

COMMUNITY STRATEGIC GUIDELINES FOR RURAL DEVELOPMENT: LINK WITH PROPOSED KEY ACTIONS

The resources devoted to the fields of diversification of the rural economy and quality of life in rural areas under axis 3 should contribute to the overarching priority of the creation of employment opportunities and conditions for growth. The range of measures available under axis 3 should in particular be used to promote capacity building, skills acquisition and organisation for local strategy development and also help ensure that rural areas remain attractive for future generations. In promoting training, information and entrepreneurship, the particular needs of women, young people and older workers should be considered.

In order to meet these priorities, Member States are encouraged to focus support on key actions. Such key actions could include:

(i) raising economic activity and employment rates in the wider rural economy. Diversification is necessary for growth, employment and sustainable development in rural areas, and thereby contributes to a better territorial balance in both economic and social terms. Tourism, crafts and the provision of rural amenities are growth sectors in many regions and offer opportunities both for on-farm diversification outside agriculture and the development of micro-businesses in the broader rural economy;

(ii) encouraging the entry of women into the labour market. In many rural areas inadequate childcare provision creates specific barriers. Local initiatives to develop childcare facilities can facilitate access to the labour market. This can include the development of childcare infrastructure, potentially in combination with initiatives to encourage the creation of small businesses related to rural activities and local services;

(iii) putting the heart back into villages. Integrated initiatives combining diversification, business creation, investment in cultural heritage, infrastructure for local services and renovation can contribute to improving both economic prospects and quality of life;

(iv) developing micro-business and crafts, which can build on traditional skills or introduce new competencies, particularly when combined with purchase of equipment, training and coaching, thus helping to promote entrepreneurship and develop the economic fabric;

(v) training young people in skills needed for the diversification of the local economy, which can tap into demand for tourism, recreation, environmental services, traditional rural practices and quality products;

(vi) encouraging the take-up and diffusion of ICT. The take-up and diffusion of ICT is essential in rural areas for diversification, as well as for local development, the provision of local services and the promotion of inclusion. Economies of scale can be achieved through village ICT initiatives combining IT equipment, networking and e-skills training through community structures. Such initiatives can greatly facilitate IT take-up by local farms and rural businesses and the adoption of e-business and e-commerce. Full advantage needs to be taken of the possibilities afforded by the internet and broadband communications, supported for

example by regional programmes under the Structural Funds, to overcome the disadvantages of location;

(vii) developing the provision and innovative use of renewable energy sources, which can contribute to creating new outlets for agricultural and forestry products, the provision of local services and the diversification of the rural economy;

(viii) encouraging the development of tourism. Tourism is a major growth sector in many rural areas and can build on cultural and natural heritage. Increased use of ICT in tourism for bookings, promotion, marketing, service design and recreational activities can help improve visitor numbers and lengths of stays, particularly where this provides links to smaller facilities and encourages agri-tourism;

(ix) upgrading local infrastructure, particularly in the new Member States. Significant investment will be undertaken in major telecommunications, transport, energy and water infrastructure over the coming years. Considerable support will be available from the Structural Funds, ranging from trans-European networks to the development of connections to business or science parks. For the multiplier effect to be fully realised in terms of jobs and growth, small-scale local infrastructure, supported within rural development programmes, can play a vital role in connecting these major investments to local strategies for the diversification and development of agricultural and food-sector potential.

COMMON ELIGIBILITY RULES FOR AXIS 3 MEASURES

1. ELIGIBILITY OF INVESTMENTS

In case of investments, eligible investments shall be limited to:

(a) the construction, acquisition, including through leasing, or improvement of immovable property

(b) the purchase or lease purchase of new machinery and equipment, including computer software up to the market value of the asset. Other costs connected with the leasing contract, such as lessor's margin, interest refinancing costs, overheads and insurance charges, shall not be eligible expenditure

(c) general costs linked to expenditure referred to in points (a) and (b) such as architects, engineers and consultations fees, feasibility studies, the acquisition of patent rights and licences.

In duly substantiated cases and by way of derogation from point (b) Member States may establish the conditions where the purchase of second-hand equipments may be regarded as eligible expenditure only for micro, small and medium-sized enterprises within the meaning of Commission recommendation 2003/361/EC.

