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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

**10th FINANCIAL REPORT FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT AND THE COUNCIL
on the EUROPEAN AGRICULTURAL FUND FOR RURAL DEVELOPMENT
(EAFRD)
2016 FINANCIAL YEAR**

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1. BUDGET PROCEDURE

1.1. Financial framework

Rural development expenditure in 2016 is funded within two multiannual financial frameworks (MFFs): 2007-2013 and 2014-2020. The financial framework 2014-2020 is provided by Council Regulation (EU) No 1311/2013. The allocation for rural development and the allocation for market related expenditure and direct payments after the annual technical adjustment of the MFF are presented in table 1.

Table 1 – Financial framework 2014-2020

HEADING 2. Sustainable growth: natural resources	In million EUR; current prices						
	2014	2015	2016	2017	2018	2019	2020
TOTAL	49 857	64 692	64 262	60 191	60 267	60 344	60 421
of which :							
- Rural Development ^{a), b), c), d), e)}	5 299	18 184	18 684	14 371	14 381	14 330	14 333
- Market related expenditure and direct aids, ^{a), b), c), d)}	43 778	44 190	43 950	44 146	44 162	44 241	44 263

a) After net transfer of EUR 351.9 million between EAGF and EAFRD for the financial year 2014 (see note f for details)

b) After net transfer of EUR 51.6 million between EAGF and EAFRD for the financial year 2015 (see note f for details)

c) After net transfer of EUR 28 million between EAGF and EAFRD for the financial years 2014-2020 (see note f for details)

d) After net transfer of EUR 3 577.2 million between EAGF and EAFRD for financial years 2015-2020 (see note f for details)

e) After the reprogramming of the EAFRD allocation of year 2014 following the application of Article 19 of MFF Regulation (EU) No 1311/2013 a total amount of EUR 8 705 million deducted from 2014 commitments was equally distributed to 2015 and 2016 commitments

f) The transfers into Rural Development (EAFRD) mentioned in notes a) to d) above involve: EUR 4 million transferred annually for the whole period 2014-2020 from the cotton sector (EL) on the basis of Article 66(1) of Regulation (EU) No 1307/2013, EUR 296.3 million set for the voluntary adjustment transferred for the financial year 2014 (UK) on the basis of Article 10b and 10c(2) of Regulation (EC) No 73/2009, EUR 51.6 million for unspent amounts transferred each year for financial years 2014 and 2015 (SE and DE) on the basis of Articles 136 and 136b of Regulation (EC) No 73/2009 and EUR 3577.2 million for the reduction of payments and the flexibility between pillars on the basis of Articles 7(2) and 14(1) of Regulation (EU) No 1307/2013

1.2. Draft Budget (DB) 2016

The 2016 Draft Budget (DB) was adopted by the Commission and proposed to the Budgetary Authority on 24 June 2015.

The Draft Budget included EUR 3 268 million in payment appropriations for the European Agricultural Fund for Rural Development (EAFRD) for the 2007-2013 programming period. No commitment appropriations were requested for year 2016 as the 2007-2013 programming period ended at the end of 2013. For the programming period 2014-2020, the DB 2016 included EUR 18 672 million in commitment appropriations and EUR 8 594 million in payment appropriations.

Table 2

Draft Budget 2016		
Budget Item	Commitment appropriations (in EUR)	Payment appropriations (in EUR)
2007-2013		
05.040501 (Rural development programmes)	-	3 268 000 000
05.040502 (Operational technical assistance)	-	-
2014-2020		
05.046001 (Rural development programmes)	18 650 559 495	8 574 000 000
05.046002 (Operational technical assistance)	21 363 000	20 025 443

The Council adopted its position on the 2016 Draft Budget on 4 September 2015 and the European Parliament adopted its position on 28 October 2015. The Conciliation Committee had to be convened and the Committee agreed on a joint text within the 21-day time limit. The Council approved the joint text on 24 November 2015 and the European Parliament approved it on 25 November 2015,

The 2016 budget was finally adopted on 25 November 2015 decreasing EAFRD payment appropriations by EUR 120 million, of which EUR 33 million for the 2007-2013 programming period and EUR 87 million for the 2014-2020 period.

1.3. The adoption of the 2016 Budget

The 2016 Budget adopted on 25 November 2015 included for the EAFRD in chapter 05 04 an amount of EUR 3 235 million in payment appropriations for the programming period 2007-2013 and EUR 18 672 million in commitment appropriations and EUR 8 507 million in payment appropriations for the period 2014-2020.

Table 3

Adopted Budget 2016		
Budget Item	Commitment appropriations (in EUR)	Payment appropriations (in EUR)
2007-2013		
05.040501 (Rural devevelopment programmes)	-	3 235 000 000
05.040502 (Operational technical assistance)	-	-
2014-2020		
05.046001 (Rural development programmes)	18 650 559 495	8 487 000 000
05.046002 (Operational technical assistance)	21 363 000	20 025 443

1.4. The adoption of the Amending Budgets

None of the Amending Budgets concerned the EAFRD.

2. MANAGEMENT OF APPROPRIATIONS

2.1. Management of commitment appropriations

2.1.1. EAFRD rural development programmes

As regards commitment appropriations, the 2016 voted budget amounted to EUR 18 651 million, all related to the 2014-2020 programmes.

The Budget 2016 did not include any commitment appropriations for EAFRD 2007-2013 programmes.

Table 4

Management of commitment appropriations in 2016 – EAFRD	Budget Item 05.040501 (amounts in EUR)	Budget Item 05.046001 (amounts in EUR)
Appropriations at the beginning of 2016	-	18 650 559 495
Appropriations available in 2016	-	18 650 559 495
Appropriations used in 2016 ¹	-	18 649 599 495

¹ Following a UK High Court Consent Order of 12 December 2014, the commitments of the UK-Wales programme were reduced by EUR 4.2 million, affecting the years 2016-2020 which was added to the direct payments ceiling of the UK. The underexecution of EUR 960 000 is the annual impact of the overall decrease in year 2016.

