article 9(4) and Article 10(3) of Regulation (EC) No ..., the amount referred to in Article 69(2a) of this Regulation and, as from 2011, the amounts generated under Article 136 of Regulation (EC) No";

- (8) In Article 70 the following paragraph 4b is inserted:

"4b. By way of derogation from the ceilings set out in paragraphs 3 and 4, the EAFRD contribution rate may be increased by a maximum of 10 additional percentage points for expenditure to be paid by Member States within the year 2009. The ceilings set out in paragraphs 3 and 4 shall, however, be respected for the total public expenditure made during the programming period."

- (9) In Annex II the title is replaced by the following:

"Indicative list with types of operations and potential effects related to priorities referred to in Article 16a(1)(a) to (f)."

- (10) A new Annex III, the text of which is set out in the Annex to this Regulation, is 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.

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

Done at Brussels, [...]

*For the Council
The President*

ANNEX

"ANNEX III

List with types of operations related to the priority under Article 16a(1)(g)

Priority: Broadband infrastructure in rural areas	
Types of operations	Articles and measures
Creation of new broadband infrastructure including backhaul facilities (e.g. fixed, terrestrial wireless, satellite-based or combination of technologies)	Article 56: basic services for the economy and rural population
Upgrade of existing broadband infrastructure	Article 56: basic services for the economy and rural population
Laying down passive broadband infrastructure (e.g.: civil engineering works such as ducts, and other network elements such as dark fibre, etc.) also in synergy with other infrastructures (energy, transport, water, sewerage networks etc.).	Article 56: basic services for the economy and rural population

"

FINANCIAL STATEMENT				
1.	BUDGET HEADING: 05 04 05 01	APPROPRIATIONS 2009: CA: EUR 13 623 504 584 PA: EUR 9 135 331 205		
2.	TITLE: Council Regulation amending Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)			
3.	LEGAL BASIS: Articles 36 and 37 of the Treaty			
4.	AIMS: to amend Regulation 1698/2005 to allow MS to use the additional support of EUR 1.5 billion to rural development programmes within the framework of the European Economic Recovery Plan (EERP) agreed by the European Council in December 2008. The modification allows also, exceptionally in 2009, higher co-financing rates to help MS with difficulties in providing national financial resources.			
5.	FINANCIAL IMPLICATIONS (1)	12 MONTH PERIOD (EUR million)	CURRENT FINANCIAL YEAR 2009 (EUR million)	FOLLOWING FINANCIAL YEAR 2010 (EUR million)
5.0	EXPENDITURE – CHARGED TO THE EC BUDGET (current prices) – NATIONAL AUTHORITIES – OTHER	–	CA: +1 500 PA: –	CA: – PA: +750
5.1	REVENUE – OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) – NATIONAL	–	–	–
		2011	2012	2013
5.0.1	ESTIMATED EXPENDITURE (current prices) CA PA	– + 750	– –	– –
5.1.1	ESTIMATED REVENUE	–	–	–
5.2	METHOD OF CALCULATION:–			
6.0	CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET?		YES NO	
6.1	CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?		YES NO	
6.2	WILL A SUPPLEMENTARY BUDGET BE NECESSARY?		YES NO	
6.3	WILL APPROPRIATIONS NEED TO BE ENTERED IN FUTURE BUDGETS?		YES NO	
6.4	OTHER		(2)	
OBSERVATIONS:				
<p>(1) The proposed modification will have its impact entirely on financial year 2009 as regards commitment appropriations. For payment appropriations the impact of the decision will be spread over financial years 2010 and 2011, with a payments level estimated at 750 million each year. In accordance with Article 71(1) of R 1698/2005 all expenditure incurred by MS, from the date of the Commission's receipt (30.6.09 at the latest) of the request for modification of the programme, will be eligible for reimbursement. However, the reimbursement by the Commission can only take place once the amended programmes are approved, which is likely to be after 15.10.09, which means declaration to the Commission in January 2010 and reimbursement in 2010. The annex to the decision reflects the amounts made available for rural development before modulation and other transfers from market-related expenditure and direct payments of the CAP.</p> <p>(2) The additional financing of commitments in 2009 is possible as the necessary amount is available under the margin of heading 2 for 2009. An Amending Budget will be put forward for this amount.</p> <p>In relation to the exceptional higher co-financing rates for 2009, the financial impact is for payments made by Member States in 2009 (Community payments budgets 2009 and 2010). The impact can be preliminary estimated at no more than 10% of the payment appropriations available in the budget for 2009. Nevertheless, no further financial resources for 2009 will be requested at this stage in view of the uncertainties linked to the timing of receipt of payment claims. The higher co-financing rates will hence be funded from within the existing payments budget. In the light of the progress in the submission of payment claims by Member States, the Commission will review in 2009 the need for additional payment appropriations and, if necessary, propose the relevant actions to the Budget Authority.</p> <p>It must be noted that the financial implication figures in this financial statement are also reflected in the statement corresponding to the amendment of Council Decision 2006/493/CE.</p>				

Proposal for a

COUNCIL DECISION

amending Decision 2006/493/EC laying down the amount of Community support for rural development for the period from 1 January 2007 to 31 December 2013, its annual breakdown and the minimum amount to be concentrated in regions eligible under the Convergence Objective

