
CAP strategic planning

Operational perspectives



IN-DEPTH ANALYSIS

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Executive summary

On 1 June 2018, the European Commission published a reform package containing three legislative proposals on the future of the post-2020 common agricultural policy (CAP). One of these proposals, for a regulation on CAP strategic plans, sets out a new delivery model with a revised distribution of responsibilities between the EU and its Member States. According to the arrangements set out in the proposal, each Member State would have to draw up a CAP strategic plan covering interventions planned under both Pillar I (direct payments) and Pillar II (rural development), to meet quantified targets linked to EU-level CAP objectives.

During the last European parliamentary term, the legislative proposals making up the CAP post-2020 reform package were the subject of intense discussions. The Parliament passed resolutions on the future of food and farming and on the 2021-2027 multiannual financial framework (MFF). In November 2018, it adopted a resolution confirming its priority for maintaining the financing of the CAP for the EU-27 at the level of the 2014-2020 MFF in real terms. The Commission's legislative proposals for the post-2020 CAP were considered within the Committee on Agriculture and Rural Development (AGRI), which adopted a significant number of amendments to the proposal on CAP strategic plans. The AGRI committee adopted the resulting [report](#) in April 2019, and thus it was not considered in plenary during the last term. In accordance with Parliament's rules on the handling of unfinished business at the start of a new parliamentary term, it will now be up to the new Parliament to decide how to proceed with this file.

This paper examines how CAP strategic plans are envisaged by the Commission and how they might be implemented in practice. It draws on the latest available research sources and studies, including, where possible, examples of how some Member States are preparing for this new delivery model. It also notes the findings of an independent study on the design of the new CAP strategic plans, undertaken for the AGRI committee and published by the Parliament's Policy Department on Structural and Cohesion Policies in October 2018.

The present paper identifies a number of issues that are likely to be the focus of attention and discussion during the new parliamentary term, taking account of amendments to the Commission's proposal adopted by the AGRI committee in the last Parliament. These issues include:

- the role given to the analysis aimed at identifying strengths, weaknesses, opportunities and threats as part of the CAP strategic plan;
- the coverage that will be required in relation to knowledge exchange, innovation and digitalisation both for agriculture and for the development of rural areas;
- young farmers and the issue of generational renewal;
- the new environmental and climate architecture;
- the challenges posed by the performance framework for the post-2020 period;
- the role played by the ex-ante evaluation of the proposed regulation on CAP strategic plans as well as lessons arising from previous evaluations of EU rural development programmes;
- the requirements for both plan consultation and the establishment of national CAP networks.

Though the legislative proposal has not yet been adopted by the co-legislators, and is therefore subject to change, a range of issues are highlighted as a guide to understanding how CAP strategic planning is envisaged and how it might be taken forward. Where possible, the analysis draws on how some Member States are addressing these issues. Evidence is also included based on the experience from previous rounds of EU-funded rural development programmes. A number of concluding points are made based on the existing research and literature on the subject.

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1. Introduction

A key feature of the European Commission's proposals for the modernisation and simplification of the common agricultural policy (CAP) for the post-2020 period is the requirement for EU Member States to present their proposed interventions to achieve the EU's nine specific CAP objectives in the form of a CAP strategic plan. The requirements and rules for such plans, including the elements that Member States would have to take into account when drafting them, are outlined in a specific legislative [proposal](#).¹ According to the proposal, these plans will set out each Member State's targets for what it wants to achieve in the next programming period using commonly defined result indicators. As a way to improve the performance of the CAP, the proposal also envisages a new delivery model to shift the focus from compliance to performance and to rebalance responsibilities between the EU and the Member States, allowing the latter more flexibility. The new model aims to better achieve EU objectives based on strategic planning, broad policy interventions and common performance indicators, thus improving policy coherence across the future CAP with other EU objectives.

Up to now, the CAP has been primarily implemented in shared management with the Member States. Governance bodies in the Member States, notably the paying agencies and certification bodies, have effectively protected the EU budget and ensured sound financial management. The new delivery model as proposed by the Commission acknowledges this situation, by giving more freedom to Member States in deciding and managing the control systems in place within a more general set of rules at EU level. Following a strategy on budgeting focussed on results and performance-oriented payments, the proposal links the eligibility of payments to the actual delivery on the ground. Performance is therefore at the heart of the financial management and assurance model in the legislative proposal for the post-2020 CAP.

The legislative proposal assigns responsibilities to Member States' authorities for specific tasks in relation to the new CAP strategic plans. The performance-monitoring and legislative framework is set out, covering rules on what and when Member States have to report with regard to progress on their plans and how this progress will be monitored and evaluated.²

This paper explains the Commission's common requirements for the CAP strategic plans in more detail. It furthermore provides information on the types of interventions Member States may use to implement such plans. It also describes the particular elements that Member States will have to take into account when drafting these documents. Last but not least, it briefly examines the approval procedure that the Commission has envisaged for the plans.

During the last parliamentary term, the Commission's legislative proposals for the post-2020 CAP were considered within the Committee on Agriculture and Rural Development (AGRI), which adopted a significant number of amendments to the proposal on CAP strategic plans. The AGRI committee adopted the resulting [report](#) in April 2019, and it was thus not considered in plenary during the last term. References to the work of the AGRI committee in this paper should therefore be taken to refer to that undertaken during the 2014-2019 parliamentary term. In accordance with Parliament's rules on the handling of unfinished business at the start of a new parliamentary term, it will now be up to the new Parliament to decide how to proceed with this file.

¹ European Commission, [proposal for a regulation of the European Parliament and the Council establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy \(CAP Strategic Plans\) \(2018/0216 \(COD\)\)](#).

² Topical information on progress is available through the EP's [legislative train](#) schedule as well as through the updates to the EPRS [legislative briefing](#) on this proposal.

2. Content and design of the new CAP strategic plans

2.1. Common requirements

As a starting point, the legislative proposal sets out a series of common requirements that Member States must meet when designing their CAP strategic plans. They include the need to:

- ensure such plans are in accordance with the Charter of Fundamental Rights of the EU and the general principles of EU law;
- avoid any distortion of competition and respect the rules for the internal market as well as the WTO rules on domestic support;
- include a system of conditionality, i.e. any beneficiary of area-based payments has to comply with good agricultural practices in relation to a) climate and environment; b) public health, animal health and plant health; and c) animal welfare;
- ensure that all agricultural areas, including land which is no longer used for production purposes, are maintained in good agricultural and environmental condition;
- ensure that each strategic plan includes a system providing farm advisory services to farmers and other beneficiaries of CAP support.

For its part, in the last parliamentary term, Parliament's Committee for Agriculture and Rural Development (AGRI) proposed introducing a new element to Article 9 of the legislative proposal, namely that Member States should ensure the integration of a gender perspective throughout the preparation, implementation and evaluation of the interventions, with the aim to promote gender equality and combat gender discrimination.³

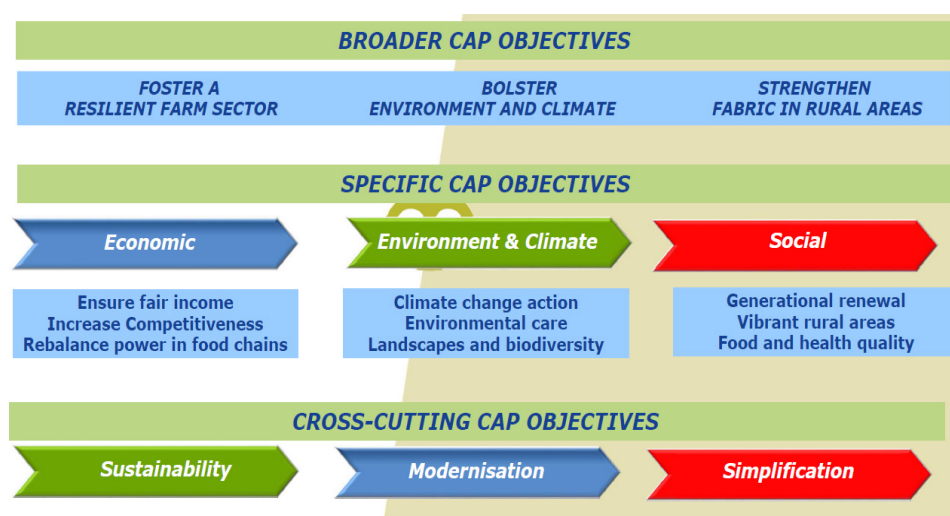
2.2. The new architecture of CAP objectives

The Commission has proposed that the new CAP have three general objectives focusing on i) the economic viability, resilience and income of farms; ii) an enhanced environmental and climate

performance; and iii) a strengthened fabric of rural areas. In support of these general objectives, there are nine specific ones and three crosscutting ones, as illustrated in Figure 1.

The legislative proposal outlines the

Figure 1 – The new architecture of CAP objectives



Source: European Commission.

³ See the [report](#) on the Commission's proposal for a regulation establishing rules on support for CAP strategic plans, adopted by the Parliament's AGRI committee in April 2019.

types of intervention that Member States may use to implement their CAP strategic plans. In terms of Pillar I support, they cover both **decoupled and coupled direct payments**. The former include elements such as:

- basic income support for sustainability;
- complementary redistributive income support for sustainability;
- complementary income support for young farmers;
- schemes for the climate and environment.

The latter include coupled income support and crop-specific payment for cotton. Complementary redistributive income support for sustainability ('redistributive income support') aims to ensure the redistribution of support from bigger to smaller or medium-sized farms. Such support would take the form of an annual decoupled payment per eligible hectare. It is proposed that at least 2 % of a Member State's allocation for direct payments should be dedicated to young farmers.

In terms of Pillar II measures, eight types of intervention are covered in the legislative proposal, as follows:

- environmental, climate and other management commitments;
- natural or other area-specific constraints;
- area-specific disadvantages resulting from certain mandatory requirements;
- investments;
- installation of young farmers and rural business start-ups;
- risk management tools;
- cooperation;
- knowledge exchange and information.

In the case of the latter, actions supported under this type of intervention must be based on and be consistent with the description of the Agricultural knowledge and Information System provided in the Member State's CAP strategic plan in accordance with Article 102a point (i) of the legislative proposal.

