



Council of the  
European Union

084642/EU XXVII. GP  
Eingelangt am 17/12/21

Brussels, 17 December 2021  
(OR. en)

15144/21

AGRI 648  
AGRIFIN 169  
FIN 991

## COVER NOTE

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From: Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director

date of receipt: 16 December 2021

To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union

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No. Cion doc.: COM(2021) 815 final

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Subject: REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL on the implementation of the common monitoring and evaluation framework including an assessment of the performance of the common agricultural policy 2014-2020

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Delegations will find attached document COM(2021) 815 final.

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Encl.: COM(2021) 815 final

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15144/21

HvW/amcr

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EUROPEAN  
COMMISSION

Brussels, 16.12.2021  
COM(2021) 815 final

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

**on the implementation of the common monitoring and evaluation framework including  
an assessment of the performance of the common agricultural policy  
2014-2020**

{SWD(2021) 387 final}

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## 1. INTRODUCTION

This report summarises the performance of the common agriculture policy (CAP) during 2014-2020. Since it coincides with the approval of the CAP for 2023-2027<sup>1</sup>, this report will underpin the assessment of CAP strategic plans. It will also feed into the debate on future policy developments, including on the challenges and ambitions stemming from the [Green Deal](#). It complements the 2018 report on the common monitoring and evaluation framework (CMEF) ([COM/2018/790 final](#)).

The report, supported by a staff working document with facts and figures, is based on a set of indicators, evaluations and experience drawn from the CMEF.

## 2. IMPLEMENTATION OF THE COMMON MONITORING AND EVALUATION FRAMEWORK

### 1.1. Indicators

Indicators are used to monitor CAP implementation at EU and Member State level. They underpin the assessment of the accountability and efficiency of EU expenditure, and support evaluations. The CMEF includes more than 200 indicators and around 900 sub-indicators.

Since 2018, the European Commission publishes thematic and context indicator dashboards on its agri-food data portal [CAP Indicators](#), with dynamic visuals and access to the underlying data.

This includes data on output and results in the annual reporting on CAP implementation (collected by Member States) and data monitoring the context in which the CAP operates using statistics (mainly from Eurostat). Data periodicity differs depending on the source.

### 1.2. Evaluations

Evaluations are the main tool to assess the policy's tangible results and impacts<sup>2</sup>. They provide evidence for decision-making and strengthen transparency, learning and accountability. From 2014 to 2020, the Directorate-General for Agriculture and Rural Development conducted more than 20 [thematic evaluations on various aspects of the CAP](#). The evaluations drew on the preparatory work (support studies) carried out by independent external contractors and insight from multiple stakeholder consultations.

Member States' interim evaluations of their 2014-2020 rural development programmes also provided comprehensive information for this report. Their ex post evaluations, due in 2026, will provide input to the continuous assessment of CAP performance.

### 1.3. Experience drawn from the CMEF

From 2014, the CMEF was extended beyond rural development to cover – for the first time – the whole policy. This highlighted several strengths:

- indicators generally give comprehensive coverage of different policy areas;

<sup>1</sup> See Strategic Plans Regulation ([Regulation \(EU\) 2021/2115](#)) and Horizontal Regulation ([Regulation \(EU\) 2021/2116](#)).

<sup>2</sup> See [Better Regulation: why and how](#).

- new indicators were developed (e.g. on geographical indications) resulting from a continuous needs assessment;
- data quality improved, as a result of increased automation and interoperability, timely dissemination and new dashboards, including query and download functionalities.

However, there were also some shortcomings in the framework, not all linked to the CAP:

- the impact indicators on biodiversity (e.g. farmland bird index) and water (e.g. abstraction) were incomplete and of low quality due to the lack of a legal basis for data collection or reliance on voluntary surveys;
- difficulty to use the existing indicators to quantify the impact of the CAP on climate change mitigation and adaptation;
- low frequency: for some indicators, data is available only every four to six years, with lags between collection and publication;
- low level of geographical detail for certain indicators;
- insufficiently structured and detailed information on Member States' implementation choices, cross-compliance (uptake by hectare non available), environmental practices and LEADER.

