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DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate C – CAP Strategic Plans I
The Director

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«CDG RURAL DEVELOPMENT»

MINUTES

Meeting of the CDG RURAL DEVELOPMENT

16 November 2022

Chair: Christina BORCHMANN

Organisations present: All organisations were present, except APURE, CEPF, Euromontana, EuropaBio, ECPA, ELARD, FoodDrinkEurope, IFOAM, IFTF, PAN Europe, RED, SMEUnited and WWF EPO.

1. Approval of the agenda and of the minutes of previous meeting

Minutes of the 4th April 2022 were approved.

2. Nature of the meeting

Non- public

3. List of points discussed

▪ *State of play CAP approval. Adoption and analysis*

DG AGRI provided a presentation on the state of play of the CAP Strategic Plans, outlining main features and lessons learned throughout the different stages of preparation, assessment and approval of the plans.

At the time this information is provided, 13 Plans are still going through the approval procedures. The lengthy process design and assessment of the Plans required learning and exchange amongst all participating actors on national and EU level.

The process of assessing the plans and providing observations was driven by the legal requirements but also to a great extent by an approach of quality and ambition to ensure consistency, strategic alignment and result orientation.

It was noted that the assessment and the approval of the plans has been conducted in a changed geopolitical context. Information was provided on the main parameters designed in the plans with a focus, relevant to Rural Development, financial earmarking, financial commitment to LEADER and interventions, funded from EAFRD. Specific information was given on planned tools within some of the approved plans in relation to support to generational renewal.

Representatives of stakeholders engaged in a follow-up discussion on further clarification in regards to planned amendments of the Plans when approved, underlying also that uptake of CAP support requires accessible and applicable rules on national level. A specific point was made in relation to the needs of young farmers. DG AGRI reminded of the role of national managing authority in designing rules which would make application for support accessible and simplified, also highlighting the opportunity for the use of financial instruments which in the case of young farmers enhances the possibility to access funding.

A request to ensure young farmer representation at EU level in the future was also made. Comments were made in relation to the affordability of fertilisers and the profitability of farmers in view of future obligations. Stakeholders also made a call for more focus on training regarding agriculture. Interest was expressed in more information and further studies on land use and land access.

- ***REPowerEU - State of Play***

The Commission gave a presentation on the state of play of REPowerEU. In particular, the Commission informed participants of the importance to address the current energy crisis under a common framework. Moreover, the Commission described the financing sources. Apart from the available RRF, the proposal suggests providing EU 20 billion in grants from the Market Stability Reserve of the European Emissions Trading System (ETS) until the end of 2026. Additionally, Member States would have the possibility to voluntarily allocate 12.5% of the resources of shared management programmes under the Common Provisions Regulation (CPR) and 12.5% from the EAFRD to the RRF. EAFRD allocations would be reserved exclusively for farm investments for the benefit of farmers or groups of farmers. The Commission reported that the possibility for such voluntary allocations from both EAFRD and CPR were deleted by the European Parliament.

On the legislative process, the Commission informed the participants that the Council reached a General Approach on 4 October. The European Parliament approved its amendments to the proposal on 10 November with a large majority. The negotiations between the EU institutions are ongoing in order to agree on a compromise text.

CDG participants asked how the Commission could ensure that investments in biomethane would not have negative impacts on the environment or land use change, given that there is no legal definition of “sustainable biomethane”. The

Commission recalls that the REPowerEU proposal states that to ensure sustainable energy production the use of biomass waste and residues should be prioritised. Producing biomethane from such biomass will avoid impacts on land use and food security. In addition, sustainable biomethane will be produced in compliance with the sustainability criteria as defined in the recast Renewable Energy Directive (Directive (EU) 2018/2001).

Members of the CDG enquired about possible impacts on land use by support measures for solar energy production on agricultural land. The Commission's position on this is that the development of solar energy should not hamper food production; priority should be given to the deployment of solar photovoltaics on land where it neither has significant environmental impacts nor reduces food production. Solar energy production can also be combined with agriculture through so-called agriphotovoltaics allowing the multiple use of space. In addition, the use of agriphotovoltaics with agricultural activities can sometimes create synergies, i.e. by contributing to crop protection or yield stabilisation. In the EU Solar Energy Strategy, the Commission committed to issue guidance to Member States to reduce regulatory barriers to agriphotovoltaics and other innovative forms of solar energy deployment.

CDG members also asked what entities or individuals would benefit from the support measures. The Commission explained that this depends on the assessment of needs of Member States and that within the RRF Member States decide how to use the funds. A detailed process cannot be outlined at this stage.

Additionally, it was raised whether the energy produced by farmers would have to be sold or could also be used or consumed by farmers directly. The Commission recalls that neither the REPowerEU proposal nor the CAP Strategic Plan Regulation limit the investments to energy creation to own use, for sale, or combined. Any restriction on such investments will depend on the rules set out in the RRP or CAP Strategic Plan in the Member State. Also, to note that financing under the CAP Strategic Plan of farm investments to produce energy for sale to the grid is subject to State aid rules. This is normally not the case for investments that produce energy for on-farm use only.

