



EUROPEAN COMMISSION  
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

The Director-General

Brussels,

**Subject: Observations on the proposal by Spain for a CAP Strategic Plan 2023-2027 - CCI: 2023ES06AFSP001**

Your Excellency,

I hereby acknowledge receipt of the proposal for the 2023-2027 CAP Strategic Plan of Spain, submitted via SFC2021 on 29 December 2021.

An assessment by the Commission services of the proposed CAP strategic plan has identified a number of issues that require further clarification and adaptation. The enclosed annex sets out the relevant observations, which are communicated pursuant to Article 118(3) of Regulation (EU) 2021/2115.

I invite Spain to submit a revised proposal of the CAP strategic plan for approval, taking into account these observations.

In accordance with Article 121 of Regulation (EU) 2021/2115, the time limit of 6 months for the Commission decision to approve your CAP Strategic Plan does not include the period starting on the day following the sending of these observations and ending on the date on which Spain responds to the Commission and provides a revised proposal.

The Commission is committed to a continued structured dialogue with national authorities in the further approval process of your CAP Strategic Plan. The Commission is open to receiving your written reaction on the key elements of the observations within 3 weeks and intends to publish them subsequently alongside our observations on all the CAP Strategic Plans received in time, unless you would object to publication of your reaction. I invite your services in charge to engage in bilateral exchanges as soon as possible in order to discuss the observations set out in the Annex.

Yours faithfully,

Wolfgang BURTSCHER

His Excellency Ambassador Marcos ALONSO ALONSO  
Permanent Representative of Spain to the European Union  
Boulevard du Régent 52  
1000 Brussels  
Belgium

Enclosure: List of observations pursuant to Article 118(3) of Regulation (EU)  
2021/2115

**EN**

**ANNEX**

### **Observations on the CAP Strategic Plan submitted by Spain**

The Russian invasion of Ukraine and the ongoing generalised commodity price surge bring to the forefront in the strongest possible way the integral link between climate action and food security. This link is recognised in the Paris Agreement and has been incorporated in the new legislation for a Common Agricultural Policy (Regulation (EU) 2021/2115) and the Farm to Fork Strategy (COM(2020) 381 final) with a view to ensuring sufficient supply of affordable food for citizens under all circumstances while transitioning towards sustainable food systems.

In this context, and in the context of the climate and biodiversity crises, Member States should review their CAP Strategic Plans to exploit all opportunities:

- to strengthen the EU's agricultural sector resilience;
- to reduce their dependence on synthetic fertilisers and scale up the production of renewable energy without undermining food production; and
- to transform their production capacity in line with more sustainable production methods.

This entails, among other actions, support for carbon farming, support for agro-ecological practices, boosting sustainable biogas production<sup>1</sup> and its use, improving energy efficiency, extending the use of precision agriculture, fostering protein crop production, and spreading through the transfer of knowledge the widest possible application of best practices. The Commission assessed the Strategic Plans of Member States with these considerations of the sector's economic, environmental and social viability in mind.

The following observations are made pursuant to Article 118(3) of Regulation (EU) 2021/2115. Spain is asked to provide the Commission with any necessary additional information and to revise the content of the CAP Strategic Plan taking into account the observations provided below.

---

<sup>1</sup> Sustainable biogas production means the production of biogas that respects the sustainability and greenhouse gas emissions saving criteria laid down in Article 29 of Directive (EU) 2018/2001 (Renewable Energy Directive)

## Key issues

### **Observations with regard to the strategic focus of the CAP Strategic Plan**

1. The Commission welcomes the CAP Strategic Plan submitted by Spain (hereafter ‘the Plan’) that covers the specific objectives and seems to address the recommendations published by the Commission on 18 December 2020 (SWD(2020) 375). The Commission appreciates the quality of the structured dialogue with the Spanish authorities and takes note of the different public consultations that have been carried out during the preparation of the Plan.
2. The Commission welcomes Spain’s efforts to present a comprehensive Plan that combines national and regional elements, in accordance with Article 104 of Regulation (EU) 2021/2115 (Strategic Plan Regulation - SPR). The Plan includes a broad identification of the challenges to be dealt with and an intervention logic that addresses a number of the prioritised needs across the different objectives.
3. However, a stronger and more consistent intervention logic across pillars is needed to tackle in a targeted way the important and urgent challenges that Spain faces. Spain is asked to improve the overview of the intervention logic describing more precisely the contribution of the proposed interventions to the identified needs, including territorial targeting. In particular, the overall coherence of the construction of the green architecture should be further explained. Moreover, due to the large amount of figures that needed to be encoded at regional level, some data entry errors were detected, leading to important inconsistencies in relation to financial allocations and indicators (in particular for the rural development interventions). Additionally, the eco-scheme ring fencing obligation of 25% seems not to be met on the basis of the financial data. These errors should be corrected to guarantee that all information included in the Plan is accurate.
4. The Commission recalls the importance of the targets set for result indicators as a key tool to assess the ambition of the Plan and monitor its progress. The Commission requests Spain to revise the proposed target values, by improving their accuracy and taking into account all the relevant interventions, and by defining an adequate ambition level in line with the identified needs.

### **Observations with regard to the fostering of a smart, competitive, resilient and diversified agricultural sector that ensures long-term food security**

5. The Commission considers that the Plan shows the potential to contribute effectively to the general objective of fostering of a smart, competitive, and diversified agricultural sector with elements of resilience and a contribution to long-term food security. It also notes that its current shortcomings on adaptation to climate change pose a risk to resilience.
6. The Commission recognises the importance given to income support in the Plan as well as interventions supporting competitiveness and economic sustainability. In light of the Russian war on Ukraine, the Commission urges Spain to consider interventions that will help reduce dependence on fossil fuels and other externally sourced inputs to preserve the long-term sustainable production capacity and viability of farms.

7. The Commission welcomes that the model proposed for decoupled direct support advances on the internal convergence process and differentiates support between groups of territories based on agronomic conditions. At the same time, Spain aims to reduce income gaps among different farm sizes by redistributing support, using for the first time the complementary redistributive income support and the reduction of payments. The Commission welcomes the efforts made by Spain towards removing the links to historical references and building a more targeted and fairer system of decoupled direct support, in particular the introduction of a mechanism to cap very high payments. Spain is invited to complement explanations received so far, in particular by a quantitative analysis showing the combined effects of all proposed income support tools on redistribution.
8. The Plan holds potential for boosting farm competitiveness and consolidating viable market-oriented farms while encouraging greater integration of primary producers. The Commission welcomes the efforts to address the import dependency in some sectors, such as protein crops.
9. However, the strategy proposed does not justify sufficiently certain choices, in particular when addressing the needs of the specific sectors. The needs of certain sectors have to be addressed by a consistent intervention logic, with more targeted and tailored tools that allow the different sectors in difficulties to cope with the current and future challenges.

**Observations with regard to the support for and strengthening of environmental protection, including biodiversity, and climate action and to contribute to achieving the environmental and climate-related objectives of the Union, including its commitments under the Paris Agreement**

10. The Commission has doubts about the effective contribution of the Plan to this general objective, requiring for its approval the modifications specified in this letter.
11. Spain is requested to better demonstrate the increased ambition of the planned green architecture as regards environmental and climate related objectives using qualitative and quantitative elements such as financial allocation and indicators.
12. It is necessary to better integrate the tools across the pillars in a more consistent, efficient and targeted green architecture. This would lead to a better ability of the Plan to deliver an enhanced environmental ambition (as required by Article 105 of the SPR) and ensure a better contribution to and consistency with key pieces of legislation (Directive 2000/60/EC (Water Framework Directive (WFD)), Directive 2009/147/EC (Birds Directive), Directive 92/43/EEC (Habitats Directive), Directive 91/676/EEC (Nitrates Directive), Directive 2016/2284 (national emissions of certain atmospheric pollutants Directive – (NEC Directive)) and Directive 2008/50/EC (Ambient Air Quality Directive), and the planning tools arising from that legislation.
13. The Commission considers that, despite these being highlighted in the recommendations provided to Spain, the designed specific interventions do not sufficiently address the urgent need to reduce greenhouse gas emissions (GHG) from livestock and land management, associated air pollutant emissions of ammonia, the urgent need to improve water management, reduce soil erosion, desertification, and revert biodiversity, habitat, landscape and connectivity loss in the Spanish agriculture and forest sectors.

14. Therefore, the Commission strongly encourages Spain to: 1) enhance the level of effort requested for agricultural practices, in particular under agri-environmental commitments within rural development, taking into account the new more demanding baseline, to address specifically localised environmental concerns; 2) adapt the eco-schemes to build on fully compliant good agricultural environmental conditions (GAEC) standards and ensure transition to more sustainable practices; 3) reformulate with more ambition the targets proposed and modify the corresponding financial allocations, if needed; and 4) better define the linkages between CAP interventions and the different complementary regulatory approaches addressing the identified needs.
15. The Commission requests Spain to clarify and, if necessary, amend certain GAEC so they fully comply with the regulatory framework (see detailed comments below).
16. Spain should also make an effort to increase the potential for water saving and focus on the effective reduction in water use in areas of higher water pressures. Spain is requested to further elaborate on how the interventions linked to water management will significantly contribute to achieving the objectives of good status of the WFD by 2027 at the latest, notably reducing the water demand, as well as coherence with other measures supported under the Plan beyond irrigation. Further explanation on how the Plan interplays with other national or EU funding and legislation to address the needs which are considered relevant are also needed.
17. The measures foreseen to combat desertification and soil erosion are also limited, and given the scale of the challenge in Spain, there could be a more comprehensive set of actions to prioritise and implement nature-based solutions to halt and reverse these trends.
18. Climate-relevant impact indicators – for example, in relation to irrigation demands, a need identified in the National Adaptation Strategy – have not been fully used in the needs assessment and intervention strategy of the Plan and therefore it is not possible to assess the contribution to and consistency with such targets. The Commission requests that these indicators are described and considered in the analysis and intervention strategy. Without these, the Plan remains vague on how the interventions will contribute to and be consistent with the regulatory obligations laid down in Annex XIII such as greenhouse gas emission reductions, and climate targets and commitments, namely for Regulation (EU) 2018/841 (the Regulation for the Land Use, Land Use Change and Forestry (LULUCF)).
19. Spain is strongly encouraged to take into account the future national targets of the Effort Sharing Regulation (Regulation (EU) 2018/842) and LULUCF (which are currently under consideration by the co-legislators) in view of the legal requirement to review the plan after their application.
20. The Commission welcomes the efforts proposed concerning renewable energy production and strongly encourages Spain to fully benefit from possibilities for interventions under the SPR by using them to increase sustainable domestic generation and use of renewable energy, including biogas, thereby strengthening what has already been programmed in their National Energy and Climate Plan. Moreover, the Commission calls on Spain to plan interventions that improve nutrient use efficiency, circular approaches to nutrient use, including organic fertilising as well as further steps to reduce energy consumption.

