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From: Presidency
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Subject: Proposal 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
- Revised Presidency drafting suggestions

Delegations will find attached a revised version of doc. 10103/19 containing updated Presidency drafting suggestions on the abovementioned proposal. Doc. 10103/19 was referred to in the progress report presented to the "Agriculture and Fisheries" Council on 18 June 2019.

PRESIDENCY DRAFTING SUGGESTIONS FOR THE

Proposal 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

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 42 and Article 43(2) thereof,

Having regard to the 1979 Act of Accession, and in particular paragraph 6 of Protocol No 4 on cotton attached thereto,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee¹,

¹ OJ C , , p. .

Having regard to the opinion of the Committee of the Regions²,

Having regard to the opinion of the Court of Auditors,

Acting in accordance with the ordinary legislative procedure,

Whereas:

[Recitals will be examined at a later stage]

HAVE ADOPTED THIS REGULATION:

² OJ C , , p. .

TITLE I

SUBJECT MATTER AND SCOPE, APPLICABLE PROVISIONS AND DEFINITIONS

Article 1

Subject matter and scope

1. This Regulation lays down rules on:
 - (a) general and specific objectives to be pursued through Union support financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) under the Common Agricultural Policy (CAP) as well as the related indicators;
 - (b) types of interventions and common requirements for Member States to pursue these objectives as well as the related financial arrangements;
 - (c) CAP Strategic Plans to be drawn up by Member States, setting targets, ~~defining~~ **specifying conditions for** interventions and allocating financial resources, in line with the specific objectives and identified needs;
 - (d) coordination and governance as well as monitoring, reporting and evaluation.
2. This Regulation applies to Union support financed by the EAGF and the EAFRD for interventions specified in a CAP Strategic Plan drawn up by the Member States and approved by the Commission, covering the period from 1 January ~~{2021}~~ to 31 December 2027 (**'the period {2021}-2027'**).

Article 2
Applicable provisions

1. Regulation (EU) [HzR] of the European Parliament and of the Council³ and the provisions adopted pursuant to that Regulation shall apply to support provided under this Regulation.
2. Chapter III of Title II, Chapter II of Title III and Articles 41 and 43 of Regulation (EU) [CPR] of the European Parliament and of the Council⁴ shall apply to support financed by the EAFRD under this Regulation.

Article 3
Definitions

For the purposes of ~~granting Union support under~~ this Regulation, the following definitions shall apply:

- (a) 'farmer' means a natural or legal person, or a group of natural or legal persons, regardless of the legal status granted to such group and its members by national law, whose holding is situated within the territorial scope of the Treaties, as defined in Article 52 of the Treaty on European Union (TEU) in conjunction with Articles 349 and 355 of the Treaty on the Functioning of the European Union (TFEU), and who exercises an agricultural activity as defined by Member States;
- (b) 'holding' means all the units used for agricultural activities and managed by a farmer situated within the territory of the same Member State;

³ Regulation (EU) [.../...] of the European Parliament and of the Council of [date] [full title] (OJ L).

⁴ Regulation (EU) [.../...] of the European Parliament and of the Council of [date] [full title] (OJ L).

- (c) 'intervention' means a support instrument with a set of eligibility conditions as specified by the Member States in the CAP Strategic Plans based on a type of intervention as provided for in this Regulation;
- (d) 'support rate' means the rate of public contribution to an operation. In the case of financial instruments it refers to the gross grant equivalent of the support as defined in Article 2(20) of Commission Regulation (EU) No 702/2014⁵;
- (da) 'public expenditure' means any contribution to the financing of operations the source of which is the budget of national, regional or local public authorities, the budget of the Union made available to the EAGF and the EAFRD, the budget of public law bodies or the budget of associations of public authorities or of public law bodies;**
- (e) 'mutual fund' means a scheme accredited by the Member State in accordance with its national law for affiliated farmers to insure themselves, whereby compensation payments are made to affiliated farmers who experience economic losses, **in terms of volume or value, or incur costs associated with the implementation of measures to control animal diseases or organisms harmful to plants**.
- (f) 'operation' means:
- (i) a project, contract, action or group of projects selected under the ~~programs~~ **CAP Strategic Plan** concerned;
 - (ii) in the context of financial instruments, a ~~program~~ **CAP Strategic Plan** contribution to a financial instrument and the subsequent financial support provided to final recipients by that financial instrument;

⁵ Commission Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (OJ, L 193/1, 1.7.2014, p. 1).

- (g) 'intermediate body' means any public or private law body, **including regional or local bodies, regional development bodies or non-governmental organisations**, which acts under the responsibility of a Managing Authority **or managing authority at regional level referred to in the second subparagraph of Article 110(1)**, or which carries out duties on behalf of such an authority;
- (h) In the case of types of intervention for rural development **referred to in Article 64**, 'beneficiary' means:
- (i) a public or private law body, an entity with or without legal personality, ~~or~~ a natural person **or a group of natural or legal persons**, responsible for initiating or both initiating and implementing operations;
 - (ii) in the context of State aid schemes, the body **undertaking** which receives the aid;
 - (iii) in the context of financial instruments, the body that implements the holding fund or, where there is no holding fund structure, the body that implements the specific fund or, where the Managing Authority manages the financial instrument, the Managing Authority;
- (i) 'targets' means pre-agreed values to be achieved at the end of the period in relation to the result indicators included under a specific objective;
- (j) 'milestones' means intermediate ~~targets~~ **pre-agreed values for specific financial years** to be achieved at a given point in time during the CAP Strategic Plan period in relation to the **result** indicators included under a specific objective;
- (k) 'Agricultural Knowledge and Innovation System' or 'AKIS' means the combined organisation and knowledge flows between persons, organisations and institutions who use and produce knowledge for agriculture and interrelated fields.**

Article 4

Definitions **and related conditions** to be formulated in the CAP Strategic Plans

1. Member States shall provide in their CAP Strategic Plan **at least** the definitions of **and conditions for** agricultural activity, agricultural area, eligible hectare, ~~genuine farmer~~ and young farmer **on the following basis**:
 - (a) 'agricultural activity' shall be ~~defined~~ **determined** in a way that it includes both the production of agricultural products, **with the exception of fishery products**, listed in Annex I to the TFEU ~~including~~ **as well as** cotton and short rotation coppice, and maintenance of the agricultural area in a state which makes it suitable for grazing or cultivation, without preparatory action going beyond usual agricultural methods and machineries;
 - (b) 'agricultural area' shall be ~~defined~~ **determined** in a way that it is composed of arable land, permanent crops and permanent grassland. The terms 'arable land', 'permanent crops' and 'permanent grassland' shall be further specified by Member States within the following framework:
 - (i) 'arable land' shall be land cultivated for crop production or areas available for crop production but lying fallow, and include areas set aside in accordance with Articles 22, 23 and 24 of Council Regulation (EC) No 1257/1999⁶, with Article 39 of Council Regulation (EC) No 1698/2005⁷, with Article 28 of Regulation (EU) No 1305/2013 or with Article 65 of this Regulation;

⁶ Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations (OJ L 160, 26.6.1999, p. 80).

⁷ Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (OJ L 277, 21.10.2005, p. 1).

- (ii) 'permanent crops' shall be non-rotational crops other than permanent grassland and permanent pasture that occupy the land for five years or more, which yield repeated harvests, including nurseries and short rotation coppice;
- (iii) 'permanent grassland and permanent pasture' (together referred to as 'permanent grassland') shall be land **used to grow grasses or other herbaceous forage naturally (self-seeded) or through cultivation (sown) and that has not been included in the crop rotation of the holding for five years or more, as well as, where Member States so decide, that has not been tilled and/or ploughed up for five years or more; it may include other species such as shrubs and/or trees which can be grazed and, where Member States so decide, other species such as shrubs and/or trees which produce animal feed, provided that the used to grow grasses or and other herbaceous forage naturally (self-seeded) or through cultivation (sown) remain predominant.** It may include other species such as shrubs and/or trees which can be grazed or produce animal feed **Member States may also decide to consider as permanent grassland:**
- **land which can be grazed and which forms part of established local practices where grasses and other herbaceous forage are traditionally not predominant in grazing areas; and/or**
 - **land which can be grazed where grasses and other herbaceous forage are not predominant or are absent in grazing areas ;**
- (c) for the purpose of types of interventions in the form of direct payments, 'eligible hectare' shall be defined in a way that it includes ~~any agricultural area of the holding:~~

- (i) **any agricultural area of the holding** that, during the year for which support is requested, is used for an agricultural activity or, where the area is also used for non-agricultural activities, is predominantly used for agricultural activities, and which is at the farmer's disposal. **They shall include any landscape feature subject to the retention obligation under GAEC 9 referred to in Annex III.** Where duly justified for environmental reasons, eligible hectares may also include certain areas used for agricultural activities only every second year.

Eligible hectares may also contain landscape features not exceeding a maximum size to be determined by the Member States, or trees, provided they do not hamper the performance of the agricultural activity. As regards permanent grassland with scattered ineligible features, such as landscape features or trees, Member States may decide to apply fixed reduction coefficients to determine the area considered eligible, as referred to in Article 66(2)(b) of [HzR].

- (ii) **any area of the holding** that gave a right to payments under Subsection 2 of Section 2 of Chapter II of Title III of this Regulation or under the basic payment scheme or the single area payment scheme laid down in Title III of Regulation (EU) No 1307/2013, and which:
- ~~no longer complies~~ **does not comply** with the definition of 'eligible hectare' set-out in point (a) of Regulation (EU) No 1307/2013 **as defined by Member States on the basis of sub-point (i) of this point** as a result of the implementation of Directives 92/43/EEC and 2009/147/EC or Directive 2000/60/EC;

- for the duration of the relevant commitment by the individual farmer, is afforested pursuant to Article 31 of Regulation (EC) No 1257/1999 or to Article 43 of Regulation (EC) No 1698/2005 or to Article 22 of Regulation (EU) No 1305/2013 **or Articles 65 and 68 of this Regulation**, or under a national scheme the conditions of which comply with Article 43(1), (2) and (3) of Regulation (EC) No 1698/2005 or Article 22 of Regulation (EU) No 1305/2013 or Articles 65 and ~~67~~ **68** of this Regulation;
- for the duration of the relevant commitment of the individual farmer, is set aside pursuant to Articles 22, 23 and 24 of Regulation (EC) No 1257/1999, to Article 39 of Regulation (EC) No 1698/2005, to Article 28 of Regulation (EU) No 1305/2013 or to Article 65 of this Regulation.

Member States may, for climate and environmental reasons, apply further restrictions to the eligibility of agricultural area.

Areas used for the production of hemp shall only be eligible hectares if the varieties used have a tetrahydrocannabinol content not exceeding 0,2 %;

- ~~(d) 'genuine farmers' shall be defined in a way to ensure that no support is granted to those whose agricultural activity forms only an insignificant part of their overall economic activities or whose principal business activity is not agricultural, while not precluding from support pluri-active farmers. The definition shall allow to determine which farmers are not considered genuine farmers, based on conditions such as income tests, labour inputs on the farm, company object and/or inclusion in registers.~~
- (e) 'young farmer' shall be defined **determined** in a way that it includes:
 - (i) a maximum age limit that may not exceed 40 years;

- (ii) the conditions for being 'head of the holding';
- ~~(iii) the appropriate training and/or skills required.~~

Member States may include further objective and non-discriminatory requirements as regards appropriate training and/or skills.

1a. Genuine farmers may be defined by Member States according to objective and non-discriminatory criteria. Member States may consider genuine farmers the farmers who received direct payments not exceeding a certain amount for the previous year. Such an amount shall not be higher than EUR 5 000.

In Member States that define in their CAP Strategic Plans "genuine farmer" and set applicable conditions in accordance with the first subparagraph, Articles 15a, 17(3), 21(1), 22(5), 24(1), 28(2), 29(1), 34, 66(2), 67(2) and 70(2) shall only apply to farmers that comply with this definition and fulfil the applicable conditions.

2. The Commission is empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation with rules making the granting of payments conditional upon the use of certified seeds of certain hemp varieties and the procedure for the determination of hemp varieties and the verification of their tetrahydrocannabinol content referred to in point (c) of paragraph 1 to preserve public health.

TITLE II

OBJECTIVES AND INDICATORS

Article 5

General objectives

Support from the EAGF and EAFRD shall aim to further improve the sustainable development of farming, food and rural areas and shall contribute to achieving the following general objectives:

- (a) to foster a smart, resilient and diversified agricultural sector ensuring food security;
- (b) to bolster environmental care and climate action and to contribute to the environmental- and climate-related objectives of the Union;
- (c) to strengthen the socio-economic fabric of rural areas.

Those objectives shall be complemented by the cross-cutting objective of modernising the sector by fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas, and encouraging their uptake.

Article 6

Specific objectives

1. The achievement of the general objectives shall be pursued through the following specific objectives:
 - (a) support viable farm income and resilience across the Union to enhance food security;
 - (b) enhance market orientation and increase competitiveness, including greater focus on research, technology and digitalisation;

- (c) improve the farmers' position in the value chain;
- (d) contribute to climate change mitigation and adaptation, as well as sustainable energy;
- (e) foster sustainable development and efficient management of natural resources such as water, soil and air;
- (f) contribute to the protection of biodiversity, enhance ecosystem services and preserve habitats and landscapes;
- (g) attract **and sustain** young farmers and facilitate business development in rural areas;
- (h) promote employment, growth, **gender equality**, social inclusion and local development in rural areas, including bio-economy and sustainable forestry;
- (i) improve the response of EU agriculture to societal demands on food and health, including safe **and**, nutritious ~~and sustainable~~ food **produced in a sustainable way**, food waste, as well as animal welfare.

~~2. When pursuing the specific objectives Member States shall ensure simplification and performance of the CAP support.~~

Article 7

Indicators

1. Achievement of the objectives referred to in Articles 5 and 6(1) shall be assessed on the basis of common indicators related to output, result, impact **and context as set out in Annex I**. ~~These set of~~ common indicators shall include:

- (a) output indicators relating to the realised output of the interventions supported;

(b) result indicators relating to the specific objectives concerned and used for the establishment of quantified milestones and targets in relation to those specific objectives in the CAP Strategic Plans and assessing progress towards the targets. The indicators relating to environment- and climate-specific objectives may cover interventions included in relevant national environmental and climate-planning instruments emanating from the Union legislation listed in Annex XI;

(c) impact indicators related to the objectives set out in Articles 5 and 6(1) and used in the context of the CAP Strategic Plans and of the CAP;

(d) context indicators referred to in Article 103(2) and listed in Annex I.

~~The common output, result and impact indicators are set out in Annex I.~~

2. The Commission is empowered to adopt delegated acts in accordance with Article 138 amending Annex I to adapt the common output, result and impact indicators, **strictly limited to addressing technical problems raised by Member States in relation** ~~to take into account the experience with their application and, where needed, to add new indicators.~~

TITLE III

COMMON REQUIREMENTS AND TYPES OF INTERVENTIONS

CHAPTER I

COMMON REQUIREMENTS

SECTION 1

GENERAL PRINCIPLES

Article 8

~~*Selection of interventions*~~ **Strategic approach**

Member States shall pursue the objectives set out in Title II by specifying interventions based on the types of interventions set out in Chapters II, III and IV of this Title in accordance with **their respective assessment of needs and with** the common requirements set out in this Chapter.

Article 9

General principles

Member States shall design the interventions of their CAP Strategic Plans in accordance with the Charter of Fundamental Rights of the European Union and the general principles of Union law.

Member States shall ensure that interventions are set out on the basis of objective and non-discriminatory criteria, are compatible with the internal market and do not distort competition.

Member States shall establish the legal framework governing the granting of Union support to beneficiaries ~~on the basis of~~ **in accordance with** the CAP Strategic Plan and ~~in accordance with~~ the principles and requirements set out in this Regulation and Regulation (EU) [HzR].

Article 10
WTO domestic support

1. Member States shall ~~ensure that~~ **design** the interventions based on the types of interventions which are listed in Annex II to this Regulation, including the definitions **and conditions** set out in ~~Article 3 and the definitions to be formulated in the CAP Strategic Plans set out in Article 4,~~ respect the provisions of paragraph 1 **in such a way that they qualify under the criteria** of Annex 2 to the WTO Agreement on Agriculture.

~~Those interventions shall also respect the provisions of the additional paragraph of Annex 2 to the WTO Agreement on Agriculture as set out in Annex II to this Regulation. Interventions belonging to types of interventions other than~~ **In particular,** the basic income support for sustainability, the complementary redistributive income support for sustainability, the complementary income support for young farmers and the schemes for the climate and the environment **shall qualify under the criteria of the paragraphs of Annex 2 to the WTO Agreement on Agriculture indicated in Annex II to this Regulation for those interventions. For other interventions, the particular paragraphs of Annex 2 to the WTO Agreement on Agriculture indicated in Annex II to this Regulation are indicative and those interventions** may instead respect a different paragraph of Annex 2 to the WTO Agreement on Agriculture if that is justified in the CAP Strategic Plan.

2. ~~Member States shall ensure that the interventions based on the crop-specific payment for cotton provided for in Subsection 2 of Section 3 of Chapter II of this Title respect the provisions of Article 6(5) of the WTO Agreement on Agriculture*~~

* Add to the end of recital (20): "**In particular, the crop-specific payment for cotton in this regulation should be designed to respect the provisions of the 'Blue Box'.**"

SECTION 2

CONDITIONALITY

Article 11

Principle and scope

1. Member States shall include in their CAP Strategic Plans a system of conditionality, under which an administrative penalty shall be imposed on **farmers and other** beneficiaries receiving direct payments under Chapter II of this Title or the annual premia under Articles 65, 66 and 67 who do not comply with the statutory management requirements under Union law and the standards for good agricultural and environmental condition of land established in the CAP Strategic Plan, as listed in Annex III, relating to the following specific areas:
 - (a) the climate and the environment;
 - (b) public health, animal health and plant health;
 - (c) animal welfare.
2. The rules on **controls and** the administrative penalties to be included in the CAP Strategic Plan shall respect **the rules referred to in Article 9 of this Regulation, including** the requirements set out in Chapter IV of Title IV of Regulation (EU) [HzR].
3. The legal acts referred to in Annex III concerning the statutory management requirements shall apply in the version that is applicable and, in the case of Directives, as implemented by the Member States.
4. For the purpose of this Section, 'statutory management requirement' means each individual statutory management requirement under Union law referred to in Annex III within a given legal act, differing in substance from any other requirements in the same act.

Article 12

Obligations of Member States relating to good agricultural and environmental condition

1. Member States shall ensure that all agricultural areas including land which is no longer used for production purposes, is maintained in good agricultural and environmental condition. Member States shall ~~define~~set, at national or regional level, minimum standards for **farmers and beneficiaries** for good agricultural and environmental condition of land in line with the main objective of the standards as referred to in Annex III, taking into account **farm size, farm structures,** the specific characteristics of the areas concerned, including soil and climatic condition, existing farming systems, land use, **such as share of forested areas,** ~~crop rotation,~~ farming practices, ~~and farm structures~~ **and the specificities of outermost regions.**
2. In respect of the main objectives laid down in Annex III Member States may prescribe standards additional to those laid down in that Annex against those main objectives. However, Member States shall not define minimum standards for main objectives other than the main objectives laid down in Annex III*.
- ~~3. Member States shall establish a system for providing the Farm Sustainability Tool for Nutrients referred to in Annex III, with the minimum content and functionalities defined therein, to beneficiaries, who shall use the Tool.~~

~~The Commission may support the Member States with the design of that Tool and with data storage and processing services requirements.~~

* Additional specification in recital 22 – “**The national standards may have different regional designs or be targeted to certain areas or farms when such adaptations are justified due to variations in the characteristics of the area or farms.**”

~~4.~~ The Commission is empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation with **minimum** rules for good agricultural and environmental condition, including establishing the elements of the system of the ratio of permanent grassland, the year of reference and **to ensure a level-playing field as regards:**

(a) the rate of conversion under GAEC 1 as referred to in Annex III;

(b), ~~the format and additional minimum elements and functionalities of the Farm Sustainability Tool for Nutrients~~ **(list to be completed depending on modifications of Annex III).**

SECTION 3

FARM ADVISORY SERVICES

Article 13

Farm advisory services

1. Member States shall include in the CAP Strategic Plan a system providing **public or private** services for advising farmers and other beneficiaries of CAP support on land management and farm management ('farm advisory services'). **Member States may make use of existing systems.**
2. The farm advisory services shall cover economic, environmental and social dimensions and deliver up to date technological and scientific information developed by research and innovation. They shall be integrated within the interrelated services of farm advisors, researchers, farmer organisations and other relevant stakeholders that form the Agricultural Knowledge and Innovation Systems (AKIS).
3. Member States shall ensure that the farm advice given is impartial and that advisors have no conflict of interest.

4. The farm advisory services shall cover at least the following:
- (a) all requirements, conditions and management commitments applying to farmers and other beneficiaries set in the CAP Strategic Plan, including requirements and standards under conditionality and conditions for ~~support schemes~~ **interventions** as well as information on financial instruments and business plans established under the CAP Strategic Plan;
 - (b) the requirements as ~~defined~~ **laid down** by Member States for implementing Directive 2000/60/EC, Directive 92/43/EEC, Directive 2009/147/EC, Directive 2008/50/EC, Directive (EU) 2016/2284, Regulation (EU) 2016/2031, Regulation (EU) 2016/429, Article 55 of Regulation (EC) No 1107/2009 of the European Parliament and of the Council⁸ and Directive 2009/128/EC;
 - (c) farm practices preventing the development of antimicrobial resistance as set out in the Communication "A European One Health Action Plan against Antimicrobial Resistance"⁹;
 - (d) risk management ~~as referred to in Article 70~~;
 - (e) innovation support in particular for preparing and for implementing Operational Group projects of the European Innovation Partnership for agricultural productivity and sustainability as referred to in Article 114;
 - (f) ~~development of~~ digital technologies in agriculture and rural areas as referred to in Article 102(b);

⁸ Regulation (EC) No 1107/2009 of the European Parliament and of the Council of 21 October 2009 concerning the placing of plant protection products on the market and repealing Council Directives 79/117/EEC and 91/414/EEC (OJ L 309, 24.11.2009, p. 1).

⁹ "A European One Health Action Plan against Antimicrobial Resistance (AMR)" (COM(2017) 339 final).

(fa) at the latest as from {2023} the Farm Sustainability Tool for Nutrients or an equivalent tool.

5. The tool referred to in point (fa) of paragraph 4 shall be a digital application that provides a complete nutrient balance based on relevant information of the farm, legal requirements on nutrients and available information from soil analyses. The tool shall be as much as possible automatically integrated with other relevant digital sources, such as LPIS and IACS, and enable a two-way communication between farmers and the appropriate paying agency/ management authority. It shall guarantee the privacy and the security of the data of the end-users, be able to support and interact with other additional digital applications for farm sustainability.

CHAPTER II

TYPES OF INTERVENTIONS IN THE FORM OF DIRECT PAYMENTS

SECTION 1

TYPES OF INTERVENTIONS, ~~AND REDUCTION~~ AND MINIMUM REQUIREMENTS

Article 14

Types of interventions in the form of direct payments

- ~~5~~1. The types of interventions under this Chapter may take the form of decoupled and coupled direct payments.
- ~~6~~2. Decoupled direct payments shall be the following:
- (a) the basic income support for sustainability;
 - (b) the complementary redistributive income support for sustainability;
 - (c) the complementary income support for young farmers;
 - (d) the schemes for the climate and the environment.
- ~~7~~3. Coupled direct payments shall be the following:
- (a) the coupled income support;
 - (b) the crop-specific payment for cotton.

Article 15
Reduction of payments

1. ~~Member States shall reduce the amount of direct payments to be granted to a farmer pursuant to this Chapter for a given calendar year by exceeding EUR [60 000] as follows:~~
 - (a) by at least ~~[25]~~ % for the tranche between EUR ~~[60 000 and EUR 75 000]~~;
 - (b) by at least ~~[50]~~ % for the tranche between EUR ~~[75 000 and EUR 90 000]~~;
 - (c) by at least ~~[75]~~ % for the tranche between EUR ~~[90 000 and EUR 100 000]~~;
 - (d) by ~~[100]~~ % for the amount exceeding EUR ~~[100 000].~~

2. Before applying paragraph 1, Member States ~~shall~~ **may** subtract from the amount of direct payments to be granted to a farmer pursuant to this Chapter in a given calendar year:
 - (a) the salaries linked to an agricultural activity declared by the farmer, including taxes and social contributions related to employment; ~~and~~
 - (b) the equivalent cost of regular and unpaid labour linked to an agricultural activity practiced by persons working on the farm concerned who do not receive a salary, or who receive less remuneration than the amount normally paid for the services rendered, but are rewarded through the economic result of the farm business.

To calculate the amounts referred to in points a) and b), Member States shall use the **method as further specified in their CAP Strategic Plans** ~~average standard salaries linked to an agricultural activity at national or regional level multiplied by the number of annual work units declared by the farmer concerned.~~

3. The estimated product of the reduction of payments shall primarily be used to contribute to the financing of the complementary redistributive income support for sustainability, **if applied by that Member State**, and thereafter of other interventions belonging to decoupled direct payments.

Member States may also use all or part of the product to finance types of interventions under the EAFRD as specified in Chapter IV by means of a transfer. Such transfer to the EAFRD shall be part of the CAP Strategic Plan financial tables and may be reviewed in 2023 in accordance with Article 90. It shall not be subject to the maximum limits for the transfers of funds from the EAGF to the EAFRD established under Article 90.

4. The Commission is ~~empowered to~~ **may** adopt delegated **implementing** acts in accordance with Article 138 ~~supplementing this Regulation with rules establishing a harmonised basis for~~ **laying down uniform conditions for** calculation for the reduction of payments laid down in paragraph 1 to ~~ensure a correct~~ **provide detailed rules for the** distribution of the funds to the entitled beneficiaries **farmers**.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

Article 15a

Minimum requirements

1. **Member States shall set a minimum area and only grant direct payments to farmers whose eligible area of the holding for which direct payments are claimed goes beyond this minimum area.**

Alternatively, Member States may set a minimum amount of direct payments that may be paid to a farmer.

Where a Member State has decided to set a minimum area in accordance with the first sub-paragraph, it shall nevertheless set a minimum amount in accordance with the second sub-paragraph for those farmers receiving an animal-related coupled support as set out in their CAP Strategic Plan who hold fewer hectares than that minimum area.

When setting the minimum area or minimum amount, Member States shall aim at ensuring that direct payments may only be granted to farmers if:

- (a) the management of the corresponding payments does not cause excessive administrative burden, and**
- (b) the corresponding amounts make an effective contribution to the objectives set out in Article 6 to which direct payments contribute.**

2. The Member State concerned may decide not to apply this Article to the smaller Aegean Islands.

SECTION 2

DECOUPLED DIRECT PAYMENTS

SUBSECTION 1

GENERAL PROVISIONS

Article 16

*~~Minimum~~ **General** requirements for receiving decoupled direct payments*

1. Member States shall grant decoupled direct payments under the conditions set out in this Section and as further specified in their CAP Strategic Plans.

