



Council of the European Union
General Secretariat

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

Brussels, 01 October 2019

WK 10242/2019 ADD 5

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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 Spanish delegation on updated Commission fiches on result and output indicators

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

WP “Horizontal Agricultural Question CAP Reform”

(Brussels, 12 - 13 September 2019)

In relation to the issues discussed at the meeting:

- The wording proposed by the Finnish Presidency to Article 7 of the CAP EP Regulation is accepted.
- Spain agrees to address the issue of indicators in the framework of other technical meetings such as the Expert Group on Evaluation and Monitoring. However, Spain considers that the Indicator fiches should be presented and discussed in other forums such as other Expert Groups on Direct Payments, Rural Development, Agricultural Funds or single CMO. Our reasons are:
 - o In the Evaluation and Monitoring Expert Group the Managing Authorities are mostly represented. But, according to document WK 8875/2018 presented in AGRIFIN, it corresponds to the paying agency to provide the data of "realised outputs, realised expenditure, realised result and distance from respective targets".
 - o The experts in the data sources from which the indicators are to be obtained (Integrated Administration and Control System databases, CATS, Table 104, etc.) are not sufficiently represented in the Evaluation and Monitoring Expert Group.

General comments on the indicator fiches

- Technical comments on the content of the indicator Fiches pass to GREXE. However, this document is annexed as it was part of this WP.
- Some output and result indicators (O.35a, O.35b, R.9a, R.17a, R.22a, R.23a, R.31a, R.35a and R.38a) that were incorporated in the previous indicator Fiches have disappeared from the new document of indicator Fiches (WK 9353 and WK 9352).

Spain presents a scrutiny reservation to evaluate its elimination in more detail, but it is considered useful to maintain indicators R17a, R22a, R38a and O35b (as it was in the proposal of the Romanian Presidency to collect other operations paid for through sectorial interventions that are not computed in other O's).

- Incorporate in the Fiches, when relevant, the use to be made of the system for identifying plots and the system for monitoring surfaces.

In relation to Article 66(2)(d) of the Horizontal Regulation "Member States shall ensure that the identification system for agricultural parcels: (...) (d) contains all relevant information for the submission of reports on the indicators referred to in Article 7 of the CAP EP Regulation".

On the other hand, the document WK 4107/2019 presented at the Working Group of 26 March, says "The primary purpose of the AMS is to produce reliable and verifiable data on monitorable eligibility conditions defined by MS in their interventions thus contributing to reporting on relevant indicators within the PMEF of the future CAP. More specifically, data collected through the AMS, combined and cross-checked primarily with LPIS5 and GSA data, can be the basis for reporting on output/ result indicators (aggregated without double counting) for the purpose of the annual performance clearance/ review of area-based interventions"

The following indicators are specifically mentioned: O.4: Number of ha for decoupled direct payments, O.9: Number of ha benefitting from coupled support, O.13: Number of ha (agricultural) covered by environment/climate commitments going beyond mandatory requirements, O.32: Number of hectares subject to conditionality. The Commission is requested to explicitly indicate in the output indicator Fiches for O.4, O.9, O.13 and O.32 the use made of the system for identifying plots, the geospatial declaration of surfaces and the system for monitoring surfaces in order to obtain the data for these indicators.

- Review in the methodology of the indicator Fiches the references to "paid area". It should be noted that in the current regulations, despite being so descriptive, there is no definition of paid area and this concept is not used in any regulation. The concepts used are "declared area", "admissible area" or "determined area". It is therefore essential for the Commission to clarify exactly what it means when it speaks of "paid areas".

On the other hand, Output Indicators, and indirectly Result Indicators, must provide data consistent with the payments in the performance clearance with data from the reported outputs. The following is specified in document WK 3453/2019 on the Annual Performance Report in Annex A:

"Expenditure for direct payments is declared to the Commission for reimbursement net of:

- reduction and capping,
- financial discipline if applicable, and
- sanctions and penalties applied.

In order to provide a proper basis for comparison between the planned and realised unit amounts for the purpose of performance clearance, the amounts included in the APR should be before these deductions".

Therefore, for consistency, the area to be reported should also precede these reductions. Specifically, before applying sanctions and penalties.

Currently, using the usual CATS terminology, Member States transfer data of the determined surface, but not of paid area. Paid area includes a reduction in the application of reductions and sanctions. According to the provisions of Annex A of the mentioned document (APR WK 3453), data reported in the output and result indicators which refer to paid area must be determined area (before sanctions and penalties), as defined in Article 2(23) of Regulation 640/2014. However, a specific reflection is necessary for all the surface indicators in which BISS is involved with respect to the need to adjust or not to the number of payment entitlements. This will be addressed in detail in the technical discussion of each Fiche in the expert group.

