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# WORKING PAPER

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**WORKING DOCUMENT**

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| From:<br>To: | Presidency<br>Working Party on Horizontal Agricultural Questions (CAP Reform) |
| N° Cion doc.: | 9645/18 + COR 1 + ADD 1 |
| Subject: | Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council<br>- Presidency drafting suggestions |

Delegations will find in the Annex the Presidency's drafting suggestions on:

- Direct payments (Articles 15a, 25-27, 32, 33);
- Financial provisions (with regard to issues not linked to the horizontal MFF negotiations), CAP Strategic Plan and administrative issues (Articles 80, 82, 86, 88, 89, 91, 93-95, 99-102, 107, 109, 110, 120, 125).

A technical suggestion is proposed with regard to Article 6, and footnotes have been added to Articles 121 and 121a.

*Article 6*

*Specific objectives*

~~1.~~ The achievement of the general objectives shall be pursued through the following specific objectives:

(a) support viable farm income and resilience across the Union to enhance food security;

(b) enhance market orientation and increase competitiveness, including greater focus on research, technology and digitalisation;

(c) improve the farmers' position in the value chain;

(d) contribute to climate change mitigation and adaptation, as well as sustainable energy;

(e) foster sustainable development and efficient management of natural resources such as water, soil and air;

(f) contribute to the protection of biodiversity, enhance ecosystem services and preserve habitats and landscapes;

(g) attract **and sustain** young farmers and facilitate business development in rural areas;

(h) promote employment, growth, **gender equality,** social inclusion and local development in rural areas, including bio-economy and sustainable forestry;

(i) improve the response of EU agriculture to societal demands on food and health, including safe **and**~~,~~ nutritious ~~and sustainable~~ food **produced in a sustainable way**, food waste, as well as animal welfare.

~~2. When pursuing the specific objectives Member States shall ensure simplification and performance of the CAP support.~~

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***Article 15a***

***Minimum requirements***

**1. Member States shall set a minimum area and not grant direct payments to farmers whose eligible area of the holding for which direct payments are claimed is lower than this minimum area.**

**Alternatively, Member States may set a minimum amount of direct payments that may be paid to a farmer.**

**Where a Member State has decided to set a minimum area in accordance with the first sub-paragraph, it shall nevertheless set a minimum amount in accordance with the second sub-paragraph for those farmers receiving an animal-related coupled support who hold fewer hectares than that minimum area.**

**When setting the minimum area or minimum amount, Member States shall aim at ensuring that direct payments may only be granted to farmers if:**

**(a) the management of the corresponding payments does not cause excessive administrative burden, and**

**(b) the corresponding amounts make an effective contribution to the objectives set out in Article 6 to which direct payments contribute.**

**2. The Member State concerned may decide not to apply this Article to the smaller Aegean Islands.**

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*Article 25*

*~~Round sum p~~**P**ayment for small farmers*

Member States may grant payments to small farmers as defined by Member States by way of a ~~round~~ **lump** sum **or an amount per hectare**, **up to a limit of hectares to be fixed by Member States,** replacing direct payments under this Section and Section 3 of this Chapter. Member States shall design the corresponding intervention in the CAP Strategic Plan as optional for the farmers.

**Member States may decide to set different lump sums or amounts per hectare linked to different area thresholds.**

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*Article 26*

*Complementary redistributive income support for sustainability*

1. Member States ~~shall~~ **may** provide for a complementary redistributive income support for sustainability ('redistributive income support') under the conditions set out in this Article and as further specified in their CAP Strategic Plans.

2. Member States **implementing the redistributive income support** shall ensure redistribution of ~~support~~ **direct payments** from ~~bigger~~ **larger** to smaller or medium-sized ~~farms~~ **holdings** by providing for a redistributive income support in the form of an annual decoupled payment per eligible hectare to farmers who are entitled to a payment under the basic income support referred to in Article 17.

**2a. Member States may determine in their Strategic Plans the size of the holding according to its territorial or economic dimension, and may take into account the medium level of income of the holding with respect to the national average.**

3. Member States **implementing the redistributive income support** shall establish **at national or regional level,** an amount per hectare or different amounts for different ranges of hectares, as well as the maximum number of hectares per farmer for which the redistributive income support shall be paid.

4. The amount per hectare planned for a given claim year shall not exceed the national average amount of direct payments per hectare for that claim year.

5. The national average amount of direct payments per hectare is defined as the ratio of the national ceiling for direct payments for a given claim year as laid down in Annex IV and the total planned outputs for the basic income support for that claim year, expressed in number of hectares.

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*Article 27*

*Complementary income support for young farmers*

1. Member States may provide for complementary income support for young farmers under the conditions set out in this Article and as further specified in their CAP Strategic Plans.

2. As part of their obligations to contribute to the specific objective ~~'attract young farmers and facilitate business development in rural areas'~~ set out in point (g) of Article 6~~(1)~~ and to dedicate **to this objective in accordance with Article 86(4) a minimum amount, as referred to in Annex X** ~~at least 2% of their allocations for direct payments to this objective in accordance with Article 86(4)~~, Member States may provide a complementary income support for young farmers who have newly set up for the first time and who are entitled to a payment under the basic income support as referred to in Article 17.

