

## **10 Complementarity with other Community support**

### **10.1 Coordination with and demarcation between other Community funding instruments**

1. Within the Rural Development Programme for England 2007-2013, robust management arrangements have been put in place to ensure that there is effective demarcation with other EU funding streams, in order to ensure that investment delivers optimal value for money. These arrangements will ensure that there is no duplication of funding. In line with the Community Strategic Guidelines for Rural Development, they will also encourage synergies between the funds concerned, ensuring complementarity and coherence.

2. The following table summarises the priorities for the different European funding streams available in rural areas in England over the 2007-2013 Programming period:

<b>EAFRD</b>	<b>ERDF</b>	<b>ESF</b>	<b>EFF</b>
<p>To build profitable, innovative and competitive farming, food and forestry sectors, that meet the needs of consumers and make a net positive contribution to the environment</p> <p>To improve the environment and countryside</p> <p>To enhance opportunity in rural areas, in a way that harnesses and builds upon environmental quality</p> <p>To mobilise the development potential of rural areas in a way that stimulates innovation to the benefit of the local area</p>	<p><b>For Convergence regions:</b></p> <p>To promote innovation and knowledge transfer</p> <p>To stimulate enterprise and business development</p> <p>To improve accessibility and connectivity</p> <p><b>For competitiveness and employment regions:</b></p> <p>To promote innovation and knowledge transfer</p> <p>To stimulate enterprise and support successful business</p> <p>To ensure sustainable development, production and consumption</p> <p>To build sustainable communities</p>	<p>Extending employment opportunities by tackling barriers to work faced by people who are unemployed or disadvantaged in the labour market</p> <p>Developing a skilled and adaptable workforce by training people who lack basic and intermediate skills</p>	<p>To provide a long-term sustainable future for the fishing industry through promoting investment in innovation and technology</p> <p>To promote environmental best practice in the fisheries sector</p> <p>To tackle social exclusion and promote long-term prosperity in communities traditionally dependent on the fishing industry where this support cannot be provided elsewhere</p>

3. Even with substantial national co-financing, including a significant contribution from voluntary modulation, it is clear that the Rural Development Programme for England fund will be much smaller than the European Regional Development Fund in England. Interventions under the ERDF Programmes will therefore generally be much larger in scale than any interventions under the RDPE.

4. The ERDF will therefore support broadly focused regional and sub-regional activity, contributing to improved regional economic performance or as part of national employment and skills programmes. This would include interventions that help to develop the knowledge based economy at a strategic level, enable small and medium sized enterprises to become more competitive and more efficient in their use of natural resources, building sustainable communities, and increasing employment by breaking down barriers to work.

5. RDPE expenditure will be targeted towards rural areas, particularly those areas, sectors or communities where there is a demonstrable and significant need. It will be focussed on supporting rural economies at the local level. This includes interventions in agriculture, including supporting innovative farm diversification and woodland enterprises. It will also include enabling growth of existing micro-enterprises and encouraging start-ups, and improving skills and employment opportunities for individuals in the rural workforce where this support cannot be provided elsewhere.

6. The EFF will support the overall aim for fisheries management in the UK, which is to achieve a fishing sector that is sustainable, profitable and supports strong local communities, managed effectively as an integral part of coherent policies for the marine environment. It will focus on providing a long-term sustainable future for the fishing industry through promoting investment in innovation and technology, ensuring environmental best practice, developing efficient supply chains with strong links between fishermen, growers, processors and customers and improving port infrastructure and operations. It will also help to tackle social exclusion and promote long-term prosperity in communities traditionally dependent on the fishing industry where this support cannot be provided elsewhere.

7. ESF will not fund activities that support agri-food schemes or the primary processing of agricultural and/or forestry products. ESF will not focus on specific vocational training for individuals employed in enterprises engaged in these activities. However, ESF will be able to support training in basic and intermediate skills and other generic training for individuals employed in enterprises engaged in these activities. These principles will apply equally to European Fisheries Fund in respect of fish and shellfish products and processing.