Observations on the "Cover Note" (WK 6560/2019 INIT)

- The "Cover Note" (WK 6560/2019) establishes 5 indicators that do not compute for the performance clearance (O.3, O.7, O.31, O.32, O.33). However, their data will be accounted for in the calculation of Result indicators for the performance review.

However, these five additional indicators are included in Annex I because they are necessary to assess the overall performance of the CAP. For example, O.3 "Number of CAP support beneficiaries" is part of the list of indicators listed in Annex XII of the CAP EP Regulation, and has to be communicated to the European Parliament and the Council in accordance with Article 128 of the CAP EP Regulation. And O.32 on cross compliance is the only source of information on the implementation of the basic level of the new green architecture. Neither these 5 indicators, nor the aggregated values requested for

the other 30 Output indicators, require the establishment of the programmed outputs, nor are they used for the approval of the performance clearance.

For example, O.7 "Number of beneficiaries subject to enhanced income support for young farmers", aid granted by Article 27, does not intervene in the performance clearance. However, its data will compute, avoiding double counting for R.30 "Generational renewal". It is not a simplification that certain output indicators do not form part of the performance clearance, since they must be calculated for the annual performance review. Therefore, if they were to be calculated, they could be carried out after 15/02/n+2, at least in the first year of application of the CAP EP.

- It would be a good idea to reproduce for the rest of the interventions of the CAP Regulation (rural development and direct payments) the indicative scheme of the "Cover Note" (WK 6560/2019) which has been developed for the types of sectoral interventions.
- Units of measure. As the "Cover Note" (WK 6560/2019) explains in the methodology of section 3.3, the output and result indicators that come from the same interventions do not have to be based on the same units of measurement, but the payments and data collected in the outputs can be used in the result indicators. How can we Member States transform certain units of measurement of the outputs into values to be computed in the result indicators? What flexibility would Member States have to establish a correlation between different measurement units?

For example: if bio-economy advisory actions have a positive effect on results (for example in R.32 "Developing the rural bio-economy"), how could these training data from Article 72 be linked to R.32, with such different units of measurement? (O.29 "Number of advice and training actions" and R.32 "Number of bio-economy businesses")?

Could an estimation be established? Would the effects of advice on bio-economy not have an impact on R.32 because it is not a project for the direct creation of bio-economy enterprises?

This difference in units also occurs in output indicators that add operations or actions such as investments (O.18/O.20/O.21), cooperation (O.26) or training (O.29) that are linked to result indicators whose measures in percentage come from a relation of hectares.

For productive investments of article 68 that can be quantified in investment, beneficiaries or number of operations: how can we transfer, for example, to LU for the calculation of R.13 "Reducing emissions in the livestock sector" the data of O.13 "Number of hectares (agricultural) covered by environmental/climate commitments going beyond mandatory requirements"? In indicator O.17 compute "projects supporting genetic resources" that are measured in operations (also in LU/ha), but how do we transfer the "operations" to R.25 "Supporting sustainable forest management" that is measured in paid hectares?

- "Logic of intervention" of minimums. The examples of the "Cover Note" (WK 6560/2019) are indicative, as explained in section 3.2. "The types of interventions listed in each Fiche are thus neither compulsory nor exhaustive, but those considered relevant in a typical situation", being possible to find other links between interventions and Result indicators. Then, if links are found between interventions and Result indicators: could the Commission, in the informal dialogue, not approve the CAP EP until a specific intervention logic is covered?

If the Commission considers that certain types of interventions are relevant for some Result indicators, should that relationship be established for all types of interventions, so that there is a minimum "intervention logic"?

- Drafting error in the Cover Note (WK 6560/2019): the first point of section 3.3. Methodology explains that for cumulative Result indicators examples are given in Annex II: it is incorrect, it is Annex III.
- In Annex IV about the example of the calculation of the R.6 "Redistribution to smaller farms" of the "Cover Note" (WK 6560/2019), in Step 2 of the calculation methodology it is indicated that the numerator is calculated on the amounts of direct payments paid to beneficiaries in the financial year "after reductions", while in the Result Indicator Fiche number 6 (WK 9352/2019 of 4 September) it is indicated that the numerator is calculated "after reductions but before penalties". Which of the two phrases is correct? We understand that the one of the most updated document WK 9352/2019 of September 4.

Proposals for simplification of the Monitoring and Evaluation System

- To reduce the number of result indicators to cover the themes collected within the specific objectives. We propose to merge indicators that nurture the same specific objectives with the same types of interventions.