2. INVESTMENTS IN KIND

For measures with investments in kind, contributions of a public or private beneficiary, namely the provision of goods or services for which no cash payment supported by invoices or equivalent documents is made, may be eligible expenditure provided that the following conditions are fulfilled:

- (a) the contributions consist in the provision of land or real estate, equipment or raw materials, research or professional work or unpaid voluntary work;
- (b) they are not made in respect of financial engineering actions referred to in Article 50;
- (c) their value can be independently assessed and verified.

In the case of provision of land or real estate, the value shall be certified by an independent qualified expert or duly authorised official body.

In the case of unpaid voluntary work, the value of that work shall be determined taking into account the time spent and the hourly and daily rate of remuneration for equivalent work, where relevant on the basis of ex-ante established system of standard costing, provided that the control system provides reasonable assurance that the work has been carried out.

DIVERSIFICATION INTO NON-AGRICULTURAL ACTIVITIES

1. TITLE OF THE MEASURE

Diversification into non-agricultural activities

2. LEGAL BASIS

Articles 52 (a) (i) and 53 of Regulation (EC) No 1698/2005.

Article 35 and point 5.3.3.1.1 of Annex II of Regulation (EC) No .../2006.

3. OBJECTIVE

To accompany changes in rural areas by helping them to diversify farming activities towards non-agricultural activities and develop non-agricultural sectors and promote employment.

4. BENEFICIARIES

Members of the farm household.

A member of the farm household means a natural or legal person or a group of natural or legal persons, whatever legal status is granted to the group and its members by national law, with the exception of farm workers. In case where a member of the farm household is a legal person or a group of legal persons, that member shall exercise an agricultural activity on the farm at the time of the support application.

5. STATE AID PROVISIONS

State aid rules apply on Axis 3 measures (according to article 70(8) of Regulation 1698/2005 and article 56 of the implementing rules). Aid intensities and thresholds imposed by these state aid rules should be respected (De minimis, Regulation 70/2001 or its replacing regulation).

6. BEST PRACTICES IN IMPLEMENTATION

- Quality certification schemes can ensure that the investment supported is meeting quality standards (e.g. Farm Tourism accommodation)

- The supply of rural goods services is often fragmented; beneficiaries should adhere to regional networks integrating the supply of these goods and services and making the link with the potential consumers. This would improve the economic sustainability of investments.
- The possibility of linking this measure with the measure vocational training should be examined.

MEASURE TEMPLATE

Name of the measure

Article (and paragraph) which covers the measure

Code of the measure (311)

Rationale for intervention

Objectives of the measure

Scope and actions

Beneficiaries

Domains of diversification covered

Aid intensities

Type of support: one-off or in instalments. In case of using interest rate subsidies or financial engineering systems, description of the arrangements in accordance with articles 49 to 52 of the implementing rules. In case of advance payments, description of arrangements (rate of advance –up to 20%- guarantee covering advances, conditions for releasing the guarantee).

Demarcation line and criteria with other EU financial instruments

Financing

- Total cost
- Public expenditure

Transition arrangements (including estimated amount)

Quantified targets for EU common indicators

Type of indicator	Indicator	Target 2007-2013
Output	Number of beneficiaries	
	Total volume of investment	
Result	Increase in non-agricultural GVA in supported businesses	
	Gross number of jobs created	
Impact	Net additional value expressed in PPS	
	Net additional full time equivalent jobs created	

Additional programme-specific indicators and quantified targets

SUPPORT FOR BUSINESS CREATION AND DEVELOPMENT

1. TITLE OF THE MEASURE

Support for business creation and development

2. LEGAL BASIS

Articles 52(a)(ii) and 54 of Regulation (EC) No 1698/2005.

Point 5.3.3.1.2 of Annex II of Regulation (EC) No .../2006.

3. OBJECTIVE

To accompany changes in rural areas by helping them to diversify farming activities towards non-agricultural activities and develop non-agricultural sectors and promote employment.

4. BENEFICIARIES

Micro-enterprises as defined in the Commission recommendation 2003/361/EC: enterprises which employ fewer than 10 persons and whose total does not exceed 2 million EUR.

