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To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
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Subject:	COMMISSION STAFF WORKING DOCUMENT IMPACT ASSESSMENT Accompanying the document Proposals for a - Regulation of the European Parliament and of the Council establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council - Regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013 - Regulation of the European Parliament and of the Council amending Regulations (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products, (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs, (EU) No 251/2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products, (EU) No 228/2013 laying down specific measures for agriculture in the outermost regions of the Union and (EU) No 229/2013 laying down specific measures for agriculture in favour of the smaller Aegean islands

Delegations will find attached document SWD(2018) 301 final - PART 2/3.

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Brussels, 1.6.2018  
SWD(2018) 301 final

PART 2/3

## COMMISSION STAFF WORKING DOCUMENT

### IMPACT ASSESSMENT

#### *Accompanying the document*

#### Proposals for a

- Regulation of the European Parliament and of the Council establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council
- Regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013
- Regulation of the European Parliament and of the Council amending Regulations (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products, (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs, (EU) No 251/2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products, (EU) No 228/2013 laying down specific measures for agriculture in the outermost regions of the Union and (EU) No 229/2013 laying down specific measures for agriculture in favour of the smaller Aegean islands

{COM(2018) 392 final} - {COM(2018) 393 final} - {COM(2018) 394 final} -  
{SEC(2018) 305 final}

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## **Annex 1: Procedural information**

### **1. LEAD DG(S), DeCIDE PLANNING/CWP REFERENCES**

DG Agriculture and Rural Development

### **2. ORGANISATION AND TIMING**

This impact assessment supports the legislative proposals for the CAP Post 2020 in the context of the next MFF. The first steps were already undertaken with a view to the adoption of the Communication on the Future of Food and Farming<sup>1</sup>, including, the publication of an Inception Impact Assessment and the launch of a public consultation in February 2017. This process followed the logical sequence of assessing the current performance of the CAP, taking into account the consultation, identifying challenges, considering EU value-added, objectives and policy options.

The Inter Service Steering Group (ISSG) was set up in December 2016, with an invitation sent to all Directorates General (DGs). Up to 29 DGs participated in ISSG meetings (in addition to SG and AGRI)<sup>2</sup>.

Five meetings were held in 2017, including on the draft for the above-mentioned Communication. In 2017, the ISSG was also invited to participate in 4 workshops as well as in the Conference where the outcomes of the public consultation were shared with stakeholders (see Annex 2).

By Mid-2017, the work was reorganised to align with requirements established within the Commission for the preparation of the next MFF. Under these new settings, the ISSG held 4 meetings in 2018, including a presentation of the draft legislative proposals. In addition, the ISSG was invited for a new workshop (on measuring environmental and climate performance) and 3 technical meetings were organised with DGs expressing interest/comments on specific issues, as well as bilateral meetings.

Documents were made available on a Collaborative Work Space.

### **3. CONSULTATION OF THE REGULATORY SCRUTINY BOARD (RSB)**

Informal upstream meetings with RSB representatives were held on 9 January 2017 as well as on 16 January 2018 (the latter included participation of representatives of SG, DG BUDG and JRC). During this discussion Board members and representatives of the horizontal Services provided early feedback and advice on the basis of the updated inception impact assessment. Board members' feedback did not prejudice in any way the subsequent formal deliberations of the RSB.

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<sup>1</sup> European Commission (2017) [The Future Of Food And Farming](#), Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM 713 final of 29 November.

<sup>2</sup> AGRI, BUDG, CLIMA, CNECT, COMM, COMP, DEVCO, DIGIT, ECFIN, ECHO, EMPL, ENER, ENV, ESTAT, FISMA, GROW, HR, IAS, JRC, MARE, MOVE, NEAR, OLAF, REGIO, RTD, SANTE, SG, SJ, TAXUD, TRADE.

The RSB examined the draft Impact Assessment Report on 18 April 2018. It issued a negative opinion on 20 April 2018. Following resubmission of a revised version of the documents, the Board gave a positive opinion with reservations on 8 May 2018.

The Board's initial recommendations were addressed in revised versions of the Impact Assessment documents, re-submitted to RSB on 27 April 2018. While the main comments of the Board focused on the proposed new delivery system, an annex (new Annex 4) was added to provide detailed explanations, examples and to further assess challenges and risks as well as proposed safeguards to mitigate them. The main report, as well as in existing annexes, were adjusted accordingly. Explanations were also added in the glossary.

The following tables provide an overview of the adjustments made to the text to meet the requirements of the Board's opinions.

**Table 1: First opinion of the Board and related adjustments**

<b>RSB recommendations</b>	<b>Adjustments</b>
<p><b>Main considerations</b></p> <p>The Board appreciates the ambition to modernise the Common Agricultural Policy and gear it towards a simpler and more results-oriented funding system. The report presents well the current programme and the challenges it faces. It analyses in-depth different scenarios that usefully highlight the trade-offs between the policy objectives. It identifies potential simplifications.</p> <p>However, the Board gives a negative opinion, because the report contains an important shortcoming that needs to be addressed, given its central role in the envisaged reform of the CAP:</p> <p>The announced policy intention to introduce a new performance-based delivery system represents a significant departure from the current management mode. The report does not sufficiently explain elements of the system. It does not analyse the challenges and risks attached to the new system and proposed safeguards to mitigate them. It is not sufficiently clear how the new system would function in practice.</p>	<p>References to the requested elements were added in the main report and further developed in a new Annex (4). Lessons learnt from previous reforms and results of the impact assessment on the implications of the new delivery model were better explained in the main report.</p>
<b>Further considerations and recommendations for improvement</b>	
<i>1) New Delivery Model</i>	
<p>The report should better explain the <b>rationale</b>, <b>feasibility</b> and <b>functioning</b> of the new <b>performance-based management system</b>.</p>	<p>Explanations were added in the main report and further developed in the new Annex 4.</p>

RSB recommendations	Adjustments
It should be clearer on what spending instruments and requirements the programme would fix <b>centrally</b> , and which ones would be determined by each <b>Member State</b> , both for pillars I and II, national and regional level. The report should clarify the ' <b>shift in responsibilities and opportunities</b> ' that the new performance-based management system is intended to bring, in particular for <b>Member States, regions</b> and individual beneficiaries.	Specifications were added in the main report and further developed in the new Annex 4, including many charts showing the breakdown of responsibilities across Commission and MS, the changes in linkages with farmers, examples for both pillars.
It should clarify how the performance-based management system works at the <b>stage</b> of strategic planning, implementation, annual checks and results-based checks (timing, procedure).	Annex 4 includes explanations and charts showing key steps in the policy cycle.
Given the key importance of the new system, it is essential to analyse the limits of the system, the <b>risks</b> and <b>potential mitigating</b> measures. Possible risks include the capacity of Member States to develop appropriate Strategic Plans resulting in possible implementation delays, threats to coherence and lack of appropriate level of ambition at the level of the Member States.	Annex 4 identifies opportunities and risks, as well as potential mitigating measures and safeguards. The implications of the new delivery model were also assessed in the Multi-Criteria Analysis, as well as changes in administrative burden and performance (Annexes 5 and 7). Corresponding results are summarised in the main report.
The report should explain how key overarching <b>objectives</b> (national impact targets) will translate into adequate programming at intervention and regional level. The report should explain <b>safeguards</b> to ensure achievement of the broad and specific EU objectives for environment, climate change, and food security and safety.	Explanations were added in the main report. Annex 4 includes further specifications and charts showing the linkage with objectives, which are the entry point for the new delivery model.
The report should add <b>examples</b> of specific interventions on the application of the new management system over the programming cycle. It should include Pillar 1 examples where linking output to result indicators is challenging	Annex 4 develops illustrations for both pillar I and II. The main report includes an example for environment and climate change.
The report should explain implications for the programme and for the beneficiaries of <b>underperforming</b> on a target. The report should also clarify whether there will realistically be possibilities for the Commission to apply budgetary corrections to Member States that underperform. Is there a risk that the underperformance is identified at a stage where only limited remedial action can be taken?	Annex 4 includes detailed explanations and addresses risks related to underperformance, related elements are included in the main report.



<b>RSB recommendations</b>	<b>Adjustments</b>
The report should clarify what the <b>administrative burden</b> will be for the different actors, and whether this represents a simplification, the status quo or an increase in comparison to the current system.	A table with estimates was added in the Annex assessing the administrative burden (page 23, Annex 7)
It should explain the new control and audit system	Annex 4 provides explanations and charts.
The detailed annex 5 on <b>simplification</b> indicates that little reduction in administrative burden will happen for Pillar I. It could even become more demanding on conditionality and cross-compliance in some of the scenarios	In addition to the table in Annex 7, explanations on changes between proposed new conditionality and cross-compliance were added in the report.
<b>2) Programme description and options</b>	
When describing the new programme, the report should more clearly present the <b>differences</b> from the current programme. It should in particular indicate whether the intention is to keep EARDF scope and types of interventions unchanged.	Annex 4 provides comparisons in various forms. Some explanations were added in the main report.
There is no need to include an option on having <b>no CAP</b> .	This option was removed (however the numbering of options was kept as in the Inception Impact Assessment).
The report should clarify how <b>budgets</b> will be divided between instruments and pillars, and whether flexibility between the pillars will work at national level.	At the time of drafting the initial version of the report, budgetary arrangements considered for the forthcoming MFF were not known to services. Flexibility between pillars is addressed in the options.
<b>3) Assessment of options</b>	
The report develops different options reflecting policy responses to the challenges the CAP will face. It shows the main trade-offs between the policy objectives at stake. It should however better clarify whether and under what conditions <b>combining</b> the most performing elements of the options would reconcile economic objectives with objectives of environmental sustainability, climate change and food safety. It should better identify and discuss the necessary safeguards that would accompany such a policy choice	The main criteria for combining the most performing elements were added in the summary of results. Additional references to safeguards were inserted. Drawing on the Annex on MCA, a section on food-related issues was added.
In this respect, but also more generally, the report should more systematically include <b>stakeholder views</b> , in particular of Member States, farmers and environmental organisations.	Additional elements on stakeholders views were added in Annex 2 (consultation) and in the main report.



RSB recommendations	Adjustments
<b>4) Monitoring and evaluation framework</b>	
The report contains a comprehensive and streamlined set of indicators which will make monitoring and evaluation more effective. The evaluation planning should ensure that an interim evaluation will be available in time before political decisions on the successor programme.	A date was added (2025) in section 5 of the report.
<b>5) MFF proposal</b>	
<b>The Board notes that this impact assessment will eventually be complemented with specific budgetary arrangements and may be substantially amended in line with the final policy choices of the Commission's MFF proposal.</b>	At the time of drafting the initial version of the report, budgetary arrangements considered for the forthcoming MFF were not known to services.

**Table 2: second opinion of the Board and related adjustments**

RSB recommendations	Adjustments
<b>Main considerations</b> The Board acknowledges <b>improvements</b> to the report, which now better explains the new delivery mechanism of the CAP and better analyses the related risks and challenges. The report still contains significant shortcomings that need to be addressed. As a result, the Board expresses <b>reservations</b> and gives a <b>positive opinion</b> only on the understanding that the report shall be adjusted in order to integrate the Board's recommendation on the following key aspect: The report does not specify the precise <b>safeguards</b> for mitigating the identified risks. It does not discuss how and on what basis <b>mitigating measures</b> such as horizontal EU conditionality and budget earmarking will be determined.	References to the requested elements were added in the main report.

RSB recommendations	Adjustments
Further considerations and adjustment requirements	
<p>1) The report better explains the main changes linked to the new funding model. Risks are better presented and analysed and a number of mitigation measures are put forward in general terms. However, the report should clearly identify how and on what basis these <b>safeguards</b> for mitigating possible risks will be made operational. This is particularly relevant for the exact content of horizontal EU <b>conditionality</b> and for budget <b>earmarking</b>. To the extent that the legal proposal will define these safeguards, the report should discuss possible alternative solutions, where relevant.</p>	<p>Specifications on mitigation measures were added in section 3. A chart and explanations on conditionality were added in section 3. Analytical results on conditionality and ring-fencing were better explained in section 4. As the need to enhance environmental ambition was reiterated in several Commission Communications, extended cross-compliance (i.e. new conditionality) was assessed in all options, with different degrees of gradations and combinations with voluntary measures.</p>
<p>2) The report should improve how it presents <b>stakeholders' views</b>. The description of stakeholders' views should not only focus on the performance of the system, but also on environmental sustainability, climate change and food safety issues</p>	<p>Additional references to the outcomes of the public consultation on those topics were added in Box 2, based on Annex 2.</p>
<p>3) The report explains that the level of <b>administrative burden</b> introduced by horizontal EU rules should diminish. However, Member States get significant leeway to introduce specific rules. This might increase administrative burdens, so the overall change in the burden level is uncertain. The report should examine to what extent including elements related to <b>simplification</b> and reduced administrative burden in the CAP plans is likely to result in lower administrative burdens overall. The report could examine additional safeguards to help ensure burden reduction.</p>	<p>More elements were added in section 3 on <b>simplification</b> and <b>administrative burden</b> (in addition to those already included in section 4).</p>

RSB recommendations	Adjustments
<p>4) The report should clarify when <b>evaluations</b> would take place. It should include <b>an interim evaluation</b> of the programme that would be available in time for the preparation of the following MFF.</p>	<p>Explanation added: the assessment will be carried out when the available evidence permits a meaningful causality link of the policy to results (e.g. after the first 3 years of implementation). The proposal for a mid-term assessment is in line with other programmes for the new MFF. The suggestion to present at the end of 2025 (i.e. ahead of Post 2027 MFF) a report taking into account this mid-term assessment was kept. A reference to policy cycle and DG AGRI evaluation and study plan was added.</p>
<p>5) There is no need for a <b>no-CAP</b> scenario on food security.</p>	<p>The reference to no-CAP was removed from the paragraph relating to food security.</p>

#### 4. EVIDENCE, SOURCES AND QUALITY

Annex 1.1 lists a selection of references focussing on evaluations and other studies carried out for/by the **EU Institutions**, as well as data emanating from **International Organisations** and pan-European sources.

Evidence collected through the Common **Monitoring and Evaluation** and Framework (CMEF)<sup>3</sup> serves for measuring the performance of the CAP. Section 5 of the report includes elements on lessons learnt from the CMEF.

An internet-based **Statistical Annex** was set up in Mid-2017, and has been updated to support this impact assessment.

[https://ec.europa.eu/agriculture/statistics/facts-and-figures\\_en](https://ec.europa.eu/agriculture/statistics/facts-and-figures_en)

This impact assessment benefitted from the support of several services of the Joint Research Centre (**JRC**), based in Sevilla, Ispra and Brussels.

Commission services (DG AGRI in cooperation with other DGs, including JRC) organised five **workshops** to share knowledge between Commission officials and external experts, including scientists. Related documents, including summaries, are available on the site of the July 2017 Conference. A synthesis is included in Annex 2.

The **European Environmental Agency** also participated in workshops and exchanges.

An external **consultant** analysed and summarised the results of the **public consultation**, in addition to in-house work.

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<sup>3</sup> Established in art. 110 of European Parliament and Council Regulation (EU) No 1306/2013 of 17 December 2013 [on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations](#) and the Commission Implementing Regulation (EU) No 834/2014 of 22 July 2014 laying down rules for the [application of the common monitoring and evaluation framework of the common agricultural policy](#).

## Main References (Annex 1.1)

**While a wealth of information is available, this list focuses on evaluations and other studies carried out for/by EU Institutions, as well as International Organisations.**

### Relevant evaluations carried for the Commission (DG AGRI)

- Evaluation of the Greening of the CAP- (report of the evaluator available since December 2017 staff working document and review by RSB scheduled for March 2018)  
[https://ec.europa.eu/agriculture/sites/agriculture/files/leaflet\\_en.pdf](https://ec.europa.eu/agriculture/sites/agriculture/files/leaflet_en.pdf)
- Evaluation of the impact of the CAP measures towards the general objective of viable food production (first findings/overview on CAP impact on farm income, competitiveness and prices available, finalisation of Staff Working Document – SWD by Mid-2018)  
[http://ec.europa.eu/smart-regulation/roadmaps/docs/plan\\_2016\\_526\\_evaluation\\_cap\\_viable\\_food\\_production\\_en.pdf](http://ec.europa.eu/smart-regulation/roadmaps/docs/plan_2016_526_evaluation_cap_viable_food_production_en.pdf)
- Ex-Post evaluations on Rural Development Programmes 2007-2013 (individual RDP evaluations carried out in Member States and the synthetic overview are available; finalisation of Staff Working Document by 2<sup>nd</sup> Quarter 2018)  
<http://www.eesc.europa.eu/en/our-work/opinions-information-reports/information-reports/ex-post-evaluation-rural-development-programmes-2007-2013-information-report>
- Synthesis of ex ante evaluations of rural development programmes 2014 - 2020 (2015)  
[https://ec.europa.eu/agriculture/evaluation/rural-development-reports/ex-ante-rdp-synthesis-2014-2020\\_en](https://ec.europa.eu/agriculture/evaluation/rural-development-reports/ex-ante-rdp-synthesis-2014-2020_en)
- Evaluation of Article 68 measures - specific support, (Nov 2015)  
[https://ec.europa.eu/agriculture/evaluation/market-and-income-reports/article-68\\_en](https://ec.europa.eu/agriculture/evaluation/market-and-income-reports/article-68_en)
- Synthesis of ex ante evaluations of rural development programmes 2014 - 2020 (2015)  
[https://ec.europa.eu/agriculture/sites/agriculture/files/evaluation/rural-development-reports/2015/ex\\_ante\\_rdp\\_synthesis\\_2014\\_2020/fulltext\\_en.pdf](https://ec.europa.eu/agriculture/sites/agriculture/files/evaluation/rural-development-reports/2015/ex_ante_rdp_synthesis_2014_2020/fulltext_en.pdf)
- Forestry in rural development (SWD 2<sup>nd</sup> quarter 2018)
- Horizon 2020 interim evaluation on societal challenges.  
Homepage: <http://ec.europa.eu/research/evaluations/index.cfm?pg=h2020evaluation>  
Societal challenge 2: [https://ec.europa.eu/research/evaluations/pdf/ec-rtd\\_interim\\_evaluation\\_studies-and-report.pdf](https://ec.europa.eu/research/evaluations/pdf/ec-rtd_interim_evaluation_studies-and-report.pdf)

### Studies carried out for the Commission (DG AGRI)

- Study "mapping and first analysis of the CAP implementation" (November 2016)  
[https://ec.europa.eu/agriculture/external-studies/mapping-analysis-implementation-cap\\_en](https://ec.europa.eu/agriculture/external-studies/mapping-analysis-implementation-cap_en)
- Distribution of the added value in the organic food chain  
[https://ec.europa.eu/agriculture/external-studies/2016-organic-food-chain\\_en](https://ec.europa.eu/agriculture/external-studies/2016-organic-food-chain_en)
- "Scenar 2030" (JRC): This study provides the analytical background for the options' assessment (published in December 2017)  
<http://publications.jrc.ec.europa.eu/repository/bitstream/JRC109053/kjna28883enn.pdf>
- "Ecampa2 study" on greenhouse gas mitigation policy options for EU agriculture will be used to assess the specific needs of the EU agricultural sector (2016)  
[http://publications.jrc.ec.europa.eu/repository/bitstream/JRC101396/jrc101396\\_ecampa2\\_final\\_report.pdf](http://publications.jrc.ec.europa.eu/repository/bitstream/JRC101396/jrc101396_ecampa2_final_report.pdf)

- Evaluation study on the implementation of the new European Innovation Partnerships (EIP) in agriculture (Nov 2016)  
[https://ec.europa.eu/agriculture/external-studies/2016-eip\\_en](https://ec.europa.eu/agriculture/external-studies/2016-eip_en)
- Study on risk management in EU agriculture (Results available, publication 2018)

### Studies carried out for the Commission (DG ENV)

- Integration of Natura 2000 and biodiversity into EU funding (EAFRD, ERDF, CF, EMFF, ESF)  
[http://ec.europa.eu/environment/nature/natura2000/financing/docs/Natura2000\\_integration\\_into\\_EU%20funds.pdf](http://ec.europa.eu/environment/nature/natura2000/financing/docs/Natura2000_integration_into_EU%20funds.pdf)
- NEC impact assessment  
<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52013SC0531>
- Studies on air quality  
[http://ec.europa.eu/environment/air/clean\\_air/review.htm](http://ec.europa.eu/environment/air/clean_air/review.htm).
- Commission Staff Working Document SWD(2016) 472 final fitness check of the EU Nature Legislation (Birds and Habitats Directives) (16/12/2016)  
[http://ec.europa.eu/environment/nature/legislation/fitness\\_check/docs/nature\\_fitness\\_check.pdf](http://ec.europa.eu/environment/nature/legislation/fitness_check/docs/nature_fitness_check.pdf)
- Commission Staff Working Document 'Agriculture and Sustainable Water Management in the EU' SWD(2017) 153 final  
[https://circabc.europa.eu/sd/a/abff972e-203a-4b4e-b42e-a0f291d3fdf9/SWD\\_2017\\_EN\\_V4\\_P1\\_885057.pdf](https://circabc.europa.eu/sd/a/abff972e-203a-4b4e-b42e-a0f291d3fdf9/SWD_2017_EN_V4_P1_885057.pdf)
- Key descriptive statistics on the consideration of water issues in the Rural Development Programmes 2014-2020
- Guidance on a "Good Practice" RDP from a water perspective
- Mid-term review of the EU Biodiversity Strategy to 2020 ( COM/2015/0478 final)  
<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52015DC0478>
- Service contract to support follow-up actions to the mid-term review of the EU biodiversity strategy to 2020 in relation to target 3A – Agriculture  
<https://publications.europa.eu/en/publication-detail/-/publication/cd1c6a81-969e-11e7-b92d-01aa75ed71a1/language-en>

### Other relevant documents

- Report from the Commission to the EP and Council and accompanying SWD(2017) 121 final on the implementation of the ecological focus area obligation under the direct payment scheme  
<http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52017SC0121&from=EN>
- Commission Staff Working Document SWD (2016) 218 final Review of the Greening after one year  
<http://ec.europa.eu/transparency/regdoc/?fuseaction=list&coteld=10102&year=2016&number=218&language=EN>
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  - Special Report n°21/2017: "Greening: a more complex income support scheme, not yet environmentally effective"



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[http://ec.europa.eu/regional\\_policy/en/information/publications/reports/2017/esif-simplification-hlg-proposal-for-policymakers-for-post-2020](http://ec.europa.eu/regional_policy/en/information/publications/reports/2017/esif-simplification-hlg-proposal-for-policymakers-for-post-2020)
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## Annex 2: Stakeholder consultation

### 1. SCOPE OF THE STAKEHOLDER CONSULTATION

The **Commission Work Programme 2017** established that the Commission would take forward work and consult widely on simplification and modernisation of the Common Agricultural Policy to maximise its contribution to the Commission's ten priorities and to the Sustainable Development Goals. This process focused on specific policy priorities for the future, taking account of the opinion of the REFIT Platform, and without prejudice to the Commission proposal to revise the Multiannual Financial Framework.