The evaluations were based on a sound and rigorous methodological approach, including quantitative and qualitative analyses. Member States needed to learn how to generate evidence to make the policy more result-oriented. Nevertheless, there were only quantified targets for rural development expenditure. Most evaluations were not able to quantify the CAP's contribution to impact indicators due to data limitations, the time lag before impacts materialise, external factors and the difficulty in establishing causality.

### **3. ASSESSMENT OF THE CAP OVER THE PERIOD 2014-2020**

#### **1.4. Viable food production**

##### **Farm income**

Between 2013 and 2019, the average EU factor income<sup>3</sup> per worker increased by 15% in real terms. This increase was mainly due to major gains in labour productivity, mostly as a result of an outflow of labour from the agricultural sector.

The CAP as a whole has helped support and stabilise farm income. Market measures have helped limit domestic price volatility of most agricultural products and facilitated price recovery in sectors affected by a market crisis. Since 2014, EU price volatility has been lower than prices for all products on the international market (except butter and skimmed milk powder in recent years). Direct income support – representing around 25% of EU factor income (2014-2018 average) and reaching over 6 million beneficiaries (2019) – enabled farmers to cope better with the fall in income caused by falls in agricultural prices.

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<sup>3</sup> Agricultural factor income ([Eurostat](#)) measures the income derived from agricultural activities that can be used for the remuneration of own and rented production factors: labour, land and capital.

Risk management tools can help farmers mitigate these drops in income, but the CAP played a small role in incentivising farmers to use these tools.

### **Distribution of CAP support**

20% of CAP beneficiaries receive 80% of direct payments, which has raised questions about the fairness of the distribution of direct payments. However, this ratio essentially mirrors the distribution (and in some Member States the concentration) of land ownership; most large beneficiaries are family farms of between 20 and 100 hectares and receive more than EUR 7 500. About half of all beneficiaries are very small farms, with less than 5 hectares.

The 2014-2020 CAP resulted in a significant redistribution of direct payments to smaller farmers and to areas facing natural constraints. Between 2017 and 2019, the payments per hectare to farmers in the smallest category (producing under EUR 8 000 of standard output) increased by 18% compared to between 2011 and 2013.

Direct payments and rural development support represent close to 50% of farmers' income in mountain areas and CAP funding helps to make farms viable in the most remote rural areas. Nevertheless, the high level of total income support in mountain areas does not compensate fully for the income gap with non-mountain areas.

An analysis of income and distribution of direct payments by income shows room for improvement in targeting the support to those who need it most. In certain cases, the policy has had too limited an effect on reducing disparities between regions in a Member State, on the gradual reduction of payments, and on capping the level of payments per farm. Direct payments received by smaller farms remain below or just around the national average income in a number of Member States. In addition, there is no proof that the current provisions targeting support to active farmers have been effective.

Sometimes poor working conditions for seasonal workers in agriculture have led to calls to make CAP payments conditional on compliance with legislation on working conditions. Although the gap between agricultural income and the average wage in the whole economy has narrowed, it remains considerable. This undermines the attractiveness of farming as an occupation and it reduces generational renewal.

### **Competitiveness and productivity**

The CAP continued to make a significant contribution to food security by achieving productivity gains and resilience in trade markets.

The total factor productivity of EU agriculture increased by 6% from 2013 to 2019 (EU-27). The CAP supported significant labour productivity gains (+24% from 2013 to 2020). By increasing the relative amount of capital available for farms and thus boosting their competitiveness, support for farm investments had an indirect positive effect on farm income.

The CAP also provided support to improve supply chain organisation, with the number of recognised producer organisations and associations of producer organisations being 7% higher in 2020 than 2016 and the share of fruit and vegetables production marketed by these organisations growing by 2.3 percentage points between 2014 and 2019 (to 45.6%).

The EU accounted for 18% of global agri-food exports in 2019. External factors (including the Russian import ban on EU products) weakened to some extent the competitive position of

the EU's agricultural farm sector in most of the years from 2014 to 2020, but EU agri-food trade displayed a strong degree of resilience. Since 2018, the EU's competitive position improved slightly, adding one percentage point to the EU's share of world exports.