~~2. Member States shall set an area threshold and only grant decoupled direct payments to genuine farmers whose eligible area of the holding for which decoupled direct payments are claimed goes beyond this area threshold.~~

~~When setting the area threshold, Member States shall aim at ensuring that decoupled direct payments may only be granted to genuine farmers if:~~

~~(a) the management of the corresponding payments does not cause excessive administrative burden, and~~

~~(b) the corresponding amounts make an effective contribution to the objectives set out in Article 6(1) to which decoupled direct payments contribute.~~

~~3. The Member States concerned may decide not to apply paragraph 1 to the outermost regions and to the smaller Aegean Islands.~~

SUBSECTION 2

BASIC INCOME SUPPORT FOR SUSTAINABILITY

Article 17

General rules

1. Member States shall provide for a basic income support for sustainability ('basic income support') under the conditions set out in this Subsection and as further specified in their CAP Strategic Plans.
2. Member States shall provide for a basic income support in the form of an annual decoupled payment per eligible hectare.
3. Without prejudice to Articles 19 to 24, the basic income support shall be granted for each eligible hectare declared by a ~~genuine~~ farmer.

Article 18

Amount of support per hectare

1. Unless Member States decide to grant the basic income support based on payment entitlements as referred to in Article 19, the support shall be paid as a uniform amount per hectare.
2. Member States may decide to differentiate the amount of the basic income support per hectare amongst different groups of territories faced with similar socio-economic or agronomic conditions, **including traditional forms of agriculture, such as extensive pasture.**

Article 19

Payment entitlements

1. Member States having applied the basic payment scheme as laid down in Section 1 of Chapter I of Title III of Regulation (EU) No 1307/2013, may decide to grant the basic income support based on payment entitlements in accordance with Articles 20 to 24 of this Regulation.
2. Where Member States having applied the basic payment scheme as laid down in Section 1 of Chapter I of Title III of Regulation (EU) No 1307/2013 decide ~~not~~ to **no longer** grant the basic income support based on payment entitlements, the payment entitlements allocated under Regulation (EU) No 1307/2013 shall expire on 31 December-2020 **of the year preceding the year from which the decision is to apply.**

Article 20

*Value of payment entitlements and convergence**

1. Member States shall determine the unit value of payment entitlements before convergence in accordance with this Article by adjusting the value of payment entitlements proportionally to their value as established in accordance with Regulation (EU) No 1307/2013 for claim year 2020 and the related payment for agricultural practices beneficial for the climate and environment provided for in Chapter III of Title III of that Regulation for claim year 2020.
2. Member States may decide to differentiate the value of payment entitlements in accordance with Article 18(2).
3. **Each** Member States shall, by claim year 2026 at the latest, set a maximum level for the value of **individual** payment entitlements for the Member State or for each group of territories ~~defined~~ **referred to** in accordance with Article 18(2).
4. Where the value of payment entitlements as determined in accordance with paragraph 1 is not uniform within a Member State or within a group of territories as ~~defined~~ **referred to** in accordance with Article 18(2), **the** Member States **concerned** shall ensure a convergence of the value of payment entitlements towards a uniform unit value by claim year 2026 at the latest.

* An "amnesty clause" (covering the legality and regularity of payment entitlements allocated to farmers under the current rules) may be dealt with at a later stage, possibly as part of transitional arrangements. Additional paragraph to be considered:

1a. Payment entitlements allocated to farmers before 1 January 2019 shall be deemed legal and regular as from 1 January 2021. This paragraph shall not be applied to payment entitlements allocated to farmers on the basis of factually incorrect applications except in cases where the error could not reasonably have been detected by the farmer. This paragraph shall not prejudice the Commission's power to take decisions referred to in Article 52 of Regulation (EC) No 1306/2013 in relation to expenditure incurred for payments granted in respect of any calendar year up to 2020 included.

5. For the purposes of paragraph 4, **each** Member States shall ensure that, for claim year 2026 at the latest, all payment entitlements have a value of at least 75% of the average planned unit amount for the basic income support for claim year 2026 as laid down in ~~the~~ **its** CAP Strategic Plan ~~transmitted~~ **approved** in accordance with Article 106 ~~(1)~~ for the Member State or for the territories as ~~defined~~ **referred to** in ~~accordance with~~ Article 18(2).

6. Member States shall finance the increases in the value of payment entitlements needed to comply with paragraphs 4 and 5 by using any possible **amounts that become available through** ~~product resulting from~~ the application of paragraph 3, and, where necessary, by reducing the difference between the unit value of payment entitlements determined in accordance with paragraph 1 and the average planned unit amount for the basic income support for claim year 2026 as laid down in the CAP Strategic Plan ~~transmitted~~ **approved** in accordance with Article 106 ~~(1)~~ for the Member State or for the territories as ~~defined~~ **referred to** in ~~accordance with~~ Article 18(2).

Member States may decide to apply the reduction to all or part of the payment entitlements with a value determined in accordance with paragraph 1 exceeding the average planned unit amount for the basic income support for claim year 2026, as laid down in the CAP Strategic Plan ~~transmitted~~ **approved** in accordance with Article 106 ~~(1)~~ for the Member State or for the territories as ~~defined~~ **referred to** in ~~accordance with~~ Article 18(2).

7. The reductions referred to in paragraph 6 shall be based on objective and non-discriminatory criteria. Without prejudice to the minimum **value** set in accordance with paragraph 5, such criteria may include the fixing of a maximum decrease that may not be lower than 30%.

Article 21

Activation of payment entitlements

1. Member States **which have decided to grant support based on payment entitlements** shall grant **basic income support to** ~~genuine~~-farmers holding owned or leased-in payment entitlements ~~basic income support~~ upon activation of those payment entitlements. Member States shall ensure that for the purpose of the activation of payment entitlements ~~genuine~~ farmers declare the eligible hectares accompanying any payment entitlement.
2. Member States shall ensure that payment entitlements, including in the case of actual or anticipated inheritance, be activated only in the Member State or within the group of territories ~~defined~~ **referred to** in accordance ~~with~~ Article 18(2) where they were allocated.
3. Member States shall ensure that activated payment entitlements give a right to payment based on the amount fixed therein.

Article 22

Reserves for payment entitlements

1. Each Member State deciding to grant the basic income support based on payment entitlements shall manage a national reserve.
2. By way of derogation from paragraph 1, where Member States decide to differentiate the basic income support in accordance Article 18(2), they may decide to have a reserve for each group of territories ~~defined~~ **referred to** in accordance ~~with~~ that Article.
3. **Where** Member States **decide to apply the 'genuine farmer' definition and conditions as referred to in Article 4(1a), they** shall ensure that payment entitlements from the reserve ~~be~~ **only** allocated **only** to ~~genuinesuch~~ farmers.

4. Member States shall use their reserve as a matter of priority to allocate payment entitlements to the following farmers:
 - (a) young farmers who have newly set up a holding for the first time;
 - (b) farmers who have newly set up a holding for the first time, as head of the holding and with appropriate training or acquired necessary skills as ~~defined~~ **determined** by the Member States for young farmers.
5. Member States shall allocate payment entitlements to, or increase the value of the existing payment entitlements of ~~genuine~~ farmers who are entitled by virtue of a definitive court ruling or by virtue of a definitive administrative act of the competent authority of a Member State. Member States shall ensure that those ~~genuine~~ farmers receive the number and value of payment entitlements established in that ruling or act at a date to be fixed by the Member State.
6. Member States shall ensure that the reserve be replenished by a linear reduction of the value of all payment entitlements where the reserve is insufficient to cover the allocation of payment entitlements in accordance with paragraphs 4 and 5.
7. Member States may lay down additional rules for the use of the reserve and the cases that would trigger its replenishment, ~~by a~~ **Where the reserve is replenished by** linear reduction of the value of all payment entitlements, **such linear reduction shall apply to all payment entitlements at national level or, where Member States apply the derogation provided for in paragraph 2, at the level of the relevant group of territories referred to in Article 18(2).**

8. Member States shall fix the value of new payment entitlements allocated from the reserve at the national average value of payment entitlements in the year of allocation or at the average value of payment entitlements for each group of territories ~~defined~~ **referred to** in accordance ~~with~~ Article 18(2) in the year of allocation.
9. Member States may decide to increase the value of the existing payment entitlements up to the national average value in the year of allocation or up to the average value for each group of territories ~~defined~~ **referred to** in accordance ~~with~~ Article 18(2).

Article 23

Delegated ~~Implementing~~ powers

The Commission is ~~empowered to~~ **may** adopt ~~delegated~~ **implementing** acts in accordance with Article 138 supplementing this Regulation with rules **laying down uniform conditions** on:

- (a) the establishment of the reserve;
- ~~(b) on access to the reserve;~~
- (c) the content of the declaration and the requirements for the activation of payment entitlements.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

Article 24

Transfers of payment entitlements

1. Except in the case of transfer by actual or anticipated inheritance, payment entitlements shall be transferred only to a ~~genuine~~ farmer **established in the same Member State**.
2. Where Member States decide to differentiate the basic income support in accordance with Article 18(2) payment entitlements shall only be transferred within the group of territories where they were allocated.

Article 25

~~Round sum p~~**Payment for small farmers**

Member States may grant payments to small farmers as defined by Member States by way of a ~~round-lump~~ **sum or an amount per hectare, up to a limit of hectares to be fixed by Member States,** replacing direct payments under this Section and Section 3 of this Chapter. Member States shall design the corresponding intervention in the CAP Strategic Plan as optional for the farmers.

Member States may decide to set different lump sums or tranches linked to different area thresholds, up to the limit of hectares fixed according to the first subparagraph.

SUBSECTION 3

COMPLEMENTARY INCOME SUPPORT

Article 26

Complementary redistributive income support for sustainability

1. Member States ~~shall~~ **may** provide for a complementary redistributive income support for sustainability ('redistributive income support') under the conditions set out in this Article and as further specified in their CAP Strategic Plans.
2. Member States **implementing the redistributive income support** shall ensure redistribution of ~~support~~ **direct payments** from ~~bigger~~ **larger** to smaller or medium-sized farms by providing for a redistributive income support in the form of an annual decoupled payment per eligible hectare to farmers who are entitled to a payment under the basic income support referred to in Article 17.

Member States may define in their Strategic Plans the size of the holding according to its territorial dimension, and/or economic dimension, and may take into account for this definition the medium level of income of the holding with respect to the national average.

3. Member States **implementing the redistributive income support** shall establish **at national level or according to their regional specifications**, an amount per hectare or different amounts for different ranges of hectares, as well as the maximum number of hectares per farmer for which the redistributive income support shall be paid.
4. The amount per hectare planned for a given claim year shall not exceed the national average amount of direct payments per hectare for that claim year.
5. The national average amount of direct payments per hectare is defined as the ratio of the national ceiling for direct payments for a given claim year as laid down in Annex IV and the total planned outputs for the basic income support for that claim year, expressed in number of hectares.

Article 27

Complementary income support for young farmers

1. Member States may provide for complementary income support for young farmers under the conditions set out in this Article and as further specified in their CAP Strategic Plans.
2. As part of their obligations to contribute to the specific objective '~~attract young farmers and facilitate business development in rural areas~~' set out in point (g) of Article 6(4) and to dedicate **to this objective a minimum amount, as referred to in Annex X, corresponding to** at least 2% of their allocations for direct payments to this objective in accordance with Article 86(4), Member States may provide a complementary income support for young farmers who have newly set up for the first time and who are entitled to a payment under the basic income support as referred to in Article 17.

Under this type of intervention, Member States may also decide to continue granting the support which a farmer has received under Article 50 of Regulation (EU) No 1307/2013 for the remainder of the period fixed under paragraph 5 of that Article.

3. The complementary income support for young farmers shall take the form of an annual decoupled payment per eligible hectare **or of a lump sum.**

SUBSECTION 4

SCHEMES FOR THE CLIMATE AND THE ENVIRONMENT

Article 28

Schemes for the climate and the environment

1. Member States ~~{shall}~~ provide support for voluntary schemes for the climate and the environment ('eco-schemes') under the conditions set out in this Article and as further specified in their CAP Strategic Plans.
2. Member States ~~{shall}~~ support under this ~~type of intervention~~ **Article** ~~genuine farmers~~ **or groups of farmers** who make commitments to observe, on eligible hectares **or livestock units**, agricultural practices beneficial for the climate and the environment.
3. Member States shall establish the list of agricultural practices beneficial for the climate and the environment. **Those practices shall be designed to meet one or more of the specific environmental- and climate-related objectives laid down in points (d), (e) and (f) of Article 6, and may also contribute to objectives (h) and (i) of the same Article.**
- ~~4. Those practices shall be designed to meet one or more of the specific environmental- and climate-related objectives laid down in points (d), (e) and (f) of Article 6(1).~~
5. Under this ~~type of interventions~~ **Article**, Member States shall only provide payments covering commitments which:
 - (a) go beyond the relevant statutory management requirements and standards of good agricultural and environmental condition established under Section 2 of Chapter I of this Title;
 - (b) go beyond the **relevant** minimum requirements for the use of fertilisers and plant protection products, animal welfare, as well as other **relevant** mandatory requirements established by national and Union law;

- (c) go beyond the conditions established for the maintenance of the agricultural area in accordance with point (a) of Article 4(1);
- (d) ~~are different from~~ **do not duplicate** commitments in respect of which payments are granted under Article 65 **and 67**.
6. Support for **a particular** eco-scheme shall take the form of an annual payment ~~per~~ **either for all eligible hectares or for the eligible hectares covered by the eco-schemes**, and it **Payments** shall be granted as either:
- (a) payments additional to the basic income support as set out in Subsection 2 of this Section*; or
- (b) payments compensating beneficiaries **farmers or groups of farmers** for all or part of the additional costs incurred and income foregone as a result of the commitments ~~as set pursuant to~~ **made, which shall be calculated in accordance with** Article ~~65~~**76**.
- ~~7. Member States shall ensure that interventions under this Article are consistent with those granted under Article 65.~~
- ~~8. The Commission is empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation with further rules on the eco-schemes.~~

* To be considered for a recital: "incentivising and remunerating the provision of ecosystem services through agricultural practices beneficial to the environment and climate".

SECTION 3
COUPLED DIRECT PAYMENTS

SUBSECTION 1
COUPLED INCOME SUPPORT

Article 29

General rules

1. Member States may grant coupled income support to ~~genuine~~ farmers under the conditions set out in this Subsection and as further specified in their CAP Strategic Plans.
2. The Member States' interventions shall help the supported sectors and productions or specific types of farming therein listed in Article 30 addressing the difficulty or difficulties they undergo by improving their competitiveness, their sustainability or their quality.
3. Coupled income support shall take the form of an annual payment per hectare or animal.

Article 30

Scope

Coupled income support may only be granted to the following sectors and productions or specific types of farming therein where these are important for economic, social or environmental reasons: cereals, oilseeds, protein crops, legumes, **mix between legumes and grasses**, flax, hemp, rice, nuts, starch potato, milk and milk products, seeds, sheepmeat and goatmeat, beef and veal, olive oil, silkworms, dried fodder, hops, sugar beet, cane and chicory, fruit and vegetables, short rotation coppice and other non-food crops, excluding trees, used for the production of products that have the potential to substitute fossil materials.

Article 31

Eligibility

1. Member States may grant coupled income support in the form of a payment per hectare only for areas they have defined as eligible hectares.
2. Where the coupled income support concerns bovine animals or sheep and goats, Member States shall ~~define~~ **set** as eligibility conditions for the support the requirements to identify and register the animals in compliance with Regulation (EC) No 1760/2000 of the European Parliament and of the Council¹⁰ or Council Regulation (EC) No 21/2004¹¹ respectively. However, without prejudice to other applicable eligibility conditions, bovine animals or sheep and goats shall be considered as eligible for support as long as the identification and registration requirements are met by a certain date in the claim year concerned to be fixed by the Member States.

Article 32

Measures to avoid beneficiaries of coupled income support suffering from structural market imbalances in a sector

The Commission is empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation as regards measures in order to avoid beneficiaries of coupled income support suffering from structural market imbalances in a sector. Those delegated acts may allow Member States to decide that coupled income support may continue to be paid until 2027 on the basis of the production units for which such support was granted in a past reference period.

¹⁰ Regulation (EC) No 1760/2000 of the European Parliament and of the Council of 17 July 2000 establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products and repealing Council Regulation (EC) No 820/97 (OJ L 204, 11.8.2000, p. 1).

¹¹ Council Regulation (EC) No 21/2004 of 17 December 2003 establishing a system for the identification and registration of ovine and caprine animals and amending Regulation (EC) No 1782/2003 and Directives 92/102/EEC and 64/432/EEC (OJ L 5, 9.1.2004, p. 8).

Article 33

Implementation of the Memorandum of Understanding between the European Economic Community and the United States of America on oilseeds

1. Where the coupled income support intervention concerns some or all of the oilseeds referred to in the Annex to the Memorandum of Understanding between the European Economic Community and the United States of America on oilseeds¹², the total of the support area based upon the planned outputs included in the CAP Strategic Plans of the Member States concerned shall not exceed the maximum support area for the whole Union for the purpose of ensuring compliance with its international commitments.

At the latest 6 months following the entry into force of this Regulation, the Commission shall adopt implementing acts fixing an indicative reference support area for each Member State, calculated on the basis of each Member State's share of the average cultivation area in the Union during the five years preceding the year of entry into force of this Regulation. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

2. Each Member State that intends to grant coupled income support for oilseeds concerned by the Memorandum of Understanding referred to in paragraph 1 shall indicate the respective planned outputs in terms of hectares in its CAP Strategic Plan proposal referred to in Article 106(1).

¹² Memorandum of Understanding between the Economic Community and the United States of America on oil seeds under GATT (OJ L147, 18/06/1993).

If following the notification of all planned outputs by Member States the maximum support area for the whole Union is exceeded, the Commission shall calculate for each Member State that notified an excess compared to its reference area, a reduction coefficient that is proportionate to the excess of its planned outputs. This shall result in an adaptation to the maximum support area for the whole Union referred to in the paragraph 1. Each Member State concerned shall be informed about this reduction coefficient in the Commission's observations to the CAP Strategic Plan in accordance with Article 106(3). The reduction coefficient for each Member State shall be set in the implementing act by which the Commission approves its CAP Strategic Plan as referred to in Article 106(6).

The Member States shall not amend their support area on their own initiative after the date referred to in Article 106(1).

3. Where Member States intend to increase their planned outputs referred to in paragraph 1 as approved by the Commission in the CAP Strategic Plans, they shall notify the Commission of the revised planned outputs by means of a request for amendment of the CAP Strategic Plans in accordance with Article 107 before 1 January of the year preceding the claim year concerned.

Where appropriate, in order to avoid that the maximum support area for the whole Union as referred to in the first subparagraph of paragraph 1 is exceeded, the Commission shall revise the reduction coefficients referred to in that paragraph for all Member States that exceeded their reference area in their CAP Strategic Plans.

The Commission shall inform the Member States concerned about the revision of the reduction coefficient at the latest before 1 February of the year preceding the claim year concerned.

Each Member State concerned shall submit a corresponding request for amendment of its CAP Strategic Plan with the revised reduction coefficient referred to in the second subparagraph before 1 April of the year preceding the claim year concerned. The revised reduction coefficient shall be set in the implementing act approving the amendment of the CAP Strategic Plan as referred to in Article 107(8).

4. With regard to the oilseeds concerned by the Memorandum of Understanding referred to in the first subparagraph of paragraph 1, Member States shall inform the Commission of the total number of hectares for which support has been actually paid in the annual performance reports referred to in Article 121.

SUBSECTION 2

CROP-SPECIFIC PAYMENT FOR COTTON

Article 34

Scope

Member States shall grant a crop-specific payment for cotton to ~~genuine~~ farmers producing cotton falling within CN code 5201 00 under the conditions laid down in this Subsection.

Article 35

General rules

1. The crop-specific payment for cotton shall be granted per hectare of eligible area of cotton. The area shall be eligible only if it is located on agricultural land authorised by the Member State for cotton production, sown with varieties authorised by the Member State and actually harvested under normal growing conditions.

2. The crop-specific payment for cotton shall be paid for cotton of sound, fair and marketable quality.
3. Member States shall authorise the land and the varieties referred to in paragraph 1 in accordance with ~~the~~ **any** rules and conditions ~~to be adopted~~ pursuant to paragraph 4.
4. The Commission is empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation with rules and conditions for the authorisation of land and varieties for the purposes of the crop-specific payment for cotton.
5. The Commission shall adopt implementing acts laying down rules on the procedure for the authorisation of land and varieties for the purposes of the crop-specific payment for cotton and on the notifications to the producers related to this authorisation. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

Article 36

Base areas, fixed yields and reference amounts

1. The following national base areas are established:
 - Bulgaria: 3 342 ha
 - Greece: 250 000 ha
 - Spain: 48 000 ha
 - Portugal: 360 ha
2. The following fixed yields in the reference period are established:
 - Bulgaria: 1,2 tonne/ha
 - Greece: 3,2 tonne/ha

- Spain: 3,5 tonne/ha
 - Portugal: 2, 2 tonne/ha
3. The amount of the crop-specific payment per hectare of eligible area shall be calculated by multiplying the yields established in paragraph 2 with the following reference amounts:
- Bulgaria: EUR [624,11],
 - Greece: EUR [225,04],
 - Spain: EUR [348,03],
 - Portugal: EUR [219,09]
4. If the eligible area of cotton in a given Member State and in a given year exceeds the base area established in paragraph 1, the amount referred to in paragraph 3 for that Member State shall be reduced proportionately to the overrun of the base area.
5. The Commission is empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation with rules on the conditions for the granting the crop-specific payment for cotton, on the eligibility requirements and on agronomic practices.
6. The Commission may adopt implementing acts laying down rules on the calculation of the reduction provided for in paragraph 4. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

Article 37

Approved interbranch organisations

1. For the purpose of this Subsection, an 'approved interbranch organisation' means a legal entity made up of farmers producing cotton and at least one ginner, carrying out activities such as:
- (a) helping to better coordinate the way cotton is placed on the market, particularly through research studies and market surveys;

- (b) drawing up standard forms of contract compatible with Union rules;
 - (c) orienting production towards products that are better adapted to market needs and consumer demand, particularly in terms of quality and consumer protection;
 - (d) updating methods and means to improve product quality;
 - (e) developing marketing strategies to promote cotton via quality certification schemes.
2. The Member State where the ginners are established shall approve interbranch organisations that satisfy ~~the~~ any criteria ~~to be~~ laid down pursuant to paragraph 3.
 3. The Commission is empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation with rules on:
 - (a) criteria for the approval of interbranch organisations;
 - (b) obligations for producers;
 - (c) the situation where the approved interbranch organisation does not satisfy the criteria referred to in point (a).

Article 38

Granting of the payment

1. Farmers shall be granted the crop-specific payment for cotton per eligible hectare as established in Article 36.
2. In the case of farmers who are members of an approved interbranch organisation, the crop-specific payment for cotton per eligible hectare within the base area laid down in Article 36(1) shall be increased by an amount of EUR [2].

CHAPTER III

SECTORAL TYPES OF INTERVENTIONS

SECTION 1

GENERAL PROVISIONS

Article 39

Scope

This Chapter lays down rules concerning the types of interventions ~~in the following sectors:~~^{*}

- (a) **in the** fruit and vegetables sector, as referred to in point (i) of Article 1(2) of Regulation (EU) No 1308/2013;
- (b) **in the** apiculture products sector, as referred to in point (v) of Article 1(2) of Regulation (EU) No 1308/2013;
- (c) **in the** wine sector, as referred to in point (l) of Article 1(2) of Regulation (EU) No 1308/2013;
- (d) **in the** hops sector, as referred to in point (f) of Article 1(2) of Regulation (EU) No 1308/2013;
- (e) **in the** olive oil and table olives sector, as referred to in point (g) of Article 1(2) of Regulation (EU) No 1308/2013;
- (f) **in** other sectors referred to in points (a) to (h), (k), (m), (o) to (t) and (w) **and sectors identified by the Member States in their assesment of needs covering products falling under point (x)** of Article 1(2) of Regulation (EU) No 1308/2013.

* Political decision to be made regarding the scope (sectors/products to be covered) of the Article.

Article 40

Mandatory and optional sectoral types of interventions

1. The sectoral type of interventions in the fruit and vegetables sector referred to in point (a) of Article 39 **shall be mandatory for Member States with producer organisations in this sector recognised under Regulation (EU) No 1308/2013.**~~and~~
- 1.a The sectoral type of interventions** in the apiculture sector referred to in point (b) of Article 39 shall be mandatory for every Member State.
2. The sectoral type of intervention in the wine sector referred to in point (c) of Article 39 shall be mandatory for the Member States listed in Annex V.
3. Member States may choose in their CAP Strategic Plan to implement the sectoral types of interventions referred to in points (d), (e) and (f) of Article 39.
4. The Member State referred to in Article 82(3) may implement in the hops sector the sectoral type of intervention referred to in point (f) of Article 39 only if that Member State decides in its CAP Strategic Plan not to implement the sectoral type of intervention referred to in point (d) of Article 39.
5. The Member States referred to in Article 82(4) may implement in the olive oil and table olives sector the sectoral type of intervention referred to in point (f) of Article 39 only if those Member States decide in their CAP Strategic Plans not to implement the sectoral type of intervention referred to in point (e) of Article 39.

Article 41

Delegated powers for additional requirements for sectoral types of interventions

The Commission shall be empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation with requirements additional to those laid down in this Chapter ~~in particular~~ as regards:

- (a) ensuring **that the types of interventions laid down in this Chapter pursuing the objectives laid down in points (a), (b), (c) and (g) to (j) of Article 41a as regards the fruit and vegetables sector, the olive oil and table olives sector and other sectors, and in points (a) and (b) to (i) as regards the wine sector, do not distort competition within the Union** ~~proper functioning of types of interventions laid down in this Chapter;~~
- (b) the basis for the calculation of Union financial assistance referred to in this Chapter, including the reference periods and the calculation of the value of marketed production;
- (c) the maximum level of Union financial assistance for market withdrawals referred to in point (a) of Article 46(4) and for the types of interventions referred to in Article 52(3);
- (d) the rules for the fixing of a ceiling for expenditure on the replanting of vineyards referred to in point (a) of Article 52(1);
- (e) the rules under which producers are to withdraw the by-products of winemaking, and on exceptions to that obligation in order to avoid additional administrative burden and rules for the voluntary certification of distillers.

Article 41a*

Objectives in the fruit and vegetables sector, the hops sector, the olive oil and table olives sector
and in the other sectors referred to in point (f) of Article 39

The objectives in the sectors referred to in points (a), (d), (e) and (f) of Article 39 shall be one or more of the following:

- (a) planning and organisation of production, adjusting production to demand, particularly in terms of quality and quantity, optimisation of production costs and returns on investments and stabilising producer prices; those objectives relate to the specific objectives set out in points (a), (b), (c) and (i) of Article 6;
- (b) concentration of supply and placing on the market of the products concerned, including through direct marketing; those objectives relate to the specific objectives set out in points (a) and (c) of Article 6;
- (c) improvement of medium and long term competitiveness, in particular through modernisation; that objective relates to the specific objective set out in point (c) of Article 6;
- (d) research and development of sustainable production methods, including pest resilience, innovative practices and production techniques boosting economic competitiveness and bolstering market developments; those objectives relate to the specific objectives set out in points (a), (c) and (i) of Article 6;
- (e) promoting, developing and implementing:
 - (i) production methods and techniques that are respectful of the environment;
 - (ii) pest resilient and environmentally sound cultivation practices;

* Article largely based on Articles 42 and 59 of the Commission's proposal.