Taking into account this mandate, the European Commission designed an ambitious consultation strategy based on the following four objectives:

- collect views on the performance of the current policy and on the challenges facing EU agriculture and rural areas;
- collect and assess ideas on how to adapt the policy to these emerging challenges;
- gather the widest possible range of views and concerns about EU agriculture in an open and transparent manner;
- enlarge the debate on the CAP to the wider public and encourage more people to take part in the policy discussion.

On the basis of the previous consultation exercises and the available evidence, a mapping exercise of the stakeholders confirmed the need to develop a broad and extensive consultation process that would reach a large and heterogeneous community of stakeholders (affected and interested in the future of the CAP). The process would involve, in particular: farmers and their organisations, a wide range of enterprises across the food chain (upstream-downstream), multiple networks of NGO's and civil society organizations (in particular, environmental NGOs) and all types of public authorities (regional, national, international...).

Taking into account the growing interest that EU citizens show for food, agriculture and rural areas<sup>4</sup>, appropriate mechanisms were introduced to allow the individual citizens and consumers to contribute directly to the consultation process. The consultation process of a policy which concerns 500 million consumers and manages 48% of the EU territory had to go beyond the existing organised interests and the institutionalised channels of dialogue at EU level. At the same time, there was a need to guarantee and facilitate the access across the EU territory and overcome the linguistic and technical barriers.

Thus, the following consultation activities were foreseen:

- An on-line public consultation in 23 languages, aiming to reach all interested citizens across the EU territory;
- Meetings of the “Civil Dialogue Groups”, as an institutionalized channel between the key stakeholders’ associations and the Commission;

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<sup>4</sup> See European Commission (2017) [Eurobarometers on the Common Agricultural Policy](#), website.

- Specialized workshops focused on the most relevant policy areas, to collect the evidence needed from experts.

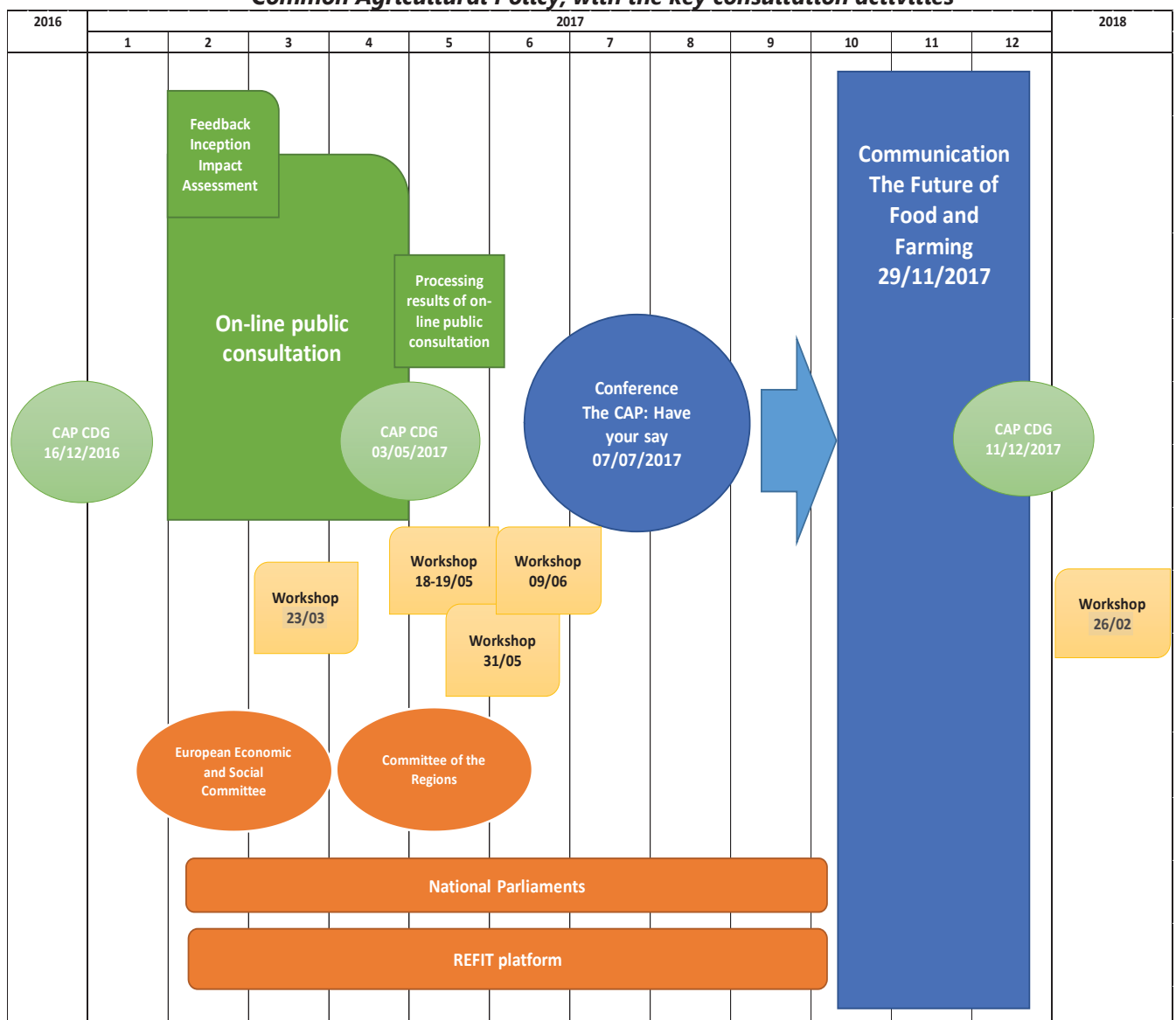
In parallel, the process incorporated the views from three different institutional platforms:

- A formal input from the two consultative bodies of the EU: the Economic and Social Committee and the Committee of the Regions;
- Specific input on simplification of the policy from the REFIT Platform;
- Contributions from National Parliaments.

Last but not least, a large Conference took place on the 7<sup>th</sup> July of 2017 to share the outcomes from the different consultation activities and advance on the integration of the evidence collected into the Commission preparatory work.

This process has converged in the Communication "*The Future of Food and Farming*": based on the results of the different consultation activities, this key policy document aimed to frame the debate and advance in the dialogue with the other EU Institutions before the presentation of the legal proposals.

**Graph 1 Timeline and overview of the Stakeholder consultation process on the future Common Agricultural Policy, with the key consultation activities**



## 2. ON-LINE PUBLIC CONSULTATION

### 2.1. Basic information

The on-line public consultation took place between the 2<sup>nd</sup> February and 2<sup>nd</sup> May 2017. Intensive communication actions via the Commission Representations in the 28 Member States and the social networks were carried out in order to encourage a large participation across the EU territory. The public consultation was available at the Commission site and the questionnaire used the EU survey site.

The questions formulated covered both the assessment of the performance of the current policy as well as the views on future policy design. The 33 questions were structured in 3 sections: a) Agriculture, Rural Areas and the CAP today; b) Objectives and Governance; and c) Agriculture, Rural Areas and the CAP tomorrow

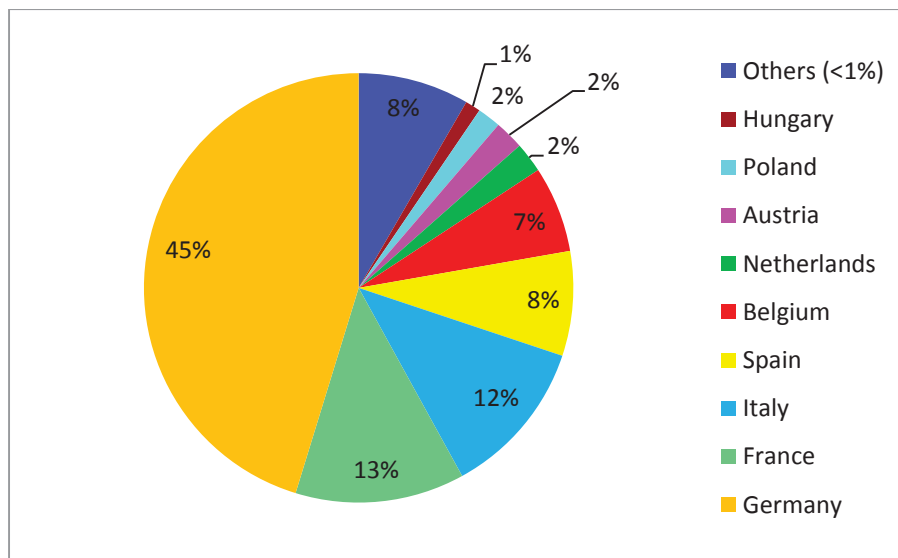
The questionnaire included 28 closed questions (multiple choice) and 5 open questions: these ones included two questions on performance of the current CAP, one on additional objectives (beyond the ones from the closed list suggested) and two on specific ideas for the future (covering both simplification and modernisation). The questionnaire also included the possibility to upload concise documents (up to 5 pages), such as a position paper.

### 2.2. Description of the participants and coverage

The on-line public consultation collected 322 916 submissions (including large public campaigns) and 1 423 position papers.

The level of participation went beyond expectations and largely exceeded participation of EU citizens in previous consultations on the future of the CAP (the 2010 public debate reached 5700 submissions). Furthermore, there were submissions across the EU territory, from all the 28 Member States.

*Graph 2 Distribution of submissions by Member State<sup>5</sup> (with replies > 1%)*



<sup>5</sup> Based on submissions by country of residence.

After the separate analysis of public campaigns, the overall figure of replies was reduced to **58 520 replies to the on-line questionnaire**, which included 21 386 farmers (36.5%); 27 893 other citizens (47.7%); 9 241 organisations (15.8%) covering private companies, public authorities, trade, business or professional organisations, NGOs and platforms, and research and academia.

*Graph 3 Replies to the on-line public consultation by type of respondent*



The high level of participation of citizens outside the farming community (almost 48%) confirms the growing interest on agriculture and the CAP across the EU society and the awareness that CAP impacts go much beyond the agricultural community.

With this public consultation the European Commission managed to gather the widest possible range of views and concerns about EU agriculture, enlarge the debate on the CAP to the wider public and capture the rich and diverse views which exist across the society.

All submissions to the public consultation via EU Survey are available at the following site: <https://ec.europa.eu/eusurvey/publication/FutureCAP>

A detailed statistical analysis of the replies to all the closed and open questions can be found at the following site:

<https://ec.europa.eu/agriculture/sites/agriculture/files/consultations/cap-modernising/summary-public-consul.pdf>

## **2.3. Most relevant conclusions from the on-line public consultation**

### *2.3.1. Keeping a strong Common Agricultural Policy at EU level*

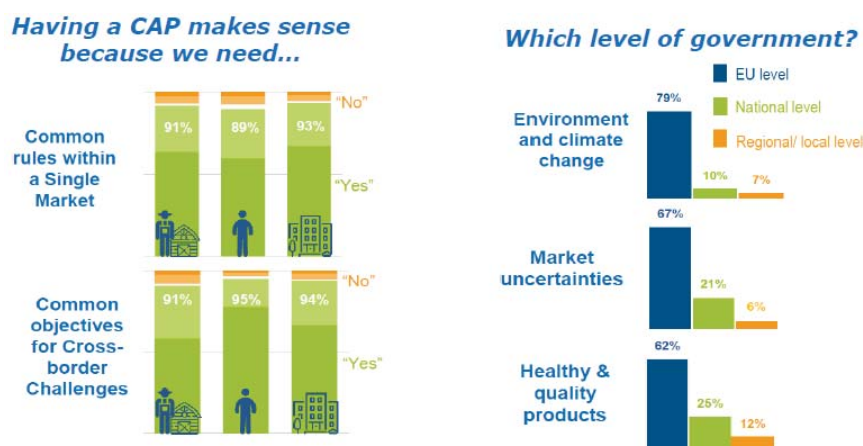
The outcome of the public consultation shows a high interest in keeping a common EU policy on agriculture and rural development. A consensus emerges on the EU value added of the CAP.

The need to guarantee a level playing field within the single market and the existence of cross-border challenges like food security, environment or climate change (with a positive reply of more than 90% of the respondents) emerge as key reasons that justify an agricultural policy commonly managed at EU level.

Other justifications include the need for a common framework for sharing best practices (91%), the need to maintain economic, social and territorial cohesion across the EU (86%) as well as the need to have a common position at international level (83%). There is also widespread support for a common budget as this is considered more efficient (62%). Furthermore, with a consensus among the different stakeholders, the EU emerges

as the appropriate level of government to mitigate and adapt to the impact of climate change (85%), contribute to a high level of environmental protection across the EU (73%), address market uncertainties (67%) and encourage the supply of healthy and quality products (62%).

**Graph 4 Key replies on the EU Added Value of the CAP by type of respondent**



Views differ between farmers and the other citizens as regards ensuring a fair standard of living for farmers, securing food supply at reasonable prices and the development of rural areas. While there is a consensus on the need for EU action (and a clear opposition to the renationalisation of the policy), the positions provided by organised stakeholders differ as regards the specific allocation of responsibilities between the EU and the Member States: while some stakeholders call for more flexibility at national/regional level in order to adapt the policy implementation to their specific local needs, other organisations ask for a stronger action at EU level in order to guarantee a level playing field.

This debate on the future governance of the policy and, in particular, the rebalancing of powers among the different levels of government has been addressed by the new delivery model outlined at the Communication “*The Future of Food and Farming*”<sup>6</sup>.

### 2.3.2. Confirming challenges ahead

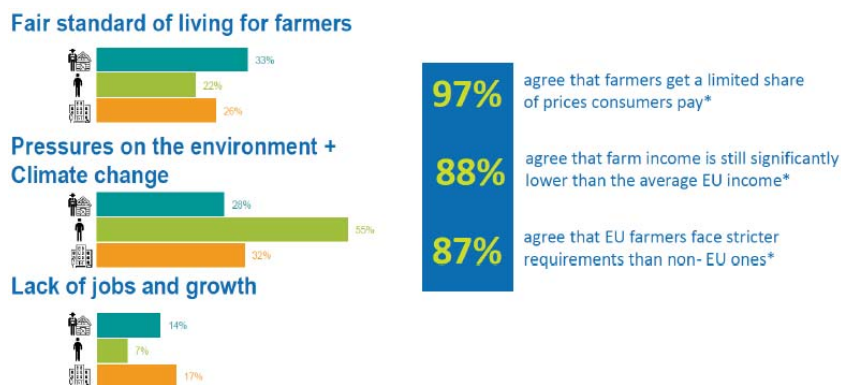
The public consultation highlights the fair standard of living for farmers, the pressures on the environment and climate change (both mitigation and adaptation) as the three most pressing challenges that EU agriculture and rural areas have to face. As regards the specific environmental challenges, clear priority is given by respondents (both farmers and non-farmers) to the protection of biodiversity, reduction of soil degradation and a more sustainable use of pesticides and fertilisers.

At the same time, it shows a strong public awareness of the lower level of farm income as compared to the EU average (88%), of the fact that farmers get a limited share of prices consumers pay (97%) as well as of the existence of stricter production requirements in the EU than outside the EU (87%). Access to land and low profitability are clearly identified as the most relevant barriers to becoming a farmer.

<sup>6</sup> European Commission (2017) [The Future Of Food And Farming](#), Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM 713 final of 29 November.



**Graph 5 Key challenges identified at the public consultation by type of respondent**



### 2.3.3. Need for a simpler and more effective policy

The participants consider that the current CAP successfully addresses the existing challenges to some extent only (57%). This view is shared among different types of respondents (farmers, other citizens and organisations). All types of respondents (farmers, other citizens and organisations) also share a negative reply when assessing to what extent the current CAP addresses the environmental challenges (63%).

The excess of bureaucracy and lack of attention to sustainability are often highlighted as the main problems/obstacles preventing the current policy from successfully delivering on its objectives. At the same time, “greening”, aid applications and controls are identified as the most burdensome and complex elements. The call for a reduction of administrative burden is a generalised demand in the papers submitted by farmers and public administrations.

In line with this conclusion from the public consultation, the future CAP will increase the environmental ambition and address the environmental challenges in a more efficient way. As indicated in the Communication *"The Future of Food and Farming"*, any new CAP should reflect **higher ambition** and **focus more on results** as regards **resource efficiency, environmental care and climate action**. Taking this into account, the current green architecture of the CAP will be replaced and all operations integrated into a more targeted, more ambitious yet flexible approach.

**Graph 6 Word cloud based on the replies to the open question “Which elements of the current CAP are the most burdensome or complex and why?”**

*The size of the words is weighted relative to number of times mentioned*

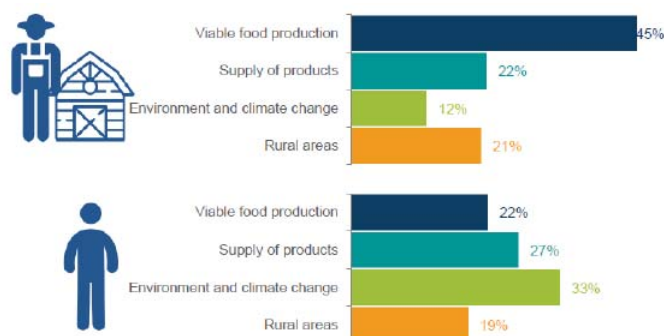


### 2.3.4. Different perceptions on the economy and environment

Asked about the contributions of farmers to our society, contrasting views emerge: farmers see themselves as responsible for supplying healthy, safe and diversified products as well as ensuring that enough food is available; the other citizens also see farmers as suppliers of healthy and safe products but this productive role goes hand in hand with the responsibility to protect the environment and ensure animal health and welfare. These different views also emerge in the definition of the objectives of the CAP: while farmers put the focus on ensuring their fair standard of living, other citizens pay greater attention to the supply of healthy and quality products and contributing to a high level of environmental protection.

Respondents also differ when examining the role of the CAP vis-à-vis the 10 Commission priorities for 2014-2020: while farmers consider that the CAP should do more on boosting investment, growth and employment as well as strengthening the EU single market, the other citizens focus the attention on mitigating and adapting to the impact of climate change and providing renewable energy.

**Graph 7 Key replies on objectives of the CAP by type of respondent (farmer v. other citizens)**



### 2.3.5. Emergence of new societal demands

However, beyond the already known economic and environmental objectives, the public consultation confirms the call to pay greater attention to new societal demands within the scope of the CAP. Animal welfare, organic farming and quality products emerge in the demands for new objectives of the CAP. Consumer protection and the incorporation of health standards appear also in the written contributions submitted by the non-farmer participants and certain stakeholders.

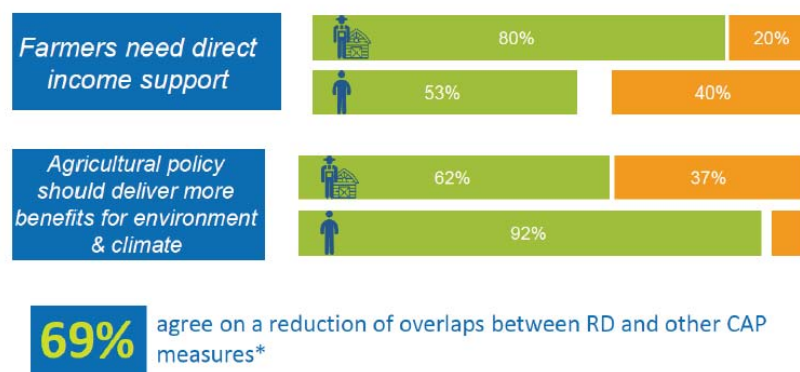
The Communication “*The Future of Food and Farming*” has recognized this need. Thus, the CAP will continue to respond to these concerns, for instance by modernising organic rules, supporting the objectives of the Sustainable Use of Pesticides directive and address critical health issues such as those related to antimicrobial resistance (AMR) caused by inappropriate use of antibiotics.

