



Council of the European Union
General Secretariat

**Interinstitutional files:
2018/0216(COD)**

Brussels, 27 September 2019

WK 10242/2019 ADD 3

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WORKING PAPER

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WORKING DOCUMENT

From:	General Secretariat of the Council
To:	Working Party on Horizontal Agricultural Questions (CAP Reform)
N° Cion doc.:	9645/18 + COR 1 + ADD 1
Subject:	Proposal for a Regulation on CAP Strategic Plans - Comments from the Hungarian delegation on updated Commission fiches on result and output indicators

Delegations will find attached comments from the Hungarian delegation on the updated Commission fiches on result and output indicators (WK 9352/2019 + WK 9353/2019 REV1).



MINISTRY
OF AGRICULTURE

Written comments from the Hungarian delegation in relation to the system of indicators

(The Hungarian comments below include our reflections in relation to the topics discussed during the Working Party on Horizontal Agricultural Questions (WP-HAQ) 12-13 September 2019 and the Special Committee on Agriculture (SCA) 16 September 2019.)

Part 4: Indicators

We are grateful for compiling all the output and result indicator fiches into one document. We think that O.6 and O.7 should also be deleted from the list, just like O.30 in order to reflect the present state of Annex I presented by the Romanian Presidency.

General comments

- In the case of Output indicators, proportioning has been arisen as a calculation method. Proportioning has always been a major challenge (e.g. in case of O.16 proportioning animal head (unit) to payments).
- The number of beneficiaries in the case of certain outputs is the number of recipients, so the number of interventions can be counted once. (e.g. O.3 Number of CAP support beneficiaries)
- It is unrealistic for a Member State to pay only half (or a certain part) of a measure at by the end of the financial year. On the other hand, if we have not paid the entire planned financial budget for a planned intervention by the end of the financial year, we should not reduce the number of hectares. (E.g. the Member State planned 100 hectares of payments and planned 100,000 euros for it. The MS paid 80,000 euros for all 100 hectares. Then the number of hectares is underperformed but not the output!) (O.4 Number of ha for decoupled DP)
- A partial payment cannot reduce the number of hectares output. If a payment is made to a beneficiary for two or more reference years within a given financial year, it should also be proportional or should the relevant physical area be provided -> not clear instructions (O.6 Number of ha subject to enhanced income support for young farmers)
- In the case of Result indicators, where the denominated data supplied by EUROSTAT, is the data taken over once (at planning phase) and subsequently the result of the implementation is compared to this value or does the data (EUROSTAT) need to be constantly updated? In some cases the numerator is derived from aggregated IACS figures, while the denominator is Eurostat data. The latter is not under the control of the PA and may refer to different time periods. (e.g. R.4 Linking income support to standards and good practices: Share of UAA covered by income support and subject to conditionality, R.8 Targeting farms in sectors in difficulties: Share of farmers benefitting from coupled support

for improving competitiveness, sustainability or quality and R.9 Farm modernisation: Share of farmers receiving investment support to restructure and modernise, including to improve resource efficiency)

- In the case of Result indicators for which calculations (evaluation) are already carried out in the 2014-2020 period, the calculation experience should be used?

Please find our technical comments in relation to the indicator fiches in annex to this document.