(iii) animal welfare standards going beyond minimum requirements established under Union and national law;

(iv) environmentally sound use and management of by-products and waste, including their re-usage and valorisation;

(v) sustainable use of natural resources, in particular protection of water, soil and air, as well as actions to address biodiversity.

Those objectives relate to the specific objectives set out in points (e), (f) and (i) of Article 6;

(f) contribute to climate change mitigation and adaptation, as set out in point (d) of Article 6;

(g) boosting products' commercial value and quality, including improving product quality and developing products with a protected designation of origin, with a protected geographical indication or covered by national quality schemes; those objectives relate to the specific objective set out in point (b) of Article 6;

(h) promotion and marketing of the products; those objectives relate to the specific objectives set out in points (b) and (c) of Article 6;

(i) increasing consumption of the products of the fruit and vegetables sector, whether in a fresh or processed form; those objectives relate to the specific objective set out in point (i) of Article 6;

(j) crisis prevention and risk management, aimed at avoiding and dealing with crises in the markets of the relevant sector; those objectives relate to the specific objectives set out in points (a), (b) and (c) of Article 6.

Article 41b*

Types of interventions in the fruit and vegetables sector, the hops sector, the olive oil and table olives sector and in the other sectors referred to in point (f) of Article 39

1. As regards the objectives referred to in points (a) to (i) of Article 41a, Member States shall choose in their CAP Strategic Plans one or more of the following types of interventions:

(a) investments in tangible and non-tangible assets, research and experimental production, as well as other actions, including actions for:

(i) soil conservation, including the enhancement of soil carbon;

(ii) improvement of the use of and management of water, including water saving, water quality and drainage;

(iii) preventing damage caused by adverse climatic events and promoting the development and use of varieties, breeds and management practices adapted to changing climate conditions;

(iv) increasing energy saving, energy efficiency and the use of renewable energy;

(v) ecological packaging only in the field of research and experimental production;

(vi) biosecurity, animal health and welfare;

(vii) reducing emissions and waste, and improving the use and management of by-products and waste, including their re-usage and valorisation;

* Article largely based on Articles 43 and 60 of the Commission's proposal.

- (viii) improving pest resilience;**
- (ix) reducing risks and impacts of pesticide use or reducing use of veterinary medicines including antibiotics;**
- (x) creating and maintaining habitats favourable to biodiversity;**
- (b) advisory services and technical assistance, in particular concerning sustainable pest and disease control techniques, sustainable use of plant protection and animal health products, and climate change adaptation and mitigation;**
- (c) training including coaching and exchange of best practices;**
- (d) organic or integrated production;**
- (e) actions to increase the sustainability and efficiency of transport and of storage of products;**
- (f) promotion, communication and marketing including actions and activities aimed in particular at raising consumer awareness about the Union quality schemes and the importance of healthy diets, and at diversification of markets;**
- (g) implementation of Union and national quality schemes;**
- (h) implementation of traceability and certification systems, in particular the monitoring of the quality of products sold to final consumers;**
- (i) actions to mitigate climate change and to adapt to climate change.**

2. As regards the objective referred to in point (j) of Article 41a, Member States shall choose in their CAP Strategic Plans one or more of the following types of intervention:

- (a) setting up and/or refilling of mutual funds by producer organisations and by associations of producer organisations recognised under Regulation (EU) No 1308/2013;**
- (b) investments in tangible and non-tangible assets making the management of the volumes placed on the market more efficient;**
- (c) collective storage of products produced by the producer organisation or by members of the producer organisation, including where necessary collective processing to facilitate such storage;**
- (d) replanting of orchards or olive groves where that is necessary following mandatory grubbing up for health or phytosanitary reasons on the instruction of the Member State competent authority or to adapt to climate change;**
- (e) market withdrawal for free-distribution or other destinations, including where necessary processing to facilitate such withdrawal;**
- (f) green harvesting consisting of the total harvesting on a given area of unripe non-marketable products which have not been damaged prior to the green harvesting, whether due to climatic reasons, disease or otherwise;**
- (g) non-harvesting consisting of the termination of the current production cycle on the area concerned where the product is well developed and is of sound, fair and marketable quality, excluding destruction of products due to a climatic event or disease;**

- (h) harvest and production insurance that contributes to safeguarding producers' incomes where there are losses as a consequence of natural disasters, adverse climatic events, diseases or pest infestations and at the same time ensuring that beneficiaries take necessary risk prevention measures;**
- (i) coaching to other producer organisations and associations of producer organisations recognised under Regulation (EU) No 1308/2013 or to individual producers;**
- (j) implementation and management of third-country sanitary and phytosanitary requirements in the territory of the Union to facilitate access to third-country markets;**
- (k) advisory services, technical assistance, training and exchange of best practices in particular regarding sustainable pest control techniques, sustainable use of pesticides or veterinary medicines as well as the use of organised trading platforms and commodity exchanges on the spot and futures market.**

SECTION 2

THE FRUIT AND VEGETABLES SECTOR

Article 42

Objectives in the fruit and vegetables sector

The following objectives **set out in points (a) to (j) of Article 41a** shall be pursued in the fruit and vegetables sector: **referred to in point (a) of Article 39. The objectives set out in points (g) and (h) of Articles 41a shall cover the products whether in a fresh or processed form.**

Member States shall specify in their CAP Strategic Plans the interventions corresponding to the types of intervention chosen in accordance with paragraphs 1 and 2 of Article 41b.

- ~~(a) — planning of production, adjusting production to demand, particularly in terms of quality and quantity, optimisation of production costs and returns on investments and stabilising producer prices; those objectives relate to the specific objectives set out in points (a), (b), (c) and (i) of Article 6(1);~~
- ~~(b) — concentration of supply and the placing on the market of the products of the fruit and vegetables sector, including through direct marketing; those objectives relate to the specific objectives set out in points (a) and (c) of Article 6(1);~~
- ~~(c) — research and development of sustainable production methods, including pest resilience, innovative practices boosting economic competitiveness and bolstering market developments; those objectives relate to the specific objectives set out in points (a), (c) and (i) of Article 6(1);~~
- ~~(d) — developing, implementing and promoting methods of production respectful of the environment, environmentally sound cultivation practices and production techniques, sustainable use of natural resources in particular protection of water, soil, air, biodiversity and other natural resources; those objectives relate to the specific objectives set out in points (e) and (f) of Article 6(1);~~

- ~~(e) — contribute to climate change mitigation and adaptation, as set out in point (d) of Article 6(1);~~
- ~~(f) — boosting products' commercial value and quality, including improving product quality and developing products with a protected designation of origin, with a protected geographical indication or covered by a national quality schemes; those objectives relate to the specific objective set out in point (b) of Article 6(1);~~
- ~~(g) — promotion and marketing of the products of the fruit and vegetables sector, whether in a fresh or processed form; those objectives relate to the specific objectives set out in points (b) and (c) of Article 6(1);~~
- ~~(h) — increasing consumption of the products of the fruit and vegetables sector, whether in a fresh or processed form; those objectives relate to the specific objective set out in point (i) of Article 6;~~
- ~~(i) — crisis prevention and risk management, aimed at avoiding and dealing with crises on the fruit and vegetables markets; those objectives relate to the specific objectives set out in points (a), (b) and (c) of Article 6 (1).~~

Article 43

Types of intervention in the fruit and vegetables sector

- ~~1. — As regards the objectives referred to in points (a) to (h) of Article 42, Member States shall choose in their CAP Strategic Plans one or more of the following types of intervention:

 - ~~(a) — investments in tangible and non-tangible assets, in particular focused on water saving, energy saving, ecological packaging and waste reduction;~~
 - ~~(b) — research and experimental production, in particular focused on water saving, energy saving, ecological packaging, waste reduction, pest resilience, reduction of risks and impacts of pesticides use, preventing damage caused by adverse climatic events and boosting the use of fruit and vegetable varieties adapted to changing climate conditions;~~~~

- ~~(c) — organic production;~~
- ~~(d) — integrated production;~~
- ~~(e) — actions to conserve soil and enhance soil carbon;~~
- ~~(f) — actions to create and maintain habitats favourable for biodiversity or to maintain the landscape, including the conservation of its historical features;~~
- ~~(g) — actions to save energy, increase energy efficiency and to increase renewable energy use;~~
- ~~(h) — actions to improve pest resilience;~~
- ~~(i) — actions to improve use and management of water, including water saving and drainage;~~
- ~~(j) — actions and measures to reduce waste production and to improve waste management;~~
- ~~(k) — actions to increase sustainability and efficiency of transport and of storage of products of the fruit and vegetables sector;~~
- ~~(l) — actions to mitigate climate change, to adapt to climate change and to increase renewable energy use;~~
- ~~(m) — implementation of Union and national quality schemes;~~
- ~~(n) — promotion and communication, including actions and activities aimed at diversification and consolidation of the fruit and vegetables markets and at informing about the health advantages of consumption of fruit and vegetables;~~
- ~~(o) — advisory services and technical assistance, in particular concerning sustainable pest control techniques, sustainable use of pesticides and climate change adaptation and mitigation;~~
- ~~(p) — training and exchange of best practices in particular concerning sustainable pest control techniques, sustainable use of pesticides and contributing to climate change adaptation and mitigation.~~

2. ~~As regards the objective referred to in point (i) of Article 42, Member States shall choose in their CAP Strategic Plans one or more of the following types of intervention:~~
- ~~(a) setting up and/or refilling of mutual funds by producer organisations and by associations of producer organisations recognised under Regulation (EU) No 1308/2013;~~
 - ~~(b) investments in tangible and non-tangible assets making the management of the volumes placed on the market more efficient;~~
 - ~~(c) replanting of orchards where that is necessary following mandatory grubbing up for health or phytosanitary reasons on the instruction of the Member State competent authority;~~
 - ~~(d) market withdrawal for free distribution or other destinations;~~
 - ~~(e) green harvesting consisting of the total harvesting on a given area of unripe non-marketable products which have not been damaged prior to the green harvesting, whether due to climatic reasons, disease or otherwise;~~
 - ~~(f) non-harvesting of fruit and vegetables consisting of the termination of the current production cycle on the area concerned where the product is well developed and is of sound, fair and marketable quality, excluding destruction of products due to a climatic event or disease;~~
 - ~~(g) harvest insurance that contributes to safeguarding producers' incomes where there are losses as a consequence of natural disasters, adverse climatic events, diseases or pest infestations and at the same time ensuring that beneficiaries take necessary risk prevention measures;~~
 - ~~(h) coaching to other producer organisations and associations of producer organisations recognised under Regulation (EU) No 1308/2013 or to individual producers;~~

- ~~(i) implementation and management of third country phytosanitary protocols in the territory of the Union to facilitate access to third country markets;~~
- ~~(j) implementation of Union and national quality schemes;~~
- ~~(k) advisory services and technical assistance, in particular concerning sustainable pest control techniques and sustainable use of pesticides.~~

~~3. The Member States shall in their CAP Strategic Plans define the interventions corresponding to the types of intervention chosen in accordance with paragraphs 1 and 2.~~

Article 44

Operational programs

1. The objectives referred to in Article ~~42~~**41a** and the interventions in the fruit and vegetables sector set out by the Member States in their CAP Strategic Plans shall be implemented through approved operational programs of producer organisations and/or associations of producer organisations recognised under Regulation (EU) No 1308/2013, under the conditions laid down in this Article.
2. Operational programs shall have a minimum duration of three years and a maximum duration of seven years. ~~They shall pursue the objectives referred to in points (d) and (e) of Article 42 and at least two other objectives referred to in that Article.~~

2a. Operational programs shall pursue at least the objectives referred to in points (b), (e) or (f) of Article 41a.

3. For each objective selected, the operational programs shall describe the interventions selected from among those set out by the Member States in their CAP Strategic Plans.

4. Operational programs shall be submitted by producer organisations and/or associations of producer organisations recognised under Regulation (EU) No 1308/2013 to the Member States for their approval.
5. Operational programs may be implemented only by producer organisations or by associations of producer organisations recognised under Regulation (EU) No 1308/2013.
6. Operational programs of associations of producer organisations shall not cover the same interventions as operational programs of member organisations. Member States shall consider operational programs of associations of producer organisations together with operational programs of member organisations.

To that end Member States shall ensure that:

- (a) interventions under operational programs of an association of producer organisations are entirely financed by contributions of those member organisations of that association and that such funding is collected from the operational funds of those member organisations;
- (b) interventions and their corresponding financial share are identified in the operational program of each member organisation;

(c) there is no duplication of funding.

7. Member States shall ensure that:

- (a) at least ~~20~~**15%** of expenditure under operational programs covers the interventions linked to the objectives referred to in points ~~(de)~~ and ~~(ef)~~ of Article ~~42~~**41a**;

(aa) where at least 80% of the members of a producer organisation are subject to one or more identical agri-environment-climate or organic farming commitments provided for in Chapter IV of Title III of this Regulation, those commitments shall count as interventions referred to in point (a);

- ~~(b) at least 5% of expenditure under operational programs covers the intervention linked to the objective referred to in point (e) of Article 42;~~
- (c) the interventions within the types of interventions referred to in **paragraph 2** points (d), (e) and (f) of Article 43(2)**41b** do not exceed one third of the total expenditure under operational programs.

Article 45

Operational funds

1. Producer organisations in the fruit and vegetables sector and/or their associations may set up an operational fund. The fund shall be financed by:
 - (a) financial contributions from:
 - (i) members of the producer organisation and/or the producer organisation itself; or
 - (ii) associations of producer organisations through the members of those associations;
 - (b) Union financial assistance, which may be granted to producer organisations or to their associations where those **organisations or** associations present an operational program.
2. Operational funds shall be used only to finance operational programs that have been approved by the Member States.

Article 46

Union financial assistance to the fruit and vegetables sector

1. The Union financial assistance shall be equal to the amount of the financial contributions referred to in point (a) of Article 45(1) actually paid and limited to 50% of the actual expenditure incurred.

2. The Union financial assistance shall be limited to:

- (a) 4,1% of the value of the marketed production of each producer organisation;
- (b) 4,5% of the value of marketed production of each association of producer organisations;
- (c) 5% of the value of marketed production of each transnational producer organisation or transnational association of producer organisations

~~By way of derogation from the first subparagraph, the Union financial assistance may be increased as follows:~~

- ~~(a) in the case of producer organisations, the percentage may be increased to 4,6% of the value of the marketed production, provided that the amount in excess of 4,1% of the value of marketed production is used solely for one or more interventions linked to the objectives referred to in points (c), (d), (e), (g), (h) and (i) of Article 42;~~
- ~~(b) in the case of associations of producer organisations, the percentage may be increased to 5% of the value of the marketed production, provided that the amount in excess of 4,5% of the value of the marketed production is used solely for one or more interventions linked to the objectives referred to in points (c), (d), (e), (g), (h) and (i) of Article 42 implemented by the association of producer organisations on behalf of its members;~~
- ~~(c) in the case of transnational producer organisation or transnational association of producer organisations, the percentage may be increased to 5,5% of the value of the marketed production, provided that the amount in excess of 5% of the value of the marketed production is used solely for one or more interventions linked to the objectives referred to in points (c), (d), (e), (g), (h) and (i) of Article 42 implemented by the transnational producer organisation or transnational association of producer organisations on behalf of its members.~~

Those limits may be increased by 0.5 percentage points provided that the amount in excess of the relevant percentage set out in the first sub-paragraph is used solely for one or more interventions linked to the objectives referred to in points (d), (e), (f), (h), (i) and (j) of Article 41a. In the case of associations of producer organisations, including transnational associations of producer organisations, those interventions may be implemented by the association on behalf of its members.

3. At the request of a producer organisation, the 50% limit provided for in paragraph 1 shall be increased to 60% for an operational program or part of an operational program ~~satisfying~~**if** at least one of the following ~~conditions~~**applies**:
- (a) producer organisations operating in different Member States implementing interventions linked to the objectives referred to in points (b) ~~and~~ (e) **and (f)** of Article ~~42~~**41a** transnationally;
 - (b) one or more producer organisations are engaged in interventions operated on an interbranch basis;
 - (c) operational program covers solely specific support for the production of organic products covered by Council Regulation (EC) No 834/2007¹³;
 - (d) operational program is for the first time implemented by an association of producer organisations recognised under Regulation (EU) No 1308/2013;
 - (e) producer organisations account for less than 20% of fruit and vegetables production in a Member State;

¹³ Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products and repealing Regulation (EEC) No 2092/91 (OJ L 189, 20.7.2007, p. 1).

- (f) producer organisation operates in one of the outermost regions referred to in Article 349 TFEU;
- (g) operational program comprises the interventions linked to the objectives referred to in points (ed), (de), (ef), (hi) and (ij) of Article 4241a;
- (h) operational program is for the first time implemented by a recognised producer organisation which is the result of a merger between two or more recognised producer organisations.**

3a. The 50% limit provided for in paragraph 1 shall be increased to 80% for expenditure linked to the objective referred to in point (d) of Article 41a, if this expenditure covers at least 5% of the expenditure under the operational program.

3b. The 50% limit provided for in paragraph 1 shall be increased to 80% for expenditure linked to the objective referred to in point (e) and (f) of Article 41a, if this expenditure covers at least 10% of the expenditure under the operational program.

4. The 50% limit provided for in paragraph 1 shall be increased to 100% in the following cases:

- (a) market withdrawals of fruit and vegetables which do not exceed 5% of the volume of marketed production of each producer organisation and which are disposed of by way of:
 - (i) free distribution to charitable organisations and foundations approved to that effect by the Member States, for use in their activities to assist persons whose right to public assistance is recognised in national law, in particular because they lack the necessary means of subsistence;

- (ii) free distribution to penal institutions, schools and public education institutions, establishments referred to in Article 22 of Regulation (EU) No 1308/2013 and to children's holiday camps as well as to hospitals and old people's homes designated by the Member States, which will take all necessary steps to ensure that the quantities thus distributed are additional to the quantities normally bought in by such establishments;
- (b) actions related to coaching of other producer organisations recognised under Regulation (EU) No 1308/2013, provided that those producer organisations are from regions of Member States referred to in Article 47(2) of this Regulation or of individual producers.

Article 47

National financial assistance

1. In regions of the Member States in which the degree of organisation of producers in the fruit and vegetables sector is significantly below the Union average, Member States may grant producer organisations recognised under Regulation (EU) No 1308/2013 national financial assistance equal to a maximum of 80% of the financial contributions referred to in point (a) of Article 45(1) and up to 10% of the value of the marketed production of any such producer organisation. The national financial assistance shall be additional to the operational fund.
2. The degree of organisation of producers in a region of a Member State shall be considered as significantly below the Union average where the average degree of organisation has been less than 20% for three consecutive years preceding the implementation of the operational program. The degree of organisation shall be calculated as the value of fruit and vegetables production that was obtained in the region concerned and marketed by producer organisations and associations of producer organisations recognised under Regulation (EU) No 1308/2013, divided by the total value of the fruit and vegetables production that was obtained in that region.

Member States that grant national financial assistance in accordance with paragraph 1 shall inform the Commission of the regions that meet the criteria referred to in paragraph 2 and of the national financial assistance granted to producer organisations in those regions. **The national financial assistance referred to in paragraph 1 of this Article may be reimbursed by the Union at the request of the Member State concerned.**

SECTION 3

THE APICULTURE SECTOR

Article 48

Objectives in apiculture sector

The Member States shall pursue at least one of the specific objectives referred to in Article 6(1) in the apiculture sector.

Article 49

Types of intervention in the apiculture sector and the Union financial assistance

1. Member States shall choose in their CAP Strategic Plans for each **selected** specific objective set out in Article 6(1) one or more of the following types of interventions in the apiculture sector:
 - (a) **advisory services**, technical assistance, **training, information and exchange of best practices** to beekeepers and beekeepers' organisations, **including on beehive invaders and diseases, in particular varroasis**;
 - (b) actions to **investments in tangible and non-tangible assets, as well as other actions, including for:**
 - (i) **combatting** beehive invaders and diseases, in particular varroasis;

(ii) preventing damage caused by adverse climatic events and promoting the development and use of management practices adapted to changing climate conditions;

(iii) restocking of beehives in the Union including bee breeding;

(iv) rationalising transhumance;

(v) improving competitiveness and innovation in the apiculture sector;

~~(c) actions to rationalise transhumance;~~

(d) actions to support laboratories for the analysis of apiculture products;

~~(e) restocking of beehives in the Union;~~

(f) cooperation with specialised bodies for the implementation of research programs in the field of beekeeping and apiculture products;

(g) **promotion, communication and marketing including market monitoring actions and activities aimed in particular at raising consumer awareness about quality of the apiculture products and the importance of healthy diets;**

(h) actions to enhance product quality.

2. Member States shall substantiate in their CAP Strategic Plans their choice of specific objectives and types of intervention. Within the chosen types of intervention, Member States shall define the interventions.
3. Member States shall set out in their CAP Strategic Plans the funding provided by them for the types of intervention chosen in their CAP Strategic Plans.

4. ~~The Union financial assistance to the interventions referred to in paragraph 2 shall be maximum 50% of the expenditure. The remaining part of the expenditure shall be borne by the Member States~~ **shall provide at least the same amounts as those referred to in Article 82(2) and may provide additional financial assistance up to 100% of the expenditure.**
5. When drawing up their CAP Strategic Plans Member States shall ~~seek the advice of~~ **collaborate with** the representatives of organisations in the beekeeping field.
6. Member States shall notify the Commission annually of the number of beehives in their territory.

Article 50

Delegated powers

The Commission shall be empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation with requirements additional to those laid down in this Section concerning:

- (a) the obligation of Member States to notify the Commission annually of the number of beehives in their territory laid down in Article 49(6);
- (b) a definition of a beehive and methods for calculating the number of beehives;
- (c) the minimum Union contribution to the expenditure related to the implementation of the types of interventions and interventions referred to Article 49.

SECTION 4

THE WINE SECTOR

Article 51

Objectives in the wine sector

Member States shall pursue one or more of the following objectives in the wine sector:

- (a) improve competitiveness of Union wine producers ~~including contributing to improvement of sustainable production systems and reduction of environmental impact of the Union wine sector; those that objectives relate~~ to the specific objectives set out in points (b), ~~(c) to (f)~~ and (h) of Article 6(1);
- (aa) improve sustainable production systems and reduction of the environmental impact of the Union wine sector; those objectives relate to the specific objectives set out in points (d) to (f), and (h) of Article 6(1);**
- (b) improve performance of Union wine enterprises and their adaptation to market demands, as well as increase their competitiveness as regards the production and marketing of grapevine products, including energy savings, global energy efficiency and sustainable processes; those objectives relate to the specific objectives set out in points (a), to (e), (g) and (h) of Article 6(1);
- (c) contribute to restoring the balance of supply and demand in the Union wine market in order to prevent market crises; that objective relates to the specific objective set out in point (a) of Article 6(1);
- (d) contribute to safeguarding Union wine producers' incomes where they incur losses as a consequence of natural disasters, adverse climatic events, animals, diseases or pest infestations; that objective relates to the objective set out in point (a) of Article 6(1);

- (e) increase the marketability and competitiveness of Union grapevine products, in particular by developing innovative products, processes and technologies, and by adding value at any stage of the supply chain, including an element of knowledge transfer; that objective relates to the specific objectives set out in points (a), (b), (c), (e) and (i) of Article 6(1);
- (f) use of wine making by-products for industrial, **agronomic** and energy purposes ensuring the quality of Union wine while protecting the environment; that objective relates to the specific objectives set out in points (d) and (e) of Article 6(1);
- (g) contribute to increasing consumer awareness about responsible consumption of wine and about Union quality schemes for wine; that objective relates to the specific objectives set out in points (b) and (i) of Article 6(1);
- (h) improve competitiveness of Union grapevine products in third countries; that objective relates to the objectives set out in points (b) and (h) of Article 6(1);
- (i) contribute to increasing resilience of producers against market fluctuations; that objective relates to the objectives set out in point (a) of Article 6(1).

Article 52

Types of intervention in the wine sector

1. For each objective chosen from among those laid down in Article 51 the Member States shall choose in their CAP Strategic Plans one or more of the following types of intervention:

- (a) restructuring and conversion of vineyards, ~~including~~ **consisting of one or more of the following varietal conversions, including by means of grafting-on, relocation of vineyards,** replanting of vineyards where that is necessary following mandatory grubbing up for health or phytosanitary reasons on the instruction of the Member State competent authority, **improvements to vineyard management techniques, in particular the introduction of advanced systems of sustainable production,** but excluding the normal renewal of vineyards consisting of replanting of the same parcel of land with the same grape variety according to the same system of vine cultivation, when vines have to come to the end of their natural life;
- (b) tangible and intangible investments in **wine-growing farm systems, excluding operations relevant to the type of intervention provided for in point (a),** processing facilities and winery infrastructure, as well as marketing structures and tools;
- (c) green harvesting meaning the total destruction or removal of grape bunches while still in their immature stage, thereby reducing the yield of the relevant area to zero and excluding non-harvesting comprising of leaving commercial grapes on the plants at the end of the normal production cycle;
- (d) harvest insurance against income losses as a consequence of adverse climatic events assimilated to natural disasters, adverse climatic events, animals, plant diseases or pest infestations;
- (e) tangible and intangible investments in innovation consisting of development of **research, preservation of varieties and genetic improvement,** innovative products ~~and,~~ **including products from** by-products of wine making, processes and technologies, other investments adding value at any stage of the supply chain, including for knowledge exchange;

- (f) distillation of by-products of wine making carried out in accordance with the restrictions laid down in Section D of Part II of Annex VIII to Regulation (EU) No 1308/2013;
- (g) information actions concerning Union wines carried out in Member States encouraging responsible consumption of wine or promoting Union quality schemes covering designations of origin and geographical indications;
- (h) promotion carried out in third countries, consisting of one or more of the following:
 - (i) public relations, promotion or advertisement actions, in particular highlighting the high standards of the Union products, especially in terms of quality, food safety or the environment;
 - (ii) participation at events, fairs or exhibitions of international importance;
 - (iii) information campaigns, in particular on the Union quality schemes concerning designations of origin, geographical indications and organic production;
 - (iv) studies of new markets, necessary for the expansion of market outlets;
 - (v) studies to evaluate the results of the information and promotion measures;
 - (vi) preparation of technical files, including laboratory tests and assessments, concerning oenological practices, phytosanitary and hygiene rules, as well as other third country requirements for import of products of the wine sector, to facilitate access to third country markets;
- (i) temporary and degressive assistance to cover administrative costs of setting up of mutual funds.

2. ~~The~~ Member States shall substantiate in their CAP Strategic Plans their choice of objectives and the types of intervention in the wine sector. Within the chosen types of intervention, they shall ~~define~~ **specify** interventions.
3. In addition to the requirements set out in Title V, Member States shall set out in their CAP Strategic Plans an implementation schedule for the selected types of intervention, interventions and a general financial table showing the resources to be deployed and the envisaged allocation of resources between the selected types of intervention and between interventions in accordance with the financial allocations laid down in Annex V.

