EU Budget: the CAP after 2020

MODERNISING & SIMPLIFYING THE COMMON AGRICULTURAL POLICY
TARGETED, FLEXIBLE, EFFECTIVE

A STRONG BUDGET
FOR A STRONG CAP

#FutureofCAP
The Future CAP in a nutshell
THE FUTURE CAP PRIORITIES AT A GLANCE

- Simplification and modernisation of the CAP
- Support to the development of a knowledge-based agriculture
- Higher ambitions on environment and climate
- A fairer and more effective distribution of support across MS and farmers
WHY: LESSONS LEARNT FROM ASSESING THE CAP

Analysis and wide public consultation confirm major achievements of the CAP...

- Increase in EU competitiveness turned the EU into a net agro-food value-added exporter
- Positive impact on jobs, growth and poverty reduction spread in all EU rural areas
- Relative income stability within a very volatile farm-income and commodity-price environment

...but analysis and public opinion also reveal shortcomings to be addressed...

- Despite progress, the environmental performance of EU agriculture requires improvement
- Productivity growth is mainly driven by labour outflow and less by R&I or investment
- Equity, safety net and simplicity questions persist despite CAP efforts to address them

...in a changing broader environment within which the CAP operates

- Expectations about the level of agricultural and commodity prices changed from CAP post-2013
- The world trade environment has shifted from multilateral to bilateral/regional agreements
- New climate change, environmental and sustainability commitments stem from COP21 and SDGs
**Farmer Population**  
Skewed towards Older Farmers

- 65 years or more: 31%
- Less than 35 years: 6%
- From 35–44 years: 15%
- From 45–54 years: 23%
- From 55–64 years: 24%

Source: Eurostat, F55, 2013
THE CAP IN THE MFF CONTEXT

Continuity within new EU priorities in a post-BREXIT MFF

• A 5% cut in expenditure, but a more targeted approach to improve efficiency and performance
• The "C" in the CAP remains strong, implies a better sharing of responsibilities between EU and MS
• Better link to other policies (esp. environment, climate, research, health) improves mutual efficiency

Main changes in the CAP

• Stronger environmental/climate ambition with conditionality, echo-schemes and strategic plans
• Specifying the objectives that add EU value render the CAP more sustainable, simpler and modern
• Better targeting of support improves synergies between the economy and the environment

Main expected impact from changes

• Stronger reliance on research, knowledge transfer and digital economy to modernise CAP and sector
• A needs-based approach increases subsidiarity and flexibility to promote common EU objectives
• The CAP shift from compliance to performance parallels MFF shift towards more focus on incentives
CAP budget level and distribution
In billion euro, current prices

I. SINGLE MARKET, INNOVATION AND DIGITAL
   €187.4
   1. Research and Innovation
   2. European Strategic Investments
   3. Single Market
   4. Space

II. COHESION AND VALUES
    €442.4
    5. Regional Development and Cohesion
    6. Economic and Monetary Union
    7. Investing in People, Social Cohesion and Values

III. NATURAL RESOURCES AND ENVIRONMENT
     €378.9
     8. Agriculture and Maritime Policy
     9. Environment and Climate Action

IV. MIGRATION AND BORDER MANAGEMENT
    €34.9
    10. Migration
    11. Border Management

V. SECURITY AND DEFENCE
   €27.5
   12. Security
   13. Defence
   14. Crisis Response

VI. NEIGHBOURHOOD AND THE WORLD
    €123
    15. External Action
    16. Pre-Accession Assistance

VII. EUROPEAN PUBLIC ADMINISTRATION
     €85.3
     17. European Public Administration
HOW MUCH: CAP BUDGET IN PERSPECTIVE (current prices)

Source: EC-DG AGRI.
Note: Budget figures are actual until budget year 2016, programmed from 2017-2020, and based on the MFF proposal for 2021-2027.
HOW MUCH: CONVERGENCE OF DIRECT PAYMENTS (2027)

Source: EC-DG AGRI.

