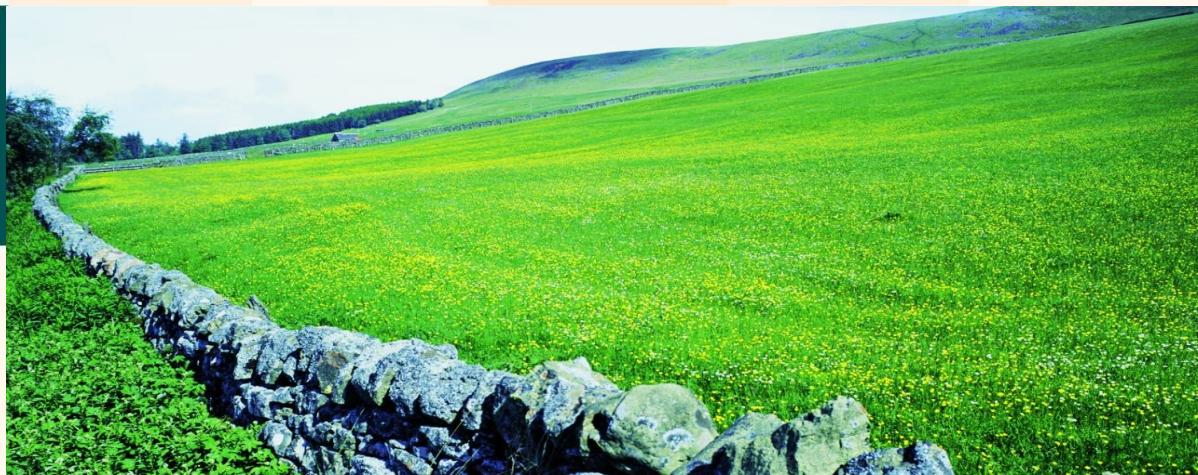




European Commission
Agriculture and Rural Development



Broadband and Rural development under the Recovery package

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DG AGRI/G1 “Consistency of rural development“

European Regions for better ICT connections ”, 03/04/2009



Why Rural Development in the Recovery Package?

- December Council decision on the targeting of the broadband investments – rural areas
 - Confirmed by our ICT Communication:
 - Lack of sufficient coverage in “new” MS and some Southern “old” MS
 - Low quality of the connections: unstable
 - Low capacity ⇔ significant burden for users
 - Missing services in rural areas not yet replaced by on-line services
 - Low penetration rates and sluggish growth



Spring European Council agreement 19/20 March

- EUR 1.02 billion for rural development
EUR 1.5 bn → EUR 1.25 bn → EUR 1.1 bn →
EUR 1.02 bn
 - Reduction of the RD funds to EUR 1.1 bn due to electricity and energy demands
- Flexibility in the use of the funds between broadband and new challenges
 - Requested by MS and confirmed in the Spring European Council
 - EP (COMAGRI) position respecting flexibility



Changes in the legislation

- In Reg. (EC) 1698/2005 “broadband infrastructure in rural areas” has been added to the five new challenges which were identified and agreed in the context of the Health Check
- The other provisions already spelled out in the context of the Health Check are extended to the new priority area “Broadband“, including the higher co-financing rates
- Definition of eligible types of operations to be supported in relation to broadband in the Regulation: **(closed list – not indicative)**
- Elimination of limitation to small scale investments for broadband infrastructure
- Deadline for submission of revised Rural Development Programmes – **15 July**



Important re-programming elements

- Creation or extension of a sub-measure within measure “Basic services for the economy and rural population”
- MS and Regions to provide in their RDP a list with types of operations with which broadband will be addressed
- Indicative financial planning for the additional funds from the recovery package.
- Additional funds to be committed in 2009 and 2010; subsequent payments according to the n+2 rule



Important re-programming elements

- Re-programming of the “broadband” funds
 - No limitation of the size of the investment
 - State aid clearance for large schemes
 - Fast state aid approval – 20 working days
 - Demarcation lines with SF – be efficient and flexible
 - MS to consult in advance AGRI/COMP/REGIO
- Advance payments to beneficiaries up to 50% in 2009 & 2010
- Increased EAFRD co-financing rates for broadband
 - 90% for convergence regions
 - 75% for non-convergence regions



Who needs broadband?

- New MS and Southern old MS (e.g. EL, PT, IT)
- For MS with 100% DSL coverage - do not ignore the need of:
 - Upgrade of existing infrastructure
 - Higher capacity, faster access, bigger savings
 - Full mobility solutions for (remote) rural areas
- Limited funds under SF
 - EUR 2.2 bn for infrastructure
- Target: provision of latest technologies



What's next?

- New revised proposal
- Votes in the EP and Council
- Amendment of IR in RDC – April; vote - May
- Submission of modification requests
- Approval of modifications and commitment of funds



Communication to the Council and the EP “Better access for rural areas to modern ICT”

- Report on ICT expenditure as of 2010
- Strengthen the support for farmers, foresters and food industry
- Conduct specific studies on ICT in relation to agriculture, forestry and food industry, or for rural areas in general
- Emphasis in the mid-term review of rural development on ICT-related operations
- Broadband event in the second half of 2010



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Thank you for the attention