2.3. Expected content and structure of the CAP strategic plans

The Commission's legislative proposal sets out details on the content and structure of the future CAP strategic plans. According to the proposal, such plans will have eight sections as listed in the text box below based on Article 95 of the legislative proposal. Provision is also made for five annexes to cover: i) the ex-ante evaluation and the strategic environmental assessment (SEA); ii) the strengths, weaknesses, opportunities and threats (SWOT) analysis; iii) consultation of the partners; iv) crop-specific payment for cotton; and v) additional national financing provided within the scope of the CAP strategic plan. In the last Parliament, the AGRI committee voted amendments to the text to extend the number of annexes to eight by including a provision for an annex on the schemes for the climate, environment and animal welfare; another on regional intervention programmes; and yet another on the elements of the strategic plans that contribute to increasing competitiveness. The proposed changes put forward by the AGRI committee included provision for regional intervention programmes for rural development elements to be treated on a regional basis, thereby enabling Member States to establish regional managing authorities.

Key features of the contents of a strategic plan include: an assessment of needs; an outline of the Member State's intervention strategy; and a description of the different interventions to be used as part of an overall intervention strategy in relation to the nine specific objectives that have been set for the CAP as shown in Figure 1. A key starting point for such a plan will be the assessment of needs. Here the Commission proposal sets out the requirements for such an assessment (see the boxed

text below). Article 96 of the proposal requires a SWOT analysis to be undertaken. This involves the identification of the strengths, weaknesses, opportunities and threats of the current situation of the area covered by the plan. In addition, where it is relevant, the SWOT analysis will also include an analysis of territorial aspects as well as sectoral aspects where specific areas or sectors are the subject of intervention.

Assessment of needs and intervention strategy

- summary of the SWOT analysis;
- identification, prioritisation and ranking of needs;
- selection of the interventions, following a sound intervention logic;
- targets for results indicators and related milestones (→ indicator plan);
- allocation and justification of financial resources (→ financial plan).

Source: European Commission.

From this outline of what an assessment of needs should contain, it is clear that much emphasis will be placed on the SWOT analysis. It will have to provide 'a comprehensive overall description of the current situation of the area ... based on common context indicators and other quantitative and qualitative up-to-date information such as studies, past evaluations reports, sectoral analysis and lessons learned from previous experiences' (Article 103 of the legislative proposal).

It should be noted that the SWOT analysis should provide evidence on the needs for each of the nine specific objectives for the CAP (regardless of whether they will be addressed through the CAP strategic plan or not). The SWOT analysis will also have to provide the basis for the prioritisation and the ranking of needs including a 'sound justification' of the choices made. This justification would have to specify why certain identified needs are not being addressed or are only being partially addressed in the CAP strategic plan. Other requirements that the SWOT analysis will have to satisfy include the following:

- in relation to young farmers, an analysis of issues, such as access to land, land mobility and land restructuring, access to finance and access to knowledge and advice and capacity to cope with risk (Article 103 of the legislative proposal);
- relevant information about the functioning of the Member States' agricultural knowledge and innovation systems (AKIS) and related structures (Article 103 of the legislative proposal).⁴

With respect to the latter issue, the relevant information that is sought relates to agricultural research and innovation, and how this is promoted and taken forward, including the Member States' organisational arrangements for promoting agricultural innovation as well as their arrangements for the provision of farm advisory and innovation support services.

The adequacy of the SWOT analysis will be an important element when it comes to the Commission's assessment of each plan. Article 106 of the legislative proposal sets out how the Commission shall assess the plans. This will be done based on their completeness, consistency and coherence with the general principles of EU law, the prospective regulation, as well as their impact on the proper functioning of the internal market. Other assessment criteria in relation to the plans will be their distorting effect on competition and the level of administrative burden they place on beneficiaries and administrations. The assessment will also cover the adequacy of the plan's strategy; the corresponding specific objectives, targets, interventions; and the allocation of budgetary resources to meet the specific CAP strategic plan objectives through the proposed

⁴ AKIS refers to the organisation and interaction of persons and organisations that use and produce knowledge and innovation for agriculture and related areas. These systems include farmers, researchers, farmer organisations, retailers, media, services and ministries.

interventions based on the SWOT analysis and the ex-ante evaluation. The Commission may address its observations to the Member States within three months of the date of the plan's submission. One stipulation is that the approval process should take no more than eight months following the date of submission. In examining the Commission's legislative proposal, the Parliament's AGRI committee voted to insert a provision for regional intervention programmes allowing for elements of the CAP strategic plan to be established or implemented at regional level. In addition, the committee inserted a provision in the section on the assessment of needs stipulating that the latter include reference to animal welfare (Article 96 of the legislative proposal) alongside an explanation of how the CAP strategic plan is meant to contribute to the objective of improving animal health and welfare and reducing antimicrobial resistance (Article 97 of the legislative proposal).

3. CAP strategic plans in practice

In light of the above analysis of the Commission's proposal for CAP strategic plans, the boxed text below lists a number of issues that might be considered during the preparation of the plan and its subsequent assessment.

Issues to be considered in preparing CAP strategic plans

- the SWOT analysis;
- knowledge exchange, innovation and digitalisation;
- analysis in relation to young farmers;
- the plan's environmental and climate architecture;
- establishment of a performance framework;
- evaluation and lessons from previous rural development programmes;
- plan consultation and European and national CAP networks.

While this is not an exhaustive list, the issues have been selected to indicate the nature of the requirements for the new plans. Based on an analysis of the Commission's legislative proposal for the CAP strategic plans, they draw, where possible, on both relevant research in this field and the experience of a few Member States in undertaking preparations for such plans.

3.1. SWOT analysis

Given the role played by the SWOT analysis explained above in relation to the assessment of needs and the subsequent evaluation of the plan, it can be recalled that a SWOT analysis has been a feature of EU-funded rural development programmes over many years. In the case of the Commission's new proposal, it will be essential to combine an assessment of the strengths, weaknesses, threats and opportunities of rural economy, society and environment alongside a similar analysis of the Member States' agricultural sector. Table 1 below provides one illustration of the type of issues raised by a SWOT analysis. Adapted from a background document developed by the Commission's Directorate- General for Agriculture and Rural Development (DG AGRI) and pitched at the EU level, it sets out the main economic challenges/dimensions of the global challenges facing EU agriculture. It is indicative of the type of issues expected of such an analysis especially if combined with coverage of the social and environmental dimensions relevant to the CAP.

As part of a workshop on the post-2020 CAP, the Commission provided an overview on the SWOT analysis in relation to the CAP strategic plans.⁵ The Commission representative explained how the SWOT 'is a tool and not an end in itself'. Its purpose is as follows:

- to give an overall and comprehensive picture of the territory covered by the CAP plan;
- to identify the specificities of the territory;
- to provide the foundation for the needs assessment;
- to support the setting of targets;
- to provide justifications for priorities for intervention, providing an evidence-based rationale for strategic choices;
- to provide the background against which the interventions can be checked to ensure they are justified, relevant and adequate in terms of the optimal use of public funds.

Table 1 – Summary of socio-economic SWOT analysis for EU agriculture and rural areas

Strengths	Weaknesses
Positive spill-over effects of agriculture on the rest of the rural economy	Low growth, underemployment, poor generational renewal, lower employment rate in rural areas and job losses in the primary sector
Positive spill over effects of agriculture on the upstream and downstream sectors	Sub-optimal infrastructure, deficiencies in skills and capital, poor services impacting on development prospects
Strong links with the environment and healthier lifestyles	Territorial imbalance and poverty
Opportunities	Threats
Development prospects for rural economies	Challenges of service delivery arising from lower-density populations, larger distances, absence of economies of scale
Cultural and social capital	Population dynamics
Attractiveness of rural territories	Barriers and resistance to innovation
Bio-economy and other agro-services	Governance: an urban-rural divide in public attention

Source: EPRS adaptation from: [Modernising and simplifying the CAP: Socio-economic challenges facing agriculture and rural areas](#), European Commission, December 2017.

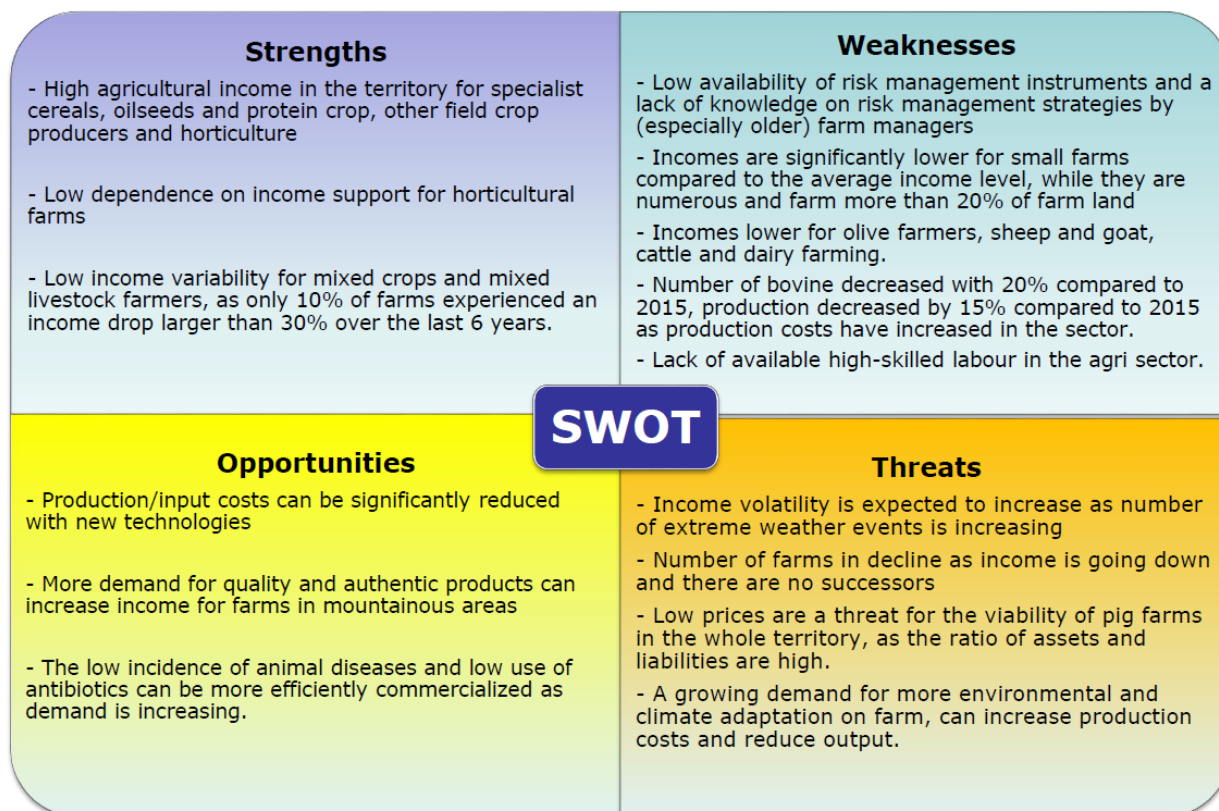
One point stressed during this presentation was the need for the SWOT to be carried out for each CAP specific objective. An example of this application was provided with regard to the specific objective on supporting viable farm income and resilience (a summary is given in Figure 2 below). Another insight into the scope of this type of analysis can be obtained from previous programme evaluations or independent studies. In the case of Poland, a study on 'Managing Agricultural Enterprises',⁶ published in 2018, provides an analysis of the strengths, weaknesses, threats and opportunities facing Polish agriculture (see pp.14-17). The study includes reference to the Polish rural development programme for 2014-2020 containing a SWOT analysis compiled by the Ministry

⁵ Getting prepared for the ex-ante evaluation of the CAP Strategic Plan, [Report of the Good Practice Workshop](#), 21 March 2019, Unit C.4, DG AGRI, European Commission.

