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**NOTE**

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| From:    | General Secretariat of the Council                                            |
| To:      | Council                                                                       |
| Subject: | Proposed CAP Strategic Plans<br>– Approved 28 CAP Strategic Plans (2023-2027) |

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With a view to the "Agriculture and Fisheries" Council meeting on 25 April 2023, delegations will find in the Annex a Commission summary overview on the approved 28 CAP Strategic Plans for 2023-2027.



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April, 2023

# Approved 28 CAP Strategic Plans (2023-2027)

Summary overview for 27 Member States

Facts and figures

Agriculture  
and Rural  
Development

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# 1. INTRODUCTION

This overview summarises key elements of the **28 approved Common Agriculture Policy (CAP) Strategic Plans** that underpin the policy's implementation for 2023-2027<sup>1</sup>. The information provided here is based on data in the officially approved versions of the Plans by 31 December 2022 and updates the overview of the *draft* Strategic Plans [published](#) in June 2022. It does not take into account any amendments which might be under assessment, following the approval of the Plans by the end of 2022.

**The document aims to outline key elements and choices set out by the Member States in their Plans** and responds to requests for information to summarise what Plans contain and aim to deliver. It also highlights some examples which can serve as a further basis for exchanging of information and mutual learning.

The information is not exhaustive. A Commission report on the 28 Strategic Plans is scheduled to be published before the end of 2023<sup>2</sup>, which will contain further analysis of how the Strategic Plans help achieve the CAP objectives. This report will be accompanied by a study, mapping and analysing the 28 CAP Strategic Plans more in detail.

This overview document starts with general information on the assessment, approval and financial aspects of the Plans. It then provides detailed information on how and what the Plans deliver on the policy's economic, environmental and social objectives.

All data stems from the approved CAP Strategic Plans or other data related to implementation of the policy in previous periods collected by DG Agriculture and Rural Development.

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<sup>1</sup> Member States have one Strategic Plan each, except Belgium, which has two; one for Flanders and one for Wallonia.

<sup>2</sup> Article 141(2) of the CAP Strategic Plan Regulation (the CSP Regulation) (EU) 2021/2115.

## CAP and the CAP Strategic Plans

To help the EU farming sector cope with both local and global challenges, the new [Common Agricultural Policy, adopted in December 2021](#), aims to contribute to the transition towards a smart, sustainable, competitive, resilient and diversified agricultural sector to ensure long-term food security. Priorities include providing support to boost income and resilience on farms, stepping up climate action, protecting natural resources, preserving and restoring biodiversity as well as strengthening the socio-economic fabric of rural areas. This is reflected in [nine specific and one cross-cutting objectives](#), linked to common EU goals for social, environmental, and economic sustainability in agriculture and rural areas.

To deliver on these objectives, the CAP tailors support through national **CAP Strategic Plans (CSPs)**, which are programming tools drafted by Member States and approved by the Commission. These Plans cover all the CAP-related and CAP-funded instruments that a Member State designed to implement in its territory over 2023-2027: direct payments, interventions specific for certain market sectors and support for rural development. This allows for a strategic approach to ensure all available tools are used in a complementary manner.

The Russian war against Ukraine and the commodity price surge have aggravated the already evident pressures from a changing climate, highlighting the integral link in addressing environment, climate action and food security objectives. Member States use their CAP Strategic Plans as a tool to: strengthen the resilience of the EU's agricultural sector; reduce their dependence on synthetic fertilisers; transform their production capacity in line with more sustainable production methods; and promote the production of renewable energy.

While their design is based on the common policy legal framework, the Plans set out specific strategic choices related to financial allocation, specific requirements and priorities, which are linked to the farming structure, environmental challenges and other country- specific needs and factors which require tailored tools and solutions. In line with the shift to a more performance-based approach for implementing policy, the Plans also include a set of indicators with associated targets, which capture the expected effect of the interventions in response to the specific needs of each Member State.



## Assessment and approval of the Plans

The Commission assessed the submitted Plans based on the criteria set in Regulation (EU) 2021/2115 on CAP Strategic Plans (the CSP Regulation)<sup>3</sup>, paying particular attention to equal treatment and consistency. By the end of May 2022, the Commission had [sent observation letters](#) relating to all 28 draft CAP Strategic Plans submitted by EU countries. The letters identified elements of the proposed plans that required further explanation, completion or adjustments before the Commission could approve them. All the revised Plans needed to be complete and compatible with the legislation, deliver on the multiple objectives and consider the challenging economic context in order for them to be approved by the Commission.

All Commission departments were involved in the assessment and approval process. The first Plans were approved on 31 August 2022, with the final Plans being approved on 13 December 2022 via a Commission Implementing Decision, which can be found on the Europa website, together with the [‘At a glance’ documents](#), giving an insight into specific aspects of each Plan.

The CSP Regulation requires Member States Plans to be supported by facts and a SWOT analysis, as a basis for identifying needs and prioritising actions and choices for interventions. In this process, Member States took into consideration the Commission’s 2020 analysis and [recommendations](#).

In line with the performance-based approach for planning and delivering the policy at national level, Member States set targets for all relevant common CAP result indicators aiming to achieve specific changes, either as absolute values or in proportion of specifically defined areas or populations (See additional information for calculation methods)<sup>4</sup>. The Commission assessed the values of those targets in view of the content of their underlying actions, specific starting points for Member States within their local context and the content of other related instruments of the CSPs.

Member States address some needs of agriculture, forestry and rural outside of the CSPs with other EU instruments such as the Recovery and Resilience Facility (RRF) or the European Structural and Investment Funds (ESIF) or national funds or national regulatory measures.

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<sup>3</sup> [EUR-Lex - 32021R2115 - EN - EUR-Lex \(europa.eu\)](#)

<sup>4</sup> (1) Result indicators convey information only about action funded through CSPs – not the effects of outside influences.

(2) In limited cases, the calculation of certain target values for result indicators or the links between the result indicators and the contributing interventions based on their design may require correction. This will be addressed with Member States during the process of formal change of CAP Strategic Plans.

## 2. KEY FINANCIAL INFORMATION

The 28 CAP Strategic Plans are financed through two funds as part of the EU budget:

- the [European agricultural guarantee fund](#) (EAGF) provides direct payments support, entirely financed by the EU, and support to stabilise the internal agricultural markets;
- the [European agricultural fund for rural development](#) (EAFRD) supports rural development measures and requires co-financing from Member States.

The funds have also different programming characteristics. Support from EAGF is annual, while support from the EAFRD is based on multi-annual payments and commitments when related to area and also is channelled through grants or financial instruments.

The financial envelopes for each fund were allocated for each EU country within the [Multiannual Financial Framework \(MFF\)](#)<sup>5</sup>, which is the EU's long-term budget including for the CAP. Based on the Commission proposal of 2018, the MFF for 2021-2027 was agreed by the EU heads of state and government in 2020, then sealed by the European Parliament and adopted formally by the EU Council of Ministers.

The MFF allocated EUR 378.5 billion of EU-funds to CAP spending programmes for 2021-2027, to be channelled through the EAGF and EAFRD funds. Of these, EUR 264 billion of EU funds are dedicated to the CAP Strategic Plans in the period 2023-2027, and the remainder of EUR 114.5 billion covered the spending in 2021 and 2022 ('transitional arrangements' extending the legal framework of the 2014-2020 CAP into 2021 and 2022) and CAP spending programmes from 2023-2027 outside of the CAP Strategic Plans such as promotion, school schemes or POSEI<sup>6</sup>.

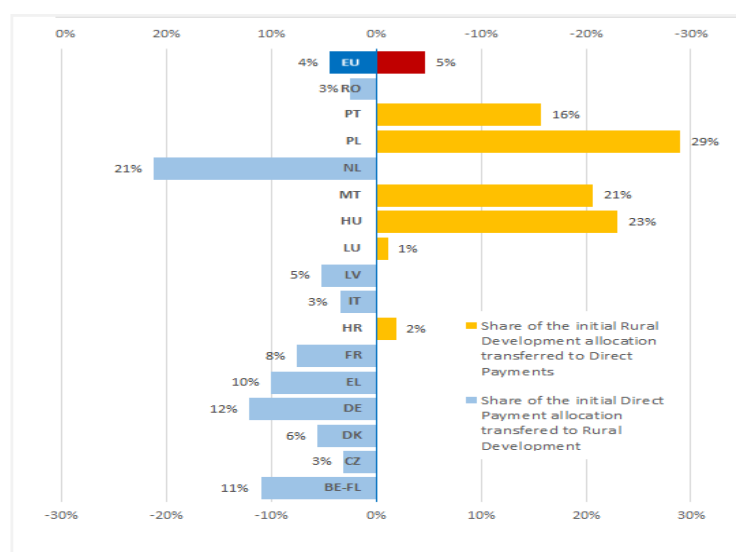
The above figures also do not include funds dedicated to agriculture under the European Union Recovery Instrument ([Next Generation EU](#)).

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<sup>5</sup> See Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020.

<sup>6</sup> POSEI: the programme of options specifically relating to remoteness and insularity.

**Figure 1: Transfers between Direct Payments (EAGF) and Rural Development (EAFRD) decided by Member States for the period 2023-2027**



As part of the 2020 agreement on the MFF, Member States were given a flexibility to modify the CAP Strategic Plan national allocation between the direct payments (EAGF) and rural development (EAFRD) by transferring the allocated amounts in either direction within predefined limits.

14 Member States made use of the flexibility mechanism<sup>7</sup> to transfer funds from direct payments (EAGF) to rural development (EAFRD) with the transfers ranging from 1% to 21%. Seven Member States transferred funds from EAFRD to EAGF, the transfers ranging from 1% to close to 30%. Overall, within all Plans, transfers from EAGF to EAFRD amount to EUR 7 144 million and from EAFRD to EAGF to EUR 2 361 million, with a net transfer of EUR 4 783 million from EAGF to EAFRD. Decisions on transfers concern the whole period but Member States will have a possibility to review them in 2025.

Member States contribute with national co-financing to the support from the EAFRD, thus increasing the public financing available for support within the CAP strategic framework.

Including national co-financing<sup>8</sup>, **support to farming and rural areas amounts to more than EUR 307 billion of public expenditure.**

The national contributions per specific instrument and for specific territories in Member States depend also on the maximum levels for EU contribution from EAFRD set by the CSP Regulation (less developed regions – 85%; transition regions – 60%; other regions – 43%, with possibilities of funding up to 100% in some cases). The increase of funding available to beneficiaries due to the national contribution for EAFRD significantly increases the overall resources in some Member States. On average, Member States contribute 40% co-financing to the EAFRD, thus increasing available funding from EUR 66 billion to 109 billion<sup>9</sup>.

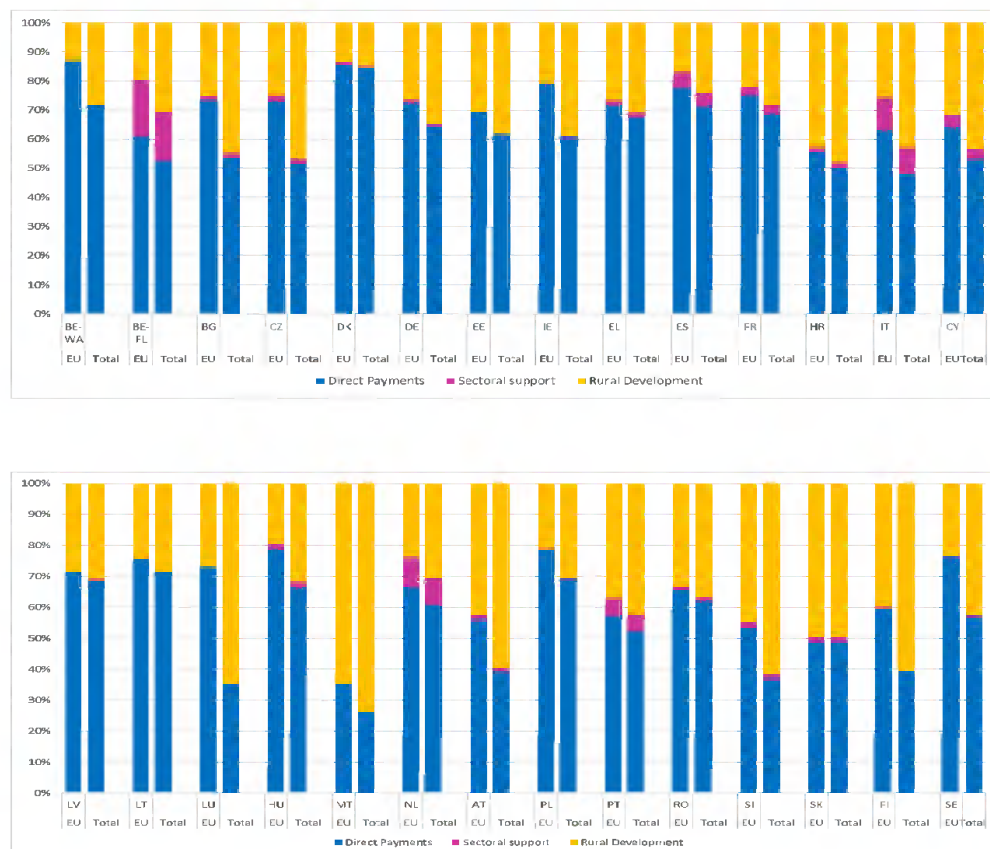
In addition, Member States may allocate further national financing to some of the actions supported within the Plans.

<sup>7</sup> The Member States with direct payments below 90% of the EU-27 average are allowed to transfer a larger part of their EAFRD allocation to direct payments, namely 30% instead of 25%.

<sup>8</sup> Co-financing of spending under rural development and apiculture (sectoral support).

<sup>9</sup> Technical assistance is not included.

**Figure 2:** Distribution of the planned public expenditure under the CSPs 2023-2027, for the key types of support: direct payments, sectoral support and rural development (per Member State: left column - EU contribution only; right column - total public expenditure, including national co-financing)



The figure below outlines the allocated funding, on the basis of the planned public expenditure set in the Plans for all key instruments under both funds.

**Figure 3:** Distribution of the total public planned expenditure for EAGF and EAFRD, underpinning the implementation of all 28 CSPs, according to instruments as per the CSP Regulation (2023-2027)

| TYPE OF INTERVENTION                                       | EU contribution (EUR) | National co-financing* | Total public expenditure (EU and national co-financing) | % as a share of the total public expenditure |
|------------------------------------------------------------|-----------------------|------------------------|---------------------------------------------------------|----------------------------------------------|
| <b>Support through European Agricultural Fund (EAGF)</b>   |                       |                        |                                                         |                                              |
| BISS - Basic income support for sustainability (Art.21-28) | 96 697 483 142        | not applicable         | 96 697 483 142                                          | 31%                                          |
| CIS – Coupled income support (Art. 32-35)                  | 23 030 903 969        |                        | 23 030 903 969                                          | 7%                                           |

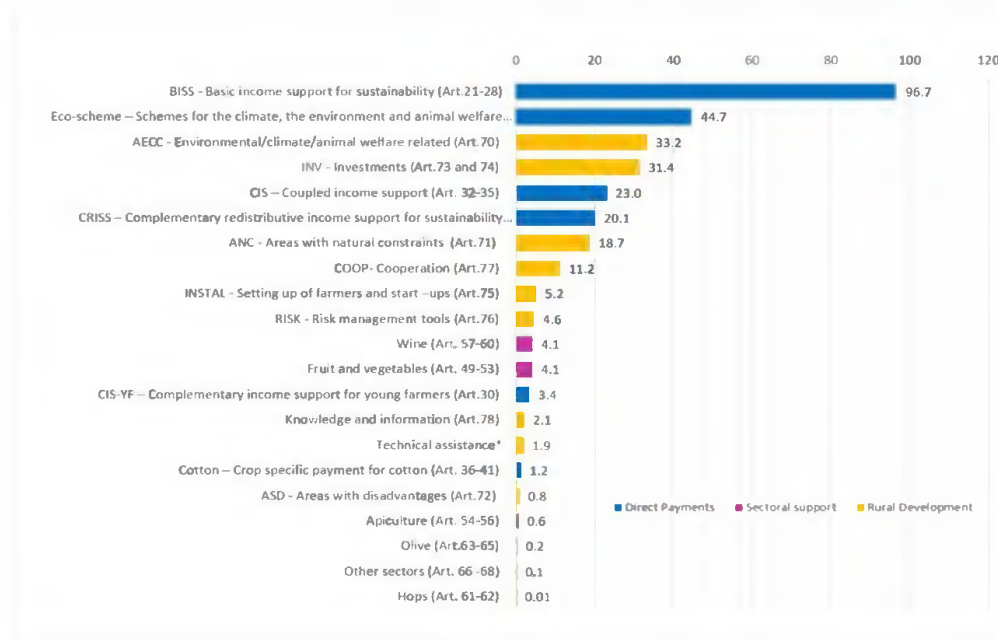
| TYPE OF INTERVENTION                                                               | EU contribution (EUR)  | National co-financing* | Total public expenditure (EU and national co-financing) | % as a share of the total public expenditure |
|------------------------------------------------------------------------------------|------------------------|------------------------|---------------------------------------------------------|----------------------------------------------|
| CIS-YF – Complementary income support for young farmers (Art.30)                   | 3 407 403 394          |                        | 3 407 403 394                                           | 1%                                           |
| CRIS – Complementary redistributive income support for sustainability (Art. 29)    | 20 094 247 101         |                        | 20 094 247 101                                          | 7%                                           |
| Eco-scheme – Schemes for the climate, the environment and animal welfare (Art. 31) | 44 712 639 715         |                        | 44 712 639 715                                          | 15%                                          |
| Cotton – Crop specific payment for cotton (Art. 36-41)                             | 1 232 110 245          |                        | 1 232 110 245                                           | 0.4%                                         |
| <b>Total direct payments – EAGF**</b>                                              | <b>189 109 706 310</b> | <b>not applicable</b>  | <b>189 109 706 310</b>                                  | <b>62%</b>                                   |
| Apiculture (Art. 54-56)                                                            | 285 607 172            | not applicable         | 609 994 458                                             | 0.2%                                         |
| Olive (Art.63-65)                                                                  | 218 729 300            |                        | 218 729 300                                             | 0.07%                                        |
| Wine (Art. 57-60)                                                                  | 4 142 887 347          |                        | 4 142 887 347                                           | 1%                                           |
| Hops (Art. 61-62)                                                                  | 10 940 000             |                        | 10 940 000                                              | 0.004%                                       |
| Fruit and vegetables (Art. 49-53)                                                  | 4 142 887 347          |                        | 4 142 887 347                                           | 1%                                           |
| Other sectors (Art. 66 -68)                                                        | 110 171 983            |                        | 110 171 983                                             | 0.04%                                        |
| <b>Total sectoral support – EAGF (also Art. 42-48)</b>                             | <b>8 915 271 473</b>   | <b>324 387 287</b>     | <b>9 239 658 760</b>                                    | <b>3%</b>                                    |
| <b>Support through European Agricultural Fund for Rural Development (EAFRD)</b>    |                        |                        |                                                         |                                              |
| AECC - Environmental/climate/animal welfare related (Art.70)                       | 20 289 987 423         | 12 922 384 337         | 33 212 371 761                                          | 11%                                          |
| ANC - Areas with natural constraints (Art.71)                                      | 10 598 347 767         | 8 117 856 724          | 18 716 204 491                                          | 6%                                           |
| ASD - Areas with specific disadvantages (Art.72)                                   | 501 286 959            | 329 170 180            | 830 457 139                                             | 0.3%                                         |
| INV - Investments (Art.73 and 74)                                                  | 18 433 062 578         | 12 945 827 188         | 31 378 889 766                                          | 10%                                          |
| INSTAL - Setting up of farmers and start-ups (Art.75)                              | 3 411 775 402          | 1 763 146 568          | 5 174 921 970                                           | 2%                                           |
| RISK - Risk management tools (Art.76)                                              | 2 731 774 898          | 1 859 749 688          | 4 591 524 586                                           | 1%                                           |
| COOP-Cooperation (Art.77)                                                          | 7 033 768 843          | 4 125 997 116          | 11 159 765 960                                          | 4%                                           |
| KNOW - Knowledge and information (Art.78)                                          | 1 134 104 929          | 939 153 317            | 2 073 258 246                                           | 0.7%                                         |
| Technical assistance***                                                            | 1 864 585 916          | n/a                    | 1 864 585 916                                           | 0.6%                                         |
| <b>Total support through EAFRD - Rural Development</b>                             | <b>65 998 694 714</b>  | <b>43 003 285 120</b>  | <b>109 001 979 834</b>                                  | <b>35%</b>                                   |
| <b>Total CAP planned expenditure</b>                                               | <b>264 023 672 497</b> | <b>43 327 672 407</b>  | <b>307 351 344 904</b>                                  |                                              |

\* National contribution or co-financing does not include additional national financing referred to in Article 146 of the CSP Regulation. Payments for support under Regulation (EU) 1308/2013 are not included in the CSPs. Transfers between funds are included.

\*\* Direct payments - Adjusted Annex V of the CSP Regulation (the total includes the estimated product of reduction), where Member States have used that choice, the total includes the estimated amount resulting from the capping of amounts granted to farmers, thus the planned total of all interventions under direct payments is higher than the amount set in Annex V of the CSP Regulation – the difference corresponds to the capping; cotton payments are not planned as an intervention and their allocations are set in Annex VIII of the CSP Regulation.

\*\*\* Rural development - technical assistance financed with national funds is not included; early retirement payments which is a measure from 2007-2013 period with maximum payments for 15 years (approximately EUR 5 million in total, including EUR 2 million funded through EAFRD) is not included.

**Figure 4:** Total planned public expenditure under CSPs at EU level according to type of instrument/intervention from both EAGF and EAFRD, including national co-financing (2023-2027) (in EUR billion)



## REQUIREMENTS FOR MINIMUM FINANCIAL ALLOCATIONS

To ensure the level of spending for selected priority areas, the legislation sets minimum requirements (ring-fencing) at the level of fund, instrument or policy area.

**Figure 5:** Specific targeting of the EU expenditure under the CAP Plans for elements requiring minimum financial allocation (EU, 2023-2027)

| Minimum financial allocation reserved for                                 | Planned EU contribution – (EUR) | Minimum spending required based on adjusted amounts after transfers between funds              | Planned % of EU funds/ minimum amounts                                                                                   |
|---------------------------------------------------------------------------|---------------------------------|------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Young farmers (generational renewal)                                      | 6 797 454 855                   | Minimum amount per each CSP set in Annex XII of the CSP Regulation (EU total of 5 783 122 219) | 17.5% above the minimum amount required for spending (equivalent to 3.6% of direct payment allocations of Member States) |
| Environmental and climate objectives under rural development (from EAFRD) | 31 550 653 343                  | 35% of EAFRD                                                                                   | 48% of EAFRD                                                                                                             |
| Eco-schemes under direct payments                                         | 44 712 639 715                  | 25% of direct payments (or less in case of higher spending within EAFRD)                       | 24% of direct payments <sup>10</sup>                                                                                     |
| LEADER (from EAFRD)                                                       | 5 060 589 464                   | 5% of EAFRD                                                                                    | 7.7% of EAFRD                                                                                                            |
| Complementary redistributive income support (CRIS) (from direct payments) | 20 094 247 101                  | 10% of direct payments                                                                         | 11% of direct payments                                                                                                   |

<sup>10</sup> Lower levels are permitted when Member States are spending particularly high proportions of their rural development funding on the environment and climate. See Article 31 of the CSP Regulation.

## ADDITIONAL NATIONAL FINANCING

Member States can provide **additional national financing**<sup>11</sup> for actions in rural development in compliance with the rules of the SPR. In their planning, 16 Member States commit to make additional funding available, totalling more than **EUR 11 billion**. The highest amounts **contribute to actions for investment and for practices related to environment, climate and animal welfare (Article 70)**. With this financing Member States increase the number of beneficiaries and projects to attain their targets, or they increase the intensity rates for support per beneficiary.

**Figure 6:** *Type of support under rural development in CSPs with additional national financing (2023-2027)*

| Type of support under rural development                      | (EUR)         | CSP                                            |
|--------------------------------------------------------------|---------------|------------------------------------------------|
| AECC - Environmental/climate/animal welfare related (Art.70) | 1 755 243 378 | AT, BE, DE, ES, FR, HU, IT, LT, LV, MT, SE     |
| ANC - Areas with natural constraints (Art.71)                | 1 077 553 117 | AT, DE, ES, FI, IT                             |
| ASD - Areas with specific disadvantages (Art.72)             | 115 918 848   | DE, EE, HU, LT, LV                             |
| INV - Investments (Art.73 and 74)                            | 6 611 447 543 | AT, BE, DE, ES, FR, HR, HU, IT, LT, LV, NL, SE |
| INSTAL - Setting up of farmers and start –ups (Art.75)       | 217 417 746   | AT, DE, ES, FI, FR, HU, IT                     |
| RISK - Risk management tools (Art.76)                        | 78 541 733    | HU, LT, LV                                     |
| COOP-Cooperation (Art.77)                                    | 967 586 489   | AT, DE, ES, FR, HU, IT, LT, LV, NL, SE         |
| KNOW - Knowledge and information (Art.78)                    | 297 018 794   | AT, ES, FR, HU, IT, LT, SE                     |

*The financial allocations and choices for distribution between types of interventions cannot be seen in isolation. They are a function of decisions of Member States, related to, among other factors, the relative size of the EU allocations for the two funds, the prioritisation of needs and possibilities for funding outside of the CAP. Also, instruments from both agricultural funds contribute across different and more than one of the specific objectives of the CAP.*

<sup>11</sup> Article 146 of the CSP Regulation.

### 3. WHO CAN CLAIM CAP SUPPORT FOR DIRECT PAYMENTS?

The support through CAP Plans is mostly provided in the form of payments based on area. For some schemes, it is based on the number of animals supported. The definitions related to eligibility for farmers and areas eligible for CAP support set at EU level ensure **commonality** of the policy. Compared to the previous CAP period, these definitions are not so detailed in the EU legislation and allow Member States flexibility to further specify the rules at national level so that they can be tailored to their needs and to better target the support.

All Member States set **minimum requirements for receiving direct payments**<sup>12</sup> with most of them setting both an area and a financial threshold<sup>13</sup> of between 0.3 and 4 hectares and between EUR 100 and 500, respectively. Most Member States have kept their minimum requirements thresholds unchanged compared to the previous period. Only four of them increased the targeting of the support by raising the financial threshold (FI, HR, MT, RO), while EL decreased the targeting by lowering the threshold.

The definitions of which agricultural area or hectare is eligible for support establishes the EU principle that income support is granted to farmers with agricultural areas on which agricultural activity is carried out, while introducing flexibility from this rule ensures that this definition is not detrimental to the CAP's environmental objectives. This legal framework provided Member States with more leeway to adapt the rules to local characteristics and needs. Some Member States used the flexibility to tailor the definitions related to eligible area to allow for more space for nature **within the eligible areas**. This possibility is an important development of the legal framework, addressing the undesired effect of removing landscape features to enlarge areas eligible for payments, prevalent in the previous period.

As a result of the mandatory inclusion of agroforestry systems at EU level in the definition of an agricultural area and the elimination of prescriptive rules on other landscape features, more agricultural areas with landscape features and/or trees are likely to benefit from direct payments, compared to the previous period. This is linked to the specific requirements included in the definitions at national level, which in some cases ensure the continuity of previous rules and in others enable the strengthening of agroforestry systems and incentivise inclusion of more landscape elements.

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<sup>12</sup> The minimum requirements help avoid the excessive administrative burden caused by managing numerous payments of small amounts and help ensure direct payments contribute to achieving the CAP objectives.

<sup>13</sup> Those are thresholds below which the farmer is not paid direct payments.

**Figure 7:** Specific requirements related to definitions of 'agricultural area' and 'eligible hectare'

|                                                                   |                                                                                                                                                                     |                                              |
|-------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| Requirements related to agroforestry systems on agricultural area | Include a maximum limit of 100 trees per ha (continuation of previous EU level requirement in terms of maximum threshold, but no longer limited to scattered trees) | BE-WA, BG, CZ, ES, LT, LV, NL, SI (up to 50) |
|                                                                   | Set a maximum limit in different ranges above 100 trees                                                                                                             | SK, BE-FL, DE, EL, IT, HU, IE, PL            |
|                                                                   | Do not include a maximum limit on number of trees                                                                                                                   | AT, CY, EE, FI, FR, HR, LU, SE, RO           |
|                                                                   | Require a minimum number of trees with no maximum limits                                                                                                            | PT, DK, MT                                   |
| Requirements related to other landscape features <sup>14</sup>    | Do not include other landscape features in the eligible hectare.                                                                                                    | AT, BE-FL, EL, HR, IT, LT, LU, LV, MT, RO    |
|                                                                   | Continue with the limits applicable under the old rules <sup>15</sup>                                                                                               | BE-WA, CY, BG, CZ, EE, FI, FR, PL, SE, SI    |
|                                                                   | Allow more and/or bigger landscape features in the eligible hectare compared to the old rules.                                                                      | DE, DK, ES, HU, IE, NL, PT, SK               |

In addition to the above, five Member States (DE, DK, IE, IT, NL) took advantage of more flexible 'eligible hectare' rules for paludiculture. They will continue paying direct payments agricultural areas converted for the cultivation of non-Annex I products<sup>16</sup> (otherwise not eligible for direct payments). Support can be provided under the CSP or via compliant national schemes.

#### **A closer look at Plans: eligibility**

*Under the previous rules, set out under EU legislation (in particular Article 9(3) of the (EU) Regulation 640/2014), **Denmark** could only consider an agricultural area with a maximum number of 100 scattered trees eligible for direct payments.*

*Under the EU rules for 2023-2027, the above-mentioned limitation no longer exists. Denmark uses the flexibility, provided in the CSP Regulation and sets requirements related to trees for agricultural area eligibility, which are conducive to more space for nature. Trees form part of an agroforestry system when placed in rows (not more than 3 rows), with a minimum of **100 trees per hectare** in total in the parcel (list of suitable trees are to be defined in national legislation). Trees that do not form agroforestry systems are considered as other landscape features within the limits of 100 or 400 trees per ha, depending on the agricultural area.*

*Compared to the previous rules, Denmark has increased the maximum size allowed of clusters of trees and their maximum amount of coverage allowed within an agricultural parcel.*

To better target CAP support, Member States set out in their CAP Strategic Plans who qualifies as an 'active farmer' and who can therefore receive direct payments. Under the new legal framework this must be done according to a defined minimum level of agricultural activity, determined with objective and non-discriminatory criteria such as income or labour input. The table below outlines the main criteria and methods used for defining eligibility for income support.

**Figure 8:** Criteria and other conditions to define active farmers

<sup>14</sup> Landscape features are crucial elements that support biodiversity in agricultural landscapes as they provide a variety of habitats and niches and can serve as shelter, nesting ground, feeding resources or dispersal options to many species. Some landscape features, particularly hedges, can also perform important functions such as soil retention against erosion wind breaks, and can contribute to carbon sequestration.

<sup>15</sup> Limits for other landscape features in the legislation until 2023 included a maximum of 2 metre width for linear LF and a maximum of 100 scattered trees per hectare.

<sup>16</sup> Agricultural products are listed in Annex I to the Treaty of Functioning of the European Union

| Conditions                                                                |                                                                                                                                                                                                                          | CSP                                                                                                                                        |
|---------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Main criteria for defining <b>who is an active farmer</b>                 | The inclusion in official registers (social security, farm register, VAT)                                                                                                                                                | AT, BE-WA, BE-FL, CY, CZ, DE, DK, ES, FR, HR, HU, IT, LT, LU, LV, MT, NL, PL, PT, SI, SK                                                   |
|                                                                           | Income test (how significant agriculture is significant in the overall farmer's activity)                                                                                                                                | AT, BG, CY, CZ, EL, ES, HU, NL, PL, RO, SI, SK                                                                                             |
|                                                                           | Company object (whether it is aimed at agriculture)                                                                                                                                                                      | BG, FI, FR, LT, PL, SK                                                                                                                     |
| Other criteria and conditions for defining <b>who is an active farmer</b> | Setting out a minimum size (either physical or economic), livestock density, minimum cost of maintenance                                                                                                                 | AT, BE-F, CY, CZ, DK, EE, HR, HU, IE, LT, LU, LV, MT, SE, SI                                                                               |
|                                                                           | Excluding people receiving a pension                                                                                                                                                                                     | BE-FL, FR<br>BE-WA (possibly by 2025)                                                                                                      |
|                                                                           | Applying a negative list of non-agricultural activities (e.g. airports, railway services) as a complementary tool to identify non-active farmers.                                                                        | ES, BE-FL, BE-WA, FR for outermost regions only, HR, HU, MT, PL, RO                                                                        |
|                                                                           | Setting an exemption threshold to consider active farmers all those (presumably pluri-active) who received small amounts of direct payments for the previous year; the exemption threshold is mainly fixed at EUR 5 000. | BE-WA (EUR 350)<br>LV (EUR 500)<br>PT (EUR 2 000)<br>AT, BG, CY, CZ, DE, DK, EE, EL, ES, FI, HR, IT, LT, NL, PL, RO, SE, SI, SK (EUR 5000) |

## CONDITIONALITY

All beneficiaries of **area- and animal-based CAP payments** with support from both EAGF and EAFRD, financing the CSPs, must comply with a basic set of standards in the areas of **environment, climate, plant health and animal welfare** - 'conditionality'.

**Conditionality** consists of statutory management requirements (SMRs) stemming from EU legislation outside of the CAP and **good agricultural and environmental conditions standards for agricultural areas (GAECs)** grounded in the CAP legislation.

Direct payments support as well as some rural development interventions are **conditional to compliance with those standards and requirements**. In this way, conditionality ensures all recipients follow a baseline of practices that goes considerably **beyond the legal minimum, therefore contributing to environmental, climate change, plant health and animal welfare objectives**. It also ensures public support meets societal expectations of good stewardship.

The full set of GAEC standards marks an overall increase in environmental requirements compared to the previous GAECs and the greening rules, applicable until 2022. The system of conditionality is expected to cover 144 million hectares or 90% of the EU's agricultural area. More details are provided in the section below on the green architecture.