21. With regard to reverting the biodiversity loss, the Commission invites Spain to reflect on the limited territorial coverage of the European Agricultural Fund for Rural Development (EAFRD) interventions proposed to cope with the negative trends in biodiversity and those focused on improving biodiversity in the Natura 2000 network.
22. Spain is requested to take better account of the Spanish Prioritised Action Framework (PAF) for Natura 2000 and further align the proposed interventions with it.

### **Observations with regard to the strengthening of the socio-economic fabric of rural areas and address societal demands**

23. The Commission considers that the Plan shows the potential for contributing to the general objective of strengthening the socio-economic fabric of rural areas, including reversing the depopulation trend in Spain. The Commission particularly notes the ambition with regards to support to young farmers and the community-led local development (LEADER) approach (by doubling the minimum financial requirement).
24. However, Spain is invited to provide further information to ensure a clear and targeted support towards the rural areas, beneficiaries and sectors that are most in need, based on the SWOT (analysis of the situation in terms of strengths, weaknesses, opportunities and threats) and specific national and regional needs. The Commission welcomes the innovative approaches to address gender balance in the Spanish rural areas (with new specific mechanisms to stimulate the incorporation of women to farming) as well as generational renewal (with new tools addressed to accompany succession in the farms and support new entrants).
25. As regards animal welfare, the Commission invites Spain to extent the intervention to promote the keeping of laying hens in non-confined housing systems to sows and calves. In addition, the action proposed on pigs should be more ambitious to promote the keeping of pigs with entire tails.

### **Observations with regard to fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas**

26. The Commission acknowledges the effort in organising and structuring the Agricultural Knowledge and Innovation System (AKIS), which will help farmers and rural areas increase their resilience via better access to knowledge and innovation. However the Commission considers that the risk of a fragmented system remains, at least partially, and invites Spain to further elaborate on the actions and coordination mechanisms foreseen to fully address such risk.

### **Information with regard to the contribution to and consistency with Green Deal targets**

27. The Commission thanks Spain for the information provided regarding its contribution to the Green Deal targets included in the Farm to Fork Strategy and the Biodiversity Strategy. The Commission regrets that national values are only provided for two of the targets (organic farming and broadband). Nevertheless, the information provided concerning anti-microbial resistance, pesticide use, nutrient loss, and high-diversity landscape features is appreciated. The Commission requests Spain to set ambitious national values for the EU

Green Deal targets, and, if needed, to adapt the relevant interventions and their financial allocations accordingly.

28. As regards the organic target, the Commission welcomes the ambition to reach 20% of the Spanish utilised agricultural area (UAA) by 2030. The Commission also welcomes the increase in financial allocations and the other actions proposed to stimulate organic farming but invites Spain to better clarify how the proposed actions will effectively contribute to the foreseen ambition.
29. The Commission notes Spain's determination to improve water quality, reduce the use and risks of pesticides and antimicrobials through the implementation of several legal acts outside the scope of the Plan. The Commission invites Spain to better explain the contribution of these actions towards the Green Deal targets as well as the interlinkage between these legal initiatives and the different interventions, and their potential to maximise the impacts.
30. The Commission welcomes the efforts to increase the surface with non-productive features and areas.
31. The Commission welcomes the willingness of Spain to reach the EU connectivity objectives in 2025 and 2030 and to use other EU funds to cover these objectives. However, further details on the national intervention strategy for broadband is requested.

## Detailed observations

### 1. STRATEGIC ASSESSMENT

32. The Commission welcomes the detailed analysis and other explanations assessment provided by Spain in relation to different specific objectives with regard to the background situation, the needs to be addressed, and the responses to those needs. It considers that the Plan contains relevant material in this respect, which could however benefit from additional clarification, and holds potential, after its revision, for contributing effectively to achieving these specific objectives. However, the following key issues presented hereinafter need to be addressed.

#### 1.1. To foster a smart, competitive, resilient and diversified agricultural sector ensuring long term food security

##### 1.1.1. Strategic assessment of Specific Objective 1

33. More evidence is needed to justify the strategy to apply the complementary redistributive income support for sustainability (CRISS) by groups of territories and through 2 ranges of unit amounts, given the overall objective of a national redistribution of support from bigger to smaller and medium-sized farms. The strategy does not provide either enough explanation on the effects of the strategy for small farms (e.g. minimum requirements, payments for small far, etc.).

34. As regards the overview of how the aim of distribution from bigger to smaller and medium-sized farms and more effective and efficient targeting of income support is addressed (“redistributive strategy”) under section 3.4 (Fairer distribution): this should not only indicate that the redistributive needs have been addressed, but also that they have been addressed sufficiently. To justify the sufficiency of the strategy and the consistency of all income support tools, a quantitative analysis showing the combined effects of all relevant income support tools on Direct Payment per hectares and income per work unit by physical size, at national level is requested (e.g. using the Farm Accountancy Data Network (FADN)).

35. Agricultural risk management tools may address the growing risks that the changing climate represents in agriculture. Spain is invited to consider incentives for farmers to take proactive measures reducing their vulnerability and increasing their adaptive capacity to climate change.

##### 1.1.2. Strategic assessment of Specific Objective 2

36. The SWOT summary should clearly identify those sectors (weaknesses/threats) that, based upon the identified needs for additional support, the interventions strategy targets with additional aid (e.g. coupled income support (CIS)). The SWOT summary currently provides only general references to the handicaps (e.g. the most extensive sectors), which should be completed to enhance clarity.

37. In order to address efficiently difficulties and improve the competitiveness and sustainability of the sector and to avoid that the proposed CIS interventions lead to a

deterioration of the environmental and climate situation (e.g. resulting from intensification of livestock farming, or increased water use in water scarce regions), Spain is requested to clarify the interplay between CIS and other support decisions under the Plan and to improve, if relevant, the CIS interventions' targeting (e.g. eligibility conditions for specific types of farming within a sector and CIS adapted to different local context). The complementarity between interventions related to a certain sector should be assessed not only in a 'technical' sense (i.e. list of interventions targeting the same sector and potential accumulation of support), but also in a broader, 'strategic' perspective. Accordingly, Spain should reinforce the explanation how the combination of the relevant interventions will achieve the intended objective and thus fulfil the need(s) identified for the sector concerned.

38. The description of the coherence between the CIS interventions and the WFD should include more details (e.g. the timeline envisaged for the proposed Spanish legislation about livestock). For irrigated crops, the text should be clear that the measures under the relevant River Basin Management Plans (RBMP) and other applicable plans (e.g. drought plans) are respected.
39. Furthermore, Spain is requested to further justify the selection of the result indicator(s) for this specific objective. In particular, Spain is requested to develop the contribution of 35% of wine interventions to R27, according to the study carried out in the 2019-2023 Support Programme for the Spanish wine sector (PASVE).

### *1.1.3. Strategic assessment of Specific Objective 3*

40. Spain is invited to justify how the Plan will contribute to improving the concentration of supply in the sectors not specifically supported by sectorial interventions. At the same time, the information provided does not clarify to which extent the Plan interventions that are financed by the EAFRD will also contribute to a better functioning of the food chain in the country.
41. The assessment of needs identifies the low membership of farmers in producer organisations (PO). Spain is invited to review the prioritisation of needs in order to strengthen the farmers' positions in the supply chain and to improve the competitiveness of certain sectors. Spain is requested to explain and, if needed, adopt interventions to the sectors and regions with the greatest needs.
42. Also, given the low concentration of POs, could Spain explain why it does not plan interventions in sectors other than fruits and vegetables, apiculture, wine (sectors where sectoral interventions are compulsory) and olive groves (supposedly under other sectors interventions). Given that the sectoral interventions are largely channelled through POs, planning a budget for sectoral interventions would incentivise the setting-up of POs and seeking recognition for these. In addition, since POs plan and co-finance their interventions themselves, they would address the competitiveness issues, which Spain has mentioned under SO2 weaknesses.
43. Spain includes a rural development cooperation intervention to promote producer organisations and/or groups. At the same time Spain points out that a number of national initiatives are being developed as part of the promotion of sectoral cooperation. Spain

should explain the complementarity between the Plan and the national measures to promote sectoral cooperation. Would any of those measures also aim to support the establishment of short supply chains?

## **1.2. To support and strengthen environmental protection, including biodiversity, and climatic action and to contribute to achieving the environmental and climate-related objectives of the Union including its commitments under the Paris Agreement**

### *1.2.1. Strategic assessment of Specific Objective 4*

44. Spain is asked to reinforce the SWOT summary and to improve the overview of the intervention logic describing more precisely the contribution of the proposed interventions to the identified needs and to the relevant result indicators.
45. Regarding renewable energy, relevant interventions are listed, but the link between the overall objectives set for energy efficiency, renewable energy generation and consumption and the interventions are not well described. The Commission suggests to improve the design of the interventions to strengthen the contribution to R15 (investments in renewable energy production capacity). Spain is advised to consider inclusion of specific incentives for agricultural holdings to consider agro-photovoltaic (or agro-voltaics), which combine agriculture and solar energy generation on the same land. Spain has the right conditions for this double use of land to flourish.
46. Spain should also describe the links and complementarity of the CAP interventions with the RED II) and Directive 2012/27/EU (energy efficiency directive - EED) in term of increasing renewable energy and improving energy efficiency and to which extend it will do so.
47. The National Energy and Climate Plan (PNIEC / NECP) sets out a list of objectives with the aim of decreasing emissions by energy savings and renewable energy generation from the agricultural sector. However, the needs assessment does not clearly reflect this priority, in line with Article 108 of the SPR. In particular, the potential of biogas production does not seem fully addressed. Spain should better align the needs assessment and the PNIEC. A description on how the Plan contributes to the objective: “Achieve additional removals of 0.96 MtCO<sub>2</sub>-eq in forest and agricultural sinks by 2030 compared to the trend scenario” should be included as well.
48. The need to reduce vulnerability to climate change effects (N04.03) is not addressed in a satisfactory manner. The level of priority is not stated and the actions are not well identified. Increasing resilience and adaptation seems to be mainly covered indirectly, through GAEC and actions towards carbon sequestration. A more systematic approach to adaptation of forests to climate change is also missing. A decline in climate action (mitigation and adaptation) related to forests, afforestation and agroforestry has been observed despite the fact that this has been identified in the needs analysis. Spain is invited to provide more information concerning adaptation measures and how the identified need will be covered. The links between the need to improve farmers’ knowledge about mitigation and adaptation (N04.9) and the cross-cutting advice, knowledge exchange and guidance interventions that are envisaged should be strengthened. A description on how

the Plan contributes and is consistent with the National Climate Change Adaptation Plan (PNACC) is considered necessary.