⁶ P. Bryla (Ed), [Managing Agricultural Enterprises: Exploring Profitability and Best Practice in Central Europe](#), Palgrave Macmillan US 2017.

of Agriculture and Rural Development. Published in 2014, extracts from this assessment are summarised in Table 2 below.

Figure 2 – Outline example of the CAP's Specific Objective 1: Supporting viable farm income and resilience across the Union to enhance food security



Source: Extracted from a European Commission presentation: 'The SWOT analysis: A key step of the future CAP Strategic Plans', Unit C.1, DG AGRI, 21 March 2019.

A further example of the application of the SWOT analysis is the work undertaken by the Organisation for Economic Cooperation and Development (OECD). In the case of Poland, it published a rural policy review, 'Poland 2018',⁷ which provides a comprehensive profile of rural Poland covering its territorial divisions, population dynamics, settlement patterns and labour market. This includes an analysis of the rural economy and agriculture, as well as the need for economic diversification. The findings from these sources help to illustrate the depth and range of issues relating to the agricultural and rural development sectors. Furthermore, these types of analyses may help to illustrate the range of issues they raise, enabling those responsible for preparing a CAP strategic plan to 'collect and integrate many different perspectives', thereby constituting what has been termed by one assessment as 'the basis of strategic programming'.⁸

The same assessment of the use of the SWOT analysis in European programmes points to the need to ensure a distinction is made between the external aspects of the analysis (opportunities and threats) and the internal ones (strengths and weaknesses). Given the need to cover both CAP pillars, it will be necessary to ensure that such exercises take account of the challenges facing not just the

⁷ [OECD Rural Policy Reviews: Poland 2018](#), OECD Publishing, Paris, 28 March 2018.

⁸ See A. Knierim and P. Nowicki, [SWOT analysis: Appraisal of a new tool in European rural development policies](#), *Outlook on Agriculture*, Vol. 39, No 1, pp 65-72, 2010.

Member States' agricultural sectors but also their labour markets and rural economies, as well as the analysis of sustainable land-use features including biodiversity and environmental aspects.

Table 2 – A SWOT analysis of Polish agriculture, 2014

Strengths	Weaknesses
High-quality products and a significant role of Polish agriculture in the EU-27	High number of people employed in agriculture; unfavourable area structure of farms
Considerable resources of land, which ensures self-sufficiency of the country in food	Low level of respecting environmental standards in agricultural production; high share of poor and acid soils
Growth in farmers' income; diversification of income sources and large resources of relatively cheap labour	Weak education of farmers (2.8 % have higher education); low level of capital among farmers and low ability to get bank loans
Growing entrepreneurship of rural inhabitants; modernisation of agricultural machines and equipment; comparative advantages in labour-intensive sectors	Low productivity and low profitability; low level of specialisation; poor infrastructure used in agriculture
Well-preserved biological diversity; diversified offer of traditional and origin products; development of organic farming; relatively cheap land	Low level of activity to consolidate the community of farmers (especially young farmers); lack of willingness to participate in common investment projects
Concentration of production: cattle, cows, pigs and crops; improvement in education level of farmers and dissemination of innovative solutions on farms	Dependence of farmers' income on EU subsidies, development of the economic 'grey sphere'; low pace of implementing technical progress
Opportunities	Threats to the Polish agricultural sector
Coexistence of intensive and sustainable farms	Decreasing agricultural area; high level of rural unemployment
Agricultural income growth contributing to higher investment capabilities on farms	Conflicts of interest: ecology versus intensification of agricultural activities
Higher demand for and processing of agricultural goods locally; creation of producer groups and agro-processing clusters; large internal market	Climate changes and a growing deficit of water; increasing costs of agricultural activities
Increase in the activity of multinational corporations; development of technical and social infrastructure	Competition from other EU producers; inflow into EU markets of low-priced food; divergence of agricultural policy priorities between more developed EU countries and Poland
High demand for Polish food on the European market; higher promotion and food exports to third countries; growing market demand for organic food	Higher costs of agricultural production (reflecting costs of energy, oil, machines, fertilisers, etc.) and a higher price of land, which hinders the enlargement of farms
Change in consumer expectations in favour of extensive, environmentally friendly methods that respect animal welfare	Higher price of land hinders the enlargement of farms; impact of Russian embargo; taking over a part of the support addressed to farmers by firms supplying them with goods and services

Source: Adapted from P. Bryła, (Ed) [Managing Agricultural enterprises: Exploring profitability and best practice in Central Europe](#), Palgrave Macmillan US 2017.

3.2. Knowledge exchange, innovation and digitalisation

An important element of the new strategic plans will be a section on how the Member State will stimulate knowledge exchange and innovation. Article 103 of the legislative proposal, which establishes rules on support for strategic plans, explicitly states that: 'the SWOT analysis shall ... provide relevant information about the functioning of the AKIS and related structures'. The preceding Article 102 sets this requirement in the context of the modernisation of the CAP as summarised in Figure 3 below. In this context, CAP strategic plans are expected to contribute to the cross-cutting objective related to fostering and sharing knowledge, innovation and digitalisation, and their uptake. A CAP strategic plan will have to include a description of the organisational setup of the Member State's AKIS, including how advisors, researchers and CAP networks will work together, as well as how advice and innovation support services will be provided. A description of the strategy for the development of digital technologies in agriculture and rural areas will also be required. For its part, the Parliament's AGRI committee added that this description should include a reference to smart villages. A report on the impacts of the digital economy on the food chain including opportunities for the CAP, commissioned by the Parliament's Policy Department for Structural and Cohesion Policies, describes how 'the farm technology revolution' will affect the agricultural sector in the near future.⁹

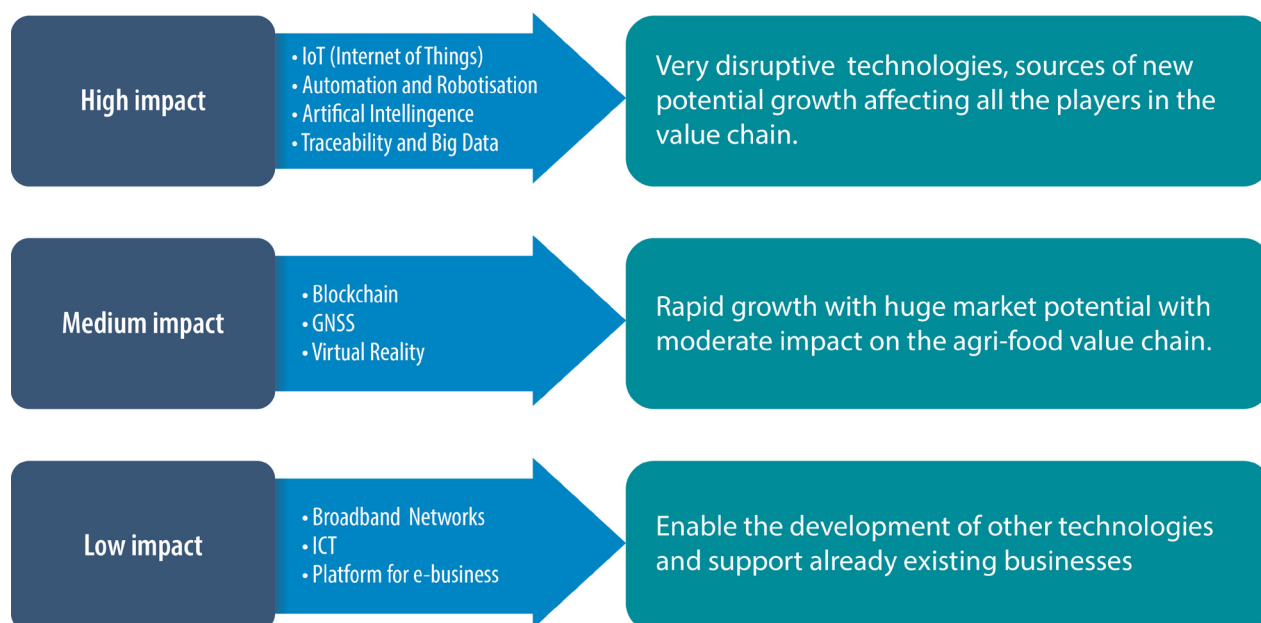
Recognising the rising demand for technology and that new technologies will revolutionise the sector, (bringing benefits to farmers, consumers, public authorities and the environment alike, as well as new business opportunities for SMEs), the study identifies the different sets of technologies (classified in terms of their impact: high, medium and low) in the agri-food chain and the agriculture sector. These are shown in Figure 3 below, which illustrates how different technologies can be combined to produce a wide range of impacts: improved production quality and logistics; reduced antibiotics use; reduced farmers' risk and reduced costs; greater production efficiency; optimal soil use; increase in consumers; increased trust in farmers, suppliers and other players in the food chain.

The study also provides an overview on the links between the specific objectives of the CAP and how these can be addressed through the 'farm-tech revolution' involving key technological advancements. Drawing on this study, Table 3 below summarises a few case studies illustrating how particular digital innovations have impacted or could impact on the CAP objectives. The study represents a useful source and point of reference in demonstrating such linkages, as it includes a SWOT analysis on CAP modernisation indicating how digitalisation will influence agriculture in the coming years. Key points highlighted in the analysis relevant to those involved in the preparation of a Member State's CAP strategic plan indicate how digital innovation offers a number of opportunities of benefit to the CAP. These include:

- new ways of monitoring and control, making the CAP governance more transparent;
- facilitating a shift from the *traditional* control of farmers' claims (based on sampling) to a *continuous and full monitoring*;
- decreasing the complexity of and time spent on submitting applications;
- overcoming the remoteness and lack of connectivity of many rural areas through digital technology.