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)¹², and in particular Article 69(1) thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) Council Decision 2006/493/EC¹³ lays down the amount of Community support for rural development for the period from 1 January 2007 to 31 December 2013, its annual breakdown and the minimum amount to be concentrated in regions eligible under the Convergence Objective,
- (2) The European Council, at its meeting on 11 and 12 December 2008, approved a European Economic Recovery Plan (EERP), which envisages the initiation of priority action to enable the Member States' economies to adjust more rapidly to current challenges.
- (3) It is based on an effort equivalent in total to around 1.5% of European Union GDP, a figure of around EUR 200 billion. Of that amount, EUR 1.5 billion should be made available to all Member States via the European Agricultural Fund for Rural Development (EAFRD) with a view to developing broadband internet in rural areas and to strengthening the operations related to the priorities laid down in Article 16a(1)(a) to (f) of Regulation (EC) No 1698/2005 ("new challenges"). The amount made available through the EAFRD should be split, with one third of this amount (EUR 0.5 billion) being spent on new challenges and two thirds (EUR 1 billion) being spent on developing broadband internet infrastructure in rural areas.
- (4) Decision 2006/493/EC should therefore be amended accordingly,

¹² OJ L 277, 21.10.2005, p. 1.

¹³ OJ L 195, 15.7.2006, p. 22.

HAS DECIDED AS FOLLOWS:

Article 1

The Annex to Decision 2006/493/EC is replaced by the text in the Annex to this Decision.

Article 2

This Decision shall apply as from 1 January 2009.

Done at Brussels, [...]

*For the Council
The President*

ANNEX

Total amount of commitment appropriations for 2007–13 (constant 2004 prices), annual breakdown and minimum amount to be concentrated in regions eligible under the Convergence Objective (*)

<i>2004 prices in EUR (**)</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>Total</i>
Total amount for EU-25, plus Bulgaria and Romania	9.325.497.783	10.788.767.263	11.873.603.971	10.278.583.653	9.824.886.713	9.588.187.168	9.356.225.581	71.035.752.132
Minimum amount for regions eligible under the Convergence Objective								27.676.975.284

(*) Before modulation and other transfers from market-related expenditure and direct payments of the common agricultural policy to rural development.

(**) Amounts are rounded to the nearest euro

Total amount of commitment appropriations for 2007–13 (current prices), annual breakdown and minimum amount to be concentrated in regions eligible under the Convergence Objective (*)

<i>Current prices in EUR (**)</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>Total</i>
Total amount for EU-25, plus Bulgaria and Romania	9 896 292 851	11 678 108 653	13 109 418 209	11 575 354 634	11 285 706 554	11 234 089 442	11 181 555 662	79 960 526 005
Minimum amount for regions eligible under the Convergence Objective								31 232 644 963

(*) (*) Before modulation and other transfers from market-related expenditure and direct payments of the common agricultural policy to rural development.

(**) Amounts are rounded to the nearest euro

FINANCIAL STATEMENT				
1.	BUDGET HEADING: 05 04 05 01	APPROPRIATIONS 2009: CA: EUR 13 623 504 584 PA: EUR 9 135 331 205		
2.	TITLE: Council Decision amending Decision 2006/493/EC laying down the amount of Community support for rural development for the period from 1 January 2007 to 31 December 2013, its annual breakdown and the minimum amount to be concentrated in regions eligible under the Convergence Objective			
3.	LEGAL BASIS: Council Regulation (EC) No 1698/2005			
4.	AIMS: to adapt Decision 2006/493/CE so as to take into account the additional support of EUR 1.5 billion to rural development programmes within the framework of the European Economic Recovery Plan (EERP) agreed by the European Council in December 2008.			
5.	FINANCIAL IMPLICATIONS (1)	12 MONTH PERIOD (EUR million)	CURRENT FINANCIAL YEAR 2009 (EUR million)	FOLLOWING FINANCIAL YEAR 2010 (EUR million)
5.0	EXPENDITURE – CHARGED TO THE EC BUDGET (current prices) – NATIONAL AUTHORITIES – OTHER	–	CA: +1 500 PA: –	CA: – PA: +750
5.1	REVENUE – OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) – NATIONAL	–	–	–
		2011	2012	2013
5.0.1	ESTIMATED EXPENDITURE (current prices) CA PA	– + 750	– –	– –
5.1.1	ESTIMATED REVENUE	–	–	–
5.2	METHOD OF CALCULATION: –			
6.0	CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET?		YES NO	
6.1	CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?		YES NO	
6.2	WILL A SUPPLEMENTARY BUDGET BE NECESSARY?		YES NO	
6.3	WILL APPROPRIATIONS NEED TO BE ENTERED IN FUTURE BUDGETS?		YES NO	
6.4	OTHER		(2)	
OBSERVATIONS:				
<p>(1) This decision approving an additional support amount for rural development programmes (+ €1.5 billion) will have its impact entirely on financial year 2009 as regards commitment appropriations. For payment appropriations the impact of the decision will be spread over financial years 2010 and 2011, with a payments level estimated at 750 million each year. In accordance with Article 71(1) of R 1698/2005 all expenditure incurred by MS, from the date of the Commission's receipt (30.6.09 at the latest) of the request for modification of the programme, will be eligible for reimbursement. However, the reimbursement by the Commission can only take place once the amended programmes are approved, which is likely to be after 15.10.09, which means declaration to the Commission in January 2010 and reimbursement in 2010. The annex to the decision reflects the amounts made available for rural development before modulation and other transfers from market-related expenditure and direct payments of the CAP.</p> <p>(2) The additional financing of commitments in 2009 is possible as the necessary amount is available under the margin of heading 2 for 2009. An Amending Budget will be put forward for this amount.</p> <p>It must be noted that the financial implication figures in this financial statement are also reflected in the statement corresponding to the modification of Regulation (EC) No 1698/2005.</p>				