49. Spain is invited to provide an estimate of the mitigation potential under the concerned interventions.
50. Spain is at medium risk not to comply with the commitments of the national emissions reduction Commitments by 2030 of the NEC Directive. Spain is therefore requested to reinforce specific actions addressing the reduction of GHG emissions through the interventions, in particular eco-schemes, agri-environmental commitments or investments. Those actions might include the revision of feeding system (low-protein the animal diet; feeding strategies to reduce methane emissions), investments for low-emission manure and slurry storages notably in big pigs and poultry farms or additional support in precision agriculture, thereby also maximising the benefits for air pollution reduction. Result Indicator R13 (reducing emissions in the livestock sector) is recommended to be included in the Plan, so that the ambition in terms of emission reduction in the livestock sector can be properly monitored.
51. Moreover, Spain is invited to explain the interlinkages between the actions proposed within the Plan on reduction of GHG emissions and the national regulatory measures mentioned in the Plan, including national livestock management regulations and the development of the register of Best Available Techniques in Livestock Farms.
52. The Commission welcomes the Spanish proposals to increase soil carbon sequestration and soil protection, including GAEC and eco-schemes with, for instance, specific requirements on green covers, improved rotations including leguminous crops and support for conservation agriculture. The relevant result indicators, R14 (carbon sequestration) and R19 (soil protection) show encouraging target values.
53. For SO4 Spain is invited to explain the complementarities and articulation between interventions under the Plan and the other EU funds. For example, other EU funds, (namely the Recovery and Resilience Plan) will invest in measures that contribute to mitigation and adaptation, including sustainable forest management, fire prevention, measures to address soil erosion and desertification. This request applies also to SO 5 and 6, as for instance the Recovery plan includes reforms and investments related to biodiversity (e.g. protection, conservation and restauration of ecosystems and their biodiversity, conservation of protected habitats and species and invasive alien species), irrigation and environmental management of livestock farms.
54. The Commission notes that it is important to ensure that actions foreseen do not undermine the resilience and adaptation of forest stands. Plans to draw abandoned and wild forested areas into economic production should ensure that this does not result in a reduction of the carbon stock in the soil nor in the biomass, nor in biodiversity, and the Plan should clarify this principle.

#### *1.2.2. Strategic assessment of Specific Objective 5*

55. The needs assessment is quite complete and reflects the challenges in soil, air and water. Nevertheless, the Commission invites Spain to reinforce the SWOT summary and to consider hydromorphological changes in the SWOT and needs assessment and consider

how the intervention strategy could respond to the needs identified. Moreover, the description of the needs should be clarified and avoid any reference to potential interventions.

56. Spain is asked to improve the overview of the intervention strategy describing more precisely the contribution of the proposed interventions to the identified needs, including territorial targeting.
57. Against the background of very significant water abstraction pressures from agriculture, Spain is invited to elaborate on the targeting of the interventions on irrigation, the link with the needs identified and the coherence with the WFD objectives (closing the gap to good status) and the 2nd RBMP. Spain should also consider the analysis performed under the 3rd RBMPs when available. Moreover, Spain should strengthen the intervention strategy and specify how the interventions designed beyond the investments on irrigation (e.g. irrigation plans in the eco-schemes) focus on measures to increase the availability of water at farm level and the reduction of agriculture water demand, in a context of higher expected water stress in the future. The measures oriented to increase soil water retention has positive effects on other aspects like reduction of soil erosion that should be reinforced.
58. The Commission welcomes the efforts by Spain to address the problems related to the losses of nutrients. This issue is tackled by various interventions, including GAEC 4 (proposed to be implemented in an ambitious manner), GAEC 10 (an additional GAEC proposed by Spain on sustainable fertilisation), and some rural development measures and eco-schemes. Nevertheless, R24 (nutrient management) is quite low and in order to assess the ambition of Spain in addressing the important challenges regarding nutrient surplus, Spain should clarify the timing and content of the actions envisaged in the currently applicable and upcoming national mandatory rules (Royal Decree) and how this will be integrated in the GAEC 10. Finally, Spain should also clarify if there are other programmes and measures that will contribute to address the problems related to the water quality, in particular in the most affected regions. If this is the case, Spain is expected to explain how these interrelate with the interventions under the Plan.
59. Similarly, Spain is invited to explain the interlinkages between the interventions linked to air quality proposed within the Plan, like ammonia emissions, and the national regulatory measures, in force or under development. Practices of low-emission manure management/storage and fertiliser/manure application to the field (e.g. rapid incorporation and precision fertilisation) should be further promoted in order to raise ambition in addressing a highly ranked need while providing synergies with other objectives in SO4 like reduction of methane.
60. The Commission encourages Spain to explain the links with the Best Available Techniques (BAT) conclusions including BAT-associated emission level (BAT-AEL) notably in the context of reduce emissions of pollutants from installations (e.g. ammonia).
61. The Commission welcomes the efforts made by Spain to stimulate organic production and the development of roadmap to promote organic food production and consumption. The Plan provides for an increase of the surface specifically supported by the EAFRD, but support to commercialization is only specifically mentioned in few regions. The

Commission invites Spain to clarify whether the supported area counted in the target (R29) covers both support for the maintenance of organic farming and support for the conversion to organic farming (or only the latter). Moreover, the relationship between the level of the target and the estimated national value needs to be further clarified.

62. Potential inconsistencies have been detected regarding the contribution of the interventions programmed under this SO and the indicators retained which do not fit the intervention logic. Spain only considered direct and significant contribution from intervention in result indicator calculation but activated R10 (Better supply chain organisation) and R11 (Fruit and Vegetables - Concentration of supply) under SO5. Spain is invited to justify this choice and to consider the possibility of contributions to R23 (Sustainable water use), R20 (improving air quality), or R21 (protecting water quality) when the needs with the highest priority are water good status, water pollution and ammonia emissions. The value of R27 (Environmental or climate-related performance through investment) need to be verified.

### *1.2.3. Strategic assessment of Specific Objective 6*

63. The SWOT summary needs to be reinforced as it is too concise (also compared to the other specific objectives), making better use of the comprehensive information provided in detailed SWOT analysis that were made during the preparation of the Plan.
64. The section “Overview of the intervention logic” needs to be improved by better explaining the links and consistency between the needs identified and the interventions proposed. The target values of the result indicators should be justified and the contribution of each intervention to the target value should be identifiable. For example, it is unclear how 16% of the utilised agricultural area has been calculated to contribute to the conservation or restoration of biodiversity, supporting indicator R31. In view of the apparently low ambition level of indicators, R30 (supporting sustainable forest management): 0.2%, R31 (preserving habitats and species): 16%, R32 (investments related to biodiversity): 1.5% and R34 (preserving landscape features): 1.5%, Spain is invited to assess whether the Plan addresses sufficiently the related needs. In addition, Spain is invited to include indicator R33 (share of total Natura 2000 area under supported commitments). Interventions of the farmers or foresters in Natura 2000 areas related to agri-environment-climate commitments or to eco-schemes would potentially contribute to this indicator.
65. Spain rightly refers to the planning tools relevant for biodiversity, including the Habitats and Birds Directives (together HBD) and the PAF. However, the Commission requests Spain to provide an overview of the measures identified in the PAF that will be financed by the Plan and those that will be covered by other EU or national instruments, in particular the conservation and restoration of habitats of EU importance, conservation and recovery of protected species associated to agrosystems, grasslands and forests and other than birds, control of invasive species, and ecological connectivity. The contribution of the Plan to halt biodiversity loss and improving the status of protected habitats and species seems limited and Spain is encouraged to explore possibilities of further ambitious commitments.
66. With regards to the status and trends in agricultural birds (N6.2), habitats maintenance and recovery (N6.3) and Natura 2000 network (N6.4), the Commission asks Spain to better

explain complementarity between interventions towards these needs and consider improving the proposed contribution and strategy, particularly under rural development.

67. Spain presents a good integration of forests and agroforestry in the intervention logic, addressing forest' multi-functionality, biodiversity, provision of ecosystem services (water, soil, mitigation, energy) and forest fire prevention and restoration. Nevertheless, no clear needs related to forest biodiversity or to ensure good forest status are identified in the Plan. The Commission expects that interventions on forest management, afforestation and agroforestry systems are improved, planned in more regions and cover more extensive areas. Strengthening support to these actions and other possible would contribute to address forestry biodiversity and maintenance of high nature value (HNV) ecosystems.
68. Spain is also invited to explain how the key drivers of pollinator decline that result from agricultural activities, such as the loss of habitats and the application of chemical pesticides will be addressed.

#### 1.2.4. *Green architecture*

69. The overall Green architecture seems well conceived, with GAEC supplemented with eco-schemes at national level, and topped-up with rural development interventions, all on top of a national legislative package (though some pieces to be adopted). There is a comprehensive summary of the main building blocks of the green architecture (i.e., definition of eligible area, conditionality and interventions) with a list of corresponding key practices and actions in relation to soil, climate and biodiversity objectives.
70. Overall, the eco-scheme descriptions do not provide sufficient explanations on how the design will help to meet the various needs, it only points out what need each scheme is designed to meet. The Plan does not make a clear link between the most urgent needs and the design of the proposed eco-schemes. As the rural development interventions are implemented on a regional level, and as the budget for eco-schemes is significant compared to that for agri-environmental and climate interventions (AECI), the design of eco-schemes is the opportunity to ensure the homogenous application of measures of relevance for meeting challenges related to climate and environment. However, the Plan fails to depict how the design of the eco-schemes is of relevance in meeting the most urgent environmental and climate challenges. Spain is invited to improve the articulation of the logic of intervention.
71. Moreover, certain shortcomings have been identified both in the eco-schemes, which would need adaptations to build on fully compliant GAEC standards and ensure transition to more sustainable practices, and in the design of the rural development interventions that will need to be adjusted as well in view of simplifying their territorialisation design, and strength the established links with the national strategic approach and ensure a better coverage of the local environmental problems.
72. Whereas some GAEC standards represent an improvement compared to the current conditionality, there are some GAECs that need to be revised to be fully in line with EU legislation (see specific section on conditionality) or to be fine-tuned to provide the expected environmental benefits.

73. Additionally, the Plan lacks a clear overview of the complementarity, synergies and possible demarcation between eco-schemes and environmental, climate-related interventions under rural development. Spain is therefore invited to define a more consistent articulation of the overall interventions under the Green architecture and ensure that the more local interventions under rural development properly complement the interventions designed at national level.

### **1.3. To strengthen the socio-economic fabric of rural areas and addressing societal demands**

#### *1.3.1. Strategic assessment of Specific Objective 7*

74. The generational renewal strategy and intervention logic presented are quite comprehensive. The Plan offers a combination of the already existing types of support (top-up to direct payment (DP), installation grants) with more innovative approaches to generational renewal, such as succession agreements, support to the new farmers and incentives to women.