EU exports mainly consist of high value added products, underpinned by the guaranteed quality and reputation of products certified by EU quality schemes. This provides a clear economic benefit for producers in terms of marketing and increased sales. Support for promotion programmes was effective in raising the awareness and profile of EU products, particularly in markets with the highest growth potential. Sectoral policies were also effective in promoting competitiveness, with the EU's wine policy playing a key role in shifting the sector's focus from quantity to competitiveness and quality.

### **Fair competition and openness**

The EU market increasingly opened up between 2014 and 2020. Agri-food imports increased and the EU market remained the number one importer from less developed countries.

Marketing standards have been successful in creating a level playing field for producers of agricultural products.

State aid rules for the agricultural sector helped ensure that the positive effects of State aid on beneficiaries, and above all on the public policies concerned, outweigh the negative effects on competition and trade. The effects of voluntary coupled support on farmers' decisions and agricultural production have not generated distortions of competition, with a few, limited exceptions.

### **Quality and labelling**

The CAP has helped supply the EU market with standardised and guaranteed quality products, giving consumers value for money. The estimated total sales value of products under geographical indications or traditional specialities guaranteed schemes amounted to EUR 77 billion in the EU-28 in 2017, accounting for 7% of total food and drink sales.

CAP measures have been effective in providing useful and transparent information to consumers on quality and organic labels and on the origin of agricultural products. However, there is room to improve consumer understanding of EU labelling rules and quality schemes and to make marketing standards more consistent with evolving public concerns on health, nutrition, environment and climate.

## **1.5. Sustainable management of natural resources and climate action**

### **Sustainable management of natural resources**

The CAP provides an extensive level of 'baseline protection' for the environment via mandatory cross-compliance (on 84% of the EU's agricultural land in 2019) and greening obligations (80%, up from 76% in 2015). It then provides for more targeted but voluntary commitments under rural development (12-15% for agri-environment-climate measures and 3-5% for organic farming)<sup>4</sup>. The CAP's income support and support for areas with natural

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<sup>4</sup> Organic farming, compared to conventional farming, resulted in a mean increase of 34% in the abundance and richness of species, and a mean increase of 23.5% in soil carbon stocks (kgC/ha) for cropland.

handicaps help prevent land abandonment, slow down intensification and specialisation of farming systems and maintain crop diversification and permanent grasslands<sup>5</sup>.

All farms receive basic payments, irrespective of their degree of input use. As a result, these payments are often perceived as conflicting with the sustainable management of natural resources. The facts do not always support this perception. By decoupling support from production and linking it to compliance with standard environmental and climate practices, basic payments are not an incentive to increase production intensity. Proof of this is the level of direct payments per hectare received by the 10% most intensive farms, which fell by 12% to EUR 451 per hectare (between 2017 and 2019) compared to the level prior to the CAP reform from 2011 to 2013. By contrast, direct payments increased by 23% for the 10% most extensive EU farmers, to EUR 1 900, direct payments per worker on the most intensive farms are almost 78% lower than for the most extensive farms (EUR 7 700).

The cross-compliance mechanism makes CAP payments conditional on respecting a basic set of rules stemming from environmental (and other) EU legislation and good agri-environmental practice established under the CAP. Consequently, the CAP helps enforce the implementation of existing legislation relevant for the environment, with notable exception for soil, as this is not covered by specific EU legislation.

The new greening scheme brought in by the 2013 CAP reform tried to tackle this issue with an additional incentive, linking 30% of direct support to practices conducive to sustainable management of natural resources. ‘Greening’ was successful in preventing further environmental damage, but the incentive to change farming practices (in particular the obligation to diversify crops or to maintain ecological focus areas) was not relevant for all farmers. Although the greening scheme had the potential to promote environmental and climate practices, the choices made by Member States and farmers did not fully unlock this potential.