2.1.2. *Technical assistance*

Article 51(1) of Regulation (EU) No 1305/2013 provides that the EAFRD may use up to 0.25% of its annual allocation to finance technical assistance actions at the initiative of the Commission. In the 2016 budget, the initial amount available for this purpose was EUR 4.4 million for non-operational technical assistance and EUR 21.4 million for operational technical assistance.

2.2. **Management of payment appropriations**

2.2.1. *EAFRD rural development programmes*

For the rural development programmes 2014-2020, the payment appropriations of the voted budget 2016 amounted to EUR 8 487 million. The payment appropriations were reinforced with the transfer of EUR 1.0 million from the line of the completion of rural development financed by the EAGGF Guarantee Section (item 05.040114), where no appropriations were needed. On the other hand, the payment appropriations were reduced by two transfers totalling to EUR 32.1 million which were transferred to EAGGF-Guidance 2000-2006 in order to close one of the old programmes of Objective 1. Moreover, EUR 646.1 million was transferred to cover the urgent needs linked to the closure of EAFRD 2007-2013 programmes. Taking into account all transfers, the total amount of payment appropriations available in 2016 amounted to EUR 7 809.9 million. All appropriations of 2016 have been used during the year.

For the rural development programmes 2007-2013, payment appropriations of the voted budget 2016 amounted to EUR 3 235 million. In addition, the available assigned revenue, either carried over from 2015 or collected during the year, amounted to EUR 359.1 million. At the end of the year, the closure of the 64 programmes required additional payment appropriations. This was partially covered with a transfer from the EAFRD 2014-2020 programmes line (EUR 646.1 million), the technical assistance line (EUR 3.0 million) and the End-of-Year transfer (EUR 264.7 million). The total amount of payment appropriations available in 2016 was EUR 4 507.9 million. Of this amount, EUR 12.1 million of assigned revenue were automatically carried over to 2017.

Table 5

Management of payment appropriations in 2016 (in EUR)	
EAFRD (2014-2020) Budget Item - 05.046001	
Appropriations at the beginning of 2016	8 487 000 000
Transfer to EAGGF-Guidance — Objective 1 regions (2000 to 2006)	-5 124 931
Transfer to EAGGF-Guidance — Objective 1 regions (2000 to 2006)	-26 940 235
Transfer from EAGGF Guarantee Section 2000-2006	1 006 524
Transfer to EAFRD 2007-2013	-646 066 430

Appropriations available in 2016	7 809 874 928
Appropriations used in 2016	7 809 874 920
EAFRD (2007-2013)	
Budget Item - 05.040501	
Appropriations at the beginning of 2016	3 235 000 000
Assigned revenue carried over from 2015	22 697 504
Assigned revenue collected in 2016	336 400 606
Transfer from EAFRD 2014-2020	646 066 430
Transfer from TA line of EAFRD 2014-2020	3 000 000
End-of-the year transfer	264 739 750
Appropriations available in 2016	4 507 904 290
Appropriations used in 2016	4 495 770 025

2.2.2. *Technical assistance*

As regards the EAFRD, total payment appropriations in the 2016 budget amounted to EUR 20.0 million. EUR 3.0 million were transferred to the EAFRD 2007-2013 programmes line in order to cover the closure of programmes EAFRD 2007-2013. The final payment appropriations was EUR 17.0 million. The total payments reached EUR 12.8 million.

3. IMPLEMENTATION OF THE 2016 EAFRD BUDGET

3.1. Implementation of commitment appropriations

3.1.1. *EAFRD rural development programmes*

Of the total amount of commitment appropriations available in the 2016 budget for the EAFRD programmes 2014-2020 (EUR 18 650.6 million), EUR 18 649.6 million was committed. The minor amount not committed (EUR 0.96 million) was due to a modification of the allocation for the UK set out in Annex I to Regulation (EU) No 1305/2013² (see footnote 1).

Table 6 shows, per Member State, the allocation established by Regulation (EU) No 1305/2013 of 17/12/2013 as last amended by Commission Delegated Regulation (EU) 2016/142 of 02/12/2015¹ and the amounts committed in 2016.

² COMMISSION DELEGATED REGULATION (EU) 2016/142 of 2 December 2015 amending Annex I to Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Annex III to Regulation (EU) No 1307/2013 of the European Parliament and of the Council (OJ L28 of 4.2.2016, page 8)

Table 6

Regulation (EU) No 1305/2013 (as amended) vs. amounts committed by the end of 2016		
Budget item: 05.046001		<i>(in EUR)</i>
MS	Regulation (EU) No 1305/2013 2016 Allocation	Amounts committed in 2016
	(a)	(b)
AT	560 883 465	560 883 465
BE	109 821 794	109 821 794
BG	505 020 057	505 020 057
CY	28 345 126	28 345 126
CZ	503 130 504	503 130 504
DE	1 685 574 112	1 685 574 112
DK	136 397 742	136 397 742
EE	111 192 345	111 192 345
ES	1 780 403 445	1 780 403 445
FI	338 456 263	338 456 263
FR	2 363 567 980	2 363 567 980
GR	1 007 736 821	1 007 736 821
HR	448 426 250	448 426 250
HU	737 099 981	737 099 981
IE	469 724 442	469 724 442
IT	2 231 599 688	2 231 599 688
LT	230 431 887	230 431 887
LU	21 432 133	21 432 133
LV	153 066 059	153 066 059
MT	20 878 690	20 878 690
NL	118 496 585	118 496 585
PL	1 193 429 059	1 193 429 059
PT	578 913 888	578 913 888
RO	1 751 613 412	1 751 613 412
SE	378 153 207	378 153 207
SI	119 342 187	119 342 187
SK	215 603 053	215 603 053
UK	850 859 320	850 859 320
Total	18 649 599 495	18 649 599 495

3.1.2. Technical assistance

For the programming period 2014-2020, the amount of commitment appropriations for operational technical assistance in the budget 2016 was EUR 21.4 million. This line was reinforced by EUR 1.0 million transferred from the EAFRD 2014-2020 programmes line to cover the needs in relation to the contribution of the EAFRD to the European Solidarity Corps. Table 7 shows the consumption of the commitment appropriations available for technical assistance in 2016. The most important part relates to the Technical Advisory Platform for Financial Instruments and to the European Network for Rural Development.