### 2.3.6. Agreement on the call for a modern and simpler CAP

Respondents to the public consultation agree with the need to improve farmers’ position in value chains (96%) as well as with the need to support targeted investments (81%), the need to deliver more benefits for environment and climate (77%) and the need to provide income support for farmers (66%). When asking which criteria should be used for allocating direct support, farmers give a clear preference to compensating farming activities in Areas with Natural Constraints/High Natural Value Areas, establishing limits

in the support for large beneficiaries (capping) and supporting young farmers. The other citizens consider that practices with the highest environmental benefits as well as small producers deserve attention when allocating direct support. Water (quality and quantity), soil protection and biodiversity clearly emerge as the most relevant environmental objectives under the CAP.

*Graph 8 Key replies for future policy design (by type of respondent when differences existed)*



In parallel, the most relevant actions considered to better address climate change are the reduction of GHG emissions, carbon storage and sequestration, climate change adaptation as well as diversification of the farming systems. In this domain, farmers largely agree on the idea that the CAP would be simpler if more choice was given in terms of environmental measures.

Graph 9 summarises replies to the open question on further ideas for modernisation. Sustainability appears as the catch word. "Pillars" are also often quoted, however there is no consensus on whether to keep two pillars or to end that differentiation. Reducing bureaucracy comes out high, in both open questions on modernisation and on simplification.

*Graph 9 Word cloud based on answers to the open question on modernisation*



Finally, in terms of specific suggestions for simplification, there is a clear agreement among stakeholders on the positive effects of reducing the overlaps between Rural Development and other CAP measures (69%), the better use of databases and technologies (remote sensing, smartphones) to reduce farms inspections (62%) as well as the use of a more extensive use of e-government tools (63%).

## 2.4. Overview of the position papers

In parallel to the replies to the 33 questions foreseen in the on-line questionnaire, more than 1423 respondents complemented their replies with the submission of short documents. In order to capture this qualitative information Commission services carried out a specific analysis.

The analysis of the 1423 contributions showed the existence of 693 different papers which included **426 submissions from organisations and 267 submissions from individuals**. The submissions from the organisations included mainly NGOs or networks (148), business or professional organisations (124) and public authorities (58); the individual contributions included 117 submissions from farmers and 150 from other citizens.

The papers sent by **farmers** put emphasis on the reduction of administrative burden, the need to address market challenges (price volatility) and ensuring a fair standard of living for farmers (highlighting income and profitability). A large share of these contributions made reference to specific sectorial concerns, in particular to the situation of the livestock sector and dairy. A clear preference was seen on the need to improve the targeting of the support towards real and small farmers. The individual papers from **other citizens** put a strong focus on the need to improve sustainability, with a clear general preference for improving animal welfare and consumer standards. These contributions called for a stronger action to support organic and local production and for a redesign of the policy in favour of small and environmentally-friendly farms.

The analysis of the papers from the organisations showed a clear difference between the position from the **economic stakeholders** (business and professional organisations, enterprises...) and the **non-economic stakeholders** (all types of NGOs and civil society networks).

The **economic stakeholders** showed a consensus for improving the current CAP (rather than an overhaul) and highlighted the need to preserve the common market and the level-playing field. For this reason they called for a **strong CAP at EU level and opposed any attempt of renationalisation**. They also insisted on the need to protect farmers from emerging risks, keep income support as a key instrument of the policy and enhance research and innovation.

On the other hand, the **non-economic actors** showed a clear preference to redefine the policy under the approach “public money for public goods” by calling for a more environmentally and climate-friendly CAP. These organisations called for the inclusion of health and nutritional objectives in the future policy and showed a clear preference for the 2<sup>nd</sup> pillar type of instruments. Among these actors, two opposing groups were detected concerning the organisation of the policy: those calling for a **stronger EU-action at EU level** and the ones calling for **more flexibility for the Member States in the design of the policy**.

These two opposed views as regards the future governance of the policy were also detected among the wide range of **public authorities** (including 19 national authorities).

Despite the difference on this aspect, the public authorities converged in their insistence on reducing the administrative burden and improve the programming and the targeting of the support. The public authorities also shared the view of the need to support areas and regions in difficulty and to pay a greater attention to risk management tools as well as a focus on food in all its dimensions (from food supply to consumer concerns).

An overview of these written contributions can be seen at the following presentation: <https://ec.europa.eu/agriculture/sites/agriculture/files/events/2017/cap-have-your-say/170702-coturni.pdf>

The positions reflected across these position papers confirmed the existence of two tensions:

- On the one hand the tension between the short-term trade-off between the **economic and the environmental/climate challenges**: The general awareness on the need to improve simultaneously both the economic and the environmental/climate is translated into two opposing views depending on the type of stakeholder. The analytical work of the Impact Assessment pays special attention to this tension.
- On the other hand, the general consensus on the need to reduce of the administrative burden is accompanied by strong calls for **better targeting** (either to certain farming models, specific sectors or new concerns...). The capacity to address type of demands at the same time (simplification and targeting) will be one of the key challenges of the future policy design. The new delivery model aims at providing an answer to this.

### 3. CIVIL DIALOGUE GROUPS: ORGANISED DIALOGUE WITH THE KEY STAKEHOLDERS

#### 3.1. Basic information

A key consultation activity has been the three meetings of the Civil Dialogue Group (CDG) of the CAP. This group is the institutionalised channel of dialogue between the Commission and the representatives from 30 EU-wide organisations (professional associations and other non-governmental organisations which are involved in farming, rural economy, food production, food processing, agricultural trade, environment, consumer protection and other related matters). Thus, participants in this group cover the whole range of economic, social and environmental aspects of EU agriculture and the CAP<sup>7</sup>.

#### 3.2. Main messages from the meetings

The consultation process was presented to Members of the CDG in **December 2016**. In particular, participants in the **CAP CDG** (16 December 2016) provided first views on the "modernization and simplification of the CAP". Broad questions were asked on that occasion, enabling to test the relevance of some of the questions foreseen for the on-line public consultation.

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<sup>7</sup> The composition of the Civil Dialogue Group is available at: [https://ec.europa.eu/agriculture/sites/agriculture/files/civil-dialogue-groups/composition-cap\\_en.pdf](https://ec.europa.eu/agriculture/sites/agriculture/files/civil-dialogue-groups/composition-cap_en.pdf)



The meeting of the **3<sup>rd</sup> May 2017** consisted of two parts: on the one hand an organised debate on simplification on the potential for simplification of the policy, taking into account the most recent discussions around the Omnibus regulation and based on the questions foreseen in the on-line public consultation; on the other hand, the Commission provided a first presentation of the factual summary on the participation to the on-line public consultation (closed the day before). A general exchange of views also took place among the stakeholders on the most relevant issues highlighted in the public consultation.

The meeting of the **11<sup>th</sup> December 2017** provided for a first organised exchange of views around the Communication “The future of food and farming”.

The different discussions of this CDG highlighted the important differences among the organised stakeholders, as seen in the analysis of the on-line public consultation. As platform of representation of the EU-wide organisations, discussions at the CDG reflected the positions that the same organisations transmitted through the on-line public consultation (see section 2).

The views expressed at the CDG CAP confirmed the tension between the economic and the environmental challenges and the different views across the stakeholders to address this tension. On the other hand, as representatives from organisations at EU level, the views expressed shared special attention on the need for a strong CAP at EU level, the EU added value and the level-playing field. Furthermore, discussions confirmed a general demand for a better targeting of the CAP support and the need to better address price volatility.

All documents of the meetings of the Civil Dialogue Group on the CAP can be found at: [https://ec.europa.eu/agriculture/civil-dialogue-groups/cap\\_en](https://ec.europa.eu/agriculture/civil-dialogue-groups/cap_en)

#### **4. SPECIALISED WORKSHOPS TO COLLECT EVIDENCE**

In order to gather evidence/knowledge from experts on CAP-related issues a set of specialised workshops were organised between March 2017 and February 2018. These workshops allowed exchanging views between experts and Commission officials and advancing in the formulation of the key conclusions/key issues to take into account in the modernisation and simplification process.

The five issues to be tackled by workshops were selected in order to cover the most relevant areas where gaps on knowledge and disagreements on policy approaches had been detected. The workshops were designed according to a similar methodology based on the following: 1) collection of the latest evidence available at the level of experts/academics/practitioners/international institutions; 2) focus on practical experiences on the ground; 3) assessment on the potential of new technologies/approaches to improve future policy design in the specific area covered.

The summaries of the workshops and presentations are available at: [https://ec.europa.eu/agriculture/events/cap-have-your-say/workshops\\_en](https://ec.europa.eu/agriculture/events/cap-have-your-say/workshops_en)

##### **4.1. Workshop 1: Best practices addressing environmental and climate needs**

This two-day workshop (23/24 March 2017) involved a wide range of experts on the environmental and climate challenges. It started by examining the tools available for

assessing the environmental needs at EU level and, in particular, the modelling practices and technologies (with the experience in climate mitigation and the potential for environmental provided by CAPRI and IFM-CAP). Second, it explored the experiences from the environmental analysis by MS: this included specific practices, like the use of the EFA calculator to target areas for biodiversity measures (in Italy), the lessons from NL on the implementation of greening, the specific issue of the landscape features and buffer zones for biodiversity, and specific management practices (like the Integrated Pest Management, nutrient management plans, soil organic carbon management, manure techniques, agroforestry actions and beef genomics).

The workshop also examined in detail how to improve the uptake of the measures (with a focus on the role of behavioural approaches) and the use of new technologies as well as their potential for policy design and control.

The workshop highlighted that one-size-fits-all solutions on environmental challenges are rarely efficient, thus a need to focus on the EU objectives and allow MS/regions to adapt actions to their local needs. At the same time, it confirmed that no consensus exists on the best combination of mandatory and voluntary approaches for the first environmental layer of the CAP: the dilemma between a **compulsory and more prescriptive approach** and a **voluntary approach** was confirmed as the most relevant dilemma to be faced in the design of the environmental architecture of the future CAP. Options 3, 4 and 5 assessed in the impact assessment develop in detail these different conceptions/approaches to enhance the environmental performance of the policy.

Last but not least, it was confirmed that research, innovation and advice is at the heart of the future implementation of agri-environmental policy. In order to advance towards a more performance-oriented policy in this domain, important efforts need to be done at the level of **data collection**.

#### 4.2. Workshop 2: Risk management

This two-day workshop (18/19 May 2017) tried to advance in the collection of evidence in the debate on the tools to support the farming community to better face the production, price and income risks.

After examining the challenges of the EU market safety net and the recent developments in the risk management system in force in the US, this workshop focused on practices from the ground: the case of future markets in the EU, the EU agricultural insurance and reinsurance sector, the case of a public-private partnership (Spain) and the crop insurance scheme in Poland. The workshop also advanced the discussion concerning behavioural aspects of risk management, including facilitation via the farming community.

The workshop confirmed a consensus around the idea that farmers' capacities to deal with risks need to be strengthened and the potential for market-based risk management tools should be improved. It also confirmed the need to encourage risk sharing along the food chain.

As regards future policy design, the workshop highlighted the importance of risk management tools **as a complement to the main mechanism of income support (direct payments)** as well as the need to expand the use of these tools while keeping the current market orientation of the policy and empowering the farming community to use them.

Any action in this domain will certainly need **to allow for flexibility for both MS and farmers, since evidence confirms that a single model of risk management cannot be generalised across the EU**.



These ideas have been incorporated in the Communication “The Future of Food and Farming”. Furthermore, the impact assessment has analysed a scenario with a transfer of expenditure from direct payments to risk management actions (option 3).

#### **4.3. Workshop 3: Food and related issues**

Food consumption is influenced by series of factors, which require a mix of interventions. The workshop on food and related issues (31 May 2017) confirmed that, despite the multiplicity of factors, the CAP can help. It is well aligned with food safety requirements; it already includes schemes that promote healthy diets (e.g. school schemes) as well as specific instruments to develop quality products and short supply chains.

However, to what extent can the CAP further facilitate farmers' adaptation to changes in consumption patterns? Anti-Microbial Resistance warrants increased attention: recording of anti-microbial use on farms should be improved, awareness should be raised via farm advisory services, and synergies with action plans should be developed. While there is **no consensus for developing a Common Food and Agricultural Policy at EU level**, the governance of food systems requires a **coordinated approach across policy domains**.

#### **4.4. Workshop 4: Socio-economic issues**

The workshop on socio-economic issues (9 June 2017) focused on the analysis of the dynamics of growth and jobs in EU agri-food sector. Starting from the evidence that CAP payments reduce the outflow of labour in EU-15 (but no impact found in EU-13), this workshop examined the links between global agriculture and food value chains in the EU from both a conceptual perspective and a practical perspective, based on case-studies.

The workshop confirmed, as indicated by the World Bank study “**Thinking CAP. Supporting Agricultural Jobs and Incomes in the EU**” (discussed at the workshop and finalised by the end of 2017), that agricultural jobs and income help reduce poverty across EU: structural transformation is well underway and relatively successful; the gap between agricultural incomes and incomes in other sectors is closing and, across the EU, agricultural incomes are converging. As labour moved out of agriculture, the CAP supports the creation of reasonably remunerative jobs for the workers who remained behind in agriculture, while poverty in agricultural areas was reduced.

The workshop also examined the links with upstream sectors, the territorial dimension of the CAP (CAP support, despite its correlation with higher regional GDP growth, benefits mainly poorer regions) and highlighted the need to improve the number as well as the quality of jobs/invest in human capital. It confirmed the job-productivity paradox in agriculture and stressed the challenges for a future policy design: need for not only retain jobs, but promote productive jobs and identify win-win solutions.

#### **4.5. Workshop 5: Measuring the CAP environmental and climate performance**

The adoption of the Communication "The Future of Food and Farming" has stimulated a lively debate on which basic policy objectives can be set at EU level, how they can be implemented at Member State level, and whether they can be monitored, controlled and evaluated. This is particularly relevant for environmental and climate performance, as related indicators are often more difficult to measure (e.g. biodiversity) and/or take time to have a measurable impact (e.g. soil fertility).

At the same time, the Impact Assessment process has shown that there is a growing amount of information and expertise (e.g. Member States notifications on environment/climate legislation, scientific expertise in the Joint Research Centre, satellite information, etc.) that can set the basis for informed EU policy decisions, robust Member States implementation and efficient monitoring, control and evaluation.

This additional workshop (26 February 2018) was an opportunity to exchange views on how the performance of the new CAP can be measured and what indicators can be used. It was organised around five sessions: water, biodiversity, soil, air and climate change.

While there are still diverging views about how much some of the potential results indicators can assess policy performance and policy coherence, the analysis that was presented at the workshop showed that **result and impact indicators in certain environmental domains are in reach but often need further technical developments and data availability/analysis**. In particular for biodiversity, more groundwork, data collection and coordination are needed.

It also became clear that analysis and support of the Joint Research Centre will even be more needed in the future in supporting MS in providing scientific evidence to identify their challenges to be addressed in the CAP plans, to help assess those plans and to support in their monitoring and evaluation.

## 5. INSTITUTIONAL CONSULTATIVE BODIES: ACTIVE ROLE OF THE EESC AND CoR

In order to guarantee an adequate involvement of all the stakeholders, the Commission has worked in close cooperation with the two consultative bodies.

The First Vice-President of the Commission formally asked the EESC and CoR to provide their exploratory opinions to the consultation process on the modernisation and simplification. Both institutions have been very proactive in providing specific opinions, involving the Commission in their works and participating in the different platforms of discussion (as the case of the Conference “*The CAP: Have your say*” of the 7/7/2017).

Furthermore, on the 11<sup>th</sup> January 2018, a specific session took place at the Committee for Agriculture and Rural Development of the European Parliament to exchange views on the opinions adopted by the EESC and CoR regarding the future CAP.

### 5.1. European Economic and Social Committee (EESC)

The EESC adopted two specific opinions on the future of the CAP:

- *Opinion of the EESC "The main underlying factors that influence the Common Agricultural Policy post-2020"* (own initiative opinion, Rapporteur: Tiainen SIMO) adopted on the 15<sup>th</sup> December 2016. Opinion and hearings available at: <http://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/factors-influence-cap-post-2020-own-initiative-opinion>
- Opinion of the EESC “*A possible reshaping of the Common Agricultural Policy*” (Exploratory opinion, rapporteur: John BRYAN), adopted on the 1st June 2017. Opinion and hearings available at: <http://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/possible-reshaping-cap>

In these reports, the EESC calls for a budget of the CAP adequate to address existing and new demands as well as additional financial demands resulting from Brexit. The EESC supports the retention of the two-pillar model of the CAP and key role for direct payments in order to support farm incomes as well as a rural development policy based on the objectives set down in Cork 2.0. Specific attention is paid to the role of the CAP as a provider for public goods.

The most relevant elements highlighted by the EESC reports have been incorporated in the design of the future CAP: this is the case of the two-pillar structure, the maintenance of direct support as the main policy tools, a new environmental architecture (replacing greening) and the principles of Cork 2.0. Furthermore, specific ideas stressed by this consultative body, such as the incorporation of programming elements into the Pillar I or the extension of the use of nutrient management plans will be present in the new policy design of the CAP.

## 5.2. Committee of the Regions

The Committee of the Regions (CoR) has taken a different approach, by adopting several specific opinions which addressed their most urgent concerns (such as price volatility, the future of rural areas or young farmers, together with a general broad opinion on the future of the CAP:

- Opinion of the CoR "**The CAP post-2020**"; Rapporteur: Guillaume CROS (FR/PSE), Vice-president of the Regional Council of Occitanie. In this report, the CoR calls for a fair, sustainable and supportive agricultural policy for the benefit of farmers, areas, consumers and citizens.
- Opinion of the CoR "**Regulating price volatility of agricultural products**"; Rapporteur: Jacques BLANC (FR/PPE), Mayor of La Canourgue. According to this report, the mechanisms to safeguard farmers' incomes need to be strengthened significantly to reduce the negative impact of the high volatility of prices of agricultural products and inputs, in order to make European agri-food sectors more competitive, maintain agriculture throughout the different areas, encourage modernisation and innovation, and preserve vibrant rural communities.
- Opinion of the CoR on "**Supporting young European farmers**"; Rapporteur: Arnold HATCH (UK/ECR), Member of Craigavon Borough Council. According to this report, the shortage of young people pursuing careers in farming is jeopardising the economic and social sustainability of rural areas. Supporting young farmers is a prerequisite for maintaining agriculture throughout the EU and for keeping rural areas alive, in order to meet the territorial cohesion objective mentioned in the Lisbon Treaty.
- Opinion of the CoR "**Revitalisation of rural areas through Smart Villages**"; Rapporteur: Enda STENSON (IE/AE), Council Member of the County of Leitrim). According to this report, the rehabilitation of rural areas has to try to meet the long-term challenge of depopulation, through actions to encourage and support sustainability, generational renewal and the ability of rural areas to attract newcomers.

These reports are available at the following site:

<http://cor.europa.eu/en/activities/opinions/Pages/opinions-and-resolutions.aspx#>

The most relevant elements highlighted by the CoR have been incorporated in the design of the future CAP: this includes, for example, a strong system of direct support, the movement towards a fairer distribution of the support, an enhanced focus on generational renewal or the support to digitalization of rural areas.

## 6. LISTENING ON SIMPLIFICATION: REFIT PLATFORM OPINIONS ON THE FUTURE CAP

### 6.1. Basic information and submissions received

Commission Work Programme 2017 explicitly mentioned that the Commission would take into account the opinion of the REFIT Platform in the upcoming work on the simplification and modernization of the CAP.

The Commission has set up the REFIT Platform<sup>8</sup> to receive advice from Member States and stakeholders on how EU laws can be made more effective and efficient. The REFIT Platform collects suggestions from external stakeholders and has to assess and respond to all. Due to the administrative burden of the CAP, ‘Agriculture and Rural Development’ was identified by the Stakeholder Group of the REFIT Platform as one of three priority policy areas for Platform to address.

To this date, 289 relevant suggestions have been received by the REFIT Platform. Agriculture is the policy area which has attracted the highest input from stakeholders with 44 submissions (i.e. 15 %). Those submissions have been made by a variety of stakeholders – ranging from NGOs (EEB – European Environment Bureau), to businesses (DBF – Danish Business Forum, NNR - Board of Swedish industry and commerce for Better Regulation), governmental organizations (Finnish government via its stakeholder survey, Freistaat Sachsen) or citizens.

In total, 10 opinions<sup>9</sup> have been adopted by the Platform in the field of agriculture, covering 30 submissions (28% of the total number of submissions followed by an opinion). These opinions touch upon the following topics: *Effectiveness and efficiency of the CAP* (EEB); *Cross Compliance* (DBF, NNR); *overlaps between pillar I and II* (Freistaat Sachsen); *Control and Audit* (NNR); *Greening* (NNR); *Marketing Fresh fruit and Vegetables* (DBF); *relations between ESI and EAFRD* (Freistaat Sachsen); *rural development support* (NNR); *and farm subsidies reforms* (Finnish Survey for Better Regulation).