   **Under this type of intervention, Member States may also decide to continue granting a support corresponding to the support which a farmer has received under Article 50 of Regulation (EU) No 1307/2013 for the remainder of the period fixed under paragraph 5 of that Article.**

3. The complementary income support for young farmers shall take the form of an annual decoupled payment per eligible hectare **or of a lump sum**.

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*Article 32*

*~~Measures to avoid beneficiaries of coupled income support suffering from structural market imbalances in a sector~~* ***Delegated powers***

The Commission is empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation as regards measures in order to avoid beneficiaries of coupled income support suffering from structural market imbalances in a sector. Those delegated acts may allow Member States to decide that coupled income support may continue to be paid until 2027 on the basis of the production units for which such support was granted in a past reference period.

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*Article 33*

*Implementation of the Memorandum of Understanding ~~between the European Economic Community and the United States of America~~ on oilseeds*

1. Where the coupled income support intervention concerns some or all of the oilseeds referred to in the Annex to the Memorandum of Understanding between the European Economic Community and the United States of America on oilseeds[1], the total of the support area based upon the planned outputs included in the CAP Strategic Plans of the Member States concerned shall not exceed the maximum support area for the whole Union for the purpose of ensuring compliance with its international commitments.

At the latest 6 months following the entry into force of this Regulation, the Commission shall adopt implementing acts fixing an indicative reference support area for each Member State, calculated on the basis of each Member State's share of the average cultivation area in the Union during the five years preceding the year of entry into force of this Regulation. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

2. Each Member State that intends to grant coupled income support for oilseeds concerned by the Memorandum of Understanding referred to in paragraph 1 shall indicate the respective planned outputs in terms of hectares in its CAP Strategic Plan proposal referred to in Article 106(1).

If following the notification of all planned outputs by Member States the maximum support area for the whole Union is exceeded, the Commission shall calculate for each Member State that notified an excess compared to its reference area, a reduction coefficient that is proportionate to the excess of its planned outputs. This shall result in an adaptation to the maximum support area for the whole Union referred to in the paragraph 1. Each Member State concerned shall be informed about this reduction coefficient in the Commission's observations to the CAP Strategic Plan in accordance with Article 106(3). The reduction coefficient for each Member State shall be set in the implementing act by which the Commission approves its CAP Strategic Plan as referred to in Article 106(6).

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1 Memorandum of Understanding between the Economic Community and the United States of America on oil seeds under GATT (OJ L147, 18/06/1993).

The Member States shall not amend their support area on their own initiative after the date referred to in Article 106(1).

3. Where Member States intend to increase their planned outputs referred to in paragraph 1 as approved by the Commission in the CAP Strategic Plans, they shall notify the Commission of the revised planned outputs by means of a request for amendment of the CAP Strategic Plans in accordance with Article 107 before 1 January of the year preceding the claim year concerned.

Where appropriate, in order to avoid that the maximum support area for the whole Union as referred to in the first subparagraph of paragraph 1 is exceeded, the Commission shall revise the reduction coefficients referred to in that paragraph for all Member States that exceeded their reference area in their CAP Strategic Plans.

The Commission shall inform the Member States concerned about the revision of the reduction coefficient at the latest before 1 February of the year preceding the claim year concerned.

Each Member State concerned shall submit a corresponding request for amendment of its CAP Strategic Plan with the revised reduction coefficient referred to in the second subparagraph before 1 April of the year preceding the claim year concerned. The revised reduction coefficient shall be set in the implementing act approving the amendment of the CAP Strategic Plan as referred to in Article 107(8).

4. With regard to the oilseeds concerned by the Memorandum of Understanding referred to in the first subparagraph of paragraph 1, Member States shall inform the Commission of the total number of hectares for which support has been actually paid in the annual performance reports referred to in Article 121.

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*Article 80*

*Eligibility of expenditure*[*]

[*] To be further discussed in light of the transitional rules.

1. Expenditure shall be eligible for contribution from the EAGF ~~and the EAFRD~~ from 1 January of the year following the year of the approval of the CAP Strategic Plan by the Commission. **EAFRD expenditure shall be eligible from the date of submission of the CAP Strategic Plan, but not before 1 January {2021}.**

2. Expenditure that becomes eligible as a result of an amendment to a CAP Strategic Plan shall be eligible for a contribution from the EAFRD from the date of submission to the Commission of the request for amendment**, or from the date of notification of modification referred to in the second sub-paragraph of Article 107(7)**.

   By way of derogation from **the first sub-paragraph and** Article 73(5) ~~and the first subparagraph~~, in cases of emergency measures due to natural disasters, catastrophic events or adverse climatic events or a significant and sudden change in the socio-economic conditions of the Member State or region, the CAP Strategic Plan may provide that eligibility of EAFRD financed expenditure relating to amendments of the plan may start from the date on which the event occurred.

3. Expenditure shall be eligible for a contribution from the EAFRD if it has been incurred by a beneficiary and paid by 31 December [2029]. In addition, expenditure shall only be eligible for a contribution from the EAFRD if the relevant aid is actually paid by the paying agency by 31 December [2029].