5. STATE AID PROVISIONS

State aid rules apply on Axis 3 measures (according to article 70(8) of Regulation 1698/2005 and article 56 of the implementing rules). Aid intensities and thresholds imposed by these state aid rules should be respected (De minimis, Regulation 70/2001 or its replacing regulation).

6. BEST PRACTICES IN IMPLEMENTATION

- This measure like other Axis 3 measures related to the economic diversification is to be seen as an employment support to create jobs in rural areas; this action has to take into account both the needs of the unemployed and those of employers.
- This measure is not only related to investments; it should make both finance and advice more accessible for self employed people.
- A good practice is the creation and development of rural business agencies /integrated service centres for entrepreneurship” - delivering a variety of services covering all phases of the business plan (marketing, finance, legal issues, the use of new technology, safety at work....)

- Another good practice (see EQUAL results of the thematic activity "Entrepreneurship") is to develop integrated solutions or a package of actions including profiling, planning, start-up advice helping to develop the business plan, and consolidation and growth. A variable menu of services (counselling, training and qualification, mentoring and access to microcredit) which help the entrepreneur to acquire the personal competences, skills and resources that are necessary for success; creation of joint internet portal that provides on-line business support and advice for entrepreneurs.
- Before any further decisions is taken to deliver a support a preliminary testing and profiling phase "Test of Entrepreneurial Spirit" has proved very important to reduce the failure rates of start-ups in many countries. On the basis of these tests, potential entrepreneurs were referred to one or several supports
- To focus on the early stages of creating a business culture and the later stages of consolidating start-ups, it is seen as crucial to provide aftercare for a considerable time – up to three years – after start-up. Both these aspects have a major effect on the sustainability of start-ups. (see EQUAL results of the thematic activity "Entrepreneurship")
- Examine the scope to link this measure with the measure training and information; one of the main weaknesses and, therefore, priorities for employment policies is in the early stages of "motivating and attracting people into the system.
- A good practice concerning start-up grants (developed by EQUAL): Firstly, the grant is paid on a monthly basis rather than as a lump-sum as in the case of existing grants to encourage unemployed people to enter self employment. This meets the need that many people have of being able to count on a regular source of income from the start. Secondly, the grant does not have to be returned in the event of failure. But the payment is conditional on a monthly monitoring meeting. There is a regular check that the main commitments in the business plan are being fulfilled. Thirdly, support is granted from the very start of the activity, (usually around one month after making the application), rather than considerably later, as with most grants. Finally, the grant is conditional upon having gone through one of the support itineraries described above.

MEASURE TEMPLATE

Name of the measure

Article (and paragraph) which covers the measure

Code of the measure (312)

Rationale for intervention

Objectives of the measure

Scope and actions

Types of beneficiary enterprises

Description of the type of operations

Support. Type of payment: one-off or in instalments. In case of using interest rate subsidies or financial engineering systems, description of the arrangements in accordance with articles 49 to 52 of the implementing rules. In case of advance payments, description of arrangements (rate of advance –up to 20%- guarantee covering advances, conditions for releasing the guarantee).

Aid intensities

Demarcation line and criteria with other EU financial instruments

Financing

- Total cost
- Public expenditure

Transition arrangements (including estimated amount)

Quantified targets for EU common indicators

Type of indicator	Indicator	Target 2007-2013
Output	Number of micro-enterprises supported	
Result	Gross number of jobs created	
	Increase in non agricultural GVA in supported businesses	
Impact	Net additional value expressed in PPS	
	Net additional full time equivalent jobs created	

Additional programme-specific indicators and quantified targets

ENCOURAGEMENT OF TOURISM ACTIVITIES

1. TITLE OF THE MEASURE

Encouragement of tourism activities

2. LEGAL BASIS

Articles 52 (a)(iii) and 55 of Regulation (EC) No 1698/2005.

Point 5.3.3.1.3 of Annex II of Regulation (EC) No .../2006.

3. OBJECTIVE

To accompany changes in rural areas by helping them to diversify farming activities towards non-agricultural activities and develop non-agricultural sectors and promote employment.