Table 7

Technical assistance – Implementation of commitment appropriations	
Budget Item: 05.046002 (in EUR)	
Description	Amount committed
Technical Advisory Platform for Financial Instruments	4 800 000
European Network for Rural Development	4 455 468
Information technology*	3 094 064
Corporate Communication	2 600 000
European Innovation Partnership	2 570 801
European Evaluation Network	1 845 650
European Solidarity Corps	1 300 000
Audit and Controls	1 269 555
Protection of symbols	57 093
Total	21 992 630

* Including BCO (Broadband Competence Offices)

3.2. Implementation of payment appropriations

3.2.1. EAFRD rural development programmes

For the programming period 2014-2020, almost all payment appropriations available after the transfers (EUR 7 810 million) were used, of which EUR 1 001 million for the pre-financing.

For the programming period 2007-2013, all payment appropriations available in the budget (EUR 3 235 million) were implemented. Additional payments of EUR 1 261 million were made with appropriations from EAFRD 2014-2020 programmes line, the operational technical assistance line, the assigned revenue and the End-of-Year transfer. At the end of 2016, the total amount paid for EAFRD programmes 2007-2013, including the closure of 64 programmes, was EUR 4 496 million.

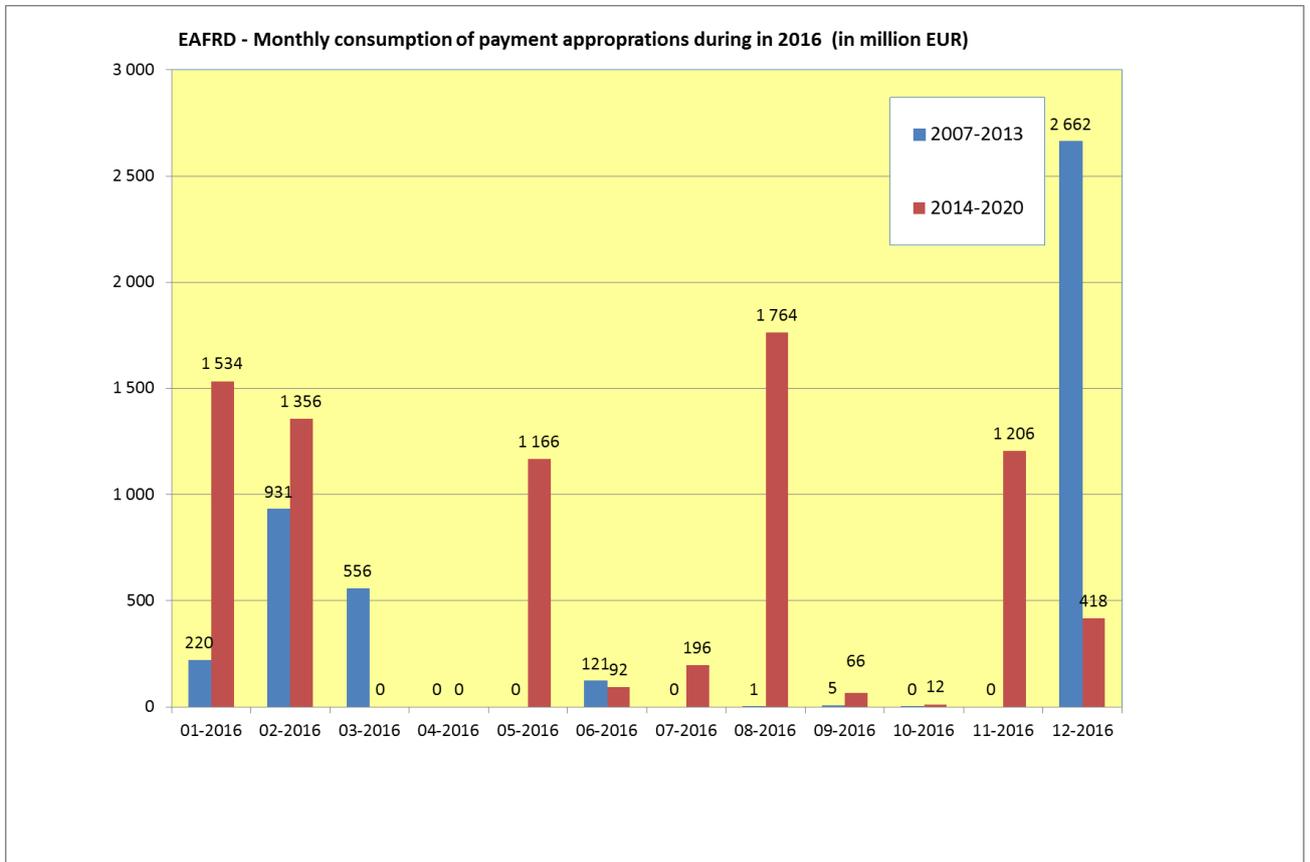
Table 8 shows the breakdown of payments made in 2016 by declaration period:

Table 8

Payments 2016 for EAFRD rural development programmes (in million EUR)	2007-2013	2014-2020
	Item 05.040501	Item 05.046001
Pre-financing 2014-2020	0.00	1 000.59
Reimbursement of payment claims prior to Q4 2015	277.49	554.36
Reimbursement of payment claims Q4 2015	1 547.84	1 346.31
Reimbursement of payment claims Q1 2016	8.01	1 257.34
Reimbursement of payment claims Q2 2016	0.00	2 038.53
Reimbursement of payment claims Q3 2016	0.00	1 612.74
Closure payments 2007-2013	2 662.43	0.00
Total 2016	4 495.77	7 809.87

The monthly consumption of payment appropriations during the year (January to December 2016) is shown in the graph below.