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*Article 82*

*Financial allocations for certain sectoral types of interventions*

1. The Union financial assistance for types of intervention in the wine sector is allocated to Member States as set out in ⌊Annex V⌋.

2. The Union financial assistance for types of intervention in the apiculture sector is allocated to Member States as set out in ⌊Annex VIII⌋.

3. The Union financial assistance for types of intervention in the hops sector allocated to Germany shall be EUR ⌊2 188 000⌋ per year.

4. The Union financial assistance for types of intervention in the olive oil and table olives sector is allocated as follows:

(a) EUR [10 666 000] per year for Greece;

(b) EUR [554 000] per year for France; and

(c) EUR [34 590 000] per year for Italy.

5. The Member States concerned may decide in their CAP Strategic Plans to transfer the total financial allocations referred to in paragraphs 3 and 4 to their allocations for direct payments. This decision may not be reviewed.

The Member States' financial allocations transferred to allocations for direct payments shall no longer be available for the types of interventions referred to paragraphs 3 and 4.

6. Member States may decide in their CAP Strategic Plans to use up to 3% of the Member States' allocations for direct payments set out in Annex IV, after deduction of the amounts available for cotton set out in Annex VI, for types of intervention in other sectors referred to in Section 7 of Chapter III of Title III.

**Member States may decide to increase the percentage referred to in the first subparagraph up to 5%. In this case, the amount corresponding to this increase shall be deducted from the maximum set in the first subparagraph of Article 86(5) and no longer be available for allocation to coupled income support types of interventions referred to therein.**

7. Member States may, in 2023, review their decisions referred to in paragraph 6 as part of a request for amendment of their CAP Strategic Plans, referred to in Article 107.

8. The amounts set out in the approved CAP Strategic Plan resulting from the application of paragraphs 6 and 7 shall be binding in the Member State concerned.

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*Article 86*

*Minimum and maximum financial allocations*

1. At least 5 % of the total EAFRD contribution to the CAP Strategic Plan as set out in [Annex IX] shall be reserved for LEADER, referred to as community-led local development in Article 25 of Regulation (EU) [CPR].

2. At least 30% of the total EAFRD contribution to the CAP Strategic Plan as set out in [Annex IX] shall be reserved for interventions addressing the specific environmental- and climate-related objectives set out in points (d), (e) and (f) of Article 6~~(1)~~ of this Regulation~~, excluding interventions based on Article 66~~.

   The first subparagraph does not apply to the outermost regions.

3. A maximum 4 % of the total EAFRD contribution to the CAP Strategic Plan as set out in [Annex IX] may be used to finance the actions of technical assistance at the initiative of the Member States referred to in Article 112.

   The EAFRD contribution may be increased to 6% for CAP Strategic plans where the total amount of Union support for rural development is up to EUR ~~90~~**1.5** ~~m~~**b**illion.

   Technical assistance shall be reimbursed as a flat-rate financing following Article 125(1)(e) of Regulation (EU~~/~~**,** Euratom**)** **2018/1046**~~…/…[new Financial Regulation]~~ in the framework of interim payments pursuant to Article 30 of Regulation (EU) [HZR]. This flat-rate shall represent the percentage set in the CAP Strategic Plan for technical assistance of the total expenditure declared.

4. For each Member State the minimum amount set out in [Annex X] shall be reserved for contributing to the specific objective ~~'attract young farmers and facilitate business development'~~ set out in point (g) of Article 6~~(1)~~*. On the basis of the analysis of the situation in terms of strengths, weaknesses, opportunities and threats ('the SWOT analysis') and the identification of the needs that are to be addressed, the amount shall be used for **either or both** the following types of interventions:

   (a) the ~~C~~**c**omplementary ~~I~~**i**ncome ~~S~~**s**upport for ~~Y~~**y**oung ~~F~~**f**armer as laid down in Article 27;

   (b) the installation of young farmers referred to in **point (a) of** Article 69**(2)**.

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* The title of Annex X should be modified accordingly as follows: "MINIMUM AMOUNTS RESERVED FOR THE OBJECTIVE "ATTRACT **AND SUSTAIN** YOUNG FARMERS AND FACILITATE BUSINESS DEVELOPMENT **IN RURAL AREAS**" AS REFERRED TO IN **POINT (g) OF** ARTICLE ~~86(5)~~ **6**".

5. The indicative financial alcations for the coupled income support interventions referred to in Subsection 1 of Section ~~2~~**3** of Chapter II of Title III, shall be limited to a maximum of 1~~0~~**3**% of the amounts set out in **[**Annex VII**]**.

By way of derogation from the first sub-paragraph, Member States that in accordance with Article 53(4) of Regulation (EU) No 1307/2013 used for the purpose of voluntary coupled support more than 13% of their annual national ceiling set out in Annex II to that Regulation, may decide to use for the purpose of coupled income support more than 1~~0~~**3**% of the amount set out in **[**Annex VII**]**. The resulting percentage shall not exceed the percentage approved by the Commission for voluntary coupled support in respect of claim year 2018.