### 6.2. Key messages from the REFIT Platform

The stakeholder group of the REFIT Platform called for a **strategic review** of the CAP, with a view to **reduce the regulatory burden** of the CAP, improve its **value for money** while ensuring the achievement of the objectives and increase its **integration with other policy areas**<sup>10</sup>. At the same time, the different opinions approved by the Platform put the focus on the excessive administrative burden and **lack of effectiveness** of the current environmental architecture, with particular attention to the **greening and cross compliance**.

In general terms, the submissions of the REFIT Platform show a critical approach to the changes introduced in the last CAP reform: This is the case of the mandatory requirements associated to the greening payment, which, according to the REFIT

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<sup>8</sup> Decision C(2015)3261 of 19/05/2015, following the Communication Better Regulation for Better Results — An EU Agenda, COM(2015)2015 of 19/05/2015.

<sup>9</sup> REFIT Platform opinions are available at: [https://ec.europa.eu/info/law/law-making-process/overview-law-making-process/evaluating-and-improving-existing-laws/reducing-burdens-and-simplifying-law/refit-platform/refit-platform-recommendations\\_en](https://ec.europa.eu/info/law/law-making-process/overview-law-making-process/evaluating-and-improving-existing-laws/reducing-burdens-and-simplifying-law/refit-platform/refit-platform-recommendations_en).

<sup>10</sup> REFIT Platform Opinion on the submission by the European Environmental Bureau on Effectiveness and Efficiency of the Common Agricultural Policy

Platform, require a fundamental review (due to the high costs associated to a limited benefit)<sup>11</sup>. At the same time, the Platform criticizes the introduction of policy elements under the two pillars of the CAP (environmental actions, young farmers, ANC support): this is seen as a source of risk of additional compensation and further administrative burden in managing consistently the respective measures<sup>12</sup>.

The Commission has examined in detail all the contributions of the REFIT Platform and has been directly associated to its works. Some technical aspects related to the implementation of the current legislative framework have already been taken on board in the different simplification exercises carried out since 2015 (including the Omnibus Regulation adopted in 2017).

As regards the more fundamental comments from the REFIT Platform (such as the effectiveness and efficiency of the policy, the design of the environmental architecture and the overlaps between pillars), the inputs from the Platform have confirmed the need for a change in the delivery model of the CAP: **the submissions from this Platform confirm the difficulties of the last CAP reform to increase the effectiveness of the policy under a model strictly based on compliance of rules defined in detail at EU level.**

The introduction of a strategic approach covering both pillars and the lack of pre-defined eligibility rules at EU level (by providing larger subsidiarity for the Member States in the design of the specific actions) will provide the framework for a policy more focused on performance rather than on compliance. The new delivery model of the CAP (with a policy more focused on results) replies to a large extent to the main concerns of the REFIT Platform.

## 7. NATIONAL PARLIAMENTS

The following National Parliaments have contributed to the consultation process:

### 7.1. Assemblée Nationale and Sénat (FR)

On the 10<sup>th</sup> March 2017, the French *Assemblée Nationale* (first chamber of the French Parliament), adopted a Resolution on the Future of the Common Agricultural Policy after 2020. In this opinion, the French Chamber calls for a refocus of the policy, which should evolve towards a “*Common Food and Agricultural Policy*”; the future policy should focus the support on holdings which create employment, in particular small and medium and the most fragile ones (such as the young or the most vulnerable sectors). While asking for a rebalance within the food chain, the *Assemblée Nationale* asks for support to the most environmentally-friendly holdings, with a focus on the challenges related to biodiversity, soils, emissions and climate change. The French Assembly also calls for a more inclusive engagement of the national and local authorities in the design of the future policy.

On the 20<sup>th</sup> July 2017, the Committee of European Affairs of the French Senate also contributed to the consultation process. The *Sénat* calls for a strong CAP with

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<sup>11</sup> REFIT Platform Opinion on the submission by the Swedish Industry and Commerce for Better Regulation (NNR) on 'Greening'.

<sup>12</sup> REFIT Platform Opinion on the submission by the Freistaat Saachsen on the overlaps between Pillar I and II of the Common Agricultural Policy (CAP).



appropriate budget that should protect the farmers from the volatility of the markets and support their resilience. The French Senate also asks for the implementation of the recommendations of the Agricultural Market Task Force, for the appropriate incentives to support the diversification of income and the establishment of reciprocity in the future international agreements. Finally, this chamber insists on the need to reinforce the support to the installation of young farmers, as a key tool to guarantee generational renewal.

## **7.2. Oireachtas (IE)**

The Joint Committee on Agriculture, Food and the Marine of the Oireachtas (first chamber of the Irish Parliament) sent an Opinion in April 2017.

In this opinion, the Irish chamber considers necessary to maintain the CAP as the fundamental policy of the European Union providing basic income support for farmers, protecting the environment and supporting rural communities. Key issues are raised, like the need to support farm incomes and employment, particularly among young farmers, to strengthen the position of farmers in the food chain, to support environmentally friendly agricultural practices and to contribute to the fight against climate change.

## **7.3. Joint Parliamentary Declaration by chambers from France, Italy, Poland and Ireland**

On the 11<sup>th</sup> April 2017, a Joint Declaration was agreed by the French Senate's European Affairs Committee, the Italian Senate's European Affairs Committee, the Polish Senate's Agriculture and Rural Development Committee and the Committee of Agriculture, Food and Marine of the Oireachtas (Irish Parliament).

This Joint Parliamentary Declaration considers that the CAP remains a strategic priority for the Union which should be allocated, for the 2020-2026 period, a budget which matches its ambitions, based on maximum effectiveness. According to this Joint Declaration, a properly resourced CAP is integral to a Union-wide response to the challenges of the coming years. The future policy should keep the market orientation, advance on the simplification agenda, advance on the integration of the food chain and keep the unity of the internal market.

## **8. INTEGRATING OPINIONS AND EVIDENCE: CONFERENCE 7<sup>TH</sup> JULY 2017 “HAVE YOUR SAY”**

The ambitious stakeholder consultation process on the CAP post-2020 involved several consultation activities that were done simultaneously during the first part of the year 2017.

The important messages that emerged from the on-line public consultation could not be assessed in isolation; at the same time, the process of collection of evidence (carried out in the first 4 workshops) needed the broader perspective of the debate which was taken place in the public sphere thanks to the public consultation.

Evidence collected from experts had to be compared with the outcomes of the public opinion and stakeholders: this process is particularly relevant in the domain of the CAP, where public opinion does not necessarily correspond to the technical evidence.

The Conference “*The CAP: Have your say*” of the 7<sup>th</sup> July 2017 gathered more than 500 stakeholders and experts with the goal of taking stock of the results of the consultation and inform all interested parties on the scientific evidence compiled by the Commission. Participants to the Conference included the members of the Civil Dialogue Group of the CAP, members of the REFIT Platform, EESC and CoR, representatives of Member States and of the European Parliament, as well as experts. The Conference was also web streamed, hence open to all interested citizens.

The debates of the Conference allowed the Commission to advance in the definition of the key priority areas to be covered in the Communication “*The Future of Food and Farming*”: environmental and climate action; risk management; new societal demands; and the socio-economic dimensions. The debate between stakeholders and experts highlighted the **different perceptions between public opinion and experts** in some domains such as the distribution of the support of the CAP. It also confirmed the important differences between **economic and non-economic stakeholders** in addressing the environmental and economic challenges ahead (as explained in section 2).

Last but not least, the Conference showed the growing consensus among a wide range of stakeholders on the **need to keep a strong CAP at EU level** and, at the same time, **improve the targeting of the policy** and design a more **flexible approach for its implementation** with a view to increase its effectiveness.

All the presentations and information related to this conference is available at:  
[https://ec.europa.eu/agriculture/events/cap-have-your-say\\_en](https://ec.europa.eu/agriculture/events/cap-have-your-say_en)

## 9. COMMUNICATION "FUTURE OF FOOD AND FARMING". PUBLIC DEBATE ON THE NEW DELIVERY MODEL OF THE CAP.

The outcome of the whole consultation process converged at the **Communication adopted on 29 November 2017 and entitled "the Future of Food and Farming"**. This policy document outlined challenges, objectives and possible avenues for a "future-proof" CAP that needs to be simpler, smarter and modern, and lead the transition to a more sustainable agriculture.

Public debate on the ideas presented in the Communication focused on the new delivery model of the CAP: while there is a general support to a movement towards a more result-based policy and more flexibility in its implementation, concerns have been raised regarding the need to preserve the common dimension of the policy with the appropriate safeguards at EU level that could guarantee a level-playing field as well as the adequate ambition in reaching the new objectives.

### 9.1. Council of the European Union

On the 19<sup>th</sup> March, the Council of Ministers adopted Presidency Conclusions on the Communication, supported by 23 Member States<sup>13</sup>. In these conclusions<sup>14</sup>, the Council endorsed the view that Member States should enjoy more subsidiarity and flexibility to take account of their national and regional specificities and to contribute to a more

<sup>13</sup> Belgium, Bulgaria, Czech Republic, Denmark, Germany, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Luxembourg, Hungary, Malta, Netherlands, Austria, Portugal, Romania, Slovenia, Finland, Sweden and United Kingdom. The five remaining Member States did not support the conclusions, due to differences on the specific references to the external convergence.

<sup>14</sup> Available at: <http://data.consilium.europa.eu/doc/document/ST-7324-2018-INIT/en/pdf>



efficient delivery of the policy. Furthermore, the Council also agreed with the shift towards a more result-oriented policy. However, it highlighted a potential risk of fragmentation of the CAP and called on the Commission to continue ensuring a level playing field among Member States and the integrity of the internal market through basic common rules at EU level.

The Council also stressed that the new delivery model should bring substantial and tangible simplification and reduction of administrative burden for both beneficiaries and national/regional administrations and called for simple CAP Strategic Plans. According to the Presidency conclusions, these plans should allow flexibility in their design and subsequent amendments, taking into account the division of competences within each Member State.

## **9.2. European Parliament**

The European Parliament is currently drafting its own initiative report (Dorfmann report) to react to the Communication. It will be voted at plenary session in May.

In the draft report, the European Parliament shows support towards the willingness of the Commission to advance towards a more result-oriented policy and providing more flexibility to the Member States in the final design of the actions. However, it insists on keeping the integrity of the single market and keeping the 'C' in the CAP, avoiding the renationalisation of the policy. The draft report of the European Parliament stresses the fact that Member states should follow a uniform approach to programming and eligibility as to avoid distorting competition. The new approach should also respect the distribution of powers within each Member State, notably respecting the legal competences of the EU's regions when implementing policies (for example in the 2nd pillar).

## **9.3. European Court of Auditors**

The European Court of Auditors (ECA) published in March 2018 a "Briefing paper" on the future CAP. This Briefing paper<sup>15</sup>, the ECA pays a special attention to the new delivery model: in their view, the success of the new model will require measures based on sound scientific and statistical evidence (that will clearly deliver the desired results); relevant, ambitious and verifiable targets for the new "CAP strategic plans", aligned with EU objectives; a robust performance monitoring and evaluation framework; and a solid accountability and audit chain, providing assurance on both compliance and performance.

## **9.4. Stakeholders**

Two meetings of the CDG CAP took place on December 2017 and April 2018. These meetings allowed for an institutionalised dialogue among the European Commission and the most relevant stakeholders organisations around the content of the Communication and, in particular, on the implications of the new delivery model proposed.

The reactions from the **agricultural community** showed an agreement with the willingness to reduce the rules at EU level and reinforce the performance of the policy. The main concerns focused on the need to well preserve the level-playing field.

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<sup>15</sup>

Available at:

[https://www.eca.europa.eu/Lists/ECADocuments/Briefing\\_paper\\_CAP/Briefing\\_paper\\_CAP\\_EN.pdf](https://www.eca.europa.eu/Lists/ECADocuments/Briefing_paper_CAP/Briefing_paper_CAP_EN.pdf)

**Environmental organisations** also showed a positive reaction to a more result-based policy but show particular concerns on the safeguards to guarantee a high ambition in the environmental and climate action. A specific study of the **Institute of European Environmental Policy** (IEEP) assessed the implications of the new delivery model on the environmental and climate actions, with a particular attention to the indicators to use<sup>16</sup>. At the CDG of the 20<sup>th</sup> April 2018, this study was presented and discussed among stakeholders and the Commission representatives.

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<sup>16</sup> Study "Measuring the CAP's environmental and climate performance" from the Institute of European Environmental Policy. Available at: <https://ieep.eu/publications/measuring-the-cap-s-environmental-and-climate-performance>

## Annex 3: Relevant Evaluations

### Evaluations and studies already carried out that served as input for the impact assessment: a synthesis

Alongside with evaluations that remain to be finalised, evaluations carried out in the past years can serve as valuable input.

In particular the following evaluations are relevant:

The *evaluation of income effects of direct support (2011)* pointed to the important role of direct support for farm income and maintaining viability of farms.

The *evaluation of structural effects of direct support (2013)* highlighted the role that decoupling might have played in accelerating reduction of labour use intensity in the farm sector as well as an increase in specialisation.

The Economic analyses carried out in the context of *the evaluation of Article 68 measures (2015)* showed that optional support for specific needs helped reduce disadvantages in terms of viability in a number of sectors such as sheep and goat, cotton or durum wheat but had a very limited effect on competitiveness and sustainability of primary production and industries. Coupled support sometimes generated competition distortion. Concerning environment, varied measures were designed and results were uneven. Arable crops rotation and diversification were the most significantly implemented type of measures, with some positive impacts.

The study *Mapping and analysis of the implementation of the CAP (2016)* reveals that the Member States' strategy to reach the objectives of the 2013 CAP is not sufficiently documented: the implementation choices are more influenced by the consideration to “maintain the status quo” than by a long-term strategy that takes into account the general CAP objectives. The degree to which funds have been targeted to certain needs might not be sufficient to have a significant impact.

The *synthesis of ex ante evaluations of rural development programmes (RDPs) 2014-2020* concludes that the process of the ex-ante evaluations and the external coherence of the RDPs are well documented and satisfactory, while the internal coherence, in terms of needs' prioritisation and description of links between the planned actions - outputs and expected outputs - results, needs to be further enhanced.

The *Synthesis of ex-post evaluations of Rural Development Programmes 2007-2013* (forthcoming) covers effectiveness, causal analysis, efficiency, coherence and EU value added. Full aggregation of results is not possible due to missing data or differences in approaches. Replies to evaluation questions are predominantly positive about the contribution of RDPs to environment and climate action as well as for growth and jobs. Outcomes for the quality of life and diversification are less straightforward, due to unclear interrelation and measuring standards. Lack of priority and budget seem to have had a limiting effect on innovative approaches, and improvement in broadband access was delayed due to processes (amongst other late implementation).

The SWD accompanying this synthesis will to be submitted to the RSB in 2018.

The *evaluation report (2017) on the payment for agricultural practices beneficial for the climate and the environment* found that the greening measures have led to only small changes in management practices, except in a few specific areas. As a result, their environmental and climate impacts have been limited and locally specific. They have had a negligible effect on production or economic viability of farms and the additional administrative costs associated with them have been relatively low. (Staff Working Document covering this evaluation is presented to the Regulatory Scrutiny Board in March 2018).

*Evaluation of the impact of CAP measures towards the general objective of "viable food production" (forthcoming)*. Initial findings confirm the impact of direct payments on enhancing and stabilising income. So far coupled support appears to have limited effects on the level playing field between MS, but this depends on sectors and aid intensity. The effectiveness of exceptional market measures varied depending on sectors and conditions. The administrative and management costs of the current CAP are considered to be generally higher than in the previous one. The coherence with other objectives and policies is found to be good.

All evaluations relating to the CAP are available on the site of DG AGRI

[https://ec.europa.eu/agriculture/evaluation/market-and-income-reports\\_en](https://ec.europa.eu/agriculture/evaluation/market-and-income-reports_en)

[https://ec.europa.eu/agriculture/evaluation/rural-development-reports\\_en](https://ec.europa.eu/agriculture/evaluation/rural-development-reports_en)

### **Summary of relevant evaluations /studies carried out in the past years (chronological order)**

#### **Evaluation of income effects of direct support (2011)**

The evaluation concluded that direct payments have contributed to enhancing the income of farmers and have played an important role in generating farm income. The study underlined the role of direct payments in strengthening the cohesion between regions, in particular Less Favoured Areas (LFAs). It also showed that direct payments have contributed to reducing the existing gap between the average farm income per labour unit of small and large farms.

The analysis indicated that direct payments have reduced the existing differences between farmers' income in non-LFA areas and, respectively, in LFA areas and the subgroup of mountain LFA areas. The analysis carried out among the farms in LFA areas confirmed the general conclusion that direct payments contributed also to reducing the gap between farmers' income and the regional GDP/employee.

In terms of income stability, direct payments have had larger effects on farmers' income stability in LFA areas in comparison to non-LFA areas.

The conclusions of the evaluation indicate that direct payments have been crucial in ensuring the economic viability of farms, in particular those specialised in field crops, grazing livestock, mixed farming and, partly, dairy farming.

The results of the statistical analysis pointed out that direct payments have been coherent with the measures under the single Common Market Organisation and Rural Development measures in relation to the objective of enhancing and stabilising farmers' income.

The evaluation showed also that direct payments have been coherent with the compensatory allowance given to specific farms in LFA areas. Moreover, in the regions having implemented the hybrid and the regional Single Payment Scheme (SPS) model, the coherence between direct payments and compensatory allowance has increased. However, the analysis by type of farming and by groups of regions based on the SPS model identified also cases where farmers receiving both the compensatory allowance and direct payments have higher income than other farmers (i.e. farmers not located in LFA areas and farmers located in LFA areas but not receiving the compensatory allowance).

[https://ec.europa.eu/agriculture/evaluation/market-and-income-reports/2011-income\\_en](https://ec.europa.eu/agriculture/evaluation/market-and-income-reports/2011-income_en)

### **Evaluation of the structural effects of direct support (2013)**

The evaluation examined the effects on farm structural changes of all direct support schemes governed by Council Regulation (EC) 1782/2003 : decoupled and coupled payments and all implementation Single Farm Payment (SFP) models: Single Payment Scheme (SPS) with historical, regional and hybrid models and Single Area Payment Scheme (SAPS).

While the decline in the number of farms has been a long-term trend, the 2003 reform has contributed either to speeding up the exit of smaller-sized farms from the agricultural sector or to the growth in size of part of these farms. Farm concentration increased slightly in the EU-15 Member States (applying the SPS historical and hybrid models) and in a more pronounced way in the EU-12 (applying SAPS and regional models). However, greater concentration in the Member States applying the SAPS model may have been influenced also by other factors, such as the end of the centrally planned economy and subsequent land reforms.

The evaluation concluded that direct payments did not have an impact on land use changes after 2005 nor they affected the legal status of agricultural holdings. On the other hand, holdings' organisational form seems to be indirectly affected by the policy change.

The reform and in particular decoupling of support may have contributed, together with other factors, to accelerate reduction of labour use intensity in the farm sector. However, in the Member States applying SAPS model, this decrease appears to be related more to the reduction of excess labour force from former large cooperatives and state farms, existing in the pre-reform years.

Both coupled and decoupled payments have had a rather limited effect on increasing farm capital. Nevertheless, direct payments have induced some incentives to substitute capital for labour.

Decoupling of support from production has contributed to an increase in the number of specialised farms. This is caused by the greater freedom of production decisions brought about by decoupling which has stimulated part of the holdings to focus more on production activities from which market conditions allowed higher profitability.

The policy change has had a differentiated effect on farm investment in the regions implementing SPS historical and hybrid models (the EU-15) and those implementing the SAPS (the EU-10): decreasing farm investments in the former and increasing farm investments in the latter. This suggests that investment decisions could have been facilitated by the additional financial resources from direct payments, especially in the regions where direct support was introduced following EU accession.

The direct payments have not played a role in influencing marketing strategies at farm level such as membership in producer organisations, direct relationship with processing industry/retailers or direct sale of farm products from farm.

Finally, the analysis showed that farm diversification activities concerned a limited number of holdings (generally below 10%). There was only a limited increase in the number of farms with diversified activities after the reform. The only marked increase was observed in the regions of EU-10 in the case of 'contract work for others' in the regions applying SAPS and 'processing of farm products' in the regions applying regional model. However, these diversification choices may have been supported also by other factors, such as rural development aids and other national policies.

[http://ec.europa.eu/agriculture/evaluation/market-and-income-reports/structural-effects-direct-support-2013\\_en.htm](http://ec.europa.eu/agriculture/evaluation/market-and-income-reports/structural-effects-direct-support-2013_en.htm)

### **Evaluation of the EU legislation on organic farming (2013)**

The evaluation examined the relevance, effectiveness and European added value of Council Regulation (EC) No 834/2007 (hereunder 'the Regulation') and its implementing rules

The evaluation concluded that the scope of the Regulation is mostly adequate to match the current needs of the organic supply chain but not fully adequate to meet the need of consumers of organic products.

The underlying principles of organic production are made operational in the Regulation by a number of production rules. The evaluation concluded that the production rules are generally adequate to achieve the global objectives of the Regulation and the objectives of organic production. Sound scientific evidence exists that the Regulation has established a framework which guides farmers to adopt practices supporting the objectives of organic farming of higher levels of biodiversity, increase soil fertility and minimising water and air pollution. The system of exceptional rules was considered not fully adequate. For the sectors examined, covering the use of non-organic young poultry, feed and seeds, the evaluation noted that the current system of exceptional rules appears rather to hinder than support the development of organic supplies.