Graph 1



The breakdown per Member State and per declaration period of the amounts paid by the Commission in budget year 2016 is shown in tables 9a and 9b.

Table 9a

Payments effectively made between 01/01/2016 and 31/12/2016					
EAFRD 2007-2013 - Budget item 05.040501					<i>(in EUR)</i>
MS	Prior to Q4 2015	Q4 2015	Positive payments, mainly following the judgements of Court of Justice	Closure	Total
AT	0			201 048 843	201 048 843
BE	0			11 915 307	11 915 307
BG	211 263	104 910 087			105 121 350
CY	0			8 138 265	8 138 265
CZ	0		584 299	138 417 270	139 001 569
DE	10 959 942	995 397		388 608 987	400 564 326
DK	7 243 066			20 963 291	28 206 357
EE	0			35 481 510	35 481 510
ES	49 444 612	254 214 733	28 301	138 757 741	442 445 387
FI	0		927 828	73 189 520	74 117 347
FR	24 430 594	34 997 367	4 746 784		64 174 744
GR	3 215 169	451 499 242	1 726 644		456 441 055
HU	0			100 146 037	100 146 037
IE	0			123 238 683	123 238 683
IT	123 857 373	215 437 259		117 416 941	456 711 574
LT	0			86 077 487	86 077 487
LU	0			4 310 828	4 310 828
LV	0		303 187	52 512 931	52 816 118
MT	1 310 503	560 059		2 656 238	4 526 801
NL	0			27 849 916	27 849 916
PL	0			654 646 405	654 646 405
PT	0	3 922 417		166 884 840	170 807 257
RO	54 175 098	481 300 950			535 476 048
SE	0			39 280 927	39 280 927
SI	0			42 697 633	42 697 633
SK	0			86 339 546	86 339 546
UK	2 637 812			141 550 893	144 188 705
Total	277 485 432	1 547 837 509	8 317 043	2 662 130 040	4 495 770 025

Table 9b

Payments effectively made between 01/01/2016 and 31/12/2016							
EAFRD 2014-2020 - Budget item 05.046001							<i>(in EUR)</i>
MS	Pre-financing	Prior to Q4 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Total
AT	39 375 520		3 265 091	17 539 570	339 778 144	33 993 775	433 952 101
BE	6 477 978	4 864 566	3 635 803	2 443 352	20 679 176	7 880 154	45 981 029
BG	23 667 170			84 793 197	15 018 210	29 248 636	152 727 213
CY	1 322 444		54 702	2 367 776	3 429 608	1 325 612	8 500 142
CZ	23 056 740	4 850 094	31 962 882	50 356 787	60 232 281	34 480 775	204 939 559
DE	93 607 201	17 663 132	218 875 742	165 939 180	148 021 290	97 342 001	741 448 545
DK	14 976 097	991 945	20 595 204	17 020 883	17 784 549	18 536 432	89 905 110
EE	8 233 416	4 138 495	6 567 382	48 892 142	13 093 427	15 209 984	96 134 846
ES	82 973 888	14 051 954	67 590 620	81 033 254	68 486 032	147 428 430	461 564 178
FI	23 804 083	48 031 959	106 332 534	5 276 183	57 387 698	110 154 555	350 987 012
FR	113 848 442	315 907 655	90 883 881	22 904 483	41 866 580	52 994 771	638 405 812
GR	47 182 918			8 494 055	26 664 899	192 679 994	275 021 867
HR	20 262 225	388 120	10 181 227	5 305 518	72 442 372	42 726 922	151 306 384
HU	34 306 645				196 249 540	12 218 585	242 774 769
IE	21 905 922	49 948 020	77 659 945	10 385 332	8 342 894	107 486 601	275 728 714
IT	104 443 808	11 074 939	40 546 961	64 506 841	174 280 211	129 139 789	523 992 549
LT	16 130 882	1 147 244	32 577 397	33 299 991	61 974 997	44 957 701	190 088 212
LU	1 005 746	13 645	3 306 700	867 396		2 168 098	7 361 586
LV	10 756 038	2 527 228	31 848 828	33 063 678	19 549 712	21 843 592	119 589 076
MT	973 269				565 944	23 513	1 562 726
NL	10 812 454	943 989	4 002 744	23 346 116	5 065 312	1 091 765	45 262 379
PL	88 961 088			73 652 412	238 330 817	50 868 806	451 813 122
PT	40 601 404	35 704 235	284 545 887	114 089 541	51 094 441	51 511 050	577 546 557
RO	81 279 964			56 984 320	231 935 189	235 097 590	605 297 063
SE	17 455 653	430 800	51 589 535	55 384 861	15 530 153	68 470 024	208 861 025
SI	8 378 498	1 163 339	22 175 367	26 250 286	26 101 394	1 570 151	85 639 035
SK	15 885 298	673 179	34 644 205	6 584 291	37 635 408	26 144 967	121 567 349
UK	48 906 195	39 849 997	203 467 861	246 560 880	86 990 969	76 141 057	701 916 960
Total	1 000 590 984	554 364 534	1 346 310 501	1 257 342 323	2 038 531 245	1 612 735 333	7 809 874 920

Tables 10a and 10b compare, for each Member State, the EAFRD payments made in 2016 with the payments in 2015. The total payments for EAFRD 2007-2013 programmes decreased by 31% (EUR 4.5 billion vs. 6.5 billion), reflecting that the eligibility for Union expenditure for the 2007-2013 programmes ended on 31 December 2015 and that hence the 2016 payments cover the reimbursements for Q4/2015 as well as the payments for the EAFRD programmes closed in 2016. At the same time the payments for EAFRD 2014-2020 programmes increased significantly (by 49%) compared to year 2015 (EUR 7.8 billion vs. EUR 5.3 billion).