26/09/2019, Budapest

ANNEX

OUTPUT INDICATORS

Broad type of intervention	Output indicator	Comments/Caveats from HU
European Innovation Partnership for agricultural knowledge and innovation (EIP)	O.1 Number of EIP operational groups	
	O.2 Number of advisors setting up or participating in EIP operational groups	
CAP support	O.3 Number of CAP support beneficiaries	<p>The number of beneficiaries of this output is the number of recipients, so the number of interventions can be counted once.</p> <p>What is the added value of such data? In the annual performance report, the output and result of each intervention shall be reported in accordance with Article 121 of the Common Strategic Plan Regulation. For example, if there is a serious underperformance at this output, which may have financial consequences, then how is the fund calculated? Pillar1? Pillar 2 or Market Interventions?</p>
Decoupled direct support	O.4 Number of ha for decoupled DP	<p>If, according to the fiche, the number of hectares that received support is the output, we do not agree with the methodology. On the one hand, it is unrealistic for a Member State to pay only half or a certain part of a measure at the end of the financial year. On the other hand, if we have not paid the entire planned financial budget for a planned intervention by the end of the financial year, we should not reduce the number of hectares. E.g. the Member State has planned 100 hectares of payments and planned for 100 thousand euros. The MS paid 80,000 euros for all 100 hectares. Then the planned payment is underperformed but not the output.</p>

	O.5 Number of beneficiaries for decoupled DP	<p>For the purpose of the performance clearance, the number of beneficiaries of the Round-Sum payment for small farmers should also be provided taking into account partial payments, because this direct payment is defined per farmer and thus the performance clearance is done per farmer.</p> <p>If only a partial payment was made in the Financial Year concerned under the Round Sum payment for small farmers, only a partial number of beneficiaries is to be reported, corresponding to the share of the payment in the Financial Year concerned in the total amount to be paid.</p> <p>For example, for a small farmer receiving only a 50% advance payment in the Financial Year concerned, the reported output is 0.50.</p> <p>By contrast, for the aggregated number of beneficiaries of decoupled payments, the number of beneficiaries of the round-sum payment for small farmers are accounted in full.</p>
	O.6 Number of ha subject to enhanced income support for young farmers	<p>In our opinion partial payment cannot reduce the number of hectares output.</p> <p>Question: If a payment is made to a beneficiary for two or more reference years within a given financial year, should it also be proportional or should the relevant physical area be provided?</p>
	O.7 Number of beneficiaries subject to enhanced income support for young farmers	<p>The derivation of fiches is not consistent. While the flat-rate subsidy for small farms should be proportional to the amount paid, this fiche will allow the Member State to calculate by the total number of beneficiaries even if only a partial payment has been made. Neither the number of heads nor the number of hectares should be proportional to the amount paid if the output is a number of hectares or heads.</p> <p>Another question is: how to deal with a payment in a given financial year for several reference years?</p>
Risk management tools	O.8 Number of farmers covered by supported risk management instruments	The farmer, whose claim was covered 75%, should be reported as one unit?
Coupled	O.9 Number of ha	

support	benefitting from coupled support	
	O.10 Number of heads benefitting from coupled support	We do not agree with the partial payment compared to number of heads as a basis of output indicator calculation.
Payments for natural constraints and other region Specific constraints	O.11 Number of ha receiving ANC top up (3 categories)	The number of hectares shouldn't be proportional to the amount paid if the output is a number of hectares.
	O.12 Number of ha receiving support under Natura 2000 or the Water Framework Directive	When determining the value of the output, the size of the affected area could be considered instead of proportioning
Payments for management commitments (environment-climate, genetic resources, animal welfare)	O.13 Number of ha (agricultural) covered by environment/climate commitments going beyond mandatory requirements	Should Natura 2000 not covered by this indicator, or excluded? If not covered it should be emphasized. According to Article 43. (1.) d) to j) and l) sectoral types of interventions should be paid Nevertheless Article 43 k), o) and p) interventions should be considered due to environment and climate commitments. Article 60 (1.) a) iv., v. and xi. should be also concerned in this indicator.
	O.14 Number of ha (forestry) covered by environment/climate commitments going beyond mandatory requirements	Should Natura 2000 not covered by this indicator, or excluded? If not covered it should be emphasized.
	O.15 Number of ha with support for organic farming	
	O.16 Number of livestock units covered by	