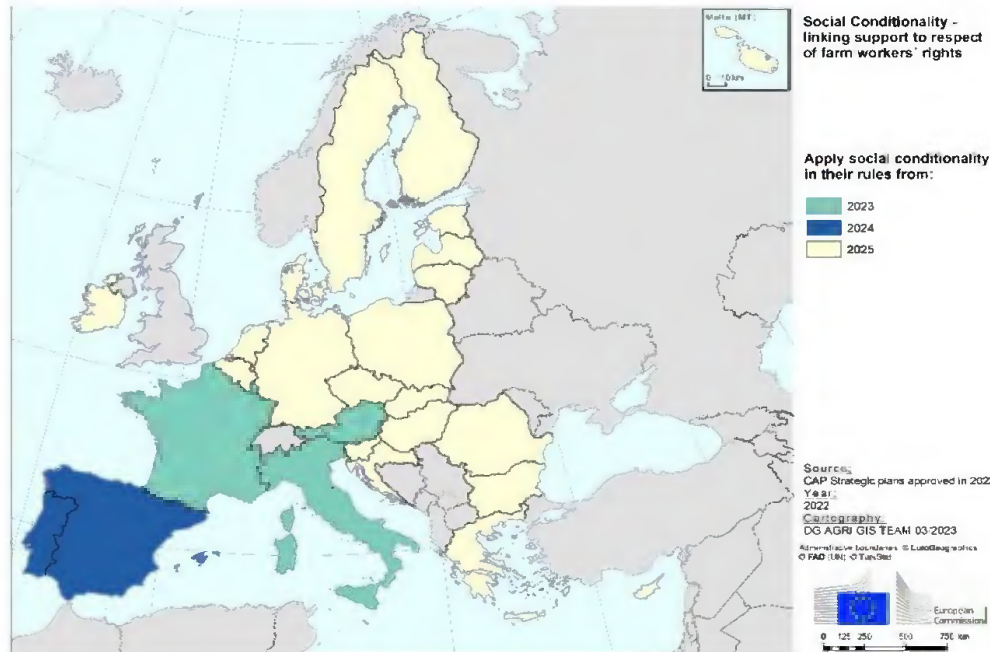
## SOCIAL CONDITIONALITY - LINKING SUPPORT TO RESPECT OF FARM WORKERS' RIGHTS

Apart from enhancing the requirements for support under CAP related to environment, a significant change is the provision in the CAP legislative framework enhancing the social aspects of the policy.

For the first time, receiving CAP income support and rural development funding will be linked to farmers' respect **for the social and labour rights of farm workers** enshrined in relevant

legislation. Farmers must provide their workers with a written description of their agreed working conditions and must ensure a safe and healthy working environment. If farmers breach these rules their CAP payments will be reduced.

**Figure 9:** Member States according to timeline for applying social conditionality



The application of this approach began in 2023 on a voluntary basis and will become mandatory in 2025. Four CSPs already include social conditionality in their rules from 2023 (FR, IT, AT, LU) and two of them - from 2024 (ES and PT). The other Member States will apply it from 2025.

The Commission will examine the functioning and the scope of this mechanism by 2027 and will assess the feasibility of including provisions on the free movement of workers by 2025.

#### **A closer look at Plans: social conditionality**

**Italy** is applying social conditionality in the first year of its implementation of its CAP Strategic Plan. i.e., 2023. Several other interventions are also designed, through prioritisation and targeting, to reward investments solicited by companies that use worker safety protocols, involve workers in the management and organisation of activities; ensure the quality of work; or organise training and information activities for employees.

## 4. ECONOMIC SUSTAINABILITY AND FAIRNESS OF SUPPORT IN THE CAP STRATEGIC PLANS

The new CAP places a greater emphasis on fair distribution of support and securing the future of a new generation of European farmers.

The CAP Strategic Plans address the following three specific objectives:

- to support viable farm income and resilience of the agricultural sector across the Union in order to enhance long-term food security and agricultural diversity as well as to ensure the economic sustainability of agricultural production in the Union;
- to enhance market orientation and increase farm competitiveness both in the short and long term, including greater focus on research, technology and digitalisation;
- to improve the farmers' position in the value chain.

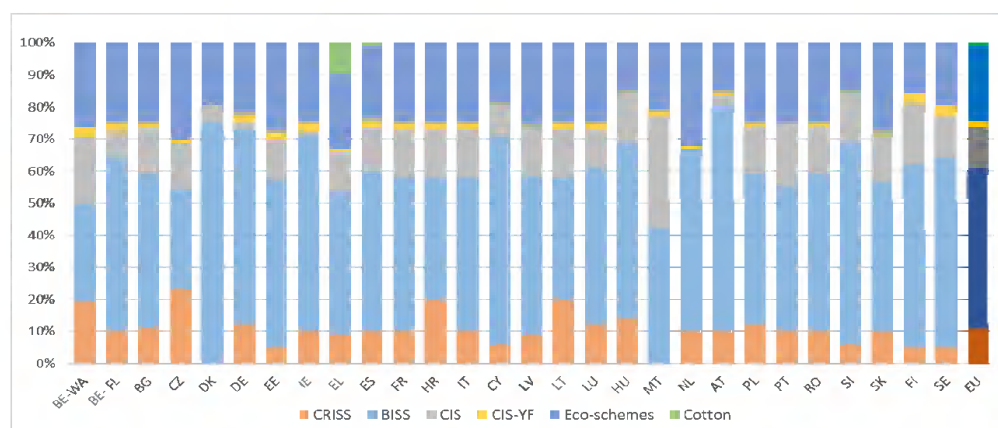
### 4.1. FOSTERING RESILIENCE AND VIABLE FARM INCOME

The CAP Strategic Plans **support resilience** of the sector by **supporting viable farm income through direct payments to active farmers**. Direct payments serve as a safety net for farmers and help ensure that farming activities continue. Close to EUR 29 billion, earmarked annually through income support, will address **the persistent gap** between agricultural income and the average wage in the whole economy, as well as the **disparities in income between agricultural sectors, territories and farms**. In addition to this amount, an annual support of close to EUR 9 billion will be available to interested farmers for implementing practices supported through **eco-schemes**, and EUR 3.7 billion to support farming in **areas with natural constraints**. The combination of instruments from both funds enables a strategic approach to reach the objectives.

At EU level, 62% of total public CAP expenditure is dedicated to income support via **the EAGF**, including eco-schemes. This amounts to 72% when considering only the EU contribution without the national co-financing of Member States for the EAFRD.

The key EAGF instruments for support to income and resilience include Basic income support for sustainability (BISS), Complementary redistributive income support for sustainability (CRISS), Coupled income support (CIS), Complementary income support for young farmers (CIS-YF). In addition, support through eco-schemes and support to farming in areas with natural constraints (ANC) through the EAFRD also contributes to this objective.

**Figure 10:** Distribution of financial allocation under the EAGF only - direct payments per type of intervention

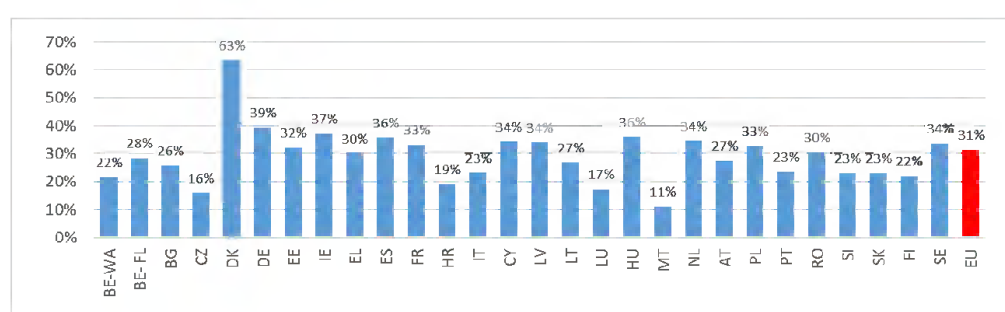


## BASIC INCOME SUPPORT FOR SUSTAINABILITY (BISS)

The Basic income support for sustainability (BISS), an annual **area-based decoupled payment** financed solely by the EU budget, continues **to be the most important CAP tool** to support the EU farmer income.

On average, the planned expenditure within the CSPs for this tool accounts for **51% of the total EAGF budget or close to 32% of total CAP public expenditure**. As a rule, Member States not applying payment entitlements define a uniform amount per hectare at national level. Member States that applied payment entitlements in their BISS could decide to continue to use entitlements for granting BISS with a gradual convergence in the level of support. In some Plans, the amount of BISS is differentiated in line with territorial conditions (agronomic or socio-economic characteristics).

**Figure 11:** Planned allocation for BISS as a share of CAP public expenditure (EAGF, 2023-2027)



**A fairer distribution of direct payments** among farmers was another objective of the CAP reform process. Redistribution needs vary among Member States. Within certain limits, they have a flexibility to address their redistribution needs and better target the support they give to

different territories, specific sectors and farms, considering their size, income support needs and viability. Several instruments and interventions serve this very purpose.

## COMPLEMENTARY REDISTRIBUTIVE INCOME SUPPORT FOR SUSTAINABILITY (CRISS)

The complementary **redistributive income support tool** (CRISS) is one of the **key tools to ensure a fairer distribution** by redistributing income support from larger to smaller or medium-sized farms. The CRISS is an extra payment for the first hectares to farmers who are entitled to the BISS. To better target this complementary support and in view of the differences in farm structures across the EU, Member States can provide complementary support for different ranges of hectares and/or can differentiate the level of payment by regions or by groups of territories applied under the BISS.

As a key novelty of the 2023-2027 CAP, Member States **must dedicate at least 10%** of their adjusted financial allocation for direct payments (after transfers between funds) to CRISS to increase payments received by smaller and medium-sized farms.

A derogation to this rule can be requested if Member States demonstrate that redistribution needs are sufficiently addressed through other instruments and interventions financed by the European Agricultural Guarantee Fund - such as the payment for small farmers, coupled income support (CIS), internal convergence, or capping and degressivity (gradual reduction) of payments.

In 2020 with no mandatory redistribution, at EU level, 4.3% of the total financial allocation for direct payments was paid through the redistributive payment and the aid scheme was implemented in 10 Member States (allocating from 2 to 15%). For the EU, on average, this translated into a 6.5% higher income support per hectare to the advantage of smaller farms<sup>17</sup>.

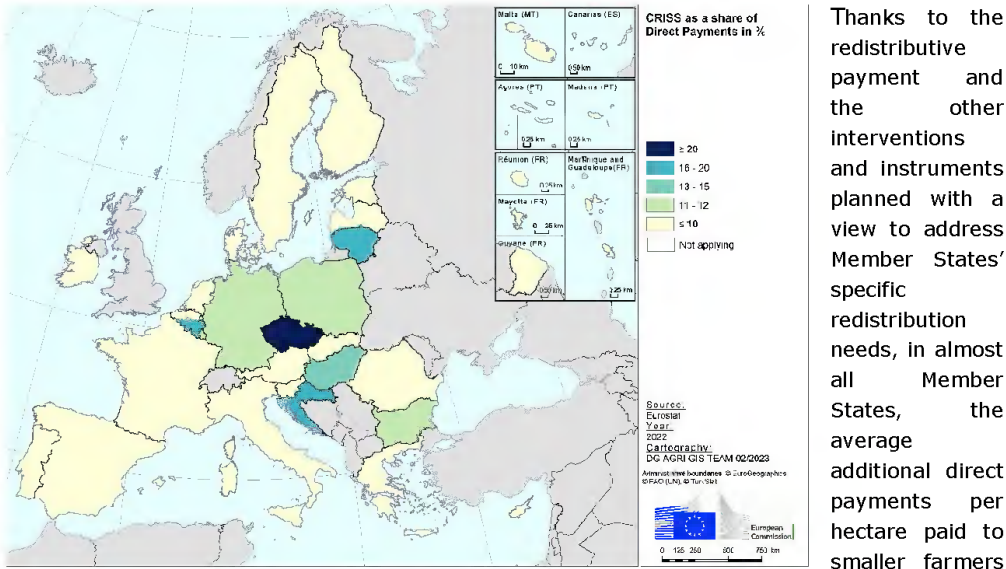
For the period 2023-2027, on average the EU Member States will allocate 10.7% of the adjusted direct payments' allocation to the CRISS which is 2.5 times what was allocated to the redistributive payment in the previous CAP:

- **19 Member States (20 CSPs<sup>17</sup>) dedicate at least 10% of the adjusted direct payments' allocation<sup>18</sup> to the redistributive payment**, with 11 of them planning to dedicate more than the regulatory minimum of 10% (BE-WA, BG, CZ, DE, EL, HR, LT, LU, HU, PL, SK). Four Plans (BE-WA, CZ, HR and LT) are using this tool more significantly, allocating 20% of their financial envelope for direct payments to CRISS.
- Eight Member States use a derogation from the minimum 10% ring-fencing for the redistributive payment, out of which two (DK and MT) will not apply the CRISS.
- In the effort to target support based on needs, **nine** Member States apply two or more ranges of hectares with different amounts of support per hectare (AT, DE, ES, EE, HU, LT, LU, LV, SK) and **three** Member States implement differentiated unit amounts by groups of territories (ES, EL, AT).

<sup>17</sup> Belgium submits two CAP Strategic Plans (one for Flanders and one for Wallonia).

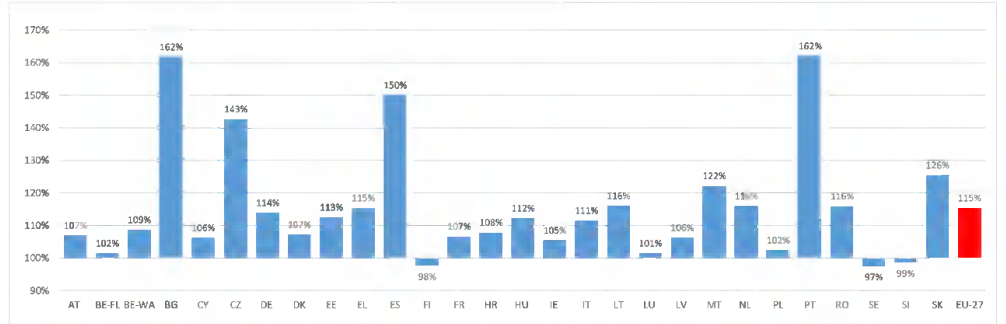
<sup>18</sup> The CSP Regulation sets the minimum requirement in relation to the total direct payment figures without cotton payments and before reduction transfer (this is also referred to as 'the adjusted direct payment envelope' or 'the adjusted Annex IX' of the CSP Regulation).

**Figure 12:** Financial allocation for CRISS in the CSPs as a share of the financial allocation for direct payments, 2023-2027



will be above the national average. The value of the result indicator R.6 is planned to increase in 22 Member States compared with the claim year 2020. For the EU, on average, this translates into a **15% higher income support per hectare for smaller farms.**

**Figure 13:** Percentage of additional direct payments per hectare for eligible farms below average farm size (compared to average payment per hectare) (R.6)<sup>19</sup>



The ranges envisaged for the CRISS, in terms of eligible hectares, vary substantially across Member States, reflecting differences in farm structure and income support needs. Member States also use **other means to redistribute or better target direct payments support.** These include reducing or capping the amounts of basic payments for bigger farms, a dedicated payment for small farms or a differentiated or targeted design of the basic, coupled, or eco-scheme support.

<sup>19</sup> On the basis of the simple arithmetic average of the Member State values of Result Indicator 6 set out in CAP Strategic Plans (R.6 Redistribution to smaller farms).

**Figure 14:** Level of payment defined in the CSPs for key tools for income support per Member State<sup>20</sup>

| MS               | BISS<br>EUR/ha<br>annual | CRISS<br>EUR/ha<br>annual | CIS-YF<br>EUR/ha or<br>beneficiary<br>annual | ANC<br>EUR/ha<br>Annual total<br>public <sup>21</sup> |
|------------------|--------------------------|---------------------------|----------------------------------------------|-------------------------------------------------------|
| AT               | 189                      | 39                        | 66/ha                                        | 171                                                   |
| BE - FL          | 194                      | 53                        | 205/ha                                       | n/a                                                   |
| BE - WA          | 110                      | 143                       | 117/ha                                       | 38                                                    |
| BG               | 101                      | 125                       | 100/ha                                       | 92                                                    |
| CY               | 233                      | 28                        | 85/ha                                        | 50                                                    |
| CZ               | 67                       | 154                       | 119/ha                                       | 87                                                    |
| DE               | 147                      | 62                        | 134/ha                                       | 51                                                    |
| DK               | 227                      | n/a                       | n/a                                          | 67                                                    |
| EE               | 110                      | 23                        | 94/ha                                        | n/a                                                   |
| EL               | 214                      | 139                       | 70/ha                                        | 105                                                   |
| ES               | 128                      | 44                        | 128/ha                                       | 30                                                    |
| FI               | 130                      | 18                        | 88/ha                                        | 81                                                    |
| FR               | 130                      | 49                        | 4 543/beneficiary                            | 169                                                   |
| HR               | 130                      | 110                       | 85/ha                                        | 70                                                    |
| HU               | 147                      | 50                        | 157/ha                                       | n/a                                                   |
| IE               | 165                      | 43                        | 177/ha                                       | 45                                                    |
| IT               | 167                      | 82                        | 84/ha                                        | 53                                                    |
| LT               | 82                       | 85                        | 138/ha                                       | 37                                                    |
| LU               | 132                      | 49                        | 6660/beneficiary                             | 147                                                   |
| LV               | 90                       | 37                        | 38/ha                                        | n/a                                                   |
| MT <sup>22</sup> | 638                      | n/a                       | 464/ha                                       | 264                                                   |
| NL               | 180                      | 53                        | 2800/beneficiary                             | n/a                                                   |
| PL               | 120                      | 39                        | 60/ha                                        | 45                                                    |
| PT               | 81                       | 117                       | n/a                                          | 89                                                    |
| RO               | 101                      | 52                        | 48/ha                                        | 30                                                    |
| SE               | 138                      | 15                        | 111/ha                                       | 144                                                   |
| SI               | 184                      | 28                        | 79/ha                                        | 141                                                   |
| SK               | 104                      | 73                        | 102/ha                                       | 66                                                    |
| EU               | 134                      | 55                        | n/a                                          | 76                                                    |

<sup>20</sup> Amounts are the average planned EU contribution over the period (including ANC) concerned by the interventions (taking into account the limits and degressivity thresholds). Amounts per year and per beneficiary may differ. The data in the table cannot be used to draw conclusions on individual payment levels in Member States, as eligibility of farms differs for different tools, not all hectares are eligible for the same farms, there are different ranges for CRISS, etc.

<sup>21</sup> ANC total public for Financial Year 2027. The levels are on average based on levels which may differ per specific categories of the ANC.

<sup>22</sup> This average is the consequence of the specific Maltese farmland structure (physical farm size average is 1.2 hectare).

## CAPPING AND DEGRESSIVITY

With a similar scope as in the former CAP, capping and degressivity (gradual reduction) are additional instruments that Member States may use to reduce payments of larger beneficiaries - on the ground of economies of scale - to better target income support, thus increasing farms' viability and competitiveness.

Up until 2022, the reduction of the basic payments (BPS/SAPS) by at least 5% for the part of the amount exceeding EUR 150 000 was implemented as a mandatory instrument by 22 Member States (a derogation was possible if the redistributive payment met certain conditions) with the only possibility to use the generated product of reduction only for EAFRD interventions. The co-legislators decided for a voluntary approach after 2023 with modified thresholds and the possibility to use the product of degressivity both for rural development and direct payments interventions (in which case it should primarily be used to finance CRISS).

The CAP legislation from 2023 provides Member States with the flexibility to apply reductions of up to 85% of basic income support received by a single farm for amounts exceeding EUR 60 000 (degressivity). Some Member States allow the subtraction of farm salary costs - including unpaid (family) work - from the amount of direct support to ensure that farm employment is not unduly affected.

Member States may also impose an upper limit (capping) on the amount received, at EUR 100 000. 10 Member states or 11 CAP Plans include the capping and/or degressivity tool in different variations. The co-legislators decided to maintain capping of payments as a voluntary tool after 2023.

**Figure 15:** Use of specific tools relevant to redistribution, by Member State

| Tool                                                            | CSP                                                                |
|-----------------------------------------------------------------|--------------------------------------------------------------------|
| Capping and/or degressivity                                     | AT, BG, BE-FL, BE-WA, ES, IE, LT, LV, PT, SI, SK                   |
| Only degressivity                                               | PT, SI                                                             |
| Only capping                                                    | LV, LT, AT, BG                                                     |
| Applying both: capping and degressivity                         | IE, ES, SK, BE-FL, BE-WA                                           |
| Subtract labour costs before applying capping and degressivity. | AT, LT, ES, SK, LV, BG                                             |
| No capping and no degressivity                                  | CY, CZ, DE, DK, EL, EE, FI, FR, HR, HU, IT, LU, MT, NL, PL, RO, SE |

## INTERNAL CONVERGENCE OF PER – HECTARE PAYMENT

The CAP continues to reduce differences in the level of direct payments between beneficiaries within Member States (called internal convergence) in addition to the reduced differences between Member States (external convergence) that was ensured by the financial allocations agreed with the Multiannual Financial Framework 2021-2027 (external convergence<sup>23</sup>).

<sup>23</sup> The 2021-2027 Multiannual Financial Framework (MFF) includes principles for 'external convergence' of direct payments per hectare between Member States, as a continuation of the previous MFF-period. For Member States with direct payments per hectare below 90% of the EU-27 average, their gap to 90% of that average will be closed by 50% over the period 2022-2027. In addition, a minimum average aid per hectare will apply of EUR 200 in 2022 and EUR 215 by 2027. The Member States with direct payments below 90% of the EU-27 average are allowed to transfer a larger part of their EAFRD allocation to direct payments, namely 30% instead of 25%.

‘Internal convergence’ is another tool that can contribute to a fairer redistribution, aiming to progressively equalise the value of payment entitlements within each Member State or group of territories.

While most Member States use flat-rate payment levels, the CSP Regulation requires the other nine Member States (BE, ES, IE, IT, FR, HR, PT, LU, EL) with a direct payments model with differentiated payments based on entitlements (inherited from the past historical levels of payment per hectare) to continue closing the gaps in the unitary level of direct payments among farmers. By 2026, all basic income support payments in a Member State/group of territories must have a per-hectare value **of at least 85% of the national/group of territories average**.

A full convergence of the basic income support for sustainability (BISS) per hectare will now be reached in the vast majority of Member States, ensuring an even payment to all hectares.

Of the nine Member States, four will reach full internal convergence during this programming period, while the remaining five Member States make a significant step forward meeting the legal minimum requirement.

**Figure 16:** *Timetable and level of internal convergence, planned by Member States*

| By year | Level of convergence - 85% | Level of convergence - 100%     |
|---------|----------------------------|---------------------------------|
| 2023    |                            | DE, AT, DK, FI, MT, NL, SE, SI  |
| 2025    | FR                         |                                 |
| 2026    | BE-FL, BE-WA, ES, IE, IT   | PT, HR, EL (within territories) |
| 2027    |                            | LU                              |

Full internal convergence is usually accompanied by **abolition of entitlements** providing a significant simplification for beneficiaries and administrations. Ten Member States already operated the system of direct payments without entitlements in 2022. In 2023, eight Member States (DE, AT, DK, FI, MT, NL, SE, SI) having applied the basic payment scheme in the 2015-2022 period, will implement BISS without the entitlements. They will be joined by Portugal (2026) and, in principle, Luxembourg (2027).

## SMALL FARMER SCHEME

Small farms remain a cornerstone of the EU agriculture as they play a vital role in supporting rural employment and they contribute to territorial development. Payment to small farmers is possible with a simplified scheme and potentially higher support for these farms compared with what they could receive with a payment per hectare. A payment for small farmers not exceeding EUR 1 250 per year can be granted as a lump sum or on a per hectare basis. Such payments are optional for farmers.

- Five Member States (MT, LV, CZ, PT, BG) choose this option in order to promote a more balanced distribution of support and to reduce the administrative burden for beneficiaries receiving small amounts, including a specific intervention for small farmers replacing the other forms of direct payments support. Other Member States choose to address the small farms income support needs through CRISS.
- The indicative allocations through this intervention range between 0.35% and 9.2% of the direct payments’ allocation of the five Member States who include this.

- Close to 110 000 farmers will receive support through this scheme.

## OTHER SCHEMES

### Schemes for the climate, the environment and animal welfare (eco-schemes)

Eco-schemes are another tool under direct payments to help farmers in their transition towards sustainability for practices, which need to go beyond legislative requirements (conditionality) and are beneficial for the climate, environment and animal welfare and combating antimicrobial resistance. The annual payment per hectare granted for eco-schemes can be a payment in addition to basic income support or a payment to compensate for lost income as a result of committing to certain practices. The design and accessibility of the schemes also contribute to targeting and redistribution of the direct payments within each Member State. More information on their scope and planned application is set out in Section 5.

#### **A closer look at Plans: Approach for redistribution**

**Portugal** planned a comprehensive set of tools to address the identified redistributive needs. It starts with a full convergence to be achieved by 2026 accompanied by the abolition of entitlements. Portugal also schedules a rather ambitious payment for small farmers by allocating 9.2% of the total direct payments to these farms through a progressive lump sum (EUR 500 for farms below 1 hectare up to EUR 1050 for farms from 2 hectares). For the other farms, a CRISS of EUR 120 per hectare for the first 20 hectares will reinforce the redistribution towards small and medium sized farms. Farms with more than 100 hectares are not eligible for CRISS, not even the first 20 hectares of these farms. The allocation for CRISS accounts for 10% of the financial allocation for direct payments. Finally, Portugal planned a degressive payment, cutting by 50% the BISS going beyond EUR 100 000. As a response to the needs of Portugal, these combined elements help to maintain a significantly higher direct payment per hectare for smaller farms, an even level of BISS per hectare on the whole territory and a significant simplification.

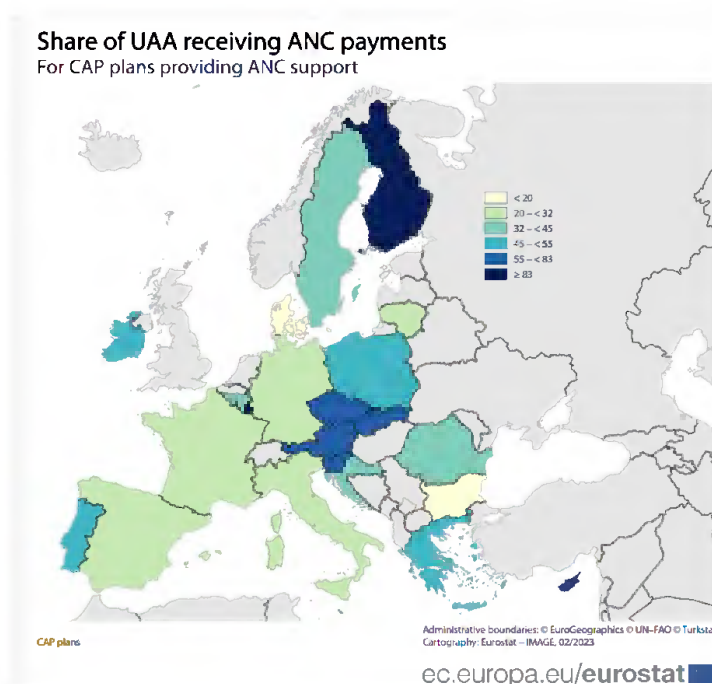
### Support to areas with natural constraints and disadvantages

58% of utilised agricultural area (UAA) in the EU comprises areas affected by natural constraints and other area-specific constraints (ANCs); 17% of the UAA falls under the category 'mountain', 33% 'other than mountain' and 8% as areas with 'specific constraints'<sup>24</sup>, based on delimitation carried out by Member States.

Member States may design and include payments for these areas to compensate farmers for income foregone and additional costs related to continuation of their agricultural activity in these areas. This support enhances the average annual payment per hectare for farmers in such areas. **Payments for ANCs** primarily contribute to ensuring a fair income and allow farmers to continue agricultural land management to prevent land abandonment. Half of the financial allocation from those payments in every Plan are accounted towards the required minimum threshold for spending from the EAFRD, benefiting the environment, climate and animal welfare.

<sup>24</sup> [C32 Areas facing natural and other specific constraints \(ANCs\) \(europa.eu\)](https://europea.eu)

**Figure 17:** Share of the EU utilised agricultural area receiving support for areas with natural or other area-specific constraints, 2027



Payments for natural or other area-specific constraints (ANC) are planned in **23** CAP Strategic Plans (AT, BE-WA, BG, CY, CZ, DE, DK, EL, ES, FI, FR, HR, IE, IT, LT, LU, MT, PL, PT, RO, SE, SI and SK) altogether aiming to support an estimated **29% of EU agricultural land annually**.

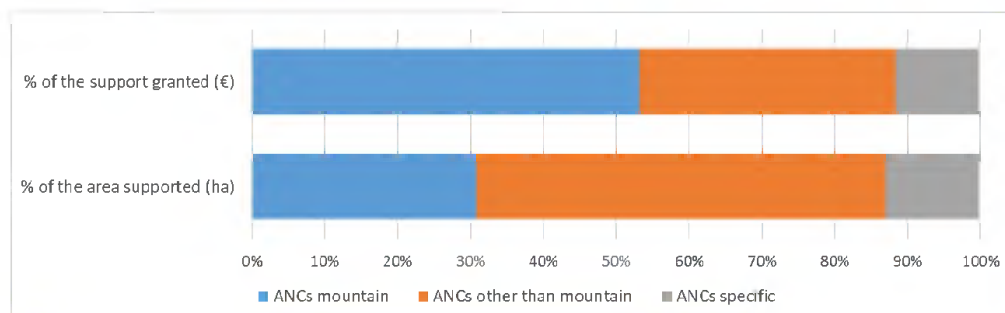
The coverage at Member State level, ranging from 1% to 98%, is related to the above-mentioned designation of areas facing natural and other area-specific constraints and the voluntary nature of such support.

In terms of the type of areas supported with ANC payments:

- 17 CSPs provide support in areas defined as mountainous (except BE-WA, DK, IE, LT, LU, MT);
- 21 CSPs provide support in areas defined as non-mountainous (except DK and MT);
- All 23 CSPs provide ANC 'specific' support<sup>25</sup>;
- In financial terms, the support for areas facing natural constraints represents around 17% of total public funding for rural development and 6% of CAP total public funding; and
- To note that additional national financing is committed by five Member States (AT, DE, ES, FI and IT), amounting to EUR 1.1 billion.

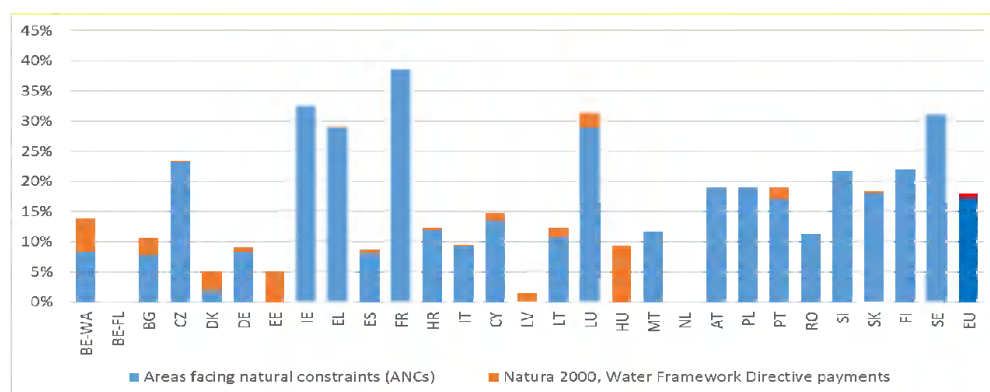
<sup>25</sup> Mountain areas: existence of very difficult climatic conditions and/or steep slopes, areas north of the 62nd parallel; Areas facing significant natural constraints: based on eight biophysical criteria covering climate, poor soil productivity and steep slopes; Areas affected by specific constraints: where continued land management is necessary to conserve the environment and the countryside, or to protect the coastline.

**Figure 18:** Targeting of the support for areas of natural constraints (ANC), EU level: Share of financial support provided from the total public expenditure for EAFRD (EU contribution and national co-financing, Financial Year 2027) in the CSPs by type of area and the distribution of that support according to the type of area (Financial Year 2027)



Member States also include in their CAP Strategic Plans **payments for area-specific disadvantages** resulting from certain mandatory requirements. These payments compensate farmers and foresters for all or part of the additional costs and income foregone related to the implementation of the Birds, Habitats and Water Framework Directives<sup>26</sup> (see more in section 5). This support targets Natura 2000 agricultural and forestry areas (and other specific nature protection areas with environmental restrictions applicable to farming and forestry), and agricultural areas included in river basin management plans. These payments contribute mostly to environment and climate related objectives but also to income support.

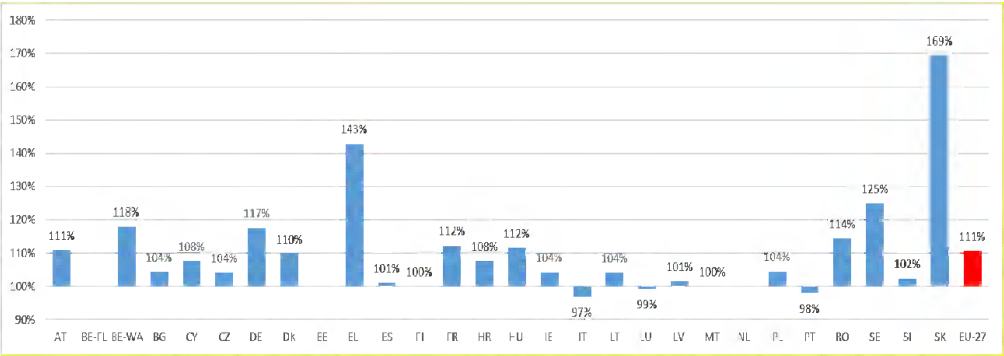
**Figure 19:** Public expenditure for support of ANC (Article 71 of the CSP Regulation) and support for area-specific disadvantages resulting from certain mandatory requirements (Article 72 of the CSP Regulation)



<sup>26</sup> Natura 2000 payments are calculated on the basis of the constraints arising from the Birds and Habitats Directives that go beyond the relevant GAEC standards (established under Chapter I, Section 2, of this Title) as well as the conditions established for the maintenance of the agricultural area in accordance with Article 4(2) of the CSP Regulation. Water Framework Directive payments are calculated on the basis of the constraints arising from the Water Framework Directive which go beyond the relevant statutory management requirements (SMRs), with the exception of SMR 1, the GAEC standards, and the conditions established for the maintenance of the agricultural area in accordance with Article 4(2) of the CSP Regulation.

The support for areas with specific disadvantages increases the **average annual payment per hectare for farmers in such areas**. Together with other support, for the overall EU, those payments translate into an **11% higher payment** per hectare for farmers based in areas with stronger needs.

