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NOTE

From: General Secretariat of the Council
To: Special Committee on Agriculture / Council
Subject: Proposed CAP Strategic Plans
- Overview of selected issues

With a view to the SCA meeting on 14 March 2022 and the "Agriculture and Fisheries" Council meeting on 21 March 2022, delegations will find in the Annex a Commission note on the abovementioned subject.

Proposed CAP Strategic Plans (CSPs)

Overview of selected issues

The overview relies solely on information provided by Member States in their submitted Plans. It outlines summary information on selected proposed elements of the Plans submitted to date (all except Belgium). The information presented is in the process of being assessed, completed and verified, and should not be considered approved by the Commission. It is not always exhaustive due to missing information in some CSP proposals. Financial data in this document stems from the overview table as encoded by Member States. Inconsistencies exist in some cases between the overview table and data provided in the “interventions” part. Some data are missing.

(I) An economically sustainable and fairer CAP

Active farmer and other conditions for receiving income support

- Setting an **active farmer definition**, the main criterion used by the Member States is the inclusion in official registers (social security, farm register, VAT);
- **8** Member States opted for a negative list and **14** Member States set an exclusion threshold for active farmers who did not receive direct payments exceeding a certain amount for the previous year, mostly at EUR 5 000;
- Some Member States propose to base the active farmer provision on minimum area or on certain livestock-related requirements;
- Decisions about **minimum requirements for receiving direct payments** vary although most MS have set both an area and a financial threshold;

- Area-based thresholds are set between 0.3 and 4 hectares while financial thresholds range between EUR 100 and 500.

Focus on redistribution and Complementary Redistributive Income Support for Sustainability (CRISS)

- More than **10% of total direct payments** is planned globally in submitted plans for **the CRISS** and the intervention will be implemented in **at least 21 Member States**;
- **11** Member States set the indicator target on **redistribution to smaller farmers** above 100 with an increasing trend;
- **19** Member States foresee the required 10% or more of the direct payment envelope for CRISS, out of which **7** Member States plan more than 10% (the highest share is 23%);
- **7** Member States request a derogation from the 10% ring-fencing requirement out of which **3** Member States do not intend to apply CRISS at all;
- **14** MS plan to implement CRISS based on a single range/unit amount while **7** MS foresee two or more ranges of hectares with two different unit amounts and **2** MS foresee differentiated unit amounts by groups of territories;
- The number of hectares to which will be supported with CRISS ranges from 8.2 ha to 150 ha.

Capping and degressivity

- 10 Member States provide for capping and/or degressivity:
 - **2** Member States apply both capping and degressivity;

- 5 Member States foresee only capping;
- 3 Member States provide for degressivity only;
- 6 Member States will use the possibility to **subtract the labour costs** before applying capping and/or degressivity.

Internal convergence

- 9 Member States currently applying payment entitlements have decided to abolish them, all but one already in 2023;
- For Member States continuing to apply payment entitlements:
 - 1 Member State will reach full convergence at national level by the end of the period while 1 Member State will reach full convergence at the level of groups of territories;
 - 5 Member States will reach the minimum required level of internal convergence of 85% by 2026 at national level (4 Member States) or by group of territories (1 Member State).

Basic Income Support for Sustainability (BISS)

- 6 Member States decided to territorialize the BISS (3 with payment entitlements and 3 without).
- At EU level, the total BISS allocation amounts to slightly more than 50% of the direct payments envelope, with allocations ranging from 31% to 75%.

Payment for small farmers

- **5** Member States plan to implement the simplified payment for small farms with 4 applying a lump sum and 1 a payment per hectare;
- The indicative allocations range from 0.4% to 9% of the direct payments envelope.