	support for animal welfare, health or increased biosecurity measures	
	O.17 Number of projects supporting genetic resources	
Investments	O.18 Number of supported on-farm productive investments	
	O.19 Number of supported local infrastructures	For the calculation of the values of the indicators by proportioning, the cumulative data shall be awarded as a result of the partial performance of the project for the different financial years. How should we plan annual and full-time targets?
	O.20 Number of supported non-productive investments	For the calculation of the values of the indicators by proportioning, the cumulative data shall be awarded as a result of the partial performance of the project for the different financial years. How the annual and full-time targets should be planned?
	O.21 Number of off-farm productive investments	For the calculation of the values of the indicators by proportioning, the cumulative data shall be awarded as a result of the partial performance of the project for the different financial years. How should we plan the annual and full-time targets?
Installation grants	O.22 Number of farmers receiving installation grants	
	O.23 Number of rural entrepreneurs receiving installation grants	
Cooperation	O.24 Number of supported producer	

	groups/organizations	
	O.25 Number of farmers receiving support to participate in EU quality schemes	
	O.26 Number of generational renewal projects (young/non-young farmers)	
	O.27 Number of local development strategies (LEADER)	
	O.28 Number of other cooperation groups (excluding EIP reported under O.1)	
Knowledge exchange and information	O.29 Number of farmers trained/given advice	The total number of advisory and training activities is requested on an aggregate basis, but should be reported separately: the number of advisory activities and the number of training activities.
	O.30 Number of non-farmers trained/given advice	
Horizontal indicators	O.31 Number of ha under environmental practices (synthesis indicator on physical area covered by conditionality, ELS, AECM, forestry measures, organic farming)	

	O.32 Number of ha subject to conditionality (broken down by GAEP practice)	The fiche stipulates that the overall area subject to conditionality (which, theoretically, equals to the total BISS area) is not to be presented under this indicator. Though, it requires confirmation that the BISS area falling under a specific GAEC condition should accompany the value provided for the given GAEC condition. Furthermore, not every GAEC condition can be paired with a definite number of hectares (e.g. GAEC 3, the ban on burning plant residues – given the volatile and eventual occurrence of burning, the only option seems to be total number of arable hectares). When it comes to EFAs, one should pre-define the area to be presented as EFA-related.
Sectorial programmes	O.33 Number of producer organizations setting up an operational fund/program	
	O.34 Number of promotion and information actions, and market monitoring	Definition and explanation is needed for „promotion and information action”, also for „market monitoring”. Methodology for market monitoring also should be explained.
	O.35 Number of actions for beekeeping preservation/improvement	

RESULT INDICATORS

EU Cross-Cutting objective: Modernisation	Result indicators	Comments/Caveats from HU
Fostering knowledge, innovation and digitalization in agriculture and rural areas and encouraging their uptake	R.1 Enhancing performance through knowledge and innovation: Share of farmers receiving support for advice, training, knowledge exchange, or participation in operational groups to enhance economic, environmental, climate and resource efficiency performance	Methodologically the indicator with “Total number of farmers” in the denominator would represent “Share of farmers receiving support” (as it is stated in the Indicator name) more precisely. The other solution might be: “Share of farms receiving support” in the indicator name. With a correct definition of who can be considered as a farmer (e.g. if not the farm manager is the one who receives the training but someone else form the farm
	R.2 Linking advice and knowledge systems: number of advisors integrated within AKIS (compared to total number of farmers)	Definition and methodology should be clearer. Number of days of support should be compared to the total number of farmers. It will result a ratio (%): the unit of measurement is the number of days of support provided to advisors. It is not clear that the unit of measurement is a „net days” or should be weighted or multiplied by the number of participants. More clear formula should be presented.
	R.3 Digitizing agriculture: Share of farmers benefitting from support to precision farming technology through CAP	<ul style="list-style-type: none"> - Digitalization in agriculture is more than precision farming, the title should be changed. The definition of digital technologies need matching with interventions. - Needs to be clarified what is included in the investments - machinery, sensors, software, etc. - The number of beneficiaries is not clear - farmers, not farmers (indicated in the comments), farms, cooperation projects. The numerator and denominator of the index should have the same units.