75. Spain is invited to integrate better the needs related to access to land and capital into the intervention strategy, in particular by better justifying the different approaches presented by the different regions. Also, there is a need to explain better the interplay with national measures outside the Plan contributing to generational renewal under section 3.2.

#### *1.3.2. Strategic assessment of Specific Objective 8*

76. A high number of needs are identified under this specific objective, including infrastructure, access to services, bio-economy, agro-food and forestry systems, innovation, social inclusion, increased opportunities for women in agriculture and business development, establishment of new residents, young people and women, etc. LEADER is associated to all of them. Spain is invited to reflect on whether the instruments proposed are in line with the high number of needs and challenges to be addressed by the Plan under SO8. Please also explain which of those needs are addressed by instruments outside of the Plan and how they are addressed.

77. Spain may want to consider being more ambitious for R39 (developing the rural economy) taking into account the analysis done under SO8.

78. In terms of depopulation and social inclusion of groups in disadvantaged situation, the SWOT analysis, notably under the section ‘opportunities’ states that the social inclusion of non-native population including EU-and non-EU population could be a way forward to counter balance rural exodus. However, the interventions do not provide much information on how the social inclusion of this group will be implemented under the Plan in Spain. Spain is therefore invited to address this point. The target value R42 (Promoting Social Inclusion) is very low.

79. The Commission welcomes the introduction of the social conditionality mechanism in 2024.

### *1.3.3. Strategic assessment of Specific Objective 9*

80. Spain is invited to better justify how the different needs under specific objective 9 will be met, as well as the targets.
81. The Commission notes that the Plan describes actions outside the CAP that should reduce the use of antimicrobials. Furthermore, the Commission is aware that the increased effort to promote organic livestock also contributes to this objective. However, given the high levels of antimicrobial use still reported in Spain, the Commission invites Spain to consider reinforcing its Plan with measures specifically targeting the use of antimicrobials or gathering the contribution of other interventions like organic farming and improved animal welfare practices. To allow for a better assessment of the impact of the measures, the Commission also invites Spain to provide a target for result indicator on use of antimicrobials (R43).
82. The Commission welcomes the different actions described in the Plan to advance towards a sustainable and reduced use of pesticides. However, these actions do not appear sufficient to promote sustainable farming practices, in particular, integrated pest management. R24 (sustainable and reduced use of pesticides) is quite low.
83. The Commission also welcomes the fact that Spain aims to implement a data collection system to calculate the harmonised risk indicator per hectare for each crop and holding and to set annual targets for these from 2026. However, there is insufficient detail provided in the Plan regarding the measures proposed and regrettably Spain has not taken the opportunity to provide a national target for the expected impact of these measures on reducing the use and risk of pesticides and in the use of more hazardous pesticides. Nevertheless, the Commission estimates that the measures proposed are likely to make positive contribution.
84. The Commission invites Spain to provide further information concerning its intention to restrict the exceptional authorisation of active substances of Group 4 (including the criteria and administrative tools expected to be used). In addition, the Commission invites Spain to specify clearly the expected impact of the measures proposed in achieving reductions in the use and risk of chemical pesticides and the use of more hazardous pesticides.
85. The Commission notes that the intervention on animal welfare promotes better practices for laying hens (non-cage systems) but should consider extending such practices also to sows and calves. However, the action proposed on pigs allows an undesirably high level of tail docking (up to 60%) at the end of the sufficient commitment period when such practices are forbidden by EU rules (apart from in exceptional circumstances). Furthermore, the proposed increase in space allowances are marginal. The Commission requests Spain to address these issues in the Plan.
86. Concerning the reduction of food loss and waste, although the Plan explains that it partially addresses the need identified on food waste, it is unclear which specific interventions are linked to this need. Therefore, the Commission invites Spain to clarify how it intends to address food loss and waste prevention, as well as the reduction of plastics and how the objectives of national waste prevention policy are coordinated with the measures proposed under the CAP (if any).

87. Regarding the shift to healthier diets, the Commission notes that the Plan has included actions, such as promotional activities for fruit and vegetables aimed at raising consumer awareness, to support the shift towards healthy sustainable diets. However, the extent to which it addresses the issue of healthy sustainable diets is very limited. The Commission therefore invites Spain to better explain how the shift towards healthy, more plant-based and sustainable diets will be achieved.

#### **1.4. Modernising the sector by fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas, and encouraging their uptake by farmers, through improved access to research, innovation knowledge exchange and training**

##### *1.4.1. Strategic assessment of the Cross-cutting Objective*

88. The reinforcement of the AKIS is underlined for Spain. Emphasis is placed on complete digitalisation of all the systems used in the management of the CAP, thus achieving a major qualitative progress in modernising the tools used by the administration for its relationship with farmers. Nevertheless Spain is invited to further elaborate on the actions and coordination envisaged to fully tackle the fragmentation of the system.

89. Spain is requested to provide further information regarding the Farm Advisory Services:

- the organisation of the national and regional coordination of the Farm advisory services;
- description of how the provisions of Article 15 of the SPR are met;
- identification of the starting situation.

90. Spain is invited to provide further information about coordination, demarcation and complementarities between EAFRD and the other Funds active in rural areas in relation to digitalisation in agriculture and rural areas, including the Recovery and Resilience Plan. The value of R3 (digitalising agriculture) seems low.

91. The Commission invites the Spain to: (a) provide further details on the national intervention strategy for broadband (calendar of milestones, targets, planned investments), to reach the EU connectivity objectives in 2025 and 2030 in rural areas; (b) provide some details on the quality of service of rural 4G mobile, and to share how the target of 5G in all populated areas in 2030, in particular rural populated areas, will be reached.

92. Spain is invited to describe synergies and complementarities with other funds and initiatives on research and innovation, including the Horizon Europe programme, Missions and the Partnerships.

#### **1.5. Simplification for final beneficiaries**

93. Spain is invited:

- to provide further details in the envisaged modernisation strategy it refers to in point 3.9 of its Plan, in particular on the timing and organisation of such strategy and the linked systems;
- to further detail the tools supplied to the beneficiary to submit the Single Application and to withdraw a parcel applied for.

## **1.6. Target plan**

94. In addition to relevant observations in other sections of this letter, Spain is invited to verify and better explain the link between interventions and output and result indicators, ensuring consistency with different sections of the Plan. The following aspects should be addressed and adjusted, where relevant:

- the contribution of interventions planned for SO 4 to 6 to the relevant RI (notably R12 on adaptation to climate change, R22 on nutrient management, R31 on habitats and species) needs to be reassessed in order to better capture the multidimensional nature of several interventions;
- in addition, the result indicator R11 should be reconsidered as its contribution to this objective is not demonstrated;
- all eco-schemes need to select and provide a contribution to results indicators R4 (area covered by conditionality), R6 (redistribution to smaller farms) and R7 (farms in areas with specific needs). The two last RIs do not reflect the environmental contribution of eco-schemes but they do provide information on key objectives for direct payments, which are redistribution of support towards small and medium holdings and contribution to support to areas with higher needs (defined under Articles 71, 72 and possibly 22 of the SPR);
- result indicators for the Direct Payments (R4, R6, R7, etc.) should be set from 2024 to 2028 because the target plan is in financial year (2023 and 2029 shall remain null);
- R4 (Linking income support to standards and good practices): the target value (21.1 million ha) is the same as the planned output for O.4: Spain is requested to confirm that the determined area before entitlements has been used for planning R4;
- R5 (Risk management) and R25 (Environmental performance of livestock sector): the numerator is constant throughout the period. This does not seem realistic, as it is likely that in the first year of implementation the value is lower;
- R37 (growth and jobs in rural areas): the target value is 641 while in 2019 it was 7.290. In addition, R37 includes R36, therefore the values cannot be lower than R.36 (21.360);
- R38 (Leader coverage Share of rural population covered by local development strategies): 294.00 %. Spain is invited to revise the value;
- R42 (Promoting social inclusion): Spain is invited to adjust the value once LEADER strategies are adopted;
- R44 (Animal welfare): target value is 3.26%. This target does not seem ambitious enough.

## **2. OPERATIONAL ASSESSMENT**

### **2.1. Minimum ring-fencing**

95. Based on the financial data in section 5, the rebate indicated in the financial overview table to respect ring-fencing for eco-schemes is not fully eligible. The total reduction is higher than the difference between EAFRD interventions under Article 70, 72, 73 and 74 (insofar as they address the specific objectives in Article 6(1) points (d), (e), (f) and, as regards animal welfare, point (i)) and 30% of the total EAFRD contribution. (Article 97(2) of the SPR).

96. Concerning the minimum EAFRD financial allocations for interventions addressing environmental and climate-related specific objectives, set in Article 93 of the SPR, Spain should ensure coherence between the financial allocations entered under section 5.3 for those interventions with the planned amounts in the financial overview table in section 6.
97. Concerning the minimum financial allocations for LEADER set in Article 92 of the SPR, Spain should ensure coherence between the financial allocations entered under section 5.3 for those interventions with the planned amounts in the financial overview table in section 6.
98. In line with the provisions of Article 50(7)(a) and (c) of the SPR, Spain should specify in their Plan that:
- at least 15% of expenditure of each operational programme covers the interventions linked to environmental (Article 46(e) of the SPR) and climate (Article 46(f) of the SPR) objectives;
  - at least 2% of expenditure of each operational programme covers the intervention linked to the objective referred to research, development and innovation (Article 46(d) of the SPR).
99. This information / ring-fencing requirements should be encoded, where relevant, under Chapter 5.2 Sectoral Interventions Fruit and Vegetables sub-chapter Specific design, requirements and eligibility conditions of the intervention. Moreover, in section 5.2 it should be guaranteed that where the relevant environment, climate interventions and, respectively, research actions are planned and programmed by producer organisations in their operational programmes in respect of the requirements of the Delegated Regulation (EU) 2022/126.
100. As regards compliance with Article 60(4) of the SPR, Spain is invited to develop the strategy (types of intervention) through which it aims to achieve 5% of environmental expenditure in the wine sector (in addition to the restructuring and conversion of vineyards type of intervention).

## **2.2. Definitions and minimum requirements**

101. In sections 4.1.1.2.1, 4.1.1.2.2 and 4.1.1.2.3, Spain should explain how Article 4(2)(b) of the SPR will be applied with regard to arable land, permanent crops and permanent grassland to ensure that a parcel is not eligible for support if maintenance activity has been repeatedly declared for more than five consecutive years. In particular, Spain should indicate whether this provision will be applied as from 2023 and how they intend to verify the existence of the agricultural activity in the 6th year.
102. In section 4.1.2.1, Spain informs that further provisions specifying the agroforestry elements will be adopted at a later stage. The Commission requests Spain to submit this information without undue delay and to ensure that the definition guarantees a more sustainable use of the land.
103. Concerning section 4.1.2.3.2, the long harvest cycles do not seem to justify the qualification as coppice of short rotation, and the inclusion of *Robinia pseudoacacia* in the

list of plants qualifying as short rotation coppice in view of its potential invasive character raise concerns.