⁹ Pesce et al, Research for the AGRI committee – [Impacts of the digital economy on the food-chain and the CAP](#), Policy Department for Structural and Cohesion Policies, European Parliament, 2019.

Figure 3 – Technologies impacting on the food chain and agriculture sector



Source: Valdani Vicari & Associati cited in: Pesce et al, Research for AGRI Committee – [Impacts of the digital economy on the food-chain and the CAP](#), Policy Department for Structural and Cohesion Policies, European Parliament, 2019.

The study highlights the options that CAP modernisation offers for smart farming to reduce the environmental effects of agriculture, and describes the types of data that will be available for individual farms. For example, in Germany, using the internet of things (IoT) in combination with big data and artificial intelligence (AI), prediction models can be used to increase pig health and at the same time help to reduce the use of antibiotics. In Portugal and Spain, algorithms and data collection methods, involving satellites, drones and sensors will help to identify disease symptoms in respect of olives and vineyards. Likewise, big data alongside drones and satellites will be used in Greece to identify weed patches and determine the maturity level of leafy vegetables for optimum harvesting and for yield estimation.

Recognising the important influence that digitalisation will have, the same study advises that there is a risk that smaller crops or regional farming systems could be left behind as technology providers may concentrate on bigger market segments. One implication for the new CAP strategic plans will be to address this tendency or bias, by making sure a coherent approach is pursued through the adoption of a modernisation strategy involving the 'fostering, and sharing of knowledge, innovation and digitisation and encouraging their uptake'.

Table 3 – Deployment of innovation and digitalisation in the agricultural sectors of several Member States

Member State(s)	Title	Descriptions
Germany	Pig health assessment	Using predictive analytics by machine learning and sensor technology in pig breeding to improve pig health and welfare Impact on CAP: Will enhance farm income; contribute to reducing emissions and have a positive impact on the environment
Portugal and Spain	Algorithms and data collection for early crop disease detection	Using remote sensors and artificial intelligence to identify disease symptoms in respect of olives; vineyards and cork trees Impact on CAP: Will improve competitiveness and minimise the impact of pests and diseases
Spain	Data-intensive dairy production	Using digital technologies and data analytics to improve animal production and sustainability of Galician dairy farms Impact on CAP: Farm incomes, competitiveness and positive impacts on the environment
Greece	Digitalising leafy vegetables	Using big data with drones and satellites to analyse soils and microclimate for improved monitoring and optimisation of organic vegetables. Using sensors to identify weed patches Impact on the CAP: Expected positive impact on the environment
Netherlands	Ammonia emissions monitoring	The objective is to develop an ammonia emissions and climate monitoring and control technique for naturally and mechanically ventilated animal houses Impact on CAP: Potential for positive impact in terms of reduced environmental impact

Source: EPRS adaptation from [Impacts of the digital economy on the food-chain and the CAP](#), 2019.

This requirement is set out in Article 102 of the legislative proposal for CAP strategic plans and is further explained in Figures 4 and 5 below. Figure 4 illustrates the main players in an AKIS. Within this system, the role of the farm advisor is particularly important.¹⁰

¹⁰ An overview on how to improve Member States' AKIS is provided in a paper compiled by the Standing Committee on Agricultural Research: EU SCAR (2015) [Agricultural Knowledge and Innovation Systems Towards the Future – A Foresight Paper](#).

Figure 4 – Illustration of the integrated approach for modernisation, innovation and knowledge flows

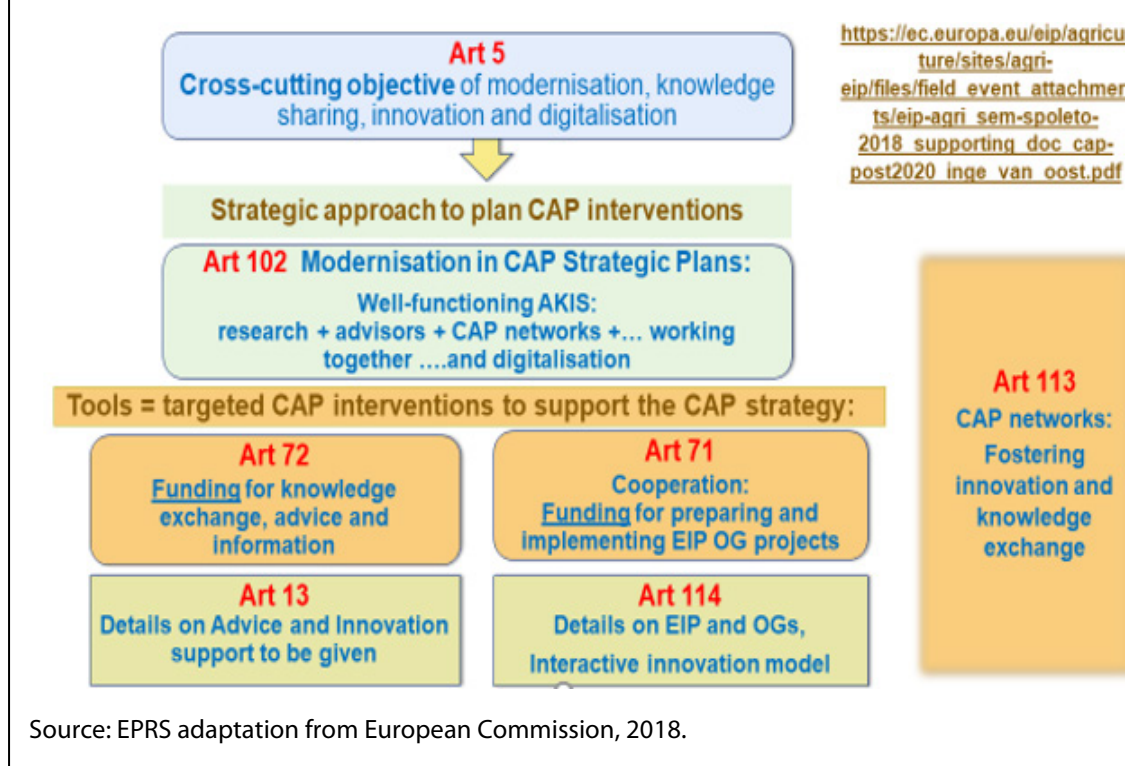


Figure 5 shows key components of an integrated approach to modernisation with a focus on creating an effective, well-functioning AKIS. Key parts of this integrated approach to modernisation include support for:

- cooperation (under Article 71 of the legislative proposal involving operational group projects of the European Innovation Partnership for Agricultural Productivity and Sustainability, EIP-AGRI);
- knowledge exchange and information (under Article 72 of the legislative proposal) involving support for relevant actions to promote innovation, access to training and advice, and exchange and dissemination of knowledge and information);
- national CAP networks to be established by each Member State for the networking of organisations and administration advisors, researchers and other innovation actors in agriculture and rural development (under Article 113 of the legislative proposal). Strategic plans will need to set out how advisors, researchers and CAP networks will work together, including how advice and innovation support services will be provided. A description of the strategy for the development of digital technologies in agriculture and rural areas is required.

The AGRI committee in the last Parliament voted to insert in the proposal an article covering measures in favour of women. This sought to enable Member States to grant support in their CAP strategic plans to promote the involvement of women in knowledge transfer and information actions, advisory services, investments in physical assets, farm and rural business start-up and development, installation of digital technologies and co-operation. The committee also made provision for Member States to develop and implement a smart villages strategy in their plans.

Figure 5 – The integrated approach to modernisation, innovation and knowledge flows



3.3. Young farmers as part of the CAP strategic plans

The Commission's legislative proposal sets out the key elements that must be addressed by the Member States when drawing up their subsequent intervention strategies following completion of the SWOT analysis and the assessment of needs. One of the key requirements is for the inclusion of an overview of the interventions designed to attract young farmers and facilitate their development as one of nine objectives of the CAP.

Article 27 of the proposal indicates that Member States may provide for **complementary income support for young farmers** who have set up for the first time and who are entitled to a payment under the basic income support. This same article includes provision for Member States to dedicate at least 2 % of their allocations for direct payments to the objective of attracting young farmers. (The previous Parliament's AGRI committee inserted a clause indicating that such support would be granted for a maximum period of seven years). Under Article 69 of the proposal, Member States would be able to grant support for the **installation of young farmers and rural business start-ups**. However, the European Council for Young Farmers (CEJA) has pointed out that though this form of ring fencing is 'a fair starting point ... the proposed amount will be insufficient in fulfilling the policy's objective of generational renewal.'¹¹ It has also explained that this form of ring fencing has to fund not only the complementary income support for young farmers under Pillar I, but also the installation aid for young farmers in Pillar II (Figure 6). In relation to Article 69 of the legislative

¹¹ CEJA urges doubling the ambition on generational renewal in the future CAP, [press release](#), European Council of Young Farmers, Brussels, 12 February 2019.

proposal, the AGRI committee voted to extend this provision to cover not only new farmers but also the development of rural businesses (and not just the start-up of such businesses).

Figure 6 – Architecture of support for young farmers in the post-2020 CAP proposals



Source: CEJA, 2019.

The Commission's proposal includes a provision that the SWOT analysis should include 'a short analysis of access to land, land mobility and land restructuring, access to finance and credits and access to knowledge and advice'. Such an analysis would include, for example, examining the barriers to land transmission among generations; access to land restricted by loss of agricultural land through, for example, urban development; and changes of use.

In an overview paper 'Succession in EU farming: Challenges and Opportunities', CEJA has highlighted the low levels in the number of young farmers across the EU and the variations that exist across the different Member States as well as the issue of succession in family farms.¹²

Making the case for more work to be done on improving access to land and facilitating the transfer of ownership of land, CEJA makes reference to an [initiative](#) from Ireland involving a pilot programme for a land mobility service over three years (2014-2016). Its key features are summarised in the boxed text below.¹³

A study¹⁴ commissioned by DG AGRI and published in 2015 identified the needs of young farmers as part of an assessment of exchange programmes for young farmers across all EU Member States. In relation to the needs of young farmers, which would still be relevant in the context of the preparation of CAP strategic plans, the results demonstrated that:

- young farmers have different expectations and needs depending on the region in which they live, the agricultural sector in which they work, their level of education and their relationship to the farm; access to land is considered to be the most important barrier for young farmers to enter the agricultural sector;

¹² [Succession in EU funding: Challenges and Opportunities](#), CEJA, Brussels, July 2016.