Coupled Income Support (CIS)

- **All** Member States with submitted Plans, except one, plan to implement CIS;
- **19** Member States plan implementation above 10% of the direct payments and mostly close to their ceiling, **2** Member States plan about 10% and **4** Member States below 5% of their direct payments envelopes;
- Support is targeted on livestock (beef & veal, sheepmeat and goatmeat, milk and milk products) with a budget share of approximately 70% of the overall budget CIS allocations in the Member States;
- Limitations on stock density in the livestock sector are proposed at least in **2** Member States.
- **18** Member States plan CIS for legumes/protein crops.

Risk management

- **14** Member States plan to use risk management tools and propose a total of 25 interventions, out of which 15 insurance premia schemes, 7 mutual funds support schemes, 2 other risk management schemes and 1 scheme covering insurance premia as well as support for mutual funds;

- 7 Member States propose support for insurance premia only, 7 Member States propose a combination of support to insurance premia as well as mutual funds or other risk management tools;
- 1 Member State has assigned funds from the direct payments envelope to risk management.

Sectoral interventions in other sectors and positioning of the farmers

- 22 Member States plan sectoral interventions only in the fruit and vegetables sector (F&V), the apiculture sector and the wine sector;
- 4 Member States do not plan sectoral interventions in the F&V sector as they do not have any recognized producer organisations in these sectors;
- Several Member States also propose to implement sectoral interventions for ‘other’ sectors (potatoes, ornamental plants and laying hens, pigmeat, sheep and goatmeat).
- 6 Member States propose **cooperation interventions** for which the main scope is the support of **short supply chains**;

Support to areas with natural constraints and disadvantages

- 22 Member States plan payments for natural or other area-specific constraints, representing around 17% of the total EAFRD envelopes of Member States;

- 17 Member States plan payments for Natura 2000 and/or Water Framework Directive requirements, representing around 0.8% of the total EAFRD envelopes of Member States.

(II) An environmentally sustainable and greener CAP

Conditionality

GAEC standard 2 (peatlands/wetlands)

- 8 Member States plan to apply the standard in 2023, while **14 request a derogation** (4 Member States until 2024 and the remaining 12 until 2025).

GAEC standard 4 (establishment of buffer strips along water courses)

- 21 Member States foresee a 3 meter width and above, while 2 Member States plan a 10 meter width.

GAEC standard 7 (crop rotation)

- 11 Member States do not foresee derogations from the crop rotation requirement;
- 8 Member States propose to apply the crop diversification derogation in their whole territory;
- 6 Member States propose a combination of both or alternatives.

GAEC standard 8 (non – productive areas and features)

- 24 Member States are offering farmers the “**basic**” option (4% of arable land), 13 are offering the “**eco-scheme top-up**” option and 15 are offering the option including **catch crops or nitrogen-fixing crops**;
- 10 Member States foresee all three options.

Eco-schemes

- 7 Member States plan an eco-scheme budget allocation above the minimum requirement of 25%¹;
- 8 Member States propose to use the rebate mechanism;
- Taken together, the submitted CSPs foresee **170 different eco-schemes**. Almost 50% are based on payments additional to BISS (so-called incentive payments). Some CSPs foresee eco-schemes based only on compensatory payments.
- A few Member States opt for one single eco-scheme covering a range of practices while the majority of Member States proposes several eco-schemes. 6 Member States envisage eco-schemes covering the whole farm (all types of agricultural area);
- The practices proposed include inter alia soil conservation, preserving landscape features and non - productive areas, carbon farming, integrated pest management (IPM) and pesticides management, permanent pastures – extensification and maintenance, biodiversity, animal welfare, and nutrient management.

Green interventions in EAFRD

- The minimum ring-fencing requirement² for environment and climate is planned in all submitted plans but one, with 10 MS planning around 50% of the EAFRD allocation for green interventions and one MS planning a share of 81%;
- A total of **260** agri-environment and climate management commitments are planned, including support for organic farming and genetic resources, with a high variety of supported practices.