- ***Young farmers in the new CAP***

The farming population in Europe is ageing and generational renewal is one of the main challenges facing European agriculture in the coming years. The Commission highlighted the creation and development of new viable economic activities in the agricultural sector by young farmers as essential for the competitiveness of the agricultural sector in the EU, and, therefore, that generational renewal is a priority under the new Common Agricultural Policy. “*To attract and sustain young farmers [...]*” is one of the nine specific objectives of the new CAP (Article 6(1)(g) of Regulation 2021/2115).

The experience demonstrates that a strategic and integrated approach for generational renewal is necessary to increase the delivery of the CAP generational-renewal measures. Therefore, in their CAP strategic plans, Member States must: (1) establish an intervention strategy for generational renewal, addressing the particular challenges faced by young farmers (access to land,

access to finance and credit, and access to knowledge and advice); (2) based on the identified needs, select and tailor appropriate CAP interventions (like e.g. complementary income support, start-up aid, investments at a higher support rate, cooperation); and (3) examine the consistency between national generational-renewal instruments (e.g. tax relief schemes) and the selected CAP interventions.

To ensure adequate financing for the priority of generational renewal, Member States must dedicate a certain minimum amount for interventions for young farmers (Article 95 of Regulation 2021/2115). This minimum amount corresponds to 3% of the Member States' direct payments envelope. In practice, a vast majority of the Member States (23) allocate funding beyond the required minimum amount.

After the presentation, stakeholders asked questions covering the following topics: if 3% is enough; if there are other broader measures to support young farmers and also young workers; difficult access to land; need to cut red tape for young farmers; link with the Green Deal; need to give voice to young farmers.

The Commission replied respectively that: 3% is the obligatory minimum so the Member States can allocate more (and they do so); the presentation covered the CAP interventions directly supporting generational renewal, but there are more interventions (in particular, advice, training, cooperation, LEADER, basic services) which can improve the quality of work and life in rural areas; access to land is a national matter, but Member States must analyse this issue in their strategy for generational renewal; the new delivery model focuses on results and performance and hence should decrease the administrative burden; the new CAP was designed to be compatible with the Green Deal (https://agriculture.ec.europa.eu/news/cap-reforms-compatibility-green-deals-ambition-2020-05-20_en); the Commission endeavours to include young farmers in all relevant groups.

▪ *RD expenditure*

The Commission presented the financial implementation of Rural Development programmes in 2014-2022. From financial implementation rules to unspent funds, implementation and the forecast for the next period are ongoing.

Stakeholders actively engaged in discussion with the Commission. Questions were raised on the purpose of the implementation and spending rate. The Commission replied that the overall implementation rate of 67.8% indicates that, for the Rural Development programmes for the period 2014-2022, the Commission has paid out 67.8% of the total approved funding.

Concerns on the risk of unspent EUR 245 million for rural development for Italy from the 2019 allocation by 31 December 2022 were raised and of its possible use on other sectors linked to the war in Ukraine. The Commission replied that Member States can still spend these funds from 2019 until the end of 2022, and only in January 2023 it will be clear whether a Member State has spent all the funds or not. Justifications for an exemption from decommitment (e.g., in case of force majeure or ongoing legal proceedings with suspensive effect) can be submitted by Member States until the end of January 2023. It is expected that

some Member States will submit such requests for exemptions due to the difficulties in implementing the programmes. The Commission will examine these requests and decide accordingly.

Moreover, Commission stated that the interventions under the CAP plan cannot be financed under the rural development programmes.

Finally, stakeholders asked what would happen if a Member State has insufficient funds under the RDPs to finance commitments entered under these programmes for EAFRD IACS measures. Furthermore, assuming these measures could be financed under the CAP Plan, it was asked if cross-compliance rules or conditionality rules would apply.

Area-based aid paid under CAP Strategic plans should be subject to the new conditionality rules. Where a beneficiary receives funding from both the CSP and the RDP, specific transitional provisions for conditionality controls and penalties are established in Article 12 of Delegated Regulation (EU) 2022/1172. Article 12 aims at providing a smooth transition period to avoid excessive administrative costs and burden related to conditionality and cross-compliance checks due to the fact that until 31 December 2025 some beneficiaries could receive area-based payments under both, the CAP Strategic Plan and the ongoing Rural Development Programme implemented under Regulation (EU) No 1305/2013. These transitional provisions provide for a simplified approach, built on the logic that, for area-based payments, conditionality rules are generally stricter than cross-compliance rules. This leads to the assumption that area-based cross-compliance requirements are complied with as long as the conditionality checks do not reveal any non-compliance. It is therefore only in the case where the conditionality checks do reveal non-compliances that Member States shall also carry out also cross-compliance checks.