Article 53

Union financial assistance to the wine sector

1. The Union financial assistance for restructuring and conversion of vineyards referred to in point (a) of Article 52(1) shall not exceed **[50%]** of the actual costs of restructuring and conversion of vineyards or **[75%]** of the actual costs of restructuring and conversion of vineyards in less developed regions.

The assistance may only take the form of compensation to producers for loss of revenue due to the implementation of the intervention and contribution to the costs of restructuring and conversion. The compensation to producers for loss of revenue due to the implementation of the intervention may cover up to **[100%]** of the relevant loss **and take one of the following forms:**

(i) the permission for old and new vines to coexist for a maximum period which shall not exceed three years;

(ii) financial compensation.

2. The Union financial assistance for investments referred to in point (b) of Article 52(1) shall not exceed the following limits:

- (a) [50%] of eligible investment costs in less developed regions;
- (b) [40%] of eligible investment costs in regions other than less developed regions;
- (c) [75%] of eligible investment costs in the outermost regions referred to in Article 349 TFEU;
- (d) [65%] of eligible investment costs in the smaller Aegean islands as defined in Article 1(2) of Regulation (EU) No 229/2013.

The Union financial assistance at the maximum rate, referred to in the first subparagraph shall only be granted to micro, small and medium-sized enterprises within the meaning of Commission Recommendation 2003/361/EC¹⁴; However, it may be granted to all enterprises in the outermost regions referred to in Article 349 TFEU and the smaller Aegean islands as defined in Article 1(2) of Regulation (EU) No 229/2013.

For enterprises not covered by Article 2(1) of Title I of the Annex to Recommendation 2003/361/EC, with fewer than 750 employees, or with **an annual** turnover of less than EUR 200 million, the maximum limits referred to in the first subparagraph shall be halved.

No Union financial assistance shall be granted to enterprises in difficulty within the meaning of Union Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty¹⁵.

3. The Union financial assistance for green harvesting referred to in point (c) of Article 52(1) shall not exceed [50%] of the sum of the direct costs of the destruction or removal of grape bunches and the loss of revenue related to such destruction or removal.

¹⁴ **Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20.5.2003, p. 36).**

¹⁵ Communication from the Commission Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty, 21.7. 2014 (2014/C 249/01).

4. The Union financial assistance for harvest insurance referred to in point (d) of Article 52(1) shall not exceed:
- (a) ~~80%~~ of the cost of the insurance premiums paid for by producers for insurance against losses resulting from adverse climatic events which can be assimilated to natural disasters;
 - (b) ~~50%~~ of the cost of insurance premiums paid by producers for insurance against:
 - (i) losses referred to in point (a) and against losses caused by adverse climatic events;
 - (ii) losses caused by animals, plant diseases or pest infestations.

Union financial assistance for harvest insurance may be granted if insurance payments concerned do not compensate producers for more than 100% of the income loss suffered, taking into account any compensation the producers may have obtained from other support schemes related to the insured risk. Insurance contracts shall require beneficiaries to undertake necessary risk prevention measures.

5. The Union financial assistance for innovation referred to in point (e) of Article 52(1) shall not exceed:
- (a) ~~50%~~ of eligible investment costs in less developed regions;
 - (b) ~~40%~~ of eligible investment costs in regions other than less developed regions;
 - (c) ~~75%~~ of eligible investment costs in the outermost regions referred to in Article 349 TFEU;
 - (d) ~~65%~~ of eligible investment costs in the smaller Aegean islands as defined in Article 1(2) of Regulation (EU) No 229/2013.

The Union financial assistance at its maximum rate, referred to in the first subparagraph shall apply only to micro, small and medium-sized enterprises within the meaning of Recommendation 2003/361/EC; however, it may, apply to all enterprises in the outermost regions referred to in Article 349 TFEU and the smaller Aegean islands as defined in Article 1(2) of Regulation (EU) No 229/2013.

For enterprises not covered by Article 2(1) of Title I of the Annex to Recommendation 2003/361/EC, with fewer than 750 employees, or with **an annual** turnover of less than EUR 200 million, the maximum aid limit referred to in the first subparagraph shall be halved.

6. The Union financial assistance for information actions and promotion referred to in points (g) and (h) of Article 52(1) shall not exceed [50%] of eligible expenditure. **Member States may cover up to 30% of the remaining part but not exceed 80% of the eligible expenditure and Articles 107, 108 and 109 TFEU shall not apply.**
7. The Union financial assistance for distillation of by-products of wine making referred to in point (f) of Article 52(1) shall be fixed by the Commission in accordance with the specific rules laid down in Article 54(3) by means of implementing acts adopted in accordance with the examination procedure referred to in Article 139(2).

Article 54

Specific rules on Union financial assistance to the wine sector

1. The Member States concerned shall ensure that the Union financial assistance for harvest insurance does not distort competition in the insurance market.
2. The Member States concerned shall establish a system based on objective criteria to ensure that green harvesting does not lead to compensation of individual wine producers in excess of the limit laid down in Article 53(3).

3. The amount of the Union assistance for distillation of by-products of wine making shall be fixed per % volume and per hectolitre of alcohol produced. No Union financial assistance shall be paid for the volume of alcohol contained in the by-products to be distilled which exceeds 10 % in relation to the volume of alcohol contained in the wine produced.

The Member States concerned shall ensure that the Union financial assistance for distillation of by-products of wine making is paid to distillers that process by-products of winemaking delivered for distillation into raw alcohol with an alcoholic strength of at least 92% by volume.

The Union financial assistance shall include a lump sum amount to compensate for the costs of collection of the by-products of winemaking. That amount shall be transferred from the distiller to the producer, where the relevant costs are borne by the latter.

The Member States concerned shall ensure that the alcohol resulting from the distillation of by-products of winemaking referred to in point (f) of Article 52(1) for which a Union financial assistance has been granted is used exclusively for industrial or energy purposes that do not distort competition.

4. The Member States concerned shall set in their CAP Strategic Plans a minimum percentage of expenditure for actions aimed at protection of the environment, adaption to climate change, improving sustainability of production systems and processes, reduction of environmental impact of the Union wine sector, energy savings and improving global energy efficiency in the wine sector.

SECTION 5

THE HOPS SECTOR

Article 55

Objectives and types of intervention in the hops sector

1. The Member State referred to in Article 82(3) shall pursue **in the hops sector** one or more of the following objectives **in the hops sector set out in points (a), (b), (c), (d), (e), (f), (g), (h) and (i) of Article 41a**:
 - ~~(a) — planning of production, adjusting production to demand, particularly in terms of quality and quantity; those objectives relate to the specific objectives set out in points (a), (b) and (c) of Article 6(1);~~
 - ~~(b) — concentration of supply and the placing on the market of the products of the hops sector, including through direct marketing; those objectives relate to the specific objectives set out in points (a) and (c) of Article 6(1);~~
 - ~~(c) — optimising production costs and returns on investments in response to environmental standards and stabilising producer prices; those objectives relate to the specific objectives set out in points (a) and (c) of Article 6(1);~~
 - ~~(d) — research and development of sustainable production methods, including pest resilience, innovative practices boosting economic competitiveness and bolstering market developments; those objectives relate to the specific objectives set out in points (a), (c) and (i) of Article 6(1);~~
 - ~~(e) — promoting, developing and implementing methods of production respectful of the environment, environmentally sound cultivation practices and production techniques, sustainable use of natural resources in particular protection of water, soil and other natural resources; those objectives relate to the specific objectives set out in points (e) and (f) of Article 6(1);~~

~~(f) contribute to climate change mitigation and adaptation, as set out in point (d) of Article 6(1).~~

2. The Member State referred to in Article 82(3) shall ~~define~~ **choose** in its CAP Strategic Plan one or more of the types of intervention referred to in Article ~~60~~ **41b** to pursue the objectives chosen as laid down in paragraph 1. Within the chosen types of intervention they shall ~~define~~ **specify** interventions. The Member State referred to in Article 82(3) shall substantiate in its CAP Strategic Plan the choice of objectives, types of intervention and interventions to meet those objectives.

3. The interventions specified by the Member State referred to in Article 82 (3) shall be implemented through producer organisations recognised under Regulation (EU) No 1308/2013.

SECTION 6

THE OLIVE OIL AND TABLE OLIVES SECTOR

Article 56

Objectives in the olive oil and table olives sector

The Member States referred to in Article 82(4) shall pursue **in the olive oil and table olives sector** one or more of the following objectives **set out in points (a), (c), (d), (e), (f), (g) and (i) of Article 41a** ~~in the olive oil and table olives sector.~~

~~(a) reinforcing the organisation and management of production of olive oil and table olives; that objective relates to the specific objectives set out in points (a) and (b) of Article 6(1);~~

~~(b) improvement of medium and long term competitiveness of the olive oil and table olives sector, in particular through modernisation; that objective relate to the specific objective set out in point (e) of Article 6(1);~~

- ~~(c) — reduction of environmental impact of and contribution to climate action through olive cultivation; that objectives relate to the specific objectives set out in points (d) and (e) of Article 6(1);~~
- ~~(d) — improvement of quality of olive oil and table olives; that objective relate to the specific objective set out in point (f) of Article 6(1);~~
- ~~(e) — research and development of sustainable production methods, including pest resilience, innovative practices boosting economic competitiveness and bolstering market developments; that objective relates to the specific objectives set out in points (a), (c) and (i) of Article 6(1);~~
- ~~(f) — crisis prevention and management, aimed at improving pest resilience, avoiding and dealing with crises in the olive oil and table olives markets; that objective relate to the specific objective set out in point (h) of Article 6(1).~~

Article 57

Types of intervention and their implementation in the olive oil and table olives sector

1. To pursue the objectives referred to in Article 56, the Member States referred to in Article 82(4) shall choose in their CAP Strategic Plans one or more of the types of interventions referred to in Article ~~60~~**41b or in Article 57(3)**. Within the chosen types of intervention, they shall define interventions.
2. The interventions ~~defined~~**specified** by the Member States referred to in Article 82(4) shall be implemented through:
 - (a)** approved operational programs of producer organisations and/or associations of producer organisations recognised under Regulation (EU) No 1308/2013 **or**

(b) types of interventions as referred to in paragraph 3.

For this purpose **of point (a) of paragraph 2, Articles 61-44(2) and (3) to (6) and 62-Article 45** of this Regulation shall apply.

3. For the purpose of point (b) of paragraph 2, Member States shall choose in their CAP Strategic Plans one or more of the following types of interventions:

- (a) planting, restructuring and conversion of olive orchards, including replanting of olive trees where that is necessary following mandatory grubbing up for health or phytosanitary reasons on the instruction of the Member State competent authority;**
- (b) tangible and intangible investments in processing facilities and olive oil mill infrastructure, as well as machineries, marketing structures and tools;**
- (c) tangible and intangible investments in innovation consisting of development of innovative products and by-products of olive oil sector, processes and technologies, other investments adding value at any stage of the supply chain, including for knowledge exchange;**
- (d) agri-environmental-climate commitments as well as measures to promote or maintain traditional systems, as defined by Member States, in terms of density of plantation, multiple crops, presence of terracing, reduction of external energy inputs and high landscape value.**

Article 58
Union financial assistance

1. The Union financial assistance to the eligible costs shall not exceed:
 - (a) [75%] of actual expenditure incurred for interventions linked to objectives referred to in points (a), (~~b~~c), (~~e~~d), **(e)** and (~~e~~f) of Article ~~56~~**41a**;
 - (b) [75%] of actual expenditure incurred for fixed assets investments and [50%] for other interventions linked to objective referred to in point (~~d~~g) of Article ~~56~~**41a**;
 - (c) [50%] of actual expenditure incurred for interventions linked to objective referred to in point (~~f~~i) of Article ~~56~~**41a**;
 - (d) [75%] of the actual expenditure incurred for the types of intervention referred to in points (f) and (h) **of paragraph 1** of Article ~~60(1)~~**41b** where the operational program is implemented in at least three third countries or non-producing Member States by producer organisations **or associations of producer organisations** from at least two producing Member States, [50%] of the actual expenditure where for this type of intervention this condition is not met.
2. The Union financial assistance shall be limited to 5% of the value of marketed production of each producer organisation or association of producer organisations.
3. Member States shall ensure complementary financing up to [50%] of the costs not covered by the Union financial assistance.

SECTION 7

OTHER SECTORS

Article 59

Objectives in other sectors

The Member States shall ~~pursue one or more of the following objectives in the other sectors referred to in point (f) of Article 39:~~ **choose in their CAP Strategic Plans the sectors in which they implement the types of intervention laid down in Article 41b. For each sector, for the objectives selected from Article 41a they shall choose the types of intervention as laid down in paragraphs 1 and 2 of Article 41b and substantiate their choice of sectors, objective and types of intervention.**

- ~~(a) — planning of production, adjusting production to demand, particularly in terms of quality and quantity, optimisation of production costs and returns on investments and stabilising producer prices; those objectives relate to the specific objectives set out in points (a), (b), (c) and (i) of Article 6(1);~~
- ~~(b) — concentration of supply and placing on the market of the products concerned; those objectives relate to the specific objectives set out in points (a) and (c) of Article 6(1);~~
- ~~(c) — research and development of sustainable production methods, including pest resilience, innovative practices and production techniques boosting economic competitiveness and bolstering market developments; those objectives relate to the specific objectives set out in points (a), (c) and (i) of Article 6(1);~~

- ~~(d) promoting, developing and implementing methods of production respectful of the environment, of animal welfare standards, pest resilient and environmentally sound cultivation practices, production techniques and production methods, environmentally sound use and management of by products and waste, sustainable use of natural resources in particular protection of water, soil and other natural resources; those objectives relate to the specific objectives set out in points (e) and (f) of Article 6(1);~~
- ~~(e) contribute to climate change mitigation and adaptation, as set out in point (d) of Article 6(1);~~
- ~~(f) boosting products' commercial value and quality, including improving product quality and developing products with a protected designation of origin, with a protected geographical indication or covered by a national quality schemes; those objectives relate to the specific objective set out in point (b) of Article 6(1);~~
- ~~(g) promotion and marketing of the products of one or more sectors referred to in point (f) of Article 40; those objectives relate to the specific objectives set out in points (b) and (c) of Article 6(1);~~
- ~~(h) crisis prevention and risk management, aimed at avoiding and dealing with crises in the markets within one or more sectors referred to in point (f) of Article 39; those objectives relate to the specific objectives set out in points (a), (b) and (c) of Article 6(1).~~

Article 60

Types of intervention

- ~~1. As regards the objectives referred to in points (a) to (g) of Article 59 Member States shall choose in their CAP Strategic Plans one or more of the following types of intervention:~~
 - ~~(a) investments in tangible and non tangible assets; research and experimental production, as well as other actions, including actions for:~~
 - ~~(i) soil conservation, including the enhancement of soil carbon;~~

- ~~(ii) — improvement of the use of and management of water, including water saving and drainage;~~
- ~~(iii) — preventing damage caused by adverse climatic events and promoting the use of varieties and management practices adapted to changing climate conditions;~~
- ~~(iv) — energy saving and energy efficiency increase;~~
- ~~(v) — ecological packaging;~~
- ~~(vi) — animal health and welfare;~~
- ~~(vii) — reducing waste production and improving the use and management of by-products and waste;~~
- ~~(viii) — improving pest resilience;~~
- ~~(ix) — reducing risks and impacts of pesticide use;~~
- ~~(xi) — creating and maintaining habitats favourable to biodiversity;~~
- ~~(b) — advisory services and technical assistance, in particular regarding climate change adaptation and mitigation;~~
- ~~(c) — training including coaching and exchange of best practices;~~
- ~~(d) — organic production;~~
- ~~(e) — actions to increase the sustainability and efficiency of transport and of storage of products of one or more of the sectors referred to in point (f) of Article 40;~~
- ~~(f) — promotion, communication and marketing including actions and activities aimed in particular at raising consumer awareness about the Union quality schemes and the importance of healthy diets, and at diversification of markets;~~

~~(g) implementation of Union and national quality schemes;~~

~~(h) implementation of traceability and certification systems, in particular the monitoring of the quality of products sold to final consumers.~~

~~2. As regards the objective referred to in point (h) of Article 59, Member States shall choose in their CAP Strategic Plans one or more of the following types of intervention:~~

~~(a) setting up and/or refilling of mutual funds by producer organisations recognised under Regulation (EU) No 1308/2013;~~

~~(b) investments in tangible and non-tangible assets making the management of the volumes placed on the market more efficient;~~

~~(c) collective storage of products produced by the producer organisation or by members of the producer organisation;~~

~~(d) replanting of orchards where that is necessary following mandatory grubbing up for health or phytosanitary reasons on the instruction of the Member State competent authority or to adapt to climate change;~~

~~(e) market withdrawal for free distribution or other destinations;~~

~~(f) green harvesting consisting of the total harvesting on a given area of unripe non-marketable products which have not been damaged prior to the green harvesting, whether due to climatic reasons, disease or otherwise;~~

~~(g) non-harvesting consisting of the termination of the current production cycle on the area concerned where the product is well developed and is of sound, fair and marketable quality, excluding destruction of products due to a climatic event or disease;~~

~~(h) harvest and production insurance that contributes to safeguarding producers' incomes where there are losses as a consequence of natural disasters, adverse climatic events, diseases or pest infestations and at the same time ensuring that beneficiaries take necessary risk prevention measures.~~

~~3. Member States shall chose in the CAP Strategic Plans the sectors in which they implement the types of intervention laid down in this Article. For each sector, they shall choose one or more objectives from among those laid down in Article 59 and the types of intervention as laid down in paragraphs 1 and 2 of this Article. For each type of intervention, the Member States shall define interventions. The Member States shall substantiate their choice of sectors, objectives, types of intervention and interventions.~~

Article 60a

Implementation

1. In each sector selected from the other sectors referred to in point (f) of Article 39, Member States may grant support for interventions set out in their CAP Strategic Plans through:

(a) forms of cooperation between producers or

(b) types of interventions as referred to in paragraph 3.

2. For the purpose of point (a) of paragraph 1, Member States shall designate in their CAP Strategic Plans the forms of cooperation to be used:

(a) Member States may decide that the types of intervention in one or more sectors shall be implemented through approved operational programs of producer organisations or associations of producer organisations recognised under Regulation (EU) No 1308/2013. For this purpose, Articles 44(2) and (3) to (6) of this Regulation shall apply;

(b) Support for interventions relating to the objectives set out in points (a), (b) and (j) of Article 41a shall only be granted to producer organisations or associations of producer organisations recognised under Regulation (EU) No 1308/2013;

(c) Support for interventions referred to in points (b), (c), (f), (h) and (i) of paragraph 1 of Article 41b may also be granted to interbranch organisations recognised under Regulation (EU) No 1308/2013;

(d) Support for interventions by associations of producer groups or by associations of producer organisations shall not cover the same interventions as those by their member organisations. Member States shall consider interventions by associations of producer groups or by associations of producer organisations together with interventions of member organisations.

To that end Member States shall ensure that:

(i) the interventions of an association of producer groups or of an association of producer organisations are entirely financed by contributions of those member organisations of that association;

(ii) there is no duplication of funding;

(e) Member States shall ensure that the support for the interventions referred to in points (e), (f) and (g) of paragraph 2 of Article 41b does not exceed one third of the total expenditure of the chosen sector(s) as set out in their CAP Strategic Plan.

3. For the purpose of point (b) of paragraph 1, Member States shall choose in their CAP Strategic Plans one or more of the following types of intervention:

(a) tangible and intangible investments in processing facilities and sectorial infrastructure, as well as machineries, marketing structures and tools;

- (b) tangible and intangible investments in innovation consisting of development of innovative products and by-products of sector, processes and technologies, other investments adding value at any stage of the supply chain, including for knowledge exchange;**
- (c) promotion carried out in third countries, consisting of one or more of the following:**
- (i) public relations, promotion or advertisement actions, in particular highlighting the high standards of the Union products, especially in terms of quality, food safety or the environment;**
 - (ii) participation at events, fairs or exhibitions of international importance;**
 - (iii) information campaigns, in particular on the Union quality schemes concerning designations of origin, geographical indications and organic production;**
 - (iv) studies of new markets, necessary for the expansion of market outlets;**
 - (v) studies to evaluate the results of the information and promotion measures;**
 - (vi) preparation of technical files, including laboratory tests and assessments, phytosanitary and hygiene rules, as well as other third country requirements for import of products of the sector, to facilitate access to third country markets.**

Article 61

Operational programs

1. ~~In each sector concerned, the objectives and the interventions set out by the Member States in their CAP Strategic Plans shall be implemented through approved operational programs of producer organisations and/or associations of producer organisations recognised under Regulation (EU) No 1308/2013, under the conditions laid down in this Article.~~
2. ~~Operational programs in the sectors referred to in point (f) of Article 39 shall have a minimum duration of three years and a maximum duration of seven years.~~
3. ~~The operational programs shall describe the interventions selected from among those set out by the Member States in their CAP Strategic Plans.~~
4. ~~Operational programs shall be submitted by producer organisations and/or associations of producer organisations recognised under Regulation (EU) No 1308/2013 to the Member States for their approval.~~
5. ~~Operational programs may be implemented only by producer organisations or by associations of producer organisations recognised under Regulation (EU) No 1308/2013.~~
6. ~~Operational programs of associations of producer organisations shall not cover the same interventions as operational programs of member organisations. Member States shall consider operational programs of associations of producer organisations together with operational programs of member organisations.~~

~~To that end Member States shall ensure that:~~

- (a) ~~the interventions under operational programs of an association of producer organisations are entirely financed by contributions of those member organisations of that association and that such funding is collected from the operational funds of those member organisations;~~

~~(b) — the interventions and their corresponding financial share are identified in the operational program of each member organisation; and~~

~~(c) — there is no duplication of funding.~~

~~7. — Member States shall ensure that the interventions linked to objective referred to in point (h) of Article 59 do not exceed one third of the total expenditure under operational programs of producer organisations or associations of producer organisations.~~

Article 62

Operational funds

~~1. — Producer organisations and/or their associations in the sectors referred to in point (f) of Article 39 may set up an operational fund. The fund shall be financed by:~~

~~(a) — financial contributions from:~~

~~(i) — members of the producer organisation and/or producer organisation itself; or~~

~~(ii) — associations of producer organisations through the members of those associations;~~

~~(b) — Union financial assistance, which may be granted to producer organisations or to their associations where those associations present an operational program.~~

~~2. — Operational funds shall be used only to finance operational programs that have been approved by the Member States.~~

Article 63

Union financial assistance

1. The Union financial assistance shall be ~~equal to the amount of the financial contributions referred to in point (a) of Article 62(1) actually paid and~~ limited to 50% of the actual expenditure incurred **for the types of interventions referred to in Article 41b. The remaining part of the expenditure shall be borne by the forms of cooperations referred to paragraphs 1 to 3 of Article 60a.**

Member States may decide that the Union financial assistance is paid to operational funds set up by producer organisations or their associations. For this purpose, Articles 45 and 46(1) of this Regulation shall apply.

- 1a. The 50% limit provided for in paragraph 1 shall be increased to 60% for producer organisations or associations of producer organisations recognised under Regulation 1308/2013 for the first 5 years after the year of recognition.**

2. The Union financial assistance shall be limited to 5% of the value of marketed production of:
- ____ each producer organisation or association of producer organisations **or**
 - **the producers organised in the forms of cooperations referred to in paragraphs 1 to 3 of Article 60a.**

CHAPTER IV

TYPES OF INTERVENTIONS FOR RURAL DEVELOPMENT

SECTION 1

TYPES OF INTERVENTIONS

Article 64

Types of interventions for rural development

The types of interventions under this Chapter shall be the following:

- (a) environmental, climate and other management commitments;
- (b) natural or other area-specific constraints;
- (c) Area-specific disadvantages resulting from certain mandatory requirements;
- (d) investments;
- (e) installation of young farmers and rural business start-up;
- (f) risk management tools;
- (g) cooperation;
- (h) knowledge exchange and information.

Article 65

Environmental, climate and other management commitments

1. Member States ~~may grant payments for environmental, climate and other management commitments~~ **shall include agri-environment-climate commitments among the interventions in their CAP Strategic Plans and may include other management commitments therein. The payments for those commitments shall be granted** under the conditions set out in this Article and as further specified in their CAP Strategic Plans.

Member States shall ensure that a revision clause is provided for operations undertaken under this type of intervention in order to ensure their adjustment in the case of amendments to the relevant mandatory standards, requirements or obligations referred to in this paragraph beyond which the commitments have to go, as well as in the case of amendments to commitments referred to in Article 28. Member States shall ensure that a revision clause is provided for operations undertaken under this type of intervention which extend beyond the current CAP Strategic Plan period in order to allow for the appropriate protection of any acquired rights and legitimate expectations.

- ~~2. Member States shall include agri-environment-climate commitments in their CAP Strategic Plans.~~
- ~~3. Member States may make support under this type of interventions available throughout their territories, in accordance with their national, regional or local specific needs.~~
4. Member States shall only grant payments to farmers ~~and~~**or** other beneficiaries who undertake, on a voluntary basis, management commitments which are considered to be beneficial to achieving **one or more of** the specific objectives set out in Article 6(1).
5. Under this ~~type of interventions~~ **Article**, Member States shall only provide payments covering commitments which:
 - (a) go beyond the relevant statutory management requirements and standards of good agricultural and environmental condition established under Section 2 of Chapter I of this Title;
 - (b) go beyond the **relevant** minimum requirements for the use of fertiliser and plant protection products, animal welfare, as well as other **relevant** mandatory requirements established by national and Union law;
 - (c) go beyond the conditions established for the maintenance of the agricultural area in accordance with point (a) of Article 4(1);

- (d) ~~are different from~~ **do not duplicate** commitments in respect of which payments are granted under Article 28.
6. Member States shall ~~compensate~~ **determine the payments to be made to farmers and other beneficiaries for on the basis of the additional** costs incurred and income foregone resulting from the commitments made, **taking into account the targets set. These payments shall be granted annually and may include any**. ~~Where necessary, they may also cover~~ transaction costs. In duly justified cases, Member States may grant support as a flat-rate or as a one-off payment per unit. ~~Payments shall be granted annually.~~
7. Member States may promote and support collective schemes and result-based payments schemes to encourage farmers **and other beneficiaries** to deliver a significant enhancement of the quality of the environment at a larger scale ~~and~~ **or** in a measurable way.
8. Commitments shall be undertaken for a period of five to seven years. However, where necessary in order to achieve or maintain certain environmental benefits sought, Member States may determine a longer period in the CAP Strategic Plan for particular types of commitments, including by means of providing for their annual extension after the termination of the initial period. In ~~exceptional and~~ duly justified cases, **for animal welfare commitments, for commitments for the conservation, sustainable use and development of genetic resources, for conversion to organic farming and or** for new commitments directly following the commitment performed in the initial period, Member States may determine a shorter period **of at least one year** in their CAP Strategic Plans.
9. Where support under this ~~type of interventions~~ **Article** is granted to agri-environment-climate commitments, commitments to convert to or maintain organic farming practices and methods as defined in Regulation (EC) No 834/2007 and forest environmental and climate services, Member States shall establish a payment per hectare. **In duly justified cases, Member States may apply other units than hectares.**

~~10. Member States shall ensure that persons carrying out operations under this type of interventions have access to the knowledge and information required to implement such operations.~~

~~11. Member States shall ensure that interventions under this Article are consistent with those granted under Article 28.~~

Article 66

Natural or other area-specific constraints

1. Member States may grant payments for natural or other area-specific constraints under the conditions set out in this Article and as further specified in their CAP Strategic Plans with the view of contributing to the achievement of **one or more of** the specific objectives set out in Article 6(4).
2. ~~These~~ **Any such** payments shall be granted to ~~genuine~~ farmers in respect of areas designated pursuant to Article 32 of Regulation (EU) No 1305/2013.