Given their tailored and targeted design, voluntary measures under rural development were the most effective in encouraging sustainable management of natural resources. Implementation choices greatly influenced the overall impact of these measures. Furthermore, their uptake by farmers and foresters was limited, notably due to complex eligibility conditions and premiums that are too low to stimulate change, particularly in certain productive areas. Agri-environment-climate commitments supported practices that limit the loss of soil organic matter, foster soil biodiversity and reduce soil pollution (even though reduced tillage on arable land was limited to specific areas).

By 2019, 8% of EU agricultural land was under organic farming. 66% of this land is farmed with CAP support. Organic farming clearly produces benefits for biodiversity, soil and water, climate mitigation and animal welfare, while reducing the use of chemical pesticides and antimicrobials.

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<sup>5</sup> Also highlighted in [\*Scenar 2030 - Pathways for the European agriculture and food sector beyond 2020\*](#), which assessed the implication of a counterfactual ‘no CAP’ scenario on land use and the environment (among other aspects). This showed that without CAP, land abandonment (including grassland) would be higher (with a reduction of 6.9% in utilised agricultural area and 8.8% in grassland area).

Many external factors affect the environment and it takes time to see the results of measures. This makes it very difficult to assess the net impact of the CAP over the 2014-2020 period and thus the causality between implemented measures and results. The lack of relevant indicators makes estimating the overall contribution of the CAP to biodiversity and landscapes more difficult (e.g. although the decline on the farmland bird index slowed down, it is not clear to what extent the loss in biodiversity can be attributed to the CAP). The CAP has great potential to promote practices that improve soil and water quality and reduce pesticide and fertiliser use on a significant share of EU arable land. The policy's significant contribution to durable changes in farmers' practices by promoting catch, cover and nitrogen-fixing crops demonstrates this.

### **Climate change and greenhouse gas emissions**

In the CAP covering the period 2014-2020, Member States gave climate mitigation and adaptation only a small budget and a low priority.

EU greenhouse gas emissions from agriculture have fallen by more than 20% since 1990, but they have stagnated since 2010. While reducing total emissions in agriculture remains essential to achieve the EU's climate objectives, it is worth highlighting the significant increase in output efficiency (i.e. lower emissions per unit of output): agricultural production has increased by 9% since 2010. This strengthens the resilience of the sector and food security.

The CAP does more to reduce emissions from managed agricultural soils than it does for livestock emissions. However, the debate on reducing livestock emissions cannot be narrowed down to reducing livestock numbers. Ruminants maintain marginal land, which often helps carbon sequestration in extensive production systems. Improvement in livestock management must go hand in hand with reduced consumption and more sustainable diets to effectively decrease livestock emissions, while decreasing the risk of carbon leakage effects (such as increased imports from countries producing with a higher climate footprint).

Analysis indicates that measures to mitigate climate change mainly require extensive livestock grazing systems, feed optimisation, manure treatment including anaerobic digestion, and maintaining carbon stocks by preserving permanent grassland. The main contribution from arable systems is to provide support for nitrogen-fixing crops (e.g. ecological focus areas or coupled support for protein crops), land management to protect and increase soil carbon stocks, and changes to N<sub>2</sub>O emissions from soil and manure. Protecting high-carbon soils in extensively farmed areas is particularly important, as the CAP has achieved fewer reductions in intensive grassland or arable farms. This means that there is great focus on carbon sequestration.

Although very few rural development programmes explicitly refer to climate adaptation, several CAP measures play part in it. The support it provides for crop diversity and farming systems, to invest in adaptation to new climate conditions, to limit soil erosion and improve resilience to floods are all of great importance given the rising number of extreme events affecting agriculture.

However, overall, Member States have not fully used the CAP's adaptation tools available (e.g. cross-compliance). Over the programming period, the percentage of irrigated land across the EU that farmers switched over to more efficient irrigation systems was very limited. There

is also scope to do more to spread knowledge and advise farmers on techniques and practices to improve climate performance.

Overall, the CAP provides a wide range of tools for sustainable management of natural resources and climate action, but Member States did not seize all opportunities to improve the environmental sustainability of farming and to step up climate action. The CAP could have been more effective with a more strategic approach, more targeted measures and funding, and if beneficiaries had been more ambitious in implementation rather than minimising changes.