The overall control system of organic farming was considered largely adequate in terms of achieving the global objectives of the Regulation but with some shortcomings in implementation. Some elements of the control system were not consistently implemented across the Member States, such as the evaluation of organic products with respect to residues or the application of different sanctions for the same infringement. As regards the national systems of supervision over control bodies, in some Member States competent authorities may not fulfil their supervisory role fully due to inappropriate procedures for supervision and limited resources.

Currently, three import procedures are operational for assessing equivalence of production and control rules of third countries. The evaluation concluded that the import rules are largely adequate in terms of achieving the global objectives of the Regulation but with some shortcomings in implementation. The import procedure based on the recognition of third countries led in general to an adequate assessment of equivalence but following up on the equivalence assessment of third countries entails a heavy workload for the Commission services. As regards the expiring procedure based on import authorization, there is a clear risk of different interpretations of equivalence by control



bodies and various approaches adopted for issuing import authorizations by Member States. The import procedure based on the recognition of control bodies addressed those risks by shifting the responsibilities from the Member States authorities to the Commission and to control bodies. This shift however requires significant administrative input from the Commission services as well as from the control bodies which in turn need strict instructions to assess the equivalence in a more uniform manner.

[http://ec.europa.eu/agriculture/evaluation/market-and-income-reports/organic-farming-2013\\_en.htm](http://ec.europa.eu/agriculture/evaluation/market-and-income-reports/organic-farming-2013_en.htm)

### **Synthesis of Mid-Term Evaluations of Rural Development Programmes 2007-2013 (2012)**

The synthesis of Mid-Term Evaluations (MTEs) was based on the MTE reports of the 92 national, regional and network Rural Development Programmes (RDPs) 2007-2013. Overall, uptake of the RDP measures was observed to have been slower than expected; measures with less technical requirements and most continuity from the last period were the quickest to be implemented. Economic, Environmental and Social/Quality-of-life impacts were assessed, however a large proportion of MTE conclude that it is too early to judge overall impact. In terms of economic impacts, roughly two thirds of the reports state a net positive impact on growth and employment creation. However, calculation methods were not always found to be sound. While some promising examples for assessment of Quality-of-life and environmental impacts could be extracted, these impacts were generally not convincingly assessed. The synthesis therefore recommends that the future monitoring and evaluation framework could invest more into methods to gain more effective information on these topics.

The MTEs assessed the monitoring and evaluation system as good overall and as ensuring a relevant set of data. However, the system was often regarded as too complex. In terms of the indicators analysed, output indicators displayed a high level of availability and quality of quantitative information. On average 38% of the target values were achieved with differences between the axes (axis 1 on average 30%, axis 2 on average 40%, axis 3 divergent and LEADER below anticipated numbers at 20%). However, only about 30% of the reports report on both target and achieved values for result indicators. Achievements vary greatly between indicators and axes (axis 1: 24%, axis 2: 90% and axis 3: 48%). Overachievement of targets occurred mainly in axis 2.

Concerning the menu of RDP measures, the evaluation concludes that a more limited number of measures seems to be desirable, and the cost effectiveness ratio of some measures should be examined for return on investment. However, it is underlined that it will be necessary to observe the full programming period in order to judge whether measures should be dropped altogether. It is pointed out that LEADER principles were not well incorporated in RDPs and LEADER lags behind in implementation.

[https://ec.europa.eu/agriculture/evaluation/rural-development-reports/synthesis-mte-2007-2013\\_en](https://ec.europa.eu/agriculture/evaluation/rural-development-reports/synthesis-mte-2007-2013_en)

### **Synthesis of sapard ex-post evaluations – update: Bulgaria, Croatia, Romania (2013)**

The evaluation assessed the impacts of the SAPARD programme and the extent to which it has been successful in reaching its general objectives as defined in article 1 of Regulation (EC) No 1268/1999 in the three countries concerned. The main findings of



the evaluation are:

SAPARD made a clear contribution to the implementation of the acquis communautaire concerning CAP and related policies, by requiring the set-up of structures and procedures, which simulated the RDP implementation framework, and by promoting compliance to EU standards and by fostering participation, subsidiarity and communication. In BG and RO it was less successful in solving priority issues and specific problems for the sustainable adaptation of the agricultural sector and rural areas at a large scale; in HR this result was similar but much more limited given the programme's limited dimension and extremely short implementation time.

By its dimension SAPARD interventions had to remain limited. Moreover, the already limited budgets were further reduced due to the payment interruption and funds recovery in BG and RO following audit findings. The situation of final beneficiaries improved, but they were few in number and usually larger and more dynamic enterprises, i.e. not characteristic for the holdings structure.

The administrative procedures designed by the national SAPARD Agencies and authorities rendered participation in the programme difficult. They were driven by the urge of the authorities to achieve absorption, but also to avoid complications during controls and to manage workload by keeping the number of applications within the range of available administrative resources. Eligibility requirements changed often, thus creating confusion among applicants, became increasingly demanding, hence excluding potential final beneficiaries. These problems were accentuated by the lack of consulting services, financing opportunities and overall poor level of documentation at the holding level. In addition, the need to ensure high absorption of funds led to the reallocation among measures on an "absorption capacity" rather than a "need" base.

SAPARD Agencies and authorities were quick in setting up the administrative and delivery systems according to the EU requirements, but these systems were hampered by the lack of experience of the personnel and by the need to develop all the detailed operating rules, procedures and manuals in a step by step, "learning by doing" manner. While this situation influenced negatively the implementation of SAPARD, the performance of the system in the delivery of the RDP 2007-2013 improved through SAPARD.

[https://ec.europa.eu/agriculture/evaluation/rural-development-reports/sapard-update-2013\\_en](https://ec.europa.eu/agriculture/evaluation/rural-development-reports/sapard-update-2013_en)

### **Evaluation of the market implications of veal and young cattle meat standards (2014)**

The evaluation examined the relevance and effectiveness of the veal and young cattle meat marketing and labelling rules established by Regulation (EC) No 700/2007 (hereunder 'the Regulation') with respect to achieving the objectives laid down in this regulation, as well as its coherence with other relevant measures applied under the CAP. The eight key veal producing Member States were covered.

The evaluation showed that the main impact of the Regulation was to lead Dutch producers to reduce the fattening cycle from twelve to eight months, for part of the veal calf production. Other market trends remained unchanged: national consumption, internal trade and breeders' income. Overall, the Regulation led to a clarification of the situation on the market caused by a previous lack of definition of 'veal' and improved functioning of the veal market.

The evaluation also showed that consumers were little aware of these labelling rules and that the existence of different sales descriptions depending on the country, even when they share the same language, could be confusing.

The information available through control systems implemented by National Authorities, under the European Commission supervision, did not allow drawing a judgement on adequacy of the control system. However, the reporting of the Member States to the Commission was considered not sufficient to allow a proper monitoring of the controls.

Three recommendations were proposed: seek consistency between sales descriptions from one Member State to another, increase consumer awareness about the standards, and improve the reporting quality of the control system.

[http://ec.europa.eu/agriculture/evaluation/market-and-income-reports/veal-marketing-standards-2014\\_en.htm](http://ec.europa.eu/agriculture/evaluation/market-and-income-reports/veal-marketing-standards-2014_en.htm)

### **Evaluation of CAP measures for the cotton sector (2014)**

The evaluation covered the cotton-growing EU countries: Spain, Greece and Bulgaria. It examined the effectiveness, efficiency, coherence and relevance of the measures applied to the cotton sector under the CAP

In 2004, the coupled support regime for the cotton sector was overhauled to improve its coherence with the 2003 CAP reform: decoupling of 65% of the aid and coupled support of 35% for the planted area (crop-specific aid for the sector). Decoupling led to a relative drop in the profitability of cotton compared to alternative crops. Crop-specific aid remains essential: total decoupling would have reduced the planted areas by nearly 65%. The combined effects of the reform on the planted areas and yields, as well as on the evolution of the market, led to a net reduction in the production volume of ginned cotton. Between 2005 and 2008 production decreased with 49%. The introduction of the obligation to harvest and price increases led to a recovery.

Single payment and coupled aid have contributed effectively to maintaining family income for farms specialised in cotton production. The aid represents an essential proportion of producers' income. Nearly 15 000 jobs ("Full-Time Equivalents") in the agricultural and more than 1 100 in the industrial sector have been maintained by the CAP measures applied to the cotton sector; these jobs remain heavily dependent on the continuation of EU aid. The efficiency of the support system for the sector has been improved. The partial decoupling in particular reduced the extent of checks and red tape, as the delivery controls linked to price support became redundant.

[https://ec.europa.eu/agriculture/evaluation/market-and-income-reports/cotton2014\\_fr](https://ec.europa.eu/agriculture/evaluation/market-and-income-reports/cotton2014_fr)

### **Evaluation of the Investment support under rural development policy (2014)**

This evaluation analyses three questions in relation to the evaluation of investment support in Rural Development Programmes (RDP) of the Common Agricultural Policy (CAP). Different evaluation methods are classified according to their appropriateness and suitability to measure efficiency, effectiveness and impact of investment support measures. In order to evaluate the causality between policy interventions and outcomes a number of specific econometric methods or experiments are necessary. Theory-based assessments and qualitative participatory approaches cannot be used to derive quantitative results. In order to obtain such results, economic modelling approaches like input-output analyses or econometric methods must be used. A further element of the

analysis is to estimate efficiency, effectiveness and impact of investment support measures in eleven programme areas of the EU. The quantitative analysis shows a wide range of results that depend on structural aspects of the regions under consideration and programme-specific factors. With the data available, a causal statistical link between efficiency and targeting was not found. However, a case study demonstrated that targeting via eligibility criteria is more transparent than selection through ranking while aid intensity differentiation does not always have statistically significant effects on targeting.

[https://ec.europa.eu/agriculture/evaluation/rural-development-reports/investment-support-rdp-2014\\_en](https://ec.europa.eu/agriculture/evaluation/rural-development-reports/investment-support-rdp-2014_en)

### **Evaluation of Preferential Agricultural Trade Regimes, in particular the Economic Partnership Agreements (2014)**

The evaluation concluded that there is evidence that the EU Preferential Trade Agreements (PTA) have been positive and effective at promoting agricultural trade of the countries from Africa, Caribbean and Pacific (ACP). The implementation of EU preferential agricultural trade regimes was found to be relevant, coherent and efficient with regards to their objectives:

A high level of relevance between PTA objectives and needs and priorities of target countries and beneficiaries, as well as enhancement of supply capacity and achievement of high economic growth was found in all case studies.

In almost all case studies, coherence was judged by respondents as particularly high, primarily in the cases of the enhancement of supply capacity, the increase of competitiveness and poverty reduction, and secondarily in the promotion of investment, and trade creation.

Case studies led to the conclusion that preferential market access is regarded as the most efficient and main driving force behind the expansion of exports to both the EU and other international markets and the development of the sectors investigated in this study.

[https://ec.europa.eu/agriculture/evaluation/market-and-income-reports/epas-2014\\_en](https://ec.europa.eu/agriculture/evaluation/market-and-income-reports/epas-2014_en)

### **Evaluation of Article 68-measures (2014)**

This evaluation assesses the possibility of granting optional support for specific needs, under the Article 68 of the Health Check Regulation, within a limit of 10% of direct payments. It draws on standard statistical approaches as well as on the analysis of the measures' notifications to the EC and on information collected during ten National Studies. The scheme was implemented between 2009 and 2014 by 26 Member States. However, few Member States implemented it in a significant way. Measures most frequently implemented aimed at supporting competitiveness or enhancing the environment. Extensive livestock sectors were the most supported. Economic analyses showed that Article 68 helped reduce disadvantages in terms of viability in sheep and goat, cotton, durum wheat and tobacco sectors but had a very limited effect on competitiveness and sustainability of primary production and industries. It sometimes generated competition distortion. Concerning environment, varied measures were designed and results were uneven. The most significantly implemented type of measures was arable crops rotation and diversification, with some positive impacts. National control arrangements were effective but monitoring and evaluation systems were weak.

Relevance issues arose from competitiveness measures. Optionality was relevant but Rural Development measures would have been more adapted for several cases.

[https://ec.europa.eu/agriculture/evaluation/market-and-income-reports/article-68\\_en](https://ec.europa.eu/agriculture/evaluation/market-and-income-reports/article-68_en)

### **Evaluation of EU beef labelling rules (2015)**

The evaluation of the EU beef labelling rules (Title II of Regulation (EC) No 1760/2000 of the European Parliament and of the Council) shows that the compulsory labelling rules, among other measures, had a positive influence on the restoration of consumer confidence following the BSE crises. However they were not sufficient to alleviate the structural decline in demand for beef which started in 2008. A renationalisation of the markets has occurred in the retail sector coupled with an internationalisation of the markets in the catering sector. This has led to an increase in the consumption of imported beef in most of the Member States. According to a theoretical approach, the cost of compulsory labelling represents around 6% of the beef processing costs.

Consumer demand for beef of national origin was met through the retail channel. Compulsory labelling fulfils the expectations of consumers. Yet, consumers do not know or understand batch and plant reference numbers displayed on labels. The market share represented by products sold under voluntary labelling is significant. Voluntary labelling can also sometimes be confusing. The design of control systems complies with EU legislation. Audits conducted by the Commission have highlighted shortcomings in the implementation of traceability and labelling. It is impossible to make any firm judgement on the adequacy of the exchange of information between the Commission and the Member States. The estimates of control costs suggest that they are limited. Nevertheless, as the functioning of control systems is not fully effective, its efficiency could be improved. Beef labelling rules are coherent with all related European food labelling rules. Three recommendations are proposed: simplify beef labelling by replacing all the compulsory reference codes by a single 'traceability number', assess the effect of Regulation (EU) No. 653/2014, and enhance control procedures.

[https://ec.europa.eu/agriculture/evaluation/market-and-income-reports/eu-beef-labelling-rules\\_en](https://ec.europa.eu/agriculture/evaluation/market-and-income-reports/eu-beef-labelling-rules_en)

### **Evaluation of the Information Policy on the CAP (2015)**

This evaluation examines the information policy on the CAP implemented in the period 2006-2013, focusing primarily on assessment of more recent information actions, i.e. direct and indirect actions implemented as part of the external communication strategy on the CAP for the period 2010-2015. All evaluation findings presented in the report are based on evidence obtained from interviews with EU officials, key EU- and national-level stakeholders and beneficiaries of analysed information actions, findings of 16 case studies and three different surveys, as well as outcomes of extensive desk research. All relevant data for making judgements and drawing of evaluation conclusions and recommendations were either collected by the research team or provided by officials of the Directorate-General for Agriculture and Rural Development of the European Commission. The evaluation concludes that implementation of the information policy on the CAP was useful and generated positive results, despite the limited budget available for its implementation. At the same time, areas where planning and implementation of the information policy on the CAP should be improved are pointed out.

[https://ec.europa.eu/agriculture/evaluation/market-and-income-reports/information-policy-2015\\_en](https://ec.europa.eu/agriculture/evaluation/market-and-income-reports/information-policy-2015_en)

## **Synthesis of ex ante evaluations of rural development programmes 2014-2020: Final report (2015)**

This evaluation study concerns the analysis and synthesis of the ex-ante evaluations of Rural Development Programmes and National Rural Network Programmes 2014-2020, with a focus on four evaluation themes: a) process of the ex-ante evaluations, b) intervention logic and internal coherence, c) external coherence and added value and d) six thematic clusters including (i) investments, (ii) knowledge transfer, advisory services and European Innovation Partnership, (iii) agri-environment-climate, (iv) forestry, (v) young farmers, small farmers and areas with natural constraints, and (vi) risk management. The findings incorporated in the study are based on evidence obtained by geographic experts through a) desk research, b) interviews with representatives from the Managing Authorities and c) a survey addressed to Managing Authorities and key stakeholders. The study concludes that the process of the ex-ante evaluations and the external coherence of the RDPs are well documented and satisfactory, while the internal coherence, in terms of needs' prioritisation and description of links between the planned actions - outputs and expected outputs - results, needs to be further enhanced. The dissemination of good practices, especially regarding new measures and co-ordination mechanisms, is highlighted as the key recommendation.

[https://ec.europa.eu/agriculture/evaluation/rural-development-reports/ex-ante-rdp-synthesis-2014-2020\\_en](https://ec.europa.eu/agriculture/evaluation/rural-development-reports/ex-ante-rdp-synthesis-2014-2020_en)

## **Evaluation of measures for agriculture carried out for the outermost regions (POSEI) and the smaller Aegean islands (2016)**

The evaluation assessed the impact of measures carried out for the Outermost Regions (ORs), and, given the similarities in terms of objectives and measures, those for the Smaller Aegean Islands (SAI). The overall performance of POSEI/SAI programmes is assessed positively as regards their ability to address the particular agriculture-related problems associated with the specific geographical location of the OR. The evaluator found that the programmes are effective in covering most specific needs.

Production levels have been maintained (except for tomatoes for export and olives in the Small Aegean Islands) but are not necessarily secured for the long-term future. Efficiency levels are diverging in the main traditional sectors. The OR/SAI increasingly face price competition from EU imports due to liberalization of several production activities at EU level, further intensified by external factors (wide availability of pork and milk powder due respectively to the Russian embargo and to the end of milk quotas).

The evaluation also found that the specific supply arrangements and support to local productions are implemented coherently, and that the POSEI/SAI programmes are coherent with the second pillar of the CAP and national support. While the POSEI programmes contribute to the 3 general CAP objectives, the capacity of current CAP measures and instruments (e.g. direct payments) to cover the specific needs of the ORs/SAI has not been demonstrated.

[https://ec.europa.eu/agriculture/evaluation/market-and-income-reports/outermost-regions-smaller-aegean-islands\\_en](https://ec.europa.eu/agriculture/evaluation/market-and-income-reports/outermost-regions-smaller-aegean-islands_en)



## **Evaluation on the payment for agricultural practices beneficial for the climate and the environment (2018)**

The report of the evaluator assesses the Pillar 1 greening measures with respect to the general objective ‘sustainable use of natural resources and climate action’. It reviews the implementation of the measures between 2015 and 2017 in the EU28, with a specific focus in 10 Member States (Austria, Czech Republic, France, Germany, Latvia, Netherlands, Poland, Romania, Spain and the UK). It examines the drivers influencing Member State and farmers’ implementation choices; the effects of the measures on farming practices, production, the environment and climate; administrative costs and efficiency; coherence with CAP objectives and measures, as well as broader environmental and climate legislation; their relevance in addressing EU, national and regional needs and their EU added value. The study found that overall the greening measures have led to only small changes in management practices, except in a few specific areas. As a result, their environmental and climate impacts have been limited and locally specific. They have had a negligible effect on production or economic viability of farms and the additional administrative costs associated with them have been relatively low. The report includes series of recommendations, in particular to encourage the uptake of Ecological Focus Areas (EFAs) and to ensure that the measure for Environmentally Sensitive Permanent Grassland (ESPG) is implemented more widely, both within and outside Natura 2000 areas. MS are invited to better design greening measures according to specific conditions.

[https://ec.europa.eu/agriculture/evaluation/market-and-income-reports/greening-of-direct-payments\\_en](https://ec.europa.eu/agriculture/evaluation/market-and-income-reports/greening-of-direct-payments_en)

## **Evaluation of forestry measures under rural development (forthcoming)**

The report found that the forest measures available to Managing Authorities under Rural development provide a coherent set of measures capable of covering the needs of the forest sector and fostering sustainable forest management in rural areas. The flexibility of the Rural Development Programmes enables the Managing Authorities to adapt the measures to local needs and peculiarities, and to provide highly targeted support. However, the effectiveness of the forest measures remains highly dependent on the detail of the measure design at RDP level, and where, when and for how long it is implemented by the beneficiaries.

## **Synthesis of ex-post evaluations of Rural Development Programmes 2007-2013 (forthcoming)**

This synthesis, based on ex-post evaluation carried out in Member States for Rural Development Plans (RDP), strategies and frameworks, covers effectiveness, causal analysis, efficiency, coherence and EU value added. Full aggregation of results is not possible due to missing data or differences in approaches. Replies to evaluation questions are predominantly positive about the contribution of RDPs to environment and climate action (50% to 70% of answers are positive), as well as for growth and jobs (40%). On the latter, the economic crisis was part of the limiting factors. Outcomes for the quality of life and diversification are less straightforward (30% of positive answers), due to unclear interrelation and measuring standards. Lack of priority and budget seem to have had a limiting effect on innovative approaches, and improvement in broadband access was delayed due to processes (amongst other late implementation). The SWD accompanying this synthesis will be submitted to the RSB in 2018.



## **Evaluation of the impact of CAP measures towards the general objective of "viable food production" (forthcoming - 2018)**

The purpose is to evaluate the impacts of CAP measures towards the general objective of viable food production with a focus on the specific objectives of supporting agricultural income, competitiveness and market stability. The evaluation covers all relevant CAP measures, markets, direct payments and rural development, with specific questions on the usual dimensions of evaluation. This analysis faces specific challenges, as the implementation of the latest CAP reform started in 2015, in the midst of market turbulences. First intermediate results are available on the effects on markets, income and competitiveness. Initial findings confirm the impact of direct payments on enhancing and stabilising income. So far coupled support appears to have limited effects on the level playing field between MS, but this depends on sectors and aid intensity. The effectiveness of exceptional market measures varied depending on sectors and conditions: support for private storage enabled some market relief in the pigmeat sector, exceptional measures for fruit and vegetables were effective (despite some issues on timeliness); while measures included in the dairy package were popular, the evaluation points to the risk of problems being moved forward.