Note: Direct payment amounts exclude payments for cotton.
CAP objectives and priorities
Agriculture and Rural Development

INCREASE COMPETITIVENESS
KNOWLEDGE & INNOVATION

ENSURE VIABLE INCOME

RESPOND TO CITIZENS CONCERNS in terms of FOOD & HEALTH

VIBRANT RURAL SUPPORT

REBALANCE POWER IN FOOD CHAIN

CLIMATE CHANGE ACTION

ENVIRONMENTAL CARE

PRESERVE LANDSCAPES & BIODIVERSITY

GENERATIONAL RENEWAL

CAP 9 OBJECTIVES
### Policy Objectives
- Foster a smart and resilient agricultural sector ensuring food security
- Bolster environmental care & climate-action and contribute to the relevant EU objectives
- Strengthen the socio-economic fabric of rural areas

### Specific Objectives
- Economic
  - Support viable farm income and resilience throughout the territory
  - Enhance competitiveness and market orientation
  - Improve farmers position in value chains
- Environment & Climate
  - Contribute to climate change mitigation and adaptation
  - Foster sustainable and efficient management of resources
  - Preserve nature and landscapes
- Social
  - Attract new farmers, facilitate business development & generational renewal
  - Promote employment, growth and local development and address poverty in rural areas
  - Address societal demands on food and health, food waste, and animal welfare

### Cross-Cutting Objectives
- Sustainability
  - Enhance sustainable development of farming, food and rural areas
- Simplification
  - Address simplification and policy performance
- Modernisation
  - Foster knowledge, innovation, digitalisation in agriculture and rural areas
WHAT FOR: PRIORITIES OF THE FUTURE CAP

Strengthening environment and climate action

- EU sets wide objectives and list of available types of intervention on air, water, soil, biodiversity
- MS Strategic plans define the pertinent actions to meet EU objectives based on MS specific needs
- Farmers apply for schemes and comply with stringent environmental criteria defined by EU/MS

Better targeting of support

- DPs provide an important safety net for farm income lagging behind the rest of the economy
- Better targeting of income support improved with internal convergence and redistributive payments
- Fairer distribution is improved with digressive cuts above 60,000 € and capping at 100,000 €

Relying more on knowledge, innovation and technology

- A better link of what we know to what we grow would promote the use of smart agriculture
- Anticipating future knowledge needs promoted with more funding for research to address them
- Exchange and knowledge transfer relies more on improved functioning of the FAS/EIP Systems

Aké sú výzvy v environmentálnej oblasti spojené s agrosektorom na Slovensku?

Priorita produkcie, zamestnanosti – envi opatrenia ako záťaž/obmedzenie?

Biodiverzita a funkčné ekosystémy ako problémy iného rezortu (kompenzácie Natura 2000, opatrenia k ochrane druhov....)

Nastavené tak, aby nebolo pre agri-sektor problémom z hľadiska ekonomiky resp. používaných postupov (technológie apod.) – vyžaduje zmenu prístupu?

Pre malých farmárov može byť hlavnou činnost'ou
Predpoklady pre zavádzanie smart agriculture na Slovensku?

- Odborná a podporná infraštruktúra
- Investičná podpora?
- Výchova, vzdelávanie, expertná báza?
FOR WHOM: A FAIRER AND MORE TARGETED DISTRIBUTION

- **Reduction** of all direct payments **above EUR 60 000 and capping at 100 000**
  - taking into account salaries and labour costs
- Complementary **redistributive income** support for sustainability
- Allocation of income support to ‘genuine’ farmers *(to be defined by MS)*
- Additional amount per hectare, **shift from bigger to smaller and medium-sized farms**
- Complementary income support for young farmers *(min 2%)*
- **Convergence** of income support **within Member States (internal convergence)**:
  - no payment entitlement with a value < 75% of the average *(by 2026 at latest)*
  - maximum per entitlement
- **Convergence between Member States (external convergence)**:
  - for all Member States with direct payments below 90% of the EU-27 average, the gap between their current level and 90% of that average will be closed by half over 6 years
Degresívne platby a capping – aký je prístup Slovenska? Dopady v prípade započítania personálnych nákladov nie sú veľké. Významné pre podporu malých farmárov, u ktorých produkcia je menej významnou zložkou (manažment krajiny, enví opatrenia)?
The CAP intervention logic
The CAP Cycle Safeguards