Table 10a

Payments made to Member States - Comparison 2016 vs 2015 - EAFRD 2007-2013							(in EUR)	
MS	2015			2016			Difference 2016 vs. 2015	
	Interim payments	Closure	Total	Interim payments	Closure	Total	(in €)	(in %)
AT	0	0	0	0	201 048 843	201 048 843	201 048 843	-
BE	5 360 020	0	5 360 020	0	11 915 307	11 915 307	6 555 287	122.30%
BG	404 510 426	0	404 510 426	105 121 350		105 121 350	-299 389 076	-74.01%
CY	18 280 429	0	18 280 429	0	8 138 265	8 138 265	-10 142 164	-55.48%
CZ	0	0	0	584 299	138 417 270	139 001 569	139 001 569	-
DE	287 887 731	0	287 887 731	11 955 339	388 608 987	400 564 326	112 676 595	39.14%
DK	60 727 573	0	60 727 573	7 243 066	20 963 291	28 206 357	-32 521 216	-53.55%
EE	0	0	0	0	35 481 510	35 481 510	35 481 510	-
ES	953 334 892	0	953 334 892	303 687 646	138 757 741	442 445 387	-510 889 505	-53.59%
FI	0	0	0	927 828	73 189 520	74 117 347	74 117 347	-
FR	239 865 433	0	239 865 433	64 174 744		64 174 744	-175 690 689	-73.25%
GR	379 109 303	0	379 109 303	456 441 055		456 441 055	77 331 752	20.40%
HR	0	0	0	0	0	0	0	-
HU	382 092 959	0	382 092 959	0	100 146 037	100 146 037	-281 946 922	-73.79%
IE	0	0	0	0	123 238 683	123 238 683	123 238 683	-
IT	1 143 347 348	0	1 143 347 348	339 294 632	117 416 941	456 711 574	-686 635 774	-60.05%
LT	38 115 984	0	38 115 984	0	86 077 487	86 077 487	47 961 503	125.83%
LU	0	0	0	0	4 310 828	4 310 828	4 310 828	-
LV	0	0	0	303 187	52 512 931	52 816 118	52 816 118	-
MT	8 590 730	0	8 590 730	1 870 562	2 656 238	4 526 801	-4 063 929	-47.31%
NL	10 583 063	0	10 583 063	0	27 849 916	27 849 916	17 266 853	163.16%
PL	1 170 599 020	0	1 170 599 020	0	654 646 405	654 646 405	-515 952 615	-44.08%
PT	31 039 518	0	31 039 518	3 922 417	166 884 840	170 807 257	139 767 739	450.29%
RO	1 257 624 319	0	1 257 624 319	535 476 048		535 476 048	-722 148 271	-57.42%
SE	0	0	0	0	39 280 927	39 280 927	39 280 927	-
SI	0	0	0	0	42 697 633	42 697 633	42 697 633	-
SK	29 960 498	0	29 960 498	0	86 339 546	86 339 546	56 379 048	188.18%
UK	43 269 312	0	43 269 312	2 637 812	141 550 893	144 188 705	100 919 393	233.24%
Total	6 464 298 560	0	6 464 298 560	1 833 639 985	2 662 130 040	4 495 770 025	-1 968 528 535	-30.45%

Table 10b

Payments made to Member States - Comparison 2016 vs 2015 - EAFRD 2014-2020									(in EUR)	
MS	2015			2016			Difference 2016 vs. 2015			
	Interim payments	Pre-financing	Total	Interim payments	Pre-financing	Total	(in €)	(in %)		
AT	381 361 904	39 375 520	420 737 424	394 576 581	39 375 520	433 952 101	13 214 677	3.14%		
BE	60 955 847	12 955 955	73 911 803	39 503 051	6 477 978	45 981 029	-27 930 774	-37.79%		
BG	0	47 334 339	47 334 339	129 060 043	23 667 170	152 727 213	105 392 874	222.66%		
CY	0	3 967 331	3 967 331	7 177 699	1 322 444	8 500 142	4 532 811	114.25%		
CZ	187 621 864	46 113 480	233 735 344	181 882 819	23 056 740	204 939 559	-28 795 785	-12.32%		
DE	270 520 722	171 219 696	441 740 417	647 841 345	93 607 201	741 448 545	299 708 128	67.85%		
DK	1 704 161	6 294 007	7 998 168	74 929 013	14 976 097	89 905 110	81 906 942	1024.07%		
EE	31 042 916	16 466 831	47 509 747	87 901 431	8 233 416	96 134 846	48 625 099	102.35%		
ES	12 750 662	207 434 721	220 185 382	378 590 289	82 973 888	461 564 178	241 378 796	109.63%		
FI	382 518 728	24 011 173	406 529 902	327 182 929	23 804 083	350 987 012	-55 542 890	-13.66%		
FR	345 362 039	227 696 885	573 058 924	524 557 370	113 848 442	638 405 812	65 346 888	11.40%		
GR	0	141 548 754	141 548 754	227 838 949	47 182 918	275 021 867	133 473 113	94.29%		
HR	54 335 233	40 524 450	94 859 683	131 044 159	20 262 225	151 306 384	56 446 701	59.51%		
HU	0	68 613 290	68 613 290	208 468 125	34 306 645	242 774 769	174 161 479	253.83%		
IE	327 135 539	54 764 804	381 900 343	253 822 792	21 905 922	275 728 714	-106 171 629	-27.80%		
IT	7 578 868	208 887 615	216 466 483	419 548 741	104 443 808	523 992 549	307 526 066	142.07%		
LT	38 414 223	32 261 765	70 675 988	173 957 330	16 130 882	190 088 212	119 412 224	168.96%		
LU	12 209 640	2 011 492	14 221 132	6 355 840	1 005 746	7 361 586	-6 859 546	-48.23%		
LV	53 339 164	21 512 076	74 851 240	108 833 038	10 756 038	119 589 076	44 737 836	59.77%		
MT	0	1 946 538	1 946 538	589 457	973 269	1 562 726	-383 812	-19.72%		
NL	27 621 653	12 146 107	39 767 761	34 449 926	10 812 454	45 262 379	5 494 618	13.82%		
PL	174 360 865	85 982 808	260 343 673	362 852 034	88 961 088	451 813 122	191 469 449	73.54%		
PT	226 596 314	47 698 857	274 295 171	536 945 153	40 601 404	577 546 557	303 251 386	110.56%		
RO	0	243 839 892	243 839 892	524 017 099	81 279 964	605 297 063	361 457 171	148.24%		
SE	140 723 643	34 911 305	175 634 948	191 405 372	17 455 653	208 861 025	33 226 077	18.92%		
SI	29 933 496	16 756 996	46 690 492	77 260 537	8 378 498	85 639 035	38 948 543	83.42%		
SK	61 667 351	30 905 457	92 572 808	105 682 050	15 885 298	121 567 349	28 994 541	31.32%		
UK	479 188 117	98 067 330	577 255 447	653 010 765	48 906 195	701 916 960	124 661 513	21.60%		
Total	3 306 942 948	1 945 249 474	5 252 192 422	6 809 283 936	1 000 590 984	7 809 874 920	2 557 682 498	48.70%		