4. TYPES OF SUPPORT

The support shall cover the following:

- Small-scale infrastructure such as information centres and the signposting of tourist sites;
- Recreational infrastructure such as that offering access to natural areas and small-capacity accommodation
- The development and/or marketing of tourism services relating to rural tourism

5. STATE AID PROVISIONS

State aid rules apply on Axis 3 measures (according to article 70(8) of Regulation 1698/2005 and article 56 of the implementing rules). Aid intensities and thresholds imposed by these state aid rules should be respected (De minimis, Regulation 70/2001 or its replacing regulation).

6. BEST PRACTICES IN IMPLEMENTATION

- When the measure is aiming tourist operators, the possibility of linking this measure with the measure "training and information" could be examined. When the measure is aimed at rural communes, also examine the possibility to combine this measure with the measure "rural heritage"

- Development of tourism services should be oriented towards innovation since rural tourism is becoming more and more a competitive market.

MEASURE TEMPLATE

Name of the measure

Article (and paragraph) which covers the measure

Code of the measure (313)

Rationale for intervention

Objectives of the measure

Scope and actions

Description of the type of operations covered, referred to in article 55 of Regulation 1698/2005

Aid intensities

In case of advance payments, description of arrangements (rate of advance –up to 20%- guarantee covering advances, conditions for releasing the guarantee).

Demarcation line and criteria with other EU financial instruments

Financing

- Total cost
- Public expenditure

Transition arrangements (including estimated amount)

Quantified targets for EU common indicators

Type of indicator	Indicator	Target 2007-2013
Output	Number of new tourism actions supported	
	Total volume of investment	
Result	Additional number of tourist visits	
	Gross number of jobs created	
Impact	Net additional value expressed in PPS	
	Net additional full time equivalent jobs created	

Additional programme-specific indicators and quantified targets

BASIC SERVICES FOR THE ECONOMY AND RURAL POPULATION

1. TITLE OF THE MEASURE

Basic services for the economy and rural population

2. LEGAL BASIS

Articles 52(b)(i) and 56 of Regulation (EC) No 1698/2005.

Point 5.3.3.2.1 of Annex II of Regulation (EC) No .../2006.

3. OBJECTIVE

To accompany changes in rural areas by improving basic services, including local access to Information and Communication Technologies (ICTs) and carry out investments making rural areas more attractive in order to reverse trends towards economic and social decline and depopulation of the countryside.

4. TYPE OF SUPPORT

The support shall cover the setting up of basic services, including cultural and leisure activities, concerning a village or group of villages, and related small-scale infrastructure

5. STATE AID PROVISIONS

State aid rules apply on Axis 3 measures (according to article 70(8) of Regulation 1698/2005 and article 56 of the implementing rules). Aid intensities and thresholds imposed by these state aid rules should be respected (De minimis, Regulation 70/2001 or its replacing regulation).

Public services provided by public bodies may not be subject to state aid rules.

6. BEST PRACTICES IN IMPLEMENTATION

- In scarcely populated areas and marginalised areas with a difficult access to services, creation of multifunctional structures delivering a large variety of services, mobile services or e-services should be encouraged.

MEASURE TEMPLATE

Name of the measure

Article (and paragraph) which covers the measure

Code of the measure (321)

Rationale for intervention

Objectives of the measure

Scope and actions

Type of services supported

Type of cost covered

In case of advance payments, description of arrangements (rate of advance –up to 20%- guarantee covering advances, conditions for releasing the guarantee).

Demarcation line and criteria with other EU financial instruments

Financing

- Total cost
- Public expenditure

Transition arrangements (including estimated amount)

Quantified targets for EU common indicators

Type of indicator	Indicator	Target 2007-2013
Output	Number of supported actions	
	Total volume of investment	
Result	Population in rural areas benefiting from improved services	
	Increase in internet penetration in rural areas	
Impact	Net additional value expressed in PPS	
	Net additional full time equivalent jobs created	

Additional programme-specific indicators and quantified targets

VILLAGE RENEWAL AND DEVELOPMENT

1. TITLE OF THE MEASURE

Village renewal and development

2. LEGAL BASIS

Article 52(b) (ii) and 56 of Regulation (EC) No 1698/2005.

Point 5.3.3.2.2 of Annex II of Regulation (EC) No .../2006.