¹³ Land Mobility Service: Land mobility: Working towards a shared future; End of Pilot Programme Report 2014-2016.

¹⁴ [Needs of Young Farmers – Report I](#) of the pilot project: Exchange programmes for young farmers – Final, prepared by Ecorys for the European Commission, November 2015.

- entry to the sector is also hampered by high start-up costs, with young farmers often being short of collaterals to guarantee loans, etc.

With published [country reports and factsheets](#)¹⁵ available for each Member State, the above findings would still be relevant in the context of the preparation of CAP strategic plans.

Example of Land Mobility Service – Ireland

Established as a pilot programme in 2014, [the Land Mobility Brokerage Service](#) is an independent expert service that facilitates land mobility and access to land through collaborative farming arrangements. The latter include, for example, long leases, share farming, partnerships and contract rearing. The [pilot programme](#) facilitated 282 collaborative arrangements over a three-year period (2014-2016), resulting in 25 000 acres of land being farmed by younger trained farmers.

Evidence from a 2012 study on land mobility and succession in Ireland indicated that 26 % of farmers were over the age of 65 and 48 % of full-time farmers had no identified successor. Subsequent survey evidence indicates that 25 % of farms in Ireland will make a significant change in the next years representing some 35 000 farms. Issues contributing to these changes include late transfer carrying from one generation to the next, uncertainty over available options and impact on CAP payments. Respondents also alluded to their desire for the land to be farmed by a successor, while also mentioning their efforts to ensure relevant involvement, their desire to enhance the farm for future generations, the need for security of income, issues with property rights and a lack of information and advice.

Source: Land Mobility Service: www.landmobility.ie

3.4. Environmental and climate architecture

In its legislative proposal establishing rules on CAP strategic plans, the Commission has indicated that support for environmental care and climate action as part of efforts to achieve the EU's environmental and climate-related objectives is a very high priority for the CAP after 2020. The Commission's expectation is that the architecture of the CAP should 'reflect greater ambition with respect to the environmental and climate-related objectives'.¹⁶ Moreover, given the new delivery model, actions taken under the environmental objectives should be result-driven. Three of the CAP's nine specific objectives outlined earlier relate to the environment and climate. In its subsequent explanatory guidance¹⁷ on meeting these environmental and climate-related CAP objectives, the Commission has explained that in its plan, each Member State will have to show how it is contributing to the achievement of the objectives of the various items of EU environmental and climate legislation. Member States will also have to take account of the analysis and recommendations for action already made in the framework of that legislation. It suggests that Member States' competent authorities for the environment and climate will have to be 'effectively involved' in preparing the environment and climate-related aspects of the new CAP strategic plans.

¹⁵ For copies of reports and factsheets, see external studies [website](#), DG AGRI, European Commission.

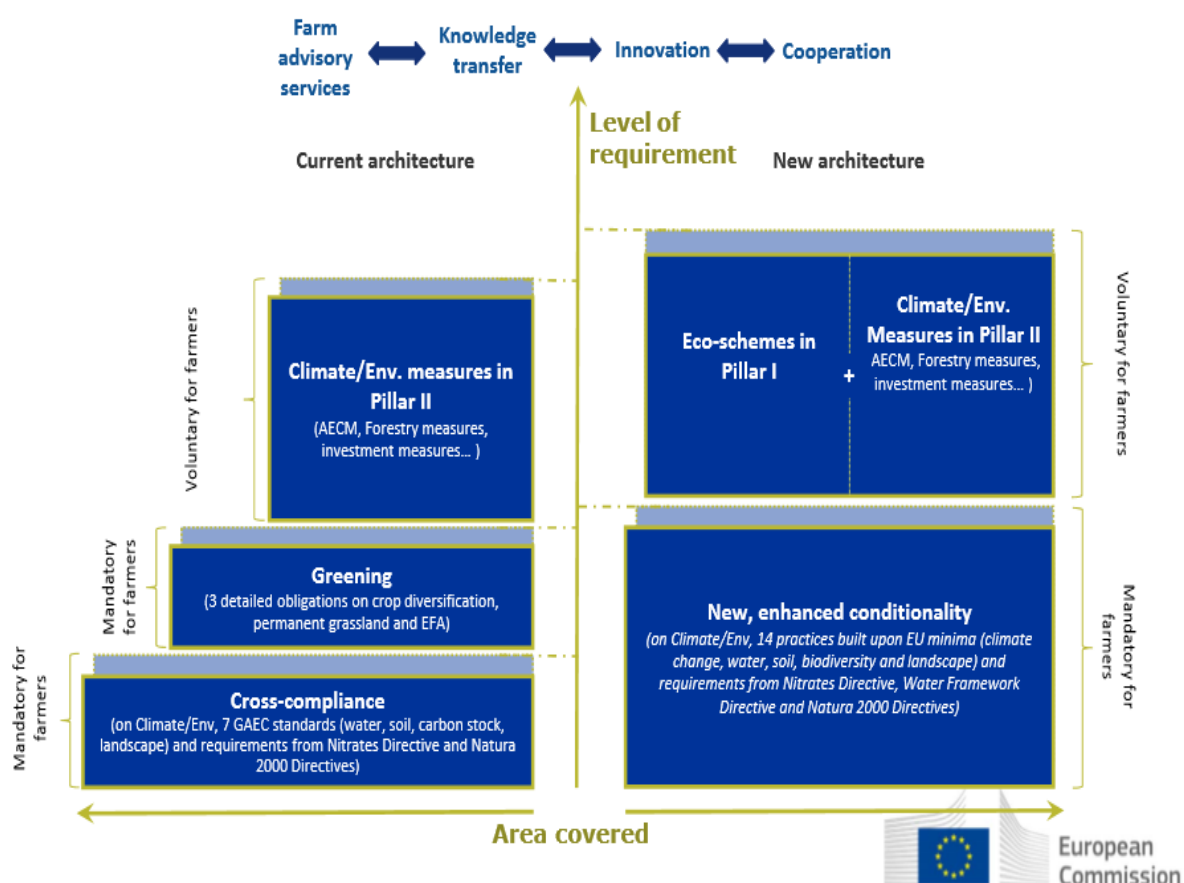
¹⁶ See the Commission's legislative [proposal](#), recital 16 and Article 92; see also: A. Matthews, 'Designing CAP Strategic plans to maximise environmental and climate potential', 10 April 2019 ; 'The Article 92 commitment to increased ambition with regard to environmental and climate related objectives', 30 June 2018; 'The greening architecture of the CAP', 20 June 2018.

¹⁷ [The environmental benefits and simplification of the post 2020 CAP](#), European Commission, 24 January 2019.

3.4.1. New system of conditionality

A key element of the post-2020 CAP will be a new system of conditionality (Figure 7 below). This will build on the previous system of **cross-compliance**, i.e. the link between receipt of CAP payments and the respect of other EU rules concerning food safety, animal health, plant health, the climate, the environment, the protection of water resources, animal welfare and the condition in which farmland is maintained. There are two different sets of rules under cross-compliance, namely: i) statutory management requirements (SMRs);¹⁸ and ii) standards of good agricultural and environmental conditions of land (GAECs).¹⁹ The new system of conditionality will merge and streamline two elements in the CAP – cross-compliance and the system of 'greening' (introduced in the last reform). Member States will have to set out how conditionality will be implemented in practice within their CAP strategic plans. The new system will cover everyone who will be in receipt of area- or animal-based CAP payments.

Figure 7 – The new green architecture for the CAP



Source: European Commission

As part of the GAEC framework, nutrient management plans will need to be established. A Farm Sustainability Tool for Nutrients will be made available to farmers to provide them with support in deciding on the application of nutrients on the land. Two environmental directives, namely the

¹⁸ SMRs involve 13 legislative requirements written into EU law concerning public health, animal and plant health, the identification and registration of animals, environment and animal welfare.

¹⁹ GAECs where farmers are obliged to maintain their land in good agricultural and environmental condition.

Water Framework Directive and the Directive on the Sustainable Use of Pesticides will be included as SMRs within the scope of conditionality.

Under the new system of conditionality, Member States are being given greater opportunity to tailor implementation of the basic standards to the particular situations of their farmers. In relation to the CAP strategic plans, the approach adopted by each Member State will have to be consistent with its SWOT analysis and needs assessment. Member States are likely to need a degree of reassurance on this point and the role of each Member State's farm advisory services will be critical in helping to improve the sustainable management of agricultural holdings, taking full account of the relationship between farm management, land management and certain standards.

3.4.2. Eco-schemes

An important element of the proposal for the post-2020 CAP is the introduction of eco-schemes. Voluntary for farmers, they are payment schemes either for incentivising or for remunerating the provision of public goods by agricultural practices beneficial to the environment and climate, or as a compensation for the introduction of such practices. They are seen as being 'potentially a significant innovation' in the CAP's green architecture.²⁰

In the context of preparing a CAP strategic plan, a few points may be noted on the use of such schemes:

- They can involve annual (i.e. 'one year at a time') rather than multi-annual commitments; such annual schemes will follow the rules for Pillar I and, unlike Pillar II, cannot be carried over if unspent.
- Member States are free to decide on the extent to which they wish to make use of them, and on their content and budget. The Commission's proposal does not include any provision for a minimum amount to be spent on such schemes (Meredith and Hart, op. cit.), thereby giving discretion to each Member State. As a consequence, Member States are faced with a broad range of choices in respect of their ambition and targeting, so long as these are justified in the CAP strategic plan (showing consistency with the needs of their farmers and territories, complementarity with other environmental elements of the CAP in relation to conditionality issues and Pillar II support);
- In the case of Pillar II, a range of measures will continue to be available in support of environmental and climate-related actions. These measures will include:
 - agri-environment payments (payments to compensate farmers and other land managers for voluntarily committing themselves for several years at a time to practices beneficial for the environment and climate);
 - per hectare payments to keep farming in place in areas where agriculture faces particular difficulties, such as those arising from natural constraints or as a result of particular rules;
 - support for knowledge building, investments, innovation and cooperation.