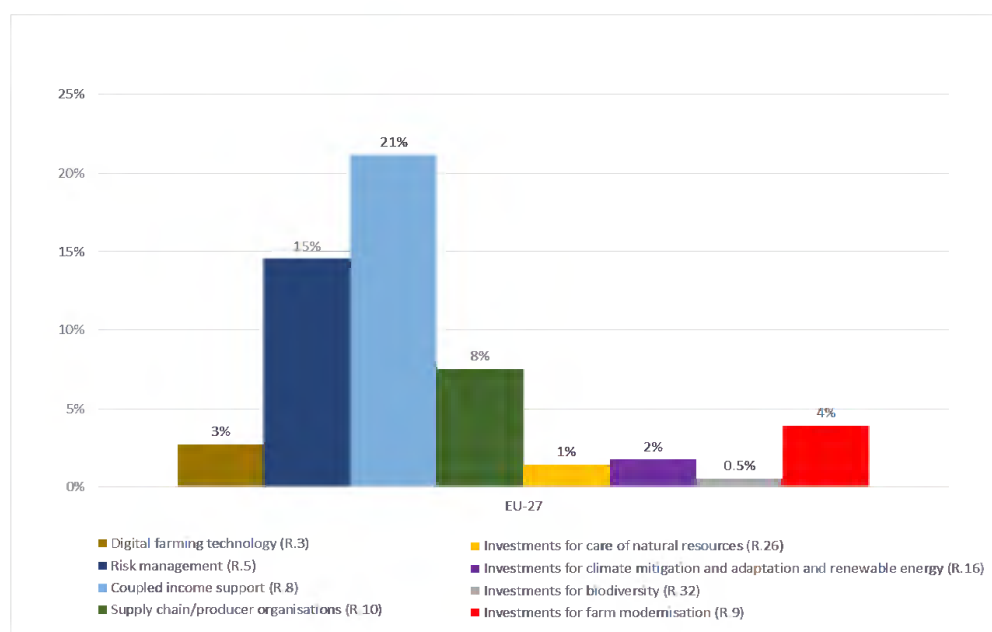
**Figure 20:** *Percentage of additional support per hectare planned for areas with higher needs (compared to average payment per ha) in the CSPs (R.7)*



#### 4.2. BETTER MARKET ORIENTATION, INCREASED COMPETITIVENESS AND IMPROVED POSITION IN THE VALUE CHAIN

The 2023-2007 CAP aims at supporting the competitiveness of the sector and strengthening the position of farmers in the value chain, with a greater focus on research, technology and digitalisation through tools such as **risk management, investment, coupled income support, or increased cooperation**. The application of those tools, along with **support for knowledge sharing and information**, contributes not only to economic but also to environmental and social objectives. Support to close to 1.5 million farms for managing and covering risks, to around 2.1 million farms with coupled income support, to close to 400 000 farms with productive investments, are some of the key targets set on average by Member States, aiming to contribute to this objective.

**Figure 21:** Share of farms targeted to benefit from support enhancing directly and indirectly farm competitiveness through selected tools based on targets defined in the CSPs



## INVESTMENT FOR ECONOMIC SUSTAINABILITY

Support for investments is a key type of support to address market orientation, competitiveness and needs of digitalising agriculture. It is primarily offered as grants but also in the form of financial instruments.

Investments contribute across all CAP nine specific objectives and the cross-cutting objective of the CAP but focus on competitiveness, environment and employment and growth. The broad focus of this type of an intervention explains also a great diversity in the design and scope of what Member States will support.

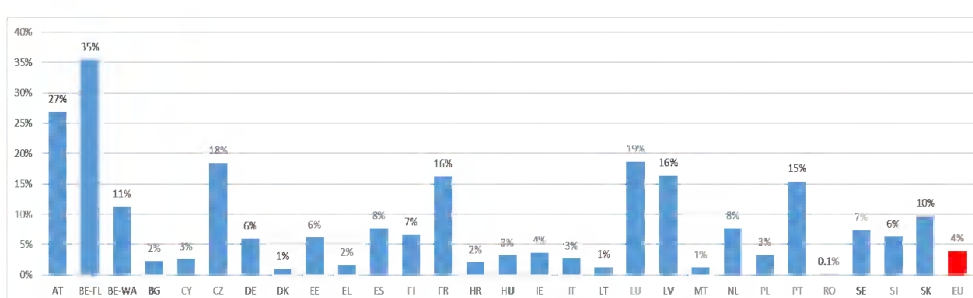
Investment grants continue to be a key tool in the strategies of Member States to accompany farmers in introducing new technologies, and in scaling up and modernising their operations. Overall, many Member States continue with investment support **to farmers and foresters**, similar to support provided in their 2014-2022 rural development programmes aiming at supporting their competitiveness and viability. This includes support for the following:

- **On-farm productive investments**, particularly aiming to support technological advancement and productivity in agriculture. Most Member States direct most of their efforts on investment for on-farm productive investments. Member States plan to reach almost 400 000 farms in the EU with investment support for farm modernisation linked to improving productivity and resource efficiency. All Member States included such interventions (e.g. modernisation or construction of farm installations), with some including a specific focus on small farms (EE, HR, HU, LT, LV, PL, RO).

- **Off-farm productive investments** with support for processing, marketing and/or development of agricultural products are included in 24 CAP Strategic Plans (AT, BE-FL, BE-WA, BG, CY, CZ, DE, EE, EL, ES, FI, FR, HR, HU, IT, LT, LV, MT, PL, PT, RO, SE, SI, SK). The investments can be targeted to increase various aspects of productivity, resilience and viability of the agri-food value chain. Some of the planned investments have different purposes and target also the cooperation along the agri-food chain, the forestry, the bio-economy and rural businesses sectors.

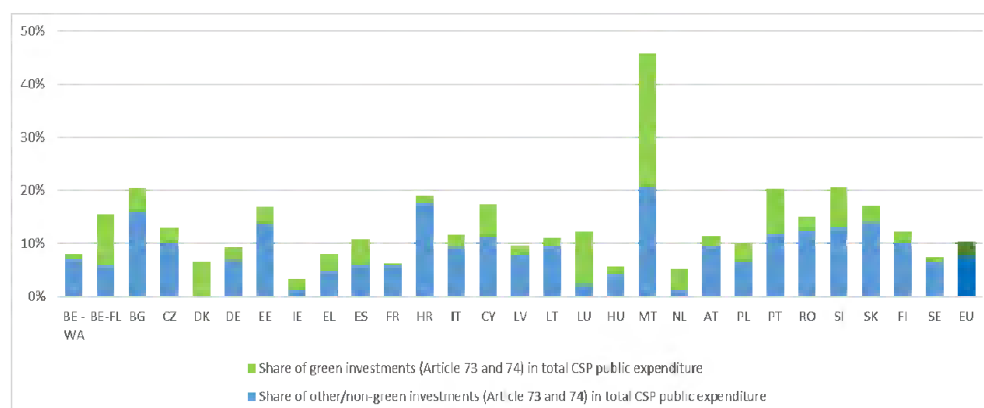
Apart from contributing to increasing the competitiveness, investments are often also targeting environmental and climate objectives at the same time (e.g. investments in precision farming equipment and technologies, production of renewable energy).

**Figure 22:** Share of farmers receiving investment support to restructure and modernise, including to improve resource efficiency (R.9 Farm modernisation)



- Some CSPs (CZ, DE, FR, HR, PL, PT, SI) also include options for specific investment focused on forestry management, promotion and infrastructure, related to increasing competitiveness in the forest sector.
- BG, PT, FR, HR and IT include specific investment support for the restoration of agricultural potential following natural disasters, adverse climatic events or catastrophic events. IT, RO, MT, CZ, SK, FR, IE and HR also focus on support for investments in preventive actions against climate events and other risks.
- Other planned types of investments include support for infrastructure in agriculture, improvement or enhancement of irrigation installations and agricultural diversification. 15 CSPs opted for investments in irrigation (IT, RO, DE, MT, SK, BG, CY, PT, BE-FL, FR, HU, FI, SE, SI, HR) with the majority of interventions linked to improvement of existing irrigation installations.
- Some Member States (including RO, SK, SE, SI, EE, LU and FR) assign an investment priority to the livestock sector aiming in most cases to mitigate emissions, minimise nutrient losses, and exploit manure nutrient content.
- The share of total funding for investments in the Plans ranges from 3% in Ireland and 6% in the Netherlands to 46% in Malta with an average of 10% of total CSP public expenditure, amounting to more than EUR 31 billion.
- 13 Member States commit additional national financing to different types of investment support aiming at a variety of purposes (AT, BE, DE, DK, ES, FR, HR, HU, IT, LT, LV, NL, SE) amounting to an additional total of EUR 6.7 billion.

**Figure 23:** Share of CAP total public expenditure dedicated to investment



Efforts related to enhancing the competitiveness and economic sustainability of agriculture and forestry in the CAP Strategic Plans also contribute **to increasing efficiency of operations, creating jobs in the rural areas**. More than half of Member States also include specific support related to public and private infrastructure related to specific sectors and services. BG, DE, EL, CY, MT and RO dedicate a significant share of their funding for investment to infrastructure.

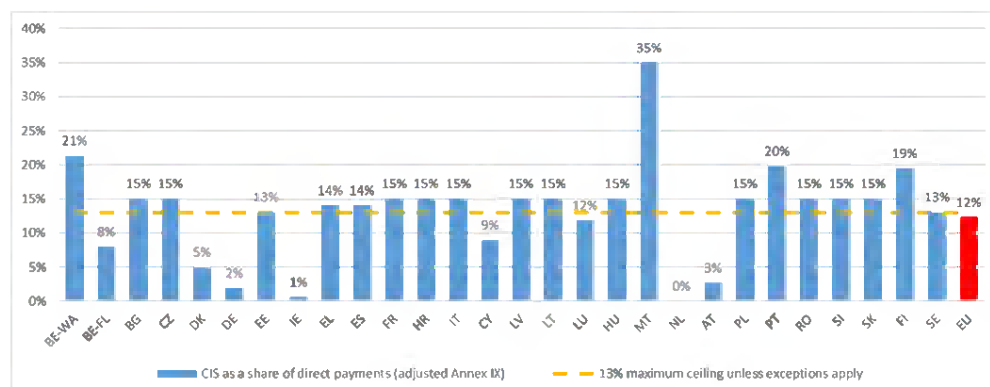
## COUPLED INCOME SUPPORT

Coupled income support (CIS) is a voluntary tool that aims to improve competitiveness, sustainability, and/or quality in **targeted sectors and productions** that experience certain difficulties and which are particularly important for socioeconomic and/or environmental reasons. Member States may decide to grant CIS only subject to strict preconditions and limits, in order to minimise the potential risk for market and trade distortion.

Member States often justify providing this type of support for reasons of relatively lower income and/or profitability of specific sectors. Beside the requirements of experiencing difficulties and of the importance of the targeted sector, the allocations under CIS are also subject to a budgetary limit<sup>27</sup>. 26 Member States (i.e., all Member States but NL) decided to use CIS. Most Member States allocate funding at a level close or equivalent to the maximum threshold with five of them using this tool at a significantly lower level.

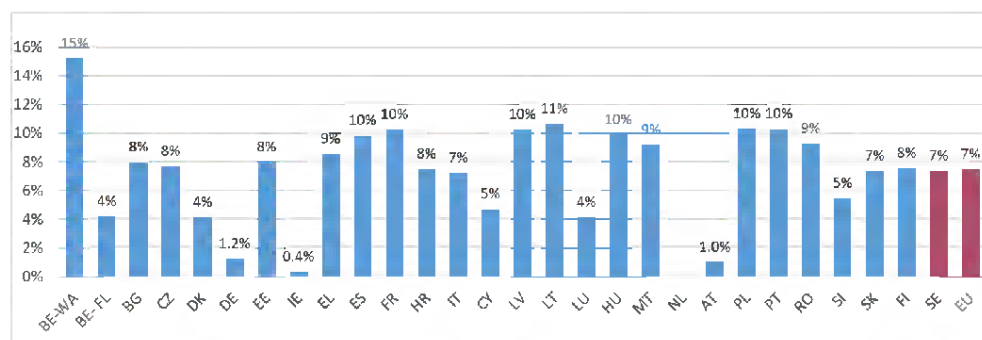
<sup>27</sup> Article 96 of the CSP Regulation: Financial allocations for CIS are limited to a maximum of 13% of the direct payments with the possibility for Member States to increase this by a maximum of 2%, provided that the amount corresponding to the percentage exceeding the 13% is allocated to support for protein crops. Four Member States (BE, FI, PT, MT), by way of derogation and historical allocation to coupled support (Article 96(2) of the CSP Regulation) can allocate more than 13% of their annual national ceiling. Budgetary requirements apply for Belgium as a whole and not per CSP.

**Figure 24:** Financial allocation of coupled income support



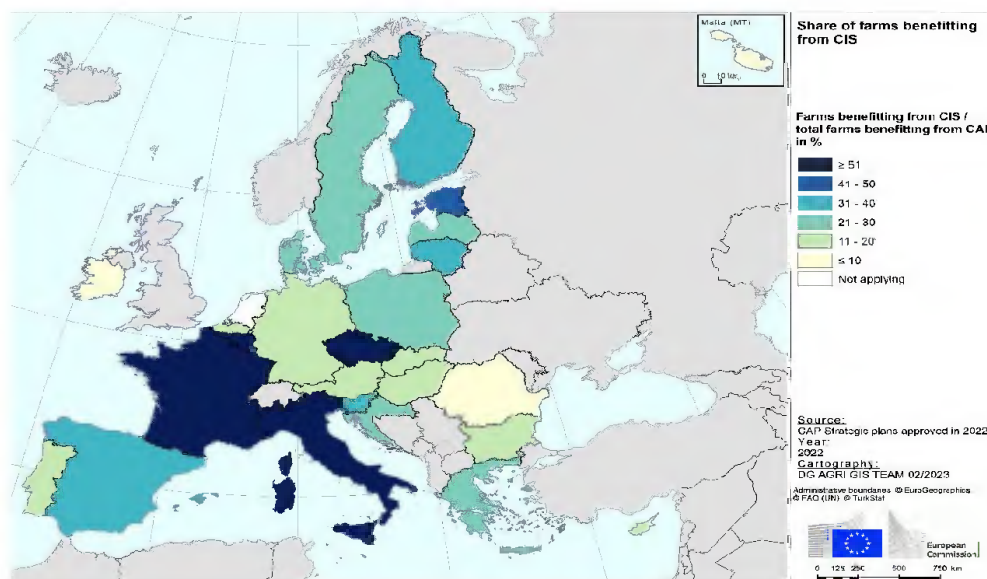
The financial allocation for CIS amounts to 7% of total CAP public expenditure, overall at EU level. Eight CAP Strategic Plans (BE-WA, ES, FR, LV, LT, HU, PL and PT) plan implementation at or above 10% of their overall CAP total public expenditure for CIS.

**Figure 25:** Share of financial allocation for coupled income support as part of total CAP public expenditure



Around 2.1 million farms are expected to benefit from support from CIS; this corresponds to 21% of EU farms, ranging from 0% to 54% across the CAP Strategic Plans.

**Figure 26:** Share of farms benefiting from coupled income support in Member States (R.8)

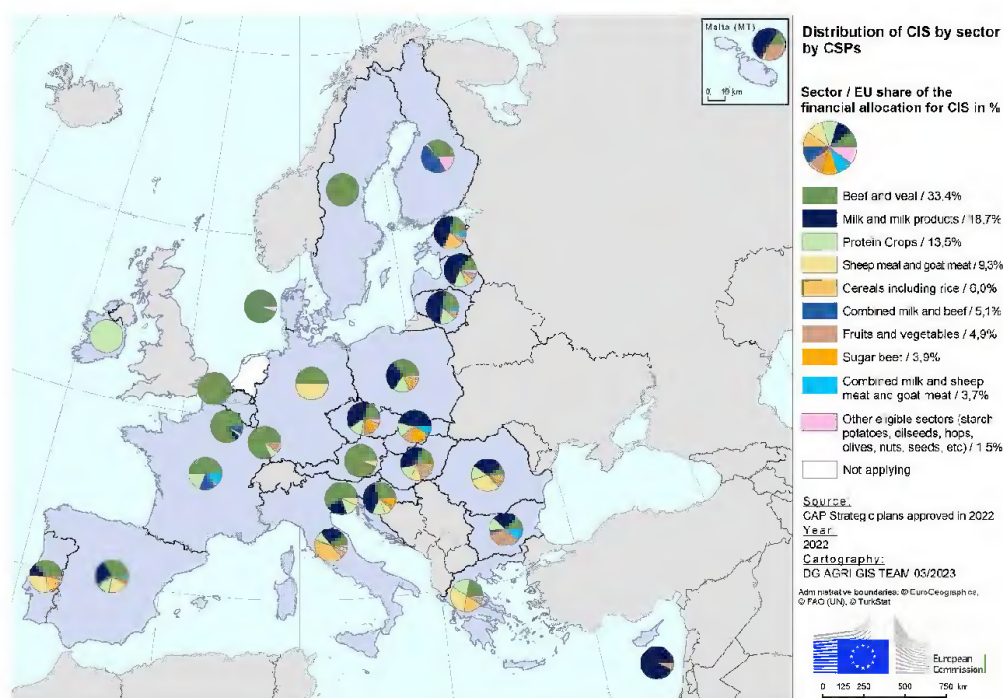


Regarding the targeted sectors, coupled income support is primarily allocated to ruminants / grazing livestock sectors (*pig and poultry sectors are not eligible for CIS*) accounting for approximately 70% of the overall financial allocation for CIS. The remaining 30% is targeting the following main crop sectors: protein crops/legumes, fruit and vegetables, cereals including rice, sugar beet, etc.

Except IE and NL, all Member States plan CIS for at least one of **the eligible livestock sectors** with funding through the Plan: beef & veal, sheep & goat meat, milk & milk products. Member States justify the significant share of CIS allocated to the livestock sector particularly by the low income of **farms specialised in grazing livestock**.

- **20** CAP Strategic Plans include CIS **for legumes/protein crops**, including soya, with a budget share of about 13% of the overall CIS financial allocation;
- **19** Member States target (at least certain products of) **the fruit and vegetables** sector accounting for close to 5% of overall CIS allocations;
- Other sectors also targeted by CIS are **cereals** in six CAP Strategic Plans with slightly more than 4% of overall CIS allocations, **the rice sector** supported on seven CSPs (2.5% of overall CIS allocations) and **sugar beet supported in 10 Plans** with close to 4% of overall CIS allocations;
- The remaining potentially eligible sectors (starch potatoes, oilseeds excl. soya, hops, olives, nuts, seeds, etc.) represent only a small share (3%) of the total CIS allocations.

**Figure 27:** Sectors supported by Member States via CIS



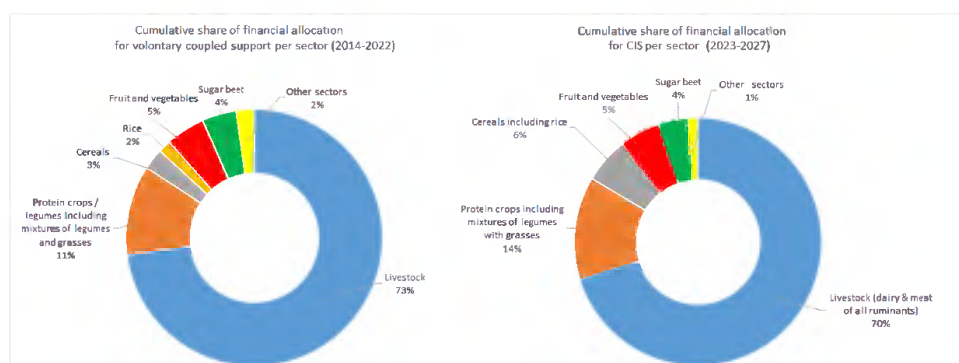
CIS allows Member States to tailor their support decisions according to local needs and to effectively address a specific context. The eligibility criteria thus vary significantly across sectors and Member States, according to the difficulties encountered by each sector and the possibilities to trigger an improvement in competitiveness, sustainability, and/or quality.

Member States also explain in their strategies how their CIS interventions are consistent with the Water Framework Directive <sup>28</sup>. Member States plan to use CIS to improve the competitiveness and sustainability of the livestock sector, while it also contributes to preventing further deterioration of the environmental and climate situation. Limitations on stocking density and other specific criteria in the livestock sector are proposed in a few Member States (i.e., LU, FR, BE). Some MS introduced a maximum number of hectares or livestock units/heads by farm to be supported through CIS (e.g. BG, BE-WA, FR, IT, ES, EE, LU and PL).

The average financial annual allocation for CIS is somewhat higher (12.3%) than the budget at EU level dedicated to voluntary coupled support in 2022 (11.2%), with differences across Member States. With regard to the largest beneficiary sectors, allocations increased most substantially for protein crops (+25%) and, to a much smaller extent, for fruit and vegetables (+12%). The livestock sector allocation did not substantially change (+4.5%). Among other sectors supported by CIS, there is a large increase for rice (+69%) and cereals (+71%) notably in Mediterranean Member States, as well as for starch potatoes (+13%) and hemp (+13%). A decrease has been observed for sugar beet (-6.5%), olive oil (-40%) and silkworms (-56%).

<sup>28</sup> [EUR-Lex - 02000L0060-20141120 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/eli/dir/2000/60/2014/1120/oj)

**Figure 28:** Cumulative shares of annual financial allocation for coupled support per sector in the past CAP period and those scheduled by Member States in their CAP Strategic Plans for 2023-2027



There is an increasing effort by several Member States to reduce the EU's import dependency in the protein crops and legumes sector, which are nitrogen-fixing crops and do not require N-fertilisers. Some Member States are increasing the financial contribution to coupled support for protein crops and legumes (IE, FR, PL, IT, LV, EL, ES, LT, HU, BG, SK, LU) and others are introducing new coupled support for these crops (BE-WA, PT, SI, EE). This results in an extension of supported hectares as from 2023. Besides, some Member States (FR, IE, BE-WA, SI, BG) also expect an annual increase in the supported areas between 2023 and 2027. On balance, the support area is expected to grow from 4.2 million hectares in 2022 (last year of VCS (voluntary coupled support)) to 6.4 million in 2023 (first year of CIS) and then further to almost 7.1 million hectares in 2027.

#### **Closer look at the Plans – improving resilience of the agricultural sector**

In its CAP Strategic Plan, **France** identifies a high dependence of certain livestock sectors on proteins imported from third countries, insufficient awareness of the need to strengthen resilience, risk prevention and risk management in farming strategies and the need for a more rational use of inputs such as fertilisers and pesticides. To address these challenges, the Plan prioritises development of the production of legumes (vegetable proteins), development of synergies between crop and livestock farming (mixed farms) and plans to double organic areas by 2027, i.e. to 18 % of agricultural area, thanks to efforts to support conversions (a budget increase of 36 % for conversion aid). France plans increased support for biosecurity and protection against economic and climate hazards and some sectors will benefit from an income stabilisation tool in the event of a market crisis; the aim is to support 95% of farms with CAP risk management tools. France will also support the plant proteins sector through its Recovery and Resilience plan.

## SECTORAL INTERVENTIONS AND COOPERATION

An important goal of the CAP for 2023-2027 is to **strengthen agricultural sectors by enabling greater collaboration and concentration** between farmers and producers in order to increase their productivity and farm viability. Without a doubt, cooperation and collective actions can contribute to increasing farmers' bargaining power, market efficiency, and position in the food chain.

Support for Producer Organisations (POs), Associations of Producer Organisations (APOs), and Transnational Producer Organisations (TPOs), in the fruit and vegetable, meat or dairy sectors (through Operational Programmes) plays a crucial role in attaining that objective. Moreover, specific support for wine and apiculture producers are important. Actions for planning and organization of productions, concentration of supply, and placing on the market for producer organisations aim to contribute to enhancing market orientation of specific sectors.

For Member States with lower levels of organisation of farmers, support for producer cooperation and participation in producer organisations and producer groups under **rural development** is important. This support, together with sectoral support under the EAGF will contribute to improving the position of farmers in the food chain and increase the value added of agricultural products. In addition to the use of sectoral interventions with the EAGF, 16 CSPs (CZ, FR, MT, BE-WA, ES, EL, PL, PT, IE, HU, FI, AT, SE, SI, EE and LV) include a planned support to close to 900 organisations and groups to cooperate within the cooperation type of intervention in rural development. Fourteen CSPs will support farmers to participate in European or national quality schemes. RO, MT, BG, ES, PL, PT and LV plan specific information, training, and knowledge sharing types of support to increase competitiveness.

**The effort for support to cooperate and organise** will be monitored through the number of farms participating in producer groups, producer organisations, local markets, short supply chains and quality schemes. Targets of those Member States that decided to use CAP funding to address supply chain organisations vary from 1% to 69% with **an average of 8% at EU level**.

## SUPPORT FOR SPECIFIC SECTORS

While inclusion of interventions in the fruit and vegetables sector is mandatory for Member States with recognised producer organisations along with interventions in the apiculture and wine sectors, the CAP legislative framework allows Member States to extend sectoral interventions to 'other'<sup>29</sup> sectors within the limit of **3-5% of national direct payments allocation in view of attaining specific objectives**. Several Member States (BG, CZ, LV, IT, SK) have used the opportunity to plan support for 'other' sectors.

The support for the fruit and vegetables sector and the 'other' sectors is provided through **operational programmes**. Operational programmes are funding programmes for members of producer organisations. They are composed of various types of interventions that producer organisations select based on their needs and unique characteristics to be carried out during 3-7 years.

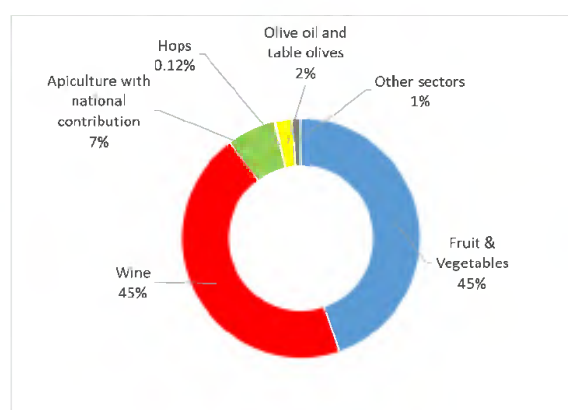
The support for wine and apiculture interventions is provided through specific interventions defined in CAP Plans, as the beneficiaries of those sectors are not producer organisations.

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<sup>29</sup> As defined in (f) of Article 42 of the CSP Regulation.

- 24 Member States with recognised producer organisations in their Plans cover sectoral interventions in the **fruit and vegetables sector (F&V)**, while three Member States (EE, LU, MT) do not have any recognised producer organisations;
- All Member States plan sectoral interventions in the **apiculture sector**<sup>30</sup>;
- Three Member States (ES, FR, IT) support the olive oil and table olives sector; 16 Member States support the wine sector;
- In general, for sectoral interventions, Member States have not included the full spectrum of possible types of interventions (i.e. investments in innovation, advisory services, improving market knowledge by inter-branch organisations and the setting-up of mutual funds);
- The support to other sectors is planned: in BG for milk and milk products; in CZ for eggs, potatoes, ornamental plants; in LV for mainly cereals, beef and veal, milk and milk products; in IT for potatoes; in SK for potatoes, milk and milk products, pig, sheep and goat meats;
- 1320 operational programmes of producer organisations are expected to be supported.

**Figure 29:** EU level distribution of sectoral support, EU/EAGF and national contribution for apiculture, 2023-2027



Compared with the Common Market Organisation aid schemes that were previously available (i.e. fruit and vegetables, apiculture, wine, hops, olive oil and table olives), there are no novelties as far as the types of interventions are concerned. Member States continue with existing support tools, while including them in their overall Strategic Plan in complementarity with other support instruments.

Nevertheless, an important novelty in the fruit and vegetables sector is a

requirement to strengthen **efforts for environmental and climate change mitigation and adaptation**. This is through attributing 15% of expenditure of operational programmes to include such actions and 5% of expenditure to strengthen research, development and innovation actions. Also, a new objective for support through operational programmes at EU level has been introduced, aiming to increase consumption of fruit and vegetables.

In **the wine sector**, 5% of expenditure from the interventions used must be linked to environmental objectives, and some types of interventions are new (i.e., actions undertaken by interbranch organisations, investments in wine-growing farming systems, and environmental investments). Bulgaria, Romania and Slovakia introduced a new approach in their CSPs for

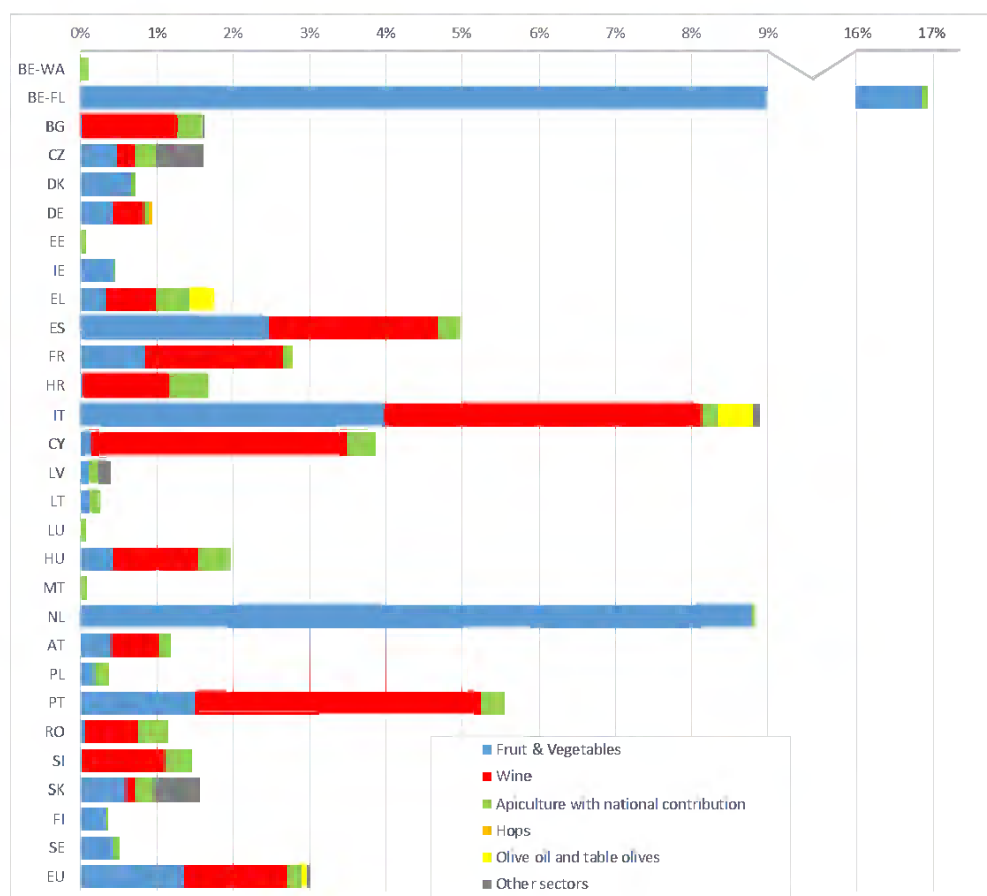
<sup>30</sup> As per Article 43 of the CSP Regulation interventions are mandatory in apiculture for all Member States and in wine for the 16 Member States listed in Annex VII.

actions undertaken by inter-branch organisations in the wine sector aiming at improving market knowledge.

The scope for supporting the **apiculture** sector has been broadened by adding two additional interventions that Member States can make available to farmers, namely actions to prevent damage caused by adverse climatic events and to help adapt to changing climate conditions and actions to preserve or increase the existing number of beehives in the EU, including bee breeding. Moreover, Member States can also increase their national co-financing rate from the minimum obligatory 50% to up to 70% of public expenditure (from EU and national funding) thus increasing the budgetary allocation available for the apiculture sector. **Only Bulgaria, Italy and Luxembourg have chosen to do so**, while the others continue with the obligatory minimum co-financing rate of 50%.

There is a high variability among Member States regarding the financial allocation and support per sector and types of interventions within the predefined maximum financial allocation.

**Figure 30:** Support through sectoral interventions as a share of total CAP public expenditure (EAGF with national contribution for apiculture, 2023-2027)



## RISK MANAGEMENT

Supporting the farming sector to **successfully deal with risks** including market risks and crises related to agricultural production is a key challenge. Key tools to address volatility in the sector and help stabilise farmers' incomes is their participation in insurance schemes and mutual funds that can compensate farmers in cases of severe loss of production value or farm income. These tools complement direct payments that also address the needs for economic sustainability and farmers' resilience to market risks.

Collectively, the Strategic Plans that devote funding for risk management aim to reach more than **14% of EU farms**. Member States target support through both rural development and sectoral programmes for this purpose.

**Fourteen** Member States (DE, EE, FR, HR, HU, IT, LT, LV, NL, PL, PT, RO, SK, BG) include support for risk management tools in their Plans and propose 25 interventions under the possibility given by Article 76 of the CSP Regulation for support through insurance schemes and mutual funds, covering insurance premium, and others. Several of the Member States that do not plan such EAFRD funded risk management tools, apply nationally funded insurance schemes to address this need.

In addition, support to cover risk management is possible under **the sectoral interventions** for fruit and vegetables, wine, olive oil and table olives, and other sectors. Producer organisations can include support for crisis prevention and other tools to manage risks in their operational programmes supported through the CSPs (e.g. withdrawals, harvest and production insurance, mutual funds, green and non-harvesting, collective storage) **17** Member States include such possibilities for the fruit and vegetables sector. Support for such tools is also available for wine farmers. In the wine sector, the interventions planned for crisis prevention are green harvesting and harvest insurance (BG, DE, EL, ES, IT, CY, HU, PT, RO, SK).

**Figure 31:** Type of support for risk management under EAFRD (Article 76)

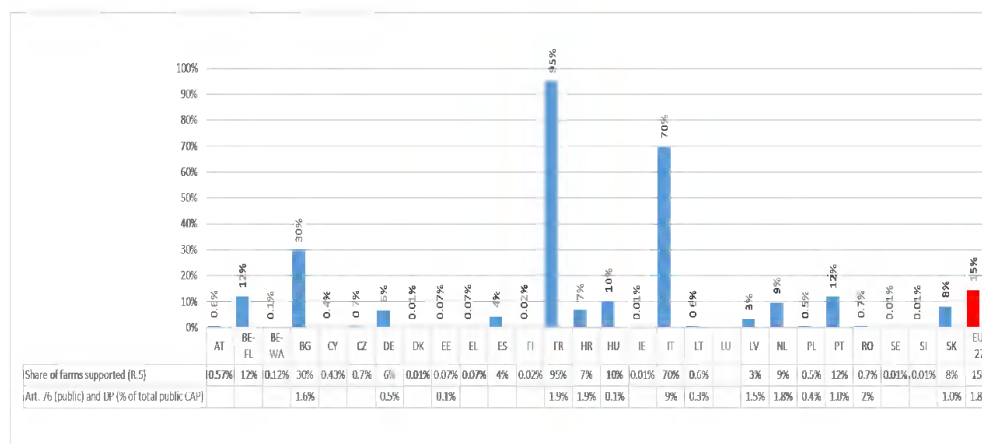
| Tool                                                                                                  | CSP                        |
|-------------------------------------------------------------------------------------------------------|----------------------------|
| Insurance premium schemes                                                                             | All 14                     |
| Mutual fund support schemes                                                                           | BG, FR, HU, IT, LT, PL     |
| Other risk management schemes (e.g. withdrawals)                                                      | IT and RO                  |
| Support for insurance premium only                                                                    | DE, EE, HR, LV, NL, PT, SK |
| A combination of support for insurance premium as well as mutual funds or other risk management tools | BG, FR, HU, IT, LT, PL, RO |

Three Member States (BG, IT, RO) use the new possibility to assign funds from the direct payments to finance farmers' contributions to a risk management tool as complementary to the support for risk management under EAFRD. Italy and Romania decided to transfer 3% of their allocation for direct payments for this purpose, which is the maximum, and Bulgaria 1.5%. Member States that make use of this option must apply it to all farmers receiving direct payments in a given year. Consequently, the share of farms participating in the risk management tools in these countries is high relative to other Member States.