The administrative and management costs of the current CAP are considered to be generally higher than in the previous one. In most of the measures, in particular greening measures and voluntary coupled support, the increased costs are connected with the high complexity of rules and required controls. Considering this, they lower the value of generated benefits. The Active Farmer Clause measure is found to be inefficient as costs are higher than benefits.

The level of coherence with the other CAP objectives varies and depends strongly on the level by which particular CAP measures are implemented in MS. The coherence with other EU policies is found to be good.

### **Selected Studies**

#### **Evaluation Study on European Innovation Partnership – AGRI (2016)**

This report is an evaluation study of the European Innovation Partnership for Agricultural Productivity and Sustainability (EIP), as implemented in 96 out of 111 Rural Development Programmes across 26 Member States.

The evaluation found that the EIP's premise on incentivising innovative farming practices to foster a competitive and sustainable agriculture and forestry sector is seen as valid and important. Innovation actors, especially farmers and forest managers, emphasised a need for projects linking research and practice. The EIP is found to be a flexible tool that is addressing this in a way that can be adapted to divergent circumstances and policy contexts. Farmers are more likely to become involved in the innovation process under the EIP as compared with other funding streams for innovation in the agricultural sector.

To help improve EIP implementation over time, the evaluation made recommendations. The EIP's effectiveness could be enhanced by: making better use of multiplication actors; by simplifying national and regional administrative implementation and by adapting rules at European level to incentivise participation (e.g. enabling advance payments). By reducing fragmentation and improving knowledge flows, the EIP provides a crucial opportunity to build coherent national / regional agricultural knowledge and innovation systems (AKISs). These should be interlinked into an integrated EU-wide AKIS.

[https://ec.europa.eu/agriculture/external-studies/2016-eip\\_en](https://ec.europa.eu/agriculture/external-studies/2016-eip_en)

## **Study Mapping and analysis of the implementation of the CAP (2016)**

This study provides a review of the choices that have been made by the 28 Member States in the two Pillars as well as a qualitative analysis of the potential impact of these choices. The study confirms that the CAP became more complex: the new flexibilities resulted in a more diversified implementation, with measures being used in many different ways and in wide array of combinations. The study reveals that the Member States' strategy to reach the 3 CAP objectives is not sufficiently documented: the implementation choices are more influenced by the consideration to “maintain the status quo” than by a long-term strategy that takes into account the general CAP objectives. The study also raises concerns about the potential impact of the CAP: the degree to which funds have been targeted to certain needs might not be sufficient to have a significant impact. In the short term, it is recommended to encourage the exchange of good practices between countries to promote smart simplification and reduce administrative burden. For the CAP post 2020, Member States should be encouraged to establish a long term strategy that takes into account the CAP objectives.

[https://ec.europa.eu/agriculture/external-studies/mapping-analysis-implementation-cap\\_en](https://ec.europa.eu/agriculture/external-studies/mapping-analysis-implementation-cap_en)

## **Study on the impact of EU trade agreements on the EU agricultural sector (2016)**

The study on the impact of EU trade agreements on the agricultural sector shows that the agreements with South Korea, Mexico and Switzerland have increased EU agri-food exports by more than 1 billion Euro and raised value added in the agri-food sector by 600 million Euro. The increased exports have supported almost 20 000 jobs in the agri-food sector, of which 13 700 jobs are in primary agriculture, and have also generated around 7 700 jobs in other sectors. Imports from the partner countries have likewise increased, giving EU consumers and processors better access to agri-food products. The study highlights the importance of activities that allow EU exporters to make full use of trade opportunities, such as promotion and information actions and resolving Sanitary and Phytosanitary (SPS) barriers.

[https://ec.europa.eu/agriculture/external-studies/2016-bilateral-trade-agreements\\_en](https://ec.europa.eu/agriculture/external-studies/2016-bilateral-trade-agreements_en)

## **Study on risk management in EU agriculture (forthcoming)**

This study provides a mapping of relevant risks in EU agriculture. Information on availability and use of risk management instruments was collected in all Member States through consultations with public authorities, farmers' associations and insurance companies. The final report is complemented by eight case studies: six on specific risk management instruments in selected Member States and two on risk management in agriculture in the United States and Canada. The study finds that European farmers are increasingly exposed to a wide range of risks while the availability of risk management instruments lags behind. Insurance remains the most commonly used instrument, while both availability and uptake of other instruments such as mutual funds and contractual price agreements (including futures) is more limited. There is a need to strengthen capacity to design and implement risk management instruments. The report elaborates several recommendations, including on how to gain experience on the ground.

## Annex 4: A New Delivery Model for the CAP

### Glossary<sup>17</sup>

<i>Term or acronym</i>	<i>Meaning or definition</i>
AECM	Agro Environment and Climate Measures
AKIS	Agricultural Knowledge and Innovation Systems
ANC	Areas facing Natural Constraints
CAP	Common Agricultural Policy
CB	Certification Bodies
CMO	Common Market Organisation
DP	Direct Payments
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
ESIF	European Structural and Investment Funds
FAS	Farm Advisory System
GAEC	Good Agricultural and Environmental Conditions
IACS	Integrated Administration and Control System
ICT	Information and Communications Technology
LPIS	Land-parcel identification system
MCA	Multi Criteria Analysis
MFF	Multiannual Financial Framework
PA	Paying Agencies
RD	Rural Development
REFIT	Regulatory Fitness and Performance
SMR	Statutory Management Requirements
SWOT	Strengths, Weaknesses, Opportunities, and Threats
VCS	Voluntary Coupled Support

<sup>17</sup>

A full-fledged glossary including definitions on the CAP can be found on the internet page of the Directorate General for Agriculture and Rural Development (DG AGRI):  
[https://ec.europa.eu/agriculture/sites/agriculture/files/glossary/pdf/index\\_en.pdf](https://ec.europa.eu/agriculture/sites/agriculture/files/glossary/pdf/index_en.pdf)

## 1. INTRODUCTION

The current CAP is based on an implementation concept focusing on Member States' **compliance with detailed EU rules**. This leads to the perception that the CAP is essentially a policy that, instead of being driven by objectives, relies almost exclusively on the enforcement of rules through controls, penalties and audit. As a consequence, whether in the form of the potential loss of funds for farmers and Member States or in the form of pressure on the Commission to keep a low error rate and thus get assurance and discharge of the European Parliament, the present system leads at all levels to a strong focus on ensuring and enforcing compliance.

This has a number of tangible effects: on the administrative burden, on very tight controls and on requests at all levels for more and more precise rules and interpretative assistance from the Commission (e.g. through interpretation notes and guidelines). Against this background, the current system is entangled in a vicious circle that inevitably leads to increasing complexity.

The assessments of the performance of the CAP show the difficulties to apply the same detailed rules throughout the current EU, taking into account the **very diverse agricultural and socio-economic conditions**. The experience of the last CAP reform confirmed the strong difficulties and contradictions on having a common set of detailed rules which required, in order to be implemented, a large set of choices and exceptions across many policy tools.

The limitations of a "one-size-fits-all" approach, due to the different impact that the same measure could have in different territories, have also been highlighted by analyses, both in the environmental and the economic domain. The experience of the current CAP also showed limited coordination between the implementation of the two pillars of the CAP and the need to strengthen the synergies between policy instruments, in a context of growing calls for a more targeted policy design based on needs assessments that would increase the **effectiveness and the efficiency of the policy**.

Taking all these elements into account, and based on the input of the public consultation on "*modernising and simplifying the CAP*", the Communication "The Future of Food and Farming" confirmed the need for the CAP to streamline its governance and improve its delivery on the EU objectives and to significantly decrease bureaucracy and focus on results and the EU added value.

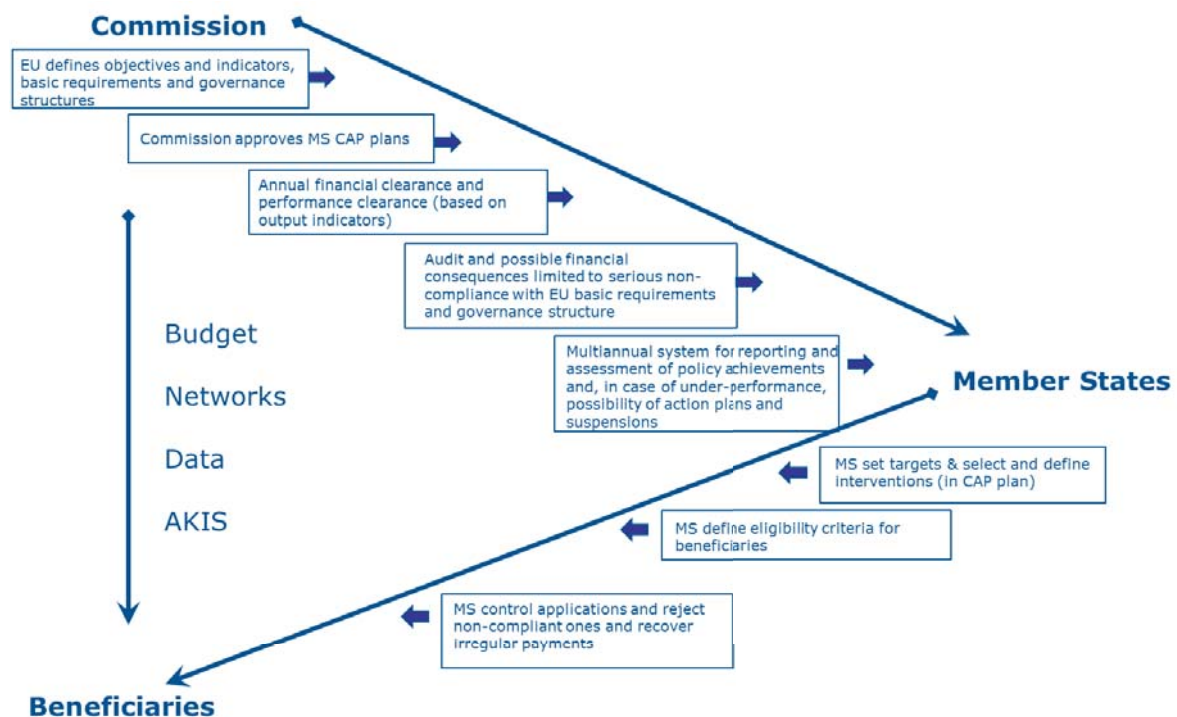
This Annex describes the new delivery model of the CAP, its feasibility and it shows how it would function in practice using specific examples (sections 2 and 3). Beyond the presentation of the model proposed, sections 4 and 5 will summarise the opportunities, risks and challenges attached to it and will present the proposed safeguards to mitigate the identified risks.

## 2. THE NEW DELIVERY MODEL EXPLAINED

The new delivery model for the CAP will involve a shift from compliance towards results and performance and a new distribution of responsibilities between the EU and Member States, involving substantial changes at three different levels:

1. A multi-annual programming approach that will cover the two pillars of the CAP (direct payments, rural development and sectorial strategies under the current CMO), based on a common set of objectives, indicators and a common catalogue of broad types of intervention
2. A new system of monitoring and steering policy implementation
3. An adapted approach to get assurance and perform audit

*Chart 1. The new relation between Commission, Member States and beneficiaries*



### 2.1. Programming approach based on a common set of objectives and indicators

The EU will set the legal framework needed to ensure fund implementation in line with common CAP objectives. The EU framework which will apply to Member States will define:

- Common objectives (general and specific ones)
- Types of interventions and their basic requirements; and
- Set of general rules for the performance assessment (e.g. common indicators)

Member States will design their CAP plans and set the terms for implementation towards individual beneficiaries so that these will:

1. assess their needs against the specific objectives of the CAP based on a territorial and sectorial SWOT analysis,
2. design and develop the interventions together with corresponding budget allocations and specific requirements (e.g. eligibility criteria, support rate) to address their needs and to contribute to the common specific objectives, and
3. establish, in line with these objectives, quantifiable targets, based on result indicators, to steer implementation and to allow the assessment performance and ambition of the CAP Strategic Plans.

Member States will submit a single strategic document for both CAP pillars (**CAP Strategic Plans**) for their entire territory. However, where elements of the CAP Strategic Plan are established at regional level, the Member State will ensure the coherence and the consistency with the elements of the CAP Strategic Plan established at national level.

Targets are defined in the CAP Strategic Plan. The assessment on progress towards these targets (reflected in the annual performance report) and corrective mechanisms to steer policy implementation where necessary, will have no implications at the level of beneficiary (for details see below)

*Chart 2. From objectives to interventions*



#### *2.1.1. Content of the CAP Strategic Plan*

The CAP Strategic Plans will be the central programming tool for both pillars (EAGF and EAFRD): they will be drafted by Member States, stakeholders will be consulted according to the partnership principle and they will be subject to formal approval by the European Commission.



The CAP Strategic Plans will contain the following elements: a) an assessment of needs vis a vis the specific objectives based on a SWOT analysis; b) an intervention strategy; c) a description of elements common to several interventions; d) a description of the direct payments and rural development interventions specified in the strategy; e) a description of the sectoral programmes and their interventions; f) target and financial plans; g) a description of the governance and coordination structures including an assessment of the enabling conditions (ex-ante conditionalities); h) a description of the elements that ensure modernisation of the CAP and the digitization of agriculture and rural economy; i) a description of the elements related to simplification and reduced administrative burden for final beneficiaries.

At the same time, the CAP Strategic Plans will contain Annexes regarding: a) the ex-ante evaluation and the Strategic Environmental Assessment (SEA); the full analysis of strengths, weaknesses, opportunities and threats (SWOT); information on the mandatory consultation of the partners; additional national financing provided within the scope of the Plan.

### *2.1.2. Types of interventions, funds allocations and basic requirements*

In the **CAP Strategic plans** Member States will choose and configure the interventions to be implemented both under the 1<sup>st</sup> and 2<sup>nd</sup> pillar from the types of interventions set out by the EU basic act.

In that context, Member States will be bound by basic EU requirements concerning key fundamental aspects: a) compliance to the rules of the World Trade Organisation concerning domestic support; b) "conditionality" applicable to beneficiaries receiving direct payments and area-based payments under rural development; c) minimum requirements for the Farm Advisory System. The following **types of interventions** will be provided for at basic act level:

<b>EAGF (Pillar I)</b>	<b>EAFRD (Pillar II)</b>
Basic income support for sustainability	Payments for environment, climate and other management commitments
Complementary Redistributive income support for sustainability	Payments for natural constraints or other region-specific constraints
Complementary Income Support for Young Farmer	Investments
Voluntary schemes for the climate and the environment "eco-schemes"	Support to young farmers installation and rural business start-up
Coupled income support	Risk management tools
Sectorial interventions (CMO)	Cooperation
	Knowledge exchange and information

For each of these types of interventions, the EU legislation will establish general principles. Member States will be responsible for developing schemes and interventions based on this list, by determining their specific design, including all the requirements that

can ensure an effective contribution of the intervention to the specific objectives. This will include the eligibility rules (currently defined at EU level). Member States will also detail in the CAP Strategic Plans the annual planned outputs for the intervention, and where relevant, the applicable support rates.

Furthermore, Member States will fix in their CAP Strategic Plans the allocation of budgetary resources for each intervention. The level of this allocation should reflect both the needs assessment and the CAP objectives.

### *2.1.3. Approval of the CAP Strategic Plans*

The Commission will assess and approve the CAP Strategic Plans. The assessment of the Plans will be done on the basis of:

- a) the completeness of the plans;
- b) the consistency and coherence with the general principles of Union law and the requirements defined at EU level;
- c) their effective contribution to CAP specific objectives and identified needs;
- d) the impact on the proper functioning of the internal market and distortion of competition;
- e) the level and proportionality of administrative burden on beneficiaries and administration.

In its assessment, the Commission will pay particular attention to the adequacy of the CAP plan strategy, the corresponding specific objectives, targets, interventions and the allocation of budgetary resources to meet the specific objectives of the CAP Strategic Plan. The proposed set of interventions will be assessed on the basis of the analysis of the situation in terms of strengths, weaknesses, opportunities and threats ("the SWOT") and the ex-ante evaluation.

In the current CAP, only the Member States' Rural Development Programmes (EAFRD) are subject to Commission approval. By contrast, as regards direct payments (EAGF), Member States' choices among numerous options made available by the relevant basic regulation are only subject to notification and not subject to formal approval by the European Commission.

### ***Chart 3. The current CAP and future CAP. Key notifications (by implementation stage)***

	Current CAP	Future CAP
Planning		
Pillar I	MS notifications for Direct Payments, including greening options and GAEC	CAP Strategic Plan
	Strategies- work/support programmes for the Sectorial programmes	
Pillar II	Rural Development Programmes	
Policy Implementation		
Pillar I	MS annual notifications on implementation + control data	Annual Performance Report
	Annual communications on Sectorial programmes	
Pillar II	Annual Implementation Report	
Performance and Assurance		
Pillars I / II	Annual Accounts (PA)	Annual Accounts (PA)
	Management declaration (PA)	Management declaration (PA)
		Annual performance report (PA)
	CB audit opinion	CB audit opinion
Evaluation		
Pillar I	Evaluations at EU level ( some covering also Pillar II)	Ex ante and Interim evaluations by MS (CAP Strategic Plan) Mid-term assessment on performance (EU level) and ex post evaluation of the CAP; additional evaluations according to evaluation plan
Pillar II	Ex-ante, Mid-term and Ex-post evaluation of RDPs by MS, synthesis of ex ante and ex post by COM	

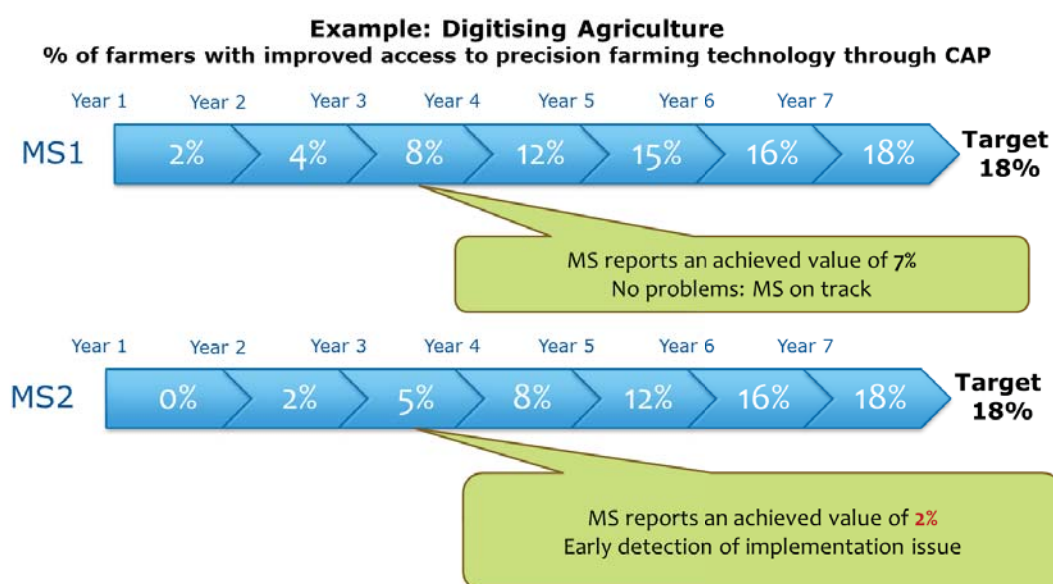
## 2.2. Monitoring progress and steering policy implementation

### 2.2.1. Annual performance review

An **annual performance review** is foreseen as a key element of the ongoing monitoring and steering of policy implementation. In order to make an annual performance review operational, Member States will submit an Annual Performance Report with information about realised output and expenditure as well as progress towards the targets set for the whole period which have been set using common result indicators.

In cases of **slow or insufficient progress towards achieving the targets set for the CAP Strategic Plan**, MS will be required to carry out an analysis of shortcomings and will include in the report proposals for remedial actions (Chart 4 illustrates a fictive example of reporting from two Member States).