¹ At least 25% of Annex IX CAP SPR

² At least 35% of Annex XI CAP SPR

Focus on biodiversity

- Of those Member States which have set a target for **preserving habitats and species** (R31), **11** have set a target to cover **0% – 20%** of utilized agricultural area (UAA), **7** have set a target of **21%-40%**, and **6** have set a target of **41% or more**;
- Of those Member States which have set a target for **preserving landscape features** (R34), **16** have set a target to aim at **0%-10%** of UAA, **2** have set a target of **11%-40%**, and **2** have set a target of **41% or more**;
- The Member States so far have proposed one or more eco-schemes addressing the following main issues **related to biodiversity**: “biodiversity” (6 Member States), landscape features / non-productive areas (19), pesticide/pest management (9), nutrient management (12), extensive farming on permanent grassland (10), organic farming (11);
- **11** have proposed **Natura 2000 payments on agricultural land**. Member States have proposed a large number of **management commitments** and other interventions relevant to biodiversity (analysis ongoing);
- Agri-environment management commitments planned for biodiversity include those that address pesticides/support Integrated Pest Management, preservation and restoration of grasslands and high nature value farming ecosystems, targeted species and habitat restoration actions. There is a high degree of variability on links with the prioritized action Framework for Habitats and Birds.

Focus on climate

- Of those Member States that have set the target for carbon storage in soil & biomass (R14), the target values range from 8% to 80%, with only a handful of Member States targeting to cover 10% of the utilized agricultural area (UAA);
- **8** Member States set targets, ranging from 1% to 60% of UAA in relation to livestock units under commitments for ammonia or GHG reductions (R13)
- Almost all submitted Plans (24) set targets ranging from 0.8% to 86% of UAA in relation to soil protection (R19);
- **18** Member States set targets in relation to adaptation, to cover from 0.02% to 66% of UAA in relation to climate adaptation (R12);
- **7** Member States set their targeted result in regards to water use and water balance and these ranged from 0.7% to 10% of UAA (R23);
- **11** Member States planned to achieve production of renewable energy in the range of 1 to 780 MW, depending but not necessarily on the size of Member States;
- The Member States surveyed so far have proposed one or more eco-schemes addressing the following main issues related to climate: “carbon farming approaches” (9), nutrient management (12), extensive farming on permanent grassland (11), maintenance of permanent grassland (12), soil conservation practices (almost all) and organic farming (12);

- Member States proposed a large number of management commitments and other interventions relevant to climate (analysis ongoing).

Support to organic farming

- Almost all Member States express a growth ambition to a higher or lesser extent for organic farming, both in terms of increasing area farmed organically and in terms of area supported by the CAP;
- **24** MS set their expected target to increase organic area with CAP support. 15 Plans aim at supporting more than 10 % of organic area, with 4 out of those, targeting above 20 %;
- Support is planned to be granted either under eco-schemes (11 Member States) or agri-environmental commitments, with a few Member States planning support under both instruments, mainly differentiated for conversion to and maintenance of organic farming.

Support to multifunctional and sustainable forest management

- Most Member States (except 5) foresee support for forestry, including an increase of the forest or wooded areas (agroforestry), support for the sustainable management of existing forest areas and the relevant investments;
- Around half of Member States set their target for support of afforested land, including agroforestry (R17) ranging from some 250 ha to 3.5 million ha;

- A few countries defined their targets for sustainable forest management (R30), with values ranging from 0.2% to 3%.

(III) A socially sustainable CAP for vibrant rural areas

Generational renewal and support to young farmers

- **20** Member States plan to ring-fence appropriations under both Pillars to reach the minimum amount to be reserved for young farmers, whereas **3** Member States ring-fenced exclusively interventions under Pillar I, and **2** Member States exclusively under Pillar II;
- Complementary income support for young farmers (CISYF) is planned by **24** Member States, Installation aid is planned by **24** Member States;
- Investment aid at higher rate for young farmers is planned by **19** Member States;
- Cooperation for generational renewal is planned **by 6** Member States.