8. The funds are therefore generally focused on different, though complementary, priorities. In particular, in line with the needs set out in the evidence base, the Rural Development Programme for England is focused on the environment and countryside. Around 80% of the EAFRD contribution to the RDPE will be spent on Axis 2, and there is no scope for overlap between this and the activities supported under the three structural funds.

9. However, there is some scope for overlap, particularly between the RDPE and the ERDF programmes on Axis 3, on Leader and in some areas targeted by Axis 1. The funds will need to be managed in a way that ensures complementarity, and avoids any duplication.

## **Management of the funds**

10. At the national level, the RDPE Managing Authority is working with the Managing Authorities for the other programmes to ensure effective co-ordination and complementarity between programmes. Appropriate communication and liaison arrangements to achieve these objectives are in place. For example, Defra are on the ESF Programme Monitoring Committee (PMC). The ERDF regional programmes will each have a regional PMC. Defra will be represented by the Government Offices. The RDAs will have a leading role in the delivery of the ESF at the regional level through their membership of the Regional Skills Partnerships (RSP) with Learning and Skills Councils and other key planning and funding agencies responsible for employment and skills provision.

### **The EAFRD and the ERDF**

11. England's Regional Development Agencies will deliver the ERDF programmes, and the socio-economic elements of the RDPE (with the exception of the Regional Development Agency for London, which does not receive any EAFRD support).

12. The Regional Development Agencies will ensure coherence in the day-to-day management of the socio-economic support under the RDPE and the ERDF programmes. They will ensure that work carried out at the regional level under the two funds is complementary and robust project development and selection processes will ensure that any duplication is avoided. Administrative arrangements are in place to ensure complementarity and co-ordination, for example, common secretariats; exchange of personnel on regional management committees; exchange of information from databases. These processes begin with the clear establishment of demarcation criteria at the regional level.

13. Each region in England has an Operational Programme for the ERDF, which will set out defined demarcation criteria for the ERDF and EAFRD. Demarcation can be either by sector of activities, the type of operation, the size of operation (e.g. tourism infrastructure above a certain size) or the type of beneficiary (farmer/non-farmer). For some activities, it may also be possible to demarcate in other ways, for example, such as by defining the capital/revenue expenditure split or defining geographical boundaries. The ERDF Operational Programmes are approved by the EU Commission. While each Operational Plan (and the demarcation table) will be different to reflect regional priorities, assurance on the quality of the demarcation criteria within each Plan will be provided by the fact that that these tables will be approved by the European Commission. The ERDF regional tables describing demarcation between the ERDF, ESF, EFF and EAFRD can be found at the annex to chapter 10.

14. The RDPE is a national Programme. Each region has its own set of regional priorities, which fit within the national framework, set out in a Regional Implementation Plan. These plans contain the demarcation criteria as set out in the ERDF Operational Programmes.

15. The RDAs will work closely with Leader Groups as they implement their Local Development Strategies under Axis 4 of the Rural Development Programme. Leader Groups will be aware of the need to ensure that there is no duplication of funding in project selection. RDAs will be responsible, with the Leader groups as appropriate, to ensure demarcation on the ground.

16. The Managing Authority will ensure that these coordination mechanisms provide the required complementarity, and will report on the functioning of these arrangements in the annual progress report to the Commission.

## 10.2 Demarcation between ERDF/EAFRD/EFF funding for 2007-13

### Proposed criteria

Table 10-1 - Axis 1: Improving the competitiveness of the agricultural and forestry sectors

RDR Measure	EAFRD	ERDF	ESF	EFF
<b>111: Vocational training and information actions including the diffusion of scientific and innovative practices, for persons engaged in the agricultural, food and forestry sectors.</b>	<b>Targeted provision of training and knowledge transfer activity, aimed at the farming, food and forestry sectors.</b>	<b>Training and advice aimed at improving skills that are relevant to all businesses, which are integral to the success of a wider project. The precise lines of demarcation are set out in each Region's Operational Programme, as approved by the EU Commission.</b>	<b>Focus on basic and intermediate skills</b>	<b>Education and lifelong training of fishermen, fish-farmers and workers in the processing/marketing sector in the respective fields are supported under the EFF.  Training is also possible within Axis 4 for the sustainable development of fisheries areas.</b>
<b>114: Use of advisory services by farmers and forest holders</b>	<b>Providing advice for forest holders and farmers in order to improve the sustainable management of</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