The percentage referred to in the first subparagraph, may be increased by a maximum of 2~~%~~ **percentage points**, provided that the amount corresponding to the percentage exceeding the 1~~0~~**3**% is allocated to the support for protein crops under Subsection 1 of Section ~~2~~**3** of Chapter II of Title III.

The amount included in the approved CAP Strategic Plan resulting from the application of the first**,** ~~and~~ second **and third** subparagraphs ~~shall be binding~~ **may not be exceeded**.

**By way of derogation from the first and second subparagraph, Member States may choose to use up to EUR 3 million per year for financing coupled income support.**

6. Without prejudice to Article 15 of Regulation (EU) [HzR], the maximum amount which may be granted in a Member State before the application of Article 15 of this Regulation pursuant to Subsection 1 of Section ~~2~~**3** of Chapter II of Title III of this Regulation in respect of a calendar year shall not exceed the amounts fixed in the CAP Strategic Plan in accordance with paragraph ~~6~~**5 of this Article**.

7. Member States may decide in their CAP Strategic Plan to use a certain share of the EAFRD allocation to leverage support and upscale integrated Strategic Nature Projects as ~~defined~~**provided for** under the [LIFE Regulation] and to finance actions in respect of transnational learning mobility of people in the field **of** agricultural and rural development with a focus on young farmers, in accordance with the [Erasmus Regulation].

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*Article 88*

*Indicative financial allocations*



1. Member States shall set out, in their CAP Strategic Plan, an indicative financial allocation for each intervention. For each intervention, the multiplication of the planned unit amount, without the application of the ~~percentage of~~ variation referred to in Article 89, and the planned outputs, shall equal this indicative financial allocation.

2. Where different unit amounts are planned within an intervention, the sum of the multiplications of the planned unit amounts, without the application of the ~~percentage of~~ variation referred to in Article 89 and the corresponding planned outputs shall equal the indicative financial allocation referred to in paragraph 1.

**3. The indicative financial allocations under this Article shall not prevent Member States from using funds for other interventions than the ones for which they have initially been allocated, subject to such use complying with any applicable financial rules under this Regulation.*** 

***

*Article 89*

*Variation of the unit amount*

1. Without prejudice to the application of Article 15, Member States ~~shall~~ **may** set ~~a~~ maximum **or minimum unit** amount**s**~~ of support per unit~~**, or both** or ~~a~~ percentage**s** of **lower or upper** variation**, or both** for each intervention of ~~the following types of interventions:~~

~~(a)~~ decoupled direct payments and coupled income support referred to in Chapter II of Title III~~;~~**.**

~~(b) payments for management commitments referred to in Article 65;~~

~~(c) payments for natural constraints or other area-specific disadvantages referred to in Articles 66 and 67.~~

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* The Commission will provide a new text for Art. 88(3).

**The** ~~P~~**p**ercentage**s** of **lower or upper** variation ~~is~~ **are** the percentage**s** by which the realised average or uniform unit amount may **be lower than, or** exceed the planned average or uniform unit amount referred to in the CAP Strategic Plan.

For each intervention in the form of direct payments, the realised average or uniform unit amount shall never be lower than **the minimum unit amount or** the planned unit amount **after application of the lower percentage of variation**, unless the realised output exceeds the planned output as established in the CAP Strategic Plan.

Where different unit amounts have been ~~defined within~~ **established for** an intervention, this ~~sub~~paragraph shall apply to each uniform or average unit amount of that intervention.

2. For the purposes of this Article, the realised average or uniform unit amount ~~is~~ **shall be** calculated by dividing the annual expenditure ~~paid~~ by the corresponding realised output for each intervention.

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*Article 91*

*CAP Strategic Plans*

Member States shall establish CAP Strategic Plans in accordance with this Regulation to implement the Union support financed by the EAGF and the EAFRD for the achievement of the specific objectives set out to in Article 6.

**Each Member State shall establish a single CAP Strategic Plan for its entire territory.**

**Where elements of the CAP Strategic Plan are established at regional level, the Member State shall ensure the coherence and the consistency with the elements of the CAP Strategic Plan established at national level.**[*]

Based on the SWOT analysis referred to in Article 103(2) and an assessment of needs referred to in Article 96, Member State**s** shall establish in the CAP Strategic Plans an intervention strategy as referred to in Article 97 in which quantitative targets and milestones shall be set to achieve the

[*] The second and third sub-paragraphs have been moved from Article 93 without any further change.

**relevant** specific objectives set out ~~to~~ in Article 6. The targets shall be ~~defined~~ **set** using a common set of result indicators set out in Annex I.

To reach these targets Member States shall set out interventions based on the types of interventions laid down in Title III.

Each CAP Strategic Plan shall cover the period ~~from 1 January~~ {2021}~~- to 31 December~~ 2027.



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~~*Article 93*~~

~~*CAP Strategic Plan architecture*~~

~~Each Member State shall establish a single CAP Strategic Plan for its entire territory.~~

~~Where elements of the CAP Strategic Plan are established at regional level, the Member State shall ensure the coherence and the consistency with the elements of the CAP Strategic Plan established at national level.~~

***

*Article 94*

*Procedural requirements*

1. Member States shall draw up the CAP Strategic Plans based on transparent procedures, in accordance with their institutional and legal framework.