Altogether at EU level, financial support from the CAP for EAFRD risk management tools amounts to 18% of total public expenditure (EAGF and EAFRD) or 4.1% of total public expenditure, amounting to EUR 4.6 billion.

The priority given to support for risk management and the targeting of farms is presented in the table below.

**Figure 32: Planned share of farms supported for risk management and targeted financial allocation as a share of total public CAP expenditure**



In addition, nearly all Member States with recognised Producer organisations (except BG and LV) include the possibility of support for risk management types within the support to be provided through operational programmes to producer organisations in the fruit and vegetables sector and the 'other' sectors) within the framework set out in Article 47 of the CSP Regulation. Thus, more than 1 540 producer organisations in those sectors would have the option to offer support to their 200 000 members through interventions for risk management, aimed at avoiding, and dealing with, disturbances in the markets of the sector.

#### **Closer look at the Plans – risk management**

*In light of the strong and recurrent climatic events that highly affect farmers, **Italy** will establish four risk management interventions worth almost EUR 3 billion. These interventions aim to help farmers to better face growing climatic adversities through subsidised insurances, income stabilisation tools, and a new national mutual fund for catastrophic events (covering frost, floods and drought damage). The latter will see for the first time ever the participation of all Italian beneficiaries of direct payments (around 800 000 farmers) with support from the EAFRD and a contribution from the EAGF (3%) to the mutual fund scheme.*

## USE OF FINANCIAL INSTRUMENTS

The support through CAP Plans is mostly provided in the form of payments based on area. For some schemes, it is based on the number of supported animals. Support under the EAFRD is often provided as a grant based on a project proposal, or alternatively through financial instruments.

Financial instruments have formed part of the EAFRD legislation for more than 15 years, with a growing number of Member States using them. However, for most authorities managing CAP funds, they are still a new way of using EAFRD resources to stimulate investments in agriculture, food processing, rural businesses and forestry.

Thirteen Strategic Plans altogether channel a total public budget of EUR 1 billion to **financial instruments - comprising both guarantees and loans - to ease access to lending and microcredit for investments in producer viability, with a focus on small farms and young farmers. This increases further the availability of public resources to beneficiaries given that** financial instruments help attract additional capital, reuse resources and address the specific difficulties that EAFRD beneficiaries face in accessing finance. Compared with the beginning of the previous period, this shows an increase of public funding planned through financial instruments of 35-40%<sup>31</sup>.

While most of those Member States that included the use of financial instruments, already have an experience from the previous programming period, Slovakia is setting up a guarantee fund for the first time (but with the largest budget for financial instruments of all Member States). Malta is signalling an intention to use a financial instrument for young farmers in the future.

**Overall, 90% of the planned budget is allocated to investments, and about 9.5% to the setting-up of young farmers.** Bulgaria envisages support through financial instruments via LEADER (see section 6.1). Greece is planning to provide technical support to prepare business plans to farmers intending to apply for funding through financial instruments. France included equity in the list of potential financial products – providing for investments in the capital of companies in need of financing, especially start-ups, with the aim of making them stable and profitable market players. The following table outlines the programmed use of specific instruments by Member States.

**Figure 33:** Choice of specific financial instruments in the CAP Strategic Plans

| Tool                                                         | CSP                                    |
|--------------------------------------------------------------|----------------------------------------|
| Guarantee instrument                                         | BG, PL, PT, SK, ES                     |
| Loan instrument                                              | IT, LV, LT                             |
| Both loans and guarantees                                    | HR, EE, FR, EL,                        |
| Providing working capital finance                            | BG, HR, EE, FR, EL, IT, LV, LT, PL, ES |
| Financing land purchase within the limits of the Regulations | HR, EE, FR, IT, LV, MT, PL, PT, SK, ES |
| Offering a combined interest rate subsidy                    | BG, EL, PL, PT                         |

<sup>31</sup> Targeted coaching and knowledge sharing actions, studies under the Commission fi-compass initiative and the EIB helped national and regional authorities to better understand the mechanisms and regulatory framework of the still relatively innovative policy tool of financial instruments.

## 5. ENVIRONMENTAL AND CLIMATE SUSTAINABILITY IN THE CAP STRATEGIC PLANS

The CAP Strategic Plans address the following three specific objectives:

- to contribute to climate change mitigation and adaptation, including by reducing greenhouse gas sequestration, as well as to promote sustainable energy;
- to foster sustainable development and efficient management of natural resources such as water, soil and air, including by reducing chemical dependency;
- to contribute to halting and reversing biodiversity loss, enhance ecosystem services and preserve habitats and landscapes.

### TARGETS FROM THE GREEN DEAL STRATEGIES AND LEGISLATION ON THE ENVIRONMENT AND CLIMATE

Drawing up their CAP Strategic Plans, Member States had to take account of the analysis, objectives and targets of key EU environmental and climate laws (and plans stemming from these) listed in Annex XIII of the CSP Regulation and were asked to spell out the contribution of their Plans to the specific EU-level ambitions of the two EU strategies of the European Green Deal.

Key CAP-relevant targets from the **legislation** in question<sup>32</sup> concern (among other things) the reduction of **greenhouse gas emissions and ammonia emissions to air**, the land-based sequestration of carbon, achievement of good status of **water bodies**, and favourable conservation status of designated **habitats and species**. The targets are either present in the legislation itself or are established in various national or regional plans – including **National Energy and Climate Plans**, **River Basin Management Plans** (in relation to water quality and quantity), **Prioritised Action Frameworks** (in relation to biodiversity) and others.

Member States will have to review and update their CSPs when this is necessary to align them to changes to the relevant legislation<sup>33</sup>, for example to reflect the upgraded ambitions of the Effort Sharing<sup>34</sup> and LULUCF legislation<sup>35</sup> in light of the EU's reduction and climate neutrality objectives.

The EU Green Deal strategies in question are the **Farm to Fork Strategy**<sup>36</sup> and the **EU Biodiversity Strategy for 2030**<sup>37</sup>. These strategies include different non-binding EU-level targets which are particularly relevant to the CAP and relate to the areas covered by its specific objectives. The targets (2030, except for the broadband for which target year is 2025) involve the following:

- *reducing the risk and use of chemical **pesticides** by 50% (compared to 2015-2017);*

<sup>32</sup> The Annex XIII legislation covers biodiversity, water quality and quantity, and nitrates from agricultural sources, air quality, climate change, energy and pesticides.

<sup>33</sup> As specified in Article 120 of the CSP Regulation

<sup>34</sup> See press release: [EU reaches agreement on national emission reductions \(europa.eu\)](https://europa.eu/press-room/en/dae-20210610-01)

<sup>35</sup> See press release: [EU agrees to increase carbon removals \(europa.eu\)](https://europa.eu/press-room/en/dae-20210610-01)

<sup>36</sup> See document [COM\(2020\) 381 final](#)

<sup>37</sup> See document [COM\(2020\) 380 final](#)

- reducing **nutrient losses** from agriculture by 50%, while ensuring that there is no deterioration in soil fertility (compared to 2012-2014/2015);
- achieving a coverage of **organic farming** of at least 25% of total agricultural area (compared to 2018);
- bringing at least 10% of agricultural area under **high-diversity landscape features** (compared to 2015/2018);
- reducing by 50% the sale of **antimicrobials** (compared to 2018);
- ensuring 100% access to fast broadband internet in rural areas.

It is important to underline that the CSP Regulation does not contain a legal requirement for Member States to reach or contribute to these targets. Nevertheless, the targets are referenced in the recitals of the Regulation and the Commission has been tasked to assess the contribution of the Plans to these targets. For more information on the contributions and consistency of CAP plans towards some specific objectives of the Biodiversity and Farm to Fork Strategies, see the section on thematic approaches.

## TOOLS TO ADDRESS THE ENVIRONMENT AND CLIMATE CHANGE OBJECTIVES – THE NEW 'GREEN ARCHITECTURE'

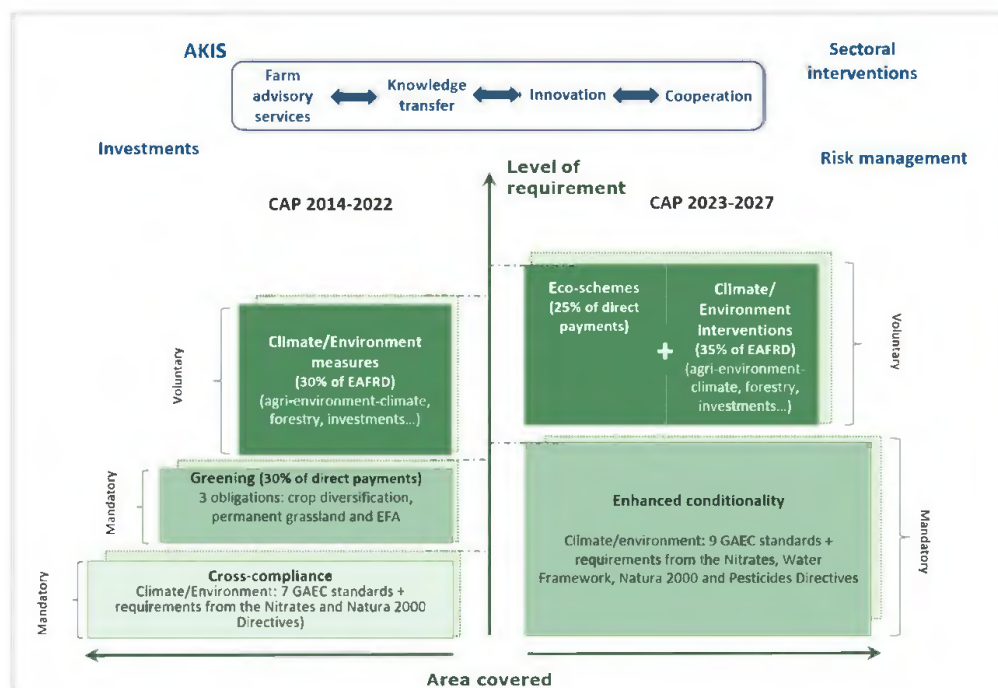
The CAP's 'green architecture' is the set of rules and tools to improve the environmental and climate performance of farming activities and foster changes towards more sustainable production models. The 'green architecture' encompasses both **obligations** (conditionality) and **supported**

**interventions** (e.g. through different area-related schemes, green and non-productive investments, knowledge exchange and cooperation). It allows the beneficiaries to receive support for agricultural practices or actions that pave the way to more sustainable ways of farming, thereby contributing to the EU climate objectives, and protecting the EU's natural resources and biodiversity.

Farmers have to comply with the obligations under conditionality to be able to receive CAP support. They may receive specific financial support for voluntary commitments under the CSPs through **eco-schemes** (open only to farmers) and **rural development** (open to farmers and other beneficiaries) for additional (or more ambitious) practices/commitments, beyond the conditionality requirements.



**Figure 34:** CAP Green architecture



*The 2023-2027 CAP refines, upgrades and expands the green architecture toolbox for example by including new SMR requirements of the Water Framework (controls on diffuse sources of phosphates and controls on abstraction and impoundment) and Sustainable Use of Pesticides Directives in the conditionality and by enhancing GAEC standards (protection of peatland and wetland and ensuring presence of non-productive areas and features for the sake of biodiversity). It also provides more opportunities to reward those beneficiaries who are willing to provide more public goods, in particular through the new eco-scheme instrument.*

## 5.1. REQUIREMENTS TO BE MET BY FARMERS AS CONDITIONS FOR SUPPORT: GAEC STANDARDS

As part of the enhanced 'conditionality' the CAP legislation defines nine GAEC standards<sup>38</sup> in the area of **climate change, water, soil, and biodiversity and landscape features**. While the legislation lays down the objective and scope of each standard, Member States' definition of the standard and implementation choices, established in their CAP Strategic Plans, significantly influence the extent to which each GAEC standard helps achieve the relevant objectives.

<sup>38</sup> Annex III of the CSP Regulation

### **'Enhanced conditionality'**

The full set of GAEC standards marks an overall increase in environmental ambition compared with the previous GAECs and the greening rules, applicable until 2022.

- **A new GAEC 2** to protect wetlands and peatlands, which store important quantities of carbon
- **More demanding GAEC obligations** either at EU or national level through Member States' implementation choices, for example GAEC 6 on minimum soil cover during the sensitive period and GAEC 4 on buffer strips along watercourses that should have a minimum width of 3 meters.
- **Two GAECs strengthening the 'greening' obligations:**
  - GAEC 7 on crop rotation replaced crop diversification, requiring changes of crops between years thus leveraging greater diversity in the cropping system,
  - GAEC 8 requires dedicating a share of arable land to non-productive areas and features thus promoting maintenance of landscape features and fallow land. The previous 'ecological focus area/EFA' obligation under greening accepted also, under certain conditions, productive areas.
- Retained 'greening' obligations for maintenance of permanent grasslands (GAEC 1) and protection of environmentally sensitive permanent grasslands (GAEC 9).
- **While the greening practices were supported** with 30% of the direct payments budget, compliance with GAEC requirements is a basic condition for receiving CAP support. In other words, the eco-schemes, requiring 25% of direct payments go beyond pre-2023 greening provisions.
- Extended application compared to 'greening' by **including organic and smaller farms** within its scope which could bring close to 15 million additional hectares of UAA under these basic conditions.

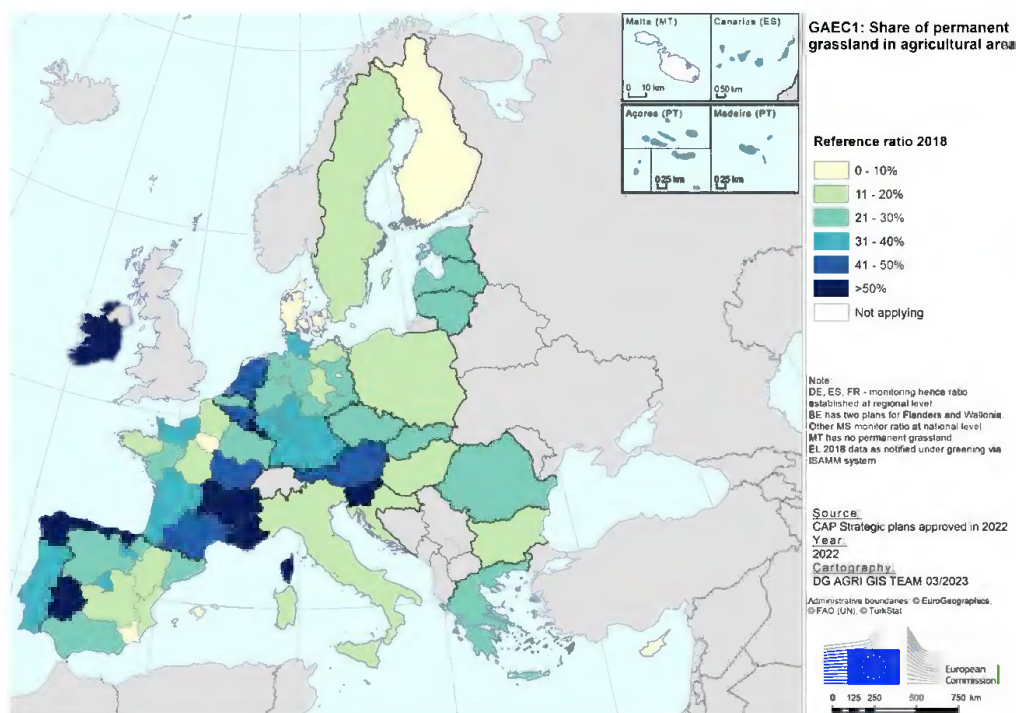
## GAEC 1: PERMANENT GRASSLAND

Permanent grasslands store important quantities of carbon. Under this GAEC, Member States are obliged to ensure maintenance of the 2018 ratio of permanent grassland in relation to agricultural area at national, regional, sub-regional, group-of-holdings or holding level. This ratio may fall by maximum 5%. GAEC 1 is the only standard for which detailed rules are laid down at the EU level<sup>39</sup> to ensure a level playing field in the implementation but Member States may establish certain rules to improve its efficiency in light of its objective.

Member States had to choose the level at which the evolution of the ratio of permanent grassland is followed. 22 Member States will do this at national level while five CAP Plans (BE-FL, BE-WA, DE, ES and FR) provide for ratios at regional level. They also had to provide the value of the 2018 ratio at the chosen geographical level. Malta has no permanent grassland.

<sup>39</sup> Article 48 of the CSP Regulation

**Figure 35: Reference ratio per Member State or region (2018)**



| CSP   | Reference ratio (%)  | CSP | Reference ratio (%)  | CSP | Reference ratio (%) | CSP | Reference ratio (%) |
|-------|----------------------|-----|----------------------|-----|---------------------|-----|---------------------|
| AT    | 46.08%               | EE  | 29.05%               | CY  | 2.30%               | PL  | 18.33%              |
| BE-FL | 27.50%               | IE  | 90%                  | LV  | 24.64%              | PT  | 34.80%              |
| BE-WA | 42.59%               | EL  | 29.7%*               | LT  | 25.83%              | RO  | 24.25%              |
| BG    | 13.17%               | ES  | See regional figures | LU  | 53.42%              | SI  | 59.40%              |
| CZ    | 28.11%               | FR  | See regional figures | HU  | 14.41%              | SK  | 27.74%              |
| DE    | See regional figures | HR  | 15.24%               | MT  | N/A                 | FI  | 7.65%               |
| DK    | 8.50%                | IT  | 20%                  | NL  | 42.56%              | SE  | 17%                 |

\* EL - 2018 data as notified to the Commission under greening.

| DE                           | Reference ratio (%) | ES                              | Reference ratio (%) | FR                             | Reference ratio (%) |
|------------------------------|---------------------|---------------------------------|---------------------|--------------------------------|---------------------|
| DE7 - Hessen                 | 39.17%              | ES61-Andalucia                  | 21.40%              | FRF-Hauts-de-France            | 13.24%              |
| DE9 - Niedersachsen          | 27.46%              | ES24-Aragon                     | 17.55%              | FRF-Grand Est                  | 25.19%              |
| DE1 - Baden-Wurttemberg      | 39.46%              | ES53-Illes Balears              | 5.42%               | FRK-Auvergne-Rhone-Alpes       | 62.05%              |
| DEA - Nordrhein Westfalen    | 28.27%              | ES70-Canarias                   | 38.10%              | FRM-Corse                      | 90.42%              |
| DEB - Rheinland-Pflaz        | 32.91%              | ES41-Castilla y Leon            | 27.41%              | FR1-Ile-de-France              | 3.11%               |
| DEC0 - Saarland              | 53.27%              | ES62-Region de Murcia           | 1.51%               | FRB-Centre-Val de Liore        | 13.14%              |
| DEE - Sachsen-Anhalt         | 14.80%              | ES22-Comunidad Foral de Navarra | 27.47%              | FRC-Bourgogne-Franche-Comte    | 47.20%              |
| DEG - Thuringen              | 21.62%              | ES21-Pais Basco                 | 57.13%              | FRH-Bretagne                   | 19.74%              |
| DE2 - Bayern                 | 34.30%              | ES23-La Rioja                   | 30.09%              | FRI-Nouvelle-Aquitaine         | 32.56%              |
| DE4 - Brandenburg            | 22.80%              | ES52 - Comunitat Valenciana     | 15.54%              | FRJ-Occitanie                  | 42.77%              |
| DE8 - Mecklenburg-Vorpommern | 19.74%              | ES12 - Principado de Asturias   | 79.23%              | FRL-Provence-Alpes-Cote d'Azur | 64.87%              |
| DED - Sachsen                | 21.22%              | ES13-Cantabria                  | 96.50%              | FRD-Normandie                  | 34.93%              |
| DEF - Schleswig-Holstein     | 33.50%              | ES42-Castilla la Mancha         | 12.60%              | FRG-Pays de la Loire           | 29.49%              |
|                              |                     | ES51-Cataluna                   | 22.95%              |                                |                     |
|                              |                     | ES43 - Extremadura              | 56.70%              |                                |                     |
|                              |                     | ES11-Galicia                    | 62.75%              |                                |                     |
|                              |                     | ES30-Comunidad de Madrid        | 33.38%              |                                |                     |

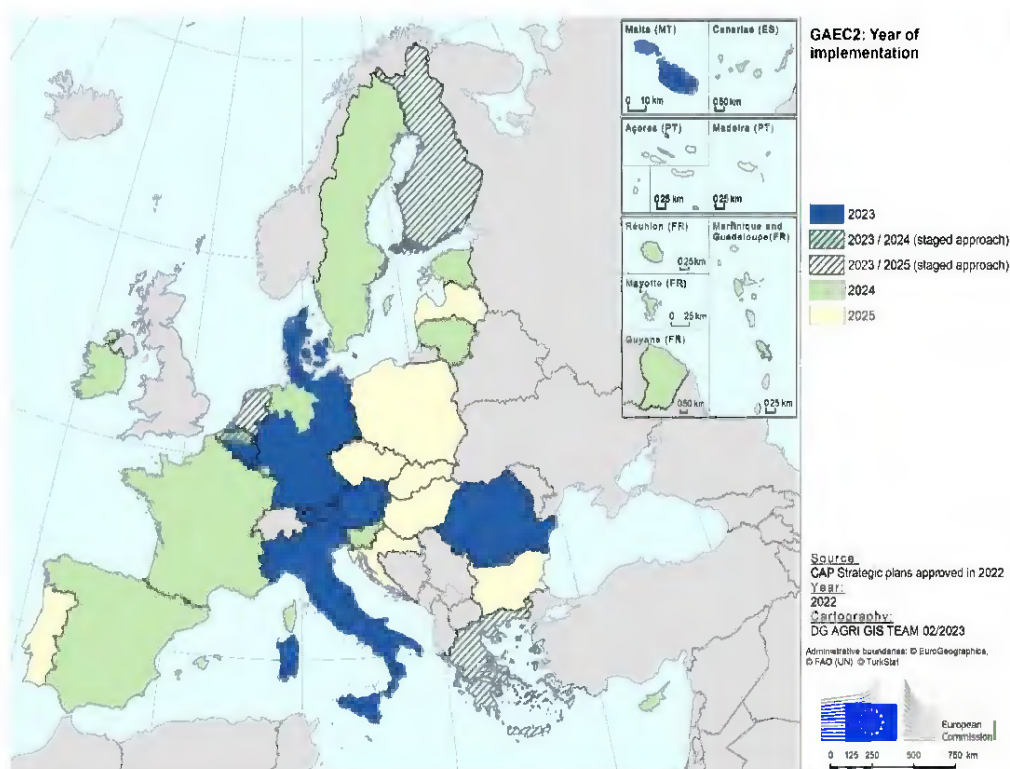
## GAEC 2: PROTECTION OF WETLAND AND PEATLAND

*The main objective of management practices set under this standard is the 'protection of carbon-rich soils', wetlands and peatlands that store important amounts of carbon and should be protected to avoid emissions. Peatlands and wetlands are also valuable ecosystems and protecting them contributes to habitat protection.*

The presence of peatlands and wetlands within agricultural land varies widely across Member States because of the climatic conditions. Peatlands are more present in the north of Europe than in the south.

The standard can only be implemented when the agricultural areas qualified as wetlands and peatlands are properly mapped. If such mapping is not yet done, Member States were authorized to postpone the implementation of this GAEC to 2024 or 2025.

**Figure 36:** Year of implementation of GAEC 2 in the CSPs



While 16 Member States justified a delay in the implementation of GAEC 2 because the mapping of wetlands and peatlands used as farmland still has to be completed, five of them (BE-FL, DE, EL, NL and FI) opted for a two-step approach. In the latter cases, some requirements already apply as from 2023 while the other will apply from 2024/2025 once the mapping of peatlands and wetlands in LPIS<sup>40</sup> is completed. In Germany, the implementation of GAEC 2 in Lower Saxony, Hamburg, Bremen and Saarland will start in 2024.

The standard imposes relevant land management practices that avoid or minimise carbon release. 19 Member States already specified the practices in their CAP Plans. Nine Member States, among those postponing application, will include requirements in their CAP Strategic Plan later.

<sup>40</sup> Land Parcel Identification System

**Figure 37: GAEC 2 - On farm practices for the protection of wetlands and peatlands**

| Features                            | MS                                                                           | No of CSPs |
|-------------------------------------|------------------------------------------------------------------------------|------------|
| Ban/restrictions on drainage        | AT, BE-FL, BE-WA, BG, DE, EE, EL, LV, LT, LU, MT, NL, PT, RO, FI             | 15         |
| Tillage restrictions/ ploughing ban | AT, BE-FL, BE-WA, BG, DE, DK, EE, EL, IT, LV, LT, LU, MT, PT, RO, SI, FI, SE | 18         |
| Extraction/ burning of peat         | AT, BE-FL, BG, EL, LT, PT, RO, SI, FI                                        | 9          |
| Other*                              | AT, BG, DE, DK, EL, LU, MT, NL, PT, RO, SI, FI, SE                           | 13         |
| Not yet included                    | CZ, IE, ES, FR, HR, CY, HU, PL, SK                                           | 9          |

\* Other practices include restrictions on fertilisation, or machinery use, or obligatory maintenance requirements to prevent overgrowth of the area, prohibiting a change in the water level.

### GAEC 3: BAN ON BURNING ARABLE STUBBLE

*This is a continuation of the GAEC standard already applicable until 2022. It applies to all arable land. Member States may define certain exemptions only for plant health reasons. The ban is imposed to prevent loss of soil organic matter.*

## WATER

### GAEC 4: BUFFER STRIPS ALONG WATER COURSES

*This GAEC requires the establishment of buffer strips along watercourses to 'protect river courses against pollution and run-off'. A 'buffer strip' is an area where fertilisers and plant protection products cannot be applied and must be 3 meters wide or more. Member States define this bottom width and may add other criteria.*

- 19 Member States set a minimum width of 3 meters, while nine Plans set a minimum width of more than 3 meters, e.g. 5, 6 or up to 10 meters.
- 16 Member States set additional higher width than the minimum 3 meters (e.g. 5, 10 meters or more) applicable to certain situations or specific types of water courses.
- Member States may adjust the width of the buffer strip in areas with significant dewatering and irrigation ditches if duly justified.<sup>41</sup> Six Member States did so. Ten Member States set also additional requirements supporting the contribution of this GAEC towards the objective to protect river courses against pollution and run-off, often to maintain a plant/green cover on the buffer strips.

**Figure 38: GAEC 4: Implementation choices**

| Features                                                                        | CSPs                                                                          | No of CSPs |
|---------------------------------------------------------------------------------|-------------------------------------------------------------------------------|------------|
| CSPs with minimum width 3 meters                                                | AT, BE-FL, CZ, DE, DK, EE, EL, HR, CY, LV, LT, HU, NL, PL, PT, RO, SK, FI, SE | 19         |
| CSPs minimum width higher than 3 meter                                          | BE-WA, BG, IE, ES, FR, IT, LU, MT, SI                                         | 9          |
| CSPs with additional width higher than 3 meter applicable to certain situations | AT, BE-FL, BG, CZ, EE, IE, EL, CY, LV, HU, MT, NL, PT, RO, SI, SE             | 16         |
| CSPs applying derogation for irrigation ditches                                 | BG, DE for some regions, EE, ES, FR, NL                                       | 6          |
| CSPs applying further requirements                                              | AT, BE-FL, BG, ES, FR, IT, LT, LU, PT, SI                                     | 10         |
| Out of those, plant/green cover                                                 | AT, BG, ES, FR, IT, LT, LU, PT, SI                                            | 9          |

<sup>41</sup> As defined in Annex III of the CSP Regulation.

## SOIL

### GAEC 5: TILLAGE MANAGEMENT

Member States have to set requirements for tilling soil to limit the risk of soil degradation and erosion. These requirements apply in areas at risk of erosion that Member States were to identify in particular according to their slope as areas above a certain slope degree are often at risk of erosion.

To define these areas Member States mainly used the slope gradient as criterion but some used additional criteria such as a modelling, including soil type.

**Figure 39:** Criteria used by Member States to define areas where GAEC 5 requirements are applicable

| Features                                                              | CSPs                                                       | No of CSPs |
|-----------------------------------------------------------------------|------------------------------------------------------------|------------|
| CSPs using only the 'slope' criterion                                 | BG, EE, EL, ES, FR, HR, IT, CY, LV, LT, HU, MT, PL, PT, SI | 15         |
| CSPs using a slope criterion of 10% or less                           | AT, BG, CZ, EE, EL, ES, FR, IT, CY, MT, NL, PT, SI, SK     | 14         |
| CSPs using additional criteria to define the areas at risk of erosion | AT, BE-FL, BE-WA, CZ, DE, DK, IE, LU, NL, RO, SK, FI, SE   | 13         |

The land and/or tillage management rules set by Member States for the areas at risk include for instance restrictions on ploughing with regard to the direction of tillage compared to the direction of the slope, requirements with regard to plant cover/vegetation either on certain strips or on all of the area in a certain period.

**Figure 40:** Requirements under GAEC 5 applicable in the defined areas

| Features                                                                    | CSPs                                                                                             | No of CSPs |
|-----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|------------|
| CSPs imposing tillage restrictions such as a ban on ploughing               | AT, BE-FL, BE-WA, CZ, DE, DK, EE, IE, FR, IT, CY, LT, LU, HU, MT, NL, RO, SI, SK, SE             | 20         |
| CSPs setting requirements on the direction of tillage compared to the slope | AT, BG, DE, EE, EL, ES, FR, HR, LV, MT, PL, PT, RO                                               | 13         |
| CSPs including requirements for the plant cover, e.g. strips                | AT, BE-FL, BE-WA, BG, CZ, DE, DK, EE, IE, EL, FR, HR, IT, LV, LT, LU, HU, NL, PL, SI, SK, FI, SE | 23         |
| MS setting other requirements                                               | AT, BE-FL, BE-WA, BG, CZ, DE, DK, IE, EL, ES, FR, IT, CY, LT, LU, MT, NL, PL, PT, SI, SK, FI     | 22         |

### GAEC 6: MINIMUM SOIL COVER

This GAEC obliges Member States to define requirements ensuring minimum soil cover in most sensitive periods. This is to protect soil, in particular against leaching, erosion and depletion of organic matter during certain periods of the year, mainly in winter. By nature, this GAEC concerns areas where 'bare soil' occurs, in particular, arable land but also areas with permanent crops.

The effects of the GAEC depend on the area coverage set by Member States and on the required practices. Requirements aim to go beyond the usual soil coverage with winter crops, and, as a general rule, to fully avoid bare soils on arable land in the sensitive period defined by the Member State. A certain flexibility at holding level may be necessary considering the combination of different environmental objectives and to allow for certain agronomic practices during the sensitive period, which can be relevant in light of the types of soil and pedo-climatic conditions. In the case of regions with a short vegetation period resulting from the length and the severity of the winter period, the legislation allows<sup>42</sup> adaptation of the minimum standards.

Member States set the sensitive periods mainly during autumn and winter, considering e.g. rainy periods, but a few focused more on the summer months after harvest when great heat occurs.

In terms of the **area coverage**, this GAEC has been strongly enhanced compared with its predecessor:

- 23 Member States/Plans set requirements to ensure minimum soil cover of 80-100% of arable land in the sensitive period;
- Six Member states adapted the coverage requirements taking their situation and the shorter vegetation period into account. Considering the related need to carry out certain farming practices in autumn, five of those Member States adapted the share of arable land on which a minimum soil cover must be ensured (EE, LV, LT, FI and SE that set shares of 30% - 70% depending on the regions, the more to the north, the lower the share);
- Eight Member states provide for special rules to ensure a minimum soil cover on land lying fallow;
- 23 Member States set explicit requirements for areas of permanent crops. Their extent and scope vary, reflecting the diversity of farming systems with permanent crops, in certain cases targeting only areas with a certain slope.

In general, Member States give farmers flexibility how to ensure minimum soil cover, either by sowing crops/catch crops/winter crops, leaving the stubble, or crop residues on the land or by mulching<sup>43</sup>. Seven Member States included provisions to address specific needs, e.g. organic farmers applying mechanical treatment, such as ploughing, on heavy clay soil to manage certain weeds, diseases and pests.

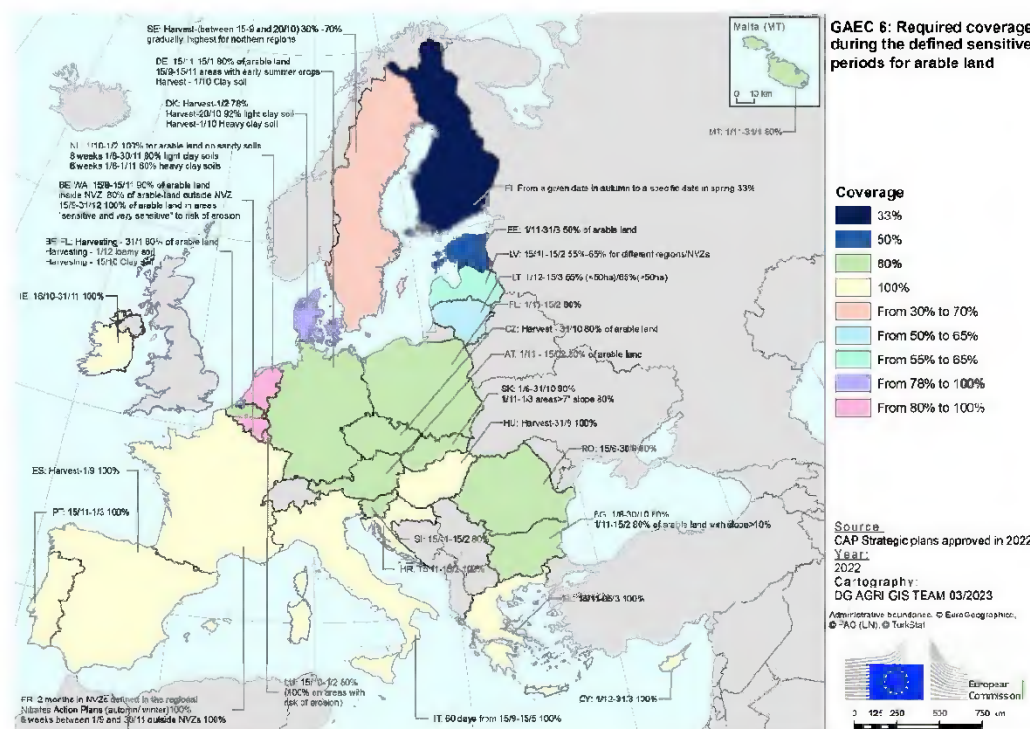
<sup>42</sup> Footnote for GAEC 6 in Annex III to the CSP Regulation.