By way of derogation from the first subparagraph, in duly justified cases Member States may redesignate the areas subject to natural or other area-specific constraints according to the conditions provided for in Article 32 of Regulation (EU) No 1305/2013.

3. Member States may only grant payments under this ~~type of interventions~~ **Article** in order to compensate beneficiaries for all or part of the additional costs and income foregone related to the natural or other area-specific constraints in the area concerned.
4. Additional costs and income foregone as referred to in paragraph 3 shall be calculated in respect of natural or other area-specific constraints, in comparison to areas which are not affected by natural or other area-specific constraints.
5. Payments shall be granted annually per hectare of **agricultural** area.

Article 67

Area-specific disadvantages resulting from certain mandatory requirements

1. Member States may grant payments for area-specific disadvantages imposed by requirements resulting from the implementation of Directives 92/43/EEC and 2009/147/EC or Directive 2000/60/EC under the conditions set out in this Article and as further specified in their CAP Strategic Plans with the view of contributing to the achievement of **one or more of** the specific objectives set out in Article 6(1).
2. ~~These~~ **Any such** payments ~~may~~ **shall** be granted to farmers, **or other beneficiaries**, forest holders and other land managers in respect of areas with disadvantages referred to in paragraph 1. **In the forestry sector payments shall only be granted to forest holders, forest managers and their associations.**
3. When ~~defining~~ **determining** areas with disadvantages Member States may include the following areas:
 - (a) Natura 2000 agricultural and forest areas designated pursuant to Directives 92/43/EEC and 2009/147/EC;
 - (b) other delimited nature protection areas with environmental restrictions applicable to farming or forests which contribute to the implementation of Article 10 of Directive 92/43/EEC, provided that these areas do not exceed 5 % of the designated Natura 2000 areas covered by territorial scope of each CAP Strategic Plan;
 - (c) agricultural areas included in river basin management plans pursuant to Directive 2000/60/EC.
4. Member States may only grant payments under this ~~type of interventions~~ **Article** in order to compensate beneficiaries for all or part of the additional costs and income foregone related to the area-specific disadvantages in the area concerned, **including any transaction costs.**

5. Additional costs and income foregone as referred to in paragraph 4 shall be calculated:
- (a) in respect of constraints arising from Directives 92/43/EEC and 2009/147/EC, in relation to disadvantages resulting from requirements that go beyond the relevant standards of good agricultural and environmental condition established under Section 2 of Chapter 1 of this Title of this Regulation as well as the conditions established for the maintenance of the agricultural area in accordance with point (a) of Article 4(1) of this Regulation;
 - (b) in respect of constraints arising from Directive 2000/60/EC, in relation to disadvantages resulting from requirements that go beyond the relevant statutory management requirements, with the exception of SMR 21 as referred to in Annex III, and standards of good agricultural and environmental condition established under Section 2 of Chapter I of this Title as well as the conditions established for the maintenance of the agricultural area in accordance with point (a) of Article 4(1) of this Regulation.
6. Payments shall be granted annually per hectare of area.

Article 68

Investments

1. Member States may grant support for investments under the conditions set out in this Article and as further specified in their CAP Strategic Plans.
2. Member States may only grant support under this ~~type of interventions~~ **Article** for **those** tangible and/or intangible investments, ~~which~~ **that** contribute to achieving **one or more of** the specific objectives set out in Article 6. ~~Support to the forestry sector shall be based on a forest management plan or equivalent instrument.~~

For holdings above a certain size, to be determined by the Member States in their CAP Strategic Plan, support to the forestry sector shall be conditional on the presentation of the relevant information from a forest management plan or equivalent instrument in line with sustainable forest management as understood by the Ministerial Conference on the Protection of Forests in Europe of 1993.

3. Member States shall establish a list of ineligible investments and categories of expenditure, including at least the following:
- (a) ~~purchase of agricultural production rights;~~
 - (b) purchase of payment entitlements;
 - (c) purchase of land **for an amount exceeding 10% of the total eligible expenditure for the operation concerned,** with the exception of land purchase for environmental conservation ~~or~~ **and** land purchase by ~~young~~ farmers through the use of financial instruments;
 - (d) purchase of ~~animals~~ **livestock, with the exception of endangered breeds as defined in Article 2(24) of Regulation (EU) No 2016/1012** annual plants and their planting other than for the purpose of restoring agricultural or forestry potential following natural disaster and catastrophic events;
 - (e) interest rate on debt, except in relation to grants given in the form of an interest rate subsidy or guarantee fee subsidy;
 - (f) investments in irrigation which are not consistent with the achievement **and maintenance** of good status of water bodies **in relation to quantity,** as laid down in Article 4(1) of Directive 2000/60/EC, including expansion of irrigation affecting water bodies whose status has been defined as less than good in the relevant river basin management plan;

- (g) investments in large-**scale** infrastructures, **as determined by the Member States**, not being part of **community-led** local development strategies **set out in Article 26 of Regulation [CPR], except for broadband, renewable energy and flood and coastal protection**;
- (h) investments in afforestation which are not consistent with climate and environmental objectives in line with sustainable forest management principles, as developed in the Pan-European Guidelines for Afforestation and Reforestation.

Points (a), (b), (d) and (g) of the first subparagraph shall not apply where support is provided through financial instruments.

{By way of derogation from point (f) investments in irrigation can be made eligible if an ex-ante environmental analysis shows that there will be no significant negative environmental impact from the investment; such an environmental impact analysis shall be carried out by the competent authority or be approved by it.}

4. Member States shall limit the support to the maximum rate of 75 % of the eligible costs.

The ~~maximum~~ support rate may be increased **to a maximum of 100%** for the following investments:

- (a) afforestation and non-productive investments linked to the specific environmental- and climate-related objectives set out in points (d), (e) and (f) of Article 6(4);
- (b) investments in basic services in rural areas, **as determined by the Member States**;
- (c) investments in the restoration of agricultural or forestry potential following natural disasters or catastrophic events and investments in appropriate preventive actions in forests and in the rural environment;

(d) non-productive investments supported through community-led local development strategies set out in Article 26 [CPR];

(e) investments in off farm infrastructure, land consolidation and improvement, and forestry infrastructure.

5 Where Union law imposes new requirements on farmers, support may be granted for investments to comply with those requirements for a maximum of 24 months from the date on which they become mandatory for the agricultural holding.

Article 69

Installation of young farmers and rural business start-up

1. Member States may grant support for the installation of young farmers and rural business start-up under the conditions set out in this Article and as further specified in their CAP Strategic Plans with the view of contributing to the achievement of **one or more of** the specific objectives set out in Article 6.
2. Member States may only grant support under this ~~type of interventions~~ **Article** to help:
 - (a) the installation of young farmers who fulfil the conditions **provided for by the Member State in its CAP Strategic Plan in accordance with** ~~included in the definition set out in point (e) of Article 4(1);~~
 - (b) the start-up of rural business linked to agriculture and forestry or farm household income diversification;
 - (c) the business start-up of non-agricultural activities in rural areas, **as determined by the Member States** ~~being part of local development strategies.~~
3. Member States shall set conditions for the submission and the content of a business plan **to apply in order for beneficiaries to receive support under this Article.**

4. Member States shall grant support in the form of lump sums **or financial instruments or a combination of both**. Support shall be limited to the maximum amount of **aid of** EUR 100 000 and may be ~~combined with financial instruments~~ **differentiated in accordance with objective criteria**.

Article 70

Risk management tools

1. Member States [shall] grant support for risk management tools under the conditions set out in this Article and as further specified in their CAP Strategic Plans, **based on their assessment of needs following the SWOT analysis**.

By way of derogation from the first sub-paragraph, Member States which apply national risk management tools that meet their needs may decide not to include risk management tools in their CAP Strategic Plans.

2. Member States shall grant support under this ~~type of interventions~~ **Article** in order to promote risk management tools, which help ~~genuine~~ farmers manage production and income risks related to their agricultural activity which are outside their control, ~~and which~~ **This support shall** contribute to achieving **one or more of** the specific objectives set out in Article 6.
3. Member States may grant **support for different types of risk management tools in line with their assessment of needs and,** in particular, ~~the following support for:~~
- (a) financial contributions to premiums for insurance schemes;
 - (b) financial contributions to mutual funds, including the administrative cost of setting up;
4. **When providing support under paragraph 3,** Member States shall establish the following eligibility conditions:
- (a) the types and coverage of eligible ~~insurance schemes and mutual funds~~ **risk management tools**;

- (b) the methodology for the calculation of losses and triggering factors for compensation;
 - (c) the rules for the constitution and management of the mutual funds **and, where relevant, other eligible risk management tools.**
5. Member States shall ensure that support is granted only for covering losses **which exceed a threshold** of at least 20% of the average annual production or income of the farmer in the preceding three-year period or a three-year average based on the preceding five-year period excluding the highest and lowest entry.
 6. Member States shall limit the support to the maximum rate of 70% of the eligible costs.
 7. Member States shall ensure that overcompensation as a result of the combination of the interventions under this Article with other public or private risk management schemes is avoided.

Article 71
Cooperation

1. Member States may grant support for cooperation under the conditions set out in this Article and as further specified in their CAP Strategic Plans to:
 - (a)** prepare and ~~to implement~~ Operational Group ~~projects~~ **operations** of the European Innovation Partnership for agricultural productivity and sustainability as referred to in Article 114; ~~and~~
 - (b)** **prepare and implement** LEADER, referred to as community-led local development in Article 25 of Regulation (EU) [CPR]*; ~~;~~
 - (c)** ~~and to promote~~ **and support** quality schemes **and their use by farmers;** ~~;~~

* The Presidency also proposes to amend recital (45) as follows: "[...] community supported agriculture; **all** actions within the scope of LEADER; and the setting up of producers groups and producer organisations [...]".

(d) support producer organisations or producer groups;

(e) support other forms of cooperation.**

2. Member States may only grant support under this ~~type of interventions~~ **Article** to promote forms of cooperation which involves at least two ~~entities~~ **actors** and which contributes to achieving **one or more of** the specific objectives set out in Article 6.

By way of derogation of the first subparagraph, support for pilot projects or the development of new products, practices, processes and technologies in the agriculture, food and forestry sectors may be granted also to individual actors where this possibility is provided for in the CAP Strategic Plan. Member States shall ensure that the results of any projects and activities which are carried out by individual actors are made public.

3. Member States may cover under this ~~type of interventions~~ **Article** the costs related to all aspects of the cooperation.
4. Member States may grant the support as an overall amount covering the cost of cooperation and the cost of the ~~projects and operations implemented~~, **including investment costs**, or they may cover only the cost of the cooperation and use funds from other types of intervention, national or Union support instruments for project implementation.

By way of derogation from the first subparagraph, in the case of LEADER, referred to as Community-led Local Development in Article 25 of [CPR], support for all costs eligible for preparatory support under Article 28(1)(a) [CPR] and for implementing selected strategies under Article 28(1)(b) and (c) [CPR] shall only be granted as an overall amount under this Article.

** The Presidency proposes to include in the relevant recital a reference to other possible forms of cooperation, such as cooperation in the context of farm successions or between supply chain actors.

5. Where support is paid as an overall amount, Member States shall ensure that Union rules and requirements pertaining to similar actions covered under other types of interventions **for rural development as set out in Articles 65, 66, 67, 68, 69, 70 and 72 of this Regulation** are respected. ~~This paragraph does not apply to LEADER, referred to as community-led local development in Article 25 of Regulation (EU) [CPR].~~
6. Member States shall not support through this type of interventions cooperation solely involving research bodies.
7. In the case of cooperation in the context of farm succession, Member States may grant support only to farmers having reached the retirement age **or farmers that will reach that age by the end of the operation,** as set ~~under~~ **determined by the Member State in accordance with its** national legislation.
8. Member States shall limit support to a maximum of seven years except for **LEADER and** collective environment and climate actions in duly justified cases to achieve the specific environmental- and climate-related objectives set out in points (d), (e) and (f) of Article 6~~(4)~~.

Article 72

Knowledge exchange and information

1. Member States may grant support for ~~agricultural, forestry and rural business~~ knowledge exchange and information **in agricultural, forestry, and rural businesses and communities, as well as for the protection of nature, environment and climate, including environmental education and awareness actions,** under the conditions set out in this Article and as further specified in their CAP Strategic Plans.
2. **Support u**~~nder this type of interventions~~ **Article** Member States may cover costs of any relevant action to promote innovation, ~~access to training and advice,~~ **drawing up and updating of plans, studies, as well as** ~~and~~ exchange and dissemination of knowledge and information which contribute to achieving **one or more of** the specific objectives set out in Article 6.

Support for advisory services shall only be granted for advisory services that comply with the third paragraph of Article 13.

3. ~~Member States shall limit the support to a maximum of 75% of the eligible costs.~~**

~~By way of derogation from the first subparagraph, i~~In the case of setting-up of farm advisory services, Member States may grant support in the form of a fixed amount of maximum EUR 200 000. **They shall ensure that support is limited in time.**

4. ~~By way of derogation from paragraph 3, in outermost regions and other duly justified cases Member States may apply a higher rate or a higher amount than that set in in that paragraph to achieve the specific objectives set out in Article 6.~~

5. ~~In the case of support to the setting up of farm advisory services, Member States shall ensure that the support is limited in time.~~

6. ~~Member States shall ensure that actions supported under this type of interventions be based on and be consistent with the description of the AKIS provided in the CAP Strategic Plan in accordance with point (i) of Article 102(a).~~

** No limitation to aid intensity is foreseen anymore.

SECTION 2

Elements applying to several types of interventions

Article 73

Selection of operations

1. The Managing Authority of the CAP Strategic Plan, **authorities at regional level** or other designated intermediate bodies shall define selection criteria for interventions relating to the following types of interventions: investments, installation of young farmers and rural business start-up, cooperation, knowledge exchange and information, after consultation of the Monitoring Committee referred to in Article 111. Selection criteria shall aim to ensure equal treatment of applicants, better use of financial resources and targeting of the support in accordance with the purpose of the interventions.

Member States may decide to not apply selection criteria for investment interventions clearly targeting environmental purposes or realised in connection with restoration activities.

By way of derogation from the first sub-paragraph, in duly justified cases the Managing Authority may establish another selection method after consultation of the Monitoring Committee referred to in Article 111.

2. The responsibility of the Managing Authority set out in the paragraph 1 shall be without prejudice to the tasks of the Local Action Groups set out in Article 27 of Regulation (EU) [CPR].
3. Paragraph 1 shall not apply where support is provided in the form of financial instruments.
4. **Member States may decide not to apply** ~~Selection criteria may not be defined~~ for operations that have received a Seal of Excellence certification under Horizon 2020 or Horizon Europe or have been selected under Life +, provided that such operations are consistent with the CAP Strategic Plan.

5. Operations shall not be selected for support where they have been physically completed or fully implemented before the application for funding under the CAP Strategic Plan is submitted to the Managing Authority, irrespective of whether all related payments have been made. **Member States shall set the starting date of eligibility of costs.**
6. **All or part of an operation may be implemented outside of the Member State, including outside the Union, provided that the operation contributes to the objectives of the CAP Strategic Plan.**

Article 74

General rules for financial instruments

1. Where support under the types of interventions of this Chapter is granted in the form of financial instruments as laid down in Article 52 of Regulation (EU) [CPR], the definitions of 'financial instrument', 'financial product', 'final recipient', 'holding fund', 'specific fund', 'leverage effect', 'multiplier ratio', 'management costs' and 'management fees' as laid down in Article 2 of Regulation (EU) [CPR] and the provisions of Section 2 of Chapter II of Title V of that Regulation shall apply.

In addition, the provisions laid down in paragraphs 2 to 5 shall apply.

- ~~2. Where support under the types of interventions of this Chapter is granted in the form of financial instruments as laid down in Article 52 of Regulation (EU) [CPR], Member States shall respect the requirements set out in the following paragraphs.~~
3. In accordance with Article 52(2) of Regulation (EU) [CPR] and by way of derogation from Article ~~62~~**68**(2) of this Regulation, working capital, standalone or as part of an operation, may be eligible expenditure.

For activities falling within the scope of Article 42 TFEU, working capital may be eligible expenditure with a gross grant equivalent of up to EUR 200 000 over any period of three fiscal years, without prejudice to any support rates laid down in this Regulation.

4. Where an operation receives a combination of support in the form of financial instruments and grants, the maximum applicable support rate shall apply to the combined support provided to the operation and the combined eligible expenditure declared by the Member State shall not exceed 100% of the eligible cost of the operation.
5. Eligible expenditure of a financial instrument shall be the total amount of CAP Strategic Plan contributions paid, or, in the case of guarantees, set aside as agreed in guarantee contracts, by the financial instrument within the eligibility period, where that amount corresponds to:
 - (a) payments to, or for the benefit of, final recipients, in the case of loans, equity and quasi-equity investments;
 - (b) resources set aside as agreed in guarantee contracts, whether outstanding or already come to maturity, in order to honour possible guarantee calls for losses, calculated based on a multiplier ratio covering a multiple amount of underlying disbursed new loans or equity investments in final recipients;
 - (c) payments to, or for the benefit of, final recipients where financial instruments are combined with any other Union contribution in a single financial instrument operation in accordance with Article 52(5) of Regulation (EU) [CPR];
 - (d) payments of management fees and reimbursements of management costs incurred by the bodies implementing the financial instrument.

For the purposes of point (b) of this paragraph, the multiplier ratio shall be established in a prudent ex-ante risk assessment and agreed in the relevant funding agreement. The multiplier ratio may be reviewed, if justified by subsequent changes in market conditions. Such a review shall not have retroactive effect.

For the purposes of point (d) of this paragraph, management fees shall be performance based. Where bodies implementing a holding fund and/or specific funds, in accordance with Article 53(3) of Regulation (EU) [CPR], are selected through a direct award of contract, the amount of management cost and fees paid to these bodies that ~~can~~**may** be declared as eligible expenditure shall be subject to a threshold of [up to 5%] of the total amount of CAP Strategic Plan contributions disbursed to final recipients in loans, equity or quasi-equity investments or set aside as agreed in guarantee contracts.

This threshold shall not apply where the selection of bodies implementing financial instruments is made through a competitive tender in accordance with the applicable law and the competitive tender establishes the need for higher level of management costs and fees.

Where arrangement fees, or any part thereof, are charged to final recipients, they shall not be declared as eligible expenditure.

Article 75

Use of the EAFRD delivered through or combined with InvestEU

1. ~~In accordance with Article 10 of Regulation (EU) [CPR] and the requirements set out in this Article,~~ Member States may allocate, in the **proposal for a CAP Strategic Plan, referred to in Article 106 or in the request for an amendment of a CAP Strategic Plan referred to in Article 107,** the amount to be **contributed to and** delivered through InvestEU. The amount to be ~~delivered through~~ **contributed to** InvestEU shall not exceed [5%] of the total EAFRD allocation, ~~except in duly justified cases.~~ The CAP Strategic Plan shall contain the justification of the use of the InvestEU ~~budgetary guarantees~~ **and its contribution to the achievement of the policy objectives under the CAP Strategic Plan.**

~~In addition to~~ **As part of** the allocations referred to in the first subparagraph Member States may allocate part of the technical assistance as set out in Article ~~41286(3)~~ to be contributed to InvestEU for the corresponding InvestEU Assistance for activities set out in the contribution agreement referred to in Article [9] of [InvestEU Regulation].

2. For the requests for an amendment of a CAP Strategic Plan referred to in Article 107, only resources of future years may be identified.

~~Resources of 2026 and 2027 shall not be used for allocations under paragraph 1.~~

3. The amount referred to in the first subparagraph of paragraph 1 shall be used for the provisioning of the part of the EU guarantee under the Member State compartment **upon conclusion of the contribution agreement referred to in article 9(2) of the Regulation ...[InvestEU Regulation].**
4. Where a contribution agreement, as set out in Article [9] of the [InvestEU Regulation], has not been concluded by ~~31 December 2021~~ **within the deadline set out in the second subparagraph of paragraph 2 of Article 9 of the Regulation [InvestEU Regulation]** for an amount referred to in paragraph 1 **allocated in the CAP Strategic plan referred to in Article 106**, the Member State shall submit a request for amendment of the CAP Strategic Plan in accordance with Article 107, to use the corresponding amount.

The contribution agreement for an amount referred to in paragraph 1 allocated in the request of the amendment of a CAP Strategic Plan shall be concluded simultaneously with the adoption of the decision amending the CAP ~~p~~**Strategic Plan**.

5. Where a guarantee agreement, as set out in Article [9] of the [InvestEU Regulation], has not been concluded within ~~[9]~~**nine** months from the approval of the contribution agreement, **the contribution agreement shall be terminated or prolonged by mutual agreement. In case the contribution agreement is terminated,** the respective amounts paid into the common provisioning fund as a provisioning shall be ~~transferred back to the CAP Strategic Plan~~ **recovered as internal assigned revenue pursuant to Article 21 (3)(b) of Regulation (EU, Euratom) 2018/1046** and the Member State shall submit a corresponding request for amendment of the CAP Strategic Plan **to use the corresponding amounts.**

The modification of the contribution agreement shall be concluded simultaneously with the adoption of the decision amending the CAP Strategic Plan.

- 5a. Where the participation of a Member State in Invest EU is partially or totally discontinued, the Member State shall submit a request for an amendment of the CAP Strategic Plan to use the amounts to the future annual tranches originally scheduled for the contribution to InvestEU. The modification of the contribution agreement shall be concluded simultaneously with the adoption of the decision amending the CAP Strategic Plan.**
6. Where a guarantee agreement, as set out in Article [9] of the [InvestEU Regulation], has not been ~~fully~~**duly** implemented within [four years] from the signature of the guarantee agreement, the Member State may request that amounts committed in the guarantee agreement but not covering underlying loans, **equity investments** or other risk bearing instruments shall be treated in accordance with paragraph 5.
7. Resources generated by or attributable to the amounts contributed to InvestEU ~~and delivered through budgetary guarantees~~ shall be made available to the Member State and shall be used **in the form of financial instruments and budgetary guarantees** ~~for repayable forms of support~~ in accordance with the CAP Strategic Plan.
- 8. The automatic decommitment time limit as provided for in Article 32 of [HZR] for the amounts to be re-used in a CAP Strategic Plan in accordance with paragraphs 4, 5 and 6 shall start in the year in which the corresponding budgetary commitments are made.**

Article 76

Adequacy and accuracy of payment calculation

Where support is granted on the basis of additional costs and income foregone in accordance with Articles 65, 66 and 67, Member States shall ensure that the relevant calculations are adequate and accurate and established in advance on the basis of a fair, equitable and verifiable calculation method. To this end, a body that is functionally independent from the authorities responsible for the implementation of the CAP Strategic Plan and possesses the appropriate expertise shall perform the calculations or confirm the adequacy and accuracy of the calculations.

Article 77

Simplified Cost Options **Forms of grants**

1. Without prejudice to Articles 65, 66, 67, ~~and 69~~, **74 and 75**, the support granted under this Chapter may take any of the following forms:
 - (a) reimbursement of eligible costs actually incurred by a beneficiary;
 - (b) unit costs;
 - (c) lump sums;
 - (d) flat-rate financing.

2. The amounts for the forms of grants referred to under point (b), (c) and (d) of paragraph 1, shall be established in one of the following ways:
 - (a) a fair, equitable and verifiable calculation method based on:
 - (i) statistical data, other objective information or an expert judgement; or
 - (ii) verified historical data of individual beneficiaries; or
 - (iii) the application of usual cost accounting practices of individual beneficiaries;
 - (b) draft budgets **established on a case-by-case basis and agreed *ex-ante* by the body selecting the operation;**
 - (c) in accordance with the rules for application of corresponding unit costs, lump sums and flat rates applicable in Union policies for a similar type of operation;
 - (d) in accordance with the rules for application of corresponding unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation.

Article 78

Delegated powers for additional requirements for types of interventions for rural development

The Commission is empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation with requirements additional to those laid down in this Chapter concerning the conditions for granting support for the ~~following types of interventions for rural development:~~

- (a) — management commitments as referred to in Article 65 **for genetic resources and animal welfare**;
- (b) — ~~investments as referred to in Article 68;~~
- (c) — ~~cooperation as referred to in Article 71.~~

TITLE IV

FINANCIAL PROVISIONS

Article 79

EAGF and EAFRD expenditure

1. The EAGF shall finance the types of interventions related to:
 - (a) direct payments laid down in Article 14;
 - (b) sectoral interventions laid down in Chapter III of Title III.
2. The EAFRD shall finance the types of interventions referred to in Chapter IV of Title III.

Article 80

Eligibility of expenditure

1. Expenditure shall be eligible for contribution from the EAGF and the EAFRD from 1 January of the year following the year of the approval of the CAP Strategic Plan by the Commission. **EAFRD expenditure shall be eligible from the date of submission of the CAP Strategic Plan, but not before 1 January {2021}.**
2. Expenditure that becomes eligible as a result of an amendment to a CAP Strategic Plan shall be eligible for a contribution from the EAFRD from the date of submission to the Commission of the request for amendment, **or from the date of notification of modification referred to in the second sub-paragraph of Article 107(7).**

By way of derogation from Article 73(5) and the first subparagraph, in cases of emergency measures due to natural disasters, catastrophic events or adverse climatic events or a significant and sudden change in the socio-economic conditions of the Member State or region, the CAP Strategic Plan may provide that eligibility of EAFRD financed expenditure relating to amendments of the plan may start from the date on which the event occurred.

3. Expenditure shall be eligible for a contribution from the EAFRD if it has been incurred by a beneficiary and paid by 31 December [2029]. In addition, expenditure shall only be eligible for a contribution from the EAFRD if the relevant aid is actually paid by the paying agency by 31 December [2029].

Article 81

Financial allocations for types of interventions in the form of direct payments

1. Without prejudice to Article 15 of Regulation (EU) [HzR], the total amount for types of interventions in the form of direct payments which may be granted in a Member State pursuant to Chapter II of Title III of this Regulation in respect of a calendar year shall not exceed the financial allocation of that Member State as set out in [Annex IV].

Without prejudice to Article 15 of Regulation (EU) [HzR], the maximum amount which may be granted in a Member State, in a calendar year, pursuant to Subsection 2, Section 23, Chapter II of Title III of this Regulation and before the application of Article 15 of this Regulation, shall not exceed the financial allocation of that Member State set out in [Annex VI].