3.2.2. Technical assistance

For the programming period 2014-2020, the amount for payment appropriations for technical assistance was EUR 20.0 million. A part of these appropriations (EUR 3.0 million) was transferred to cover payment needs in relation to rural development programmes under EAFRD 2007-2013.

Table 11 hereafter presents the payments grouped by main activities. The most important part relates to the European Network for Rural Development.

Table 11

Technical assistance – Implementation of payment appropriations	
Budget Item: 05.046002 <i>(in EUR)</i>	
Description	Amount paid
European Network for Rural Development	3 807 289
Information technology	2 331 319
Technical Advisory Platform for Financial Instruments	2 198 479
European Innovation Partnership	2 159 784
European Evaluation Network	1 404 023
Audit and Controls	812 715
Protection of symbols	100 000
Events	214
Total	12 813 822

3.3. Analysis of expenditure declared by axis and/or by measure

Tables 12a and 12b show the payment claims declared by Member States and by axis/measure for rural development in 2016 (4th quarter of 2015 to 3rd quarter of 2016), the cumulative declared expenditure from the beginning of the programmes and also the financial plans of EAFRD programmes.

It should be noted that for EAFRD 2007-2013 the 4th quarter of 2015 was the last quarter for declaration of expenditure. In this quarter the expenditure concentrated in axis 1 (40.3%), followed by axis 2 with 23.3%, axis 3 with 20.8% and axis 4 with 12.8%. The cumulative declared expenditure from the beginning of the programmes (32.0%, 47.7%, 12.4% and 5.9% for axis 1 to 4 respectively) are very much in line with the programming per axis.

Axis 2 measures mainly involve annual payments (e.g. agro-environmental measures) whilst axis 1, 3 and, to a lesser extent, axis 4 mainly relate to multi-annual measures that require longer proceedings for their approval and implementation (e.g. investment projects).

The expenditure for EAFRD 2014-2020 in 2016 concentrated mainly in Measure 13 (Payments to areas facing natural or other specific constraints) and in Measure 10 (Agri-environment-climate).