104. In section 4.1.2.4.4, Spain should clarify the criteria to use ‘reseeding with different types of grasses’. Spain should explain, in particular, whether the different types refer to species, genus or another level.
105. In section 4.1.3.1, Spain should set general, objective criteria to determine the detrimental nature of the duration of the non-agricultural activities and to assess the predominance of agricultural activity. It would be useful to know whether Spain wants to assess on a case-by-case basis or set categories of non-agricultural activities.
106. In section 4.1.3.4, Spain should further justify the reason for limiting the possibility to include areas for agricultural activity every second year only for maintenance activities.
107. In section 4.1.4.1, Spain should confirm that the criteria to identify the active farmer do not penalise the farmers that do not perform productive activities.
108. In sections 4.1.6 and 5.1.5, the definitions of ‘young farmer’ and ‘new farmer’ respectively must be made clearer as regards the control over legal persons. Concerning the multiannual character of the training requirement, the integrated administration and control system (IACS) and penalties is suggested to be designed in such a way as to support such multi-annual commitments in the first Pillar too.
109. In section 4.1.7.2, based on qualitative and quantitative information, Spain should also provide a justification as how the thresholds set ensure the reduction of administrative burden and contribute to the objective of supporting ‘viable farm income’.

### **2.3. Elements related to direct payments**

110. Additional explanations are requested as regards the definition of the groups of territories, notably as regards the criteria used for the definition of these groups and on how this differentiation contributes to a better targeting of income support to those who need it most.
111. In section 4.2.1.3, as regards the internal convergence, it should be explained in more detail how the reduction will be applied to payment entitlements with a value exceeding the target value and a justification should be provided for the maximum payment entitlement value.
112. In section 4.2.1.4, as regards the reserve, it should be clarified what is meant by “the additional 1% reduction in CY2024”.
113. The category of farmers eligible for allocation from the reserve described as “farmers engaged in agricultural activity for 5 years and never having participated in the payment entitlements system” is very broad and requires further specification also in view of its WTO compliance.
114. Spain intends to apply a 30% reduction in the value of payment entitlements in case of transfer of payment entitlements without land. A change in the value of payment entitlements, other than what is explicitly provided for in the SPR, goes against the objective of internal convergence. As an alternative, Spain could apply a reduction in the number of payment entitlements.

## **2.4. Technical assistance**

115. Spain presents a non-exhaustive list of the activities to be developed with technical assistance, focussing on IT systems, monitoring and evaluation, CAP network and activities linked to publicity and information. Spain are invited to reflect on the possibility to also target administrative capacity (and to ensure a stable improvement over the time) and to take into account the need to coordinate, manage and control different tasks within the concrete context of the national administrative and regional organisation. Moreover, an indicative planning of activities is required.

## **2.5. CAP network**

116. A summary of the objectives and tasks envisaged for the National CAP Network in line with Article 126 of the SPR, is provided. However, activities proposed for tasks c) creation of platforms/fora and d) networking of funded structures are very much focused on AKIS actors, European innovation partnership (EIP) actors and operational groups (OG). Spain is invited to integrate other relevant and new stakeholders (Pillar 1) and to explore synergies and spill-overs from the knowledge and innovation collected through AKIS to all CAP network stakeholders.

117. Regarding the relation to the EU CAP Network, a more specific reference and/or description of related mechanisms for contributing to the activities of the EU CAP Network is needed, in particular on tools to disseminate actions and information from the EU CAP Network. In addition, concerning the structure and governance of the future CAP network, a more detailed information about the constitution and role of the regional relays in the governance is needed.

118. Concerning the planned financial allocation it is reminded that the scope of activities of the National CAP Networks is enlarged and shall encompass the full breadth of the CAP strategic plans (Pillar I and II). Spain is invited to check whether the financial allocation proposed takes into account this extended coverage of the National CAP Network.

## **2.6. Coordination EU funds**

119. In the overview of the coordination, demarcation and complementarities between the EAFRD and other Union funds active in rural areas, Spain made reference to the funds covered by the Partnership Agreement under Regulation (EU) 2021/1060 (Common Provisions Regulation CPR), as well as the national Recovery and Resilience Plans (RRP), the 2021 –2027, Connecting Europe Facility (CEF), Digital Europe Programme and the Programme for the Environment and Climate Action (LIFE).

120. Nevertheless, at this stage, the scope of actions of each funds and the mechanisms that will guarantee the demarcation, complementarity and synergies between funds are not yet defined pending the definition of areas of action within the Partnership Agreement.

121. Knowing that the drafting of the Partnership Agreement and some of the other relevant programmes is on-going, the Commission invites Spain to complement this section ensuring that EU Funds are implemented in a coherent and coordinated way among the EU and National Funds, including state aid, adding relevant details on complementarity, synergy and demarcation between the Plan and the other funds mentioned above.

122. Please consider as well including a description of the synergies with the Long-term Vision for the EU's rural areas (COM(2021) 345 final). Areas where coordination of EU funds in rural areas needs to be ensured include infrastructure, basic services to the population, support to SMEs, training, digitalisation, among others.
123. Spain is also invited to include an explanation of the demarcation between, on the one hand, the support provided by the POSEI programme for the Canary Islands and, on the other hand, the support granted under the Rural Development interventions and sectoral interventions for fruits and vegetables, wine, cochineal and for honey producers.

## **2.7. Interventions and baseline**

### *2.7.1. Conditionality*

#### GAEC 1

124. Spain proposes to verify compliance with GAEC 1 at national level. However, permanent grasslands are valuable habitats, and decrease of permanent grasslands at regional level can have major environmental impacts that cannot be compensated by gains of permanent grasslands in other regions. Therefore, Spain is invited to set the ratio of permanent grassland in relation to agricultural area at regional level.
125. The Commission welcomes the early alert system proposed. However, the proposed approach (which would ask beneficiaries – in case the 5% limit is exceeded - to revert the change of permanent grassland) can lead to significant losses of carbon previously stored. For that reason, in order to improve the level of protection of grasslands, the Commission recommends the reinforcement of the proposed approach by setting a system of prior authorisation after a certain reduction of the reference ratio before reaching the 5% decrease.

#### GAEC 2

126. The Commission acknowledges the need to put in place the management system for applying this new GAEC. However, in light of the importance of protecting wetlands and peatlands for the protection of carbon-rich soils, the Commission invites Spain to envisage not to delay the application of the GAEC to 2025.
127. The Plan indicates that livestock grazing and traditional rice cultivation will be allowed on designated areas and that a maximum ratio of livestock units/ha will be set though this is not defined. Appropriate specifications for traditional rice cultivation should also be defined. Based on the provisions for this GAEC in Implementing Regulation (EU) 2021/2289, Spain should set out the requirements at the latest in the last Plan amendment before the application of the GAEC.

#### GAEC 4

128. The Plan mentions that “in areas with significant irrigation channels where percolation of harmful substances may occur, the width may be adjusted by the Autonomous Communities if it is duly justified and in accordance with specific local circumstances”.

The Commission invites Spain to better frame this provision by setting a minimum width for the buffer strips alongside irrigation channels, in line with footnote 2 to GAEC 4 in Annex III to the SPR.

#### GAEC 5

129. The Commission welcomes the proposal to set tillage rules for areas with a slope greater than 10%, i.e. a lower threshold than the current GAEC. Slope is one of the elements that needs to be taken into account but not the only one. In view of the desertification challenge that Spain faces, the Commission invites Spain to cover areas considered at high or very high risk of soil erosion according to the available mapping.

#### GAEC 6

130. Article 13 of the SPR provides for Member States to choose the appropriate timing and type of the soil cover to ensure adequate coverage, though all concerned agricultural land (arable areas, permanent crops, fallow) are expected to be covered. Soil cover is essential to prevent erosion but also soil organic matter decline and to enhance the soil's structure and its water retention capacity. Given the low organic carbon content in Spanish soils as well as increasing temperatures, mineralising soil organic carbon, Spain is invited to extend the standards on soil cover to all permanent crops areas. Moreover, Spain is requested to specify the minimum duration of the green cover for permanent crops to avoid bare soils in the most sensitive periods and better frame the proposed adaptation of this requirement allowed to regions in cases where the green cover competes with the crop. Spain should ensure that this provision does not entail a derogation from the GAEC rules set out.

#### GAEC 7

131. The Commission takes note of the approach to combine crop rotation and diversification to improve the contribution to environment of these two interrelated practices. However, the model of implementation of the rotation practice proposed by Spain is not fully in line with the GAEC definition in the legislative framework. As reflected in footnote 4 to GAEC 7 of Annex III to the SPR, this GAEC sets out that rotation requires a change of crops at least once a year at parcel level including the intermediate crops, except in case of multiannual crops, grasses and other herbaceous forage. Article 13 of the SPR lays down that, when setting the standards, Member States need to take into account, where relevant, the specific characteristics of the areas concerned, including soil and climatic condition, existing farming systems, land use such as farming practices, farm size and farm structures, land use, and the specificities of outermost regions. Based on these criteria, Member States might consider applying the standards to a part of the arable land of a farm. Member States should ensure that all parcels of arable area undergo the growing of different crops in succession across a sequence of two or three growing years. The Commission considers that summer and winter varieties of the same gender are not distinct crops.

132. Diversification requirements can only be set out as a complement to rotation or, as a derogation, within the conditions laid down in the legal framework. In light of these

considerations, Spain is requested to adapt this GAEC as currently proposed in its plan or to justify the choices made, to bring it in conformity with the Regulation.

#### GAEC 8

133. Non-productive landscape features and areas included are described, limits of dimensions and weighting factors are according to those set out in Annex II to Delegated Regulation (EU) No 639/2014 of 11 March 2014. The weighting coefficients mentioned need to be included in the Plan (specific heading envisaged) as the mentioned Delegated Act will be repealed. Moreover, Spain could consider adding ditches, small wetlands and streams to the list of eligible landscape elements. In addition, the description of cultural features subject to the conditionality obligations should be included.

134. As regards the ban on cutting and pruning, the period envisaged (April to June) could be extended at least to August to respect the breeding season of a greater range of bird species. Spain is invited to clarify how non-productive areas are maintained (Article 4(2)(b) of the SPR) during the breeding seasons of birds, to avoid nest destruction.

#### GAEC 9

135. In light of the requirements of the Implementing Act as regards this GAEC, an indication of the criteria to designate the “*pastos permanentes medioambientalmente sensibles*” is requested. Considering the importance of this GAEC (currently under greening) to protect the pastures of high natural value, Spain is invited to consider a large definition of these areas taking into account the current grassland status and trends in the recent report from the HBD Directives on the conservation of grasslands protected habitats<sup>2</sup>, and the objective to achieve a good conservation status of these valuable grasslands.