	<b>woodlands.</b>			
<b>115: Setting up of farm management, farm relief and farm advisory services.</b>	<b>Support available to farmers and forest holders.</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>121: Farm modernisation</b>	<b>Support to modernise agricultural production.</b>	<b>N/A</b>	<b>N/A</b>	<b>Support to modernise fish farms</b>

<b>RDR Measure</b>	<b>EAFRD</b>	<b>ERDF</b>	<b>ESF</b>	<b>EFF</b>
<b>122: Improvement of the economic value of forests</b>	<b>Support for woodland based enterprises, to improve the economic value of the forest.</b>	<b>Support for improving regional economic performance. The precise lines of demarcation are set out in each Region's Operational Programme, as approved by the EU Commission.</b>	<b>N/A</b>	<b>N/A</b>
<b>123: Adding value to agricultural and forestry products.</b>	<b>Support for investments to improve economic performance through processing and marketing and the development of new products, processes and technologies, in relation to primary agricultural and forestry products. Support restricted to micro enterprises for forestry, and to micro and SME enterprises for agriculture.</b>	<b>Support for improving economic performance in the agricultural, forestry and food sectors, through investments throughout the supply chain to all sizes of business. The precise lines of demarcation are set out in each Region's Operational Programme, as approved by the EU Commission.</b>	<b>N/A</b>	<b>Support for adding value to fish and fishery products</b>
<b>124: Cooperation for development of new products, processes and technologies in the agriculture and food sector and the forestry sector.</b>	<b>Support limited to agri-food products and agricultural and forestry non-food products for renewable energy.</b>	<b>Support for improving regional economic performance. The precise lines of demarcation are set out in each Region's Operational Programme, as approved by the EU</b>	<b>N/A</b>	<b>Restricted to fishery products.</b>

		<b>Commission.</b>		
<b>125: Improving and developing infrastructure related to the development and adaptation of agriculture and forestry.</b>	<b>Restricted to agriculture and forestry, and to access to farm and forest land and to water management on agricultural and forestry holdings.</b>	<b>No support to be provided for infrastructure in the agricultural and forestry sector.</b>	<b>N/A</b>	<b>Support for small infrastructure for small fisheries communities</b>

**Table 10-2 - Axis 3: The quality of life in rural areas and diversification of the rural economy**

<b>RDR measure</b>	<b>EAFRD</b>	<b>ERDF</b>	<b>ESF</b>	<b>EFF</b>
<b>311: Diversification into non-agricultural activities.</b>	<b>Support for members of farm households for diversification in support of farm business restructuring, through developing activities that provide alternative income sources. (For example, capital investment for storage facilities for renewable energy supplies).</b>	<b>Support for sustainable business development across all areas not specific to farm diversification, e.g. promoting and developing sustainable business practices and transferable technology to reduce carbon emissions, stimulating innovation, but excluding diversification towards fishing and aquaculture. The precise lines of demarcation are set out in each Region's Operational Programme, as approved by the EU Commission.</b>	<b>N/A</b>	<b>Diversification into non-fishing activities</b>
<b>312: Support for</b>	<b>Support for micro</b>	<b>Support available in all areas.</b>	<b>N/A</b>	<b>Support for</b>