Member States will still need to earmark at least 30 % of their Pillar II funding for environmental and climate-related actions. However, this will exclude compensation for farming in areas with natural disadvantages. In the new programming period, Member States will be able to transfer extra funds

²⁰ S. Meredith and K. Hart., [CAP 2021-27: Using the eco-scheme to maximise environmental and climate benefits](#), report for the International Federation of Organic Agriculture Movements (IFOAM) EU by IEEP, 2019.

from Pillar I to Pillar II for environmental purposes. Table 4 provides a comparison of key aspects of the Pillar I eco-schemes with the agri-environment measures under Pillar II.²¹

Table 4: Comparison of key aspects of 'Eco-Schemes' in CAP Pillar I and 'Agri-Environment-Climate' commitments in CAP Pillar II

	Eco-schemes	Agri-environment-climate commitments
Source of funding	Pillar I budget – without co-financing by Member States	Pillar II budget – with co-financing by Member States
Possible beneficiaries	Farmers	Farmers, other land managers (e.g. environmental NGOs)
Payments' link to land	Payment per hectare Land concerned must be eligible for direct payments ⁶	Payment per hectare Land concerned need not be eligible for direct payments
Obligatory/voluntary?	Member States must make provision for them Participation voluntary for farmers	Member States must make provision for them Participation voluntary for farmers and other potential beneficiaries
Nature of commitments	Annual (i.e. "one year at a time")	Multi-annual contracts (usually of 5-7 years)
Calculation of premia	Compensation for additional costs / income losses arising from commitments concerned, OR Additional payment to basic income support (no particular rules over premium level)	Compensation for additional costs / income losses arising from commitments concerned

Source: European Commission [The Post-2020 Common Agricultural Policy: Environmental Benefits and Simplification](#).

3.4.3. Implications for CAP strategic plans

Overall, the Commission considers that the new arrangements as outlined in its legislative proposal should make it '...easier for Member States to use all types of CAP support together more coherently'. The proposals in respect of the new green architecture of the CAP have important implications for the preparation of CAP strategic plans. As currently proposed, they highlight:

- the need to address the three environment- and climate-related specific objectives of the CAP, namely i) contributing to climate change mitigation and adaptation; ii) fostering sustainable development and the efficient management of natural resources such as water, soil and air; iii) contributing to the protection of biodiversity, the enhancement of ecosystem services and the preservation of habitats and landscapes;

²¹ This comparison has been extracted from the Commission's 2019 [Brochure on the environmental benefits and simplification of the post-2020 CAP](#). This brochure explains how the CAP could be applied to address environmental and climate-related needs, and provides a number of different cases showing how the Member States could apply the content of conditionality and make use of one or more eco-schemes (depending on their circumstances and specific needs), and how they could make use of Pillar II support for environmental and climate-related reasons.

- the high level of discretion and choice granted to Member States in terms of content and approach;
- the need to ensure consistency and coherence between Pillar I and Pillar II support (in the case of the latter, coherence with other forms of support such as knowledge-building, innovation and relevant investments);
- the need to ensure consistency with existing environmental legislation;
- the need to have due regard for simplification and for easing the administrative burden on farmers;
- the need for the CAP strategic plan to reflect the specific circumstances in each Member State.

The main elements of the Commission's proposal in relation to Pillar I eco-schemes have been analysed in a [report](#)²² by the Institute for European Environmental Policy (IEEP) published in January 2019. The report identifies six key aspects of the schemes as being necessary for maximising environmental and climate benefits:

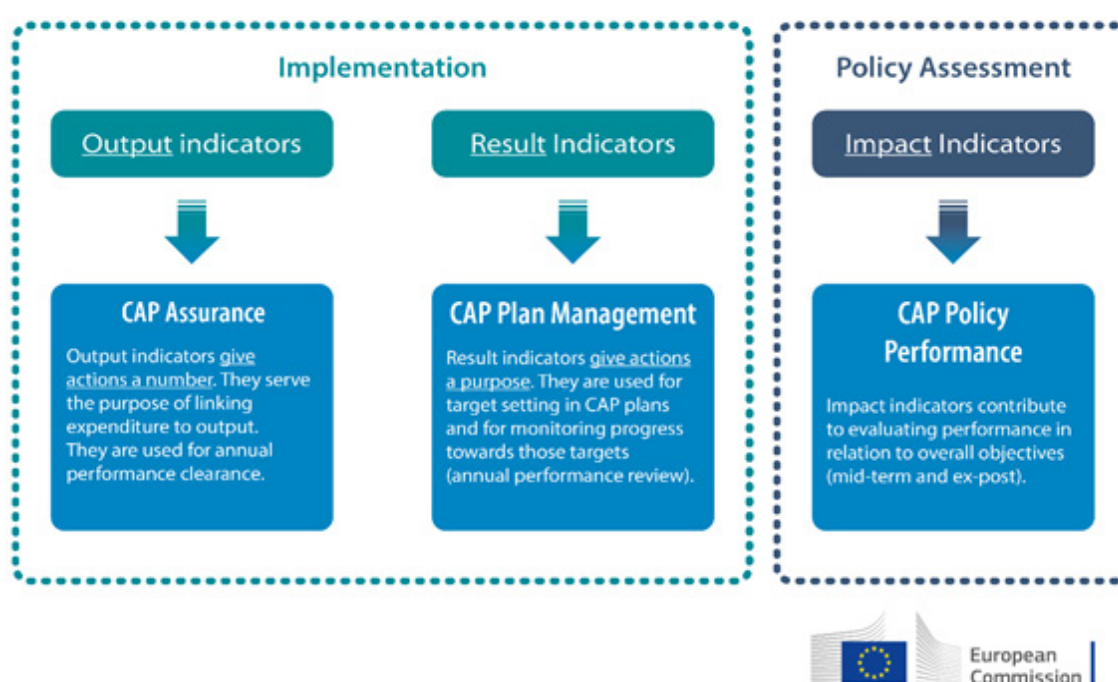
- *Targeting and tailoring to meet specific needs*, where eco-schemes are seen as 'potentially more flexible and adaptable to national and regional priorities than the current greening measures' (p. 19 of the IEEP report). The report states that 'effective targeting and tailoring of the eco-scheme to national and regional conditions could help Member States not only to address broad environmental and climate needs across the entire farmed area but also to tackle key environmental hotspots'. It states that the new Pillar I schemes could be used to 'transform the majority of direct payments into genuine payments for ecosystem services in the medium to long term'.
- *Links with farm advisory services (FAS)*; where the report explains that better integration of environmental requirements, standards and commitments into the FAS and the Member States' wider AKIS could help to support more effective implementation of eco-schemes.
- *Links to other environmental and climate related interventions* within the CAP, enabling Member States to achieve a more coherent strategy and more joined up actions.
- *Financing*: In the absence of any provision in the Commission's proposal for a minimum amount to be spent on eco-schemes, the report notes that Member States would have the option to dedicate a large percentage of the Pillar I budget to the eco-scheme without the need for co-financing.
- *Planning and approval process*: In the context of preparing the new CAP strategic plans, the report advises that Member States should be given sufficient time, training and guidance to enable them to plan strategically how they will fully utilise the eco-schemes and other elements of the green architecture under the CAP.
- *Monitoring and evaluation*: The report indicates that 'measuring the performance of the environmental interventions ... will require significant investment by Member States in electronic information systems for data collection'. Such investment is deemed essential if the potential environment and climate results of the different interventions are to be properly assessed.

²² See S. Meredith and K. Hart, op. cit.

3.5. Performance framework

A key element in the Commission's new delivery model marks a shift from a one-size-fits-all approach towards a greater focus on performance. In support of this, Article 115 of the Commission's legislative proposal provides that Member States will have to establish a performance framework. This is to allow reporting, monitoring and evaluation of the performance of the CAP strategic plan during its implementation. The performance framework includes provision for a set of common output, result and impact indicators that will be used as the basis for monitoring, evaluation and annual performance reporting. The specific roles played by the different types of common indicators²³ are explained in Figure 8 below.

Figure 8 – Common indicators related to output, result and impact for the post-2020 CAP



Source: European Commission

Article 7 of the Commission proposal explains the nature of the different types of indicators. **Output** indicators relate to the 'realised output' of the interventions or actions supported. **Result** indicators assess progress towards targets, while **impact** indicators measure the impact of different interventions over the longer term. Among the amendments it adopted to the proposal, the Parliament's AGRI committee inserted a clause indicating that the Commission would carry out a full assessment on the effectiveness of these indicators by the end of the third year of application of the CAP strategic plans.

²³ The full set of indicators is included in [Annex 1](#) to the Commission's legislative proposal. The Parliament's AGRI committee made a number of amendments to this Annex. For example, in relation to impact indicators, these amendments included references to new farmers; the number of women setting up as young farmers or new farmers; the sustainable and reduced use of pesticides; increased agro-diversity in farming; and the share of agricultural land covered with landscape features.

The European Court of Auditors (ECA) adopted an opinion²⁴ on the Commission's proposal, which it published on 1 February 2019. Though it welcomed the Commission's ambition to shift to a **performance-based model** for the CAP, it considered that the legislative proposal did not contain the necessary elements of an effective performance management system. In its report, the ECA considered the proposed CAP objectives to be 'neither clearly defined nor translated into quantified targets' (paragraph 41). Consequently, it felt that the Commission would not be able to assess the policy's performance against the desired outcome in the absence of clear objectives and quantified targets. The ECA report considered that the Commission's proposal did not include any details on how the Commission would assess the CAP strategic plans.²⁵ It also suggested the need for a template for four such plans.

In its explanatory memorandum to the legislative proposal, the Commission explains that the common monitoring and evaluation framework (CMEF) used for the current system of monitoring will have to be streamlined and further developed to ensure consistency between the two pillars. It states that further investment into developing appropriate indicators is needed. Since the publication of the Commission's proposal, the issue of the performance framework has been the subject of much discussion and this is likely to continue. In December 2018, the Commission published a report²⁶ on the implementation of its CMEF, examining the first CAP performance results following the 2013 reform. The report identified a number of issues that are pertinent to the discussion on the performance framework and have potential implications for the next programming period:

- There is a time lag between programme implementation and the assessment of impact and a time gap between actions on the ground and data availability. Delays in the availability of impact data will restrict any assessment of performance. Impact indicators may require a longer time to show effects, making it difficult to identify impact.
- The Commission acknowledges that 'recent data on environmental indicators is scarce', recognising that environmental impacts are often long term in nature. It also acknowledges that it is 'difficult to establish a direct link between the CAP intervention and its actual result on the environment' (p. 6).
- In respect of rural development measures, 'the quantification of impacts by Member States has been limited'. In the case of evaluations undertaken in 2016, it was 'too early to observe rural development programmes' effects on values of environmental indicators' (p. 7).
- Experience has shown that there were 'too many indicators and sub-indicators'. This is coupled with the finding that some indicators are not available on a yearly basis and could not be used for early monitoring. In other cases, the Commission acknowledges that 'some indicators had 'only a weak link with the CAP', with certain indicators missing.