~~2. The body of the Member State responsible for drawing up the CAP Strategic Plan shall ensure that the competent authorities for the environment and climate are effectively involved in the preparation of the environmental and climate aspects of the plan.~~

3. Each Member State shall organise a partnership ~~with the competent regional and local authorities. The partnership shall~~ includ~~e~~**ing** at least the following partners:

   (a) relevant public authorities**, including authorities at regional and local level, as well as competent authorities for environmental and climate issues;**

(b) economic and social partners;

(c) relevant bodies representing civil society and where relevant bodies responsible for promoting social inclusion, fundamental rights, gender equality and non-discrimination.

Member States shall involve those partners in the preparation of the CAP Strategic Plans.

4. Member States and the Commission shall cooperate to ensure effective coordination in the implementation of CAP Strategic Plans, taking account of the principles of proportionality and shared management.



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*Article 95*

*Content for the CAP Strategic Plans*

1. Each CAP Strategic Plan shall contain <u>**sections on**</u> the following ~~sections~~:

(a) ~~an~~ <u>**the**</u> assessment of needs;

(b) ~~an~~ <u>**the**</u> intervention strategy;

(c) ~~a description of~~ <u>**the**</u> elements common to several interventions;

(d) ~~a description of~~ <u>**the**</u> direct payments, sectoral and rural development interventions specified in the strategy;

(e) target and financial plans;

(f) ~~a description of~~ <u>**the**</u> governance and coordination system;

(g) ~~a description of~~ the elements that ensure modernisation of the CAP~~;~~<u>**.**</u>

~~(h) a description of the elements related to simplification and reduced administrative burden for final beneficiaries.~~

2. Each CAP Strategic Plan shall contain the following annexes:

(a) Annex I on the ex-ante evaluation and the strategic environmental assessment (SEA);

(b) Annex II on the SWOT analysis;

(c) Annex III on the consultation of the partners;

(d) **where relevant,** Annex IV on the crop-specific payment for cotton;

(e) Annex V on the additional national financing provided within the scope of the CAP Strategic Plan.

3. Detailed rules for the content of the sections and the annexes of the CAP Strategic Plans referred to in paragraphs 1 and 2 are laid down in Articles 96 to 103.

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*Article 99*

*Interventions*

The ~~description of~~ **section on** each intervention specified in the strategy referred to in point (d) of Article 95(1) shall include:

(a) the type of interventions it belongs to;

(b) the territorial scope;

(c) the ~~specific~~ design ~~or requirements~~ of that intervention**;** ~~that ensure an effective contribution to the specific objective(s) set out in Article 6(1). F~~**f**or environmental and climate interventions, articulation with the conditionality requirements shall show that the practices **are complementary and** do not overlap;

(d) the eligibility conditions;

**(da) the result indicator(s) to which the intervention contributes;**

(e) for each intervention which is based on the types of interventions listed in Annex II to this Regulation, how it respects the relevant provisions of Annex 2 to the WTO Agreement on Agriculture as specified in Article 10 of this Regulation and in Annex II to this Regulation, and for each intervention which is not based on the types of interventions listed in Annex II to this Regulation, whether and, if so, how it respects relevant provisions of Article 6.5 or Annex 2 to the WTO Agreement on Agriculture;

(f) the annual planned outputs for the intervention, and where relevant, a breakdown per uniform or average unit amount of support;

(g) the annual planned **uniform** unit amount of support **or, where the setting of a uniform unit amount of support is not possible, the planned average unit amount of support.** ~~its~~**The** justification **of the unit amount** and**, where relevant,** a justified maximum upper **and lower** variation of that unit amount as referred to in Article 89 **shall be provided**. Where applicable, the following information shall also be provided:

   (i) the form and rate of support;

   (ii) the **method for** calculati**ng** ~~on of~~ the unit amount**s** of support and ~~their~~ **its** certification ~~as referred to~~ in **accordance with** Article 76;

   (iii) the different uniform **or average** unit amounts of support within that intervention, notably for groups of territories defined in Article 18(2);

   ~~(iv) where Member States decide to differentiate the amount of the basic income support per hectare in accordance with Article 18(2) for each group of territories;~~

(h) the resulting annual financial allocation for the intervention, as referred to in Article 88. Where applicable, a breakdown on amounts planned for grants and amounts planned for financial instruments shall be provided;

(i) an indication as to whether the intervention falls outside the scope of Article 42 TFEU and is subject to State aid assessment.

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*Article 100*

*Target and financial plans*[*]

[*] Further discussion needed in relation to CAP Strategic Plans with regional elements according to Art. 91.

1. The target plan referred to in point (e) of Article 95(1) shall consist of a recapitulative table showing the targets **and milestones** as referred to in point (a) of Article 97(1)~~, indicating the break-down in annual milestones~~.