For example, some of the following result indicators could be considered:

1. On the one hand, R.25 "Supporting sustainable forest management" and R.26 "Protecting forest ecosystems", and on the other, R.27 "Preserving habitats and species" and R.29 "Preserving landscape features".

These are indicators which, using the same types of interventions, contribute to environmental objectives, in particular the objective of Article 6.1.h and f on sustainable forestry and the protection of biodiversity, respectively.

Subsequently, and within each result indicator, the operations for monitoring and evaluation of the plans associated with the specific articles of the regulation may be disaggregated, according to the interventions to be designed, separating the operations between agricultural and forest areas. However, at the APR level, the aim would be to provide data on two result indicators that contribute to the same objective with the same interventions, instead of the current four.

2. R.1 "Enhancing performance through knowledge and innovation", R.2 "Linking advice and knowledge systems" and R.3 "Digitising agriculture".

All these indicators contribute to the cross-cutting objective of modernising the sector through the promotion and sharing of knowledge, innovation and digitisation, and draw on similar types of interventions.

3. R.10 "Better supply chain organisation" and R.11 "Concentration of supply" could also be merged, as they all contribute to specific objective 3: to improve the farmers' position in the value chain, and include similar interventions.

4. In the same situation would be found the "environmental" indicators, which would nourish the specific objective 4: to contribute to climate change mitigation and adaptation, as well as sustainable energy, and which they would be: R.12 "Adaptation to climate change", R.13 "Reducing emissions in the livestock sector", R.14 "Carbon

storage in soils and biomass", R.15 "Green energy from agriculture and forestry", R.16 "Enhance energy efficiency", and R.17 "Afforested land".

For the last three, a disaggregation would have to be made for investment-related operations.

Output indicators

O.3: "Number of CAP support beneficiaries": All beneficiaries of the CAP Strategic Plan are included within this output indicator and, therefore, by disaggregating it, the following outputs are obtained: O.5, O.7, O.8, O.22 and O.23.

This indicator cannot have "double counting", a same beneficiary that benefits from multiple aids should be counted only one; but to calculate this O.3 it is necessary to filter in the beneficiaries that will be used in other output indicators. However, this indicator is not used for performance clearance, while its disaggregations are used for performance clearance, and its calculation is also necessary for the linked result indicators (R.1, R.2, R.8, R.30 and R.35).

We propose that it should not be calculated or included in the APR. Member States are aware of it, but it does not serve to assess any of the specific interventions and it does not affect the performance clearance. However, all the aggregates must be calculated.

Option a) Calculate the O.3 avoiding double counting for this aggregates and delete the O.5/O.7/O.8/O.22/O.23 and use the O.3 aggregates for the corresponding result indicators (France's new position).

Option b) Delete the O.3 and calculate only the aggregates that will be used for the result indicators.

However, these values are essential for the appropriate monitoring of the CAP and for the overall assessment of its results, but could be delivered after 15/February/n+2 as they do not form part of the performance clearance procedures or the annual performance review.

O.4 "number of hectares for decoupled direct payments" These are hectares paid in the financial year concerned and shall be reported for each intervention under decoupled direct payment. As we have already asked many times, the European Commission should clarify what is meant by "paid hectares" - is this before or after applying penalties? We understand that the appropriate concept would be determined hectares. In addition, until now, hectares have always been reported with two decimals. We would like to know if this continues in the same way.

For aggregates (from fiches on indicator), there should be no double counting: i.e. when the same hectare benefits from support under multiple decoupled direct payments interventions, that hectare should be counted only once for the aggregate.

O.10 "Number of heads benefiting from coupled support" This Output only appears to be related to the result indicator R.4, but R.4 is a share of UAA covered by income support. Therefore, O.10 does not appear to be linked to any result indicator, is it?

The Commission has clarified in the meetings that they are 'head of cattle' of the 'voluntary couple support', because payments are usually made per head. But if it is done by LU, then LU is notified. It is requested that this clarification be reflected in all indicators whose payment is made by LU.

O.13 "Number of ha (agricultural) covered by environment/climate commitments going beyond mandatory requirements". It should be amended to allow, as already considered in O.15 "Number of ha with support for organic farming", animals (LU) in addition to ha. A change in the text would be needed including in "units" (ha or animals). We still have doubts concerning how the result indicators related to livestock should be provide, if there is no output that can be measured in units or LU because support operations could be developed without correspondance to measures that can only be linked to the hectare.

If the "LU" unit can be included in the fiche, could this output indicator and its payments be linked to indicator R.13 "Reducing emissions in the livestock sector?"