3. OBJECTIVE

To accompany changes in rural areas by improving basic services, including local access to Information and Communication Technologies (ICTs) and carry out investments making rural areas more attractive in order to reverse trends towards economic and social decline and depopulation of the countryside.

4. BEST PRACTICES IN IMPLEMENTATION

- Village development should be conditioned by the pre-existence of a regional spatial planning instrument controlling urban pressure and respecting environment.

MEASURE TEMPLATE

Name of the measure

Article (and paragraph) which covers the measure

Code of the measure (322)

Rationale for intervention

Objectives of the measure

Scope and actions

Type of actions supported

Type of cost covered

Aid intensities

In case of advance payments, description of arrangements (rate of advance –up to 20%- guarantee covering advances, conditions for releasing the guarantee).

Demarcation line and criteria with other EU financial instruments

Financing

- Total cost
- Public expenditure

Transition arrangements (including estimated amount)

Quantified targets for EU common indicators

Type of indicator	Indicator	Target 2007-2013
Output	Number of villages where actions took place	
	Total volume of investments	
Result	Population in rural areas benefiting from improved services	
	Increase in internet penetration in rural areas	
Impact	Net additional value expressed in PPS	
	Net additional full time equivalent jobs created	

Additional programme-specific indicators and quantified targets

CONSERVATION AND UPGRADING OF THE RURAL HERITAGE

1. TITLE OF THE MEASURE

Conservation and upgrading of the rural heritage

2. LEGAL BASIS

Article 57 of Regulation (EC) No 1698/2005.

Point 5.3.3.2.3 of Annex II of Regulation (EC) No .../2006.

3. OBJECTIVE

To accompany changes in rural areas by improving basic services, including local access to Information and Communication Technologies (ICTs) and carry out investments making rural areas more attractive in order to reverse trends towards economic and social decline and depopulation of the countryside.

4. TYPE OF SUPPORT

The support shall cover:

- (a) the drawing-up of protection and management plans relating to Natura 2000 sites and other places of high natural value, environmental awareness actions and investments associated with maintenance, restoration and upgrading of the natural heritage and with the development of high natural value sites
- (b) studies and investments associated with maintenance, restoration and upgrading of the cultural heritage such as the cultural features of villages and the rural landscape

5. STATE AID

State aid rules apply on Axis 3 measures (according to article 70(8) of Regulation 1698/2005 and article 56 of the implementing rules). Aid intensities and thresholds imposed by these state aid rules should be respected (De minimis, Regulation 70/2001 or its replacing regulation).

6. BEST PRACTICES IN IMPLEMENTATION

- Examine the scope to link this measure with the measure support to tourism to make full use of the potential of rural heritage as a factor in sustainable economic development
- Sustainable use of rural heritage should be encouraged:
 - a) cultural heritage: promoting the use of materials, techniques and skills based on tradition and explore their potential for contemporary applications; Restoration of important built cultural heritage should be accompanied by a maintenance programme to make it sustainable.
 - b) natural and cultural heritage: raise awareness about its value, the need to maintain and preserve it and the benefits which may be derived from it, by improving the access to the heritage (e.g. interpretation and presentation actions) especially among young people

MEASURE TEMPLATE

Name of the measure

Article (and paragraph) which covers the measure

Code of the measure (323)

Rationale for intervention

Objectives of the measure

Scope and actions

Description of the type of operations covered, referred to in Article 57 of Regulation 1698/2005

Aid intensities

In case of advance payments, description of arrangements (rate of advance –up to 20%- guarantee covering advances, conditions for releasing the guarantee).

Demarcation line and criteria with other EU financial instruments

Financing

- Total cost
- Public expenditure

Transition arrangements (including estimated amount)

Quantified targets for EU common indicators

Type of indicator	Indicator	Target 2007-2013
Output	Number of rural heritage actions supported	
	Total volume of investments	
Result	Population in rural areas benefiting from improved services	
Impact	Net additional value expressed in PPS	
	Net additional full time equivalent jobs created	

Additional programme-specific indicators and quantified targets

TRAINING AND INFORMATION

1. TITLE OF THE MEASURE

Training and information

2. LEGAL BASIS

Article 58 of Regulation (EC) No 1698/2005.