2. The financial plan referred to in point (e) of Article 95(1) shall comprise tables consistent with points (f) and (h) of Article 99, including:

   (a) the Member State's allocations for direct payments types of interventions as referred to in Article 81(1), for sectoral types of interventions for wine referred to in Article 82(1), for apiculture referred to in Article 82(2) and for types of interventions for rural development as referred to in Article 83(3);

   (b) the transfers of amounts between types of interventions in the form of direct payments and types of interventions for rural development in accordance with Article 90 and any deductions of the Member State's allocations for types of interventions in the form of direct payments to make amounts available for types of interventions in other sectors referred to in Section VII of Chapter III of Title III in accordance with Article 82~~(7)~~**(6)**;

   (c) the Member State's allocations for the sectoral types of interventions for olive oil referred to in Article 82(4) and for hops referred to in Article 82(3), and if these types of interventions are not implemented, the decision to include the corresponding allocations in the Member State's allocation for direct payments in accordance with Article 82(5);

   (d) a breakdown of the Member State's allocations for types of interventions in the form of direct payments after transfers as specified in points (b) and (c) based on indicative financial allocations per type of interventions and per intervention, specifying the planned outputs, the average or uniform unit amount and the maximum variation referred to in Article 89. Where applicable, the breakdown shall include the amount of the reserve of payment entitlements.

   The total estimated product of reduction of payments **as referred to in Article 15** shall be specified.

   Taking into account the use of the **estimated** product of reduction of payments as referred to in Articles 15 and 81(3), these indicative financial allocations, the related planned outputs and the corresponding average unit amounts or uniform unit amounts shall be established before reduction of payments;

(e) a breakdown of the allocations for sectoral types of interventions referred to in ~~Section VII of~~ Chapter III of Title III per intervention and with an indication of the planned outputs~~ and the average unit amount~~;

(f) a breakdown of the Member State**'**s allocations for rural development after transfers to and from direct payments as specified in point (b), per type of interventions and per intervention, including totals for the period, indicating also the applicable EAFRD contribution rate, broken down per intervention and per type of region where applicable. In case of transfer of funds from direct payments, the intervention(s) or part of intervention financed by the transfer shall be specified. This table shall also specify the planned outputs per intervention and the average or uniform unit amounts**.**~~, as well as,~~ ~~where~~ **Where** applicable, **the table shall also include** a breakdown of the ~~amounts planned for~~ grants and amounts planned for financial instruments. The amounts for technical assistance shall also be specified;

~~(g) indications of the interventions contributing to the minimum spending requirements laid down in Article 86.~~

**(ga) where relevant, transfer of amounts from EAFRD for support under InvestEU in accordance with Article 75 of this Regulation, under Regulation (EU) [LIFE Regulation] or under Regulation (EU) [Erasmus Regulation] in accordance with paragraph 7 of Article 86 of this Regulation.**

**2a. The financial plan shall also comprise indications of the interventions contributing to the minimum spending requirements laid down in Article 86.**

~~The elements referred to in this paragraph shall be established per year.~~

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*Article 101*

*Governance and coordination systems*

The ~~description~~ **section** o~~f~~**n** the governance and coordination systems referred to in point (f) of Article 95(1) shall comprise:

(a) the identification of all governance bodies referred to in Chapter II of Title II of the Regulation (EU) [HzR] **as well as the Managing Authority and the authorities at regional level referred to in Article 110**;

(b) the identification and role of ~~delegated and~~ intermediate bodies ~~not~~ referred to in ~~the Regulation (EU) [HzR]~~**Article 110(4)**;

(c) information on the control systems and penalties referred to in Title IV of the Regulation (EU) [HzR], including:

(i) the integrated administration and control system referred to in Chapter II of Title IV of the Regulation (EU) [HzR];

(ii) the control and penalty system for conditionality referred to in Chapter IV of Title IV of the Regulation (EU) [HzR];

(iii) the competent control bodies responsible for the checks;

(d) a**n** ~~description~~ **overview** of the monitoring and reporting structure.



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*Article 102*

*Modernisation*

The ~~description~~ **section** o~~f~~**n** the elements that ensure modernisation of the CAP referred to in point (g) of Article 95(1) shall highlight the elements of the CAP Strategic Plan that support the modernisation of the agricultural sector and the CAP and shall contain in particular:

(a) an overview of how the CAP Strategic Plan will contribute to the cross-cutting general objective related to fostering and sharing of knowledge, innovation and digitalisation **in agriculture and rural areas** and encouraging their uptake set out in the second subparagraph of Article 5, notably through~~:~~ **a description of the organisational set-up of AKIS and how advisory services as referred to in Article 13, research and CAP networks will cooperate to provide advice, knowledge flows and innovation services and how the actions supported under Article 72 are integrated into AKIS;**

~~(i) a description of the organisational set-up of the AKIS designed as the combined organisation and knowledge flows between persons, organisations and institutions who use and produce knowledge for agriculture and interrelated fields;~~

~~(ii) a description of how advisory services as referred to in Article 13, research and CAP networks will work together within the framework of the AKIS, and how advice and innovation support services are provided;~~

(b) a description of ~~the strategy for the development of digital technologies in agriculture and rural areas and for the use of these~~ **<u>how digital</u>** technologies **<u>will be used in agriculture and rural areas</u>** to improve the effectiveness and efficiency of the CAP Strategic Plan interventions.