In the fiche of this indicator, the hectares of Article 65 are linked to sectoral interventions that meet environmental and climate commitments more stringent than mandatory. Article 28 (Eco-schemes) indicates that climate schemes are voluntary, so if

implemented, they would be higher than mandatory and therefore their hectares and payments should not be counted under this indicator O.13?

Also, in the "Definition" part of fiche O.13, we suggest including "going beyond mandatory requirements" after "environmental/climate commitments" as indicated in the title of the indicator in order to clarify that this is about the number of hectares that go beyond reinforced cross compliance .

O.15 "Number of ha with support for organic farming".

For organic payments: do hectares count in O.4 "Number of hectares for decoupled direct payments" or O.15?

In O.15 no reference to eco-schemes (Article 28) is included in the types of intervention. If eco-schemes were designed in relation to organic farming, should it not be able to relate to the payments in Article 28?

O.18. 'Number of supported on-farm productive investments'. The relationship of the "Cover Note" (WK 6560/2019) of this indicator to R.5 is established by the measures of Articles 43.2.b and 60.2.b on "investments in tangible and non-tangible assets making the management of the volumes placed on the market more efficient" for fruit and vegetables and wine. Could these investments be computed in the result indicator R.11 "Concentration of supply"?

O.24 "Number of supported producer groups/organisations". They will include cooperation projects (Article 71), which will have to be separated from the joint cooperation projects under indicator O.28. Is this right? We think this interpretation is right because document WK9352/2019 of 4 September seems to clarify it.

O.25 "Number of farmers receiving support to participate in EU quality schemes". Would the reference to sectoral interventions in Article 49(1)(h) of beekeeping not be included in the fiches?

O.26 "Number of generational renewal projects (young/non-young farmers)": Would R.31 be the only result indicator linked?

O.32 "Number of ha subject to conditionality (broken down by GAEC practice)". Conditionality applies to the whole agricultural area of the holding even if no payments are received for it; it is not consistent for indicator O.32 to be made with paid hectares.

This is particularly relevant in Member States which use a payment entitlements-based system for the management of basic income support, since we will have:

- Beneficiaries of the BISS, with more area than payment entitlements
- Beneficiaries of direct aid who do not receive BISS
- Beneficiaries of IACS measures from EAFRD who do not receive BISS

For example, in Spain in the current period, in the 2018 campaign, we have the following data:

- Total agricultural area declared in the single application: 21.4 million hectares.
- Area declared by applicants for basic payment or small farmers' scheme: 20.5 million hectares
- Eligible determined area: 19.1 million hectares

Cross-compliance obligations must be met on 21.4 million hectares, but for O.32, only 19.1 should be reported. In other words, they would stop computing 1.7 million hectares. Particularly worrying is the case of farms for which no hectare would be included, despite being obliged to comply with the condition. For example:

- Farmers who only apply for associated livestock aid. In 2018 there were 1,244 farms declaring 31,000 hectares.
- Farmers who only request payments for IACS rural development measures: In 2018 there were 11,600 farms declaring 132,000 hectares.

Result indicators

R.4 "Link income support to standards and good practice" (Share of UAA covered by income support subject to conditionality).

Could "dehesa" hectares be counted as "determined hectares" in the numerator as an eligible area (e.g. in R.4 "Income support: UAA with income support subject to conditionality), even if EUROSTAT does not count it in the denominator because it considers it to be forest area?

The same applies to R.6 'Redistribution to smaller farms' and R.7 'Enhancing support to farms in areas with special needs'.

R.6 'Redistribution to the smaller farms' We also ask for clarification on the determination of livestock payments with coupled support. The "cover Note" example does not include, among the 15 beneficiaries of the example, any farmer receiving coupled aid who may not have hectares. Can "pure" farmers not be included in the redistribution for smaller farms?

R.7 'Enhancing support to farms in areas with specific needs' The example of the 'Cover Note' (WK 6560/2019) does not include any beneficiary presenting only livestock-coupled aid. How are farmers with only livestock-coupled aid counted against coupled aid? Is it mandatory to present hectares?

R.9 "Farms modernisation" There are some actions, such as immaterial actions such as advisory services, that can encourage modernisation. Would only material investment actions be computed?

R.10 "Better supply chain organisation". The fiche indicates that, in the case of rural development, cooperation interventions will be included to, for example, promote local markets.

Total number of holdings: if beekeepers are not in the denominator, since Eurostat only includes beekeepers when they have other agricultural activities, can beekeepers receiving relevant support be included in the numerator?