Table 12a

EAFRD declared expenditure 2016 (Q4 2015) & Total cumulative expenditure (Q4 2006 to Q4 2015) compared with Financial Plans - EAFRD 2007-2013						
	Declared expenditure 2016 (Q4 2015)		Cumulative declared expenditure (Q4 2006 to Q4 2015)		Financial Plans 2007- 2013	
EAFRD Axis / Measure	(million €)	(%)	(million €)	(%)	(million €)	(%)
111 Vocational training and information actions	53.4	1.0%	840.5	0.9%	902.3	0.9%
112 Setting up of young farmers	348.9	6.9%	3 271.4	3.5%	3 310.8	3.5%
113 Early retirement	67.8	1.3%	2 655.2	2.8%	2 593.8	2.7%
114 Use of advisory services	3.7	0.1%	133.3	0.1%	139.4	0.1%
115 Setting up of management, relief and	1.2	0.0%	31.7	0.0%	33.8	0.0%
121 Modernisation of agricultural holdings	656.4	12.9%	11 693.4	12.5%	11 828.7	12.3%
122 Improvement of the economic value of forest	6.5	0.1%	308.7	0.3%	324.1	0.3%
123 Adding value to agricultural and forestry...	318.0	6.2%	4 412.6	4.7%	4 643.0	4.8%
124 Cooperation for development of new products	28.7	0.6%	234.3	0.2%	252.5	0.3%
125 Infrastructure related to the development ...	477.4	9.4%	4 317.6	4.6%	4 366.9	4.6%
126 Restoring agricultural production potential	36.5	0.7%	648.5	0.7%	652.9	0.7%
131 Meeting standards based on Community...	0.1	0.0%	62.1	0.1%	64.1	0.1%
132 Participation of farmers in food quality...	3.0	0.1%	91.3	0.1%	99.4	0.1%
133 Information and promotion activities	11.8	0.2%	128.4	0.1%	131.3	0.1%
141 Semi-subsistence farming	27.5	0.5%	771.6	0.8%	792.2	0.8%
142 Producer groups	10.5	0.2%	234.9	0.3%	250.7	0.3%
143 Direct Payment (BG + RO)	0.0	0.0%	9.5	0.0%	15.7	0.0%
144 Holdings undergoing restructuring	0.1	0.0%	180.8	0.2%	190.0	0.2%
Axis 1	2 051.6	40.3%	30 025.7	32.0%	30 591.8	31.9%
211 Natural handicap payments to farmers in ...	181.1	3.6%	7 391.1	7.9%	7 128.0	7.4%
212 Payments to farmers in areas with handicaps...	87.9	1.7%	7 681.4	8.2%	8 062.5	8.4%
213 Natura 2000 payments and payments linked ..	13.3	0.3%	267.5	0.3%	272.6	0.3%
214 Agri-environment payments	464.2	9.1%	23 619.4	25.2%	23 845.5	24.9%
215 Animal welfare payments	106.3	2.1%	1 006.2	1.1%	1 040.6	1.1%
216 Non-productive investments	40.2	0.8%	621.0	0.7%	656.4	0.7%
221 First afforestation of agricultural land	41.8	0.8%	1 585.5	1.7%	1 584.4	1.7%
222 First establishment of agroforestry systems...	0.3	0.0%	1.5	0.0%	2.5	0.0%
223 First afforestation of non-agricultural land	7.6	0.1%	168.2	0.2%	176.1	0.2%
224 Natura 2000 payments	11.8	0.2%	74.3	0.1%	69.6	0.1%
225 Forest-environment payments	8.0	0.2%	70.1	0.1%	79.4	0.1%
226 Restoring forestry potential and ...	148.8	2.9%	1 542.1	1.6%	1 603.3	1.7%
227 Non-productive investments	75.2	1.5%	698.6	0.7%	738.5	0.8%
Axis 2	1 186.4	23.3%	44 727.1	47.7%	45 259.23	47.2%
311 Diversification into non-agricultural activities	74.6	1.5%	1 078.8	1.1%	1 110.5	1.2%
312 Business creation and development	111.5	2.2%	1 430.3	1.5%	1 570.0	1.6%
313 Encouragement of tourism activities	96.1	1.9%	887.9	0.9%	1 112.0	1.2%
321 Basic services for the economy and rural ...	522.1	10.3%	3 683.0	3.9%	3 745.6	3.9%
322 Village renewal and development	164.3	3.2%	3 199.6	3.4%	3 327.0	3.5%
323 Conservation and upgrading of the rural....	85.8	1.7%	1 154.9	1.2%	1 194.2	1.2%
331 Training and information	2.7	0.1%	92.2	0.1%	96.4	0.1%
341 Skills acquisition, animation and implement...	4.3	0.1%	100.4	0.1%	101.0	0.1%
Axis 3	1 061.3	20.8%	11 627.1	12.4%	12 256.8	12.8%
411 Implementing local development strategies...	80.1	1.6%	471.5	0.5%	505.2	0.5%
412 Implementing local development strategies...	7.5	0.1%	58.9	0.1%	73.8	0.1%
413 Implementing local development strategies....	456.4	9.0%	3 977.0	4.2%	4 059.9	4.2%

421 Implementing cooperation projects	39.1	0.8%	170.8	0.2%	189.9	0.2%
431 Running the local action group, acquiring ...	70.9	1.4%	897.7	1.0%	928.6	1.0%
Axis 4	654.0	12.8%	5 575.9	5.9%	5 757.4	6.0%
511 Technical Assistance	139.6	2.7%	1 440.7	1.5%	1 531.1	1.6%
611 BG RO Direct Payments	0.0	0.0%	436.4	0.5%	437.4	0.5%
Grand total	5 092.8	100.0%	93 832.7	100.0%	95 833.8	100.0%

Table 12b

EAFRD declared expenditure 2016 (Q4 2015-Q3 2016) & Total cumulative expenditure (Q4 2014 to Q3 2016) compared with Financial Plans - EAFRD 2014-2020							
		Declared expenditure 2016 (Q4 2015 to Q3 2016)		Cumulative declared expenditure (Q4 2014 to Q3 2016)		Financial Plans 2014- 2020	
EAFRD Measure		(million €)	(%)	(million €)	(%)	(million €)	(%)
Measure 01	Knowledge transfer and information actions	20.3	0.3%	21.9	0.2%	1 132.8	1.1%
Measure 02	Advisory services, farm management and farm relief services	10.7	0.2%	11.4	0.1%	865.9	0.9%
Measure 03	Quality schemes for agricultural products and foodstuffs	8.8	0.1%	10.5	0.1%	379.1	0.4%
Measure 04	Investments in physical assets	963.6	15.0%	1 183.4	11.7%	22 679.2	22.8%
Measure 05	Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions	38.0	0.6%	53.1	0.5%	906.2	0.9%
Measure 06	Farm and business development	344.7	5.4%	416.0	4.1%	7 399.6	7.4%
Measure 07	Basic services and village renewal in rural areas	117.4	1.8%	120.3	1.2%	6 664.3	6.7%
Measure 08	Investments in forest area development and improvement of the viability of forests	247.8	3.9%	328.2	3.2%	4 557.5	4.6%
Measure 09	Setting-up of producer groups and organisations	16.0	0.2%	16.0	0.2%	476.3	0.5%
Measure 10	Agri-environment-climate	1 734.3	27.1%	3 098.0	30.5%	16 365.7	16.5%
Measure 11	Organic farming	583.7	9.1%	799.7	7.9%	6 444.6	6.5%
Measure 12	Natura 2000 and Water Framework Directive payments	61.1	1.0%	95.9	0.9%	573.9	0.6%
Measure 13	Payments to areas facing natural or other specific constraints	1 704.5	26.6%	3 217.7	31.7%	16 059.2	16.2%
Measure 14	Animal Welfare	182.5	2.8%	231.5	2.3%	1 475.2	1.5%
Measure 15	Forest environmental and climate services and forest conservation	6.8	0.1%	9.4	0.1%	266.4	0.3%
Measure 16	Co-operation	20.7	0.3%	21.9	0.2%	1 762.6	1.8%
Measure 17	Risk management	10.4	0.2%	15.6	0.2%	1 715.9	1.7%
Measure 18	Financing of complementary national direct payments for Croatia	36.1	0.6%	90.7	0.9%	111.9	0.1%
Measure 19	Support for LEADER local development — community-led local development (CLLD)	116.8	1.8%	125.7	1.2%	6 900.4	6.9%
Measure 20	Technical assistance Member States	65.4	1.0%	83.7	0.8%	2 080.9	2.1%
Measure 113	Early retirement	117.0	1.8%	197.7	1.9%	529.2	0.5%
Measure 131	Meeting standards based on Community legislation	0.0	0.0%	0.0	0.0%	0.0	0.0%
Measure 341	Skills acquisition, animation and implementation	0.0	0.0%	0.0	0.0%	0.6	0.0%
Grand total		6 406.6	100.0%	10 148.5	100.0%	99 347.5	100.0%