For the purpose of Article 86(5), the financial allocation of a Member State referred to in the first subparagraph after deduction of the amounts set out in [Annex VI] and before any transfers according to Article 15 is set out in [Annex VII].

2. The Commission is empowered to adopt delegated acts in accordance with Article 138 amending the Member States' allocations set out in [Annex IV and VII] to take account of the developments relating to the total maximum amount of direct payments that may be granted, including the transfers referred to in Articles 15 and 90, transfers of financial allocations referred to in Article 82(5) and any deductions needed to finance types of interventions in other sectors referred to in Article 82(6).

By way of derogation from the first subparagraph the adaptation of [Annex VII] shall not take into account any transfers in accordance with Article 15.

3. The amount of the indicative financial allocations per intervention referred to in Article 88 for the types of interventions in the form of direct payments laid down in Article 14 to be granted in a Member State in respect of a calendar year may exceed the allocation of that Member State set out in [Annex IV] by the estimated amount of reduction of payments taken up in the CAP Strategic Plan as referred to in the second subparagraph of Article 100(2)(d).

Article 82

Financial allocations for certain sectoral types of interventions

1. The Union financial assistance for types of intervention in the wine sector is allocated to Member States as set out in [Annex V].
2. The Union financial assistance for types of intervention in the apiculture sector is allocated to Member States as set out in [Annex VIII].
3. The Union financial assistance for types of intervention in the hops sector allocated to Germany shall be EUR [2 188 000] per year.
4. The Union financial assistance for types of intervention in the olive oil and table olives sector is allocated as follows:
 - (a) EUR [10 666 000] per year for Greece;
 - (b) EUR [554 000] per year for France; and
 - (c) EUR [34 590 000] per year for Italy.
5. The Member States concerned may decide in their CAP Strategic Plans to transfer the total financial allocations referred to in paragraphs 3 and 4 to their allocations for direct payments. This decision may not be reviewed.

The Member States' financial allocations transferred to allocations for direct payments shall no longer be available for the types of interventions referred to paragraphs 3 and 4.

6. Member States may decide in their CAP Strategic Plans to use up to 3% of the Member States' allocations for direct payments set out in Annex IV, after deduction of the amounts available for cotton set out in Annex VI, for types of intervention in other sectors referred to in Section 7 of Chapter III of Title III.

Member States may decide to increase the percentage referred to in the first subparagraph up to 5%. In this case, the amount corresponding to this increase shall be deducted from the maximum set in the first subparagraph of Article 86(5) and no longer be available for allocation to coupled income support types of interventions.

7. Member States may, in 2023, review their decisions referred to in paragraph 6 as part of a request for amendment of their CAP Strategic Plans, referred to in Article 107.
8. The amounts set out in the approved CAP Strategic Plan resulting from the application of paragraphs 6 and 7 shall be binding in the Member State concerned.

Article 83

Financial allocations for types of interventions for rural development

1. The total amount of Union support for types of interventions for rural development under this Regulation for the period from 1 January 2021 to 31 December 2027 shall be EUR [78 811] million in [current] prices in accordance with the multiannual financial framework for the years 2021 to 2027¹⁶.
2. 0,25% of the resources referred to in paragraph 1 shall be devoted to finance the activities of technical assistance on the initiative of the Commission referred to in Article 7 of the Regulation (EU) [HzR], including the European network for the Common Agricultural Policy referred to in Article 113(2) of this Regulation and the European Innovation Partnership for agricultural productivity and sustainability referred to in Article 114 of this Regulation. Those activities may concern previous **programming periods** and subsequent CAP Strategic Plan periods.

¹⁶ Proposal for a Council Regulation laying down the multiannual financial framework for the years 2021-2027 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM(2018)322 final.

3. The annual breakdown by Member State of the amounts referred to in paragraph 1, after deduction of the amount referred to in paragraph 2, is set out in [Annex IX].
4. The Commission is empowered to adopt delegated acts in accordance with Article 138 amending [Annex IX] to review the annual breakdown by Member State to take account of the relevant developments, including the transfers referred to in Articles 15 and 90, to make technical adjustments without changing the overall allocations, or to take account of any other change provided for by a legislative act after the adoption of this Regulation.

Article 84

EAFRD contribution

The Commission implementing ~~act~~**decision** approving a CAP Strategic Plan pursuant to Article 106(6) shall set the maximum contribution from the EAFRD to the plan. The EAFRD contribution shall be calculated on the basis of the amount of eligible public expenditure.

{Article 85

EAFRD contribution rates

1. The CAP Strategic Plans shall establish a single EAFRD contribution rate applicable to all interventions.
2. The maximum EAFRD contribution rate shall be:
 - (a) [70%] of the eligible public expenditure in the outermost regions and in the smaller Aegean islands within the meaning of Regulation (EU) No 229/2013;
 - (b) [70%] of the eligible public expenditure in the less developed regions;
 - (c) [65%] of the eligible expenditure for payments under Article 66;
 - (d) [43%] of the eligible public expenditure in the other regions.

The minimum EAFRD contribution rate shall be [20 %].

3. By way of derogation from paragraph 2, the maximum EAFRD contribution rate shall be:
 - (a) ~~[80 %]~~ for management commitments referred to in Article 65 of this Regulation, for payments under Article 67 of this Regulation, for non-productive investments referred to in Article 68 of this Regulation, for support for the European Innovation Partnership under Article 71 of this Regulation and for the LEADER, referred to as community-led local development in Article 25 of Regulation (EU) [CPR];
 - (b) ~~[100%]~~ for operations receiving funding from funds transferred to the EAFRD in accordance with Articles 15 and 90 of this Regulation.}

Article 86

Minimum and maximum financial allocations

1. At least 5 % of the total EAFRD contribution to the CAP Strategic Plan as set out in ~~[Annex IX]~~ shall be reserved for LEADER, referred to as community-led local development in Article 25 of Regulation (EU) [CPR].
2. At least 30% of the total EAFRD contribution to the CAP Strategic Plan as set out in ~~[Annex IX]~~ shall be reserved for interventions addressing the specific environmental- and climate-related objectives set out in points (d), (e) and (f) of Article 6(4) of this Regulation, ~~excluding interventions based on Article 66.~~

The first subparagraph does not apply to the outermost regions.

3. A maximum 4 % of the total EAFRD contribution to the CAP Strategic Plan as set out in ~~[Annex IX]~~ may be used to finance the actions of technical assistance at the initiative of the Member States referred to in Article 112.

The EAFRD contribution may be increased to 6% for CAP Strategic plans where the total amount of Union support for rural development is up to EUR ~~90~~1.5 ~~m~~billion.

Technical assistance shall be reimbursed as a flat-rate financing following Article 125(1)(e) of Regulation (EU) [Euratom] ~~2018/1046~~.../...[new Financial Regulation] in the framework of interim payments pursuant to Article 30 of Regulation (EU) [HZR]. This flat-rate shall represent the percentage set in the CAP Strategic Plan for technical assistance of the total expenditure declared.

4. For each Member State the minimum amount set out in [Annex X] shall be reserved for contributing to the specific objective '~~attract young farmers and facilitate business development~~' set out in point (g) of Article 6(1). On the basis of the analysis of the situation in terms of strengths, weaknesses, opportunities and threats ('the SWOT analysis') and the identification of the needs that are to be addressed, the amount shall be used for **either or both** the following types of interventions:
 - (a) the ~~€~~complementary ~~€~~income ~~€~~support for ~~€~~young ~~€~~farmer as laid down in Article 27;
 - (b) the installation of young farmers referred to in **point (a) of** Article 69(2).
5. The indicative financial allocations for the coupled income support interventions referred to in Subsection 1 of Section ~~23~~ of Chapter II of Title III, shall be limited to a maximum of ~~103~~% of the amounts set out in [Annex VII].

By way of derogation from the first sub-paragraph, Member States that in accordance with Article 53(4) of Regulation (EU) No 1307/2013 used for the purpose of voluntary coupled support more than 13% of their annual national ceiling set out in Annex II to that Regulation, may decide to use for the purpose of coupled income support more than ~~103~~% of the amount set out in [Annex VII]. The resulting percentage shall not exceed the percentage approved by the Commission for voluntary coupled support in respect of claim year 2018.

The percentage referred to in the first subparagraph, may be increased by a maximum of ~~2~~% **percentage points**, provided that the amount corresponding to the percentage exceeding the ~~103~~% is allocated to the support for protein crops under Subsection 1 of Section ~~23~~ of Chapter II of Title III.

The amount included in the approved CAP Strategic Plan resulting from the application of the first, ~~and second~~ **and third** subparagraphs ~~shall be binding~~ **may not be exceeded**.

By way of derogation from the first and second subparagraph, Member States may choose to use up to EUR 3 million per year for financing coupled income support.

6. Without prejudice to Article 15 of Regulation (EU) [HzR], the maximum amount which may be granted in a Member State before the application of Article 15 of this Regulation pursuant to Subsection 1 of Section ~~23~~ of Chapter II of Title III of this Regulation in respect of a calendar year shall not exceed the amounts fixed in the CAP Strategic Plan in accordance with paragraph **65 of this Article**.
7. Member States may decide in their CAP Strategic Plan to use a certain share of the EAFRD allocation to leverage support and upscale integrated Strategic Nature Projects as ~~defined~~ **provided for** under the [LIFE Regulation] and to finance actions in respect of transnational learning mobility of people in the field **of** agricultural and rural development with a focus on young farmers, in accordance with the [Erasmus Regulation].

Article 87

Tracking climate expenditure

1. On the basis of the information provided by Member States the Commission shall evaluate the contribution of the policy to the climate change objectives using a simple and common methodology.
2. The contribution to the expenditure target shall be estimated through the application of specific weightings differentiated on the basis whether the support makes a significant or a moderate contribution towards climate change objectives. These weighting shall be as follows:
 - (a) 40% for the expenditure under the Basic Income Support for Sustainability and the Complementary Income Support referred to in Title III, Chapter II, section II, subsections 2 and 3;

- (b) 100% for expenditure under the schemes for the climate and the environment referred to in Title III, Chapter II, section II, subsection 4;
- (c) 100% for expenditure for the interventions referred to in the first subparagraph of Article 86(2), **except for those referred to in point (d)**;
- (d) 40% for expenditure for natural or other area-specific constraints referred to in Article 66.

Article 88

Indicative financial allocations

1. Member States shall set out, in their CAP Strategic Plan, an indicative financial allocation for each intervention. For each intervention, the multiplication of the planned unit amount, without the application of the percentage of variation referred to in Article 89, and the planned outputs, shall equal this indicative financial allocation.
2. Where different unit amounts are planned within an intervention, the sum of the multiplications of the planned unit amounts, without the application of the percentage of variation referred to in Article 89 and the corresponding planned outputs shall equal the indicative financial allocation referred to in paragraph 1.
- 3. The indicative financial allocations under this Article shall not prevent Member States from using funds for other interventions than the ones for which they have initially been allocated, subject to such use complying with any applicable financial rules under this Regulation.**

Article 89

Variation of the unit amount

1. Without prejudice to the application of Article 15, Member States ~~shall~~**may** set a maximum amount of support per unit or a percentage of variation for each intervention ~~of~~ of the following types of interventions:
 - (a) decoupled direct payments and coupled income support referred to in Chapter II of Title III;
 - (b) payments for management commitments referred to in Article 65;
 - (c) payments for natural constraints or other area-specific disadvantages referred to in Articles 66 and 67. ~~}~~

Percentage of variation is the percentage by which the realised average or uniform unit amount may exceed the planned average or uniform unit amount referred to in the CAP Strategic Plan.

For each intervention in the form of direct payments, **Member States shall not reduce** the realised average or uniform unit amount ~~shall never be lower than~~ **below the level of** the planned unit amount **for the sole purpose of increasing support for other interventions**, ~~unless the realised output exceeds the planned output as established in the CAP Strategic Plan.~~

Where different unit amounts have been ~~defined within~~ **established for** an intervention, this subparagraph shall apply to each uniform or average unit amount of that intervention.

2. For the purposes of this Article, the realised average or uniform unit amount ~~is~~ **shall be** calculated by dividing the annual expenditure ~~paid~~ by the corresponding realised output for each intervention.

Article 90

Flexibility between direct payments allocations and EAFRD allocations

1. As part of their CAP Strategic Plan proposal referred to in Article 106(1), Member States may decide to transfer:
 - (a) up to **[15%]** of the Member State's allocation for direct payments set out in **[Annex IV]** after deduction of the allocations for cotton set in **[Annex VI]** for calendar years 2021 to 2026 to the Member State's allocation for EAFRD in financial years 2022 – 2027; or
 - (b) up to **[15%]** of the Member State's allocation for EAFRD in financial years 2022 – 2027 to the Member State's allocation for direct payments set out in **[Annex IV]** for calendar years 2021 to 2026.

The percentage of transfer from Member State's allocation for direct payments to its allocation for EAFRD referred to in the first subparagraph may be increased by:

- (a) up to **[15 percentage points]** provided that **the** Member States use the corresponding increase for EAFRD financed interventions addressing the specific environmental- and climate-related objectives referred to in points (d), (e) and (f) of Article 6~~(4)~~;
 - (b) up to **[2 percentage points]** provided that the Member States use the corresponding increase in accordance with point (b) of Article 86~~(5)~~**(4)**.
2. The decisions referred to in the paragraph 1 shall set out the percentage referred to in paragraph 1, which may vary by calendar year.
3. Member States may, ~~in~~ **once a year from** 2023, review their decisions referred to in paragraph 1 as part of a request for amendment of their CAP Strategic Plans, referred to in Article 107.

TITLE V

CAP STRATEGIC PLAN

CHAPTER I

GENERAL REQUIREMENTS

Article 91
CAP Strategic Plans

Member States shall establish CAP Strategic Plans in accordance with this Regulation to implement the Union support financed by the EAGF and the EAFRD for the achievement of the specific objectives set out to in Article 6.

Based on the SWOT analysis referred to in Article 103(2) and an assessment of needs referred to in Article 96, Member States shall establish in the CAP Strategic Plans an intervention strategy as referred to in Article 97 in which quantitative targets and milestones shall be set to achieve the **relevant** specific objectives set out to in Article 6. The targets shall be ~~defined~~ **set** using a common set of result indicators set out in Annex I.

To reach these targets Member States shall set out interventions based on the types of interventions laid down in Title III.

Each CAP Strategic Plan shall cover the period from 1 January ~~2021~~ to 31 December 2027.

Article 92

Increased ambition with regard to environmental- and climate-related objectives

1. Member States shall aim to make, through their CAP Strategic Plans and in particular through the elements of the intervention strategy referred to in point (a) of Article 97(2), a greater overall contribution to the achievement of the specific environmental- and climate-related objectives set out in points (d), (e) and (f) of Article 6(4) in comparison to the overall contribution made to the achievement of the objective laid down in point (b) of the first subparagraph of Article 110(2) of Regulation (EU) No 1306/2013 through support under the EAGF and the EAFRD in the period 2014 to 2020.
2. Member States shall explain in their CAP Strategic Plans, on the basis of available information, how they intend to achieve the greater overall contribution set out to in paragraph 1. That explanation shall be based on relevant information such as the elements referred to in points (a) to (f) of Article 95(1) and in point (b) of Article 95(2).

Article 93

CAP Strategic Plan architecture

Each Member State shall establish a single CAP Strategic Plan for its entire territory.

Where elements of the CAP Strategic Plan are established at regional level, the Member State shall ensure the coherence and the consistency with the elements of the CAP Strategic Plan established at national level.

Article 94

Procedural requirements

1. Member States shall draw up the CAP Strategic Plans based on transparent procedures, in accordance with their institutional and legal framework.
- ~~2. The body of the Member State responsible for drawing up the CAP Strategic Plan shall ensure that the competent authorities for the environment and climate are effectively involved in the preparation of the environmental and climate aspects of the plan.~~

3. Each Member State **through the body responsible for drawing up the CAP Strategic Plan or the Managing Authority referred to in Article 110(1)** shall organise a partnership with the competent **authorities, including** regional and local authorities. The partnership shall include at least the following partners:
- (a) relevant public authorities, **including the competent authorities for environmental and climate issues;**
 - (b) economic and social partners;
 - (c) relevant bodies representing civil society and where relevant bodies responsible for promoting social inclusion, fundamental rights, gender equality and non-discrimination.

Member States shall involve those partners in the preparation of the CAP Strategic Plans.

4. Member States and the Commission shall cooperate to ensure effective coordination in the implementation of CAP Strategic Plans, taking account of the principles of proportionality and shared management.

CHAPTER II

CONTENT OF THE CAP STRATEGIC PLAN

Article 95

Content for the CAP Strategic Plans

1. Each CAP Strategic Plan shall contain **sections on** the following ~~sections~~:
- (aa) the definitions and conditions applicable, as referred to in Article 4;**
- (a) ~~an~~ **the** assessment of needs;
 - (b) ~~an~~ **the** intervention strategy;
 - (c) ~~a description of~~ **the** elements common to several interventions;

- (d) ~~a description of **the**~~ direct payments, sectoral and rural development interventions specified in the strategy;
- (e) target and financial plans;
- (f) ~~a description of **the**~~ governance and coordination system;
- (g) ~~a description of~~ the elements that ensure modernisation of the CAP;²
- ~~(h) a description of the elements related to simplification and reduced administrative burden for final beneficiaries.~~

2. Each CAP Strategic Plan shall contain the following annexes:

- (a) Annex I on the ex-ante evaluation and the strategic environmental assessment (SEA);
- (b) Annex II on the SWOT analysis;
- (c) Annex III on the consultation of the partners;
- (d) **where relevant**, Annex IV on the crop-specific payment for cotton;
- (e) Annex V on the additional national financing provided within the scope of the CAP Strategic Plan.

3. Detailed rules for the content of the sections and the annexes of the CAP Strategic Plans referred to in paragraphs 1 and 2 are laid down in Articles 96 to 103.

Article 96
Assessment of needs

The assessment of needs referred to in point (a) of Article 95(1) shall include the following:

- (a) summary of the SWOT analysis as referred to in Article 103(2);
- (b) identification of needs for each specific objective set out in Article 6 based on the evidence from the SWOT analysis. ~~All the needs shall be described, regardless whether they~~ **and description of those which** will be addressed through the CAP Strategic Plan ~~or not~~;
- (c) for the specific objective of supporting viable farm income and resilience set out in point (a) of Article 6(4), an assessment of needs in relation to risk management;
- (d) where ~~applicable~~ **relevant**, an analysis of the specific needs of ~~vulnerable~~ **specific** geographical ~~regions~~ **areas**, such as the outermost regions;
- (e) prioritisation ~~and ranking~~ of needs, including a sound justification of the choices made ~~and covering~~ if relevant **the reasons**; why certain identified needs are not addressed or partially addressed in the CAP Strategic Plan.

For the specific environmental and climate objectives referred to in points (d), (e), and (f) of Article 6(4), the assessment shall take into account the national environmental and climate plans emanating from the legislative instruments referred to in Annex XI.

Member States shall use ~~the most~~ recent and ~~most~~ reliable data for this assessment.

Article 97
Intervention strategy

1. The intervention strategy referred to in point (b) of Article 95(1) shall set out, for each specific objective set out in Article 6(4) and addressed in the CAP Strategic Plan:

- (a) **a** targets **and related milestones** for each relevant common and, where relevant, CAP Strategic Plan specific result indicators ~~and related milestones~~. The value of these targets shall be justified in view of the assessment of needs referred to in Article 96. As regards the specific objectives set out in points (d), (e), and (f) of Article 6(4), targets shall be derived from the elements of explanation given in points (a) and (b) of paragraph 2 of this Article;
- (b) interventions, based on the types of intervention set out in Title III, except the crop-specific payment for cotton laid down in Subsection 2 of Section 3 of Chapter II of that Title shall be designed to address the specific situation in the area concerned, following a sound intervention logic, supported by the ex-ante evaluation referred to in Article 125, the SWOT analysis referred to in Article 103(2) and the assessment of needs referred to in Article 96;
- (c) elements showing how the interventions **referred to in point (b)** allow ~~reaching~~ the targets **to be reached** and ~~how they are mutually coherent and compatible~~ **that the allocation of financial resources to the interventions is adequate to achieve the targets set.**
- ~~(d) elements demonstrating that the allocation of financial resources to the interventions of the CAP Strategic Plan is justified and adequate to achieve the targets set, and is consistent with the financial plan as referred to in Article 100.~~
2. The intervention strategy shall ~~also provide the following elements, showing~~ **demonstrate** the consistency of the strategy and the complementarity of interventions across the specific objectives set out in Article 6(4) **by providing**:

- (a) an overview of the environmental and climate architecture of the CAP Strategic Plan which describes ~~the complementarity and baseline conditions between the~~ **how** conditionality and the **relevant** ~~different~~ interventions addressing the specific environmental- and climate-related objectives set out in points (d), (e), and (f) of Article 6(4), as well as the way to achieve the greater overall contribution set out in Article 92 **and an explanation of how it is meant to contribute to already established long-term national targets set out in or deriving from the legislative instruments referred to in Annex XI;**
- ~~(b) an explanation of how the environment and climate architecture of the CAP Strategic Plan is meant to contribute to already established long-term national targets set out in or deriving from the legislative instruments referred to in Annex XI;~~
- (c) in relation to the specific objective '~~attract young farmers and facilitate their business development~~' set out in point (g) of Article 6(4), an overview of the ~~CAP Strategic Plan~~ relevant interventions and specific conditions **for young farmers set out in the CAP Strategic Plan** such as those specified in Articles 22(4), 27, 69 and 71(7) shall be presented. Member States shall in particular refer to Article 86(5)(4) when presenting the financial plan in relation to the types of interventions referred to in Articles 27 and 69. The overview shall also explain **in general terms** the interplay with national instruments with a view of improving the consistency between Union and national actions in this area;

- (d) an overview of the sector-related interventions, including coupled income support as referred to in Subsection 1 of Section 3 of Chapter II of Title III and the sectoral interventions referred to in Chapter III of Title III, providing a justification for targeting the sectors concerned, the list of interventions per sector, their complementarity, as well as the possible specific additional targets related to the interventions based on the sectoral types of interventions referred to in Chapter III of Title III;
- (e) **where relevant**, an explanation as to which interventions ~~will~~ **are intended to** contribute to ensure a coherent and integrated approach to risk management;
- (f) **where relevant**, a description of the interplay between national and regional interventions, including the distribution of financial allocations per intervention and per fund.

Article 98

Elements common to several interventions

The ~~description of~~ **section on the** elements common to several interventions referred to in point (c) of Article 95(1) shall include:

- (a) the definitions **and conditions** provided by Member States in compliance with Article 4(1), as well as the minimum requirements for interventions in the form of decoupled direct payments pursuant to Article 16;
- ~~(b) a description of the system of conditionality, which comprises the following:~~
 - (i) **(aa)** for each GAEC standard as referred to in Annex III a description of the way the Union standard is implemented, including the following elements: summary of the on-farm practice, territorial scope, type of farmers ~~concerned~~ **subject to the standard**, and **where necessary a description of how the practice contributes** ~~justification of the contribution to~~ **achieving the GAEC standard's** ~~the main objective of the practice;~~
 - ~~(ii) a description of the overall contribution to the specific environmental and climate-related objectives set out in points (d), (e) and (f) of Article 6(1);~~

- (c) a description of the use of 'technical assistance' as referred to in Articles 83(2), 86(3) and 112 and of the CAP networks as referred to in Article 113;
- (d) other implementation information, in particular:
 - (i) a short description of the establishment of the value of payment entitlements and of the functioning of the reserve, where applicable;
 - (ii) **where relevant**, the use of the estimated product of reduction of direct payments as referred to in Article 15;
 - (iii) an overview of the coordination, demarcation and complementarities between the EAFRD and other Union funds active in rural areas;

Article 99

Interventions

The ~~description of~~ **section on** each intervention specified in the strategy referred to in point (d) of Article 95(1) shall include:

- (a) the type of interventions it belongs to;
- (b) the territorial scope;
- (c) ~~the specific design or requirements of that intervention; that ensure an effective contribution to the specific objective(s) set out in Article 6(1).~~ For environmental and climate interventions, articulation with the conditionality requirements shall show that the practices **are complementary and** do not overlap;
- (d) the eligibility conditions;

- (e) for each intervention which is based on the types of interventions listed in Annex II to this Regulation, how it respects the relevant provisions of Annex 2 to the WTO Agreement on Agriculture as specified in Article 10 of this Regulation and in Annex II to this Regulation, and for each intervention which is not based on the types of interventions listed in Annex II to this Regulation, whether and, if so, how it respects relevant provisions of Article 6.5 or Annex 2 to the WTO Agreement on Agriculture;
- (f) the annual planned outputs for the intervention, and where relevant, a breakdown per uniform or average unit amount of support;
- (g) the annual planned **uniform** unit amount of support **or, where the setting of a uniform unit amount of support is not possible, the planned average unit amount of support.** ~~its~~ **The justification of the unit amount** and, **where relevant,** a justified maximum upper variation of that unit amount as referred to in Article 89 **shall be provided.** Where applicable, the following information shall also be provided:
- (i) the form and rate of support;
- (ii) the **method for** calculating ~~on~~ ~~of~~ the unit amounts of support and ~~their~~ **its** certification as referred to in **accordance with** Article 76;
- (iii) the different uniform **or average** unit amounts of support within that intervention, notably for groups of territories defined in Article 18(2);
- ~~(iv) where Member States decide to differentiate the amount of the basic income support per hectare in accordance with Article 18(2) for each group of territories;~~
- (h) the resulting annual financial allocation for the intervention, as referred to in Article 88. Where applicable, a breakdown on amounts planned for grants and amounts planned for financial instruments shall be provided;

- (i) an indication as to whether the intervention falls outside the scope of Article 42 TFEU and is subject to State aid assessment.

Article 100

*Target and financial plans**

1. The target plan referred to in point (e) of Article 95(1) shall consist of a recapitulative table showing the targets **and milestones** as referred to in point (a) of Article 97(1), ~~indicating the break-down in annual milestones.~~
2. The financial plan referred to in point (e) of Article 95(1) shall comprise tables consistent with points (f) and (h) of Article 99, including:
 - (a) the Member State's allocations for direct payments types of interventions as referred to in Article 81(1), for sectoral types of interventions for wine referred to in Article 82(1), for apiculture referred to in Article 82(2) and for types of interventions for rural development as referred to in Article 83(3);
 - (b) the transfers of amounts between types of interventions in the form of direct payments and types of interventions for rural development in accordance with Article 90 and any deductions of the Member State's allocations for types of interventions in the form of direct payments to make amounts available for types of interventions in other sectors referred to in Section VII of Chapter III of Title III in accordance with Article 82(7)(6);
 - (c) the Member State's allocations for the sectoral types of interventions for olive oil referred to in Article 82(4) and for hops referred to in Article 82(3), and if these types of interventions are not implemented, the decision to include the corresponding allocations in the Member State's allocation for direct payments in accordance with Article 82(5);

* Further discussion needed in relation to CAP Strategic Plans with regional elements according to Art. 93.