<sup>43</sup> Technique consisting of covering the soil surface e.g. with straw.

**Figure 41: GAEC 6 Implementation choices**

| Features                                                                                |                                             | MS                                                                                               | No of CSPs |
|-----------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------------------------------------------------------------|------------|
| Main sensitive period for arable land                                                   | Some or all of winter (and possibly autumn) | AT, BE-FL, BE-WA, DE, DK, EE, EL, HR, IT, CY, LV, LT, LU, MT, NL, PL, PT, SI, FI                 | 19         |
|                                                                                         | Autumn (Sep-Nov)                            | IE, FR, SE                                                                                       | 3          |
|                                                                                         | During summer                               | ES, HU, RO                                                                                       | 3          |
|                                                                                         | Summer and autumn                           | BG, CZ, SK                                                                                       | 3          |
| CSPs that set more than one sensitive period*                                           |                                             | BE-FL, BE-WA, BG, CZ, DE, DK, HR, IT, NL, SK, FI                                                 | 11         |
| Different sensitive period for permanent crops                                          |                                             | CZ, FR                                                                                           | 3          |
| *E.g. for areas with certain slope or certain soil type                                 |                                             |                                                                                                  |            |
| Coverage on arable land                                                                 | At least 80%                                | AT, BE-FL, BE-WA, BG, CZ, DE, DK, EL, IE, ES, FR, HR, IT, CY, LU, HU, MT, NL, PL, PT, RO, SI, SK | 23         |
|                                                                                         | Less                                        | EE, LV, LT, FI, SE                                                                               | 5          |
| Special rule for fallow land                                                            |                                             | AT, CZ, DE, ES, LT, LU, NL, FI                                                                   | 8          |
| Coverage of areas of permanent crops                                                    |                                             | AT, BG, CZ, DE, DK, EE, EL, ES, FR, HR, IT, CY, LV, LU, HU, MT, NL, PL, PT, RO, SI, SK, FI       | 23         |
| MS having adapted the coverage to take into account shorter vegetation period (lower %) |                                             | DK, EE, LV, LT, FI, SE                                                                           | 6          |

**Figure 42: GAEC 6 implementation choices for arable land - sensitive periods and coverage**



| MS        | Coverage/<br>months | Ma<br>y | Jun<br>e         | Jul<br>y          | Augus<br>t                                                                              | Septemb<br>er                                                                                                                                                                  | Octobe<br>r                                           | Novemb<br>er                                     | Decemb<br>er | Januar<br>y | Februar<br>y | Marc<br>h | Apri<br>l |
|-----------|---------------------|---------|------------------|-------------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|--------------------------------------------------|--------------|-------------|--------------|-----------|-----------|
| AT*       | 80%                 |         |                  |                   |                                                                                         |                                                                                                                                                                                |                                                       | 1/11 - 15/02 80% of arable land                  |              |             |              |           |           |
| BE-<br>FL | 80%                 |         |                  |                   |                                                                                         | Harvesting - 31/1 80% of arable land<br>Harvesting - 1/12 loamy soil<br>Harvesting - 15/10 Clay soil                                                                           |                                                       |                                                  |              |             |              |           |           |
| BE-<br>WA | 80-100%             |         |                  |                   |                                                                                         | 15/9-15/11 90% of arable land<br>inside NVZ, 80% of arable land<br>outside NVZ<br>15/9-31/12 100% of arable land in areas<br>'sensitive and very sensitive' to risk of erosion |                                                       |                                                  |              |             |              |           |           |
| BG        | 80%                 |         |                  |                   | 1/6-30/10 80%                                                                           |                                                                                                                                                                                |                                                       | 1/11-15/2 80% of arable land with<br>slope>10%   |              |             |              |           |           |
| CZ*       | 80%                 |         |                  |                   | Harvest - 31/10 80% of arable land                                                      |                                                                                                                                                                                |                                                       |                                                  |              |             |              |           |           |
| DE        | 80%                 |         |                  |                   |                                                                                         | 15/9-15/11 areas with early<br>summer crops<br>Harvest - 1/10 Clay soil                                                                                                        |                                                       | 15/11-15/1 80% of arable land                    |              |             |              |           |           |
| DK*       | 78-100%**           |         |                  |                   |                                                                                         | Harvest-20/10 92% light clay soil<br>Harvest-1/10 Heavy clay<br>soil                                                                                                           |                                                       | Harvest-1/2 78%                                  |              |             |              |           |           |
| EE*<br>*  | 50%**               |         |                  |                   |                                                                                         |                                                                                                                                                                                |                                                       | 1/11-31/3 50% of arable land                     |              |             |              |           |           |
| IE        | 100%                |         |                  |                   |                                                                                         |                                                                                                                                                                                | 16/10-31/11 100%                                      |                                                  |              |             |              |           |           |
| EL        | 100%                |         |                  |                   |                                                                                         |                                                                                                                                                                                |                                                       | 15/11-05/3 100%                                  |              |             |              |           |           |
| ES        | 100%                |         | Harvest-1/9 100% |                   |                                                                                         |                                                                                                                                                                                |                                                       |                                                  |              |             |              |           |           |
| FR        | 100%                |         |                  |                   |                                                                                         | 2 months in NVZs, period not set in plan but defined in the regional<br>Nitrates Action Plans (autumn/ winter) 100%<br>6 weeks between 1/9 and 30/11<br>outside NVZs 100%      |                                                       |                                                  |              |             |              |           |           |
| HR        | 100%                |         |                  |                   |                                                                                         |                                                                                                                                                                                |                                                       | 15/11-15/2 100%                                  |              |             |              |           |           |
| IT        | 100%                |         |                  |                   |                                                                                         |                                                                                                                                                                                | 60 days from 15/9-15/5 Period not set in plan 100%    |                                                  |              |             |              |           |           |
| CY        | 100%                |         |                  |                   |                                                                                         |                                                                                                                                                                                |                                                       | 1/12-31/3 100%                                   |              |             |              |           |           |
| LV*       | 55%-65%**           |         |                  |                   |                                                                                         |                                                                                                                                                                                |                                                       | 15/11-15/2 55%-65% for different<br>regions/NVZs |              |             |              |           |           |
| LT*       | 50/65%**            |         |                  |                   |                                                                                         |                                                                                                                                                                                |                                                       | 1/12-15/3 55% (<50ha)/65%(>50ha)                 |              |             |              |           |           |
| LU        | 80%/100%            |         |                  |                   |                                                                                         |                                                                                                                                                                                | 15/10-1/2 80% (100% on areas with risk of<br>erosion) |                                                  |              |             |              |           |           |
| HU        | 100%                |         |                  | Harvest-31/9 100% |                                                                                         |                                                                                                                                                                                |                                                       |                                                  |              |             |              |           |           |
| MT        | 80%                 |         |                  |                   |                                                                                         |                                                                                                                                                                                |                                                       | 1/11-31/1 80%                                    |              |             |              |           |           |
| NL        | 80%/100%            |         |                  |                   |                                                                                         | 8 weeks 1/8-30/11 80% light clay soils<br>6 weeks 1/8-1/11 80% heavy<br>clay soils                                                                                             |                                                       | 1/10-1/2 100% for arable land on sandy<br>soils  |              |             |              |           |           |
| PL        | 80%                 |         |                  |                   |                                                                                         |                                                                                                                                                                                |                                                       | 1/11-15/2 80%                                    |              |             |              |           |           |
| PT        | 100%                |         |                  |                   |                                                                                         |                                                                                                                                                                                |                                                       | 15/11-1/3 100%                                   |              |             |              |           |           |
| RO        | 80%                 |         |                  | 15/6-30/9 80%     |                                                                                         |                                                                                                                                                                                |                                                       |                                                  |              |             |              |           |           |
| SI        | 80%                 |         |                  |                   |                                                                                         |                                                                                                                                                                                |                                                       | 15/11-15/2 80%                                   |              |             |              |           |           |
| SK        | 80%                 |         |                  | 1/6-31/10 80%     |                                                                                         |                                                                                                                                                                                |                                                       |                                                  |              |             |              |           |           |
| FI        | 33%**               |         |                  |                   |                                                                                         |                                                                                                                                                                                |                                                       | 1/11-1/3 areas>7' slope 80%                      |              |             |              |           |           |
| SE        | 30%/70%**           |         |                  |                   | Harvest-(between 15-9 and 20/10)<br>30% -70% gradually, highest for<br>northern regions |                                                                                                                                                                                |                                                       | Autumn-spring dates not set in plan 33%          |              |             |              |           |           |

\* Member States that defined additional specific provision

\*\* Member States with short vegetation period resulting from length and severity of the winter period

## GAEC 7: CROP ROTATION

*The GAEC aims to preserve soil potential through a change of the crops grown on each parcel and thus avoiding monoculture. Such crop rotation can deliver a wide range of benefits: improving the soil physical structure, soil biodiversity and soil fertility, which in turn benefits productivity and enhances soil carbon sequestration. It can also reduce water pollution by breaking the biological cycle of pests/diseases and reducing the need for pesticides. The obligation does not apply to crops grown under water.*

All CAP Plans defined standards on crop rotation.

- 24 CSPs defined as a main rule a standard only focused on crop rotation, while four Member States combine the main standard with a crop diversification requirement.
- Generally, the standard ensures that every year, a significant share of the arable land at holding level will be subject to a change of crop.
- 23 CSPs provide for the use of appropriately managed secondary crops<sup>44</sup> in the crop rotation either as part of the main requirement, or for certain specific situations.
- Almost all Plans require a change of the main crop at the latest after three years.
- Three Member States made use of the option to require, by exemption and where justified, crop diversification for certain regions or territory only. This is based on specific conditions related to the diversity of farming methods and agro-climatic conditions of these regions while ensuring that the requirements set contribute to the GAEC's goal of preserving the soil potential.
- 13 Member States adapt the requirements to address particular needs of specific farming systems and/or practices (mainly specific crops such as vegetables). Such provisions are well framed and limited to ensure that the objective of the GAEC is appropriately addressed.

All Member States apply exemptions for farms with a significant share of temporary or permanent grassland and/or small-scale farms where the need for diversified system and rotation is less relevant<sup>45</sup>. Organic farmers are deemed to comply with this GAEC standard.

While the detail of practices differs across the CAP Plans, a level playing field is ensured through certain commonalities and requirements (e.g. a minimum rotation of parcels annually, ensuring a crop rotation of all parcels at the latest after three years), considering specific characteristics of the areas concerned, including soil and climatic conditions and farming systems, practices and structures.

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<sup>44</sup> Defined differently by Member States, sometimes as e.g. 'intermediate crop'

<sup>45</sup> Exemptions either based on physical size of the holding (arable land below 10 hectares), and/or certain structures of the holding (when more than 75 % of arable land is cultivated with grass, herbaceous forage, legumes and/or fallow land and/or where more than 75% of the eligible agricultural area is permanent grassland, is used for the production of grasses or for the herbaceous forage or for the cultivation of crop under water either for a significant part of the year or for a significant part of the crop cycle, or is subject to a combination of those uses).

**Figure 43: GAEC 7 Implementation choices**

| Features                                                                                                                                                                      | CSP                                                                                                  | No of CSPs |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|------------|
| Only crop rotation                                                                                                                                                            | BE-FL, BE-WA, BG, CZ, DE, DK, EE, EL, FR, HR, IT, CY, LV, LT, LU, HU, MT, NL, PT, RO, SI, SK, FI, SE | 24         |
| Crop rotation with diversification as a combined practice                                                                                                                     | AT, IE, ES, PL                                                                                       | 4          |
| Practice ensuring that a significant share of arable land at holding level is rotated every year                                                                              | All but IE and ES                                                                                    | 26         |
| Practice ensuring a change of main crop after maximum three year                                                                                                              | All but ES, FR, HR and MT                                                                            | 25         |
| Use of secondary crop (either as a general requirement or in special situations)                                                                                              | All but AT, CY, LV, SK and FI                                                                        | 23         |
| Special requirements for certain crops (or situations)                                                                                                                        | AT, BE-FL, BE-WA, CZ, DE, DK, IE, FR, IT, HU, PT, FI, SE                                             | 13         |
| Exemption in certain regions: Crop diversification                                                                                                                            | IE, FR and NL                                                                                        | 3          |
| Use of the exemption(s) from GAEC 7 for (i) farms with <10 hectares of arable land; (ii) holdings with >75% of temporary grassland/fallow; (iii) >75% of permanent grassland. | All except EE that apply exemption (i);<br>All except NL apply exemptions (ii) and (iii)             | 28         |

## BIODIVERSITY AND LANDSCAPE

### GAEC 8: NON-PRODUCTIVE AREAS AND FEATURES

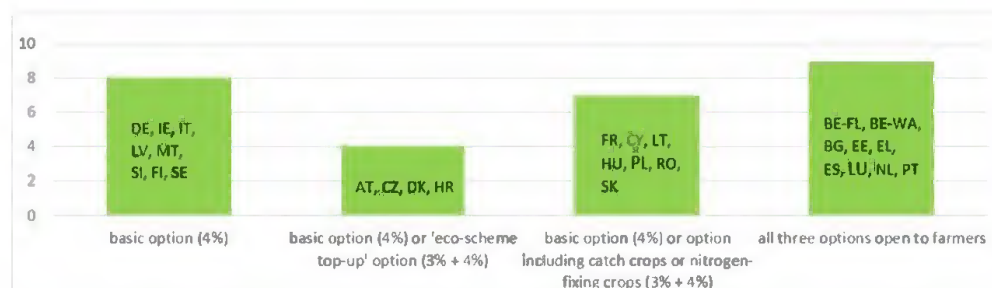
*The standard requires Member States to specify conditions to improve on-farm biodiversity consisting of three compulsory and one optional requirement.*

#### 1. Minimum share of arable area devoted to non-productive features or areas

Farmers are required to dedicate a proportion of their arable land to non-productive areas and features. Member States could choose amongst three options to offer to farmers, all of which include a certain level of obligation to have non-productive features and areas.

- All Member States are offering farmers a possibility to fulfil this obligation through the basic option, where **at least 4%** of arable land at farm level must be devoted to non-productive areas and features, including land lying fallow;
- In addition, 12 Member States/13 Plans are offering an alternative option, where a farmer commits to devote **at least 7%** of arable land to non-productive areas and features, including land lying fallow, under an 'enhanced' **eco-scheme**; under this option, the share to be attributed to compliance with the GAEC is limited to **3%** (AT, BE-FL, BE-WA, BG, CZ, DK, EE, EL, ES, HR, LU, NL and PT);
- Further, 15 Member States/16 Plans are offering another alternative, with a minimum share of **at least 7%** of arable land at farm level if this includes also **catch crops or nitrogen-fixing** crops, cultivated without the use of plant protection products, of which **3%** must be **land lying fallow or non-productive features** (BE-FL, BE-WA, BG, EE, EL, ES, LU, NL, PT, FR, CY, LT, HU, PL, RO and SK). Under this option, Member States should use a weighting factor of 0.3 for catch crops (e.g. one hectare of catch crops counts for 0.3 hectares towards the 7% minimum share).

**Figure 44:** CSPs according to the options for implementation of GAEC 8 available to farmers



Under the 'greening EFA obligation' around 1.9 million hectares were non-productive (2021), mostly fallow land but also some landscape features. Under this new obligation, the number of hectares of non-productive areas and features on arable land could potentially increase to around 3 million hectares.\* As the obligation applies at farm level and always requires a minimum share of non-productive areas and features, it will also increase the non-productive area and features in areas dominated by more intensive crop production.

\* Assuming implementation through the basic option

Member States had to set a **list of features** that the farmers can declare for the sake of fulfilling this obligation. Frequently, these lists include *cairns, cultural features<sup>46</sup>, ditches, field margins, buffer\_strips, trees, lines and groups of trees, hedges, small ponds, stonewalls, terraces and land lying fallow*.

Member States may use conversion factors and weighting factors linked to different features to facilitate their declaration by farmers, while considering the objective of the GAEC. 19 Member States (all except AT, CY, DE, DK, EE, FR, LT, SI) set **conversion and/or weighting factors**.

The CAP Strategic Plan regulation permits that Member States define that certain **farmers are exempted from the obligation**, either when having a limited area of arable land, and/or in relation to the structure of the holding if it includes significant shares of temporary or permanent grassland. All Member States but Denmark, Estonia and Ireland are making use of these exemptions.

## 2. Retention of landscape features

Under this obligation Member States set up a list of features which are protected and must be retained.

All Member States established such lists. Examples of features include *hedges, trees, small ponds, ditches, cultural features, terraces, stonewalls and small ponds* but the choices differ across the CSPs.

## 3. Ban on cutting hedges and trees during the bird breeding and rearing season

Under this obligation each Member State sets the period for application of the ban relevant to their specific situation.

The periods set by Member States are at the earliest starting in February, but many will start later in the year and typically end in the summer/autumn months.

## 4. Optional measures for avoiding invasive plant species

<sup>46</sup> For example archaeological features, elements of traditional architecture, natural monuments.

12 CSPs (BE-FL, BG, EE, IE, EL, HR, LV, LU, MT, RO, SI, FI) made use of the option to set requirements for avoiding invasive plant species.

## GAEC 9: BAN ON CONVERTING AND PLOUGHING PERMANENT GRASSLANDS IN NATURA 2000 SITES

*To protect habitats and species, Member States must ensure that farmers do not convert or plough permanent grassland in Natura 2000 sites designated as environmentally sensitive. This GAEC replaces a similar requirement under 'greening', though the GAEC is focused on the Natura 2000 sites.*

In their CAP Strategic Plans Member States provided an indication of the number of hectares that will be protected through GAEC 9. Several Member States have qualified as sensitive all grassland habitats in Natura 2000 sites as sensitive.

**Figure 45:** Total indicative area of environmentally sensitive permanent grassland covered by GAEC 9 compared with the area of ESPG in Natura 2000 under 'greening' report



*The indicative area of environmentally sensitive grasslands in Natura 2000 sites (9.98 million hectares) is 9% higher than the similar area previously declared under greening.*

## ADDITIONAL GAECs

The CSP Regulation gives Member States a possibility to define additional GAEC standards. Six Member States used this option (AT, BE-FL, ES, LV, NL and FI).

- In case of four Member States the additional GAEC builds on GAEC 4 addressing nutrient management and/or the protection of water courses. This is the case of Austria (proper phosphorus fertilisation) and Spain (sustainable fertilisation) focusing on nutrient management. In Latvia, GAEC 10 requires appropriate maintenance of drainage

systems, whereas in the Netherlands it prescribes a 1-meter buffer strip along ditches that fall dry during the summer.

- In Belgium-Flanders, the additional GAEC requires a ban on converting or ploughing permanent grassland designated as environmentally sensitive outside Natura 2000 areas, building on GAEC 9.
- In Finland, the additional GAEC builds on GAEC 1, where after 2022, any area other than peatland grubbed up or otherwise taken up as new agricultural land from other uses, must be permanently under grassland.

## 5.2 FUNDING FOR ACTION FOR THE ENVIRONMENT AND CLIMATE

Building on the strengthened conditionality, much of the environmental ambition of CAP Strategic Plans relies on the different kinds of funded action (**'interventions'**) which go beyond GAEC standards and other EU and national mandatory requirements. In order to guarantee a minimum budget ('ring-fencing') for these actions and practices, the CSP Regulation defines minimum obligations for targeted funding at the level of each CAP Strategic Plan.

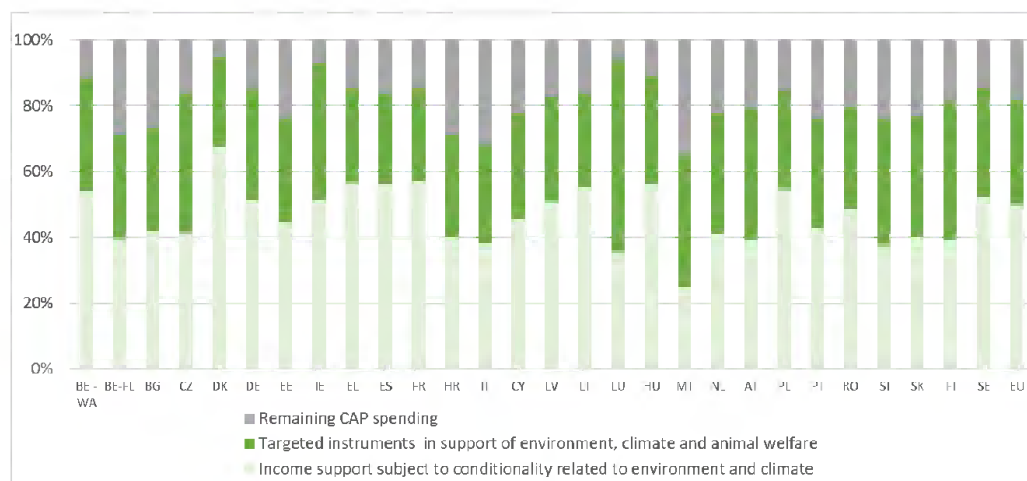
A new obligation is that Member States **must spend at least 25% of their direct payments budget allocations on the new instrument of 'eco-schemes'**, which can fund a wide range of environment- and climate-friendly practices as well as practices favourable to animal welfare and to combating anti-microbial resistance. Lower levels are possible when Member States spend a share of their **rural development** allocation on the environment and climate higher than **the legally requested 35%**. These changes nudge CAP Strategic Plans in the direction of higher environmental ambition.

The instruments or interventions which can be accounted for the ring-fencing under rural development include environmental, climate and other management commitments (Article 70), compensation payments for area-specific disadvantages in relation to the EU Birds and Habitats Directives (EU Nature Directives) and the Water Framework Directive (Article 72), investments targeting environment and climate objectives (Articles 73-74), as well as 50% of the allocation for areas of natural constraints (Article 71).

Under sectoral support, at least 5% of the expenditure for wine and at least 15% for fruit and vegetables has to be dedicated to environment and climate protection.

Overall, the CAP Strategic Plans **devote 32% of the total public CAP funding** (EUR 97.6 billion) to **encourage** farmers to invest or implement practices going beyond the conditionality **to deliver environmental benefits** for climate, water, soil, air, biodiversity, and animal welfare and help the EU advance towards the Green Deal objectives.

**Figure 46: CAP public financing contributing to protection of environment, climate and animal welfare (EAGF/EAFRD and national funds, %, 2023-2027)<sup>47</sup>**



Compared to the 2014-2022 period, the CAP legislation increased the minimal spending requirement for rural development, bringing it up by 5 percentage points to 35% (although spending on animal welfare is now also included in the calculation), and involves a weighting factor of 50% applied to payments to areas facing natural constraints.

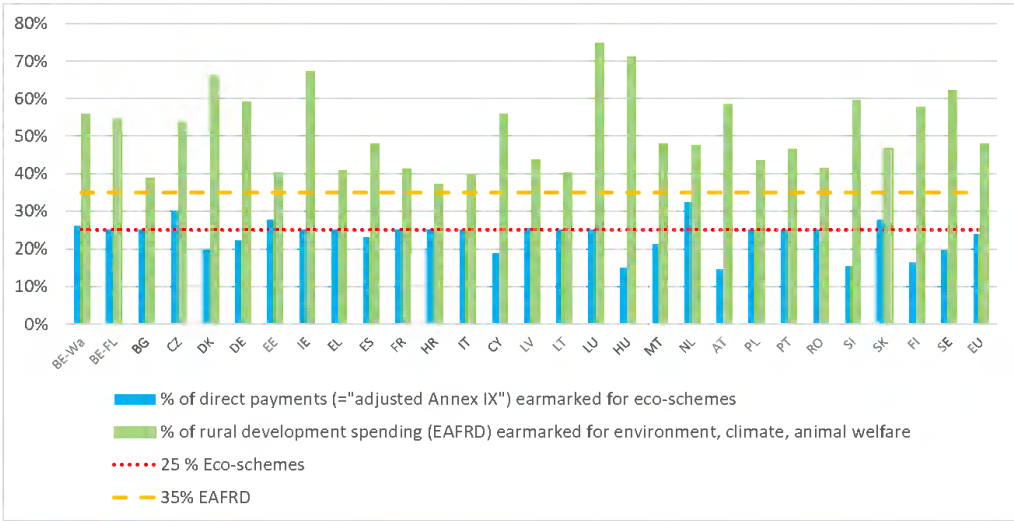
- Based on Member States' preferences for financing across the instruments and funds (EAGF, EAFRD), 24% of direct payments is dedicated to eco-schemes (EUR 44.7 billion) and 48% of the rural development spending (EUR 31.6 billion) is earmarked for environment and climate<sup>48</sup>.
- Eight CAP Plans (BE-WA, CZ, EE, EL, LV, NL, RO and SK) schedule to spend more than 25% of their direct payments budget on eco scheme, and seven CAP Plans (BG, FR, LT, LU, PT, IE and PL) plan exactly 25%.
- The remaining 13 CAP Plans use the 'rebate'<sup>49</sup> mechanism to reduce the eco-scheme budget allocation below 25% (AT, BE-FL, CY, CZ, DE, DK, ES, FI, HR, HU, MT, SE and SI), while programming higher spending on the environment under rural development.
- The rural development spending ranges from 37% to 75% depending on the CAP Strategic Plan, with 15 CPS below 50% (BG, EE, EL, ES, FR, HR, IT, LV, LT, MT, NL, PL, PT, RO and SK) and the remaining 13 above up to 75%<sup>2</sup>.

<sup>47</sup> Income support subject to conditionality: BISS, CRISS, complementary income support for young farmers (CIS-YF), CIS, cotton and includes ANC 50%; Targeted instruments in support of environment, climate, animal welfare: eco-schemes, AECC, ANC 50%, Natura 2000/WFD, green and non-productive investments, sectoral support (ring-fenced amount).

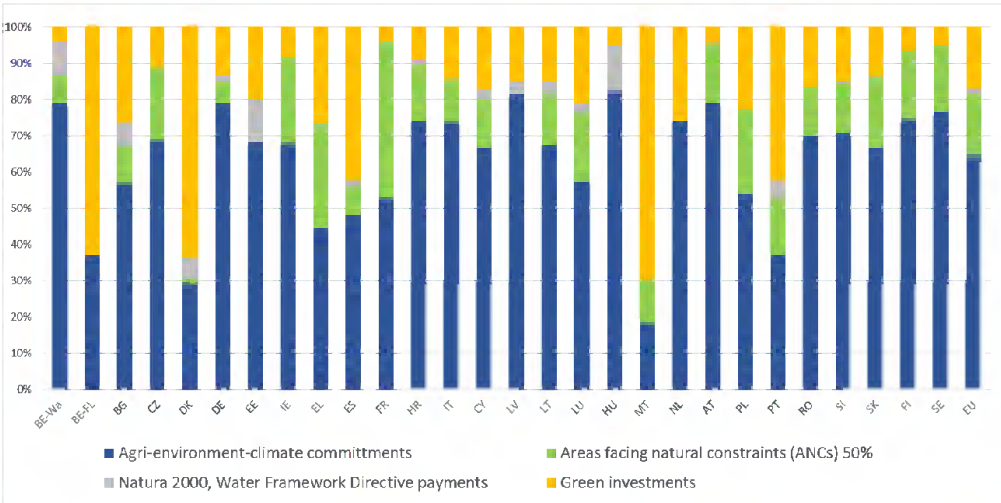
<sup>48</sup> Required ring-fencing for eco-schemes – min 25% of direct payments; for EAFRD – min 35% as set out in the CSP Regulation.

<sup>49</sup> The 'rebate' mechanism (Article 97(2) of the CSP Regulation) allows Member States to reduce the amount to be reserved for eco-schemes insofar as the environmental and climate interventions addressing the specific objectives set out in Article 6(1), points (d), (e) and (f) and as regards animal welfare, in Article 6(1), point (i), exceeds the 30 % of the total EAFRD contribution.

**Figure 47:** Budget allocations for environment, climate and animal welfare according to ring-fencing obligations (% , 2023-2027)



**Figure 48:** Distribution of planned rural development spending on the environment, climate and animal welfare considering the categories for the required minimum allocation (EAFRD, 2023-2027)



As direct payments constitute the largest share of CAP' spending and cover a larger proportion of the EU's utilised agricultural area, the planned spending on eco-schemes offers a wide reach to foster the transition of farmers towards more sustainable farm practices and systems. At EU level, eco-schemes will cover around 110 million hectares in 2023 if farmers subscribe to the schemes as expected, which represents nearly 68% of total UAA.

### 5.3. TARGETS ON INTENDED UPTAKE/COVERAGE OF FUNDED CAP INTERVENTIONS

The potential environmental benefit of spending on environment and climate specific objectives depends on the **coverage**, the **nature** of the action being funded and the **right level of payment**.

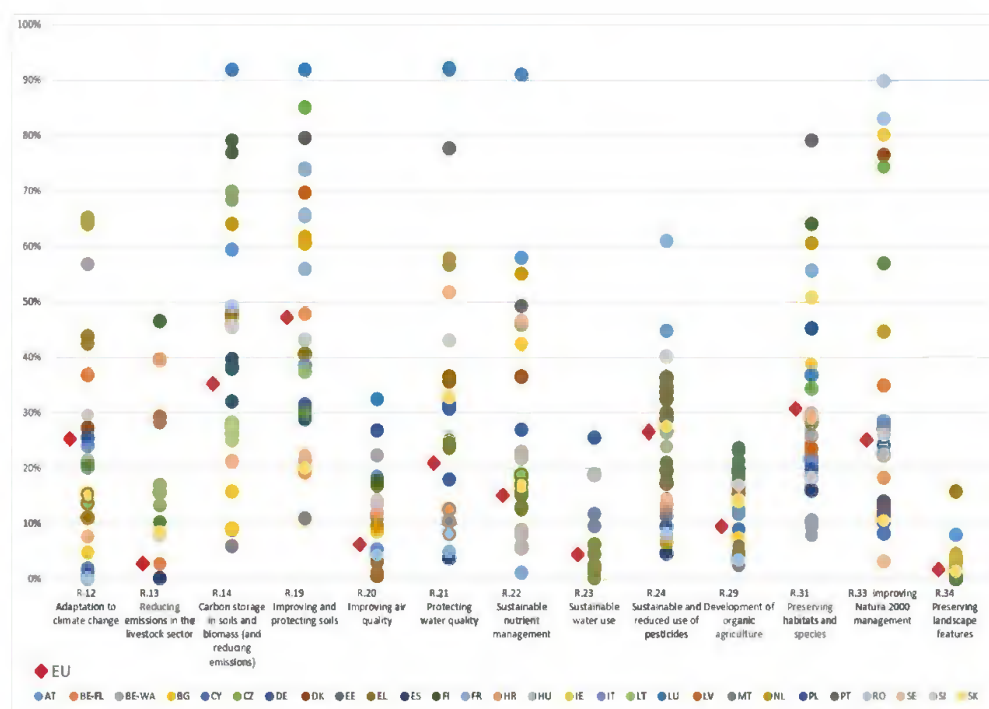
Member States set specific **target values** for the relevant **result indicators** in the form of estimated coverage of the measures (e.g. a share of their UAA, a share of their livestock units/LUs).

The efficiency and effectiveness of **their choices** has to be seen in **the context of different starting points, the specific environmental problems** of each Member State but also the requirements they set at the level of **conditionality**.

Given these specific needs Member States chose different approaches: with wider coverage of practices for incremental improvements or sustaining existing beneficial practices and/or with targeting of hotspots or particular environmental assets through more dedicated, ambitious practices.

Furthermore, some Member States indicate that certain problems will be addressed through measures **(largely) outside the CAP**.

**Figure 50** Target values of selected result indicators per Member State (% of the UAA under dedicated practices, for R.13 - % of the livestock units under dedicated practices)\*



\* In limited cases, the calculation of certain target values for result indicators or the links between the result indicators and the contributing interventions may require correction. This will be addressed during the process of formal change of CAP Strategic Plans. The R.34 value of LU is not displayed because it is an outlier that will be corrected in the course of the year.

**For example, in terms of reducing greenhouse gas (GHG) emissions:**

- Building on the requirements under GAECs, the Plans deploy a large variety of voluntary interventions on agricultural **soils** that can address greenhouse gas emissions - including reducing carbon loss from organic soils and reduced losses of nitrous oxide and methane from the better use, management and application of fertilisers to soils. (R.14 – Carbon storage in soil and biomass: reducing emissions or maintaining or enhancing carbon storage). These actions will benefit 35% of the EU agricultural land.
- In contrast, actions to reduce methane or ammonia emissions from **livestock** were designed by only 11 out of 28 CSPs who set the relevant target (R.13 – Reducing emissions in the livestock sector) ranging from 0.12% to close to 47% of all livestock units (2.4% at the EU level). Eight eco-schemes are linked to R.13 to address livestock emissions designed by seven Member States (AT, BE-FL, EL, LT, PT, SI and SK). The eco-schemes include practices to ensure outdoor grazing (AT, EL, LT and SK) and adaptation of feed management or the use of feed additives to reduce emissions (BE-FL, EL, PT and SI).
- The relatively low target for R.13 is in part due to the fact that agri-environment commitments are to be paid per area covered, rather than per livestock unit and so do not count towards this livestock unit-based indicator.
- There are a few agri-environment-climate interventions addressing livestock emissions - including genetic improvement for cows (IE), improved feeding (SI) and an intervention that targets livestock reduction (LU) – that are not captured under R.13, but under other area-related indicators.
- Emissions are also addressed through investments, captured under Indicator R.16 (Investments related to climate) reflecting a target share for benefiting farms. These include support for manure storage, treatment, application methodologies, bio-gas production and circular approaches to nutrient management to minimise losses to the environment.
- Beyond this there are actions that support livestock systems with extensive and permanent grassland management, including organic farming which contribute to maintaining carbon stocks and reduced inputs.
- Some Member States also indicated that more significant actions targeting livestock are planned with national level funding planned outside of the CSPs.

**Closer look at CAP Plans – promoting sustainable livestock farming**

*Luxembourg will use a significant proportion of EU funds to address major environmental and climatic needs of their agriculture: 75% of its EAFRD funds and 25% of direct payments (eco-schemes). Reducing the GHG and ammonia emissions **from livestock farming** is one of the priorities since beef and veal production sector is one of the most significant in Luxembourg. Luxembourg designed a comprehensive strategy combining interventions in the CSP with nationally funded measures. Within the CSP, the rural development intervention to **reduce livestock density** will directly contribute to this objective. Farmers will engage to reduce their livestock density by at least 15% within the first three years to benefit from aid under this intervention. This action helps not only climate and air objectives but also helps in protecting water and biodiversity)*

**Closer look at CAP Plans: promoting sustainable livestock farming**

**Greece** plans an intervention that will improve **the environmental condition of grazing land in areas at risk of desertification** due to erosion and degradation of pastureland. The obligations of producers in these areas relate either to the suspension of grazing in areas with degradation problems, or to the movement of herds to mountainous, usually grazing land, which is affected by poor grazing due to reduced accessibility and thus increased fire risk. Support will also be provided for the implementation of a livestock programme of appropriate enrichment and ultimately **optimisation of the diet** of ruminants to reduce GHG emissions and to reduce the use of antibiotics on all farms.