**Chart 4. Annual Performance review. Monitoring progress towards target (results)**

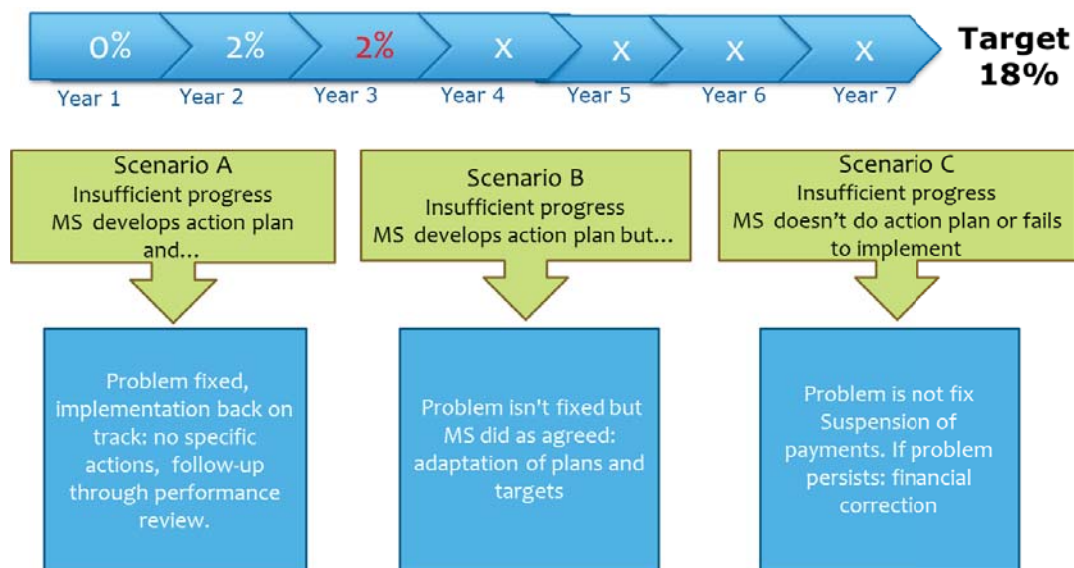


The assessment of those reports would trigger interaction with MS in view of helping them to implement the planned policy in an efficient way. This exercise would involve a

continuous exchange between MS and the Commission including in a regular Annual Review and Monitoring Committee meetings, on the state of play of the evolution of programme implementation towards the targets. The Commission will play a supporting role by facilitating the exchange on good practice and providing pertinent recommendations to MS. If needed, the Commission would request Member State to submit a formal action plan to remedy the situation.

Where the intended remedial actions have not been implemented by Member States or the Member State is not willing to engage with the Commission to fix the problem the Commission may suspend payments. Should the problem not be solved, the suspended amounts would definitively be lost by the Member State (see below for more details on possible corrective actions).

**Chart 5. Case of an action plan agreed by EC and MS and implemented by the MS.**  
**Potential scenarios**



### 2.2.2. Incentive system for environmental and climate performance

At a certain stage of the policy implementation (2026), a performance bonus may be assigned to Member States to reward satisfactory performance in relation to the environmental and climate targets.

The performance bonus will correspond to a specific % of Member States allocations of the EAFRD. Based on the performance review of the year (2026), the performance bonus may be attributed to this Member State if the respective environment and climate targets have been achieved at a level of at least 90% of their target value for the year [2025].

Where the target values are not achieved, the performance bonus shall not be allocated to the respective Member State.

## 2.3. Assurance framework

### 2.3.1. Principles of the new approach to assurance and audit

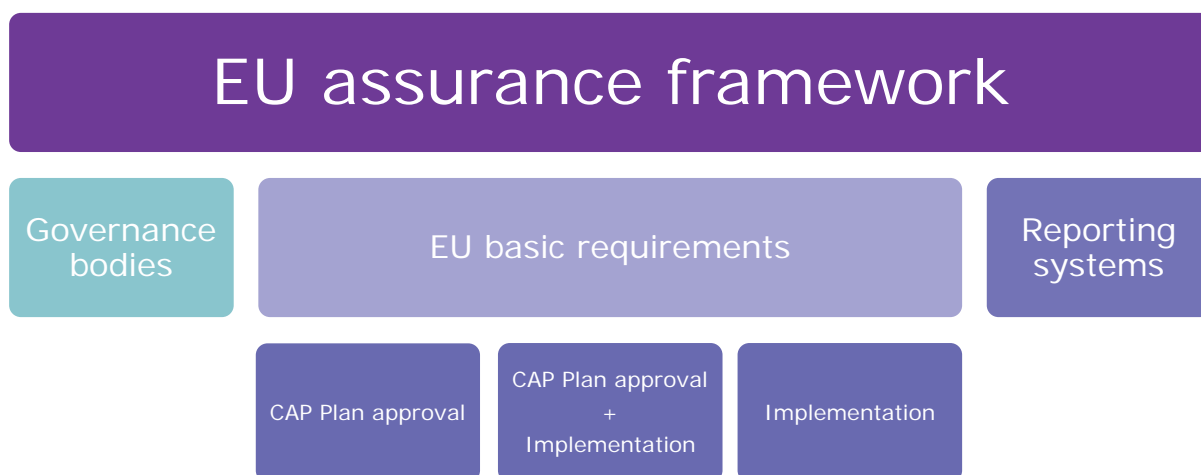
The CAP is implemented in shared management by the EU and the Member States. The existing **CAP governance bodies** set up in the Member States, notably the paying agencies (PA) and certification bodies (CB), have shown their effectiveness in protecting the EU budget and ensuring sound financial management and reasonable assurance.

The new CAP delivery model acknowledges this situation by keeping the CAP governance bodies in place while conferring more flexibility on Member States in deciding and managing the control systems. In this context, EU legislation will provide for a general set of rules addressed to Member States which will have to create the legal arrangements applicable to individual beneficiaries. In line with the budget focused on results approach, CAP strategic plans will be assessed in relation to their expected performance; payments will be granted on the basis of outputs, realised in order to reach

the pre-established result targets. Thus, the CAP will link the eligibility of EU financing to the actual achievements on the ground.

The Commission will ensure that the governance structures set up in the Member States are functioning effectively, will reimburse the payments incurred by the accredited paying agencies and will clear the accounts assessing the achieved outputs reported by the Member States.

*Chart 6. Elements of the new EU assurance framework*



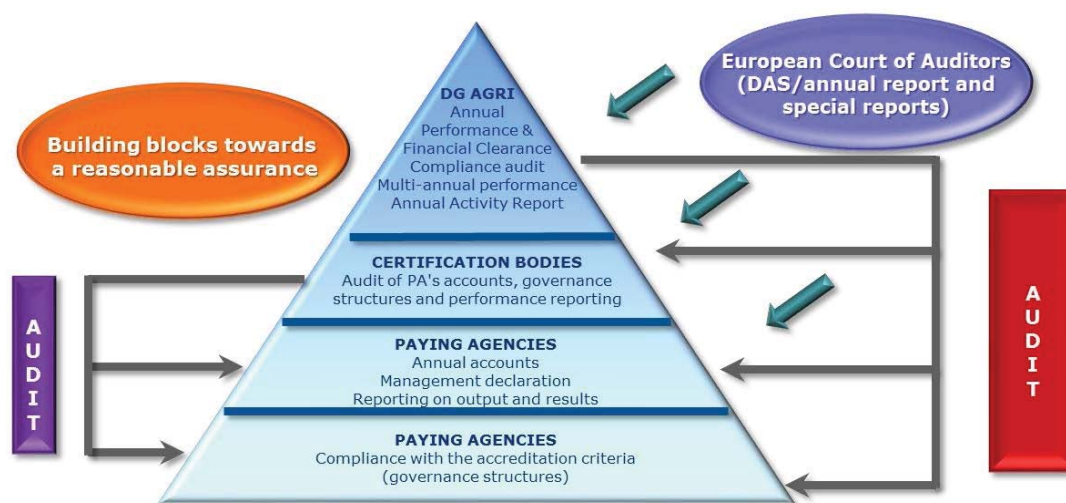
Therefore, the **assurance framework** for the post-2020 CAP would focus on governance structures, which covers the following areas:

- **Governance bodies:** this will cover accredited Paying Agencies and where applicable, Coordinating Bodies, Certification Bodies, Competent Authorities, the Bodies responsible for the CAP plan. No major changes are foreseen in this domain.
- **EU requirements**, as defined in the CAP legislation and further developed in the CAP plan (Integrated Administration and Control System -IACS, conditionality, genuine farmer, WTO requirements, public procurement...etc.). As compared to the current situation, the EU-level rules will be substantially reduced, since the eligibility criteria and all detailed implementing decisions are left to the Member States.
- **Reporting systems**, in particular the reliability of data reported.

The new delivery model will make full use of the **single audit approach** will be fully in place, with regard to both compliance and performance. This means that Certification Bodies (CBs) should provide the necessary assurance that the governance structures are in place, the EU rules have been respected at Member States level and the reporting systems are reliable. The Commission will then assess the work of the CBs. **The focus of Commission audits will shift from checking compliance with rules at the level of beneficiary to assessing the delivery of outputs with the necessary governance structures in place.** Therefore, the audit would take place at system level, following the current experience in auditing the internal control system of the paying agency and the fulfilment of the accreditation criteria. Some procedures and controls which are part of the internal control testing may not be tested on an annual basis (but their testing could be rotated on a 3-year rolling basis).



*Chart 7. Assurance framework: single Audit principle*



In addition to this framework, assurance is also built on the delivery of outputs (performance) which will determine the eligibility of the expenditure, as explained below.

A key novelty of the new system is the two-tier approach concerning the clearance:

- **Annual financial clearance** – would, as the existing system, solely concern the accuracy, veracity and correctness of the accounts in financial terms. No changes are proposed in this respect; some simplification in reporting would come automatically from the new delivery model and the fewer EU requirements.
- **Annual performance clearance** – would relate to the eligibility of expenditure (as newly defined, in relation to the outputs) and would:
  - Review the reporting on the outputs;
  - Check that the certification body's opinion on the reliability of the performance reporting for the annual performance clearance can be accepted; the opinion would cover the outputs obtained on the basis of the fixed output indicators (and not anymore the legality and regularity of expenditure in relation to the eligibility rules set for the beneficiaries, as today);
  - Determine if the outputs have been achieved, according to planned output and related expenditure.

The assurance package, as laid down in the Financial Regulation, will continue to be submitted by the 15 February year n+1 with the same elements as currently, adding the annual performance report. It will hence include:

- Annual accounts;
- Management declaration;
- Annual performance report, including outputs (new);
- CB audit opinions.

Taking this timing into account, the reporting should always refer to the financial year n (16/10/n-1 – 15/10/n) that is subject to the annual performance clearance.

### 2.3.2. *The annual performance report in the context of the annual performance clearance*

The **annual performance report** will not only be used to monitor and assess the progress towards targets at result level, it should also cover the outputs achieved and the expenditure declared for each intervention approved in the CAP strategic plan.

The CAP strategic plan would include the annual planned expenditure for each intervention, identifying the planned annual outputs to be obtained and, where possible, a planned average cost per output, meaning the ratio between planned expenditure and planned outputs.

For instance:

<b>CAP strategic plan</b>			
<b>Intervention</b>	<b>Output year n</b>	<b>Expenditure year n</b>	<b>Average cost per output</b>
Scheme for preserving biodiversity	5 000 ha	2 000 000€	400€

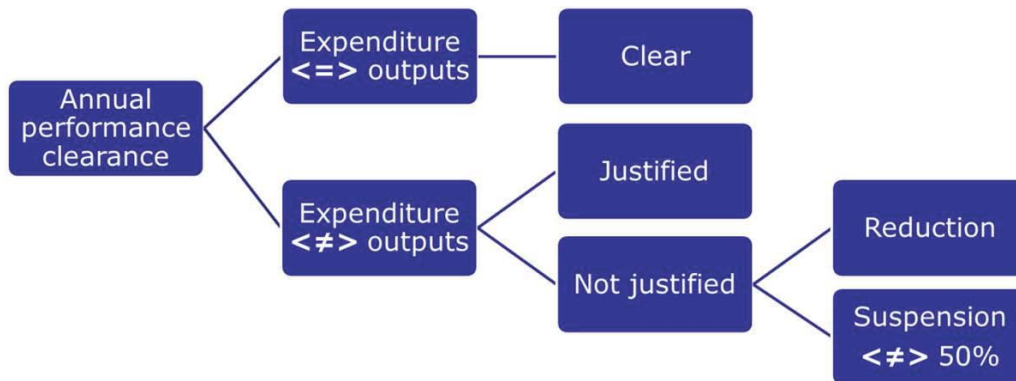
<b>Annual performance report</b>			
<b>Intervention</b>	<b>Output (achieved) year n</b>	<b>Expenditure (paid) year n</b>	<b>Average cost per output (actual)</b>
Scheme for preserving biodiversity	4 000 ha	1 600 000€	400€

In order to tackle situations where the planned outputs are not obtained with the expenditure declared and MS cannot provide a duly justified reason for this deviation (using a contradictory procedure, if requested), the Commission should have appropriate mechanisms to protect EU financial interests. In the framework of this annual performance clearance, for such a situation, a mechanism of **reduction in payments** should be put in place. If the expenditure declared corresponds to the output achieved, the expenditure is cleared without reduction.

Moreover, where the Commission establishes that the difference between the expenditure declared and the relevant output indicators reported is more than 50% and the Member State cannot provide a duly justified reason, the Commission may suspend payment for that given intervention(s).

As explained above, the annual performance clearance will assess the expenditure paid and the outputs achieved by the Member State and therefore, **payments to individual beneficiaries are not affected by this procedure. Similarly, reaching or not the result targets agreed will have no impact on the individual payments to beneficiaries.**

*Chart 8. Annual performance clearance*

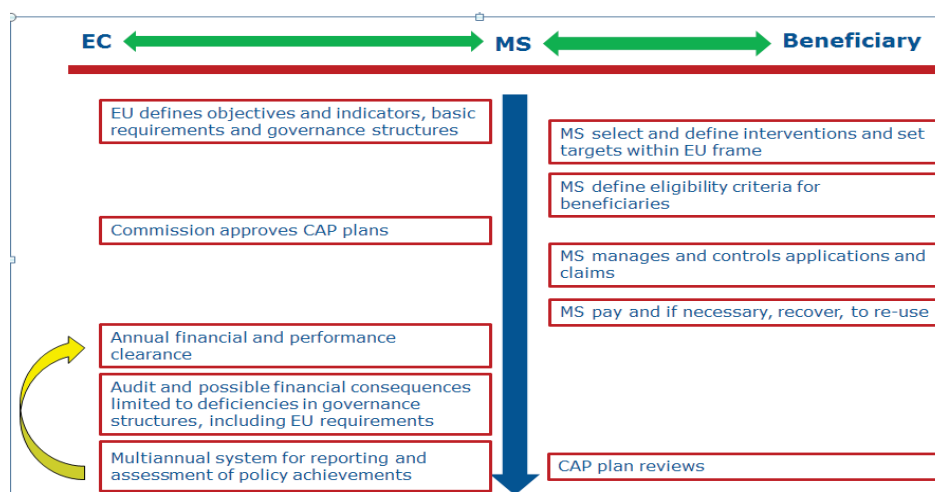


*2.3.3. Possible corrective mechanisms for cases of serious non-compliance with governance structures, including EU basic requirements*

The Commission needs to have adequate corrective mechanisms that can be triggered when deficiencies in the governance structures are found. The gravity of the deficiency and the expenditure affected would normally define the type of corrective mechanism to be applied. There are 3 types of corrective mechanisms:

- **Action Plans:** An action plan is a corrective tool by which the Member State and the Commission agree to remedy a specific deficiency in the governance structures. The action plans normally have an effect in correcting the situation in the planned expenditure but not the previously incurred one.
- **Suspension of payments:** The suspension mechanism should be triggered to protect the EU budget in cases of deficiencies identified in the governance structures or reliability of reporting.
- **Financial correction (only for serious deficiencies):** The financial correction after a conformity procedure recovers the expenditure incurred and paid to the Member State which is considered to be non-eligible or not in compliance with the applicable law,

*Chart 9. Managing the new CAP in practice*



### 3. THE NEW DELIVERY MODEL ILLUSTRATED: EXAMPLES

This section aims to illustrate with practical examples what the consequences of the application of the new governance model/management system would be.

It is important to underline that this change will imply an important shift in the way the CAP is managed. From a highly prescriptive policy, with extensive basic regulations, delegated and implementing acts and guidance documents, it will become a performance-oriented policy focussing on results rather than EU controls of the compliance with detailed eligibility rules.

Three examples are presented to cover environmental and socio-economic objectives. The examples encompass interventions under both pillars and put the focus on the differences between the current framework and the new proposed approach.

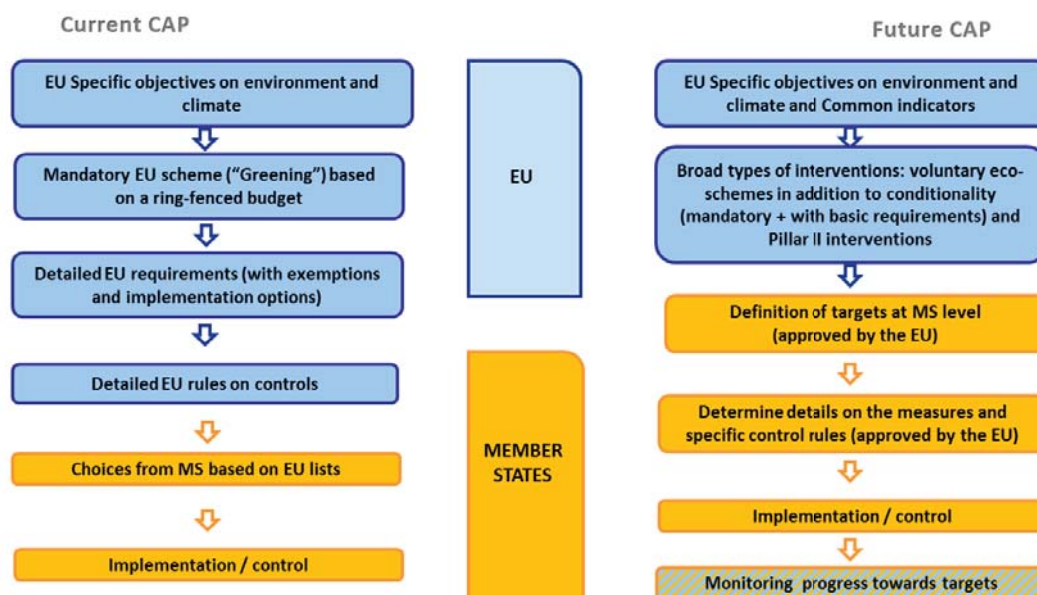
#### 3.1. Example 1: Rewarding practices beneficial for the environment and the climate under pillar I (Greening/eco-schemes)

Today, the CAP, in particular its first pillar, is made of a **long list of very detailed rules defined at EU level** which apply **in a uniform way** throughout the EU. This approach may not always take into account the very diverse agricultural, climatic, environmental and socio-economic conditions around the EU and has led to a considerable degree of complexity (driven by the paradoxical combination of an increasing volume of implementing rules, guidance documents and legal interpretations needed to meet requests for legal certainty and the number of exemptions needed to address this diversity).

Since 2015, 30% of the direct payments are associated with the mandatory implementation of a set of practices beneficial to the environment and the climate ("greening"). These practices are governed by a set of very detailed and prescriptive EU rules, which do not only indicate the number and types of practice, but also regulate aspects directly linked to the farm/beneficiary level. Such aspects include, for example:

- The requirement to dedicate a set percentage of arable land per farm to areas beneficial to biodiversity (ecological focus areas – EFAs)
- A list of 13 types of features or areas that can be qualified as EFA for which the eligibility conditions are detailed (e.g. maximum size of gaps in hedgerows, maximum width of the space between two adjacent features) accompanied with a set of weighting and conversion factors to acknowledge their differences in terms of importance for biodiversity and standardise their measurement;
- Four types of exemption according to the size of the farm, the presence of grassland and the ratio of forest to agricultural land;
- Two alternative options framed by several conditions relating to collective or regional implementation of this requirement;
- Creation of an additional layer in the Land Parcel Identification System (LPIS) established by all Member States for control purposes (so-called “EFA layer”).

*Chart 10. Greening versus eco-scheme under the new delivery model*



For the CAP under the new MFF, it is proposed that the new delivery model of the CAP introduces a new division of responsibilities for defining and implementing the rules between the EU and the national (regional) level. In practical terms, this would mean the following:

- **The EU will set the framework needed to ensure common achievements and veil over it:** It will:
  1. define common objectives (general and specific ones) on environment and climate (e.g. under the general objective of bolstering environmental care and climate action and contributing to the achievement of EU environmental and climate objectives, to preserve nature and landscapes) as well as the relevant key result indicators for monitoring progress towards targets
  2. define types of interventions, such as **new voluntary schemes for the climate and the environment**, also called “eco-schemes”, which are specific funding streams in Pillar I to meet environmental and climate objectives without any pre-established requirements (in addition to conditionality rules and Pillar II interventions beneficial to the climate and the environment);
  3. set general rules for assessing performance based on impact indicators (e.g. Farmland Birds Index and share of agricultural land covered with landscape features)
- **Member States will further break down the common framework and ensure implementation:** They will:
  1. assess their needs against the common environmental and climate objectives based on a SWOT and an ex-ante evaluation including the SEA;
  2. fix the details of the types of interventions and the basic requirements (e.g. eligibility criteria, support rate) and **devise a suitable mix of mandatory and voluntary measures for farmers in a way so as to contribute to the**

**environmental and climate objectives** (e.g. allocate X% of the Pillar I envelope to a voluntary eco-scheme aiming at rewarding a high density of landscape features on farms or specific management practices for landscape features beneficial to biodiversity but also develop a wider range of supporting tools and schemes under EAFRD such as knowledge and innovation, investments and management commitments);

3. set targets for result indicators to assess performance against the objectives (e.g. Y% of agricultural land managed for supporting biodiversity conservation and restoration, including landscape features supported by the voluntary eco-scheme above-mentioned).