In conclusion: when a beneficiary is receiving only RDP funds, cross-compliance rules and checks apply; when a beneficiary receives both RDP funding and CSP funding, he/she will have to respect both cross-compliance (for RDP) and new conditionality (for CSP) rules, but only new conditionality checks must be performed in principle; finally, when a beneficiary receives only CSP support, only new conditionality rules and checks apply.

- ***Evaluation of the CAP performance. Links between objectives, interventions and indicators.***

The Commission presented the different components of the performance assessment of the CAP, including a strategic approach to the CAP Plans design, comprehensive target setting, enhanced monitoring and reporting, annual review meetings with Member States, performance clearance, performance review and evaluations.

A corner stone of the new Performance Monitoring and Evaluation Framework is the system of indicators, reported by Member States annually in the Annual Performance Reports and completed with the underlying data that Member States will share with the Commission to allow deeper analyses.

Remarks and questions were raised by several members in relation to the importance not to sanction farmers if Member States do not reach their targets via the performance review mechanism; the need to look at water pollution linked to crop production and the use of pesticides (and not only linked to livestock production); the importance of outdoor access to increase animal welfare; the nature of result indicators (which are not compulsory, but shall be selected when relevant in view of the intervention logic of Member States); and the need of simplification for farmers.

▪ ***LTVRA – initiatives – state of play.***

The Commission presented the state of play on the implementation of the long-term vision for the EU's rural areas, informing in particular on the relations with other institutions, especially developments at the Parliament and Council.

The Commission representative presented key features of the rural pact proposal and the steps taken by the European Commission to make the pact operational: rural pact support office, website, community management and communication.

Members were updated on the implementation of the Rural action plan, providing an overview together with details on some of the horizontal actions (rural data and statistics, toolkit on EU funds, rural proofing) and thematic actions (e.g. rural revitalisation platform, energy communities). The new rural vision website will be launched in December.

CDG members welcomed the pace of development around the vision and enquired about:

- translation possibilities and location of future events. The Commission explained that services are exploring possibilities to use e-translation tools on future websites and that the main future in-person rural pact events will be in rural areas, with interpretation in the language of the hosting country for the biggest ones.
- differences between the “My place” function of the rural observatory and the “mapping of CAP plans”. The Commission clarified that “My place” is an IT tool in the future rural observatory that allows the user to click on a specific locality to see the indicators available in this locality, when the mapping of CAP Plans is a study undertaken by DG AGRI to map the content of CAP Plans. This mapping will contribute to the stocktaking on the programming of EU funds for the rural vision.

▪ ***Launch of the CAP Network.***

The Commission presented the new European (EU) CAP Network, as set up in the Regulation (EU) 2021/2115, Article 126. In the context of the new CAP and CAP Strategic Plans, the EU CAP network merges the European Network for Rural Development (ENRD) and the EIP-AGRI network – (agricultural European

Innovation Partnership) into a single network at the EU level, to spread the networking from rural development to the whole CAP.

The EU CAP Network shall increase the involvement of all relevant stakeholders in the implementation of CAP Strategic Plans as well as accompany the Member States' administrations in their implementation and contribute to monitoring and evaluation capacity and activities. It shall foster innovation in agriculture and rural development and support peer-to-peer learning and the inclusion of, and the interaction between, all stakeholders in the knowledge-exchange and knowledge building process. Capacity building events (workshops, thematic and focus groups), newsletters, brochures and good practice examples are among tools used by the network and are available on its website and social media channels.

The organisational structure of the EU CAP network, in line with the Commission Implementing Decision (EU) 2022/1864, consists of the Assembly, Steering Group and permanent subgroups, and it is in the process of being set up.

Following questions from the stakeholders on the network's events and topics covered, the Commission informed that working plans for the next year are under preparation and that information will be available at the network's website. The Commission also explained that EU-wide organisations selected into the new Civil Dialogue Groups will be invited to join the network's assembly.

- **AOB**

No AOBs were raised.

4. Next meeting

As from the 1st of January 2023, the current group will merge into the “Civil Dialogue Group on the CAP Strategic Plans and Horizontal Matters” and the first meeting will take place on the 17th February 2023.

5. List of participants

Please see in attachment

Christina BORCHMANN

List of participants– Minutes

Meeting of the CDG RURAL DEVELOPMENT 16/11/2022

MINISTRY OR ORGANISATION
Association des régions européennes des produits d'origine (AREPO)
Confédération Européenne des Entrepreneurs de Travaux Techniques Agricoles, Ruraux et Forestiers (CEETTAR)
European agri-cooperatives (COGECA)
European Council of Young farmers (CEJA)
European Environmental Bureau (EEB)
European farmers (COPA)
European Agroforestry Federation (EURAF)
European Rural Community Alliance (ERCA)
European Coordination Via Campesina (ECVC)
European Federation of Rural Tourism (RuralTour)
European Forum on Nature Conservation and Pastoralism (EFNCP)
European Landowners' Organization asbl (ELO asbl)
European Milk Board (EMB)
PREPARE Partnership for Rural Europe
Stichting BirdLife Europe (BirdLife Europe)