#### GAEC 10

136. The Commission appreciates the inclusion of an additional GAEC focused on fertilisation management that draws on the future national legislation and would like to have confirmation that the GAEC standards described will apply from 2023 independently from the formal adoption of the Decree currently in preparation.

#### 2.7.2. For direct income support

##### 2.7.2.1. BISS (Articles 21-28 of the SPR, section 5 of the Plan)

137. The unit amount for BISS cannot be justified as being the result from the division of the BISS envelope by the number of estimated eligible hectares. The planned unit amount should primarily be justified on the basis of the analysis of the income needs. Taking into account the number of estimated eligible hectares, the indicative financial allocation for BISS is the result of this exercise, not the starting point. The difference in unit amounts

---

<sup>2</sup> The state of nature in the European Union – Report on the status and trends in 2013-2018 of species and habitat types protected by the Birds and Habitats Directives (European Commission report, October 2020).

between the different groups of territories should be justified based on data indicating a difference in income needs.

138. The Commission invites Spain to reconsider the variation of the unit amounts provided for BISS. The variation percentages are considered to be very high and are not adequately justified. The justification of the unit amounts, on the one hand, and of minimum and maximum unit amounts, on the other hand, should be linked. For each group of territories, these justifications should primarily be based on data related to the needs which the relevant interventions wants to address. Elements of uncertainty leading to a risk of unspent funds can be added to justify the variation. However, these elements must also be explained and where possible based on data, e.g. related to past experience related to under-execution.
139. CRISS (Article 29 of the SPR, section 5 of the Plan) For each group of territories, the justification of the unit amount, on the one hand, and of minimum and maximum unit amounts, on the other hand, should be linked and these justifications should primarily be based on data related to the needs which the relevant interventions wants to address. Elements of uncertainty leading to a risk of unspent funds can be added to justify the variation. However, these elements must also be explained and where possible based on data, e.g. related to past experience related to under-execution. The Commission invites Spain to further justify the relevance of the unit amounts being higher for the second range (the Plan does not demonstrate that this first range do have lower income needs) and the maximum thresholds in all the group of territories to demonstrate that it contributes to the objective of the intervention (very significant differences are observed among the territories). The aim to maintain past level of income support is not sufficient.
140. Please clarify how Spain will treat farms holding area in several different groups of territories to avoid overcompensation (the case of farms with areas in several territories).
141. Some CRISS unit amount (UA) are very high (e.g. 220/ha). Please ensure that Article 29(4) of the SPR is met (i.e. that UA for CRISS is lower than average amount of Direct Payment/ha).

#### 2.7.2.2. CISYF (Article 30 of the SPR, section 5 of the Plan)

142. The Commission welcomes this initiative with regard to participation of women in farming and recalls that specific measure to improve the position of women in this regard shall be proportionate.
143. Spain is invited to:
- explain more comprehensively the need for territorialisation for CISYF, including the need for an increased rate to women in specific territories;
  - link the territories and their codes with the general part of territorialisation;
  - explain the unit amounts in view to achieve the objective of attract and sustain young farmers.

#### 2.7.2.3. Eco-schemes (Article 31 of the SPR, section 5 of the Plan)

144. The Commission welcomes the eco-schemes proposed that can respond to a number of key concerns in Spain, particularly soil protection, increase of carbon sequestration and the

promotion of landscape features and on-farm biodiversity. While the Commission understands the reasons for restricting the choice of practices in some eco-schemes to avoid overlap, Spain is invited to consider the design by allowing a larger uptake of practices that will significantly improve the areas covered. For instance, it could be envisaged to allow the subscription of eco-scheme on “biodiversity areas in arable land and permanent crops” together with the practices 3 (crop rotation) and 4 (conservation agriculture) regarding the management of arable areas.

145. The Commission has noticed that the Plan does not differentiate the planned unit amounts for a number of practices for which the premia (calculated on the basis of additional costs/income foregone) substantially differs. This concerns the practices on pastures and permanent crops. The approach of setting the unit amounts seems to focus more on the type of area supported than on the practice and would not encourage farmers to uptake the most demanding practices as the subscription is limited to one practice. Spain is requested to further differentiate the unit amounts as to better reflect the level of effort required by the farmer and ensure a sufficient uptake of all the practices included in the eco-schemes.
146. As regards tables in section 11, despite the explanations provided for the setting of minimum and maximum planned amounts, for most eco-schemes the variability envisaged is too high to provide enough incentives to farmers for uptaking the eco-schemes (due to the significant under compensation). The Commission would like to have confirmation that the degressivity system envisaged will at least guarantee that the first 65 ha of each holding (in the case of this specific practice) will receive the planned unit amount. Spain is invited to further explain why such a wide range of variation of the unit amount is necessary for the financial planning of eco-schemes. Moreover, pursuant to Article 82 of the SPR and point 5(e)(iv) of Annex I to Implementing Regulation (EU) 2021/2289, the annex on the certified method for calculating the amounts must be provided, including the additional unit amount envisaged for Balears Islands.
147. Spain is invited to take into account the observations on result indicators made in the section about the target plan.
148. Spain is also invited to give more clarity on the articulation of eco-schemes and the agri-environmental commitments within rural development by providing a table with the possibilities for cumulating the different interventions. The Plan should also ensure the coherence between eco-schemes and the newly introduced GAEC 10 (that does not seem to be addressed to irrigated agriculture only).
149. Finally, from a drafting perspective, the use of the term eco-schemes is slightly confusing throughout the document. Some sections refer to two eco-schemes “low-carbon agriculture” and “agro-ecology”, including each some practices. However, the intervention chapter includes 9 eco-schemes covering different “farming systems” including each several practices (commitments), some of which are planned in more than one eco-scheme. It could be envisaged to refer to “low-carbon agriculture” and “agro-ecology” as two categories of eco-schemes.

Increasing carbon sink capacity and improving biodiversity in wet pasture areas (1PD31001801V1) and in Mediterranean pastures (1PD31001802V1)

150. These two eco-schemes represent an important step for preserving and enhancing extensive livestock and the environmental benefits it brings in view of the increasing abandonment of grazing areas, on one hand, and, intensification of the grazing practices, on the other hand. However, it is unclear whether the commitments setting a minimum period of animal grazing (at least 90 to 120 days a year continuously or 650 to 720 hours per year) and a minimum and maximum livestock density (set at 2 LU/ha for pastures in humid areas), mainly remunerate the maintenance of conventional agricultural practices or aim at changing agricultural practices, at least for a part of farmers. The Commission welcomes any background information that allows this analysis.

151. It is required that grazing takes place during at least 90 to 120 days a year continuously (or 650 to 720 hours per year) with cattle, sheep, goats, equine animals and extensive pigs. The Commission invites Spain to explain the rationale behind the selection of this time frame as it seems relatively short.

152. As regards the method of calculation for the mowing practice, the Commission would appreciate if the factors for income loss are mentioned.

Management of dry arable land (1PD31001803V1) and Management of wet dry arable land (1PD31001804V1)

153. This practice on crop rotation could make sense to the extent that it goes beyond crop rotation requirements defined in GAEC 7 (see comments on relevant section).

154. Without prejudice to the comments made to GAEC 7, Spain should justify the requirement of annual rotation to 40% of the area to get the eco-scheme payment instead of setting the requirement for the overall arable land. Moreover, the flexibility to consider rotation as the change of crop within the same growing year should be further explained. While the inclusion of an intermediate crop (catch crop) within the annual rotation is allowed within the context of GAEC 7, this appears less justified within the scheme.

155. The Commission takes note that in the Plan, the initially planned scheme on conservation agriculture has been integrated as an alternative to the three schemes related to the management of arable land. The Commission welcomes this practice as it addresses main concerns for Spain, which is the depletion of soil carbon, erosion and desertification in some areas of the country. However, the commitments for the direct sowing (no-till) (on at least 40% of the holding' arable land) are not specified in the relevant section (while mentioned in the description). It should also be specified that the soil needs to be covered (by the stubbles) throughout the year except the period needed for sowing the next crop (as explained in the section 6 (identification of the baseline)). Moreover, given that the carry-out of no-tillage increases the risk of weeds presence in fields, this could potentially lead to additional herbicides applications. This could be minimized with the application of appropriate techniques within an integrated weed control strategy. It would therefore make sense to require an integrated pest management (IPM) strategy or to put a limit on the herbicides treatments to ensure that this practice leads to an overall environmental benefit. In light of the above, Spain is invited to explain how this practice ensures an overall benefit and coherence with all environmental objectives of the SPR.

#### Management of irrigated arable land (1PD31001805V1)

156. Spain is requested to clarify, and correct if necessary, whether the specific commitment of preparing and complying with a fertilisation plan entails additional requirements compared to the new additional GAEC 10 (sustainable fertilisation). It could be envisaged to add the RI relative to R22 (sustainable nutrient management) if the requirements for irrigated areas go beyond GAEC 10. The comments related to GAEC 7 for Management of dry arable land (1PD31001803V1) and Management of wet dry arable land (1PD31001804V1) apply also to this eco-scheme.
157. The link with SMR2 as regards nitrate vulnerable zones should be further elaborated, notably the indication that “las autoridades competentes deberán establecer los requisitos adicionales necesarios que permitan alcanzar los objetivos de recuperación medioambiental fijados para estas zonas”. This observation applies to all the eco-schemes that include this sentence.
158. Spain is also invited to review the Section 6 on the baseline and the section 11 (description of method of calculation of unit amount), to ensure coherence with the newly established GAEC 10 that imposes the preparation and compliance with a fertilisation plan for all agricultural areas.

#### Management of permanent crops on flat areas (1PD31001806V) on medium slopes (1PD31001807V1) and on high slopes (1PD31001808V1)

159. In the Commission view, the previous title of the eco-schemes on permanent crops mentioning, “green covers” reflected better the scope of these interventions. The Commission invites Spain to provide additional information allowing assessing the extent to which the scheme will change current agricultural practices.
160. As regards the commitments, a minimum period of maintenance of the green cover should be specified in the Plan. Also, the commitment on the extent of the green cover needs to be specified as the current text is rather vague (“the cover should occupy a [significant part] of the canopy projection”) while the setting of a “technical” margin could be acceptable. To fully reap the potential benefits of this eco-scheme, the vegetal cover should cover the entire treetop projection (‘anchura libre de la proyección de copa’) and not just a part of it. See comment on GAEC 6 as regards the minimum requirements for permanent crops.
161. In the case of inert plant cover, it is unclear whether the eco-scheme requests a permanent coverage of soil with the pruning residues (mulching). GAEC 6 requires already a soil cover of 1 m width for woody crops in an area with > 10% slope. To go beyond the baseline, the eco-scheme requires 1 m additional width of soil cover. The eco-scheme should be amended as this requirement seems very close to conditionality, especially if the application of plant protection products (PPP) is allowed.
162. As indicated in the overall observations, the planned unit amount is the same for the two practices (green cover and mulching) while the premium calculated according additional costs/income foregone is very different. This would not encourage farmers to uptake the sowed green cover practice that is more demanding and costly than the mulching. Spain is requested to reconsider the unit amount in order to provide adequate incentives to the most demanding practices with a higher environmental benefit.

