

Measure fiche

## Setting up of producer groups and organisations

Measure 9

Article 27 of Regulation (EU) 1305/2013 of the European Parliament and of the Council

*This fiche is based on the text of Regulation (EU) No 1305/2013 [EAFRD] and, when relevant, on Regulation (EU) No 1303/2013 [CPR]. Since the Delegated and Implementing Acts supplementing these regulations have not yet been adopted, some modifications to this guidance fiche might be needed after their adoption.*

*This guidance does not represent a binding legal interpretation of Regulation (EU) No 1305/2013. It is therefore essentially non-binding in nature and complements the related legal acts.*

### 1. RATIONALE OF THE MEASURE

Producer groups and organisations help farmers to face jointly market challenges and strengthening bargain power in relation to production and marketing, including in local markets. Therefore this measure supports the setting up of producer groups and organisations, especially in the early years, when additional costs are incurred. The measure has an incentive role.

### 2. WHAT'S NEW IN COMPARISON TO THE PERIOD 2007-2013

The measure was implemented during 2007-13 as regards the producer group's part only in the EU 12. The following main **new elements** are introduced for 2014-20:

- The measure can be implemented in all Member States;
- It covers also the setting up of producer organisations;
- It includes all agricultural sectors, including Fruits & Vegetables;
- Producer groups and organisations in forestry can be supported;
- The measure is restricted to producer groups and organisations falling under the definition of SMEs.

### 3. CONTRIBUTION TO FOCUS AREAS AND CROSS-CUTTING OBJECTIVES

The support for setting up producer groups and organisations has the potential to contribute to several Union priorities for rural development, for example by enhancing

job opportunities and the development of rural areas and fostering resource efficiency. However, this measure is most relevant for:

- Priority 3: “Promoting food chain organisation and risk management in agriculture”, and in particular its Focus Area 3A: “Better integrating primary producers into the food chain through quality schemes, promotion in local markets and short supply circuits, produce groups and inter-branch organisations”.

#### **4. SCOPE, TYPE AND LEVEL OF SUPPORT**

##### **4.1. Relevant definitions**

Producer groups and organisations are not specifically defined in the rural development regulation since such definition is subject to national rules.

##### **4.2. Type of operation**

Support under this measure is provided for the setting-up of producer groups and/or organisations in agriculture and forestry.

##### **4.3. Beneficiaries**

Producer groups and organisations in agriculture and forestry falling under the definition of SMEs and officially recognized by the Member States' competent authority.

##### **4.4. Eligibility conditions and eligible expenditure**

In order to be eligible for support, producer groups and organisations shall be recognized by the Member States' competent authority on the basis of a business plan. The latter has to detail the planned activities of the group or of the organisation in relation to one or more of the following:

- (a) Adapting the production and output of producers who are members of such groups to market requirements;
- (b) Jointly placing goods on the market, including preparation for sale, centralization of sales and supply to bulk buyers;
- (c) Establishing common rules on production information, with particular regard to harvesting and availability; and
- (d) Other activities that may be carried out by producer groups, such as development of business and marketing skills and organization and facilitation of innovation processes

Eligibility of expenditure is not explicitly defined in the Regulation: in principle all activities in line the business plan can be covered, whereas the merging of already existing Producer Groups is not intended to be supported under this measure.

##### **4.5. Principles with regards to the setting of selection criteria and the selection of beneficiaries**

Reference is to be made to the "Guidelines on eligibility conditions and selection criteria".

Where relevant, Member States should target the support towards specific subsectors in the programming area on the basis of the SWOT analysis. Priority may also be given to producer groups and/or organisations of quality products covered by Article 17.

#### **4.6. Links to other legislation**

Support to the setting up of producer groups and organisations will no longer be provided under the first pillar of the CAP in the next programming period.

#### **4.7. Aid intensity/amount of support**

Support is granted as flat rate aid in annual installments for a maximum duration of 5 years from the date of recognition and shall be degressive. The support is calculated based on the group's or on the organisation's annual marketed production. In the first year reference may be made to the average annual value of marketed production of the group's or organisation's members over the previous three years (agriculture) or five years (forestry), excluding the highest and lowest value in the case of forestry.

Support is limited to 10% of marketed production during the first five years following recognition and cannot exceed 100.000 euro per year. Last instalment is conditional to the verification by the Member States of the correct implementation of the business plan.

#### **4.8. Co-financing rates**

The EAFRD contribution rate applicable to this measure is defined in Article 59 of Reg. (EU) No 1305/2013.

#### **4.9. Focus on specific issues**

Member States should specify the minimum requirements concerning the content of the business plan as well as the administrative procedures for its approval and verification.

Member States should be vigilant to avoid members of producer groups or of producer organisations to shift from one supported group or organisation to another group or organisation of the same nature just to benefit twice from the same form of support.

Producer groups and producer organisations can be members of the Operational Groups defined in the context of the implementation of the European Innovation Partnership (EIP) without higher support rates than the ones foreseen in Annex I.

### **5. OUTPUT INDICATORS**

Reference is to be made to the Working Paper "Elements of strategic programming for the period 2014-2020", Annex IV.

### **6. VERIFIABILITY AND CONTROLLABILITY**

Reference to be made to the "Guidelines on verifiability and prevention of errors".

Member States shall verify that the objectives of the business plan have been reached within 5 years after recognition of the supported producer groups or organisations.

## **7. TRANSITIONAL ARRANGEMENTS**

Where funds allocated to the measure for the period 2007-2013 are not used up, commitments and payments may continue during 2014-15. Carry over operations can become eligible under the 2014-20 financial envelope until the end of the commitment period, provided that the eligibility rules do not change (see Commission Implementing Regulation (EU) No 335/2013 of 12 April 2013 amending Regulation (EC) No 1974/2006 laying down detailed rules for the application Council Regulation (EC) No 1698/2005)<sup>1</sup>.

## **8. BEST PRACTISES**

In the context of the implementation of their business plan, producer groups or producer organisations may also contribute to an efficient functioning of the supply chain for non-food purposes (such as the utilisation of agricultural wastes and residues for renewable energy production or for bio-based products). For example, they can help to set up adequate organisation structures for biomass delivery.

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<sup>1</sup> The eligibility of the carry over operations will be defined in the delegated act.