LEADER

- **15** Member States plan shares above the minimum requirement of 5% of the EARFD envelope, with some Member States going above 10%;
- **2** Member States allocate exactly the required 5% while **5** Member States allocate a little more than the required 5%;
- **4** Member States do not reach the minimum threshold of 5% of the adjusted EAFRD envelope.

Social conditionality

- 2 MS will activate **social conditionality** already in **2023** and 2 Member States will activate it in **2024**;
- **All other** Member States will apply social conditionality as of 2025.

Animal Welfare and Anti-microbial resistance (AMR)

- The majority of Member States do not plan specific interventions targeting antimicrobial reduction. Reductions are expected to be achieved through actions on animal welfare or organic farming, or by efforts outside of the CAP;
- **8** Member States have included the relevant AMR result indicator in their CSP while **5** Member States did not establish any result indicator target for Animal welfare;
- **11** Member States planned interventions for animal welfare under eco-schemes;
- **18** Member States embedded improvements for animal welfare under farm investments;
- **21** Member States plan animal welfare interventions under agri-environmental commitments.

Gender equality

- **5** Member States propose measures supporting rural women of which two address in particular the objective to improve participation of women in farming.

Rural areas, support for basic services and non - agricultural activities

- **11** Member States planned interventions for rural areas outside of LEADER.

- **14** MS plan to support the creation of jobs with **6** Member States aiming to create more than 1000 new jobs. For **10** information is still missing. **17** Member States plan to support the creation of 250 to more than 2000 **new businesses**;
- **17** Member States planned interventions for **infrastructure and basic services** while **10** Member States planned interventions under rural development for **non-agricultural activities**;
- Member States in general **finance broadband** with funds outside the CAP with around **10** Plans envisaging still some support for actions related to connectivity.

Knowledge exchange and innovation

- **24** Member States plan interventions under knowledge exchange and dissemination of information;
- Around 2% of the EAFRD budget globally is devoted in the proposed plans to knowledge exchange and dissemination of information;
- **22** Member States plan altogether the creation of more than 6 100 Operational groups for the next period.

(IV) National values for Green Deal targets

- *24 Member States provided a description on the contribution of their proposed CAP Strategic Plan to some or all of the Green Deal targets. 2 Member States did not provide such information;*
- *24 Member States provided **one or more** quantitative national values for the Green Deal impact target indicator in the relevant part or annex of the Plan;*
- *19 Member States provided a national value or target for organic area;*

- *4 Member States provided a national value for use of antibiotics;*
- *3 Member States provided a national value for high diversity landscape features;*
- *5 Member States provided a relevant national value for reduction of **use and risk of pesticides**;*
- *6 Member States provided a national value for reduction of nutrient loss or reduction of fertilizers;*
- *6 Member States provide a national value for fast broadband in rural areas.*

(V) Financial choices

- **10** Member States proposed to make use of the flexibility mechanism to **transfer funds from pillar I to pillar II**³ with the transfers ranging from 1 to 20 %;
- **7** Member States proposed to **transfer funds from pillar II to pillar I** with the transfers ranging from 1 to close to 30 %;
- After proposed adjustments, **around 4.7%** of the initial EAFRD envelope is subject to **a transfer to EAGF**, whereas around **4.4%** of the initial EAGF envelope is subject to a transfer to EAFRD;
- Contribution rates chosen by Member States vary widely and range from the minimum rate of 20% of EU financing (i.e. 80 % of national financing) to the maximum rate allowed;

³ Including transfers from calendar year 2022 to financial year 2023 and possible transfers of the estimated product of reduction resulting from capping.

- The lowest contribution rate chosen for the four categories of regions as specified in the Strategic Plan Regulation is 20% in **1** Member State, and the highest is 85% in 8 Member States;
 - The lowest contribution rate chosen for payments for natural or others area-specific constraints is 20% in **1** Member State and the highest 65% in **11** Member States;
 - Some Member States do not plan to use the opportunity to set up higher specific rate for environmental payments. The lowest chosen was 25% in **1** Member State and the highest 80% in 12 Member States, the rest set specific rates.
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