Biodiversity areas on arable land and permanent crops (with sustainable management of irrigated inputs) (IPD31001809V1)

163. The fact that potential beneficiaries will only be compensated for one scheme, and will have to choose between implementing this scheme or other eco-schemes (depending on land use), will likely reduce the uptake of this practice and as such the environmental benefits from it. Spain is invited to consider allowing the uptake of this scheme together with one practice of the other schemes targeting different land uses.
164. The commitment for rice areas as regards the sustainable management of water layer needs to be further specified. Moreover, for crops under water, the share of non-productive areas and elements (beyond GAEC 8) should be at least 3% to provide any tangible benefits for biodiversity. To ensure the benefit for biodiversity, the application of fertilisers on non-productive areas and elements should be forbidden.
165. The difference of requirements for dry areas (7%) and irrigated areas (4%) should be further justified, for instance, on the basis that the unit amount is identical while the practice is more demanding for irrigated areas because of their higher profitability.
166. Spain is invited to review the Section 6 on the baseline to ensure coherence with the newly established GAEC 10. The section 9 on WTO compliance can indicate that the scheme concerns only non-productive areas.

#### 2.7.2.4. CIS (Article 32-35 of the SPR, section 5 of the Plan)

167. Spain should consider including its CIS interventions also into R4, R6 and R7.
168. Regarding the justification of the difficulties encountered by the sectors and productions or specific types of farming:
- the justification of all CIS interventions should mention need 2.10 (“Support to sectors in difficulty”), given that CIS may only target sectors that undergo difficulties;
  - the justification of economic difficulty should be primarily based upon a low/negative profitability and/or a declining number of hectares/animals in recent years. Other considerations (e.g. volatile yields/prices/income; increasing input costs; price comparison vis-à-vis other EU Member States; import dependence) are also useful for further clarity, in particular because they may explain the reasons behind the low/negative profit and/or shrinking production. However, such secondary arguments by themselves do not sufficiently justify the difficulty (e.g. high volatility only justifies the sector’s difficulty, if it reduces profitability strongly and frequently enough to risk shift/abandonment of production). The justification of certain interventions (tomato for processing and almond in particular) should be reinforced accordingly;
  - certain arguments currently indicated under the sector’s difficulty actually rather justify its importance (e.g. environmental benefits; strong link with processors; contribution to employment, etc.).
169. Concerning the aim of the support:
- several interventions only aim to give compensation for the sector’s difficulty for the duration of the Plan with no apparent intention to address it in the longer run. The aim should thus be further elaborated and, if needed, certain elements of the support decision

(e.g. targeting/eligibility conditions, unit rate modulation) might also have to be re-considered in order to incite improvement in terms of competitiveness, quality, and/or sustainability in the longer run;

- other interventions have elements that could trigger long-term improvements (e.g. encourage beneficial agronomic practices (e.g. drip irrigation in tomato production to reduce water and pesticide use), or higher added-value (e.g. organic; PDO/PGI); or, focusing rather on environmental sustainability, the fertiliser and irrigation plan required under several interventions). These could provide relevant benefits in view of addressing the sector's challenges in the longer run. But the explanation should be further clarified/reinforced to enhance focus on these requirements and their expected longer term benefits for the targeted sector.

170. Spain is invited to elaborate further on targeting/eligibility conditions:

- the targeting of specific crops/plants within sectors should be indicated (e.g. within oilseeds, legumes vs 'other legumes', etc.);
- certain targeting related decisions should be further explained in light of the specific support need based upon the difficulty and the support's aim (e.g. fattening calves on vs outside the farm of birth; sheep and goat with vs without own land; various eligibility thresholds, where applicable);
- not clear how, where relevant, exclusive targeting of extensive/semi-extensive types of farming is ensured (e.g. no maximum livestock density in the eligibility conditions);
- degressivity applies in some interventions, but not in others despite that it would also appear justified (e.g. sheep and goat). Besides, degressivity ceilings are rather high (e.g. 600/1418 animals) without actual exclusion of the largest farms despite their apparently smaller difficulties. Nor is it clear, why the Balearic Islands are excluded from degressivity;
- access to additional funding for protein crops (increase of maximum 2 percentages points) must be in accordance with Article 96(3) of the SPR. How will Spain ensure that this support contributes to alleviating the protein deficit of the EU (e.g. requirements with regard to use/processing; in the case of these mixtures predominance of protein crops; etc.)?;
- confectionary sunflower seed is excluded from the CIS scope (in accordance with the EU WTO schedule on oilseed (Blair House)), which should be clarified in the eligibility conditions of the intervention that targets (inter alia) oilseeds, also including sunflower;
- the intervention that targets traditional grape production with an additional eligibility condition that, in light of the difficulties of this specific type of farming and the aim of the support, requires a minimum share of the produced fresh fruit being further processing (dried). In light of the CIS eligibility rules, please confirm that proof about the grape being sold/delivered to a relevant processor would also fulfil this eligibility requirement.

171. Spain is invited to consider the following issues on the unit amount:

- the planned unit amount (also including the various top-ups, where applicable) and the minimum/maximum variations should be determined in light of the targeted sector's actual support need, also taking into account potential impact on the single market. Given the uncertainties about the a sector's actual support need, it is appropriate to actually

determine the planned amount as a (limited) range of values, which in turn would also allow fixing and justifying the planned unit amount and its variation;

In fact, the respective mechanics of several interventions (mostly the animal based interventions, in particular their minimum and maximum values) were clearly outlined, but the fixing of the planned unit amount between these min/max values is less clear (only includes a rather vague reference that it was also fixed based upon analysis of the targeted sector's profitability). Besides, the similar mechanics for other interventions (in particular the area based interventions) remains still to be clarified;

- the variation is extremely high in some cases (up to +200-300 % in some interventions), which may risk proper functioning of the variation thresholds.

172. With regard to consistency between CIS and the WFD, Spain is invited to clarify, how the various river basins' different situations were taken into account in their assessment and, if needed, in their coupled support decisions in terms of access to the support in vulnerable areas. Given that all interventions provide for stable output indicators till 2027 (i.e. no production increase), the focus should be on those river basins, where 'good status' has not yet been reached based upon the respective RBMP. In terms of sectors, the most sensitive interventions are apparently rice, sugar beet, tomato and potentially irrigated protein crops such as alfalfa (water use - the fertilizer and irrigation plan, where applicable, will likely play important role, but the impact in vulnerable areas and the additional responsibilities of the local authorities' remains unclear) and those animal based sectors that more generally use intensive production technics (pollution – the expected impact of the national rules still under preparation is not clear).

173. The Commission should inform Member States about reduction coefficients, if any, related to the EU WTO schedule on oilseed (Blair House) in the observation letter. However, the Commission has not received all the information needed yet. Once all Member States have submitted their Plans, the Commission will inform Member States, if such coefficient is needed.

### 2.7.3. *For sectorial interventions*

#### 2.7.3.1. Fruit and vegetables

174. Spain is invited to explain how it is ensured that the maximum and minimum expenditure requirements for sectoral interventions contributing to certain objectives, as laid down in Article 50(7)(a) to (d) of the SPR, are respected.

175. The Commission noticed the absence of the link to specific objective SO3 Improvement of farmers' position in the value chain for certain fruit and vegetable interventions in accordance to Article 46 of the SPR.

176. Spain is invited to verify and correct, if necessary, the correlation between the type of interventions described and the result indicators linked to the specific objectives, for instance, INVRE(47(1)(a)) investments in tangible and intangible assets, research and experimental and innovative production methods and other actions. The Commission noticed the absence of the link to SO4 and result indicator R16 in relation to irrigation actions.

177. Commission invites Spain to add result indicator R.1 (knowledge and innovation) where relevant, for instance, TRAINCO(47(1)(c)) - training.
178. The Commission remarks the very detailed content of certain types of interventions and invites Spain to check it and harmonise the level of details. The Commission believes that significant part of the current description of types of interventions could form part of the national legislation of a given Member State.
179. Spain is invited to verify and properly describe in the Plan how all additional requirements set out in Regulation (EU) 2022/126, for instance, the percentage for minimum water saving (Article 11(4)(a) of Regulation (EU) 2022/126) are to be addressed.
180. Spain should ensure that operational programmes include three or more actions (80% of member of producer organisation rule) linked to the objectives referred to in points (e) (environment, pest diseases, animal health, reduction of waste, biodiversity and natural resources) and (f) (Climate change mitigation and adaptation) of Article 46 of the SPR (see Article 50(7)(b) of the SPR).
181. Spain should make sure that the interventions within the types of interventions referred to in Article 47(2), points (f), (g) and (h) of the SPR, do not exceed one third of the total expenditure under operational programmes (see Article 50(7)(d) of the SPR).
182. The Commission takes note on national financial assistance for certain regions in Spain and would like to remind Spain that requirements of Article 52(2) [degree of organisation] and (3) [reporting] of the SPR should be respected.

#### 2.7.3.2. Apiculture

183. Annual indicative financial allocations under Section 5 (description of interventions) do not correspond to the planned amounts in the Financial Overview table under Section 6.
184. Spain is invited to:
- include under section 3.5.2 (overview apiculture products), a description of the reliable method for determining the number of beehives in the territory ready for wintering from 1 September – 31 December as required under Article 37 of Delegated Regulation (EU) 2022/126;
  - improve the description in section 3.5.2 with a more detailed analysis of the sector, which leads to the identified needs of the sector and justification of the interventions chosen to address them;
  - name the interventions according to the support provided and type of intervention they refer to, rather than using the same name;
  - improve the description of the interventions providing a more comprehensive explanation of the intervention, outlining how they contribute to the sectoral and specific objectives, followed by a description of supported interventions/actions and eligible expenditure (at least a few examples for each), which go beyond replicating the text of the legislation under Article 55(1) of the SPR. The relevant beneficiary/ies need to be defined for the different interventions/actions;

- streamline the information provided in section 5 and 6 to what is required in the CAP SP avoiding repetition or too detailed provisions on eligibility which belong to national legislation;
- see that the planned unit amounts and related outputs are explained and justified, and that they are consistent with the information provided in section 6 (financial plan). Also planned unit amounts should be provided for the different actions described in so far as possible. The name of the planned amount should refer to support/cost per hive, beekeeper or action as the case may be, rather than average unit amount line 1, line 2 etc. and that it is clear what the outputs refer to and how these were determined. Make sure that the output units in Table 10 (planned Unit Amounts - financial table with output) are consistent with the description of the Planned Unit amounts as well as with those in the sectoral table 6.2 (financial information);
- ensure that the indicative financial allocation for 2023 takes into account any planned expenditure for the implementation of measures under the National Apiculture Programme 2020-2022 during the extension period from 1 August – 31 December 2022;
- revise the information in Table 5.2.10 (planned Unit Amounts - financial table with output) for each intervention and sectoral table 6.2.2, to include the Total Public expenditure for the Planned unit amounts and Indicative financial allocations in the updated tables. The minimum Union contribution to the interventions needs to be set for the Plan and not left as between 30 and 50%;
- provide a clear demarcation with EAFRD funded interventions particularly with Agri-environmental commitments in agricultural areas, beekeeping for biodiversity (6501.4 IACS).