		- The contribution of digital technologies to agri-environment-climate commitments needs verification!
EU Specific Objectives		
Support viable farm income and resilience across the Union to enhance food security	<p>R.4 Linking income support to standards and good practices: Share of UAA covered by income support and subject to conditionality</p> <p>R.5 Risk Management: Share of farms with CAP risk management tools</p>	<p>The numerator is derived from aggregated IACS figures, while the denominator is Eurostat data. The latter is not under the control of the PA and may refer to different time periods. We propose to consider the use of LPIS data in the denominator instead. Ignoring the major methodological differences between the two may result in distorted/irrelevant indicator values.</p> <p>In the case of those indicators (R.4, R.8 and R.9) where Eurostat area data is included in the formula, a static figure (i.e. figure from the planning year) or a yearly updated figure is used?</p> <p>It is essential to establish in advance which indicators are to be presented in a cumulated/yearly manner in the annual performance reports. The same goes for target values – as expressed several times during the regulation’s discussion.</p> <p>Further information is needed on the presentation rules of financial sources under determination. If it is a subject of planning, that should be clearly stated in the relevant legal provisions. Otherwise, undesired mismatches may occur during the reporting exercise; which was the case under the current budgetary period.</p> <p>We recommend using the IACS data instead (all CAP beneficiaries).</p> <p>The indicator currently has the possibility to Use aid for certain of the listed measures (crisis management measure), but is not a characteristic of the fruit and vegetable operational fund. Such measures are not specified in the national envelope on The wine track. However, there is no disease control among The sub measures of the beekeeping aid.</p> <p>Our questions about calculating The indicator:</p>

		<p>What do we consider to be a farm? An applicant = a farm? If the aid is to be used by producer organisations, are the organisations or their members or perhaps the members concerned by the measure needed? (The Latter may pose a problem as it is not always possible to give the products supplied by those farmers the measure concerned, e.g. which member's product was sold cheaper in crisis management.)</p> <p>For The "All farms" data, we indicate that we do not keep the number of beekeepers (we know only the number of participants in the aid measure). The number of beekeepers may be the source of the ALI/ENAR register, which is to be requested from the NÉBIH, but it is necessary to determine the date of the data.</p>
	R.6 Redistribution to smaller farms: Percentage additional support per hectare for eligible farms below average farm size (compared to average)	<p>The fiche spreads over the basic act, where Member States have only two constraints: the aim is to transfer funds from large farms to small or medium-sized farms and to ensure that the amount of plus aid per hectare is not higher than the national average per hectare of aid.</p> <p>However, this fiche asks for a percentage of output (how many percent of the average farm size per hectare is higher than the average of all producers per hectare).</p> <p>Before that, it has to be calculated how much of the average size below the hectare and the average over the hectare is above the average size without redistribution.</p> <p>In countries using SAPS, there is no point of counting two averages, especially for farmers below average farm size and above average, because if we put the financial envelope on the eligible hectare, this is the same in our system, because it is a flat- rate subsidy.</p> <p>The methodology described is complicated, unnecessary and would delay payments.</p>
	R.7 Enhancing support to farms in areas with specific needs: Percentage additional support per	