- (d) a breakdown of the Member State's allocations for types of interventions in the form of direct payments after transfers as specified in points (b) and (c) based on indicative financial allocations per type of interventions and per intervention, specifying the planned outputs, the average or uniform unit amount and the maximum variation referred to in Article 89. Where applicable, the breakdown shall include the amount of the reserve of payment entitlements.

The total estimated product of reduction of payments **as referred to in Article 15** shall be specified.

Taking into account the use of the **estimated** product of reduction of payments as referred to in Articles 15 and 81(3), these indicative financial allocations, the related planned outputs and the corresponding average unit amounts or uniform unit amounts shall be established before reduction of payments;

- (e) a breakdown of the allocations for sectoral types of interventions referred to in ~~Section VII~~ of Chapter III of Title III per intervention and with an indication of the planned outputs ~~and the average unit amount~~;
- (f) a breakdown of the Member State's allocations for rural development after transfers to and from direct payments as specified in point (b), per type of interventions and per intervention, including totals for the period, indicating also the applicable EAFRD contribution rate, broken down per intervention and per type of region where applicable. In case of transfer of funds from direct payments, the intervention(s) or part of intervention financed by the transfer shall be specified. This table shall also specify the planned outputs per intervention and the average or uniform unit amounts, ~~as well as, where~~ **Where** applicable, **the table shall also include** a breakdown of the ~~amounts planned for~~ grants and amounts planned for financial instruments. The amounts for technical assistance shall also be specified;

~~(g) indications of the interventions contributing to the minimum spending requirements laid down in Article 86.~~

(ga) where relevant, transfer of amounts from EAFRD for support under InvestEU in accordance with Article 75 of this Regulation, under Regulation (EU) [LIFE Regulation] or under Regulation (EU) [Erasmus Regulation] in accordance with paragraph 7 of Article 86 of this Regulation.

2a. The financial plan shall also comprise indications of the interventions contributing to the minimum spending requirements laid down in Article 86.

~~The elements referred to in this paragraph shall be established per year.~~

Article 101

Governance and coordination systems

The ~~description~~ **section** of ~~in~~ the governance and coordination systems referred to in point (f) of Article 95(1) shall comprise:

- (a) the identification of all governance bodies referred to in Chapter II of Title II of the Regulation (EU) [HzR] **as well as the Managing Authority and the authorities at regional level referred to in Article 110;**
- (b) the identification and role of delegated and intermediate bodies ~~not~~ referred to in ~~the~~ Regulation (EU) [HzR] **Article 110(4);**
- (c) information on the control systems and penalties referred to in Title IV of the Regulation (EU) [HzR], including:
 - (i) the integrated administration and control system referred to in Chapter II of Title IV of the Regulation (EU) [HzR];

- (ii) the control and penalty system for conditionality referred to in Chapter IV of Title IV of the Regulation (EU) [HzR];
- (iii) the competent control bodies responsible for the checks;
- (d) **an description overview** of the monitoring and reporting structure.

Article 102
Modernisation

The ~~description~~ **section** of ~~the~~ elements that ensure modernisation of the CAP referred to in point (g) of Article 95(1) shall highlight the elements of the CAP Strategic Plan that support the modernisation of the agricultural sector and the CAP and shall contain in particular:

- (a) an overview of how the CAP Strategic Plan will contribute to the cross-cutting general objective related to fostering and sharing of knowledge, innovation and digitalisation and encouraging their uptake set out in the second subparagraph of Article 5, notably through:
 - ~~(i) a description of the organisational set-up of the AKIS designed as the combined organisation and knowledge flows between persons, organisations and institutions who use and produce knowledge for agriculture and interrelated fields;~~
 - ~~(ii) a description of how advisory services as referred to in Article 13, research and CAP networks will work together within the framework of the AKIS, and how advice and innovation support services are provided;~~
- a description of the organisational set-up of the AKIS and how advisory services as referred to in Article 13, research and CAP networks will cooperate and provide advice, knowledge flows and innovation services and how the actions supported under Article 72 are integrated into the AKIS;**

- (b) a description of ~~the strategy for the development of digital technologies in agriculture and rural areas and for the use of these~~ **how digital** technologies **will be used in agriculture and rural areas** to improve the effectiveness and efficiency of the CAP Strategic Plan interventions.

Article 103

Annexes

1. Annex I to the CAP Strategic Plan referred to in point (a) of Article 95(2) shall include a summary of the main results of the ex-ante evaluation referred to in Article 125 and the Strategic Environmental Assessment (SEA) as referred to in Directive 2001/42/EC of the European Parliament and of the Council¹⁷ and how they have been addressed or a justification of why they have not been taken into account, and a link to the complete ex-ante evaluation report and SEA report.
2. Annex II to the CAP Strategic Plan referred to in point (b) of Article 95(2) shall include a SWOT analysis of the current situation of the area covered by the CAP Strategic Plan.

The SWOT analysis shall be based on the current situation of the area covered by the CAP ~~Strategic P~~plan and shall comprise, for each specific objective set out in Article 6(1), ~~an~~ **an** ~~comprehensive~~ overall description of the current situation of the area covered by the CAP Strategic Plan, based on common context indicators and other quantitative and qualitative up-to-date information such as studies, past evaluation reports, sectoral analysis and lessons learned from previous experiences.

¹⁷ Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programs on the environment (OJ L 197, 21.7.2001, p. 30).

Where relevant, the SWOT analysis shall include an analysis of territorial aspects, highlighting those territories specifically targeted by interventions, and an analysis of sectoral aspects, notably for those sectors subject to specific interventions and/or sectoral programs.

~~In addition, that description shall notably highlight in relation to each general and specific objective set out in Articles 5 and 6(1):~~

- ~~(a) — strengths identified in the CAP Strategic Plan area;~~
- ~~(b) — weaknesses identified in the CAP Strategic Plan area;~~
- ~~(c) — opportunities identified in the CAP Strategic Plan area;~~
- ~~(d) — threats identified in the CAP Strategic Plan area;~~
- ~~(e) — where relevant, an analysis of territorial aspects, highlighting those territories specifically targeted by interventions;~~
- ~~(f) — where relevant, an analysis of sectoral aspects, notably for those sectors subject to specific interventions and/or sectoral programs.~~

For the specific objectives set out in points (d), (e) and (f) of Article 6(1), the SWOT analysis shall refer to the national plans emanating from the legislative instruments referred to in Annex XI.

For the specific objective to attract young farmers set out in point (g) of Article 6(1), the SWOT shall include a short analysis of access to land, land mobility and land restructuring, access of finance and credits, and access to knowledge and advice.

For the general cross-cutting objective related to fostering and sharing of knowledge, innovation and digitalisation and encouraging their uptake set out in the second subparagraph of Article 5, the SWOT analysis shall also provide relevant information about the functioning of the AKIS and related structures.

3. Annex III to the CAP Strategic Plan referred to in point (c) of Article 95(2) shall include the outcomes of the consultation of the partners and a brief description of how the consultation was carried out.
4. **Where relevant**, Annex IV to the CAP Strategic Plan referred to in point (d) of Article 95(2) shall provide a brief description of the crop-specific payment for cotton and its complementarity with the other CAP Strategic Plan interventions.
5. Annex V to the CAP Strategic Plan referred to in point (e) **of** Article 95(2) shall contain the following:
 - (a) a short description of additional national financing which is provided within the scope of the CAP Strategic Plan, including the amounts per ~~measure~~ **intervention** and indication of compliance with the requirements under this Regulation; **and**
 - ~~(b) an explanation of the complementarity with the CAP Strategic Plan interventions; and~~
 - (c) an indication as to whether the additional national financing falls outside the scope of Article 42 TFEU and is subject to State aid assessment.

Article 104

Delegated powers for the content of the CAP Strategic Plan

The Commission is empowered to adopt delegated acts in accordance with Article 138 **until [date on which the CAP Strategic Plan should start to be applied – Article 91]** amending this Chapter as regards the content of the CAP Strategic Plan and its annexes, **strictly limited to addressing problems experienced by Member States.**

Article 105

Implementing powers for the content of the CAP Strategic Plan

The Commission may adopt implementing acts laying down rules for the presentation of the elements described in Articles 96 to 103 in CAP Strategic Plans. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

CHAPTER III

APPROVAL AND AMENDMENT OF THE CAP STRATEGIC PLAN

Article 106

Approval of the CAP Strategic Plan

1. Each Member State shall submit to the Commission a proposal for a CAP Strategic Plan, **with the containing** ~~gent the information~~ referred to in Article 95 no later than 1 January 2020~~x~~.
2. The Commission shall assess the proposed CAP Strategic Plans ~~on the basis of~~ **as regards** the **its** completeness ~~of the plans~~, the **its** consistency and coherence with the general principles of Union law, with this Regulation and the provisions adopted pursuant to it and with the Horizontal Regulation, ~~their~~ **its** effective contribution to the specific objectives set out in Article 6(1), ~~the~~ **and its** impact on the proper functioning of the internal market and distortion of competition, ~~the level of administrative burden on beneficiaries and administration~~. The assessment shall address, in particular, the adequacy of the strategy of the CAP Strategic Plan, the corresponding specific objectives, targets, interventions and the allocation of budgetary resources to meet the specific CAP Strategic Plan objectives through the proposed set of interventions on the basis of the SWOT analysis and the ex-ante evaluation.
3. Depending on the results of the assessment referred to in paragraph 2, the Commission may address observations to the Member States within three months of the date of submission of the CAP Strategic Plan.

The Member State shall provide to the Commission all necessary additional information and, where appropriate, revise the proposed plan.

4. The Commission shall approve the proposed CAP Strategic Plan provided that the necessary information has been submitted and ~~the Commission is satisfied that~~ the Plan is compatible with **Article 9 and** ~~the general principles of Union law~~, the **other** requirements set out in this Regulation **and in Regulation (EU) [HzR] as well as**, the provisions adopted pursuant to ~~it~~ ~~and in Regulation (EU) [HzR]~~ **them**.

5. The approval of each CAP Strategic Plan shall take place no later than ~~eight~~ six months following its submission by the Member State concerned.

The approval shall not cover the information referred to ~~in point (c) of Article 101 and in Annexes I to IV to the CAP Strategic Plan referred to in points (a) to (d) of Article 95(2).~~

In duly justified cases, the Member State may ask the Commission to approve a CAP Strategic Plan which does not contain all elements. In that case the Member State concerned shall indicate the parts of the CAP Strategic Plan that are missing and provide indicative targets and financial plans as referred to in Article 100 for the whole CAP Strategic Plan in order to show the overall consistency and coherence of the plan. The missing elements of the CAP Strategic Plan shall be submitted to the Commission as an amendment of the plan in accordance with Article 107.

6. Each CAP Strategic Plan shall be approved by the Commission by means of an implementing decision without applying the Committee procedure referred to in Article 139.
7. The CAP Strategic Plans shall only have legal effects after their approval by the Commission.

Article 107

Amendment of the CAP Strategic Plan

1. Member States may submit to the Commission requests to amend their CAP Strategic Plans.
2. Requests for amendment of CAP Strategic Plans shall be duly justified and shall in particular set out the expected impact of the changes to the plan on achieving the specific objectives referred to in Article 6(4). They shall be accompanied by the amended plan including the updated annexes as appropriate.
3. The Commission shall assess the consistency of the amendment with this Regulation and the provisions adopted pursuant to it as well as with the Regulation (EU) [HzR] and its effective contribution to the specific objectives.

4. The Commission shall approve the requested amendment to a CAP Strategic Plan provided that the necessary information has been submitted and ~~the Commission is satisfied that the~~ amended plan is compatible with **Article 9 and the general principles of Union law**, the **other** requirements set out in this Regulation **and in Regulation (EU) [HzR], as well as** the provisions adopted pursuant to ~~it and in Regulation (EU) [HzR]~~ **them**.
5. The Commission may make observations within 30 working days from the submission of the request for amendment of the CAP Strategic Plan. The Member State shall provide to the Commission all necessary additional information.
6. The approval of a request for amendment of a CAP Strategic Plan shall take place no later than three months after its submission by the Member State ~~provided that any observations made by the Commission have been adequately taken into account~~.
7. A request for amendment of the CAP Strategic Plan may be submitted ~~no more than~~ once per calendar year subject to possible exceptions to be determined by the Commission in accordance with Article 109. **In addition, three further requests for amendment of the Plan may be submitted during the duration of the CAP Strategic Plan period. This paragraph shall not apply to requests for amendments to submit the missing elements according to Article 106(5).**

Member States may modify and apply at any time elements of their CAP Strategic Plan pertaining to interventions under Chapter IV of Title III, including the eligibility conditions of such interventions, that do not lead to changes of the targets referred to in Article 97(1)(a). They shall notify such modifications to the Commission by the time they start applying them and include them in the next request for amendment of the CAP Strategic Plan in accordance with paragraph 1.

8. Each amendment of the CAP Strategic Plan shall be approved by the Commission by means of an implementing decision without applying the Committee procedure referred to in Article 139.
9. Without prejudice to Article 80, amendments to CAP Strategic Plans shall only have legal effects after their approval by the Commission.
10. Corrections of a purely clerical or editorial nature or of obvious errors that do not affect the implementation of the policy and the intervention shall not be considered as a request for amendment. Member States shall inform the Commission of such corrections.

Article 108

Calculation of time limits for Commission actions

For the purposes of this Chapter, where a time limit is set for an action by the Commission, that time limit shall start when all information complying with the requirements laid down in this Regulation and the provisions adopted pursuant to it has been submitted.

This time limit shall not include the period which starts on the date following the date on which the Commission sends its observations or a request for revised documents to the Member State and ends on the date on which the Member State responds to the Commission.

Article 109

Delegated powers

The Commission is empowered to adopt delegated acts in accordance with Article 138 amending this Chapter as regards:

- (a) procedures and time limits for the approval of CAP Strategic Plans;

- (b) the procedures and time limits for submission and approval of requests for amendments to CAP Strategic Plans;
- (c) ~~the frequency with which the CAP Strategic Plans are to be submitted during the programming period, including~~ the determination of exceptional cases for which the maximum number of amendments referred to in Article 107 (7) does not count.

TITLE VI

COORDINATION AND GOVERNANCE

Article 110

*Managing Authority**

1. **Each** Member States shall designate a **managing authority (referred to in this Regulation as the "Managing Authority")** for ~~their~~ **its** CAP Strategic Plans, **which shall be the sole interlocutor for the Commission.**

Member States may, taking into account their constitutional provisions, designate managing authorities at regional level to perform some or all of the tasks referred to in paragraph 2.

Member States shall ensure that the relevant management and control system has been set up in such a way that it ensures a clear allocation and separation of functions between the Managing Authority and other bodies. Member States shall be responsible for ensuring that the system functions effectively throughout the CAP Strategic Plan period.

2. The Managing Authority shall be responsible for managing and implementing the CAP Strategic Plan in an efficient, effective and correct way. In particular, it shall ensure that:
 - (a) ~~there is an appropriate secure electronic~~ **information** system ~~to record, maintain, manage and report statistical information on the plan and its implementation required for the purposes of monitoring and evaluation and, in particular, information required to monitor progress towards the defined objectives and targets~~ **as referred to in Article 117;**

* Further discussion needed in relation to CAP Strategic Plans with regional elements according to Art. 93.

- (b) beneficiaries and other bodies involved in the implementation of interventions:
- (i) are informed of their obligations resulting from the aid granted, and maintain either a separate accounting system or an adequate accounting code for all transactions relating to an operation, **where relevant**;
 - (ii) are aware of the requirements concerning the provision of data to the Managing Authority and the recording of outputs and results;
- (c) the beneficiaries concerned are provided, where appropriate by the use of electronic means, with ~~the list of~~ **clear and precise information on** the statutory management requirements and the minimum standards of good agricultural and environmental condition established pursuant to Section 2 of Chapter I of Title III to be applied at farm level, ~~as well as clear and precise information thereon~~;
- (d) the ex-ante evaluation referred to in Article 125 conforms to the evaluation and monitoring system and ~~that it is accepted and~~ submitted to the Commission;
- (e) the evaluation plan referred to in Article 126 is in place, that the ex post evaluation referred to in that Article is conducted within the time limits laid down in this Regulation, ensuring that such evaluations conform to the monitoring and evaluation system and that they are submitted to the Monitoring Committee referred to in Article 111 and the Commission;
- (f) the Monitoring Committee is provided with the information and documents needed to monitor the implementation of the CAP Strategic Plan in the light of its specific objectives and priorities;
- (g) the annual performance report is drawn up, including aggregate monitoring tables, and, ~~after consultation of~~ **the report has been submitted to** the Monitoring Committee **for opinion**, is submitted to the Commission **in accordance with Article 8(3)(b) of Regulation (EU) No [HRZ]**;

- (h) relevant follow-up actions on Commission's observations on the annual performance reports are taken;
- (i) the paying agency receives all necessary information, in particular on the procedures operated and any controls carried out in relation to interventions selected for funding, before payments are authorised;
- (j) beneficiaries under interventions financed by the EAFRD, other than area- and animal-related interventions, acknowledge the financial support received, including the appropriate use of the Union emblem in accordance with the rules laid down by the Commission in accordance with paragraph 5;
- (k) publicity is made for the CAP Strategic Plan, including through the national CAP network, by informing:
 - (i) potential beneficiaries, professional organisations, the economic and social partners, bodies involved in promoting equality between men and women, and the non-governmental organisations concerned, including environmental organisations, of the possibilities offered by the CAP Strategic Plan and the rules for gaining access to the CAP Strategic Plan funding ~~as well as~~ **and**
 - (ii) ~~by informing~~ beneficiaries and the general public of the Union support for agriculture and rural development through the CAP Strategic Plan.

3. ~~The Member State or~~ **Where the tasks referred to in paragraph 2 are carried out by authorities at regional level, as referred to in the second subparagraph of paragraph 1,** the Managing Authority ~~may designate one or more intermediate bodies including local authorities, regional development bodies or non-governmental organisations, to carry out the management and implementation of~~ **shall ensure appropriate coordination between these authorities with a view to guaranteeing the coherence and consistency of the CAP Strategic Plan interventions** **design and implementation.**

4. ~~When a part of its tasks is delegated to another body, the~~ **The** Managing Authority **or the authorities at regional level, referred to in paragraph 1, may delegate tasks to intermediate bodies, including regional or local authorities, regional development bodies or non-governmental organisations. In that case, the delegating authority** shall retain full responsibility for the efficiency and correctness of the management and implementation of those tasks **and** ~~The Managing Authority shall ensure that appropriate provisions are in place to allow the other body to obtain all necessary data and information for the execution of those tasks.~~
5. The Commission shall be empowered to **may** adopt delegated **implementing** acts in accordance with Article 138, supplementing this Regulation with detailed rules on **laying down uniform conditions for** the application of the information, publicity and visibility requirements referred to in points (j) and (k) of paragraph 2.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

Article 111

Monitoring Committee

1. ~~The~~**Each** Member State shall set up a committee to monitor implementation of the CAP Strategic Plan ('Monitoring Committee') ~~before the submission~~ **within three months of the date of notification to the Member State of the Commission implementing decision approving a** of the CAP Strategic Plan.

Each Monitoring Committee shall adopt its rules of procedure, **which may provide for the creation of sub-committees, including at regional level.**

The Monitoring Committee shall meet at least once a year and shall review all issues that affect the CAP Strategic Plan progress towards achieving its targets.

~~The Member State shall publish the rules of procedures of the Monitoring Committee and all the data and information shared with the Monitoring Committee online.~~

2. The Member State shall decide the composition of the Monitoring Committee and shall ensure a balanced representation of the relevant public authorities and intermediate bodies and of representatives of the partners referred to in Article 94(3).

~~Each member of the Monitoring Committee shall have a vote.~~

~~The Member State shall publish the list of the members of the Monitoring Committee online.~~

Representatives of the Commission shall participate in the work of the Monitoring Committee in an advisory capacity.

2a. The Member State shall publish the rules of procedures and the list of the members of the Monitoring Committee online, as well as the opinions issued pursuant to paragraph 4.

3. The Monitoring Committee shall examine in particular:
 - (a) progress in CAP Strategic Plan implementation and in achieving the milestones and targets;
 - (b) any issues that affect the performance of the CAP Strategic Plan and the actions taken to address those issues;
 - ~~(c) the elements of the ex-ante assessment listed in Article 52(3) of Regulation (EU) [CPR] and the strategy document referred to in Article 53(1) of Regulation (EU) [CPR];~~
 - (d) progress made in carrying out evaluations, syntheses of evaluations and any follow-up given to findings;
 - (e) the implementation of communication and visibility actions;
 - ~~(f) administrative capacity building for public authorities and beneficiaries, where relevant.~~

4. The Monitoring Committee shall **be requested to** give its opinion on:
- (a) ~~draft CAP Strategic Plan;~~
 - (b) the methodology and criteria used for the selection of operations;
 - (c) **the progress in reaching the specific objectives of a CAP Strategic Plan as presented in** the annual performance reports;
 - (d) the evaluation plan and any **significant** amendment thereof;
 - (e) any proposal by the managing authority for the amendment of the CAP Strategic Plan.

Article 112

Technical assistance at the initiative of the Member States

1. At the initiative of a Member State, the EAFRD may support actions which are necessary for the effective administration and implementation of support in relation to the CAP Strategic Plan, including the establishing and operating of the national CAP networks referred to in Article 113(1). The actions referred to in this paragraph may concern previous **programming** and subsequent CAP Strategic Plan periods.
2. Actions of the Lead Fund authority in accordance with paragraphs (4), (5) and (6) of Article 25 of Regulation (EU) [CPR] may also be supported **provided that the CLLD involves support from EAFRD.**
3. Technical assistance at the initiative of the Member States shall not finance certification bodies in the meaning of Article 11 Regulation (EU) [HzR].

Article 113

European and national Common Agricultural Policy Networks

1. Each Member State shall establish a national Common Agricultural Policy Network (national CAP network) for the networking of organisations and administrations, advisors, researchers and other innovation actors in the field of agriculture and rural development at national level at the latest 12 months after the approval by the Commission of the CAP Strategic Plan.
2. A European network for the Common Agricultural Policy (European CAP network) shall be put in place **by the Commission** for the networking of national networks, organisations, and administrations in the field of agriculture and rural development at Union level.
3. Networking through the CAP networks shall have the following objectives:
 - (a) increase the involvement of all **relevant** stakeholders in the ~~design and~~ implementation of CAP Strategic Plans **and, where relevant, their design, as well as facilitate peer-to-peer learning;**
 - (b) ~~accompany the Member States' administrations in the implementation of CAP Strategic Plans and the transition to a performance based delivery model~~ **improve the quality of implementation of CAP Strategic Plans;**
 - (c) ~~facilitate peer to peer learning and interaction among all agricultural and rural stakeholders~~ **contribute to the information of the public and potential beneficiaries on the CAP and funding opportunities;**
 - (d) foster innovation **in agriculture and rural development** and support the inclusion of, **and the interaction between,** all stakeholders in the knowledge-exchange and knowledge-building process;
 - (e) ~~support the monitoring and evaluation capacities of all stakeholders;~~
 - (f) contribute to the dissemination of CAP Strategic Plans results;

(fa) assist the Member States' administrations in the implementation of CAP Strategic Plans and the transition to a performance based delivery model;

(fb) support the monitoring and evaluation capacities of the relevant bodies.

The objectives set out in points (fa) and (fb) shall be addressed in particular through the European CAP network.

4. The tasks of the CAP Networks for the achievement of the objectives set out in paragraph 3 shall be the following:
- (a) collection, analysis and dissemination of information on actions **and good practices implemented or supported under CAP Strategic Plans as well as analysis on developments in agriculture and rural areas relevant to the specific objectives set out in Article 6;**
 - ~~(b) contribution to capacity building for Member States administrations and of other actors involved in the implementation of CAP Strategic Plans, including as regards monitoring and evaluation processes;~~
 - ~~(c) collection and dissemination of good practice;~~
 - ~~(d) collection of information, including statistics and administrative information, and analysis on developments in agriculture and rural areas relevant to the specific objectives set out in Article 6(1);~~
 - (e) creation of platforms, fora and events to facilitate exchanges of experience between stakeholders and peer to peer learning, including where relevant exchanges with networks in third countries;

- (f) collection of information and facilitation of **its dissemination as well as** networking of funded structures and projects, such as local action groups referred to in Article 27 of Regulation (EU) [CPR], Operational Groups of the European Innovation Partnership for agricultural productivity and sustainability as referred to in Article 114(4) and equivalent structures and projects;
- (g) support for cooperation projects between **EIP Operational Groups**, LAGs or similar local development structures, including transnational cooperation;
- (h) creation of links to other Union funded strategies or networks;
- (i) contribution to the further development of the CAP and preparation of any subsequent CAP Strategic Plan period;
- (j) in the case of national CAP networks, participating in and contributing to the activities of the European CAP network;
- (ja) in the case of the European CAP network, contribution to capacity building for Member States administrations and of other actors involved in the implementation of CAP Strategic Plans, including as regards monitoring and evaluation processes, as well as participating in and contributing to the activities of the national CAP networks.**

5. The Commission shall adopt implementing acts setting out the organisational structure and operation of the European CAP network. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

Article 114

European Innovation Partnership for Agricultural Productivity and Sustainability

1. ~~The Commission shall establish a European Innovation Partnership for agricultural productivity and sustainability (EIP).~~

2. The aim of the **European Innovation Partnership for agricultural productivity and sustainability (EIP)** EIP shall be to stimulate innovation and improve the exchange of knowledge. **The EIP shall support the AKIS referred to in Article 13(2) by connecting policies and instruments to speed up innovation.**
3. The EIP shall contribute to achieving the specific objectives set out to in Article 6(4).
4. ~~The EIP shall support the AKIS referred to in Article 13(2) by connecting policies and instruments to speed up innovation.~~ It shall in particular:
 - (a) create added value by better linking research and farming practice and encouraging the wider use of available innovation measures;
 - (b) connect innovation actors and projects;
 - (c) promote the faster and wider transposition of innovative solutions into practice; and
 - (d) inform the scientific community about the research needs of farming practice.

EIP Operational Groups **supported under the cooperation type of intervention referred to in Article 71** shall form part of the EIP. ~~They~~ **Each Operational Group** shall draw up a plan for **an** innovative projects to be developed, tested, adapted ~~or~~ **and** implemented. **These innovative projects** shall be based on the interactive innovation model which has as key principles:

- (a) developing innovative solutions focusing on farmers' or foresters' needs while also tackling the interactions across the supply chain where useful;

- (b) bringing together partners with complementary knowledge such as farmers, advisors, researchers, enterprises or non-governmental organisations in a targeted combination as best suited to achieve the project objectives; and
- (c) co-deciding and co-creating all along the project.

Operational Groups may act at transnational, including cross-border, level. The envisaged innovation may be based on new but also on traditional practices in a new geographical or environmental context.

Operational Groups shall disseminate **a summary of** their plans and **of** the results of their projects, in particular through the CAP networks.

