

## 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 (RDPE) 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 and ensure 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. Demarcation arrangements for the RDPE have been amended to take account of changes to the delivery approach for the RDPE socio-economic elements (Axis 1, 3 and 4) implemented from 1 July 2011.

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

<b>EAFRD</b> <b>(European Agricultural Fund for Rural Development)</b>	<b>ERDF</b> <b>(European Regional Development Fund)</b>	<b>ESF</b> <b>(European Social Fund)</b>	<b>EFF</b> <b>(European Fisheries Fund)</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</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>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</p>

<p>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>To stimulate enterprise and support successful business</p> <p>To ensure sustainable development, production and consumption</p> <p>To build sustainable communities</p>		<p>where this support cannot be provided elsewhere</p>
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3. Even with substantial national co-financing, and a contribution from voluntary modulation, it is clear that the RDPE Fund is much smaller than the ERDF in England. Interventions under the ERDF are therefore anticipated to be generally 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 increased localised economic growth. 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. In line with the needs set out in the evidence base, the RDPE is focused on the environment and countryside. Around 80% of the EAFRD contribution to the RDPE will be programmed under Axis 2, and there is no scope for overlap between this and the activities supported under the other three structural funds. For the socio-economic measures, RDPE funding will be targeted at those areas, sectors or communities where there is a demonstrable and significant evidence of need. It will be focussed on supporting rural economies at the local level, including interventions in agriculture and woodland enterprises. It will also be used to support growth of existing micro-enterprises, encourage business start-ups, and improve skills and employment opportunities for individuals in the rural workforce where this support cannot be provided through other means.

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. The RDPE will not be used to support those industries associated with the fishing sector that can be supported under the EFF.

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. Use of RDPE Funds and the other European Funds will be focused on different, though complementary, priorities.

Where there is some potential scope for overlap, particularly between the RDPE and the ERDF programmes on Axis 3, on Leader and in some areas targeted by Axis 1 so the funds are managed in a way that ensures complementarity, and avoids duplication.

### **Management of the funds**

9. 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. Nationally consistent programme approach means delivering to national priorities but applications are locally processed to take account of local priorities and ERDF activity. Local RDT have retained contact with local ERDF delivery teams to ensure demarcation issues are considered for projects at an early stage.

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

10. With effect from 1 July 2011, delivery arrangements for the socio-economic elements (Axis 1, 3 and 4) of the RDPE moved from the Regional Development Agencies into Defra. In parallel with these changes, the targeting of support has moved from regional priorities based on Regional Implementation Plans to nationally consistent schemes available across eligible areas in rural England. The new nationally consistent schemes include:

- The Farming and Forestry Improvement Scheme which will offer small grants of up to £25,000 to help farmers and foresters and horticultural businesses grow their competitiveness through targeted improvements in e.g. environmental performance, resource efficiency and animal health and welfare practices;
- The Rural Economy Grant which will offer grants of between £25,000 and circa £1 million to micro and SME businesses to boost farm competitiveness and support key sectors such as resource efficiency, agri-food initiatives, rural tourism, forestry, renewable energy and support for micro-enterprises;
- Rural Community Broadband Fund which will provide communities located in hard to reach superfast broadband locations (10% of identified counties) with funding to establish enhanced connectivity;
- A refreshed Skills and Knowledge Transfer programme that will provide flexible skills training to farming and forestry businesses and, when appropriate, other rural businesses to respond to identified needs to enable business growth.

11. The new Defra RDPE Delivery Team will work closely with Leader Groups as they deliver their Local Development Strategies under Axis 4 of the Rural Development Programme. Leader Groups are aware of the need to ensure that there is no duplication of funding in project selection. Defra, through the RDPE Delivery Teams, will be responsible, with Leader groups as appropriate, to ensure the effective demarcation is implemented in practice on the ground.

12. ERDF programmes have moved into regional teams within the Department for Communities and Local Government. Administrative arrangements are in place to ensure complementarity and co-ordination

13. Each region in England has an Operational Programme for the ERDF, which 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, demarcation will be undertaken 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.

14. Delivery teams for both the RDPE and ERDF in each area/region have set up dialogue channels through which proposals for support can be discussed where there may be questions around the appropriate Programme for support.

15. The Managing Authorities 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.</b>  <b>Training is also possible within Axis 4 for the sustainable development of fisheries areas.</b>
<b>114: Use of advisory services by farmers and</b>	<b>Providing advice for forest holders and farmers in order to improve the</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

<b>forest holders</b>	<b>sustainable management of 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>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</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</b>	<b>N/A</b>	<b>Support for adding value to fish and fishery products</b>

	<b>enterprises for forestry, and to micro and SME enterprises for agriculture.</b>	<b>Region's Operational Programme, as approved by the EU Commission.</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 Commission.</b>	<b>N/A</b>	<b>Restricted to fishery products.</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</b>	<b>Support for members of farm households</b>	<b>Support for sustainable business development across all areas not</b>	<b>N/A</b>	<b>Diversification into non-</b>