	hectare in areas with higher needs (compared to average)	
Enhance market orientation and increase competitiveness, including greater focus on research, technology and digitalisation	R.8 Targeting farms in sectors in difficulties: Share of farmers benefitting from coupled support for improving competitiveness, sustainability or quality	<p>The numerator is derived from aggregated IACS figures, while the denominator is Eurostat data. The latter is not under the control of the PA and may refer to different time periods. We propose to consider the use of LPIS data in the denominator instead. Ignoring the major methodological differences between the two may result in distorted/irrelevant indicator values.</p> <p>In the case of those indicators (R.4, R.8 and R.9) where Eurostat area data is included in the formula, a static figure (i.e. figure from the planning year) or a yearly updated figure is used?</p> <p>It is essential to establish in advance which indicators are to be presented in a cumulated/yearly manner in the annual performance reports. The same goes for target values – as expressed several times during the regulation’s discussion.</p> <p>Further information is needed on the presentation rules of financial sources under determination. If it is a subject of planning, that should be clearly stated in the relevant legal provisions. Otherwise, undesired mismatches may occur during the reporting exercise; which was the case under the current budgetary period.</p>
	R.9 Farm modernisation: Share of farmers receiving investment support to restructure and modernise, including to improve resource efficiency	<p>In the case of those indicators (R.4, R.8 and R.9) where Eurostat area data is included in the formula, a static figure (i.e. figure from the planning year) or a yearly updated figure is used?</p> <p>It is essential to establish in advance which indicators are to be presented in a cumulated/yearly manner in the annual performance reports. The same goes for target values – as expressed several times during the regulation’s discussion.</p> <p>Further information is needed on the presentation rules of financial sources under determination. If it is a subject of planning, that should be clearly stated in the relevant legal provisions. Otherwise, undesired</p>

		mismatches may occur during the reporting exercise; which was the case under the current budgetary period.
Improve the farmers' position in the value chain	R.10 Better supply chain organization: Share of farmers participating in supported Producer Groups, Producer Organizations, local markets, short supply chain circuits and quality schemes	
	R.11 Concentration of supply: Share of value of marketed production by Producer Organizations with operational programmes	
Contribute to climate change mitigation and adaptation, as well as sustainable energy	R.12 Adaptation to climate change: Share of agricultural land under commitments to improve climate adaptation	
	R.13 Reducing emissions in the livestock sector: Share of livestock units under support to reduce GHG emissions and/or ammonia, including manure management	
	R.14 Carbon storage in soils and biomass: Share	

	of agricultural land under commitments to reducing emissions, maintaining and/or enhancing carbon storage (permanent grassland, agricultural land in peatland, forest, etc.)	
	R.15 Green energy from agriculture and forestry: Investments in renewable energy production capacity, including bio-based (MW)	
	R.16 Enhance energy efficiency: Energy savings in agriculture	<p>For the CMEF indicator R14, we are currently demonstrating the improved efficiency of energy use in agriculture and food processing through projects supported by rural development programs. The evaluators assess the sample of operations performed in this priority area and identify changes in energy use and performance as a result of the implementation of the projects, i.e. an increase in energy efficiency.</p> <p>The representative sample is selected by the evaluators on the basis of the characteristics of the project and of the beneficiary in the Operations Database. We must report three times during the programming period, as part of the Extended Annual Implementation Report: in 2016; 2018; and ex post. The indicator value serves the purpose of evaluation and there is no financial consequence for the inadequate fulfilment of the target value.</p> <p>In this case, for PMEF indicator R16, the provision of annual data on the total number of beneficiaries would be a disproportionate administrative burden for both the beneficiaries and the Member State compared to the current system. This result indicator should be used for</p>

		evaluation purposes without any financial consequence in case of underperforming.
	R 17 Afforested land: Area supported for afforestation and creation of woodland, including agroforestry	
Foster sustainable development and efficient management of natural resources such as water, soil and air	R.18 Improving soils: Share of agricultural land under management commitments beneficial for soil management	
	R.19 Improving air quality: Share of agricultural land under commitments to reduce ammonia emission	Only 20-40 percent of ammonia emission is connected to land (manure application). Significant part of ammonia emission occurs during the housing and manure storage. R19 doesn't reflect ammonia mitigation of livestock feeding strategies, livestock housing and manure storage. Livestock unit (instead of hectare) would be preferable to quantify the effect of a certain operation.
	R.20 Protecting water quality: Share of agricultural land under management commitments for water quality	Among the types of intervention concerned digital farming technology should be also included. Participating in Certificate Schemes should be also considered. Contribution towards maintenance of good condition and improvement needs to be differentiated (linking WFD).
	R.21 Sustainable nutrient management: Share of agricultural land under commitments related to improved nutrient management	Among the types of intervention concerned digital farming technology should be also included. Participating in Certificate Schemes should be also considered. Contribution towards maintenance of good condition and improvement needs to be differentiated (linking NEC).
	R.22 Sustainable water use: Share of irrigated	Among the types of intervention concerned digital farming technology should be also included.