TITLE VII

MONITORING, REPORTING AND EVALUATION

CHAPTER I

PERFORMANCE FRAMEWORK

Article 115

Establishment of the performance framework

1. ~~Member States shall establish a~~ Δ performance framework **shall be established under the shared responsibility of the Member States and the Commission,** which shall allow reporting, monitoring and evaluation of the performance of the CAP Strategic Plan during its implementation.
2. The performance framework shall include the following elements:
 - (a) a set of common context, output, result and impact indicators; ~~as including those~~ referred to in Article 7 which will be used as the basis for monitoring, evaluation and the annual performance reporting;
 - (b) targets and ~~annual~~ **biennial** milestones established in relation to the relevant specific objective using result indicators;
 - (c) data collection, storage and transmission;
 - (d) regular reporting on performance, monitoring and evaluation activities;
 - ~~(e) mechanisms for rewarding for good performance and for addressing low performance;~~
 - (f) ~~the ex-ante, interim, and ex-post evaluations and all other~~ evaluation activities linked to the CAP Strategic Plan.;

~~3. The performance framework shall cover:~~

~~(a) the content of CAP Strategic Plans;~~

~~(b) the market measures and other interventions provided for in Regulation (EU) No 1308/2013.~~

Article 116

Objectives of the performance framework

The performance framework's **objectives** shall ~~aim~~ **be** to:

- (a) assess the impact, effectiveness, efficiency, relevance, coherence and Union added value of the CAP;
- ~~(b) set milestones and targets for the specific objectives set out in Article 6;~~
- (c) monitor progress made towards achieving the targets of the CAP Strategic Plans;
- (d) assess the impact, effectiveness, efficiency, relevance and coherence of the interventions of the CAP Strategic Plans;
- (e) support a common learning process related to monitoring and evaluation.

Article 117

Electronic information system

Member States shall establish an **secure** electronic information system in which they shall record and ~~maintain~~ **keep** key information on the implementation of the CAP Strategic Plan that is needed for monitoring and evaluation, in particular ~~on each intervention selected for funding, as well as on completed interventions~~ **for monitoring progress towards the objectives and targets set**, including information on each beneficiary and operation.

Article 118
Provision of information

Member States shall ensure that beneficiaries of support under the CAP Strategic Plan interventions and local action groups shall undertake to provide to the Managing Authority or other bodies delegated to perform functions on its behalf, all the information necessary for the purpose of monitoring and evaluation of the CAP Strategic Plan.

Member States shall ensure that ~~comprehensive, complete, timely and~~ reliable data sources are established to enable effective follow-up of policy progress towards objectives using output, result and impact indicators.

Article 119
Monitoring procedures

The Managing Authority and the Monitoring Committee shall monitor the implementation of the CAP Strategic Plan and progress made towards achieving the targets of the CAP Strategic Plan on the basis of the output and result indicators.

Article 120
Implementing powers for the performance framework

The Commission shall adopt implementing acts on the content of the performance framework. Such acts shall include ~~the list of context indicators~~, other indicators needed for the appropriate monitoring and evaluation of the policy, the methods for the calculation of indicators and the necessary provisions to guarantee accuracy and reliability of the data collected by Member States. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

CHAPTER II

ANNUAL PERFORMANCE REPORTS

Article 121

Annual performance reports

1. ~~By 15 February 2023 and 15 February of each subsequent year until and including 2030~~
Within the deadline referred to in Article 8(3) of Regulation No [HzR], the Member States shall submit to the Commission an annual performance report on the implementation of the CAP Strategic Plan in the previous financial year. ~~The report submitted in 2023 shall cover the financial years 2021 and 2022. For direct payments as referred to in Chapter II of Title III, the report shall cover only financial year 2022.~~
2. ~~—~~The last annual performance report, to be submitted by 15 February 2030, shall comprise a summary of the evaluations carried out during the implementation period. **For the purpose of Article 31 of Regulation No [HzR], for EAFRD expenditure, an additional report shall be presented, by 30 of June 2030, covering the period until 31 December 2029.**
3. In order to be admissible, the annual performance report shall contain all the information required in paragraphs 4, **4a**, 5 and 6*. The Commission shall inform the Member State within 15 working days ~~of the date of receipt~~ **from the submission** of the annual performance report if it is not admissible **for the performance review**, failing which it shall be deemed admissible.
4. Annual performance reports shall set out key qualitative and quantitative information **on** the implementation of the CAP Strategic Plan by reference to financial data, output and result indicators ~~and in accordance with the second paragraph of Article 118.~~

* Further reflection needed in order to limit this requirement to the data that is absolutely essential.

4a. They **quantitative information** shall also include ~~information about~~:

(a) **the** realized outputs;

(b) **the correspondence between** ~~realised expenditure~~ **as declared in the annual accounts and relevant outputs referred to in point (a);**

(c) ~~realised results and distance to respective~~ **corresponding** ~~targets~~ **milestones set in accordance with point (a) of Article 97(1).**

For the purpose of Article 52(2) HzR, the information referred to in point (b) shall be broken down per unit amount of support as set out in the CAP Strategic Plan in accordance with Article 99(g).

In the case of interventions not covered by the integrated system referred to in Article 63(2) of Regulation [HZR], Member States may decide for certain interventions, to provide, in the annual performance report, the average unit amounts of support for the operations selected in the previous financial years. These average unit amounts shall equal the ratio between the amount committed by the Member State for the selected operations in the years concerned and the number of those operations. This information shall be provided in each annual performance report and shall be used for the purpose of annual performance clearance as referred to in Article 52 of Regulation [HZR] and for the purpose of Article 38(2) of the same Regulation.

~~For the types of interventions which are not subject to Article 89 of this Regulation, and where the realised output and the realised expenditure ratio deviates by 50% from the annual planned output and expenditure, the Member State shall submit a justification for this deviation.~~

5. ~~The data transmitted shall relate to achieved values for indicators for partial and fully implemented interventions. They~~ **The qualitative information referred to in paragraph 3 shall also set out include:**

(a) a synthesis of the state of implementation of the CAP Strategic Plan ~~realised during in~~ **respect of** the previous financial year;

(b) any issues which affect the performance of the CAP Strategic Plan, in particular as regards deviations from milestones, **where appropriate**, giving reasons and, where relevant, describing the measures taken;

(c) **where the realised unit amount deviates by more than 50% from the planned unit amounts referred to in Article 99(g) of this Regulation, or, where applicable, the maximum upper variation referred to in the same Article, a justification for this deviation for the purpose of Article 38 (2) of Regulation [HzR].**

It may also include, for the purpose of Article 52(2) of Regulation [HZR] and without prejudice to Article 52(3), justification of any deviations between the declared expenditure and the reported output ratio and the planned unit amounts referred to in Article 99(g) of this Regulation, or, where applicable, the maximum upper variation referred to in the same Article.

In case a Member State decides to include in the annual performance report the information in accordance with the third subparagraph of paragraph 4a to include in the annual performance reports the average unit amount, the justifications referred to in the previous subparagraph shall relate to deviations between the realised unit amounts and the average unit amounts reported in accordance with the third subparagraph of paragraph 4a for all the previous financial years concerned by this output.

6. For financial instruments, in addition to the data to be provided under paragraph 4 information shall be provided on:

(a) the eligible expenditure by type of financial product;

(b) the amount of management costs and fees declared as eligible expenditure;

- (c) the amount, by type of financial product, of private and public resources mobilised in addition to the EAFRD;
- (d) interest and other gains generated by support from the EAFRD contribution to financial instruments as referred to in Article 54 of Regulation (EU) [CPR] and resources returned attributable to support from the EAFRD as referred to in Article 56 of that Regulation.

Where Member States decide to apply the second subparagraph of paragraph 4 for financial instruments, the average unit amount referred to in the second subparagraph of paragraph 4 shall relate to the average unit amount of support for the support committed to final recipients by the financial instruments in the financial year concerned.

~~7.— The Commission shall carry out an annual performance review and an annual performance clearance referred to in Article [52] of the Regulation (EU) [HzR] based on the information provided in the annual Performance reports.~~

~~8.— In the annual performance review, the Commission may make observations on the annual performance reports within one month from their submission. Where the Commission does not provide observations within that deadline, the reports shall be deemed to be accepted.~~

~~Article 108 on calculation of time limits for Commission actions shall apply mutatis mutandis.~~

~~9.— Where the reported value of one or more result indicators reveals a gap of more than 25% from the respective milestone for the reporting year concerned, the Commission may ask the Member State to submit an action plan in accordance with Article 39(1) of Regulation (EU) [HzR], describing the intended remedial actions and the expected timeframe.~~

10. The annual performance reports, as well as a summary for citizens of their content, shall be made available to the public.

10a. Without prejudice to the annual clearance procedures provided for in the HZR, the Commission may make observations on the annual performance reports within one month from their submission. Where the Commission does not provide observations within that deadline, the reports shall be deemed to be accepted.

Article 108 on calculation of time limits for Commission actions shall apply *mutatis mutandis*.*

11. The Commission shall adopt implementing acts laying down rules for the presentation of the content of the annual performance report. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

Article 121a

Biennial performance review**

- 1. The Commission shall carry out a biennial performance review and an annual performance clearance referred to in Article [52] of the Regulation (EU) [HzR] based on the information provided in the annual performance reports.**
- 2. Where the reported value of one or more result indicators reveals a shortfall of more than 45% from the respective milestone for the financial year 202{3}, 40% for the financial year 202{5} and 35% for the financial year 202{7}, Member States shall submit justification for this deviation. Following the assessment of the justifications submitted, where necessary, the Commission may ask the Member State to submit an action plan in accordance with Article 39(1) of Regulation (EU) [HzR], describing the intended remedial actions and the expected timeframe.**

* This paragraph is largely based on paragraph 8 of the Commission's proposal.

** This Article is based on the re-drafted version of former paragraphs 7 and 9 of Article 121 as presented in doc. 15058/18 and provides further drafting suggestions on them.

Article 122

Annual review meetings

1. ~~Member States shall organise each year an~~ **An** annual review meeting **shall be organised each year** ~~with~~ **between** the Commission **and each Member State**, to be chaired jointly or by the Commission, which ~~will~~ **is to** take place not earlier than two months after the submission of the annual performance report.
2. The annual review meeting shall aim at examining the performance of ~~each~~ **the CAP Strategic p**lan, including progress made towards achieving established targets, any issues affecting performance and past or future actions to be taken to address them.

CHAPTER III

INCENTIVE SYSTEM FOR GOOD ENVIRONMENTAL AND CLIMATE PERFORMANCE

~~{Article 123*~~

~~Performance bonus~~

- ~~1. A performance bonus may be attributed to Member States in the year 2026 to reward satisfactory performance in relation to the environmental and climate targets provided that the Member State concerned has met the condition set out in Article 124(1).~~
- ~~2. The performance bonus shall be equal to [5%] of the amount per Member State for financial year 2027 as set out in [Annex IX].~~

~~Resources transferred between the EAGF and the EAFRD under Articles 15 and 90 are excluded for the purpose of calculating the performance bonus.~~

~~Article 124~~

~~Attribution of the performance bonus~~

- ~~1. Based on the performance review of the year 2026, the performance bonus withheld from a Member State's allocation following the second paragraph of Article 123 shall be attributed to this Member State if the result indicators applied to the specific environmental and climate-related objectives set out in points (d), (e) and (f) of Article 6(1) in its CAP Strategic Plan have achieved at least [90%] of their target value for the year 2025.~~
- ~~2. The Commission shall within two months of the receipt of the annual performance report in the year 2026 adopt an implementing act without applying the Committee procedure referred to in Article 139 to decide for each Member State whether the respective CAP Strategic Plans have achieved the target values referred to in paragraph 1 of this Article.~~

* Art. 123 and 124 are containing elements which have been put in brackets by the Presidency. However, these elements are not part of the latest version of the MFF negotiating box. Provided that these Articles continue to be outside of the negotiating box the Presidency proposes to delete them.

- ~~3. Where the target values referred to in paragraph 1 are achieved, the amount of the performance bonus shall be granted by the Commission to the Member States concerned and considered to be definitely allocated to financial year 2027 on the basis of the decision referred to in paragraph 2.~~
- ~~4. Where the target values referred to in paragraph 1 are not achieved, the commitments for financial year 2027 relating to the amount of the performance bonus of the Member States concerned shall not be granted by the Commission.~~
- ~~5. When attributing the performance bonus, the Commission may take into consideration cases of force majeure and serious socio-economic crises impeding the achievement of the relevant milestones.~~
- ~~6. The Commission shall adopt implementing acts laying down the detailed arrangements to ensure a consistent approach for determining the attribution of the performance bonus to Member States. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2). }~~

CHAPTER IV

CAP STRATEGIC PLAN EVALUATION

Article 125

Ex-ante evaluations

1. Member States shall carry out ex-ante evaluations to improve the quality of the design of their CAP Strategic Plans.
2. The ex-ante evaluation shall be carried out under the responsibility of the authority responsible for the preparation of the CAP Strategic Plan.
3. The ex-ante evaluation shall appraise:
 - (a) the contribution of the CAP Strategic Plan to the CAP specific objectives, taking into account national and regional needs and potential for development as well as lessons drawn from implementation of the CAP in previous programming periods;
 - (b) the internal coherence of the proposed CAP Strategic Plan and its relationship with other relevant instruments;
 - (c) the consistency of the allocation of budgetary resources with the specific objectives of the CAP Strategic Plan;
 - (d) how the expected outputs will contribute to results;
 - (e) whether the quantified target values for results **and milestones** are **appropriate and realistic**, having regard to the support envisaged from the EAGF and EAFRD;
 - ~~(f) the adequacy of human resources and administrative capacity for management of the CAP Strategic Plan;~~

- ~~(g) the suitability of the procedures for monitoring the CAP Strategic Plan and for collecting the data necessary to carry out evaluations;~~
- ~~(h) the suitability of the milestones selected for the performance framework;~~
- ~~(i) measures planned to reduce the administrative burden on beneficiaries;~~
- (j) **where relevant**, the rationale for the use of financial instruments financed by the EAFRD.

4. The ex-ante evaluation shall incorporate the requirements for strategic environmental assessment set out in Directive 2001/42/EC taking into account climate change mitigation needs.

Article 126

Evaluation of CAP Strategic Plans during the implementation period and ex post

1. Member States shall carry out evaluations of the CAP Strategic Plans ~~shall be carried out by the~~ to improve the quality of the design and implementation of the plans, ~~as well as to~~ **Member States shall** assess their **CAP Strategic Plan's** effectiveness, efficiency, relevance, coherence, Union added value and impact in relation to their contribution to the CAP general and **those** specific objectives set out in Articles 5 and 6(1) **which are addressed by the CAP Strategic Plan. The CAP Strategic Plan's overall impact shall be assessed by the ex-post evaluation only.**
2. Member States shall entrust evaluations to functionally independent experts.
3. Member States shall ensure that procedures are in place to produce and collect the data necessary for evaluations.

- ~~4. Member States shall be responsible for evaluating the adequacy of the CAP Strategic Plan interventions for the purpose of achieving the specific objectives set out in Article 6(1).~~
5. Member States shall draw up an evaluation plan providing indications on intended evaluation activities during the implementation period.
6. Member States shall submit the evaluation plan to the Monitoring Committee no later than one year after the adoption of the CAP Strategic Plan.
7. The Managing Authority shall be responsible for completing a comprehensive **ex-post** evaluation of the CAP Strategic Plan by 31/12/ **December** 2031.
8. Member States shall make all evaluations available to the public.

CHAPTER V

PERFORMANCE ASSESSMENT BY THE COMMISSION

Article 127

Performance assessment and evaluation

1. The Commission shall establish a multiannual evaluation plan of the CAP to be carried out under its responsibility. **That evaluation shall also cover the measures under Regulation (EU) No 1308/2013.**
2. The Commission shall carry out an interim evaluation to examine the effectiveness, efficiency, relevance, coherence and Union added value of the EAGF and the EAFRD by ~~the end of the third year following the start of implementation of the CAP Strategic Plans~~ **{2024}** taking into account the indicators set out in Annex I. The Commission may make use of all relevant information already available in accordance with Article [128] of ~~the [New Financial Regulation]~~ **Regulation (EU, Euratom) 2018/1046.**
3. The Commission shall carry out an ex post evaluation to examine the effectiveness, efficiency, relevance, coherence and Union added value of the EAGF and the EAFRD.
4. Based on evidence provided in evaluations on the CAP, including evaluations on CAP Strategic Plans, as well as other relevant information sources, the Commission shall present ~~an initial report on the implementation of this Article~~ **report on the interim evaluation,** including first results on the performance of the CAP, to the European Parliament and the Council, ~~after the completion of the interim evaluation~~ **by 30 June 2026.** A second report including an assessment of the performance of the CAP shall be presented by 31 December ~~2031~~ **2032.**

Article 128

Reporting based on a core set of indicators

In compliance with its reporting requirement pursuant to Article ~~[38(3)(e)(i)]~~ **41(3)(h)(iii)** of the ~~[New Financial Regulation]~~ **Regulation (EU, Euratom) 2018/1046**, the Commission shall present to the European Parliament and the Council the performance information referred to in that Article measured by the core set of indicators set out in Annex XII **of this Regulation**.

Article 129

General provisions

1. Member States shall provide the Commission with ~~all the necessary~~ **available** information ~~enabling necessary to enable~~ it to perform the monitoring and evaluation of the CAP **referred to in Article 127**.
2. Data needed for the context and impact indicators shall primarily come from established data sources, such as the Farm Accountancy Data Network and Eurostat **or through agreements with data providers such as the Joint Research Centre and the European Environment Agency**. ~~Where data for these indicators are not available or not complete, the gaps shall be addressed in the context of the European Statistical Program established under Regulation (EC) No 223/2009 of the European Parliament and of the Council¹⁸, the legal framework governing the Farm Accountancy Data Network or through formal agreements with other data providers such as the Joint Research Centre and the European Environment Agency.~~

¹⁸ Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics and repealing Regulation (EC, Euratom) No 1101/2008 of the European Parliament and of the Council on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities, Council Regulation (EC) No 322/97 on Community Statistics, and Council Decision 89/382/EEC, Euratom establishing a Committee on the Statistical Programs of the European Communities (OJ L 87, 31.3.2009, p. 164).

3. ~~Existing administrative registers such as the IACS, LPIS, animal and vineyard registers shall be maintained. The IACS and LPIS shall be further developed to better meet the statistical needs of the CAP.~~ Data from administrative registers, **such as IACS, LPIS, animal and vineyard registers**, shall be used as much as possible for statistical purposes, in cooperation with statistical authorities in Member States and with Eurostat.
4. The Commission may adopt implementing acts, laying down rules on the information to be sent by the Member States, taking into account the need to avoid any undue administrative burden, as well as rules on the data needs and synergies between potential data sources. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

TITLE VIII

COMPETITION PROVISIONS

Article 130

Rules applying to undertakings

Where support under Title III of this Regulation is granted to forms of cooperation between undertakings, it may be granted only to such forms of cooperation which comply with the competition rules as they apply by virtue of Articles 206 to ~~209~~ **210** of the Regulation (EU) No 1308/2013.

Article 131

State aid

1. Save as otherwise provided for in this Title, Articles 107, 108 and 109 TFEU shall apply to support under this Regulation.
2. Articles 107, 108 and 109 TFEU shall not apply to ~~payments made~~ **support provided** by Member States pursuant to and in accordance with this Regulation, or to additional national financing referred to in Article 132 of this Regulation falling within the scope of Article 42 TFEU.
- ~~3. — By way of derogation from paragraph 2, Articles 107, 108 and 109 TFEU shall apply to support provided for an operation falling both within and outside the scope of Article 42 TFEU, save where support for working capital is provided through a financial instrument.~~

Article 132

Additional national financing

~~Payments~~ **Support provided** by Member States in relation to operations falling within the scope of Article 42 TFEU that ~~are~~ **is** intended to provide additional financing for **rural development** interventions for which Union support is granted at any time during the CAP Strategic Plan period may only be made if ~~they comply~~ **it complies** with this Regulation, ~~are~~ **and is** included in Annex V to the CAP Strategic Plans as ~~provided for in Article 103(5)~~ and have been approved by the Commission.

Article 132a

Transitional national aid

Member States may continue to grant transitional national aid in accordance with Article 37 of Regulation (EU) No 1307/2013, in order to allow for a gradual phasing-out of these payments by an annual 10 percentage points starting in 202x with 40 % of the level of payments in each of the sector-specific financial envelopes as authorised by the Commission in accordance with Article 132(7) or Article 133a(5) of Regulation (EC) No 73/2009 in 2013.

Article 133

National fiscal measures

Articles 107, 108 and 109 TFEU shall not apply to national fiscal measures whereby Member States decide to deviate from general tax rules by allowing for the income tax base applied to farmers to be calculated on the basis of a multiannual period **with a view to evening out the tax base over a certain number of years.**

TITLE IX

GENERAL AND FINAL PROVISIONS

CHAPTER I

GENERAL PROVISIONS

Article 134

Measures to resolve specific problems

1. In order to resolve specific problems, the Commission shall adopt implementing acts which are both necessary and justifiable in an emergency. Such implementing acts may derogate from provisions of this Regulation, to the extent and for such a period as is strictly necessary. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).
2. On duly justified imperative grounds of urgency, and in order to resolve such specific problems as referred to in paragraph 1 while ensuring the continuity of the ~~direct payments system~~ **CAP Strategic Plan** in the case of extraordinary circumstances, the Commission shall adopt immediately applicable implementing acts in accordance with the procedure referred to in Article 139(3).
3. Measures adopted under paragraph 1 or 2 shall remain in force for a period not exceeding twelve months. If after this period the specific problems referred to in those paragraphs persist, the Commission may, in order to establish a permanent solution, submit an appropriate legislative proposal.
4. The Commission shall inform the European Parliament and the Council of any measure adopted under paragraph 1 or 2 within two working days of its adoption.

Article 135

Application to the outermost regions and the smaller Aegean islands

1. **Chapter II of Title III does not apply to the outermost regions.**
2. For direct payments granted in the outermost regions of the Union in accordance with Chapter IV of Regulation (EU) No 228/2013 **and in the smaller Aegean islands in accordance with Chapter IV of Regulation (EU) No 229/2013,** only point (a) and (b) of Article 3(2), point (a), (b) and (d) **and the second sentence of point (c)** of Article 4(1), Section 2 of Chapter I of Title III, ~~Article 16~~ and Title IX of this Regulation shall apply. Point (a), (b) and (d) of Article 4(1); **and** Section 2 of Chapter I of Title III, ~~Article 16 and Title IX~~ shall apply without any obligations related to the CAP Strategic Plan.
3. ~~For direct payments granted in the smaller Aegean islands in accordance with Chapter IV of Regulation (EU) No 229/2013 only point (a) and (b) of Article 3(2), Article 4, Section 2 of Chapter I of Title III, Sections 1 and 2 of Chapter II of Title III and Title IX of this Regulation shall apply. Article 4, Section 2 of Chapter I of Title III, Sections 1 and 2 of Chapter II of Title III and Title IX shall apply without any obligations related to the CAP Strategic Plan.~~

CHAPTER II

INFORMATION SYSTEM AND PROTECTION OF PERSONAL DATA

Article 136

Exchange of information and documents

1. The Commission, in collaboration with the Member States, shall establish an information system to enable the secure exchange of data of common interest between the Commission and each Member State.
2. The Commission shall ensure that there is an appropriate secure electronic system in which key information and report on monitoring and evaluation can be recorded, maintained and managed.
3. The Commission shall adopt implementing acts, laying down rules for the operation of the system referred to in paragraph 1. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

Article 137

Processing and protection of personal data

1. Without prejudice to Articles [96, 97 and 98] of Regulation (EU) [HzR] Member States and the Commission shall collect personal data for the purpose of carrying out their respective management control, monitoring and evaluation obligations under this Regulation, and in particular those laid down in Titles VI and VII, and shall not process this data in a way which is incompatible with this purpose.
2. Where personal data are processed for monitoring and evaluation purposes under Title VII using the secure electronic system referred to in Article 136, they shall be made anonymous, and processed in aggregated form only.

3. Personal data shall be processed in accordance with the rules of Regulations (EC) No 45/2001 and (EU) No 2016/679. In particular, such data shall not be stored in a form which permits identification of data subjects for longer than is necessary for the purposes for which they were collected or for which they are further processed, taking into account the minimum retention periods laid down in the applicable national and Union law.
4. Member States shall inform the data subjects that their personal data may be processed by national and Union bodies in accordance with paragraph 1 and that in this respect they enjoy the data protection rights provided by Regulations (EC) No 45/2001 and (EU) No 2016/679.

CHAPTER III

DELEGATIONS OF POWER AND IMPLEMENTING PROVISIONS

Article 138

Exercise of delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in Articles 4, 7, 12, ~~15, 23, 28~~, 32, 35, 36, 37, 41, 50, 78, 81, ~~83~~, 104, ~~109~~ and 141 shall be conferred on the Commission for a period of seven years from the date of entry into force of this Regulation. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the seven-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.

3. The delegation of powers referred to in Articles 4, 7, 12, ~~15, 23, 28~~, 32, 35, 36, 37, 41, 50, 78, 81, **83**, 104, **109** and 141 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the powers specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.
5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
6. A delegated act adopted pursuant to Articles 4, 7, 12, ~~15, 23, 28~~, 32, 35, 36, 37, 41, 50, 78, 81, **83**, 104, **109** and 141 shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

Article 139

Committee procedure

1. The Commission shall be assisted by a committee called 'Common Agricultural Policy Committee'. That Committee shall be a committee within the meaning of Regulation (EU) No **182/2011**.

2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

In the case of acts referred to in [Articles 15(4), 23, 105, 120, 121(11), 129(4) and 134(1)] where the committee delivers no opinion, the Commission shall not adopt the draft implementing act and the third subparagraph of Article 5(4) of Regulation (EU) No 182/2011 shall apply.

3. Where reference is made to this paragraph, Article 8 of Regulation (EU) No 182/2011, in conjunction with Article 5 thereof, shall apply.

CHAPTER IV

FINAL PROVISIONS

Article 140

Repeals

1. Regulation (EU) No 1305/2013 is repealed with effect from {1 January 2021}.

However, it shall continue to apply to operations implemented pursuant to rural development programs approved by the Commission under that Regulation before 1 January 2021.

Article 32 and Annex III of Regulation (EU) No 1305/2013 shall continue to apply in respect of the designation of areas facing natural and other specific constrains. References to the rural development programs shall be read as references to the CAP Strategic Plans.

2. Regulation (EU) No 1307/2013 is repealed with effect from 1 January 2021.

However, it shall continue to apply in respect of aid applications relating to claim years starting before 1 January 2021.

For Croatia, Articles 17 and 19 of Regulation (EU) No 1307/2013, ~~as well as Annex I to that Regulation where relevant for Croatia,~~ shall continue to apply until 31 December 2021.

Article 141
Transitional measures

The Commission is empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation with measures to protect any acquired rights and legitimate expectations of beneficiaries to the extent necessary for the transition from the arrangements provided for in Regulations (EU) No 1305/2013, ~~and~~ (EU) No 1307/2013 **and (EU) No 1308/2013** to those laid down in this Regulation. Those transitional rules shall in particular lay down the conditions under which support approved by the Commission under Regulations (EU) No 1305/2013 **and (EU) No 1308/2013** may be integrated into support provided for under this Regulation, including for technical assistance and for the ex post evaluations.

Article 142
Entry into force and application

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament

For the Council

The President

The President