**Policy Implementation:***
- Sunflower: Performance bonus
- EU audits
- Action plan for remedial actions
- Reduction in payments
- Annual review meetings
- Monitoring committee meetings
- Performance reporting, review and clearance

**Planning:***
- Stakeholder consultation
- EC support
- SWOT analysis
- CAP Plan approval

**Evaluation:***
- Interim evaluations (CAP Plan)
- Interim evaluation and report (EC)
- Ex-post evaluation

**EU Rules:***
- Conditionality
- CAP plan content requirements
- No back-sliding rule
- Budget earmarking
- EU basic requirements

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No back-sliding rule

Suspension of payments

Financial correction

Annual review meetings

Reduction in payments

Monitoring committee meetings

Performance reporting, review and clearance

Action plan for remedial actions

Performance bonus

Suspension of payments

Financial correction

Interim evaluations (CAP Plan)

Interim evaluation and report (EC)

Ex-post evaluation

Stakeholder consultation

CAP Plan approval

EC support

SWOT analysis

Financial correction
Agriculture and Rural Development

EU Specific objectives

Set of common Indicators

Broad types of interventions

Identification of needs in MS’s CAP Plan

Tailor CAP interventions to their needs

Implementation / Progress towards targets

HOW: THE NEW DELIVERY MODEL OF THE CAP

Klúčová záležitosť: národný strategický plán!

Podrobné a pokial’ možno úplné anaýzy potrieb a podmienok

Široký, inkluzívny proces (2019)

Obmedzená možnosť nápravy
Agriculture and Rural Development

Common Output Indicators

Annual Performance Clearance
Linking expenditure to output

Common Output Indicators

Annual Performance Review
Checking progress towards targets

Common Result Indicators

Interim Evaluation
Assessing performance towards objectives

Common Impact Indicators

Multi-annual programming approach for the whole CAP

COMMON OBJECTIVES INDICATORS TYPES OF INTERVENTIONS

HOW: FOCUS ON PERFORMANCE

Policy performance

Assurance

Monitoring
HOW: THE NEW GREEN ARCHITECTURE OF THE CAP

Current architecture

- Farm advisory services
- Knowledge transfer
- Innovation
- Cooperation

Level of requirement

- Climate/Env. measures in Pillar II (AECM, Forestry measures, investment measures...)
- Greening (3 detailed obligations on crop diversification, permanent grassland and EFA)
- Cross-compliance (on Climate/Env, 7 GAEC standards (water, soil, carbon stock, landscape) and requirements from Nitrates Directive and Natura 2000 Directives)

New architecture

- Eco-schemes in Pillar I (AECM, Forestry measures, investment measures...)
- Climate/Env. Measures in Pillar II (AECM, Forestry measures, investment measures...)
- New, enhanced conditionality (on Climate/Env, 14 practices built upon EU minima (climate change, water, soil, biodiversity and landscape) and requirements from Nitrates Directive, Water Framework Directive and Natura 2000 Directives)

Voluntary for farmers

Mandatory for farmers

40% of budget climate relevant
A NEW GOVERNANCE

Kapacity pre reporting (digitalizácia, využitie satelitných techník, etc. ...), odborná kapacita, kontrolné kapacity

Problémy s vlastníckou štruktúrou a komasácia (pozemkové úpravy)?

Stabilita, finančné a personálne zaistenie inštitúcií?

Stability in national governance structures
(paying agencies, certifying bodies and systems in the management of agricultural plots)

Annual and multiannual monitoring (MS, EU)
Annual report on the performance of the policy implementation

Development of a national CAP Strategic Plan (MS)
Identification of needs, selection of tailored interventions and quantified objectives, responsibility for the implementation tailored to local realities (MS)

In order to improve the economic, social and environmental performance of farms

Annual and multiannual monitoring (MS, EU)
Annual report on the performance of the policy implementation
Slovensko má šancu z nového prístupu veľa vyťažiť, ale može aj veľa stratiť, ak nebude:

(a) mať kvalitný strategický plán
(b) integrovať dostatočne ostatné politiky (envi, klíma, voda, zdravie, veda, digit/IT ...)
(c) pripravené odborne, personálne, technicky a inštitucionálne už pred implementáciou novej SPP

Ďakujem za pozornosť!