<p><b>creation and development of micro-businesses.</b></p>	<p><b>businesses in rural areas.</b></p>	<p><b>Support for creation and development of businesses under the ERDF programmes will usually be targeted at SMEs and larger enterprises, but given the importance of micro-enterprises in England (approximately 91% of the total number of firms in rural areas) it is important that we don't inadvertently exclude businesses from ERDF support. The precise lines of demarcation are set out in each Region's Operational Programme, as approved by the EU Commission.</b></p>	<p><b>young fishermen for the purchase of a fishing vessel</b></p> <p><b>Support for the creation of micro, small and medium sized enterprises (aquaculture, processing and marketing)</b></p>
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RDR measure	EAFRD	ERDF	ESF	EFF
<p><b>313: Encouragement of tourism activities</b></p>	<p>Support for small-scale infrastructure and tourism services related to rural tourism.</p> <p>Development of tourism facilities arising from farm diversification.</p>	<p>Support for tourism infrastructure - particularly small scale - that contributes directly to economic growth. The precise lines of demarcation are set out in each Region's Operational Programme, as approved by the EU Commission.</p>	<p>N/A</p>	<p>Small-scale local tourism focussing on the fisheries heritage within fisheries areas.</p>
<p><b>321: Basic services for the economy and rural population.</b></p>	<p>Support for small scale, local development of basic services where other sources of funding are not available.</p>	<p>Support for tackling social and economic exclusion and overcoming barriers to work. The precise lines of demarcation are set out in each Region's Operational Programme, as approved by the EU Commission.</p>	<p>N/A</p>	<p>Tackling social exclusion and promoting long term prosperity in communities traditionally dependant on the fishing industry, where this cannot be provided elsewhere (appropriate activities to be funded under Axis 4)</p>

<b>322: Village renewal and development.</b>	<b>Support for small scale activities in single villages</b>	<b>The precise lines of demarcation are set out in each Region's Operational Programme, as approved by the EU Commission.</b>	<b>N/A</b>	<b>Appropriate activities relevant to fishing communities funded under Axis 4</b>

RDR measure	EAFRD	ERDF	ESF	EFF
<b>323: Conservation and upgrading of the rural heritage.</b>	<b>Support for maintenance, restoration and interpretation (e.g. information signs) of rural cultural and heritage features.</b>	<b>Promotion and marketing of regional assets, possibly including natural and cultural heritage assets. The precise lines of demarcation are set out in each Region's Operational Programme, as approved by the EU Commission.</b>	<b>N/A</b>	<b>Appropriate activities relevant to fishing communities to be funded under Axis 4.</b>
<b>331: Training and information for economic actors operating in the fields covered by Axis 3.</b>	<b>Targeted provision of training and knowledge transfer activity, aimed at delivering the objectives for the RDPE.</b>	<b>Targeted provision of training and knowledge transfer activity, which is integral to the success of a wider project aimed at delivering the objectives for the ERDF. The precise lines of demarcation are set out in each Region's Operational Plan, as approved by the EU Commission.</b>	<b>Focus on basic and intermediate skills and disadvantaged individuals with barriers to entering the labour market.</b>	<b>Education and lifelong training of fishermen, fish-farmers and workers in the processing/marketing sector in the respective fields are supported under the EFF.</b>  <b>Training is also possible within Axis 4 for the sustainable development of fisheries areas.</b>



### **10.3 Measures financed by the EAGF or other instruments in the sectors listed in Annex 1 of Regulation 1972/2006**

1. Defra is the Managing Authority for the RDPE and the competent authority responsible for the delivery of support under the Common Agricultural Policy and the Common Market Organisations (CMOs). As such, it is well placed to ensure that the delivery of measures under the Regulation is compatible and consistent with support under the CMOs. The preparation of this Programme has involved collaboration with Defra's Food and Farming Group, which is responsible for policy on CMO and direct payments, to ensure that there is demarcation between support mechanisms.

2. The Regulation requires the means of demarcation between measures financed by the EAGF other instruments, and the RDPE in a number of sectors to be outlined. These are detailed below.

#### **Fruit and vegetables**

3. Articles 14 and 15 of Council Regulation (EC) 2200/1996 relate to funding for horticultural Producer Organisations (POs) via their operational programmes. Activities that have been included in current POs' operational programmes will not be eligible for funding under the RDPE.