²⁴ [Opinion No 7/2018](#) (pursuant to Article 322(1) (a) of the Treaty on the Functioning of the European Union, TFEU) concerning Commission proposals for regulations relating to the common agricultural policy for the post-2020 period (COM (2018) 392, 393 and 394 final), European Court of Auditors.

²⁵ More specifically, the ECA considered that the relationship between inputs and outputs and between results and impacts is not clear or fully demonstrated in the proposed legislation. In addition, it felt that the link between objectives, individual actions and indicators is vague (paragraph 68). The ECA also reviewed the Commission's indicators, providing detailed comments on them in the form of an annex to its opinion. The ECA also presented its own framework to link the nine specific objectives with interventions alongside a corresponding series of output, results and impact indicators. This analysis enabled it to identify a series of inconsistencies and gaps where it felt there are missing indicators and where further work is needed.

²⁶ [Report](#) from the Commission to the European Parliament and the Council on the implementation of the Common Monitoring and Evaluation Framework and first results on the performance of the CAP. (COM (2018) 790 final), 5 December 2018.

In the future, the likelihood is that Member States will need to pay particular attention to the development and application of the performance framework, especially given the requirement in the Commission's proposal for each Member State to report on the achievement of outputs and results. In its assessment, the Commission indicated that there was a 'learning curve' for Member States to report the data correctly both over the 2014-2020 programming period and for previous programming periods. Given the scale of the changes involved in the development of a new delivery model, it seems likely that the learning curve experience will have to continue, whether this takes the form of amendments to the existing indicator framework or through exploring new opportunities for the collection of such data that will be needed for the new strategic plans. This points to a continuing interest in this aspect of CAP strategic plans.

This last observation is further reinforced in a series of presentations on the subject of a performance-based CAP for a sustainable and resilient European agriculture, held in a workshop in February 2019. Some of the key points raised by different researchers across a range of institutions highlighted the challenges arising from establishing a performance framework. For example, potentially there are parallels with efforts to establish monitoring and evaluation systems at EU level for the bio-economy as illustrated in the boxed text below. Such a study is of relevance to the

Example from Finland: Indicators for monitoring the progress of the bioeconomy at national level

Recognising the importance of monitoring and evaluating the success of measures undertaken to reach strategic goals, Finland's Natural Resources Institute has compiled a report identifying key indicators for assessing and monitoring the progress of the bio-economy at national level including coverage of their respective data availability.

Source: Lier, M., Aarne, M., Kärkkäinen, L., Korhonen, K.T., Yli-Viikari, A. and Packalen, T. (2018). [Synthesis on bioeconomy monitoring systems in the EU Member States](#) – indicators for monitoring the progress of bioeconomy, *Natural resources and bioeconomy studies* 38/2018, p. 44, Natural Resources Institute Finland, Helsinki, 2018.

challenge of developing a performance framework for the CAP. Other contributors pointed to the need to include both quantitative and qualitative approaches – as in the case of innovation – which may result in the introduction of new products but may also result in changes in behaviour in farming practice. In terms of measuring knowledge transfer, it is not just about measuring the number of farmers receiving advice training or practising knowledge exchange, it is the type of knowledge that has been transferred and what has happened as a result. In attempting to measure impact there will always be the difficulty of establishing

attribution and causality – i.e. what might have happened in the absence of the assistance and how can changes that have occurred be attributed to the measure in question.

Looking to the future, the Commission has proposed a reduction in the number of indicators in the post-2020 period, a more targeted set of indicators with an expectation of an improvement in the quality of notifications submitted by Member States including the need to improve future data availability. The challenge for Member States will be to establish a performance framework capable of measuring impact across all nine specific objectives of the CAP.

3.6. Ex-ante evaluation and lessons from RDP evaluations

Title VII of the draft CAP strategic plans regulation introduces a performance monitoring and evaluation framework setting out what it should include in order to allow for the reporting, monitoring and evaluation of the performance of the CAP strategic plans during their implementation. Reference is also made to the rules on a performance bonus for good environmental and climate performance. The framework includes provision for the ex-ante, interim and ex-post evaluations as well as all other evaluation activities linked to the CAP strategic plan.

Functionally independent experts for the Member States will carry out these evaluations. They are designed to improve the quality of the design and implementation of the plans, as well as to assess their effectiveness, efficiency, relevance, coherence, EU added value and impact in relation to their contribution to the CAP's general and specific objectives. In support of this work, the Commission will be undertaking an interim evaluation with these objectives in mind by the end of the third year following the start of the implementation of the CAP strategic plans.

The findings from such exercises have the potential to provide insight into the effectiveness of different CAP policy instruments. An EPRS briefing²⁷ published in December 2016 sought to highlight findings from a range of commentaries on the CAP including any implications they had for future policy. This drew on the findings from a 2016 research study²⁸ undertaken for the Parliament's AGRI committee on the implementation of the EU rural development programmes (RDPs) in the 2015-2020 period. Despite a range of positive findings, a number of 'potentially constraining developments' were identified as summarised in boxed text below. The study suggested that both the Commission and the Member States needed to prioritise efforts to agree simpler approaches. It recommended that 'Parliament should work closely with the Commission and the Council to identify how best to 'free up' aspects of the financial and procedural bureaucracy'.

Identified potential constraints on RDP implementation, 2015-2020

- Perceived increased complexity of the RDP framework and programming requirements;
- RDP being used as 'an income transfer instrument';
- Programme management decisions potentially influenced by considerations of ease of management;
- Pressure in some areas to focus spending on measures with easier spending capability and less burdensome procedures;
- Administrative and control issues potentially acting as a barrier to more effective and creative use of funds;
- Complex programming procedures and structure involving priorities and focus areas.

Source: EPRS adaptation from [Research for AGRI Committee – Programmes implementing the 2015-2020 Rural Development Policy](#), European Parliament, 2016.

The above issues will be a focus of attention in the new programming period, especially in light of the new delivery model and the choices that will be available to Member States in both the design and implementation of their CAP strategic plans.

Other sources of evaluation evidence relevant to the discussions on the future programming period include the Commission's [synthesis](#) of the mid-term evaluation of RDPs for the 2007-2013 period, as well as the 2015 [synthesis](#) on the ex-ante evaluations of rural development programmes for the 2014-2020 period.

Important work is also underway in respect of the requirement for Member States to include an annex containing a summary of the main results of the ex-ante evaluation (and the strategic

²⁷ CAP policy instruments: Issues and challenges for EU agricultural policy, Briefing, EPRS, December 2016.

²⁸ [Research for AGRI Committee – Programmes implementing the 2015-2020 Rural Development Policy](#), European Parliament, 2016.

environmental assessment, SEA). A good practice workshop²⁹ on 'Getting prepared for the ex-ante evaluation of the CAP Strategic Plan', hosted by the European Network for Rural Development (ENRD) and its Evaluation Helpdesk in March 2019, identified a series of key lessons concerning the preparation of such ex-ante evaluations. Involving some 84 participants from 26 different EU Member States covering, for example, RDP managing authorities, evaluators, EU-level representatives, researchers and representatives of national rural networks, it identified the issues and challenges facing Member States in this area. Besides providing an opportunity for the development of practical suggestions on this particular aspect of CAP strategic planning, it provided evidence on the preparations being undertaken through case studies from seven Member States. For example:

- the Swedish RDP managing authority has undertaken an internal study on the experience gained in the ex-ante evaluation of the RDP 2014-2020 with a view to preparing the ex-ante evaluation for its CAP strategic plan;
- Finland's managing authority has prepared a roadmap for the programming of its CAP strategic plan;
- the Czech Ministry of Agriculture is planning to submit its CAP strategic plan by the end of 2019 (its planning of the ex-ante evaluation process has taken more than six months, which included preparing the tender for the ex-ante evaluation and the SEA of the CAP strategic plan);
- Italy's Council for Agricultural Research and Economics (CREA) is supporting the preparation of a participatory SWOT analysis and assessment of needs.

These points are indicative of the nature of the tasks Member States will need to undertake as part of the necessary preparations for CAP strategic planning.

3.7. Plan consultation and CAP networks

The Commission's legislative proposal makes it clear in its Article 94 that in drawing up their CAP strategic plans, the Member States shall organise a partnership with the competent regional and local authorities. This should include not only the latter but also the economic and social partners and 'relevant bodies representing civil society and where relevant bodies responsible for promoting social inclusion, fundamental rights, gender equality and non-discrimination'. In its April 2019 report, the Parliament's AGRI committee inserted, as an amendment to this article, a specific reference to the inclusion of representatives of the agricultural sector, including local action groups in the context of the LEADER programmes.

In addition, each Member State must also establish a national CAP network, to allow for the networking of organisations and administrations, advisors, researchers and other innovation actors in the field of agriculture and rural development, at the latest 12 months after the Commission's approval of the plan (Article 113 of the proposal). This would build on the already existing networking structures in the Member States – a point included in the AGRI committee amendments. A key element within this networking function will be the establishment of links with local action groups as well as with the operational groups of the European Innovation Partnership (EIP).

²⁹ Getting prepared for the ex-ante evaluation of the CAP Strategic Plan. Report of the Good Practice Workshop 21, Unit C.4, DG AGRI, European Commission, March 2019.

4. European policy context

4.1. European Parliament's position

The question of how the Commission's CAP strategic plans might work in practice was the subject of much discussion during the Parliament's last legislative term. In May 2018, Parliament adopted a resolution based on an AGRI committee report on the future of food and farming (rapporteur: Herbert Dorfmann, EPP, IT).³⁰ Following submission of the Commission's proposal for a regulation on CAP strategic plans, the AGRI committee discussed its provisions in a workshop on the CAP beyond 2020 held on 15 October 2018. This included consideration of the findings of an independent study commissioned for the committee³¹ to assess the design of the new CAP strategic plans. In April 2019, the AGRI committee adopted over 700 amendments to the Commission's CAP strategic plans proposal (rapporteur: Esther Herranz García, EPP, Spain), taking account of the opinions from the Committee on the Environment, Public Health and Food Safety (associated committee), the Committee on Regional Development, the Committee on Budgets, the Committee on Budgetary Control, the Committee on Development and the Committee on Women's Rights and Gender Equality. The AGRI [report](#),³² adopted by 27 votes to 17 with 1 abstention, was not considered in plenary during the last term. In accordance with Parliament's rules on the handling of unfinished business at the start of a new parliamentary term, it will now be up to the new Parliament to decide how to proceed with this file.