Nevertheless, the CAP did provide EU added value by raising ambition and laying down minimum spending levels for this general objective.

## **1.6. Balanced territorial development**

### **Generational renewal**

The decline in the labour force in EU agriculture has slowed down from -3.8% per year between 2005 and 2011 to -1.4% per year between 2011 and 2019. Employment reached 9.1 million full-time equivalents by the end of 2019. The ageing farming population is one of the top challenges facing EU rural areas, as only 11% of EU farmers are under 40 years old (2016).

The CAP has facilitated generational renewal by supporting the economic sustainability of jobs. However, it is insufficient on its own to remove the main entry barriers to farming, which are access to land and capital and the attractiveness of working and living conditions of rural areas.

The CAP provides financial support to young farmers and guarantees to banks. Nevertheless, access to credit alone does not free up the land, and in some regions, land prices are very high. Moreover, in some regions, CAP income support may have slowed down inter-generational farm transfer and land release, because it can compensate for insufficient national pension systems. Other negative factors – including socio-cultural factors and wider economic disincentives to farm and to live in rural areas – dwarf the impact of the CAP.

### **CAP spill-over effects on rural areas**

CAP support mainly targets farming, but evidence shows the significant spill-over effects on the wider rural economy, notably because it boosts local spending and provides employment. The agri-food sector provides 40 million jobs in rural areas. In addition, despite the low share of funding, CAP support can be key to improve infrastructure, services and connectivity, especially in remote areas.

The CAP helps slow the rate of depopulation and land abandonment in the EU. It also plays a social role and the distribution of CAP support is very inclusive (with half of recipients receiving less than EUR 1 250 per year). Agriculture and the CAP significantly help reduce poverty in rural areas.

## 1.7. Knowledge transfer and innovation

The knowledge exchange, advice and innovation measures taken in 2014-2020 under the CAP had a low programming rate (3.5% of the rural development allocation), then delayed implementation (also due to the administrative burden<sup>6</sup>) and thus low spending (with only 23% of the planned amounts spent after six years). The measures reached approximately 10% of farm holdings and were effective in building knowledge, in particular on cross-compliance and environmental sustainability.

The level of basic training increased from 12% in 2010 to 23% in 2016, but remains too low to address the challenges for farmers of ensuring food security while bolstering environmental care and climate action.

The same groups of farmers continue to participate in training, which means that it is difficult to reach out to the wider community and important to increase peer-to-peer learning. Agricultural advice is an essential lever to change farming practice, but providing qualified and impartial advisory services remains an important issue. There is also a need to update advisers' knowledge and skills.

The European innovation partnership for agricultural productivity and sustainability (EIP-AGRI) had a positive impact thanks to the use of the interactive innovation model. This makes the best use of different types of knowledge (practical, scientific, technical and organisational) and involves users of the project results. The partnership had resulted in 2 085 completed operational groups (i.e. local interactive innovation projects) by September 2021.

There is room to use CAP tools more strategically, to find more synergies and to build on well-established structures for knowledge exchange and advice in some Member States.

## 4. TOWARDS A PERFORMANCE-BASED CAP

### 1.8. Lessons learned for the next period of the CAP, 2023-2027

In 2021, the European Parliament and the Council agreed on a new design for the CAP that draws many lessons from the previous policy during the 2014-2020 period.

Climate and biodiversity feature prominently among the new CAP's 10 specific objectives. A new focus on food, health and animal welfare factors in the challenges of food systems. For the next period, the policy seeks to modernise practice by facilitating knowledge exchange, innovation and digitalisation, which underpin all CAP objectives across the three dimensions of sustainability (economic, environmental and social).

Under the new CAP, each Member State must integrate all tools in a single plan (the CAP strategic plan) and anchor them in evidence. The new CAP largely discontinues the one-size-fits-all approach of direct support. Member States have more flexibility to design and combine the policy tools. To ensure sufficient environmental and climate action, generational renewal and redistribution, a share of EU-level support is earmarked for these specific areas.