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*Article 107*

*Amendment of the CAP Strategic Plan*

1. Member States may submit to the Commission requests to amend their CAP Strategic Plans.

2. Requests for amendment of CAP Strategic Plans shall be duly justified and shall in particular set out the expected impact of the changes to the plan on achieving the specific objectives referred to in Article 6~~(1)~~. They shall be accompanied by the amended plan including the updated annexes as appropriate.

3. The Commission shall assess the consistency of the amendment with this Regulation and the provisions adopted pursuant to it as well as with the Regulation (EU) [HzR] and its effective contribution to the specific objectives.

4. The Commission shall approve the requested amendment to a CAP Strategic Plan provided that the necessary information has been submitted and ~~the Commission is satisfied that~~ the amended plan is compatible with **<u>Article 9 and</u>** ~~the general principles of Union law,~~ the **<u>other</u>** requirements set out in this Regulation **<u>and in Regulation (EU) [HzR], as well as</u>** the provisions adopted pursuant to ~~it and in Regulation (EU) [HzR]~~ **<u>them</u>**.

5. The Commission may make observations within 30 working days from the submission of the request for amendment of the CAP Strategic Plan. The Member State shall provide to the Commission all necessary additional information.

6. The approval of a request for amendment of a CAP Strategic Plan shall take place no later than three months after its submission by the Member State ~~provided that any observations made by the Commission have been adequately taken into account~~.

7. A request for amendment of the CAP Strategic Plan may be submitted ~~no more than~~ once per calendar year subject to possible exceptions to be determined by the Commission in accordance with Article 109. **In addition, three further requests for amendment of the Plan may be submitted during the duration of the CAP Strategic Plan period. This paragraph shall not apply to requests for amendments to submit the missing elements according to Article 106(5).**

**7a. By derogation from paragraphs 2 to 7 and 8 to 9 of this Article, Member States may modify and apply at any time elements of their CAP Strategic Plan pertaining to interventions under Chapter IV of Title III, including the eligibility conditions of such interventions, that do not lead to changes of the targets referred to in Article 97(1)(a). They shall notify such modifications to the Commission by the time they start applying them and include them in the next request for amendment of the CAP Strategic Plan in accordance with paragraph 1.**

8. Each amendment of the CAP Strategic Plan shall be approved by the Commission by means of an implementing decision without applying the Committee procedure referred to in Article 139.

9. Without prejudice to Article 80, amendments to CAP Strategic Plans shall only have legal effects after their approval by the Commission.

10. Corrections of a purely clerical or editorial nature or of obvious errors that do not affect the implementation of the policy and the intervention shall not be considered as a request for amendment. Member States shall inform the Commission of such corrections.

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*Article 109*

*Delegated powers*

The Commission is empowered to adopt delegated acts in accordance with Article 138 ~~amending~~ **supplementing** this Chapter as regards:

(a) procedures and time limits for the approval of CAP Strategic Plans;

(b) the procedures and time limits for submission and approval of requests for amendments to CAP Strategic Plans;

(c) ~~the frequency with which the CAP Strategic Plans are to be submitted during the programming period, including~~ the determination of exceptional cases for which the maximum number of amendments referred to in Article 107 (7) does not count.

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*Article 110*

*Managing Authority*[*]

1. **Each** Member State~~s~~ shall designate a **managing authority (referred to in this Regulation as the "**Managing Authority**")** for ~~their~~ **its** CAP Strategic Plan~~s~~**, which shall be the sole interlocutor for the Commission**.

**Member States may, taking into account their constitutional provisions, designate authorities at regional level to perform some or all of the tasks referred to in paragraph 2.**

Member States shall ensure that the relevant management and control system has been set up in such a way that it ensures a clear allocation and separation of functions between the Managing Authority and other **authorities and** bodies. Member States shall be responsible for ensuring that the system functions effectively throughout the CAP Strategic Plan period.

2. The Managing Authority shall be responsible for managing and implementing the CAP Strategic Plan in an efficient, effective and correct way. In particular, it shall ensure that:

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[*] Further discussion needed in relation to CAP Strategic Plans with regional elements according to Art. 91.

(a) there is an ~~appropriate secure~~ electronic **information** system ~~to record, maintain, manage and report statistical information on the plan and its implementation required for the purposes of monitoring and evaluation and, in particular, information required to monitor progress towards the defined objectives and targets~~ **as referred to in Article 117**;

(b) beneficiaries and other bodies involved in the implementation of interventions:

(i) are informed of their obligations resulting from the aid granted, and maintain either a separate accounting system or an adequate accounting code for all transactions relating to an operation**, where relevant**;

(ii) are aware of the requirements concerning the provision of data to the Managing Authority and the recording of outputs and results;

(c) the beneficiaries concerned are provided, where appropriate by the use of electronic means, with ~~the list of~~ **clear and precise information on** the statutory management requirements and the minimum standards of good agricultural and environmental condition established pursuant to Section 2 of Chapter I of Title III to be applied at farm level~~, as well as clear and precise information thereon~~;