**Belgium-Flanders** plans an eco-scheme to encourage cattle farmers to implement **feeding measures to reduce enteric methane emissions** from cattle. Adapted feed rations can reduce methane emissions per animal. During the period of the commitment, the farmer may choose from a list of feed measures. Feed measures may be added and adapted in the light of new scientific knowledge. Feed measures — including the conditions — are validated in accordance with the Flemish Covenant of Understanding on enteric emissions. The allowance, for the additional costs of the feed, is paid for each day a bovine animal is present on the farm and the appropriate feed is administered.

#### 5.4. INTERVENTIONS IN FAVOUR OF THE ENVIRONMENT AND CLIMATE ('NATURE' OF FUNDED ACTION)

The effects of funded interventions in relation to environmental and climate-related objectives depends on their coverage in terms of area and the number of beneficiaries but also on their **content**, notably the practices supported.

#### ECO-SCHEMES IN THE CAP STRATEGIC PLANS

**Eco-schemes**<sup>50</sup>, one of the novel elements of the new CAP, will support farmers in adopting practices that minimise the negative impact of agriculture on the environment and climate and help them evolve towards more sustainable farming models. Member States had the flexibility to customise the eco-schemes to specific national environmental and climate needs.

##### Main features

Overall, the CSPs set out **158 eco-schemes**:

- Most Member States designed **several eco-schemes**, each of which is **relatively specific** to a given objective;
- Six Member States (CZ, FR, HU, IE, NL, SK) provide for only one, **multi-dimensional eco-scheme**. Such schemes include a package of options, made up of a mix of practices of various degree of ambition, from which farmers can make a selection. In such cases, farmers are often requested to select or perform practices covering their whole agricultural area (this approach is referred to as a '*whole-farm*' approach'). In addition to the main '*whole-farm* eco-scheme', CZ and SK set out more specific ones;
- Two CAP Strategic Plans (NL, HU) put forward **points-based eco-schemes**, which allocate a scoring/weighting to the different practices according to their likely positive impact and encourage farmers to select those practices most relevant to the environmental and climate-related needs on their farms and/or in their regions;
- Other Plans (e.g. LT, IE, PL) request farmers to take up more than one eco-scheme or a minimum number of practices, relating for instance to arable land, to ensure synergies and provide a higher environmental value;
- The eco-schemes differ greatly in their **level of environmental ambition**. This variation can be seen both at the level of individual practices supported, as well as at the level of how options work together in multi-option schemes. These design choices, together with other criteria and interventions, form part of the different strategies to address the environmental needs identified by the Member States based on their SWOT analysis.

<sup>50</sup> See Article 31 of the CSP Regulation.

**Figure 51:** CSPs according to thematic coverage of eco-schemes (CSPs addressing the topic through at least one eco-scheme, including 'multi-dimensional')<sup>51</sup>

|                             | AT | BE-FL | BE-W | BG | CY | CZ | DE | DK | EE | EL | ES | FI | FR | HR | HU | IE | IT | LT | LU | LV | MT | NL | PL | PT | RO | SE | SI | SK |
|-----------------------------|----|-------|------|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| Integrated production       |    |       |      |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| IPM/pesticide management    |    |       |      |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Nutrient management         |    |       |      |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Soil conservation practices |    |       |      |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Organic farming             |    |       |      |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Landscape and biodiversity  |    |       |      |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Wetlands and peatlands      |    |       |      |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Grassland and grazing       |    |       |      |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Animals and animal welfare  |    |       |      |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Precision farming           |    |       |      |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Water management            |    |       |      |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |

### Types of payments

- Among the 158 eco-schemes, 18% provide payments that go beyond the BISS ('top-up' to BISS).<sup>52</sup> The remaining 82% provide payments intended to offset/compensate the additional costs and income loss (and possible transaction costs) incurred by farmers due to these commitments<sup>53</sup>;
- The eco-schemes setting out payments additional to BISS are those with requirements for biodiversity/landscape features that are of a non-productive nature, those following a 'whole farm approach' and those not linked to specific land uses<sup>54</sup>;
- 12 CAP Plans establish eco-schemes based only on compensatory payments.

### Design approaches

Member States chose very different approaches in terms of eco-scheme design:

- Most Member States plan between five and 10 eco-schemes catering for different land uses and environmental objectives;
- In a few cases the number of eco-schemes is higher: four CSPs provide at least 10 different eco-schemes (BE-FL, EL, LT, SI);
- Three Member States plan three or four eco-schemes (MT, FI, SE) with a high planned area coverage. For example, Sweden plans three eco-schemes: one for organic farming, one for the use of catch crops and intermediate crops also in combination with spring tillage, and one for precision agriculture;

<sup>51</sup> Multi-dimensional schemes contain an array of practices that contribute to more than one environment-climate objective. In this figure, these schemes have been attributed to several topics.

<sup>52</sup> Article 31(7)(a) of the CSP Regulation.

<sup>53</sup> Article 31(7)(b) of the CSP Regulation.

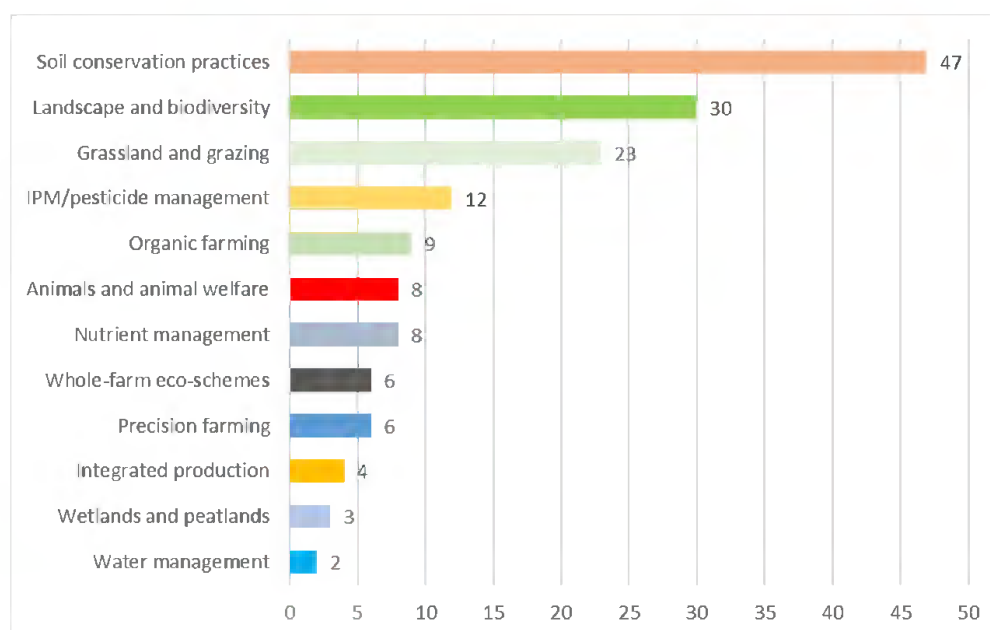
<sup>54</sup> To be compatible with the WTO 'Green Box' requirements. Article 10 of the CSP Regulation sets that eco-schemes shall qualify under the relevant criteria of the paragraphs of Annex 2 to the WTO Agreement on Agriculture (Green Box criteria), which are indicated in Annex II of the Regulation.

- Four Member States (CZ, FR, HU, and SK) plan a single eco-scheme with different commitments to be fulfilled based on the type of agricultural land resulting in a payment per hectare ('top up' to BISS) for all of the area of the holding ('whole farm approach'). Ireland and the Netherlands also set out a single multi-dimensional scheme with different options though holdings are not requested to subscribe all farmland;
- In some cases, individual eco-schemes set out alternative options from which farmers can choose (e.g. CY, BE-FL, ES, BG) thus offering further flexibility, other eco-schemes set out combined practices to intensify particular environment benefits;
- While most eco-schemes will be implemented annually, some Plans (LT) provide multi-annual schemes or schedule incentives for farmers that subscribe more than one year (ES).

#### Common practices supported (all going beyond conditionality)

- At EU level, eco-schemes targeted to **soil conservation** (increasing natural fertility, carbon farming) account for 30% of the overall; those addressing biodiversity and landscape features represent nearly 20% and those on grazing and grassland management account for 15%. Support to organic farming and pesticide management account for 6% each. Few Plans include specific schemes targeted to peatland and wetlands (2%) and animal-related actions (5%);
- **soil** management aiming at improving soil structure and increasing soils' ability to store organic matter (carbon sequestration): long-cycle rotations, leguminous crops, crop diversification, tillage restrictions (e.g. no-till), catch crops, green cover in permanent crops, straw incorporation;
- preserving **biodiversity and landscapes**: ecological management of farmland, maintenance and creation of landscape features and non - productive areas, melliferous and other crops beneficial for pollinators and fauna, extensive management of biodiversity-rich farming systems;
- **pesticide** management: banning or limiting the application of plant protection products, promoting biological control, mechanical weeding, use of resistant and local species and varieties;
- **grasslands** management: extensive management of grassland including ban of fertilisation and limits in stocking density, minimum grazing periods, ban on ploughing of (permanent) grasslands, mowing obligations/restrictions adapted to biodiversity, conversion of arable land to grasslands;
- **nutrient management**: banning the use of mineral fertilisers, limiting the use of fertilisers or setting requirements on their application to the soil, promoting the use of organic fertilisers such as manure, slurry or compost, carrying out fertilisation plans to improve efficiency;
- Some CSP include support to **organic farming** as well as other existing national certifications, such as **integrated production**;
- **animal welfare** and anti-microbial resistance: outdoor grazing of animals for a minimum duration or providing more living space to animals.

**Figure 52:** Number of eco-schemes by thematic objective in the 28 CSP labelled according to their main thematic objective (including multi-dimensional/ 'whole-farm' eco-scheme)



**Eco-schemes** are a new tool. They will either support 'new' (i.e., not previously applied) environment- and climate-friendly practices on Member States' farmland, or **increase the area** on which such practices are applied, or both. In some cases, support under past agri-environment-climate measures under rural development (sometimes including support for organic farming) was transferred partly or wholly to eco-schemes. Some eco-schemes will support **practices that were obligatory under the past 'greening' requirements or that are included in new GAEC standards**, but on a **more ambitious scale** – for example, funding of crop rotations more ambitious than those required under GAEC 7, or areas beneficial for biodiversity beyond those required by GAEC 8.

**Closer look at CAP Plans: Use of organic fertilisation to increase farm autonomy**

**Portugal** set up an eco-scheme with the objective of replacing synthetic fertilisers by organic ones, using livestock effluents (manure and slurry), or other organic fertilisers. The beneficiary has to ensure more than 25% organic fertilisation, taking into account the specific crop needs for nitrogen and phosphorus based on a nutrient management plan. Beneficiaries have to apply the rules for effluent management set out in the action plan for the Nitrate Vulnerable Zones. This intervention will be particularly relevant in the context of high fertilizer prices caused by the invasion of Ukraine.

**Bulgaria, Croatia, Cyprus, Greece and Slovenia** also plan to promote organic fertilisers as an alternative to synthetic ones, including adaptation of the use of fertilisers to the crops' needs based on a fertilisation plan.

## Rural development support

Within **rural development support**, as in past rural development programmes, Member States established different kinds of interventions, which between them address the needs of different nature. This includes many **agriculture-related area-based interventions** addressing specific environment and climate objectives in combination or in addition to other well-established '**non-area**' **based instruments** (such as investments, cooperation, knowledge exchange) of the green architecture. In contrast to the instruments of 'direct payments', these are also open to beneficiaries other than farmers, they are multiannual rather than annual, and the funding made available to farmers and beneficiaries includes a national component (funded through EAFRD with national co-financing).

**Figure 53:** *Environment and climate focused 'rural development' area-based interventions*

| Type of intervention (or sub-type)                                                                                                                                                                                                                   | Total number | Addressing specific objectives <sup>3</sup> :                              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------------------------------------------------------------------|
| Natura 2000 payments <sup>1</sup>                                                                                                                                                                                                                    | 25           |                                                                            |
| Water Framework Directive payments <sup>1</sup>                                                                                                                                                                                                      | 5            |                                                                            |
| Management commitments:<br><b>agri-environment-climate commitments<sup>2</sup></b>                                                                                                                                                                   | 213          | Climate change: 187<br><br>Natural resources: 209<br><br>Biodiversity: 270 |
| Management commitments:<br><b>forest-environment and climate<sup>2</sup></b>                                                                                                                                                                         | 17           |                                                                            |
| Management commitments:<br><b>afforestation and agroforestry</b>                                                                                                                                                                                     | 20           |                                                                            |
| Management commitments:<br><b>conversion to, maintenance of organic farming<sup>2</sup></b>                                                                                                                                                          | 35           |                                                                            |
| Management commitments:<br><b>conservation of genetic resources<sup>2</sup></b>                                                                                                                                                                      | 52           |                                                                            |
| <sup>1</sup> See Article 72 of the CSP Regulation.<br><sup>2</sup> See Article 70 of the CSP Regulation.<br><sup>3</sup> Totals in columns 2 and 3 do not match as many interventions contribute simultaneously to more than one specific objective. |              |                                                                            |

## AGRI-ENVIRONMENT-CLIMATE COMMITMENTS (AECC)

The AECC show a huge variety, reflecting the different needs that exist but also the experience that Member States developed with the implementation of the previous rural development programmes. There are also new and innovative approaches, including biological control, precision and digitalised agriculture and collective or results-based payments for broader ecosystem restoration.

- With more than 200 AECC interventions for the whole EU, the number of AECCs per Member States ranges from two (NL) to more than 40 (IT).
- Some of these interventions cover the **entire country while others target a specific geographical area** with particular, clearly defined habitats or ecosystems needing protection e.g. alpine pasture management in Austria, wetland/peatland in Sweden, and management of river basin areas in Portugal.
- Some CAP Plans identified a very well-articulated **link between the needs that derived from Annex XIII environment and climate legislation** and the design of the interventions, for others this was less well demonstrated.

- Many interventions are designed as **broad schemes**, often consisting of different elements, covering several needs<sup>55</sup>, and aiming at a high area coverage. Interventions such as protection of rural landscape, restoration of degraded land/pastures, management of arable land, Integrated Pest Management and circular economy concern a variety of practices, contributing to a number of the result indicators. For example, Italy designed an AECC intervention, 'Active Management of Ecological Infrastructure', which bans the chemical control of pest and the application of fertilisers along water course and introduces mowing obligations and grazing restrictions, preserving landscape elements and water quality.
- Other AECC interventions are **quite targeted**. Those addressing afforestation, supporting pollinators and other resistant/local plants, grazing, management of pastures, protection of wildlife, biodiversity and very specific habitats – tend to cover smaller areas and are linked to fewer result indicators. The **way to tackle an identified problem** and to achieve the environmental objectives set in the CAP Strategic Plans is also **diverse**. For example, Germany designed specific and separate dedicated AECC interventions for water quality, another for soil protection and another for climate. Some Member States designed general interventions to maintain extensive high nature value farming and landscapes (mainly focused on grassland management) and others focussed on reducing the impacts of more intensive farming.

**Figure 54:** CSPs according to thematic coverage of agri-environment-climate commitments (CSPs addressing the topic through at least one AECC, including 'multi-dimensional')

|                                  | AT | BE-FL | BE-WA | BG | CY | CZ | DE | DK | EE | EL | ES | FI | FR | HR | HU | IE | IT | LT | LU | LV | MT | NL | PL | PT | RO | SE | SI | SK |
|----------------------------------|----|-------|-------|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| Plant Protection                 |    |       |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Fertilisation and Soil Amendment |    |       |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Manure Storage                   |    |       |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Soil Management                  |    |       |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Crop Rotation Diversification    |    |       |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Landscape                        |    |       |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Forestry                         |    |       |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Grasslands and Grazing           |    |       |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Animals                          |    |       |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Other Species                    |    |       |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Water management                 |    |       |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Bioeconomy/Energy Efficiency     |    |       |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Management Plans                 |    |       |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Precision Farming                |    |       |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Certification Schemes            |    |       |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Organic Farming                  |    |       |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Low Input Systems                |    |       |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Training                         |    |       |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |

#### **Closer look at CAP Plans – collective and result based approach**

**The Netherlands** plans a targeted, result-based agri-environment climate commitments, executed by certified collectives of farmers. Each province establishes a nature management plan specifying nature and biodiversity objectives for certain areas. In a tender procedure certified collectives of farmers may submit their plans setting out how they would achieve these objectives. This is a basis for reaching an agreement between the province and the collective of farmers on the results to be achieved.

<sup>55</sup> And therefore linked to several result indicators.

### Other management commitments: conservation of genetic resources

Support for genetic resources in agriculture and in forestry is programmed by all Member States, with the exception of Latvia and Denmark. This includes two different categories:

- preserving on farm endangered breeds and plant varieties under threat of genetic erosion and
- support for activities regarding the conservation, the sustainable use and development of genetic resources in agriculture and in forestry.

Whereas the vast majority of Member States focus the support for on farm preserving of endangered livestock breeds (with high variety of farm animals supported depending on the Member State) and agricultural plant varieties, there are also interventions specifically addressing the forest sector through conservation measures (e.g. gene banks). Such support for conservation of genetic resources can be provided for in-situ as well as ex-situ conservation and other activities related to this conservation.

### PAYMENTS FOR NATURAL OR OTHER AREA-SPECIFIC CONSTRAINTS

Farms in areas affected by natural and other area specific constraints (around 60% of the EU UAA) are eligible for an annual payment to compensate for income foregone and additional costs related to continuation of their agricultural activity (see section 4). The support also contributes to limiting land abandonment, which can contribute to preserving farmland biodiversity, particularly on mountain pastures.

### NATURA 2000 AND WATER FRAMEWORK DIRECTIVE PAYMENTS

The CAP may support application of certain mandatory requirements stemming from the two EU Nature Directives and the Water Framework Directive. These annual payments may be granted per hectare to compensate beneficiaries for costs incurred and income forgone related to the area-specific disadvantages.

Around 11% of the EU total forest and agricultural areas (39.2 million ha altogether) are in situated in Natura 2000 sites.

19 CSPs (BE-WA, BG, CZ, DK, DE, EE, EL, ES, HR, IT, CY, LV, LT, LU, HU, AT, PT, SI and SK) provide payments to a total of **1.9 million hectares of agricultural land and forest for Natura 2000 and/or Water Framework Directive requirements**. This translates into some 5% of the EU's agricultural land and forests in Natura 2000 areas, ranging from 1% to 72% depending on the Member State, though in case of some CSPs the resulting share remains to be confirmed.

The constraints which are compensated under the **Natura 2000 payments** on agricultural land typically relate to restrictions on fertilisation, on the use of plant protection products and on mowing and grazing. There are also payments related to limitations on livestock density, requirements for cutting times and frequencies, and obligations to leave part of the grassland uncut, or part of the arable land unharvested (e.g. to feed fauna and respect rest and breeding areas for birds). Commitments also include the prevention of the spread of invasive alien species, restrictions on irrigation, and the ban of drainage and of changes in the hydrological regime. The intervention also compensates other specific management obligations to protect and preserve specific habitat types and species.

- 12 CSPs include payments for Natura 2000 restrictions in agricultural areas (AT, CZ, SI, SK, BE-WA, BG, DE, ES, HU, IT, LT and PT);
- 12 CSPs include payments Natura 2000 payments in forests (CY, HR, LV, EL, BE-WA, BG, DE, ES, HU, IT, LT and PT);
- The premia range assigned in different Plans is from EUR 17 per hectare for the more basic commitments to EUR 1500 per ha for important restrictions, such as the conversion of arable land into permanent grassland.

The restrictions which are compensated by the **Water Framework Directive** payments include restrictions on fertilisation and the use of pesticides (often in drinking water protection areas). There are also interventions which compensate restrictions on irrigation, soil cover obligations, nitrogen reducing measures in coastal catchment areas, or the expansion of buffer strips along water courses. One specific example relates to the requirement to cultivate multi-annual arable crops which are compatible with flooding (in floodplains)

Five CSPs include WFD payments (AT, DK, ES, IT, LU). The premia range from EUR 50 per hectare - e.g. for respecting fertiliser limits on arable land, as well as a shortened application periods of nitrogen fertilisers, and extended recording obligations - to EUR 1 478 per hectare for more important restrictions.

The support under this instrument ranges from 0.2% to 9.4% of rural development funds (EAFRD and national co-financing) and focuses mostly on compensating the constraints stemming from the Natura 2000 legislation. The Commission recommended Member States to make more use of this tool for environmental protection but representing around 1% of total public rural development expenditure at EU level, it remains rather underutilised.

## GREEN INVESTMENTS

Rural development support for **investments**<sup>56</sup> targeting environmental and climate-related objectives covers '**productive**' investments (which also bring economic gain) and '**non-productive**' investments (which bring primarily environmental and climate-related benefits). These 'green' investments are an important instrument complementing area-based interventions within the green architecture.

About half of the investment interventions set by the 27 Member States in their CAP Strategic Plans fall into one of the above categories.

All Member States included targeted green interventions to address needs related to climate change mitigation and adaptation, the sustainable development and efficient management of natural resources and/or preserving biodiversity.

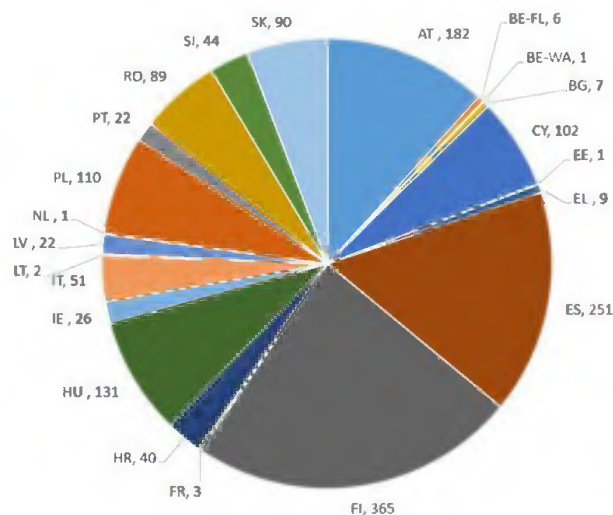
At EU level, 176 608 farms (1.8% of all) are expected to receive funding for climate related investments, 145 800 (1.5% of all) for investments related to the care of natural resources and 52 657 farms (0.5% of all) for investments related to biodiversity.

Moreover, it is expected that about **341 thousand operations** will be supported contributing to environmental sustainability and the achievement of climate mitigation and adaption goals in rural areas.

<sup>56</sup> Green investments (as referred to in Article 93(2)(d) of the CSP Regulation) are investments which are linked to the achievement of the specific environmental- and climate-related objectives or to animal welfare. These investments include productive and non-productive investments and count towards the minimum required environmental financial allocation for EAFRD and allow for a higher financing rate for beneficiaries. See also Article 73 of the CSP Regulation.

- Examples of '**productive**' **green investment** interventions include interventions in manure management, precision farming technologies, production of renewable energy;
- '**Non-productive**' examples include investments in establishing landscape features, restoring dry stone walls, restoring wetlands and peatlands, restoring habitats and landscapes, and establishing protection against large predators.

**Figure 55:** (Renewable energy production capacity supported by CSPs, MW, R.15)



- Member States (AT, BE, BG, CY, EE, EL, ES, FI, FR, HR, HU, IE, IT, LT, LV, NL, PL, PT, RO, SI and SK) are planning to support investments for renewable energy production with an expected capacity of almost 1.560 MW.
- 17 Member States (AT, BE-FL, BG, CY, DE, EL, ES, FI-Aland, FR, HR, HU, IT, MT, PT, RO, SI and SK) support investment in the improvement of existing **irrigation infrastructure** and/or **on-farm irrigation** installations to reduce losses and increase efficiency. Potential water saving requirements range from 5% (for installations that are already very efficient) to 25% for the least efficient systems. The effective reduction in water use, required where water bodies are under stress, ranges from 50% to 75%<sup>57</sup>.
- Several Member States also invest in the **use of reclaimed (recycled) water** for irrigation as an alternative water supply, to substitute surface and groundwater abstraction where water bodies are depleted, as well as in the use of rainwater for irrigation.
- Most Member States (except FI, IE, LU, NL, SE) schedule **support for forestry** under the CAP, including an increase of the forest or wooded areas, agroforestry, restoring forests after natural disasters and adverse weather, and improving forest infrastructure for the sake of climate change adaptation. This is accompanied or complemented by area-based support for the sustainable management of forests.

<sup>57</sup> The effective reduction in water use is normally expressed as a percentage of the potential water savings which are made possible by an investment.

- Spending of around EUR 3.2 billion<sup>58</sup> is planned for investments in the forestry sector. The EU target value for support of afforestation, restoration and agroforestry, including creation of wooden landscape features (R.17) is almost 622 000 hectares, ranging from some 50 hectares to some 213 000 hectares.
- About half of the countries defined their targets for commitments for **supporting sustainable forest management** (R.30) going beyond mandatory requirements, with values ranging from 0.2% to 11.0% (EU value: 0.83%).

#### **Closer look at CAP Plans - Agroforestry**

*Agroforestry systems are currently not very widely used in **Germany**. Given their significant role in securing and enhancing carbon storage and sequestration, Germany decided to provide a contribution through the CSP and introduced two complementary interventions involving agroforestry.*

*Support for the establishment of agroforestry systems is channelled through an intervention 'Productive investments for modernisation of agricultural holdings', the scope of which is in line with the choices of the regions. It is complemented by the eco-scheme 'Maintaining agroforestry management', available across Germany. Germany plans for up to 200 000 hectares per year to benefit from the said eco-scheme. In addition to carbon sequestration and reduction of nutrient losses, the two interventions will provide a contribution to several result indicators in the field of climate adaptation, soil quality, water quality and balance, nutrient management, biodiversity and landscape features.*

#### **Other instruments of the green architecture**

Other categories of funding under rural development include support for environment- and climate-relevant **co-operation** and **knowledge exchange**, which may specifically test out and promote innovative eco-schemes and AECC<sup>59</sup>.

#### **Closer look at CAP Plans: Biodiversity through cooperation**

*In **Ireland**, building on the success of innovative practices previously piloted (Burren Programme and EIP), the cooperation for agri-environment-climate management commitments is a hybrid model in which most payments will be result-based and related to actions specifically designed for the types of land and regions that are involved. Farmers, advisors, cooperation project teams and relevant government agencies, and NGOs will be working closely together to produce plans that are locally adapted and targeted to address environmental priorities. Topics relating to environmental, biodiversity, and climate change challenges are the focus for an intervention on European Innovation Partnership (EIP). Under the EIP, Ireland plans specific themed calls for projects for Breeding Waders and **water quality** following further consultation with the relevant stakeholders to scope out the targeted areas and best approaches to address these topics. Operational Groups (OG) will be structured in a way to ensure the involvement of a range of actors, including farm advisors, thereby supporting the cross fertilisation of a wide range of ideas and their potential for replication. By engaging the future beneficiaries at an early stage in the design of farming practices, the future support through agri-environment-climate commitments benefits from an early promotion and a more successful uptake.*

<sup>58</sup> The amount includes funds of the EAFRD, national co-financing and top-ups and private contribution.

<sup>59</sup> See Articles 77 and 78 of the CSP Regulation.

## 5.5. THEMATIC APPROACHES IN CAP PLANS

### CONTRIBUTION TO ORGANIC PRODUCTION<sup>60</sup>

In their CAP Strategic Plans, Member States were encouraged to indicate target values to be attained on a national level for organic farming through both CAP and additional national support (set as a share of total UAA by 2030). Four Plans (AT, BE-WA, DE and SE) set ambitious targets, with 30% of their UAA expected to be farmed under organic practices by 2030. Member States' targets are, however, not directly comparable, as targets are set for either 2027 or 2030 (or not indicated yet).

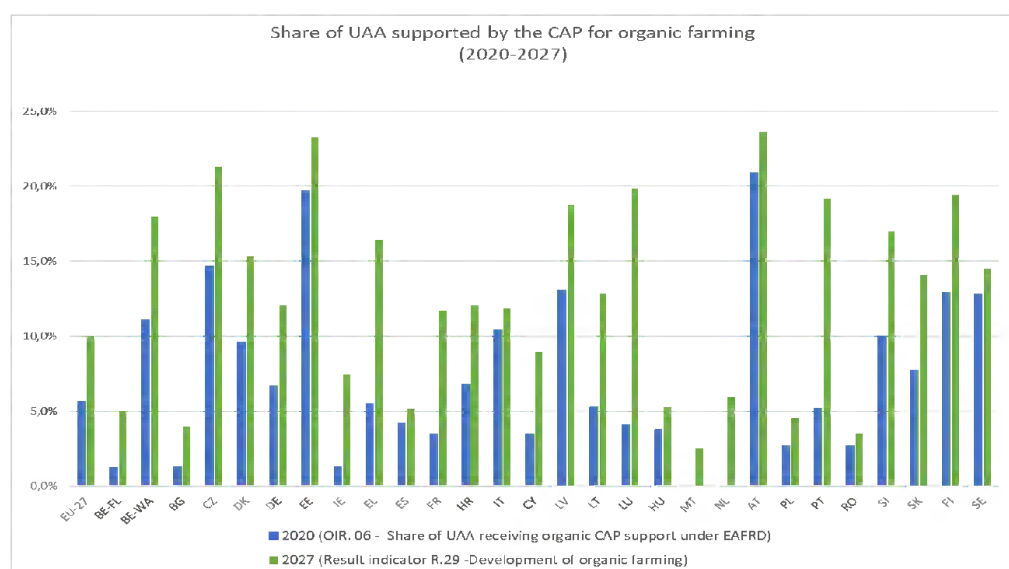
All **28 CSs** include funding to support organic farming and set targets against the specific result indicator for organic farming for the CAP<sup>61</sup>. At EU level, it is expected that about 10% of the total UAA will be receiving CAP support for organic farming in 2027, a doubling of the situation compared to 2020. However, there are significant differences: 18 CAP Strategic plans aim at supporting more than 10% of their UAA under organic farming with CAP funding, with three out of those targeting above 20% (AT, CZ, EE).

The specific support planned in the CSs for organic farming, together with actions to promote and incentivise further investment in organic farming, will contribute significantly to the EU Green Deal target, set in the **Farm to Fork Strategy** to achieve a coverage of **organic farming** of at least 25% of total agricultural area (compared to 2018).

<sup>60</sup> EC (2023), Organic farming in the EU – A decade of organic growth, January 2023. European Commission, DG Agriculture and Rural Development, Brussels, Agricultural Market Brief, DG AGRI, January 2023.

<sup>61</sup> R.29: Development of organic agriculture: Share of UAA supported by the CAP for organic farming.

**Figure 56:** Comparison between supported organic area with CAP funding in 2020 and the targeted area to be supported in the next programming period<sup>62</sup>



The design of support for organic interventions varies among Member States. Some CAP Strategic Plans promote conversion to organic through eco-schemes, while existing organic farms receive their maintenance payments through multi-annual payments with support from EAFRD as in the 2014-2022 period. Other Member States support conversion through rural development payments (EAFRD) and support existing organic farms through eco-schemes (EAGF). In some countries, organic interventions are offered exclusively through either of the instruments for both conversion and maintenance. The financial allocation for specific area or animal based payments for organic farming planned in the CSPs amounts to EUR 14.7 billion, representing 5% of the total public funding.

<sup>62</sup> These targets concern only areas subject to specific CAP support for organic farming. Unlike the 'national values' they do not include areas farmed organically without specific CAP support. In 2020, 61.6% of EU land under organic farming received specific organic support payments with, on average (Source: DG AGRI, calculations based on data on programme implementation and Eurostat (online data table [TAG00025](#)))

**Figure 57: Interventions applied by Member States to support organic farming in the period 2023-2027\***

| Country         | Conversion |           | Maintenance    |                |
|-----------------|------------|-----------|----------------|----------------|
|                 | EU         |           |                | EU             |
| BE-FL           |            | x         | x              |                |
| BE-WA           |            | x         |                | x              |
| BG              | x          | x         | x              | x              |
| CZ              |            | x         |                | x              |
| DK              | x          | x         | x              | x              |
| DE              |            | x         |                | x              |
| EE              | x          | x         | x              | x              |
| IE              |            | x         |                | x              |
| EL              |            | x         | x              |                |
| ES              |            | x         |                | x              |
| FR <sup>3</sup> |            | x         | x <sup>3</sup> | x <sup>3</sup> |
| HR              |            | x         |                | x              |
| IT              |            | x         |                | x              |
| CY              |            | x         |                | x              |
| LV              |            | x         |                | x              |
| LT              | x          |           | x              | x              |
| LU              |            | x         |                | x              |
| HU              |            | x         |                | x              |
| MT              |            | x         |                | x              |
| NL              | x          |           | x              |                |
| AT              |            | x         |                | x              |
| PL              |            | x         |                | x              |
| PT              | x          | x         | x              | x              |
| RO              |            | x         |                | x              |
| SI              |            | x         |                | x              |
| SK              |            | x         |                | x              |
| FI              |            | x         |                | x              |
| SE              | x          |           | x              |                |
| <b>Total</b>    | <b>7</b>   | <b>24</b> | <b>10</b>      | <b>23</b>      |

The design of support for organic interventions varies among Member States. Some CAP Strategic Plans promote conversion to organic through eco-schemes, while existing organic farms receive their maintenance payments through multi-annual payments with support from EAFRD as in the 2014-2022 period. Other Member States support conversion through rural development payments (EAFRD) and support existing organic farms through eco-schemes (EAGF). In some countries, organic interventions are offered exclusively through either of the instruments for both conversion and maintenance. The financial allocation for specific area or animal-based payments for organic farming planned in the CSPs amounts to EUR 14.7 billion, representing 5% of the total public funding.

\*EC (2023), *Organic farming in the EU – A decade of organic growth, January 2023*. European Commission, DG Agriculture and Rural Development, Brussels, Agricultural Market Brief, DG AGRI, January 2023. Figures are partly taken from CAP Strategic Plans

<sup>1</sup> Eco-Schemes.

<sup>2</sup> Rural Development interventions (Article 70, the CSP Regulation).

<sup>3</sup> Conversion is supported under rural development in both Metropolitan France and overseas regions. Maintenance is supported under eco-schemes in Metropolitan France, and under rural development in French overseas regions.