Point 5.3.3.3 of Annex II of Regulation (EC) No .../2006.

3. OBJECTIVE

Enhance the human potential in rural areas to achieve the objectives of diversifying farming activities towards non-agricultural activities and develop non-agricultural sectors, promote employment, improve basic services and carry out investments making rural areas more attractive in order to reverse trends towards economic and social decline and depopulation of the countryside.

4. BENEFICIARIES

Economic actors operating in the fields covered by Axis 3

5. OTHER COMMUNITY REQUIREMENTS

Support shall not include courses of instruction or training which form part of normal education programmes or systems at secondary or higher levels.

6. BEST PRACTICES IN IMPLEMENTATION

- Training best practice: measure training should be targeted towards creating an entrepreneurial culture in schools and training centres, and to be implemented as a complementary measure to RD investment supports (on farm diversification, support to micro business, encouragement to tourism)
- The quality of training can be improved by combining courses with practical experience in real enterprises. New technologies like on line training programme on entrepreneurship skills could be used.

MEASURE TEMPLATE

Name of the measure

Article (and paragraph) which covers the measure

Code of the measure (331)

Rationale for intervention

Objectives of the measure

Scope and actions

Fields covered by the training and information

Type of economic actors beneficiary of actions envisaged

Aid intensities (covered by the block exemption regulation on training)

Demarcation line and criteria with other EU financial instruments

Financing

- Total cost
- Public expenditure

Quantified targets for EU common indicators

Type of indicator	Indicator	Target 2007-2013
Output	Number of participating economic actions to supported activities	
	Number of days of training received by participants	
Result	Number of participants that successfully ended a training activity	

Additional programme-specific indicators and quantified targets

SKILLS ACQUISITION, ANIMATION AND IMPLEMENTATION

1. TITLE OF THE MEASURE

Skill acquisition, animation and implementation

2. LEGAL BASIS

Article 59 of Regulation (EC) No 1698/2005.

Point 5.3.3.4 of Annex II of Regulation (EC) No .../2006.

3. OBJECTIVE

4. BENEFICIARIES

Type of support

The support shall cover:

- (a) studies of the area concerned
- (b) measure to provide information about the area and the local development strategy;
- (c) the training of staff involved in the preparation and implementation of a local development strategy;
- (d) promotional events and the training of leaders;
- (e) implementation by public-private partnerships other than those defined by article 61(1)(b) of the local development strategy encompassing one or more of the measures under article 52(a), (b) and (c).

5. IMPLEMENTATION BY PUBLIC PRIVATE PARTNERSHIPS OF LOCAL DEVELOPMENT STRATEGIES

The public-private partnerships referred to in 59(e) of Regulation (EC) No 1698/2005 which receive support for implementing local development strategies shall respect the following conditions:

- (a) they shall establish area-based local development strategies at sub-regional level;

- (b) they shall be representative of the public and private actors identified at the geographical level referred to in point (a) of this Article;
- (c) the running costs shall not exceed 15% of the public expenditure relating to the local development strategy of each individual public-private partnership.

6. BEST PRACTICES IN IMPLEMENTATION

- The sub-measure "Implementation by public-private partnership of local development strategies" could be use as a pre-leader measure in areas with no Leader experience to start on specific themes of Axis 3.

MEASURE TEMPLATE

Name of the measure

Article (and paragraph) which covers the measure

Code of the measure (341)

Rationale for intervention

Objectives of the measure

Scope and actions

Skill acquisition and animation: description of the type of operation covered

Public-private partnerships under article 59:

- description of the types (partners represented, percentage of private partners represented, decision-making power),
- indicative estimate of the number of the public-private partnerships and are and population covered,
- indication of Axis 3 measures implemented by public-private partnerships;
- provision ensuring that the running costs of these partnerships fit within the ceiling of 15% of the public expenditure of their local development strategy.

Demarcation line and criteria with other EU financial instruments

Financing

- Total cost
- Public expenditure

Quantified targets for EU common indicators

Type of indicator	Indicator	Target 2007-2013
Output	Number of skill acquisition and animation actions	
	Number of participants in actions	
	Number of supported public/private partnerships	
Result	Number of participants that successfully ended a training activity	

Additional programme-specific indicators and quantified targets