4. Council Regulation (EC) No 1234/2007 gives provision for funding registered Producer Organisations (POs) which have approved operational programmes in the 2009-2013 period. It is expected that the United Kingdom's Producer Organisation National Strategy for Sustainable Programmes will be finalised in autumn 2008 following which demarcation arrangements will be put in place.

#### **Wine**

5. English wine producers receive no aid in relation to viticulture in the UK from EU sources. Therefore, the issue of demarcation between funding under Regulation (EC) 1493/1999 and the RDPE will not arise.

#### **Tobacco and Olive oil**

6. There is no allocation of EU support for tobacco (under Council Regulation (EEC) No 2075/1992) or olive oil (under Council Regulation (EC) 865/2004) to England. Therefore, the issue of demarcation between funding under these Regulations and the RDPE will not arise.

#### **Hops**

7. Following the 2003 reform of the hops regime, the aid arrangements in England have been completely decoupled and incorporated into the Single Payment Scheme. There is no specific EAGF support for hop production in England.

8. Article 6 of Council Regulation (EC) 1952/2005 relates to Producer Groups (PGs) which under the previous regime was the vehicle for receiving the EU aid. Whilst the aim of the reformed regime is that hops continue to be marketed through PGs, there is no specific aid for setting them up or for their maintenance. Therefore, the issue of demarcation between funding under this Regulation and the RDPE will not arise.

#### **Sugar**

9. Should a successful application be made in England for Restructuring Aid as provided for in Council Regulation (EC) 320/2006, Defra will consider if it is necessary to implement a national restructuring programme for the area or areas affected.

### **Bees**

10. Support for bee keeping under Council Regulation (EC) No 797/2004 is implemented in England under the Apiculture Programme. Defra, as Managing Authority for both the Apiculture Programme and the RDPE, will ensure demarcation between these Programmes.

### **Direct Payments**

11. Council Regulation 1782/2003 makes provision for direct payments under the Common Agricultural Policy and is implemented in England under the Single Payment Scheme (SPS). In England, these payments are decoupled from production. Direct payments are also available under Energy Aid Payments, Protein Crop Premium, and Area Payment for Nuts.

12. Beneficiaries of these payments will be required to meet the cross compliance conditions of Good Agricultural and Environmental Condition (GAEC) and comply with a number of Statutory Management Requirements (SMR) relating to the environment, public and plant health, animal health and welfare, and livestock identification and tracing. (See Annex 2 of Chapter 5, Appendix VII). In accordance with the provisions of Article 39 (3) of Council Regulation No 1698/2005, RDPE payments under Environmental Stewardship, Hill Farm Allowance, the English Woodland Grant Scheme, and payments for the establishment of short rotation coppice are only made for activities that go beyond these provisions. Therefore, there will be no dual funding of activities carried out to meet the requirements of the GAEC from the RDPE.

## 10.4 Complementarity with other Community Financial Instruments

13. There are other EU financial instruments, which like the RDPE provide support for environmental interventions. With respect to the RDPE the most relevant is the Financial Instrument for the Environment (LIFE+) which provides specific support for developing and implementing community environmental policy and legislation, in particular support for the implementation of the 6<sup>th</sup> Environment Action Plan (6<sup>th</sup> AEP). The LIFE+ Programme will operate from 2007 to 2013 and will have three components: LIFE+ Nature and Biodiversity, LIFE+ Environment Policy and Governance, and LIFE+ Information and Communication.

14. LIFE+ will not finance measures that receive assistance for the same purpose from other Community financial instruments including the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development, the Competitiveness and Innovation Framework Programme, the European Fisheries Fund and the 7<sup>th</sup> Research Framework Programme. Projects that are eligible for funding from other financial instruments, including those above, should be funded those funding sources. LIFE+ funding will only be available for projects that that are not eligible elsewhere. LIFE+ should therefore be complementary to other Community financial instruments and the Commission and Member States are required to ensure such complementarity at Community, national, regional and local level.

15. The EU regulation and the multi-annual strategic programme governing the LIFE+ financial instrument are both still in draft form. As a result, the demarcation arrangements will need to be revisited once the regulation and strategic programme have been finalised.