Specific support from the CAP only refers to area-based payments for organic farming practices and does not represent the total CAP support that may be available to organic farmers. Member States designed different strategies combining this support with other directly or indirectly related tools. For example, organic farmers can also benefit from BISS, knowledge transfer and innovation actions, advisory services, quality schemes for agricultural products and foodstuff (including promotion and information measures), investments, farm business development, setting up of producer groups and organisations, Natura 2000 and Water Directive payments, payments to areas facing natural or other specific constraints, animal welfare, cooperation (including EIP-AGRI) and LEADER. Support for interventions in certain sectors (fruit and vegetable, apiculture, wine, hops, milk, meat etc.) could also be used to support organic production. For instance, 3% of total expenditure of operational programmes in the fruit and vegetables sector implemented by recognized Producer organisations in 2021 are spent to support organic farming.

National measures outside the CAP also support the development of supply and demand for organic products, e.g. by setting a mandatory proportion of organic food in public catering.

Finally, the Organic Action Plans further support the development of the EU organic sector, through education and market development. As a result, the total area under organic farming in Member States is higher than the area receiving specific organic CAP support (see figure 58).

**Figure 58: Targets related to organic farming**

| Country            | Share of organic UAA 2020 (Baseline) <sup>1</sup> | National target values <sup>2</sup> for organic farming (expected share of total UAA, 2030) | Share of UAA receiving organic CAP support under EAFRD (OIR. 06-2020) | Expected share of UAA receiving organic CAP support (2027) <sup>3</sup> |
|--------------------|---------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------------------------------|
| EU-27              | 9,07%                                             | N/A                                                                                         | 5,64%                                                                 | 9,96%                                                                   |
| BE-FL <sup>4</sup> | 1,5%                                              | N/A                                                                                         | 1,2%                                                                  | 5,0%                                                                    |
| BE-WA <sup>4</sup> | 12,50% <sup>2</sup>                               | 30,0%                                                                                       | 11,1%                                                                 | 18,0%                                                                   |
| BG                 | 2,3%                                              | 7,0%                                                                                        | 1,3%                                                                  | 4,0%                                                                    |
| CZ                 | 15,3%                                             | N/A                                                                                         | 14,7%                                                                 | 21,3%                                                                   |
| DK                 | 11,5%                                             | 20,0%                                                                                       | 9,6%                                                                  | 15,4%                                                                   |
| DE                 | 9,6%                                              | 30,0%                                                                                       | 6,7%                                                                  | 12,1%                                                                   |
| EE                 | 22,4%                                             | N/A                                                                                         | 19,7%                                                                 | 23,3%                                                                   |
| IE                 | 1,7%                                              | 7,5%*                                                                                       | 1,3%                                                                  | 7,5%                                                                    |
| EL                 | 10,2%                                             | N/A                                                                                         | 5,5%                                                                  | 16,4%                                                                   |
| ES                 | 10,0%                                             | 20,0%                                                                                       | 4,2%                                                                  | 5,1%                                                                    |
| FR                 | 8,7%                                              | 18,0%*                                                                                      | 3,5%                                                                  | 11,7%                                                                   |
| HR                 | 7,2%                                              | 12,1%                                                                                       | 6,8%                                                                  | 12,1%                                                                   |
| IT                 | 16,0%                                             | 25,0%*                                                                                      | 10,4%                                                                 | 11,9%                                                                   |
| CY <sup>3</sup>    | 4,4%                                              | 10,0%                                                                                       | 3,5%                                                                  | 9,0%                                                                    |
| LV                 | 14,8%                                             | 20,0%*                                                                                      | 13,1%                                                                 | 18,8%                                                                   |
| LT                 | 8,0%                                              | 15,0%                                                                                       | 5,3%                                                                  | 12,8%                                                                   |
| LU                 | 4,6%                                              | N/A                                                                                         | 4,1%                                                                  | 19,8%                                                                   |
| HU                 | 6,0%                                              | 10%*                                                                                        | 3,8%                                                                  | 5,3%                                                                    |
| MT                 | 0,6%                                              | 5,0%                                                                                        | 0,0%                                                                  | 2,5%                                                                    |
| NL                 | 4,0%                                              | N/A                                                                                         | 0,0%                                                                  | 6,0%                                                                    |
| AT                 | 25,3%                                             | 30,0%                                                                                       | 20,9%                                                                 | 23,7%                                                                   |
| PL                 | 3,5%                                              | 7,0%                                                                                        | 2,7%                                                                  | 4,5%                                                                    |
| PT                 | 8,1%                                              | N/A                                                                                         | 5,2%                                                                  | 19,2%                                                                   |
| RO                 | 3,5%                                              | N/A                                                                                         | 2,7%                                                                  | 3,5%                                                                    |
| SI                 | 10,8%                                             | 18,0%                                                                                       | 10,0%                                                                 | 17,0%                                                                   |
| SK                 | 11,7%                                             | 14,0%                                                                                       | 7,7%                                                                  | 14,1%                                                                   |
| FI                 | 13,9%                                             | 25,0%                                                                                       | 12,9%                                                                 | 19,4%                                                                   |
| SE                 | 20,3%                                             | 30,0%                                                                                       | 12,8%                                                                 | 14,5%                                                                   |

<sup>1</sup> Source: Eurostat (online data table [org\\_cropan](#)), based on annual organic crop statistics (based on data collected through the organic certifying bodies), which differs from data collected for the farm structure survey (through national statistical institutes, directly from farms), available every 10 years. The latter depicts a lower level of agricultural area under organic farming in 2020 (8.3%), but a stronger increase from 2010 (+119%). As of 2025, data to monitor the annual area under organic farming will be collected and reported under the regulation on statistics on agricultural input and output.

<sup>2</sup> Based on 'national value' (CAP Strategic Plans) or, when missing: national organic action plan (NOAP). Values for 2030, (\*) 2027.

<sup>3</sup> R.29: Development of organic agriculture: share of UAA receiving support for organic farming in the CAP Strategic Plans.

Target values included in the CAP Strategic Plans

<sup>4</sup> For BE-Flanders and BE-Wallonia: 2020 Baseline for UAA under organic farming is provided in the CAP plans (not available in Eurostat).

## CONTRIBUTION TO THE REDUCTION OF RISK AND USE OF PESTICIDES

Developing their CAP Plans, Member States had to ensure they contribute to the long-term targets set or deriving from the legislation on the sustainable use of pesticides. The Plans contain a wide range of mandatory and voluntary measures addressing pesticide use and increasing the resilience of the cropping systems.

The new **GAEC 7** obligation ensures that **crop rotation**, allowing for breaking the life cycles of pests and diseases, will take place on around 85% of the arable land supported by the CAP. In most of the Plans, the standard ensures that every year, a significant share of the arable land at holding level will be subject to a change of crop and almost all plans also include a requirement that a change of main crop must take place at the latest after 3 years.

**Maintenance of fallow land and landscape features** that harbour beneficial organisms (such as insects) which also help combating these pests and diseases is supported through mandatory standard GAEC 8.

The Plans also require (GAEC 4) or compensate farmers for areas **where pesticides may not be used, such as on buffer strips along water courses**.

Crop rotation, biodiversity areas and no-spray zones are important element of Integrated Pest Management (IPM), which is, through the GAEC framework, consequently included into the mechanism of conditionality.

Another contribution comes from the **protection of permanent grasslands** (31% of the EU UAA<sup>63</sup>) under GAEC 1 (and environmentally sensitive grasslands under GAEC 9) given that the use of pesticides on these areas is occasional and limited to herbicides against specific weeds (in specific circumstances of unsuitable soil management).

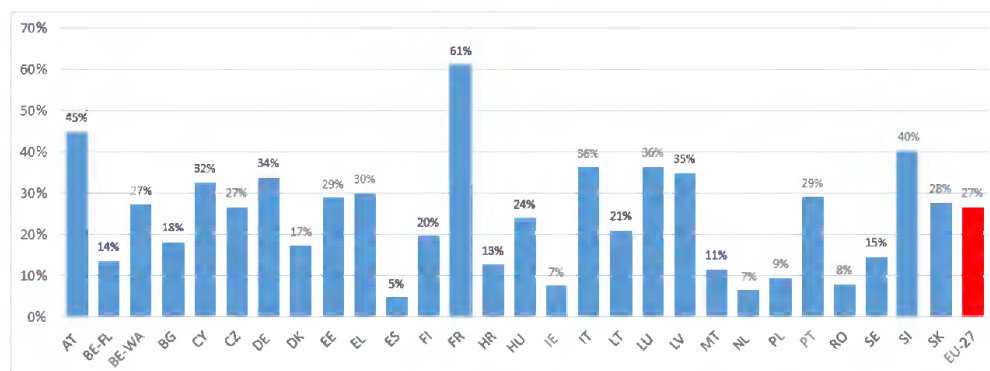
The newly introduced statutory management requirement (SMR 8) link to the Sustainable Use of Pesticides Directive for certification of users and equipment, management of packaging and remnants and restrictions of pesticide use in sensitive areas, means that infringements found in relation to these requirements may also lead to reduction of CAP payments under the mechanism of conditionality.

Thanks to the voluntary interventions (such as eco-schemes and management commitments), financial support is given to farmers **to reduce the reliance on chemical pesticides through e.g. the adoption of enhanced integrated pest management principles, including biological control methods, technologies for precision farming and better application of plant protection products**. For example:

- 21 out of the 28 CAP Strategic Plans explicitly contain eco-schemes that contribute to a reduction in the use of plant protection products. Examples of commitments supported within eco-schemes are implementation of integrated pest management going beyond minimum requirements, application of a ban or limitation in the use of (certain) plant protection products, promoting biological control or use of pheromones, and/or application of mechanical weeding.
- Through agri-environment-climate commitments, 22 CAP Plans schedule support for sustainable plant protection actions while six CAP Plans for application of precision farming with one specifically supporting low input systems.
- Overall, 26.6% of EU agricultural land is planned to be subject to support specifically requiring reduction or more sustainable use of pesticides (beyond requirements of conditionality).

<sup>63</sup> [Climate Change and Air Quality \(europa.eu\)](https://climate.ec.europa.eu/en/climate-change-and-air-quality)

**Figure 59:** Share of UAA under supported specific commitments which lead to a sustainable use of pesticides (R.24)



- Through the CAP, the EU supports **expansion of land farmed organically**. Organic farming uses mainly natural substances and processes, prohibiting the spraying of synthetic chemical pesticides; this approach therefore ensures further overall reduction of pesticide use. The area to receive specific support for conversion or maintenance of organic farming is planned to almost double in the next five years and reach 10% of EU UAA in 2027.
- **Advice to farmers is stepped up** through the CAP, specifically in relation to reducing use of pesticides through e.g. integrated pest management or precision agriculture.
- **Market measures, in particular in the fruits and vegetable sector**, may also finance collective approaches for the promotion of environmental practices, including integrated pest management.
- Besides the CAP, the EU also invests in **research and innovation policy** to support finding new ways of crop protection. This allows for instance ensuring innovative less harmful crop protection products to be put on the market and developing resistant crop varieties available to the farming community. The synergies organised under the EIP-AGRI and AKIS ensure co-creation with the final users of the solutions, and that projects are effective for practice and needs-based.
- The 2022 proposal for a Regulation on sustainable use of pesticides<sup>64</sup> includes an exceptional change of the CAP rules so that farmers can be compensated, during a transition period of 5 years, for any costs related to new mandatory requirements stemming in this Regulation. Normally statutory requirements cannot be financed by the CAP.

<sup>64</sup> [EUR-Lex - 52022PC0305 - EN - EUR-Lex \(europa.eu\)](#)

### **Closer look at CAP Plans – Biological control methods**

*Biological control methods are key innovations as part of the Integrated Pest Management. They are essential to move away from chemical pesticides and to help reach the Farm to Fork reduction targets. **Greece** plans an agri-environment-climate intervention providing for application of these alternative methods of plant protection, which includes the pheromone-based Comfuzio method, whereby insects are prevented from mating.*

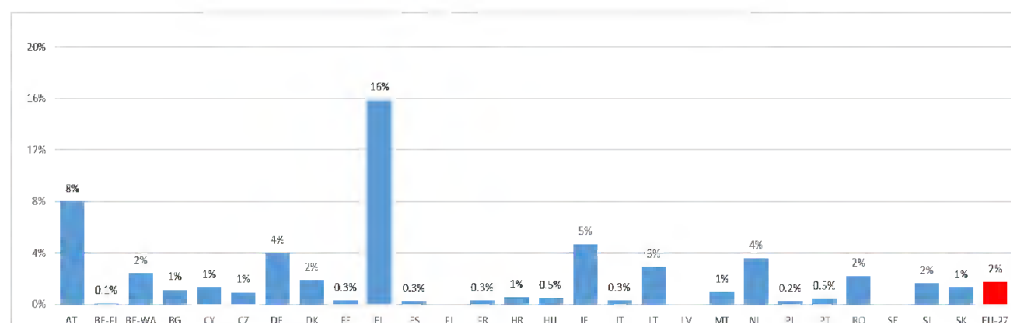
## **CONTRIBUTION TO PROTECTING AND INCREASING LANDSCAPE FEATURES ON AGRICULTURAL LAND**

The CAP Plans reward farmers for creating space for nature on agricultural land and improving ecological connectivity **through different means**, in particular:

- **Agroforestry and landscape features** become **to a greater extent eligible for income support**, which helps protecting landscape elements, recognizing them as an integral part of the agricultural production systems.
- **Strengthened basic conditions** ('conditionality') will increase the presence of non-productive areas and features on arable land. As part of the conditions for income support, farmers will maintain and protect **landscape features and other non-productive** areas, such as hedges, ditches, trees and fallow land on at least 3% of their arable land. This may lead to more than 3 million hectares **of non-productive areas and features**, which is significantly above the **level of** non-productive areas and features (around 1.9 million hectares), designated as ecological focus areas before 2023.
- **Different types of interventions** (eco-schemes, area- based environment and climate-related management commitments and non-productive investments) will support farmers for additional actions targeted at improving, managing and/or creating new landscape features and non-productive areas on farmland. Farmers will be supported for managing 2.86 million hectares of landscape features and for establishing new ones, as well as encouraged to have extra non-productive land.
- The specific contribution of CAP Plans will be monitored through the specific targets foreseen by each Member States for areas supported for afforestation, agroforestry and restoration (R.17) and for areas under supported commitments for managing landscape features, including hedgerows and trees (R.34). The value of the areas reported under those RIs will only represent a subset of the areas with landscape features, and **do not include landscape features under conditionality**, unless these features simultaneously would be supported under additional commitments going beyond the basic requirements.
- The support for areas under organic farming (maintenance and conversion) (R.29), as well as the support for areas under commitments for supporting biodiversity conservation or restoration, including high-nature-value farming practices (R.31) contribute also to the efforts to ensure more space for nature in agricultural lands within each Member State.

These actions contribute to reaching the EU Biodiversity Strategy for 2030 target of reaching 10% of EU agricultural land with high diversity landscape features.

**Figure 60: Preserving landscape features: Share of utilised agricultural area under supported commitments for managing landscape features, including hedgerows and trees (R.34)\***



\* The value of LU is not displayed because it is an outlier that will be corrected in the course of the year.

## FOCUS ON SUPPORT FOR NATURE AND BIODIVERSITY: AID TO NATURA 2000 AREAS IN AGRICULTURAL LAND

The CSP Regulation requires CSPs to contribute to and be coherent with the Nature (Birds and Habitats) Directives and the national plans and targets that stem from them to ensure that the species (birds and other wild animals and plants) and their habitats are maintained or restored to a favourable conservation status. These national plans and targets are set out in Natura 2000 management plans, and the Priority Action Framework (PAF) documents that Member States established to identify, map and facilitate the integration of funding needs into EU funding instruments, the CAP being one of them.

In concrete terms, the situation and the needs of Natura 2000 areas had to be taken into account in the needs assessment that underpins the intervention strategy for Specific Objective 6 dedicated to biodiversity, building on the suitable mixture of mandatory and voluntary instruments:

- At basic level, in terms of dedicated instruments, **GAEC 9 protects the permanent grasslands of Natura 2000 areas** designated as environmentally sensitive against ploughing and conversion (9 million hectares).
- Around 1.9 million hectares of forests and agricultural land are covered by payments compensating for the disadvantages of certain obligations (Natura 2000 payments) to enhance biodiversity outcome (Natura 2000 payments, *see above*).
- Payments for voluntary action under eco-schemes and agri-environment climate interventions can only be made for efforts beyond the specific requirements of the Birds and Habitats Directives reflected in the SMRs 3 and 4, respectively as implemented at national level.

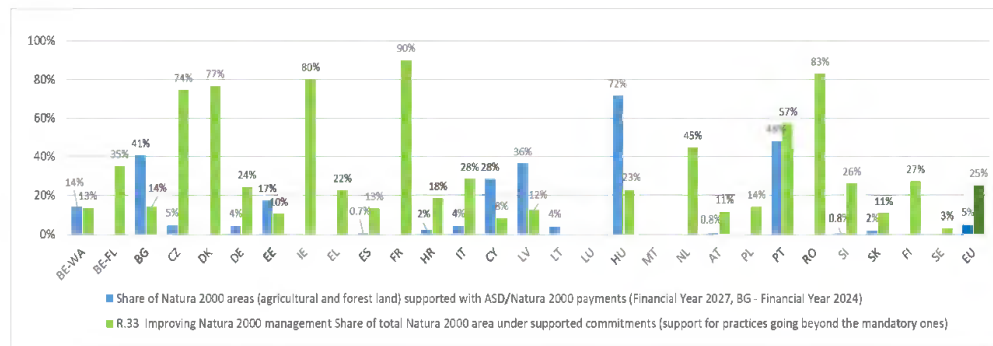
Building and complementing these, Member States devised different strategies to address the needs and targets related to agricultural land designated as Natura 2000 under the two Nature Directives.

- Within **AECC**, the most common interventions programmed by Member States are regimes for grazing and mowing on grasslands (e.g. low density, species rich grasslands, no fertilisers/pesticides, extensive grazing and mowing). Other interventions target protection of farmland dependent species (e.g. by retaining stubble or food sources

throughout winter), species restoration (e.g. large hamster, protected birds) and helping in coexistence of farming with large carnivores (e.g. bears, wolves);

- Other AECC supporting habitats include rewetting peatlands and wetlands to restore habitats and the species dependent on them, maintaining dry farming of cereals on steppes to retain the species adapted to these environments or preservation of traditional farming methods in orchards and vineyards. Overall, 25 CAP Plans plan AECC interventions contributing to R.33 (Natura 2000 areas);
- In contrast, **eco-schemes** do not show a specific focus on farmland in Natura 2000 sites, except one specific scheme planned in Germany at federal level and a sub-scheme targeting Natura 2000 natural grasslands and wetlands programmed by Latvia. However, relevant interventions are planned in 10 CSPs, notably related to grassland management, landscape features and soil conservation, and reflected in the contributions to targets set for R.33 (Natura 2000 areas).

**Figure 61:** CAP Plan support targeted towards Natura 2000 areas as a share of total area in Natura 2000\*



\* In limited cases, the calculation of certain values may change following corrections to the calculated area of Natura 2000 forests. This will be addressed with Member States during the process of formal change of CAP Strategic Plans.

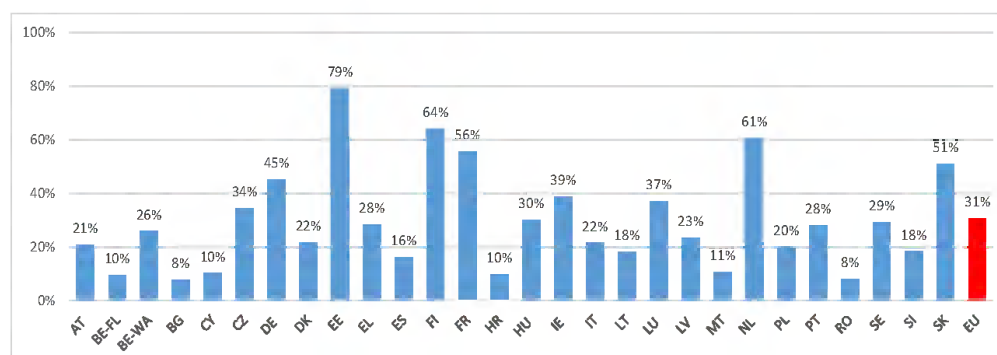
- A significant role in supporting Natura 2000 areas can be played by **non-productive investments**. The CSPs include a variety of such investments e.g. scrub management and removal; restoration of traditional farmland structures, such as terraces, stone walls and sheep pens; restoration of wetlands and peatlands, ponds, reed-beds, marshes, and ditches, necessary investments for environmental grazing regimes, especially where these are being reintroduced. A number of CSPs include these in a combined way with area-based interventions to maximise the biodiversity outcomes.
- Non-productive investments can also cover infrastructure needed for Natura 2000 habitat management, such as restoration of wetland hydrology, and access tracks, fencing and machinery, as well as footpaths, bird-watching hides and information for visitors.

## FOCUS ON SUPPORT FOR PROTECTING POLLINATORS

Building on the practices required under **conditionality** (especially GAEC 8 preserving and requiring non-productive areas and features), the voluntary actions are pursued within a range of instruments in the CSPs and go hand in hand with the efforts aimed at reducing the use and risk of **pesticides**, promoting **organic** production, fomenting the presence of **landscape features** and **conservation or restoration of biodiversity** on agricultural land.

- **Less pesticide dependant farming**, with dedicated actions targeting 26% of the EU agricultural land (R.34, *see above*). To this end, CSPs provide farmers with access to eco-schemes applying Integrated Pest Management or other types of pesticide management, such as those excluding chemical pest control (15 CSPs) and those excluding or limiting the use of pesticides in quantity or time (17 CSPs). Agri-environment-climate commitments contained in CSPs will also be used to support precision application technologies and early monitoring of pests and to reward land managers for applying IPM principles, such as by abiding with crop specific IPM rules, use of traditional or tolerant crop varieties that need less pesticides, or switching to extensive crop rotations, incorporating biodiversity friendly crops and/or soil enrichment crops within rotations or using natural enemies/biological control which reduce the likelihood of pest infestations and thereby need for pesticides, and mechanical weeding.
- **Supporting organic farming** where the use of pesticides is strictly limited to a list of products excluding synthetic pesticides, on close to 10% of the EU agricultural land. All CSPs provide such support for both the conversion and maintenance of organic farming under eco-schemes and/or rural development.
- **Territorial restrictions on pesticide use**: 13 CSPs include payments compensating certain regulatory restrictions or bans on the use of pesticides in certain geographical areas such as Natura 2000 areas or drinking water protection zones (ASD/Natura and WFD payments).
- **Supporting pollinator friendly habitats**: 31% of the EU's agricultural area (R.31) is targeted by support for practices aiming at conserving and restoring farm biodiversity.
- Further support is allocated to around 2.86 million hectares for maintaining or preserving **landscape features** (R.34, *see above*), which include habitats supporting the lifecycle of pollinators. Among others, Member States scheduled eco-schemes for planting of trees and hedges (16 CSPs), keeping land lying fallow (17 CSPs) and creating buffer strips covered with grass, flowers, and melliferous crops (16 CSPs). Some CSPs schedule AECC support for landscape features such as flower strips in fields or in-field margins and some also offer support for investments to create landscape features (R.32 Investments related to biodiversity).
- Several Member States also scheduled support for the **retention of traditional agricultural production systems and landscapes**, such as traditional variety vineyards, orchards, or natural species-rich grasslands that are managed with none or very limited use of chemical pesticides.
- Further support covers **whole-farm systems like agro-forestry and agro-ecology**, targeting at EU level (together with new afforested land and wooden landscape features) close to 623 000 hectares.

**Figure 62:** R.31 Preserving habitats and species: Share of utilised agricultural area (UAA) under supported commitments for supporting biodiversity conservation or restoration including high-nature-value farming practices



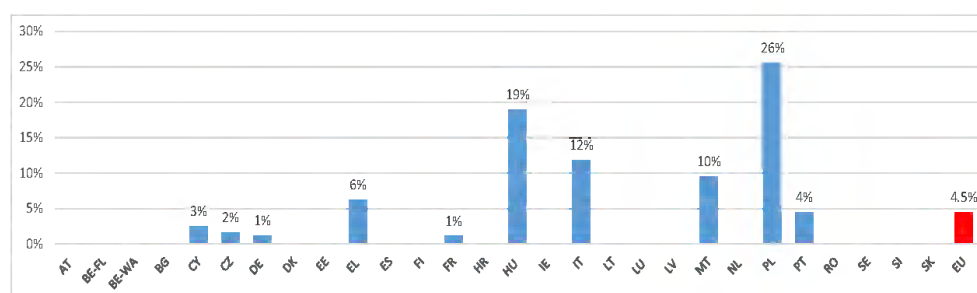
## FOCUS ON SUPPORT FOR IMPROVING WATER BALANCE AND BUILDING WATER RESILIENCE IN FACE OF CLIMATE CHANGE

Controls on abstraction and impoundment established by Member States under the **Water Framework Directive** have been included into the scope of conditionality via the new SMR 1. This should help improve the consistency and coordination of water and agricultural planning processes as regards quantitative water management. Additionally, the enhanced set of GAECs should contribute towards addressing water retention in soils, especially via new GAEC 2 on protection of wetlands and peatlands.

### Beyond conditionality:

- 11 CAP Strategic Plans schedule specific, area-based interventions to improve water management (R.23: Sustainable water use), targeting from 0.1% to 25.6% of Member State's agricultural land (EU average: 4.5%).
- Nine CAP Strategic Plans (CY, DE, EL, HU, IT, MT, NL, PL, and PT) programmed 12 eco-schemes linked to result indicator R.23 (sustainable water use). Most of these eco-schemes are linked to R.23 as they contribute to water retention in the soil through improving the organic carbon content via mulching, green cover, and/or tillage restrictions. An eco-scheme in Greece supports the introduction of new and/or innovative crops that are resistant to dry-thermal conditions and the expected changes due to climate change.
- Four Member States (DE, HU, LT and PL) planned eco-schemes addressing water management, including supporting micro-irrigation (HU) or a ban of drainage in Natura2000 areas (DE).
- Nine Member States (CY, CZ, EL, FR, HU, IT, MT, NL and PT) planned agri-environment interventions to improve water balance with 17 interventions contributing to R.23.

**Figure 63: R.23 Sustainable water use: Share of utilised agricultural area (UAA) under supported commitments to improve water balance**



Overall, while there are land/management-based actions programmed to address water scarcity and increasing water retention capacity in the landscape (e.g. through non-productive investments), the strategies of Member States largely opt for a continuation of solutions of the previous rural development period giving more priority to storage, collection and supply infrastructure. For example, 17 Member States (AT, BE-FL, BG, CY, DE, EL, ES, FI-Aland, FR, HR, HU, IT, MT, PT, RO, SI and SK) support investment in the improvement of existing irrigation infrastructure and/or on-farm irrigation installations to reduce losses and increase efficiency. Potential water saving requirements range from 5% (for installations that are already very efficient) to 25% for the least efficient systems. The effective reduction in water use, required where water bodies are under stress, ranges from 50% to 75%.

And while there are 59 agri-environment management commitments from 21 Member States planned linked to RI on climate adaptation (RI.12), only two Member States (BE-FL, BG) are funding climate /drought resilient crops or varieties through agri-environment interventions. Additionally, the use of compensatory payments for mandatory Water Framework Directive requirements in water scarce areas remains largely under-utilised (see below).

#### **Closer look at CAP Plans – Promoting sustainable water use**

**Italy** plans an intervention that provides for an annual payment to beneficiaries who take up commitments linked to the adoption of systems for the definition of a soil-plant-atmosphere water balance. The system defines the volume of water suitable for the proper development of the crop, in order to determine, for each irrigation operation, the volumes to be distributed in relation to the phenological phase of the crop and the seasonal climate trend.

The intervention contributes to the preservation of water resources by aiming at efficient use of water through the adoption of expert systems, which promote the optimisation of irrigation practice on the basis of the actual needs of the crops, both in terms of volumes to be distributed and in terms of time planning of irrigation interventions in terms of optimising their use.

## 6. SOCIAL SUSTAINABILITY IN THE CAP STRATEGIC PLANS

### The CAP Strategic Plans address the following three Specific Objectives:

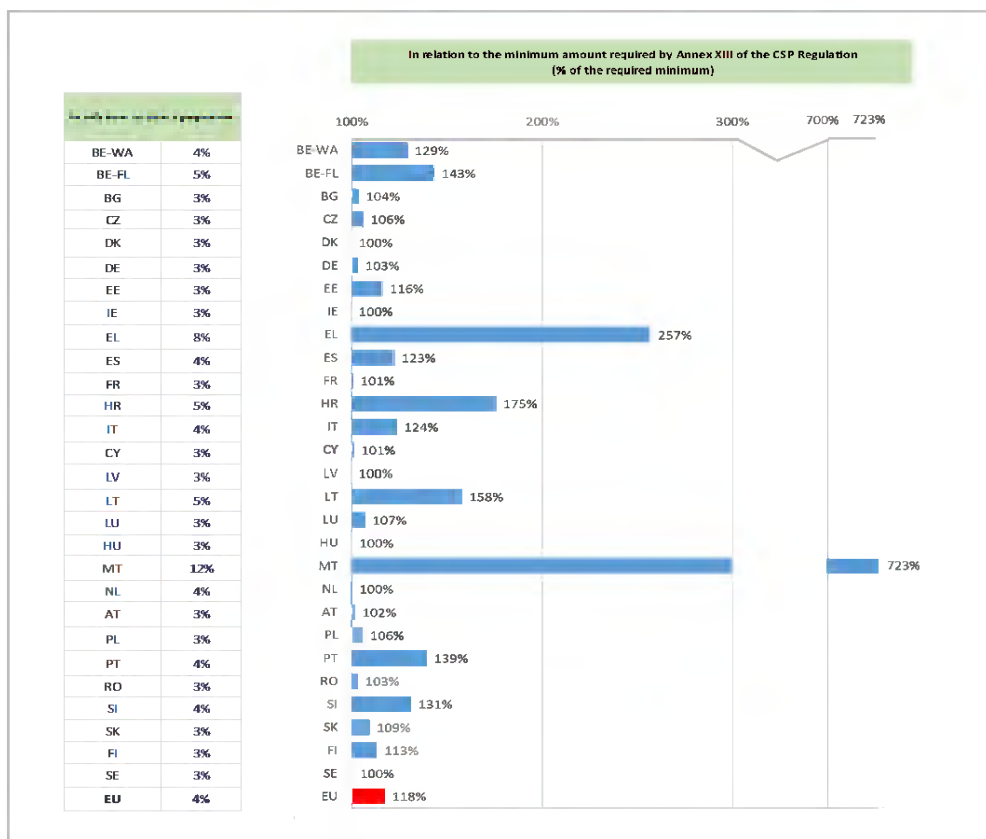
- to attract and sustain young farmers and new farmers and facilitate sustainable business development in rural areas;
- to promote employment, growth, gender equality, including the participation of women in farming, social inclusion and local development in rural areas, including the circular bio-economy and sustainable forestry;
- to improve the response of Union agriculture to societal demands on food and health, including high-quality, safe and nutritious food produced in a sustainable way, to reduce food waste, as well as to improve animal welfare and to combat antimicrobial resistance.

### 6.1 NEW GENERATION OF EU FARMERS

Generational renewal in agriculture features high on the agenda of the CAP after 2023. Young and new farmers can bring new skills and energy and accelerate professional management in the farming sector. They are often savvy users of innovation and investments in agriculture, providing a tangible contribution to sustainable farming and the vitality of rural areas in the EU.

The CSP Regulation obliges Member States to dedicate at least a minimum amount to this objective. This amount is defined for each Member State in Annex XII of the Regulation (representing 3% of their initial envelope for direct payments before any transfers) with leeway to decide how to use the funding: as complementary income support, start-up aid for new young farmers or investment support. The plans reflect the different approaches of Member States in providing support to stimulate generational renewal. In any case, the importance they attach to the challenge of promoting generational renewal in farming is demonstrated by the fact that 22 Member States allocate more than the minimum required amount to support for young farmers.

**Figure 64:** *Planned spending on generational renewal (2023-2027, EAGF and EAFRD) relative to the regulatory minimum (% of the minimum amount required by Annex XII) and direct payments (% of the envelope for direct payment)*



In almost all cases Member States envisage a combined support:

26 CAP Strategic Plans provide for the **complementary income support** for young farmers in the form of a yearly payment per hectare linked to the size of the farm or a lump sum per farm (except DK, PT – see figure 14). Some CSPs include an upper limit for the number of hectares that can be supported.

While the tool above supports with income already established farms, setting – up or installation aid is the other main type of instrument, directly targeting young farmers by providing incentives to help starting the activities. 27 Strategic Plans will aid young farmers through a grant for setting – up their business in the form of a lump sum and in some case adding financial instruments (all but IE). The support rates for setting –up a farm business in some CSPs are **differentiated based on criteria** related to the scope or sector of farming activities. (i.e., Slovenia for organic farming, Greece for mountainous or areas with disadvantages).

Young farmers can access general support for investments alongside other farmers. A number of Member States include **higher support rates for investment by young farmers** (i.e. SE). Spain envisages a higher amount for set up aid for young female farmers. Some CSPs like the ones of HU, SK, PT, FR, and NL are planning a specific investment tool only for this target group.

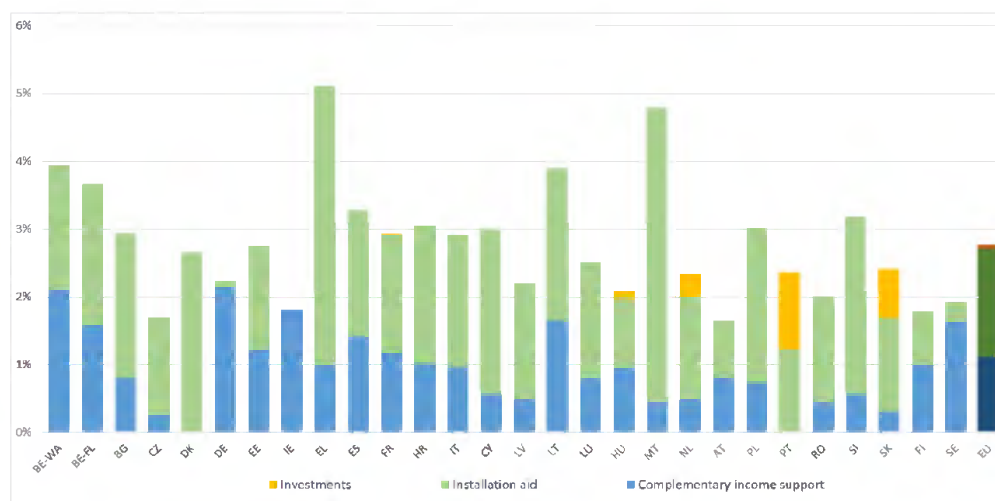
A few Member States make use of the new tool in the policy framework to incentivise generational renewal through **support for succession and farms transfer** via the cooperation intervention (including ES, IE and NL).