	land under commitments to improve water balance	Participating in Certificate Schemes should be also considered. The denominator should be total irrigated area.
	R.23 Environment-/climate-related performance through investment: Share of farmers with support in investments related to care for the environment or climate	
	R.24 Environmental/climate performance through knowledge: Share of farmers receiving support for advice/training related to environmental- climate performance	
Contribute to the protection of biodiversity, enhance ecosystem services and preserve habitats and landscapes	R.25 Supporting sustainable forest management: Share of forest land under management commitments to support forest protection and management	
	R.26 Protecting forest ecosystems: Share of forest land under management commitments for supporting landscape,	

	biodiversity and ecosystem services	
	R.27 Preserving habitats and species: Share of agricultural land under management commitments supporting biodiversity conservation or restoration	The involvement is not clear, but in the case of the fruit and vegetable product chain, we cannot give a hectare of data. There are environmental measures in the measure to support the operational fund, but whether these measures are included in the marked points, we are not able to decide according to our knowledge. Furthermore, even if we were able to make a decision on the previous issue, we do not receive any data in the applications of the operational program that each member of the PO and the land was affected.
	R.28 Supporting Natura 2000: Area in Natura 2000 sites under commitments for protection, maintenance and restoration	According to the Articles 65 and 28 the proportion of payments should be reported for each Natura 2000 area. As Natura 2000 areas are eligible for funding under Articles 65 and 28, it would be advisable to collect not only the proportion of the two sums as described in the fiche but also the proportion of both interventions. Therefore decoupling will not mean extra work in the future.
	R.29 Preserving landscape features: Share of agriculture land under commitments for managing landscape features, including hedgerows	
Attract young farmers and facilitate business development in rural areas	R.30 Generational renewal: Number of young farmers setting up a farm with support from the CAP	
Promote employment, growth, social	R.31 Growth and jobs in rural areas: New jobs in supported projects	

inclusion and local development in rural areas, including bio-economy and sustainable forestry	R.32 Developing the rural bio economy: Number of bio-economy businesses developed with support	
	R.33 Digitising the rural economy: Rural population covered by a supported Smart Villages strategy	
	R.34 Connecting rural Europe: Share of rural population benefitting from improved access to services and infrastructure through CAP support	
	R.35 Promoting social inclusion: Number of people from minority and/or vulnerable groups benefitting from supported social inclusion projects	<p>If only aggregated data about minority and/or vulnerable groups are collected, the results of CAP promoting, social inclusion cannot be presented in a nuanced way.</p> <p>Detailed segmentation is required for data collection (e.g. collecting data from vulnerable social groups for schooling/age/gender/previous employment status/residence).</p> <p>Among the groups affected by social inclusion, we suggest to name the low-educated population and young people affected by early school leaving.</p>
Improve the response of EU agriculture to societal demands on	R.36 Limiting antibiotic use: Share of livestock units concerned by supported actions to limit the use of antibiotics	<p>Since the indicator asks for the number of animals being subject of measures providing support for reducing antibiotic consumption, we see no difficulties. It should be clearly defined though, what measures are appropriate for that purpose. If they were asking for how much of the supported farms reduced their AB consumption that would be</p>

food and health, including safe, nutritious and sustainable food, as well as animal welfare	(prevention/reduction)	interesting.
	R.37 Sustainable pesticide use: Share of agricultural land concerned by supported specific actions which lead to a sustainable use of pesticides in order to reduce risks and impacts of pesticides	
	R.38 Improving animal welfare: Share of livestock units covered by supported action to improve animal welfare	