(d) the ex-ante evaluation referred to in Article 125 conforms to the evaluation and monitoring system and ~~that it~~ is ~~accepted and~~ submitted to the Commission;

(e) the evaluation plan referred to in Article 126 is in place, that the ex post evaluation referred to in that Article is conducted within the time limits laid down in this Regulation, ensuring that such evaluations conform to the monitoring and evaluation system and that they are submitted to the Monitoring Committee referred to in Article 111 and the Commission;

(f) the Monitoring Committee is provided with the information and documents needed to monitor the implementation of the CAP Strategic Plan in the light of its specific objectives and priorities;

(g) the annual performance report is drawn up, including aggregate monitoring tables, and, after ~~consultation of~~ **the report has been submitted to** the Monitoring Committee **for opinion**, is submitted to the Commission **in accordance with Article 8(3)(b) of Regulation (EU) No [HRZ]**;

(h) relevant follow-up actions on Commission's observations on the annual performance reports are taken;

(i) the paying agency receives all necessary information, in particular on the procedures operated and any controls carried out in relation to interventions selected for funding, before payments are authorised;

(j) beneficiaries under interventions financed by the EAFRD, other than area- and animal-related interventions, acknowledge the financial support received, including the appropriate use of the Union emblem in accordance with the rules laid down by the Commission in accordance with paragraph 5;

(k) publicity is made for the CAP Strategic Plan, including through the national CAP network, by informing**:**

**(i)** potential beneficiaries, professional organisations, the economic and social partners, bodies involved in promoting equality between men and women, and the non-governmental organisations concerned, including environmental organisations, of the possibilities offered by the CAP Strategic Plan and the rules for gaining access to the CAP Strategic Plan funding ~~as well as~~**and**

**(ii)** ~~by informing~~ beneficiaries and the general public of the Union support for agriculture and rural development through the CAP Strategic Plan.

3. ~~The Member State or~~ **Where the tasks referred to in paragraph 2 are carried out by authorities at regional level, as referred to in the second subparagraph of paragraph 1,** the Managing Authority ~~may designate one or more intermediate bodies including local authorities, regional development bodies or non-governmental organisations, to carry out the management and implementation of~~ **shall ensure appropriate coordination between these authorities with a view to guaranteeing the coherence and consistency of the** CAP Strategic Plan ~~interventions~~**design and implementation**.

4. ~~When a part of its tasks is delegated to another body, the~~ **The** Managing Authority **or the authorities at regional level, as referred to in the second sub-paragraph of paragraph 1, may delegate tasks to intermediate bodies. In that case, the delegating authority** shall retain full responsibility for the efficiency and correctness of the management and implementation of those tasks **and** ~~The Managing Authority shall~~ ensure that appropriate

provisions are in place to allow the other body to obtain all necessary data and information for the execution of those tasks.

5. The Commission ~~shall be empowered to~~ **may** adopt ~~delegated~~ **implementing** acts ~~in accordance with Article 138, supplementing this Regulation with detailed rules on~~ **laying down uniform conditions for** the application of the information, publicity and visibility requirements referred to in points (j) and (k) of paragraph 2.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).



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*Article 120*

*Implementing powers for the performance framework*

The Commission shall adopt implementing acts on the content of the performance framework. Such acts shall include ~~the list of context indicators, other indicators needed for the appropriate monitoring and evaluation of the policy,~~ the methods for the calculation of indicators and the necessary provisions to guarantee accuracy and reliability of the data collected by Member States. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

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*Article 121*

*Annual performance reports*[*]

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[*] The Presidency is working on drafting suggestions on this Article.

***Article 121a***
***Biennial performance review*** *

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*Article 125*

*Ex-ante evaluations*

1. Member States shall carry out ex-ante evaluations to improve the quality of the design of their CAP Strategic Plans.

2. The ex-ante evaluation shall be carried out under the responsibility of the authority responsible for the preparation of the CAP Strategic Plan.

3. The ex-ante evaluation shall appraise:

(a) the contribution of the CAP Strategic Plan to the CAP specific objectives, taking into account national and regional needs and potential for development as well as lessons drawn from implementation of the CAP in previous programming periods;

(b) the internal coherence of the proposed CAP Strategic Plan and its relationship with other relevant instruments;

(c) the consistency of the allocation of budgetary resources with the specific objectives of the CAP Strategic Plan;

(d) how the expected outputs will contribute to results;

(e) whether the quantified target values for results **and milestones** are **appropriate and** realistic, having regard to the support envisaged from the EAGF and EAFRD;

~~(f) the adequacy of human resources and administrative capacity for management of the CAP Strategic Plan;~~

~~(g) the suitability of the procedures for monitoring the CAP Strategic Plan and for collecting the data necessary to carry out evaluations;~~

~~(h) the suitability of the milestones selected for the performance framework;~~

* The Presidency is working on drafting suggestions on this Article.

~~(i) measures planned to reduce the administrative burden on beneficiaries;~~

(j) **where relevant,** the rationale for the use of financial instruments financed by the EAFRD.

4. The ex-ante evaluation ~~shall~~ **may** incorporate the requirements for strategic environmental assessment set out in Directive 2001/42/EC taking into account climate change mitigation needs.