- BG, FR, EL, LV, LT and ES will **deploy financial instruments**, targeting in particular young farmers which allow for enhancing the scope and level of support (including purchase of land in some cases).
- Nine Member States focus efforts to **provide training and knowledge** specifically to young farmers in support of generational renewal for example (SI, EE, EL, LV, MT, PL, PT, SE and SK).
- At EU level, the planned support translates into **EUR 6.8 billion of EU contribution or EUR 8.5 billion of total public expenditure**. This is made up of financial allocations reserved for income support – EUR 3.4 billion, EUR 4.9 billion for setting-up, and 160 million for investments (*see figure below*). Around 380 000 young farmers are expected to receive aid through those different forms. AT, DE, ES, FI, FR, HU and IT commit additional national financing amounting to a total of EUR 217 million which can be used for setting up of young farmers but not only.

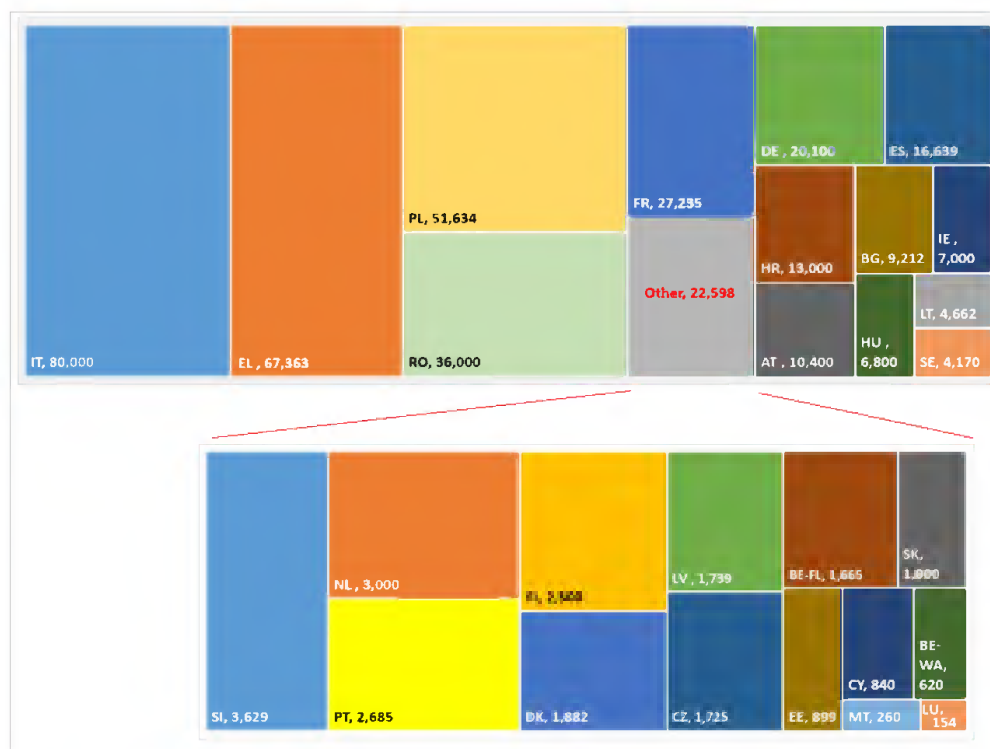
Member States use specific approaches of complementarity of tools within what is available through the CAP. For instance, Portugal is combining several interventions for cooperation, a focus on knowledge and training in addition to support with investment. Ireland concentrates aid through income payments, a high variety of cooperation related interventions and support through investment. Regarding the definition of the young farmer, all Member States set the upper age at 40 years except for Luxemburg where the young farmer should not exceed 39 years.

The possibility to support newcomers to agriculture who are above the age required for young farmers with set up grants is provided in some CSPs (FR, IT, BG and ES).

**Figure 65:** Total public expenditure on generational renewal as a share of total public expenditure under each CSP according to the allocation for main tools



**Figure 66:** Number of young farmers benefiting from CAP support for setting up (R.36, by 2027)



## 6.2 RURAL AREAS

Rural areas are home to 137 million people or 30% of the EU population. CAP Strategic Plans help rural areas address challenges identified in the long-term Vision for the EU's rural areas, including depopulation, access to and improvement of basic services (essential services such as water, sanitation, transport, telecommunication, broadband, connectivity and social support services including education, health care and long term care), opportunities for employment, growth, gender equality, solutions related to connectivity, social inclusion and local development.

### LEADER

Support through the tool for integrated local development (LEADER) is compulsory for Member States with a minimum amount of 5% of their EAFRD funds. Support through LEADER for rural areas at EU level will account for a 7.7% share of the total EAFRD funds, compared to 5.5% in the previous programming period.

- Most Plans (19) have shares above the minimum 5% required financial allocation from EAFRD;
- Depending on the CSP, support through **LEADER addresses community, territorial and social issues**. It integrates often the application of the 'smart village' concept as a cross-cutting issue and via umbrella projects;

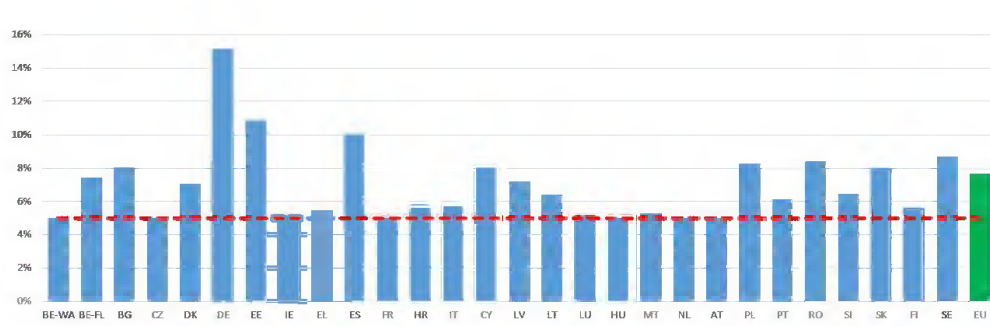
- The local development strategies (LDS), designed under LEADER, are expected to support territories, covering overall 65% of the rural population in the EU;
- Member States aim to select more than **2600 Local Action Groups** (LAGs) to implement their local development strategies;
- LEADER interventions are expected to cover local development in the areas of diversification of economic activities, short value chains and local food production, rural services, social innovations, community life, environmental and climate change (including energy), green economy and bioeconomy, and much more.

Member States also emphasise **the added value of the LEADER approach** such as increase of social capital (trust, mobilisation of local communities, cooperation between stakeholders), better local governance (local capacities, participation in setting priorities, empowerment and communication with citizens) and finally, the unique qualities of LEADER supported projects (involvement of multiple partners, links, innovation, etc.).

The inclusive governance and in particular the participation **of women and young people in LEADER decision making** is important – 12 Member States explicitly refer to involvement of women whereas 11 refer to young people in decision making bodies. Almost all CAP Strategic Plans undertake to simplify how LAGs will be supported and will operate, at least using simplified cost options.

After the selection of the local development strategies, Member States will update their targets for selected results indicators in the CSPs to reflect the ambitions of the LAGs. The actual contribution of LEADER to multiple specific objectives will only be visible after the selection of LDS.

**Figure 67:** Financial allocation of CAP Strategic Plans for LEADER (% of the EAFRD, 2023-2027)



## RURAL AREAS, SUPPORT FOR BASIC SERVICES AND NON - AGRICULTURAL ACTIVITIES

As many rural areas in the EU suffer from structural problems such as a lack of attractive employment opportunities, skill shortages, underinvestment in infrastructures, including broadband and connectivity, and lack of essential and social support services, **the strengthening of their socio-economic fabric and the development of rural businesses** outside farming and forestry, is a priority for their viability and their development. Several

Strategic Plans, but not all, based on the needs of rural areas, address the diverse challenges and opportunities. The main type of interventions are deployed through investments and cooperation.

- 17 CSPs (AT, BE-WA, BG, CY, DE, EL, ES, FI, FR, HR, HU, IT, LV, MT, PL, PT and RO) include interventions for investment in **infrastructure and basic services**. These interventions will benefit 11% of the EU rural population. BG, DE, CY, MT and RO in particular dedicate a significant share of their allocations for investments in infrastructure. Such investments cover different fields such as rural transport infrastructure, rehabilitation of local building, social service, health or education infrastructure, etc.
- Member States in general **finance broadband** with funds outside the CAP (AT, EE, ES, FR, HR, IE, IT, PL, SE, LT, SI, LV, CZ and SK) with the remaining **14** CSPs envisaging still some support for actions related to rural connectivity.
- Nine Member States (AT, BE-FL, BG, ES, FI, FR, HR, HU and IT) plan to support the start-up of rural businesses linked either to agriculture or forestry or non-agricultural activities<sup>65</sup>.
- 16 CSPs (AT, BE-WA, BG, CZ, DE, EE, ES, FI, FR, HR, HU, IT, LV, RO, SE and SI) include interventions under rural development for supporting non-agricultural activities in rural areas<sup>66</sup>.
- The cooperation type of support<sup>67</sup> offers a wide potential to address multiple rural development issues. In terms of financial allocation, most of rural and social inclusion challenges will be addressed primarily under **LEADER** and in a complementary manner with other Cohesion policy funds including ERDF, ESF+ and the RRF. However, beyond LEADER, only around 10 CAP Plans address social issues through infrastructure investments for basic services or through cooperation interventions (e.g. for social enterprises, social farming, basic social, health, educational and mobility services). Six Plans aim to finance social inclusion projects supporting 31 thousand people. This and other targets are expected to increase when Local Actions Groups define their local development strategies.
- **Smart village**<sup>68</sup> strategies and projects are introduced in several CAP Strategic Plans either through LEADER local development strategies and/or in the context of stand-alone interventions for infrastructure investments, basic services and cooperation projects. Seven Member States (SE, ES, FI, HU, LT, IT and PL) already include specific targets to support **629 smart village strategies or projects**.
- The cooperation type of support can be used to enhance partnerships between agricultural and rural stakeholders. 18 CSPs (AT, BE-FL, BE-WA, BG, CY, DE, EE, ES, FR, HR, HU, LT, LV, MT, PL, SI, SE and RO) propose interventions for cooperation to support **short supply chains or vertical and horizontal cooperation** for multiple purposes by strengthening the position of farmers in the wider local economy.
- All CSPs include support for the creation of jobs, with targeting close to 400 000 jobs at EU level, with the majority of those for young farmers. Some of them (i.e., AT, BE-FL)

<sup>65</sup> See Article 75 of the CSP Regulation

<sup>66</sup> See Article 73 of the CSP Regulation

<sup>67</sup> See Article 77 of the CSP Regulation

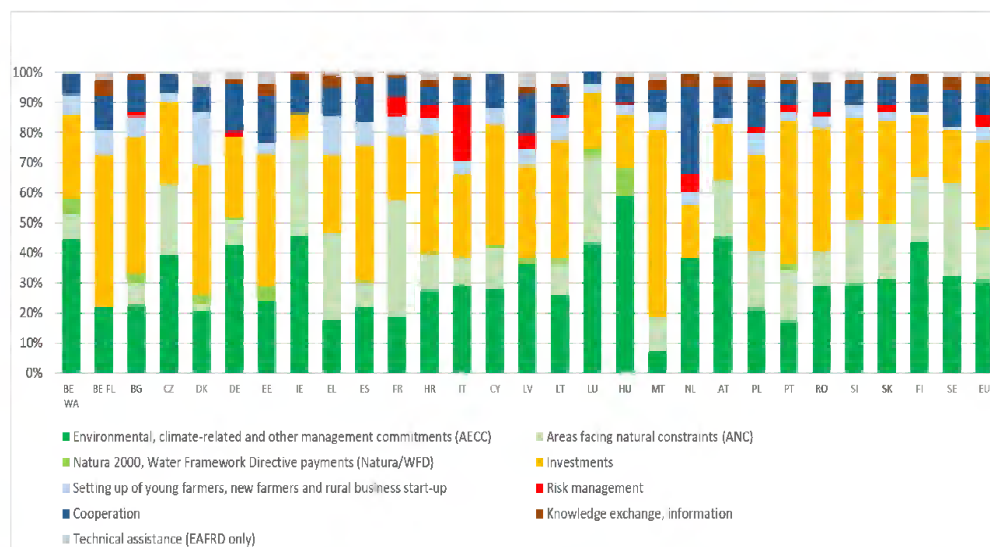
<sup>68</sup> The concept of Smart Villages is conceived as a tool to support rural communities for testing innovative solutions, including digital, technological, social innovations, by addressing some of the major and pressing challenges of rural areas such as depopulation, lack of basic services and economic opportunities, energy crisis, lack of connectivity

aim at generating employment and improving the working conditions in the wine, apiculture and fruit and vegetables sectors.

- 18 out of 28 CAP Strategic Plans (AT, BE-FL, BE-WA, BG, CY, DE, EE, ES, FR, HR, HU, LT, LV, MT, PL, SI, SE and RO) propose interventions for cooperation to support **short supply chains** or vertical and horizontal cooperation between agricultural and rural stakeholders.

Most CAP Strategic Plans provide information about the coordination, demarcation and complementarities between EAFRD and the other EU funds that Member States deploy in order to ensure that the specific needs of rural areas are duly taken into account, both under the Cohesion policy programmes and the CAP Strategic Plans. The effectiveness of the approaches taken will depend on how Member States have addressed needs and allocated resources between rural and urban areas.

**Figure 68:** Distribution of rural development funds according to CAP Strategic Plan (EAFRD and national co-financing), 2023-2027, %



#### Closer look at CAP Plans – Smart villages

**Austria** will implement the smart village concept primarily through LEADER as a cross-cutting issue and via umbrella projects. At the same time, support for EIP innovation networks & partnerships and cooperation schemes, combined with investments for revitalisation of local centres and the refurbishment of vacant, misused or underused buildings, will further develop the concept and the implementation of smart villages projects, by contributing to the digital & social transformation of rural areas, through innovative solutions.

## Gender equality

The majority of the CAP Strategic Plans recognise the Importance of gender issues and the need to increase the participation of women in farming and improve the socio-economic situation of rural women. Actions are addressed mainly through LEADER and other instruments in a few CAP Plans. Some CSP introduce conditions for selection or access to support that encourage in a targeted way the involvement of women in farming (i.e., for setting-up aid for young farmers in IT, ES, PT, CZ).

In addition, for 2023-2027, the Member States will be required to enhance the collection of data disaggregated by gender. The majority of Member States commit in their CSPs to include - inter alia - representatives of the organisations representing women in the Monitoring Committee to strengthen the equality dimension in the implementation of CAP Strategic Plans.

### **Closer look at CAP Plans – Improving the position of women in farming and rural areas**

*Under direct payments, **Spain** will allocate a 15% higher unit amount for complementary income support for young farmers (CIS-YF) to be paid to women who are farmers under specific conditions. Specific selection criteria giving positive discrimination towards a selection of projects submitted by women aim at making rural areas more attractive to women and discourage rural female outmigration.*

*Similarly, **Ireland** provides an increased grant rate for female beneficiaries of rural development interventions. Higher grant rates (60%) will be available for female farmers for on-farm capital investments, compared to the standard rate (40%). The objective of a top up for female farmers is to provide due recognition to women in farming and to encourage new female entrants into farming. The gender balance will also be addressed through female-focused knowledge transfer groups. Support to innovative 'bottom-up' projects that promote gender balance in the agricultural sector will be offered through the European Innovation Partnership model with targeted call for proposals on this theme.*

## 6.3 ANIMAL WELFARE, ANTIMICROBIAL RESISTANCE, BIOSECURITY

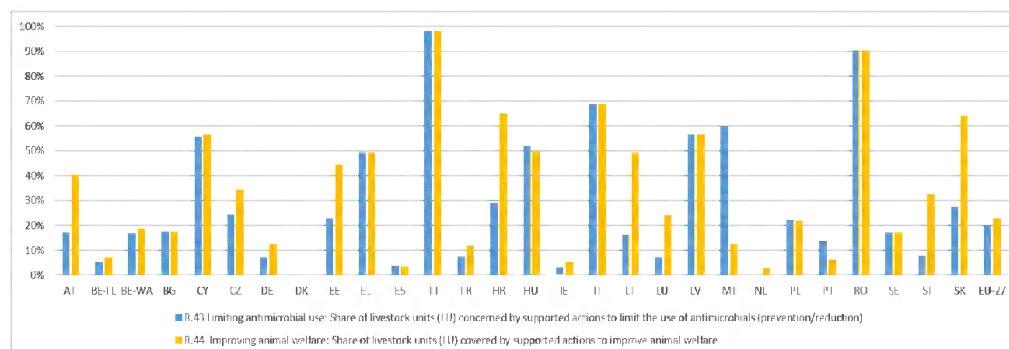
Some of the key challenges facing EU agriculture include improving its response to society's demands concerning food and health - including safe, nutritious and sustainable food, reductions in food waste, and improvements to animal health and welfare. The CAP reform explicitly tackles food and health issues in line with the key ambitions of the European Green Deal, aiming at increasing the **sustainability of food systems** through the Farm to Fork strategy at all levels - from food production and processing and retail to consumption.

- 27 CAP Strategic Plans (excluding DK) provide for specific support for higher levels of **animal welfare and for combating antimicrobial resistance**. This covers a wide range of species, through combinations of practices, investments, cooperation and training.
- In total EUR 6.3 billion EU contribution is earmarked for these efforts **for voluntary actions under eco-schemes and rural development**. In all Member States farmers are eligible for grants under the investment support, provided by CAP Strategic Plans.

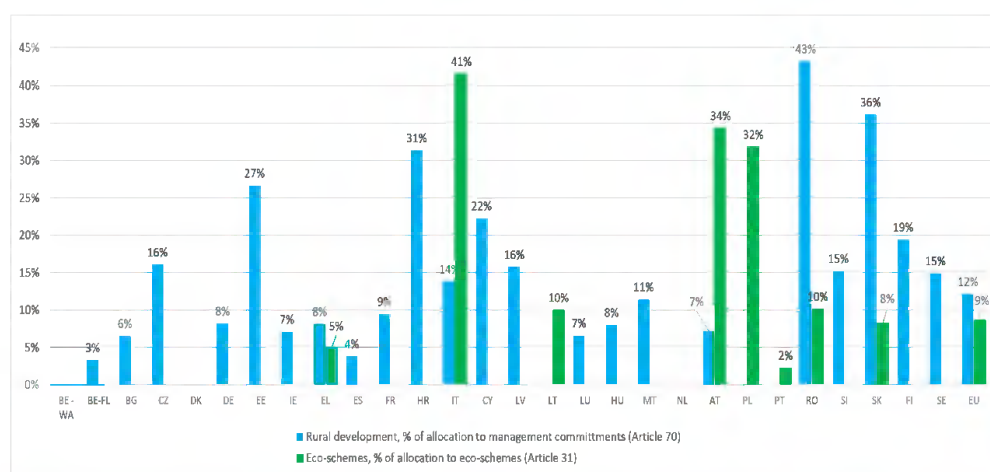
Farmers may receive in all CSPs support for investing in newly built or renovated housing systems to improve the welfare of their livestock and reduce the need to treat animals with antibiotics.

- Furthermore, the support allocated to organic farming also contributes towards animal welfare and reduces the use of antimicrobials as the requirements for antibiotic use under the organic regulation are much more stringent as compared to conventional farming. Planned support in Member State's CAP Strategic Plans are differentiated according to species.
- 22 CAP Strategic Plans (excluding BE-WA, DK, LT, NL and PT) provide support for voluntary practices under AECC in rural development to specifically address animal welfare and/or the fight against antimicrobial resistance. In total **EUR 2.4 billion of EU funds or 12% of the total EU contribution under EAFRD** allocated by Member States for **agriculture-related area-based interventions** addressing specific environment and climate objectives, is planned for these schemes.
- Eight CAP Strategic Plans establish and support animal-friendly practices and/or the reduced use of antimicrobials through **eco-schemes** (EL, IT, LT, AT, PL, PT, RO and SK). In total, EUR 3.8 billion of EU contribution for EAFRD (or 9% of total budget allocated by Member States to eco-schemes) is planned for such support.
- Three CAP Strategic Plans (BE-FL, EE, NL) have made animal welfare and health dedicated support available through the cooperation intervention under rural development. Farmers may seek support in participating in animal welfare labelling schemes or establishing voluntary eradication programmes for animal diseases.
- Overall, this support aims **to reach 23% of EU livestock units and is underpinned by at least EUR 6.3 billion of EU CAP spending.**
- Support is dedicated to reduce tail docking, provide longer periods of pasture rearing, non-cage systems, increase living space, improvement of hygiene and stable environment, improved quality of bedding area, improved water and feed quality, monitoring of animal health and behavioural changes.
- Most of the CSPs provide for interventions to improve the living space for animals by at least 20%, or by 15% to 20% in combination with other actions improving housing conditions (enriched material, light management, microclimate control), support for grazing.
- CAP Strategic Plans include actions to improve the welfare of pigs, in particular by addressing the avoidance of tail-docking practices and increasing the biosecurity of farms in relation to African swine fever.
- Member States responded to the European Citizen Initiative call on 'End the Cage Age' and have prioritised support to poultry farmers to encourage the keeping of laying hens in non-caged housing systems.

**Figure 69: Target values for interventions addressing animal welfare and antimicrobial resistance**



**Figure 70: Planned financial allocation of eco-scheme (direct payments) and of rural development (management commitments, Article 70) targeting animal welfare and AMR 2023-2027, % of allocation to each type of intervention (EU contribution only)**



### Closer look at CAP Plans – animal welfare

**Estonia** programmed an intervention to support cooperation between livestock farmers with a view to developing control and/or eradication programmes for animal diseases with economic impact, such as infectious rhinotracheitis and bovine viral diarrhoea. In total EUR 6 million of EU support is planned for this.

**Belgium Flanders** includes support (in total EUR 0.3 million of EU contribution) for farmers which provide an incentive to achieve a higher level of animal welfare through participation in a quality animal welfare labelling scheme.

**Italy** makes support available under an eco-scheme on antimicrobial resistance and animal welfare (EUR 1.8 billion of EU direct payments). To receive support, farmers must apply practices aimed at reducing the use of antimicrobials and promoting welfare-friendly herd management.

## 7 KNOWLEDGE SHARING, INNOVATION AND DIGITALISATION

The 9 CAP specific objectives are complemented and interconnected with the cross-cutting objective of *modernising agriculture and rural areas by fostering and sharing knowledge, innovation and digitalisation*.

Knowledge, innovation and digitalisation are enabling tools that can help reach all CAP specific objectives. Farmers must take into consideration a wide range of challenges and solutions in order to achieve the transition to more resilient and sustainable agriculture and rural areas. This will require **increased efforts in advice, coaching, training and** other knowledge exchange actions to help farmers and other rural actors embrace the necessary changes.

In their CAP Strategic Plans, Member States detailed their **strategy for knowledge sharing and innovation**, including their **contribution to the digital transition** of agriculture and rural areas.

### KNOWLEDGE SHARING & INNOVATION

#### **What are Agricultural Knowledge and Innovation Systems (AKIS)?**

*'AKIS' means the combined organisation of knowledge flows between persons, organisations and institutions who use and produce knowledge for agriculture and interrelated fields. This includes whatever farming and rural activities automatically relate to, for instance environment, climate, biodiversity, landscapes, consumers and citizens, food and non-food systems including processing and distribution, etc.*

To harness the power of knowledge and innovation, it is essential to build stronger **Agricultural Knowledge and Innovation Systems (AKIS)** to boost the co-development of innovation projects, disseminate their results and encourage their use as widely as possible. **Farm advisors are key actors** in sharing new knowledge and ideas. Therefore, the new CAP requires all Member States to offer advice on each of the 3 pillars of sustainability. To make advisors more competent, the CAP asks for integration of all impartial advisors within the AKIS, in particular the most trusted ones who have a major impact on the ground. A further key element in a well-functioning AKIS is an effective offer of training and skill building activities;

These include an encouraging number of **on-farm demonstration activities**, which are an effective tool to foster interactions among AKIS actors, exchange knowledge, discover needs and facilitate innovation in farming practices via peer-to-peer learning. Furthermore, Member States schedule a wide scope of knowledge sharing interventions such as:

- training for advisors, farmers, foresters and other stakeholders
- capacity building and mobility for advisors to go and learn abroad
- farmer discussion groups (peer-to-peer learning)
- back-offices for advisors to collect and share thematic, up-to-date knowledge including the latest science.

Supporting collaborative projects for innovation – so called Operational Groups – under the European Innovation Partnership for Agriculture (EIP-AGRI), the CAP promotes the development

of bottom-up ideas and the co-creation of innovative solutions, with a focus on the needs of farmers and foresters, by researchers, farmers, foresters and rural businesses.

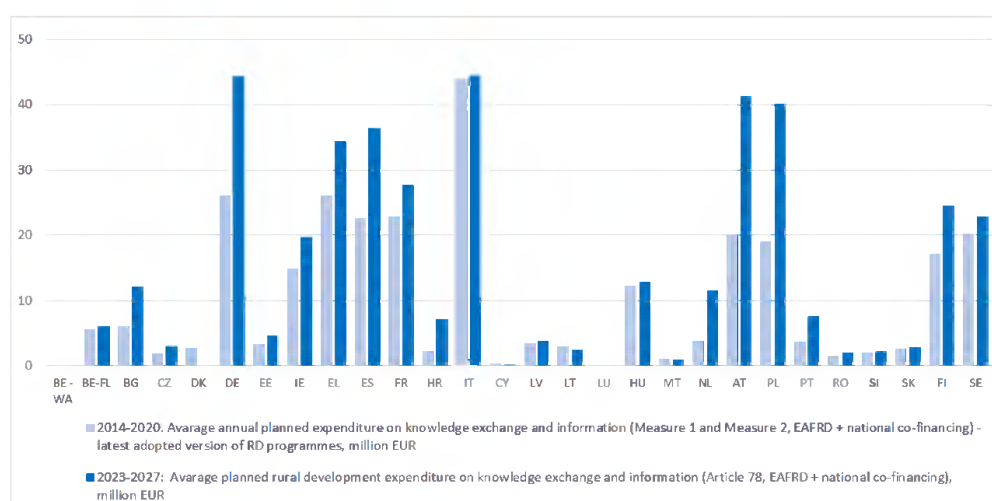
As far as innovation is concerned, 26 Plans envisage support of over **6 600 EIP Operational Groups**. This is **3 times** the number per year compared with the 2014-2020 period.

The AKIS coordination bodies and the national **Common Agricultural Policy Networks** (CAP Networks) are set to play a key role in Member States to establish connections and exchanges among farmers, advisors, researchers and others, for example through a wide range of information events and the set-up of platforms providing farmers and advisors with ready-to-use knowledge. These are also key tools for Member States to structure, share and re-use knowledge, also from across borders. The synergies between the CAP and the European research framework Horizon Europe under the EIP-AGRI are instrumental to this effect.

With the support of the CAP Plans, overall, advice, training, and knowledge exchange or participation in innovation projects under the **European Innovation Partnership** (R.1) will target 6 million participants. One part of these will receive trainings with a specific focus on environmental and climate performance (R.28). More than 200 000 independent advisers will be supported in their work to help transfer knowledge to and increase innovation among farmers (R.2).

- **25 out of the 28 CSPs (all but BE-WA, DK and LU) will use EAFRD funding to support interventions for knowledge exchange and dissemination of information.**
- At EU level, 2% of the public funding from EAFRD or close to EUR 2.1 billion is targeted for interventions for knowledge, exchange and information. The range is from 5 % to less than 1% in different CSPs. This financial allocation represents 0.7% from the total CAP financial allocation for the implementation of the CSPs on EU level. If compared with the financial allocation in the previous period within the rural development programmes with similar scope, the dedicated financial allocation has progressed.
- AT, ES, FR, HU, IT, LT, SE commit in addition national financing amounting to EUR 297 million to actions for knowledge sharing, training and advice.

**Figure 71:** Comparison between annual total public financial expenditure for knowledge and information by MS.



#### **Closer look at CAP Plans – EIP**

*The interventions for innovative investments planned in the CSP of BE-Flanders are strongly linked to the intervention 'Project Call for Innovation' under the EIP. These interventions can cover both technological and non-technological innovation, as well as product and process innovation. The interventions will be better streamlined and integrated in a single call even if they remain separate interventions. The added value is that farmers who access investment support for innovation can establish a substantive link with existing or future EIP projects more quickly, which is often key to fine-tune and improve acceptance of innovative investments. Moreover, a group of farmers already involved in an EIP project and applying for innovation jointly or individually will be favoured in the selection process.*

Member States' strategic approach to knowledge and innovation in the CAP Strategic Plans is overall promising, thanks to comprehensive and articulated strategies for AKIS;

Overall, the Plans recognise the importance of supporting farmers to improve practices by co-creating R&I solutions. Some Plans provide appropriate tools, such as specific governance systems and procedures that will ensure that interconnection will effectively take place, between research and CAP beneficiaries, between Horizon Europe and the CAP.

## **DIGITALISATION**

Digital technologies can help agriculture and rural areas to strengthen their competitiveness and at the same time contribute significantly to environmental and socio-economic sustainability objectives. Digital technologies, such as precision farming, can for example help farmers achieve higher input efficiency and eventually save costs and increase quality of life in rural areas.

The CAP promotes a strategic, **comprehensive approach towards digitalisation for agriculture and rural areas**. This not only considers the need to invest in technologies, but also the creation of a conducive environment (e.g. via support to skills, infrastructure) enabling farmers and rural communities to take up and effectively use digital technologies.

Albeit to a different extent, **all 27 Member States elaborated a strategy for the digitalisation** of agriculture and rural areas in their Plans.

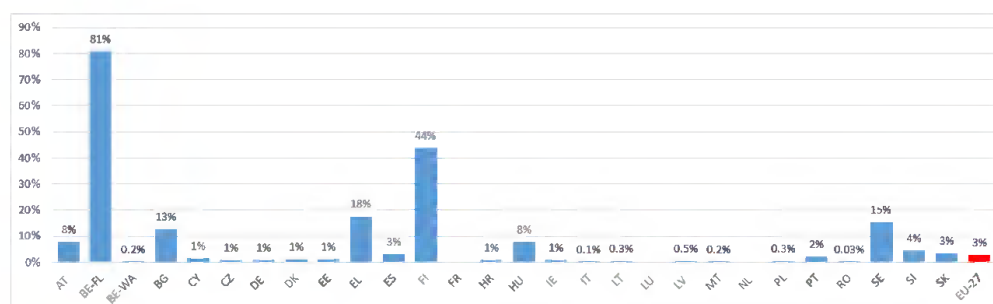
Typically, these strategies include a limited consideration of digital technologies as an enabling tool **for other CAP objectives** (particularly for environment, climate and rural-related objectives), as well as a partial **consideration of the needs of rural areas**, and a limited focus on the development of digital skills which can help to close the **digital divide**.

#### **Closer look at CAP Plans – Precision farming - digital tools in support of emission and water use reduction**

*Greece plans support for producers that will be assisted for the purchase of a digital application licence which include information on farms, soil sampling, management practices, crop history and yield targets. This will allow farmers to simultaneously manage the cultivation and irrigation methods as well as plant protection and nutrient balance. Additional aid is available for soil and water analysis and scientific assistance. Other supported practices include the use of alternative means of combating pests and diseases; the alternative use of crop residues; the use of equipment to reduce pollution and plant protection chemicals and increase nutrient management*

Almost all Member states include a combination of interventions to address needs related to digitalisation through cooperation, knowledge and information, investments and set an ambition to reach 274 000 farms with support for digital farming technology. It will be important of course to accompany this ambition with efforts for update of the technologies and decision making related to the use of data.

**Figure 72:** Share of farms benefiting from support for digital farming technology through CAP (R.3)



Seven (BE-FL, CZ, DK, EL, IE, LV, SE) out of the 28 CSPs, plan to establish a **dedicated eco-scheme** to compensate farmers for the use of precision farming technologies.

#### ***Closer look at CAP Plans – support for demonstration activities and demo farms with e-learning tools and webinars***

Digital skills cannot be acquired and improved by providing access to broadband infrastructure and digital services alone, as they require a level of knowledge and competence in operational digital tools and rely on at least basic knowledge of a range of topics, such as security, privacy or use of applications.

In addition to conventional learning methods, under Article 78 for knowledge transfer, **Croatia** plans the development of e-learning systems for farmers, which will provide them with innovative and effective methods of education helping them to manage better the time spent on daily obligations on the farm. Croatia considers that education and implementation of information campaigns towards farmers, as well as the promotion of widely available standards and information systems are necessary and complementary to digitalisation as important drivers for the development of agriculture in the future. Croatia is also building a national e-platform for smart management and improvement agricultural production under the ongoing Resilience and Recovery Plan (RRP). This would enable advisors to provide advice remotely to farmers and producers. The development of knowledge transfer and training methods under the CSP will provide good complementarity to the efforts funded from the Recovery and Resilience Plan.

## ADDITIONAL INFORMATION

### Calculating values of the result indicators

All Member States were obliged to set targets in their CAP Strategic Plans which express desired 'results', in the sense of the intended level of uptake of funded CAP actions. The indicators used for setting such targets are referred to as 'result indicators' and are listed in Annex I of the CAP Strategic Plan Regulation.

Expected contribution to the targets of selected result indicators from the implementation of the local development strategies through LEADER will be integrated in the planned target values by Member States only after the approval of the strategies.

The coverage/uptake of funded action is typically expressed in terms of percentage of areas (number of hectares) or beneficiaries (numbers of farms).

The denominators of result indicators refer to the latest available statistical data at EU level at the time of submitting the Plans (e.g. 2016 for the number of farms). Definitions and data sources are available in the specific indicator fiches<sup>69</sup>. However, Member States updated in some cases the data when they had better information at disposal (like 2020 data for the number of farms). The sum of Member States denominators is thus different from statistical data and can be based on different reference years. In addition, for the actions in rural areas, Member States could define a different baseline for territories where LEADER approach is applicable than for the support to services and infrastructure, this is why there are two figures for the rural population in the following table.

**Figure 73:** Key data used as denominators for the targets of result indicators at EU level

| Key indicators                                                                                                                            | Baseline data/EU          |
|-------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Total rural population - for the investment support to services and infrastructure (Persons)                                              | 220 314 314 <sup>70</sup> |
| Total rural population – for LEADER (Persons)                                                                                             | 261 723 566 <sup>71</sup> |
| Total forest area (Hectares)                                                                                                              | 185 785 474               |
| Total number of farms                                                                                                                     | 10 044 846                |
| Total utilised agricultural area (UAA)(Hectares)                                                                                          | 161 802 589               |
| Total number of livestock units                                                                                                           | 111 577 783               |
| Total number of beehives notified to the EU Commission: average of the latest three years available at the time of establishing the plan. | 18 165 053                |

<sup>69</sup> [pmef-context-impact-indicators\\_en.pdf \(europa.eu\)](#)

<sup>70</sup> Relevant for R.41 and R.42

<sup>71</sup> Relevant for R.38