R.12 "Adaptation to climate change" The denominator does not include hectares that are added to the denominator (grasslands that are considered forest in the denominator for Eurostat and are not included in the UAA data of the denominator). Suppose the 20 million UAA were devoted to climate change. In that case R.12 would have as denominator 20 million hectares and as numerator 22 million, because it would be including hectares of forest areas or permanent pastures that will never be in the denominator. Is the interpretation correct?

The fiche for this indicator states that data on sectoral interventions on improving water use and management and actions to prevent damage from adverse climatic events may be included (art. 43.1.a and art. 60.a ii / iii). These actions are tangible and intangible investments. How can data from these interventions be transferred to paid hectares? Will the hectares be affected by the investment projects? Will the hectares on which these investments will have an effect? Will the Member States be able to establish this relationship between project and hectare?

Article 68 rural development investments aimed at improving adaptation to climate change shall be taken into account under R.9 'Farm modernisation' and/or R.23 'Environment/climate related performance through investment'. As actions are in line with sectoral material investments, shouldn't actions directed at the same specific objective within the same indicator be computed? And in R.23.a "Results linked to environment/climate through investments in rural areas"?

R.25 "Supporting sustainable forest management". R.17 "Afforested land" clarifies that investments to establish forested and agroforestry areas are included. Would investments in forest management for prevention and restoration of damages be included in this result indicator?

R.27 "Preserving habitats and species" are proposed, in order to give visibility to the actions developed by the beekeeping activity in the conservation of habitats and species, and for the monitoring of the evolution of pollinator species, to include the evaluation of the number of hives registered each year, in order to assess the increase or decrease of this population".

We propose the following modifications to the fiche:

- a) Add to the indicator name: "and evolution of species considered"
- b) In the definition, add: "To quantify the coverage of commitments for supporting biodiversity conservation or restoration on agricultural land **and the effect of commitment on species concerned**"
- c) Delete the phrase: "~~All interventions/operations concerned must be quantifiable in hectares~~".
- d) Include, in the sectorial interventions, after habitats: "and *Biodiversity: monitoring the evolution of populations. Referring pollinators, the Member States shall evaluate the evolution of the number of beehives in their territories (Delegated Regulation (EU) 2015/1366) (Art. 43(1)(f) and Art. 60(1)(a)(xi))*"
- e) Add in "moment of data collection": *Direct measuring of selected species (f.i. Bees: total number of beehives).*
- f) Add in "Methodology": "Evolution of selected species:
 - *Numerator: current [selected specie] population on the current year of the program).*
 - *Denominator: total [selected specie] population average over last five years*
 - *Example: Number of beehives: evolution in the number of beehives (change of the number of beehives between one anual declaration and the precedent one)."*

R.32 "Developing the rural bioeconomy". This result indicator, linked to specific objective 8, conditions the creation of a direct intervention. It is more a tool for the design of CAP Strategic Plans than an element of monitoring and evaluation. We ask for clarification that a farmer who uses his by-products in a bio-economy activity would compute in R.9 " Farm modernisation" and in R.32 "Developing the rural bio-economy".

R.35 "Promoting social inclusion": Are LEADER projects with a social purpose included? (Disaggregation of O.27 "Number of local development strategies (LEADER)").

R.38 "Improving animal welfare" Since animal welfare is included in Objective 9, we miss the existence of an impact indicator that will allow us to assess the actions undertaken by Member States, both in animal welfare and in health and biosecurity.

Examples related to Indicators O.4 y O.32

We assume we have a farm:

- Number of payment entitlements: 8 SAPE of 100€ of Unit Amount
- Declared hectares in a yearly application : 10 ha
- Total number of hectares declared adjusted to available payment entitlements: 8
- Determined eligible hectareas : 7 ha
- Penalty: since determined eligible hectareas and declared hectares differ less than a 20%, the penalty is twice the difference.
- The number of hectares paid in financial year concerned (Paid hectares new concept): 5 ha

However, in the APR, amounts to be reported (adjusted to Annex A) would be before the penalty = 7 ha * 100€ = 700 €.

If we calculate the realized Unit Amount, it would be: $700/5= 140$ € (40% more than planned).

Following example of Annex D: "O.32" would be 10 ha and "O.4" 5 ha.

Amounts of Annex A of APR: 500 euro (100 euro * 5 ha) plus the amounts, before penalties: 700 euro (500+200). Therefore, by “payed hectare”, it can be understood that $R.4 = 5 / 10$.

It must therefore be made explicit that, as a general rule, when the “Fiches” refer to paid area (“number of hectares paid in financial year”), they refer to determined area (before the application of penalties), being the calculation of $R.4 = 7/10$.

- There are other examples where, for the annual performance review, it would be necessary to use the declared hectares before any adjustment to payment entitlements or maximum amounts of aid.