<b>activities.</b>	<b>for diversification in support of farm business restructuring, through developing activities that provide alternative income sources.</b>	<b>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>fishing activities</b>
<b>312: Support for creation and development of micro-businesses.</b>	<b>Support for micro businesses in rural areas.</b>	<b>Support available in all areas. 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>	<b>N/A</b>	<b>Support for young fishermen for the purchase of a fishing vessel</b>  <b>Support for the creation of micro, small and medium sized enterprises (aquaculture, processing and marketing)</b>
<b>313: Encouragement of tourism activities</b>	<b>Support for small-scale infrastructure and tourism services</b>	<b>Support for tourism infrastructure - particularly small scale - that contributes directly to economic</b>	<b>N/A</b>	<b>Small-scale local tourism focussing on</b>



	<p>related to rural tourism.</p> <p>Development of tourism facilities arising from farm diversification.</p>	<p>growth. The precise lines of demarcation are set out in each Region's Operational Programme, as approved by the EU Commission.</p>		<p>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. This will include support for the improvement of broadband services to rural communities.</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>
<p><b>322: Village renewal and development.</b></p>	<p>Support for small scale activities in single villages</p>	<p>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>Appropriate activities relevant to fishing</p>

				<b>communities funded under Axis 4</b>
<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, including the restoration of historic farm buildings linked to a Higher Level Stewardship Agreement under Axis 2 of the RDPE.</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>
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### **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.

#### **Wine**

3. 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) 1234/2007 and the RDPE will not arise. Training in the wine sector is provided under measure 111 of the RDPE that utilises funding transferred to the Programme from the EU wine budget.

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

4. 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**

5. 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.

6. 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.

#### **Bees**

7. 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.

## 8. Fruit and vegetables

<b><u>Demarcation between eligibility of Producer Organisations (PO) and their members for funding under PO Operational Programmes, and eligibility under the Rural Development Programme for England</u></b>		
<b>For actions or investments relating wholly or predominantly to crop(s) other than those for which the PO is recognised, and for those relating to non-horticultural enterprises, the individual grower member and PO remain entitled, as now, to apply for support under the RDPE.</b>		
<b><u>RDPE Measure</u></b>	<b><u>Activities eligible to be funded under the PO scheme</u></b> (and therefore ineligible under the RDPE)	<b><u>Activities eligible to be funded under the RDPE</u></b> (and therefore ineligible under the PO scheme)
111 Vocational training and information	All actions within the scope both of this measure and of the UK's National Strategy for Sustainable Operational Programmes, <b>except</b> for training offered by third party providers and where those third party providers are benefiting from existing RDPE support.	Training offered by third party providers and where those third party providers are benefiting from existing RDPE support.
115 Setting up of farm management, farm relief and farm advisory services	All actions within the scope both of this measure and of the UK's National Strategy for Sustainable Operational Programmes.	No actions falling within the scope both of this measure and of the UK's national Strategy for Sustainable Operational Programmes will be eligible for RDPE funding.
121 Modernisation of agriculture holdings	All actions and investments falling within the scope both of this measure and of the UK's National Strategy for Sustainable Operational Programmes <b>except</b> construction of permanent buildings such as cold stores, together with equipment installed at the time of construction, of a total value for each project greater than £500,000 or 30% of the annual value of the PO's	Construction of permanent buildings such as cold stores, together with equipment installed at the time of construction, of a total value for each project greater than £500,000 or 30% of the annual value of the PO's operational programme whichever is the less.

	operational programme whichever is the less.	
123 Adding value to agricultural and forestry products	All actions and investments falling within the scope both of this measure and of the UK's National Strategy for Sustainable Operational Programmes <b>except</b> construction of value adding capacity such as processing and packaging equipment, and associated cold stores and other permanent buildings, together with equipment installed at the time of construction, of a total value for each project greater than £500,000 or 30% of the annual value of the PO's operational programme whichever is the less.	Construction of value adding capacity such as processing and packaging equipment, and associated cold stores and other permanent buildings, together with equipment installed at the time of construction, of a total value for each project greater than £500,000 or 30% of the annual value of the PO's operational programme whichever is the less.
124 Cooperation for development of new products, processes and technologies	All actions within the scope both of this measure and of the UK's National Strategy for Sustainable Operational Programmes.	No actions or investments falling within the scope both of this measure and of the UK's National Strategy for Sustainable Operational Programmes will be eligible for RDPE funding.
125 Infrastructure related to the development and adaptation of agriculture	All actions and investments falling within the scope both of this measure and of the UK's National Strategy for Sustainable Operational Programmes <b>except</b> for the construction of reservoirs and the sinking of boreholes, together with the construction of abstraction infrastructure and installation of the irrigation equipment immediately associated with these facilities.	The construction or reservoirs and the sinking of boreholes, together with the construction of abstraction infrastructure and installation of the irrigation equipment immediately associated with these facilities.
214 Agri environment payments	No environmental actions identical to options under the RDPE Environmental Stewardship scheme.	

312 Support for the creation and development of micro-enterprises	All actions within the scope both of this measure and of the UK's National Strategy for Sustainable Operational Programmes.	No actions or investments falling within the scope both of this measure and of the UK's National Strategy for Sustainable Operational Programmes will be eligible for RDPE funding.
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## **Direct Payments**

9. Council Regulation 73/2009 makes provision for direct payments under the Common Agricultural Policy. In England the only direct payment scheme we implement is the Single Payment Scheme (SPS). Under this scheme payments are decoupled from production.

10. Beneficiaries of these payments are 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 tracking. (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, Uplands Transitional Payment, 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.

## **Complementarity with other Community Financial Instruments**

11. 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.

12. 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.

13. 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.