4.2. Council's position

The Commission's proposal for CAP strategic plans have been the subject of discussions in the Agriculture and Fisheries Councils. During the Austrian Presidency, ministers were invited to consider a number of questions, such as the extent to which the proposal provided sufficient flexibility for Member States while ensuring a level playing field, and the scope for simplification. At the Agriculture Council meeting on 19 November 2018, ministers restated the need for a simple and effective CAP without excessive administrative burdens. They highlighted that an adequate transition period was needed to implement the planned changes. Subsequent discussions in Council have suggested that delegations could back the proposed new delivery model and the proposed policy shift in principle, but that further improvements were needed to make the system more practicable. During the Romanian Presidency, a series of drafting suggestions were submitted, with delegations noting that more discussion was needed on the performance framework and the new green architecture.

Following further Council meetings, including a read-through of the CAP reform package by the responsible Council working parties, a presidency progress report³³ on the work carried out in Council on the CAP reform package was discussed at an Agriculture Council meeting on 18 June 2019. Covering a wide range of issues – such as definitions, types of intervention under both CAP pillars – the proposed new delivery model, indicators, the proposed green architecture and governance issues, the Council concluded that the delegations had considered the report to be a

³⁰ [Resolution](#) of 30 May 2018 on the future of food and farming, 2018/2037(INI), European Parliament.

³¹ E. Erjavec et al., Research for AGRI Committee – [The CAP Strategic Plans beyond 2020: Assessing the architecture and governance issues in order to achieve the EU-wide objectives](#), Policy Department for Structural and Cohesion Policies, European Parliament, 2018.

³² [Report](#) on the 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 CAP (2018/0216(COD)).

³³ [Presidency progress report on the post 2020 CAP reform package](#), Council of the European Union, 7 June 2019.

good basis to continue with under the incoming Finnish Presidency. Several delegates indicated that reaching an agreement on the CAP 2020 was linked to an agreement on the future budget.

5. Conclusions and outlook

This analysis of the Commission's legislative proposal for CAP strategic plans has been compiled from an operational perspective. As has been explained, the proposal has been the subject of much discussion both within the European Parliament and within the Council. In its role as co-legislator with the Council, Parliament will have a key role to play in shaping the future of the CAP. From this brief review of the available literature, it is possible to draw out a few concluding points.

First, there appears to be a recognition amongst participants in discussions on the future of the CAP, that the changes proposed are significant. In the April 2019 AGRI committee report, the proposed reform has been described as 'a radical and unprecedented paradigm shift'. The exercise of designing and implementing the new strategic plans is described as a task that 'will not be easy'. In its amendments to the legislative proposal, the committee proposed a postponement in the implementation of the proposed changes until 2023. This may suggest the need for transitional arrangements – a point raised during the meeting of the reconstituted AGRI committee on 23 July 2019. It may also imply that the formulation and approval of the new CAP strategic plans will be a form of 'learning process' for all concerned.

Second, the extent to which the current strategic planning proposal will represent a substantial administrative burden for Member States, as suggested by some (Erjavec et al., 2018), remains to be seen. Equally, a challenge for the new delivery model will be to minimise the administrative burden on beneficiaries. A recent study³⁴ undertaken for DG AGRI concluded that the 2013 CAP reform led to an increase in the administrative burden. It estimated that the administrative costs for the implementation of the Integrated Administration and Control System (IACS) in the last reform represented around 3 % of the annual CAP budget. Though this helped to avoid a significant increase in the burden on beneficiaries, it considered that the share of the administrative burden for farmers (excluding compliance costs) corresponded to approximately 2 % of the total aid received. One recommendation of this study is that, when designing CAP strategic plans, Member States should be encouraged to take account of the technical and information requirements for monitoring of results-based interventions, including estimation of the associated administrative costs.

Third, the literature examined for this paper recognises the complexity of modern agricultural policy. As such it requires the adoption of 'science and knowledge, multi-disciplinarity, good analytical bases, creative solutions ... as well as a democratic exchange of views on the various options and effects of the proposals' (Erjavec et al, op.cit.). In turn, this highlights the value and importance of networking and the exchange of information, knowledge and experience. This is evidenced by the increasing relevance and utility of the work being undertaken by the European Network for Rural Development (ENRD) and its Evaluation Helpdesk. For example, in March 2019 the latter hosted a good practice workshop on 'Getting prepared for the ex-ante evaluation of the CAP strategic plan'. With its focus on good practices in ex-ante evaluations, it brought together some 84 participants from 26 different EU Member States involving RDP managing authorities, evaluators, EU level representatives, researchers and representatives of national rural networks, thereby providing an opportunity for an exchange of experience. By identifying the issues and challenges

³⁴ Evaluation study: [Analysis of administrative burden arising from the CAP](#), Final report written by Ecorys for DG AGRI, November 2018.

facing Member States in this area, it provided an opportunity for the development of 'practical suggestions' on this particular aspect of CAP strategic planning. Other aspects of CAP strategic planning were touched upon, such as the processes, structure and scope of SWOT analyses and needs assessments – essential for developing the appropriate knowledge and skills required for CAP strategic planning. Such opportunities could potentially go a long way towards addressing any weaknesses or gaps in strategic planning skills. This workshop and similar ones organised through this network are evidence of how Member States are approaching this task and of their readiness to make the necessary preparations, given all the requirements the process involves.³⁵

Fourth, since the publication of the Commission's proposal, commentaries on the new delivery model, including views expressed by different stakeholder groups, indicate the strength of feeling that exists, particularly given its importance for the future of agriculture and rural development.

The findings of an independent study, commissioned for the AGRI committee³⁶ under the last term to assess the design of the new CAP strategic plans, will still be relevant to the issues the new Parliament is likely to wish to address in relation to this policy area. The study makes the point that though the Commission's new delivery model has drawn on the 'established model of strategic planning' included in the current CAP's rural development pillar and may offer some prospects for simplification, it may contain 'all the shortcomings of the previous arrangements'. It suggests that major challenges for all Member States will include the development of the plans and their capacity to implement them. The study indicates that this will be especially challenging for small Member States and those who joined the EU after 2004. It suggests that there is a need to ensure 'effective engagement with civil society in respect of the design of the plans and in the monitoring of their progress. It also suggest that monitoring and evaluation procedures need to be defined more precisely. The study makes a series of recommendations. These range from proposals to ensure better data collection and data management in support of CAP strategic planning, and a more consistent, transparent and targeted approval process for CAP strategic plans, to proposals for amending the draft regulation. The latter include, for example, the suggestion that a compulsory share of technical assistance be devoted to establishing databases and analytical support for strategic planning.

Without doubt, the views of different stakeholders will continue to be voiced and articulated during the new parliamentary term, especially given the diversity of views, such as those in relation to environmental matters (see, for example, a report and open letter from Birdlife Europe.)³⁷

Finally, from this overview of the available literature on how CAP strategic plans might be taken up in practice, the pattern of CAP expenditure (including that for direct payments) in the current programming period (2014-2020) can be noted. The Court of Auditors' report³⁸ has observed that there are significant differences in the way the CAP is implemented across Member States – a point well illustrated in the mapping and analysis exercise³⁹ undertaken for the Commission concerning

³⁵ The Dutch Ministry of Agriculture, Nature and Food Quality and the Province of Fryslan hosted a [congress](#) in February 2019 on the theme of 'CAP strategic plans – exploring eco-schemes' in Leeuwarden. This focused on how national CAP strategic plans could be implemented both flexibly and cost-effectively.

³⁶ E. Erjavec et al., Research for AGRI Committee – [The CAP Strategic Plans beyond 2020: Assessing the architecture and governance issues in order to achieve the EU-wide objectives](#), Policy Department for Structural and Cohesion Policies, European Parliament, 2018.

³⁷ See [policy brief](#) 'Last Chance CAP' published in September 2018 by Birdlife Europe, European Environment Bureau (EEB), Greenpeace, WWF-EPO; and [Open letter](#) from Birdlife Europe, dated 11 October 2018.

³⁸ Court of Auditors' [Opinion No 7/2018](#) (pursuant to Article 322(1)(a) TFEU) concerning Commission proposals for regulations relating to the common agricultural policy for the post-2020 period (COM (2018) 392, 393 and 394 final).

³⁹ [Mapping and analysis of the implementation of the CAP](#) undertaken for the European Commission by ECORYS, the Institute of European Environmental Policy, and Wageningen University and Research, 2016.

the implementation of the CAP, published in 2016. In part, this reflects differences in agricultural conditions, characteristics of the farm sector in each country, as well as policy choices exercised when it comes to implementation. The new delivery model will recognise this variation, as the policy interventions chosen will increasingly depend on the choices made by the Member States. It remains to be seen how the Commission will undertake in practice its assessment of these strategic plans, a point noted by the ECA. Similarly, it also remains to be seen how the obligation to draw up the new CAP strategic plans will be used by Member States, including the extent to which such plans are developed and implemented, especially in relation to a range of topical issues such as climate change, environmental sustainability, agricultural research and innovation.

6. Main references

Knierim A. and Nowicki P., [SWOT analysis: appraisal of a new tool in European rural development policies](#), *Outlook on Agriculture*, Vol. 39, No 1, pp.65-72, 2010.

Merdith S. and Hart K., [CAP 2021-27: Using the eco-scheme to maximise environmental and climate benefits](#), report for IFOAM EU by IEEP, 2019.

Erjavec E. et al., Research for AGRI Committee – [The CAP Strategic Plans beyond 2020: Assessing the architecture and governance issues in order to achieve the EU-wide objectives](#), Policy Department for Structural and Cohesion Policies, European Parliament, 2018.

For the first time in the history of the common agricultural policy (CAP), it is proposed that interventions available under the CAP's Pillar I (namely agricultural income and market support) and Pillar II (rural development) will be combined in one strategic plan for all CAP expenditure.

This paper aims to provide a better understanding and insight into the European Commission's proposal for this new delivery model for the CAP after 2020. Under the Commission's proposal, greater flexibility would be given to Member States to decide on how best to meet general and specific objectives of the CAP. They would be responsible for drawing up a CAP strategic plan, in which they will set targets to be achieved over the subsequent programming period.

Though the new delivery model would provide an opportunity for Member States to tailor the instruments and measures of the CAP to address their specific needs, the approach places significant onus on the strategic-planning capacities of Member State administrations. This paper examines a number of operational issues to help inform the ongoing legislative process.

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