### **3.2. Example 2: Supporting fairly farmers' income through decoupled direct payments under pillar I**

In addition to enhancing the sustainable management of natural resources (through the greening payment, see section 3.1), the current structure of direct payments contributes to achieving the two other main objectives of the 2013 CAP reform, namely ensuring viable food production and encouraging territorial balance. It also aims to improve the distribution of the income support, e.g. to the benefit of smaller farms. Therefore, the Regulation currently provides as **decoupled area-based payments**, in particular:

- A basic payment for farmers (BPS/SAPS<sup>18</sup>);
- A voluntary redistributive payment (RP) that MSs can use to grant farmers an extra payment for the first hectares, thus increasing the income support of smaller farms;
- A voluntary simplified scheme for small farmers (SFS);

Besides the distinction of these various support schemes, which allows Member States to intervene on the distribution of direct payments, **the set-up of the BPS by use of certain options plays an important role to target decoupled direct payments:**

- internal convergence (i.e. degree of homogenisation of the value of entitlements);
- regionalisation, allowing Member States to define regions in accordance with "objective and non-discriminatory criteria" and to allocate differentiated budgetary envelopes which could be used in a way to differentiate these levels of payments according to support needs;
- limitation in the number of payment entitlements and reduction coefficients applied to the least productive areas.

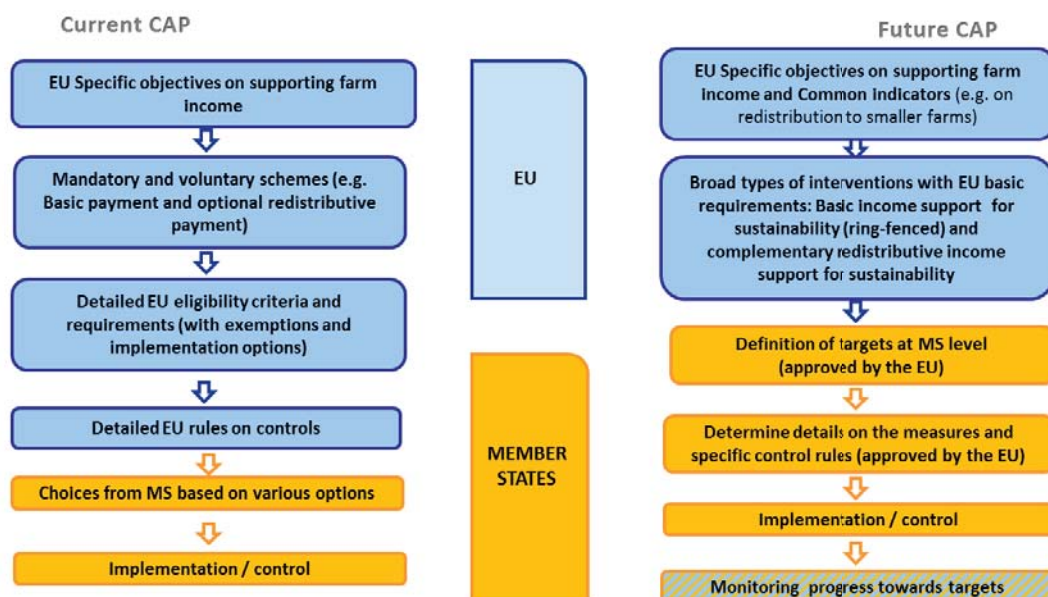
Finally, the current EU legislation provides for an obligation to reduce basic payments (BPS/SAPS) received by the largest beneficiaries if a Member State decides not to implement the redistributive payment scheme. Thus, at least 5% of the amount exceeding EUR 150 000 of basic payments received by beneficiaries must be withdrawn. Steeper reductions and capping can be implemented, but they are not compulsory.

<sup>18</sup>

This refers to the Basic Payment Scheme based on payment entitlements and the Single Area Payment Scheme without entitlements dedicated to some EU-13 Member States.



**Chart 11. Decoupled payments under the new delivery model**



Under the proposal for the CAP Post 2020, the new delivery model will establish the following division of responsibilities for defining and implementing the rules on decoupled direct payments between EU and Member States levels:

- **The EU will set the framework needed to ensure common achievements** e.g. on redistribution of decoupled payments towards smaller farms. It will:
  1. define specific objectives to the CAP objective of fostering a smart and resilient agricultural sector (e.g. support viable farm income and resilience across the EU territory to enhance food security)
  2. define various types of interventions belonging to decoupled direct payments to meet the income support objectives, such as:
    - the Basic Income Support for Sustainability (to which a minimum share of the direct payments envelope should be allocated);
    - the mandatory Complementary Redistributive Income Support for Sustainability;

set the EU basic requirements in the form of a framework in which the Member States have to establish the eligibility conditions for receiving the decoupled direct payments (e.g. definitions a genuine farmer who could benefit from direct payments or eligible agricultural land, etc.);

established a mandatory reduction (degressivity) and capping on all direct payments, including decoupled direct payments.
  3. set general rules for performance assessment based on impact indicators (e.g. agriculture income compared to general economy, evolution of agricultural income)

- **Member States will further break down the common framework and ensure implementation:** They will:
  1. assess their needs against the income support objectives, in particular;
  2. fix the details of the types of interventions and the basic requirements (e.g. eligibility criteria, support rate) and **devise a suitable mix of interventions** (basic income support and complementary redistributive income support or replace them by a lump-sum for small farms) **in a way so as to contribute to the income support objectives** (e.g. allocate X% of the Pillar I envelope to a redistributive income support aiming at increasing the income support towards smaller farms);
  3. set targets for result indicators to assess performance against the objectives, thus making explicit the degree of improvement expected from the targeting of decoupled direct payments towards smaller farms (e.g. X% of additional support per hectare for eligible farms below average size farm compared to average support per hectare).

### 3.3. Example 3: Supporting investments under pillar II

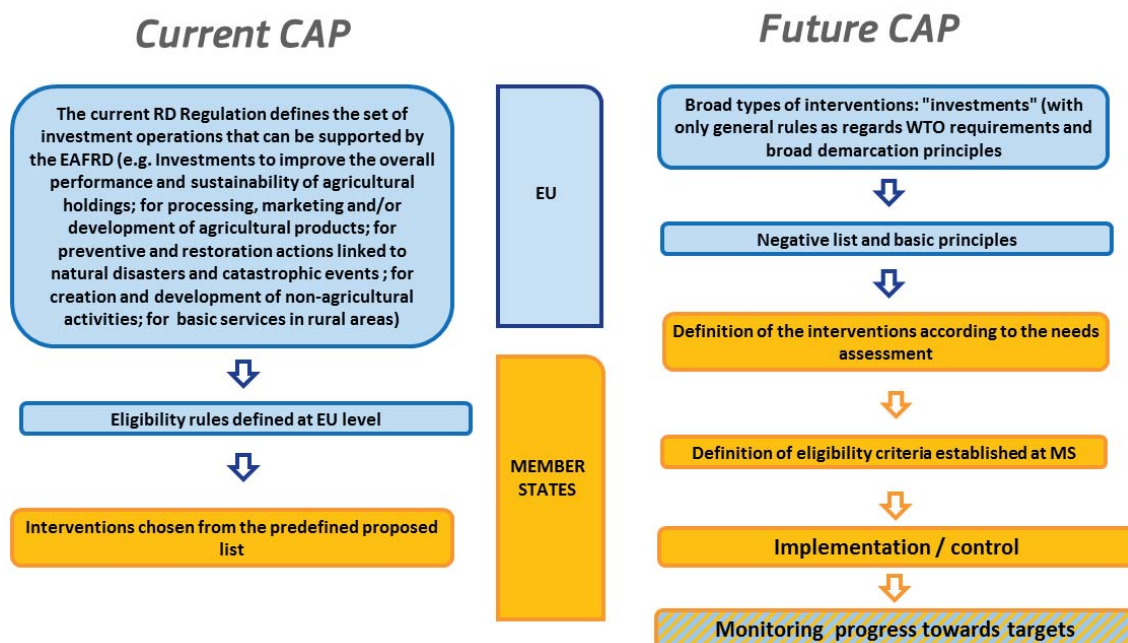
The current Rural Development Regulation defines 68 measures and sub-measures that can be supported, as well as related eligibility criteria. The degree of detail in those prescriptions can be illustrated in relation to **investment support**, which includes:

- Investments to improve the overall performance and sustainability of agricultural holdings, including precision farming;
- Investments for processing, marketing and/or development of agricultural products;
- Investment in infrastructure related to the development, modernisation or adaptation of agriculture and forestry;
- Non-productive investments linked to environment-climate objectives;
- Investments in preventive and restoration actions linked to natural disasters and catastrophic events;
- Investment in the creation and development of non-agricultural activities;
- Investments in the creation, improvement or expansion of all types of small scale infrastructure, including investments in renewable energy and energy saving;
- Broadband infrastructure, including its creation, improvement and expansion, passive broadband infrastructure and provision of access to broadband and public e-government;
- Investments in the setting-up, improvement or expansion of local basic services for the rural population including leisure and culture, and the related infrastructure;

- Investments for public use in recreational infrastructure, tourist information and small scale tourism infrastructure;
- Investments targeting the relocation of activities and conversion of buildings or other facilities located inside or close to rural settlements, with a view to improving the quality of life or increasing the environmental performance of the settlement;
- Afforestation/creation of woodland;
- Establishment and maintenance of agro- forestry systems;
- Restoration of damage to forests from forest fires and natural disasters and catastrophic events;
- Investments improving the resilience and environmental value of forest ecosystems;
- Investments in forestry technologies and in processing, mobilising and marketing of forest products.

Each of those forms of support corresponds to a given measure (or sub-measure), each of them subject to a number of specific or general eligibility conditions. Different aid intensities for the different types of investments and types of beneficiaries or projects are listed in an Annex to the RD Regulation. Some of the rules for investment support through rural development are currently given in the Common Provisions Regulation (use of financial instruments, simplified cost options, some eligibility conditions).

*Chart 12. Supporting investments under the new delivery model*



Under the new delivery model,

- **The EU will set the basic rules needed to ensure common achievements**

It is proposed to define in the CAP Regulation a unique broad type of interventions (“Investments”) encompassing (without explicitly listing) at least the currently available forms of support and not matched by detailed eligibility conditions.

The basic act will also include a negative list of investment fields and specific conditions to ensure the sustainability of investments (e.g. in relation to irrigation, environmental ex-ante assessment, etc.) This to ensure the coherence and consistency of CAP plans with EU objectives. A ceiling for the maximum support rates will be established to safeguard a level-playing field between farmers in different Member States but also to ensure effective and efficient use of CAP funds and good project management.

The general principles for providing support will be defined at EU level (e.g., respect of state aid, support of working capital),

- **Member States will develop the specific interventions and allocate budgetary resources:**

Member States will have ample discretion to define specific conditions and target the use of the investment support to specific needs. The definition of specific intervention, together with eligibility criteria for investment operations (such as definition of eligible expenditure, payment of advances, working capital linked to investments, durability of operations, etc.), will be left to Member States/regions and therefore not included in EU legislation.

Furthermore, it will be up to the Member States to decide the allocation of budgetary resources to the specific interventions, in line with their needs assessment, and in view of maximising its contribution to the CAP specific objectives.

#### **4. OPPORTUNITIES AND CHALLENGES/RISKS**

##### **4.1. Opportunities**

The setting up of a new delivery model for the two pillars of the CAP based on the principles of strategic programming, assessments of the needs and result-orientation, has the potential to result in higher effectiveness and efficiency in the policy design if Member States make full use of the new possibilities offered. The new model will shift all actors' attention away from how the CAP is managed to what it should and actually has achieved.

The new model will improve the **complementarity and synergies** among all the interventions of the two pillars of the CAP: the unified strategic policy design, with a single set of objectives covering both pillars, will force Member States to carry out the assessment of the needs and the design of the intervention logic in a holistic way, thus avoiding the inconsistencies and overlaps of the current policy which leads to inefficient use of funds. The opportunities in this domain are particularly relevant in:

- the challenge to achieve balance between the economic, social and environmental objectives;

- the areas where different tools across the pillars currently address the same objective (environmental actions, young farmers, areas under natural constraints);
- tools with potential off-setting effects, especially with respect to environmental and climate effects.

Opportunities are also identified concerning the **better targeting of the tools to the needs** of local realities: the shift from a "one-size-fits-all" approach in the design of most of the tools of the CAP can be used by Member States to develop interventions that can contribute to the defined EU objectives in a much more efficient way than in the current model. This flexibility in the design of interventions within EU broad interventions provides an opportunity for Member States to take into account national and regional policies and thus enhance the effectiveness of CAP interventions.

The new delivery model also presents opportunities concerning the **reduction of administrative burden**: number and depth of EU rules are substantially reduced, incentivising Member States to establish simpler rules and apply them in a more pragmatic way than today. This is likely to pave the way to achieving a much higher degree of simplification of the CAP than this was possible in the last 15 years under the current system.

As explained in *Annex 7*, while the streamlining of the CAP and the shift towards performance provide for a significant potential for administrative burden reduction, the tools which Member States will take up in their national strategies as well as national requirements and criteria will be key. Despite the risk that Member States continue focusing on compliance by setting complex, additional and unnecessary national requirements, a considerable reduction in the number and depth of EU requirements will limit the fear of non-compliance with them by Member States, reducing therefore the incentives for gold-plating and for establishing additional national requirements. The new delivery model will also open a new chapter of transparency – beneficiaries will have clarity about where cumbersome rules stem from and whom to address to improve the situation. Likewise, the uptake of new technologies by Member States, such as digitisation and use of satellites, will have an important impact on administrative burden<sup>19</sup>.

As compared to the current situation (in which decisions taken by the Member States regarding implementation of direct support are not subject to approval by the European Commission), the new model reinforces the **supervisory role** of the European Commission in the **policy design and implementation** by Member States. With the approval process of the CAP Strategic Plans, the European Commission will play an important role in steering Member State decisions towards maximization of the EU objectives. This role of the Commission is particularly relevant in domains like coupled support or the environmental architecture, where the decisions adopted by the Member States could have important impacts on the **level playing field**. The supervisory role of the European Commission also provides important benefits concerning the **early identification** of potential implementation problems.

<sup>19</sup>

For a detailed analysis on the impact of the new delivery model on the reduction of administrative burden, see Annex 7 "Simplification of the CAP".



The Commission would also play an increasingly important role in **providing assistance and facilitating exchange** on best practices and mutual learning amongst Member States.

The shift towards a performance-based model has huge potential in terms of **promoting more integrated approaches** as well as more innovative ways of rewarding farmers for public goods. It has proven cumbersome and administratively burdensome to mainstream successful environmental pilot projects (for example collective approaches or result based schemes under LIFE) because of the predefined rules at EU level. The new delivery model will make it fully possible for MS to embrace these new approaches.

A similar conclusion applies to **innovation support**. In the current period, inflexible rules have made it impossible to give high support rates to high risk-low return projects developed under the EIP-AGRI. In a similar way, the pre-established rules on advance payments and durability of operations have hampered the effectiveness of the EIP-AGRI in terms of getting innovation projects off the ground.

Finally, the new delivery model is an opportunity to substantially enlarge the **role of evidence** in the policy design of the CAP, since both the analysis presented by the Member States (in the CAP Plans) and the Commission assessment will need to be based on the latest available evidence. In that context, monitoring of indicators will play a central role: An adequately planned assessment of data needs can allow data collection at time of applications, so limiting additional reporting effort from beneficiaries at a later stage. Other opportunities include linkage with other existing data sources and automatic generation of data for reporting.

This is also the case for the **monitoring of indicators**. An adequately planned assessment of data needs can allow data collection at time of applications, so limiting additional reporting effort from beneficiaries at a later stage.

#### **4.2. Challenges and risks**

While the new delivery model sets a flexible framework allowing tailored interventions which could result in higher effectiveness and efficiency, the main challenge lies in how Member States will grasp the opportunities. These risks have been raised in the public debate following the Communication "The Future of Food and Farming", and are being discussed below.

As already mentioned, **planning** is designed to be as simple as possible in terms of content and format. Nevertheless, significant analysis is required for the design and justification of an appropriate strategy. A similar assessment is already required for drafting of current rural development programmes, though the approach is new for interventions under pillar I. Member States may therefore need to extend or develop the appropriate capacity. Thus, the novelty of the plan can lead to delays in their finalisation and approval, which would result in delays in payments to beneficiaries and it is therefore essential that the Commission develops support capacity to help such MS.

The analysis of challenges under the current CAP identified key issues under all three main challenges, i.e. economic, environmental and socio-economic. The SWOT analysis required under the new CAP plan should cover all three dimensions. However, the **tensions** between these, as highlighted in the assessment of impacts of the options, translate in a clear risk that strategies may excessively favour one of these. This could lead to undesired imbalances and underachievement of some of the CAP objectives. For



example, the tension between environmental ambition and economic strength of the sector can result in insufficient environmental requirements set on farmers. It is hence essential that CAP plans propose a balanced national strategy between objectives.

Similarly, an adequate **targeting** of beneficiaries in terms of farm size, sectors and areas is needed. Here again, imbalances can be created and some beneficiaries can be significantly harmed. For example, setting too high requirements to identify genuine farmers can exclude too many beneficiaries from payments. The combination of interventions should also be well designed to avoid offsetting effects and the CAP plans should contain sufficient information to detect such unintended consequences.

Furthermore, while the shift towards performance and fewer EU requirements offers a real opportunity to lower the burden associated with the control of compliance, **it is uncertain how the new approach will be put in place at national level**, including of the eligibility criteria for beneficiaries, evidence to be submitted and national controls of compliance with nationally established rules.

This includes a risk with respect to the **level playing field**, in both directions: some MS might have lower eligibility requirements, others might add layers. Although the lower EU requirements reduces incentives for gold-plating, a risk remains that uneven national requirements are put in place, leading to unnecessary administrative burden for administrations, for checking these requirements, and beneficiaries, for complying with the requirements. There is also still scope for more cooperation between national administration and better use of information which has already been submitted by beneficiaries elsewhere.

Finally, while CAP plans also require an approach towards modernisation, there is a risk of insufficient means allocated towards **innovation**. Indeed, modernisation could require significant investment costs. On the other side, the significant opportunities for higher effectiveness and fewer administrative burdens over time would not be reached without this investment.

## 5. MITIGATING MEASURES/SAFEGUARDS

In order to be effective and efficient, the new delivery model should include a number of **safeguards and mitigating measures** at different stages of the process to prevent and early on detect risks and issues.

The framework which will be set up by EU legislation needs to be sound. While a zero risk scenario cannot be ensured, legislation will nevertheless include a number of **safeguards** to anticipate possible risks. This includes the common EU objectives, the basic EU requirements, the degressivity and capping of all direct payments, the requirements for conditionality, some degree of budget earmarking and the no back-sliding rule on certain policy objectives. These basic principles are meant to give a common direction to the CAP and can help preventing imbalances in national strategies.

Furthermore, the **requirements of CAP Strategic Plan** content will further mitigate risks: A sound assessment is required to justify the national strategy and choice of interventions; the mandatory consultation of partners will act as a supplementary safeguard for an appropriate strategy targeting national needs. The request to also cover administrative burden in the assessment is expected to have a positive role on the effectiveness and the proportionality of the interventions. It is important to remind in the

basic act that the **general principles of Union Law** apply (objective and non-discriminatory criteria, compatibility with internal market, no distortion of competition). The same applies for the protection of EU financial interests.

The approach for modernisation and the condition put on Agricultural Knowledge and Innovation Systems (AKIS) can act as an incentive to consider sufficient means towards knowledge and innovation in the national strategy.

Member States will be **supported by the European Commission** in the preparation of CAP plans. A continuous support throughout this process can help for a better understanding of EU requirements in terms of planning and so avoiding delays at time of approval. Based on objective criteria to ensure an equal treatment of each plan, the **approval process itself is an essential safeguard**, as it consists in a thorough assessment on the completeness, consistency and coherence and effective contribution to the CAP objectives of the national strategy.

It is at this stage that possible issues can be first detected, such as imbalances, incoherencies, lack of ambition and gold plating. Furthermore, **technical assistance** will need to play a more important role: in that context, the scope of the current European Network for Rural Development (ENRD) will be extended to the first pillar, in order to cover the whole CAP Plan thus promoting best practices and networking across all the whole policy.

**Annual performance reporting** constitutes a further basis for detecting upcoming risks. Issues with data quality or first signs of underperformance can be detected during the review process. Identified problems in the progress towards targets can result in changes in the CAP Strategic Plan and, if persist, in corrective actions. At this stage, Member States should draw up an action plan for remedial actions, informing on their strategy to correct the course. The review will be supplemented by bilateral annual review meetings and by monitoring committee meetings, also involving stakeholders. A framework is foreseen to protect the EU budget in case of gross negligence by Member States.

**EU audits** will cover and be able to detect issues of non-compliance with basic EU requirements, including governance structures. For unresolved or more serious cases of deficiencies, the European Commission will be able to take further corrective actions during the performance and assurance stage. These include suspension of payments and financial correction. On the contrary, good performance on environmental objectives is incentivised through bonuses.

Last but not least, appropriate **evaluation requirements** have to be designed to allow a timing assessment of the performance of the policy as well as take on board lessons for the next programming period. In that context, Member States will be responsible for evaluating the CAP Strategic Plans and the Commission will be bound to present a mid-term assessment of the policy performance. Based on the evidence provided by the evaluations of the CAP, including the evaluations on CAP Strategic Plans, the Commission will present a report on the first results on the performance of the CAP before the end of 2025.

*Chart 13. Stages for addressing risks*



*Chart 14. Mitigating measures and safeguards across the policy cycle*