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<sup>6</sup> During the programming period, the Omnibus Regulation ([Regulation \(EU\) 2017/2393](#)) removed the constraints on public procurement.

Parliament and the Council have lifted certain limitations of the 2014-2020 policy for the sustainable management of natural resources and greenhouse gas emissions. Parliament and the Council have strengthened aspects of the basic requirements for CAP payments, filling gaps on the protection of carbon stocks, high-diversity landscape features and soil protection. There is greater scope for voluntary action with eco-schemes under direct payments, adding to the long-standing rural development tool, and with more flexible premiums to stimulate a sufficient scale of uptake. These changes should persuade farmers to engage in sustainable agriculture instead of telling them how. However, their value will depend on the quality of action financed. Reducing the administrative burden and simplifying procedures will be important to improve outreach and uptake too. Strong links with EU legislation and an obligation for Member States to demonstrate a higher level of ambition in their national plans than they did in the previous period are additional safeguards.

Food security remains a political priority. To ensure that farmers are able to produce food everywhere in the EU, direct support continues to be a relatively efficient tool to support farm income in a market-oriented system. Parliament and the Council have agreed to a mandatory redistribution of 10% of Member States' direct payments to smaller farms. However, reducing and capping large amounts of direct support to the same beneficiary remains voluntary for Member States. The criteria governing who may claim direct payments are also quite wide.

Mindful of the evaluations and increasing societal concerns, CAP support will – for the first time – be linked to farmers respecting EU basic social and labour rights of farm workers.

Increasing the attractiveness of rural areas requires integrating this policy with national policies. In particular, the policy for generational renewal in agriculture must be based on such an integrated approach, aided by substantial CAP funding.

Agricultural policy must also be part of a larger food system transformation to achieve the objectives promoted in the [Farm to Fork strategy](#). Similarly, the [long-term vision for rural areas contains](#) the many lessons learned on territorial development. This, in turn, provides additional input to the new CAP.

The new legal framework is a solid foundation but the quality and implementation of the strategic plans from 2023 onwards will be decisive in turning the goals into reality. The Commission's 2020 recommendations set out the key areas on which the plans should focus, factoring in the objectives of the Green Deal strategies. The year 2022 will be another milestone in this process with the Commission's assessment and approval of these plans.

## **1.9. New performance, monitoring and evaluation framework**

The new performance and evaluation framework has fewer indicators, streamlined across all areas and funding sources. The framework covers all objectives with quantified targets for result indicators, enabling improved tracking. Result indicators create links between an EU action and its purpose(s) to measure progress in achieving the CAP strategic plan targets. This provides a good indication of annual progress of CAP performance, but to assess the real policy impact, the Commission also uses in-depth evaluations.

The new CAP contains several improvements to increase overall data quality: better reliance on Member State notifications and statistics; new indicators on biodiversity, pesticides and animal health; and a new satellite area monitoring system to increase the reliability of output

indicators. There will be more detailed data collection on farming practices and better underlying knowledge to clarify causal links between objectives and impact-result indicators. The new CAP aims to limit the burden on farmers and administrations by exploring ways to improve data sharing.

For future evaluations, the first data on 2023-2027 CAP implementation will only be available in 2025. Given the difficulty to reconcile the policy cycle with the time needed to collect data – including time for the effects of EU action to materialise – it is important to take a long-term approach to data availability and the contribution of evaluations to the performance assessment.

## **5. CONCLUSIONS**

Between 2014-2020, measures taken under the CAP have provided economic, environmental, social and political EU added value. In particular, this has included:

- supporting a fair standard of living for farmers and addressing needs in rural areas, notably in remote and low population density areas, thus strengthening regional and social cohesion;
- ensuring a stable, safe and healthy food supply;
- providing clear food information to EU consumers;
- enhancing environmental protection and climate action by raising standards and encouraging change.

However, the CAP must do more to support the sustainability of EU agriculture, in line with the European Green Deal and its farm-to-fork strategy. In particular, it must contribute more to the environmental objectives and the higher climate ambition enshrined in the EU Climate Law. The 2021 CAP reform will enable significant contribution to achieving these more ambitious goals.