*Member States declare their expenditure quarterly. However, for year n, Q4 declarations are submitted in January of year n+1. Consequently, the corresponding reimbursements by the Commission to the Member States in year n go from Q4 of year n-1 until Q3 of year n.

3.4. Implementation of EAFRD programmes

3.4.1. Programming period 2007-2013

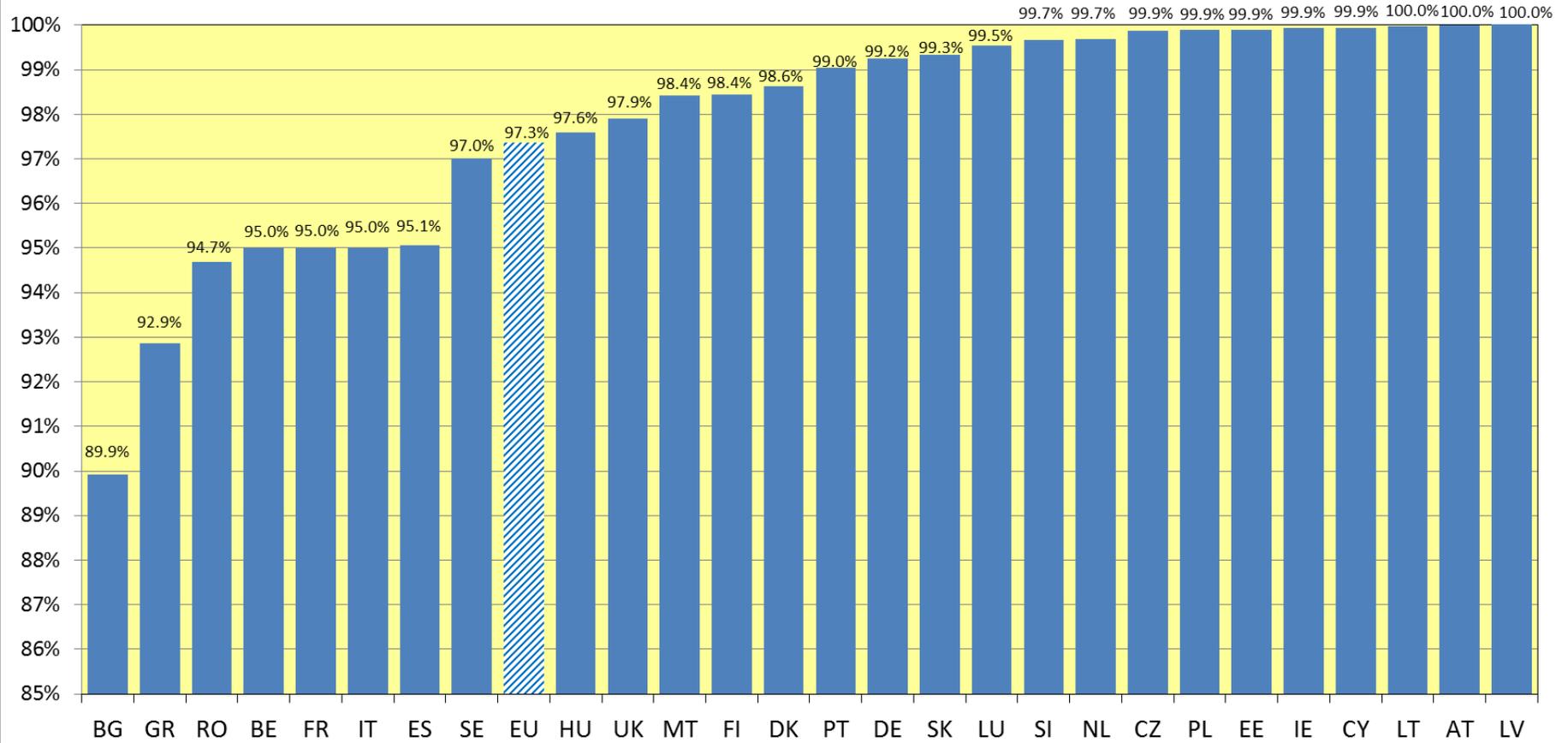
Graph 2 presents the absorption rate of rural development programmes 2007-2013 per Member State: payments from the beginning of the programming period till 31 December 2016, including closure payments for the programmes that have been already closed by this date, compared to the total 2007-2013 allocation.

Until the end of 2016 the application of the N+2 rule has resulted in decommitments amounting in total to EUR 1 722 million. This amount relates to years 2008-2013.

3.4.2. Programming period 2014-2020

Graph 3 presents the absorption rate of rural development programmes 2014-2020 per Member State: payments from the beginning of the programming period including payments made for the 4th quarter of 2016 that is reimbursed in financial year 2017 compared to the total 2014-2020 allocation.

Graph 2 - Absorption rate of 2007-2013 RD programmes by Member State (% of the EAFRD payments including closure payments done by 31/12/2016 compared with 2007-2013 allocations)



**Graph 3 - Absorption rate of 2014-2020 RD programmes by Member State
 (% of the EAFRD payments including payment claims Q4'2016 compared to
 2014-2020 allocations)**