#### 2.7.3.3. Wine

185. Spain is suggested to complete the innovation strategy for the wine sector. Spain should better explain the link between innovation and environmental objectives, given that the type of intervention on innovation, for the wine sector, is not proposed.

186. Please note that with the next version of the SFC, it will be possible to enter allocations for financial year 2023.

187. Spain is requested to provide a short explanation regarding WTO compliance for each intervention.

#### Investments in tangible and intangible assets (01IS581802V1)

188. Spain is invited to expand the list of eligible investments. Please note that financing under this type of interventions cannot be supplemented by national payments. Please express the output indicator O36 in number of actions or units supported (instead of hectares).

#### By-product distillation (01IS581807V1)

189. Spain is requested to correct the units of output indicator O.36 (instead of hectares, hectolitres of distilled by-products).

#### Promotion in third countries (01IS581811V1)

190. Please correct the units of output indicator O.36 (instead of hectares, EUR per promotion operation).

191. Spain is invited to clarify whether national payments are envisaged.

#### 2.7.3.4. Other sectors – Olive oil and table olives

192. It is assumed that Spain planned these interventions under the Other sectors under Article 42(f) of the SPR as Spain has no financial allocations under Article 88(4) of the same Regulation for the olive oil and table olives sector but it can be financed via transfer from direct payments (Article 88(6) of the same regulation).

193. The period indicated (financial year 2023-2027) in the annual indicative financial allocations under Section 5 (description of the interventions) is not correct and it should be financial year 2024-2028 as shown in the period planned in the Financial Overview table under SFC Section 6.

194. The Commission is analysing the legal basis regarding whether the proposed intervention can be eligible since it limits the intervention to some products linked to specific growing conditions. Indeed, sectoral interventions refer to products as referred to in Article 42 of the SPR and Article 1(2) of Regulation (EU) No 1308/2013 (Common Market Organisation Regulation – CMO). As far as olive oil and table olives are concerned, the products are listed in Annex I, Part VII to the CMO, without making any distinction between products cultivated in a ‘traditional’ way and other ways of cultivation.

195. In addition, the Commission invites Spain to provide clarification on the following observations:

- information needed on the concentration of supply for the production from traditional olive groves, as well as relevant figures (number of producers, areas, final production, etc.) of the traditional olive groves sector;
- the intervention fiches do not include any specific objectives which are included in the description of the intervention in section 3.5.11, except SO3 (for example SO2, SO4, SO5, SO6). Also the sectorial objectives chosen (among those in Article 46) would relate also to other SOs of the CAP. Spain is invited to further elaborate on the choice of objectives and the types of intervention chosen among those indicated in Article 47 of the SPR;
- Spain has not defined the specific conditions for each type of intervention/actions intended under each type of intervention chosen. Spain informs that these will be developed in the national legislation and that can be further developed by the regions. Spain is invited to provide an indication of the interventions intended for each type of intervention chosen, and how these will support only producers/production in traditional olive groves, including the conditions that will ensure this purpose;
- to further clarify the conditions for eligibility, in particular on the scenario where the eligibility is based on a producer organisation that includes a differentiated legal entity, meeting the condition of at least 50% of the value of the market production from traditional olive groves;
- to further elaborate on the definition of producer groups as per Article 67 of the SPR;

- to provide a more precise definition of traditional olive groves. In particular, as to whether the condition non-irrigated “*secano*” applies to all situations, and whether a maximum width is being applied for terrace cultivation;
- For varieties intended for table olives, the regions can define different thresholds for the criteria defining traditional olive growing, apparently with no limitation to increase/decrease these thresholds. Spain is invited to provide details explaining how it will be ensured that the objectives of the intervention are being achieved also for varieties intended for table olives. In addition, the conditions laid down by the regions must be also provided;
- to clarify how the value of marketed production (VMP) will be calculated;
- to verify the consistency of the figures in the table “Planned Unit Amounts - financial table with output”.

#### 2.7.4. *For rural development*

##### Observations common to all rural development interventions

196. In section 4.7.3 of the Plan, for activities falling outside the scope of Article 42 of the Treaty on the Functioning of the European Union (TFEU), there must be an exclusion of undertakings in difficulty or companies still having a pending recovery order following a Commission decision declaring an aid illegal and incompatible with the internal market, except in the cases mentioned in the applicable State aid rules.
197. In the same section, Spain is requested to consider introducing a general eligibility requirement for an assessment of the expected environmental impact in accordance with the applicable legislation for the type of investment concerned, where an investment is likely to have negative effects on the environment.
198. For EAFRD co-financed interventions, it should be noted that when using planned average unit amounts (UA), there is a certain flexibility to assign maximum planned average unit amount. The maximum average shall represent an average of maximum UAs for all beneficiaries considered and not a maximum support level per beneficiary. In case planned average and or maximum planned average UA are used, an explanation needs to be provided.
199. Spain is reminded that in line with Article 102 of the SPR, for types of interventions for rural development, maximum planned average unit amounts may be established only when using planned average unit amounts. Spain is invited to remove maximum unit amounts established for IACS rural development interventions where only uniform amounts are defined. It should be noted that where financial instruments are used, a separate unit amount should be provided.
200. Spain submitted a national Plan with regional elements, in accordance with Article 104(2) of the SPR and, in line with the provisions of this Article, it is expected that Spain shall ensure coherence and consistency of the regional elements with the elements established at national level. However, in the current version of the CAP Strategic Plan, information on regional elements is uneven and the level of detail differs too much among regions and it is often repetitive or incoherent with information at national level. This hampers the

readability of the document, its accessibility to the potential beneficiaries and also its assessment in terms of coverage and ambition.

201. Spain is therefore invited to revise the rural development interventions looking for as many common elements as possible while ensuring that regional specificities and conditions are visible and present a similar level of detail. The information provided must be structured as required (mainly sections 5 and 7), streamlined (e.g. form of support, objectives of the intervention can be defined in the common part, no need for repetitions) and completed (e.g. empty tables, references to missing information).
202. Spain is reminded that for all activities falling outside the scope of Article 42 of the Treaty on the Functioning of the European Union, State aid rules apply and a clearance instrument should be indicated.
203. Legal references should be updated according to the SPR. References to measures included in the 2014-2022 rural development programmes should be avoided, except where relevant, for instance in case of explanations about the calculating methods on planned unit amounts.
204. Concerning certain forest interventions, the presentation of the relevant information from a forest management plan or equivalent instrument is mandatory for holdings above a certain size (Article 73(2) of the SPR). The threshold has to be determined by the Member States in their CAP Strategic Plans. This information needs to be provided either at national or regional level. Moreover, those interventions should contribute to the implementation of the 'New EU Forest Strategy for 2030' and should build on the commitments stemming from the LULUCF Regulation (interventions 6881 and 6883).
205. Spain is invited to verify the consistency of the EAFRD contribution rate per region, as defined by Article 91 of the SPR, for all rural development interventions, e.g. forest productive investments.
206. Concerning interventions designed under Articles 70, 71 and 72 of the SPR, Spain should briefly explain the calculation method for the planned unit amounts of support, including the principles underlying it, in order to ensure compliance with Article 82 of the same Regulation. The annex on the certified method for calculating the amounts must be provided as well. Moreover, the amounts of support and, for interventions under Article 71 and 72 of the SPR, the indication as to whether the payments are granted fully or partially, for costs incurred and income foregone resulting from commitments or mandatory restrictions, are to be provided in the Plan. Where degressivity is mentioned, an explanation needs to be added. It should be noted that the details on calculations are not approved by the Commission.
207. Concerning interventions in Article 70 of the SPR, it is reminded that section 9 of each intervention should include the exact duration of the specific intervention in order to assess its ambition and potential impact, in accordance with Article 70(6) of the SPR. For new commitments under Article 70 of the SPR, the possibility of yearly extensions or provisions for new commitments directly following the commitments performed in the initial period, which can be shorter (Article 70(6)(b)) of the SPR might be mentioned as well.

208. According to Article 70(7) of the SPR, a revision clause must be provided for interventions on environmental climate-related and other management commitments, in order to ensure their adjustment in case of amendments to the relevant mandatory standards, requirements or obligations beyond which the commitments have to go. Besides, Article 70(9) of the SPR sets an obligation for the Member States to ensure the necessary training and expertise to farmers, where considered necessary. These two requirements seems not to be properly described in several interventions, including, for example, organic farming, forest management commitments or genetic resources.
209. Lots of inconsistencies or missing information have been detected in section “Planned Unit amounts – Financial tables with outputs” for many rural development interventions. Spain is invited to revise this section taking the following observations into account: (i) the physical output should be planned in the year when they are expected to receive the first payments (ii) physical output must include top-up, which is not the case of the unit amount; (iii) total EAFRD and total public expenditure does not match the financial regional annexes and the detailed financial information and breakdown per intervention and planning of output (table 6.2 of the Plan) is inconsistent with overview table of the financial plan; (iv) a clear title of unit amount is required in order to make possible the link to section on form and rate of support; (v) the explanation and justification of unit amount needs to be further detailed in case of average of maximum amount and degressivity; (vi) a separate unit amount must be set in case of the use of financial instrument, which are not suitable for non-productive investments.
210. Spain is invited to complete the information provided regarding principles of selection, which is often missing or not sufficiently developed, in order to understand the targeting of support.
211. The use of simplified cost options is highly recommended respecting the provisions of Article 83 of the SPR.
212. Spain is requested to provide a short explanation regarding WTO compliance for each intervention.
- 2.7.4.1. Management commitments (Article 70 of the SPR, section 5 of the Plan)

#### Animal Welfare

213. Spain is invited to assess the possible contribution of animal welfare to result indicator R43 on limiting the use of antimicrobials, in addition to R44 on animal welfare, in order to allow for a better assessment of the impact of the measures.
214. The intervention needs to be clearer regarding eligibility and commitments to comply with, under each of the two operations mentioned, i.e. animal welfare and animal health.
215. Spain is invited to explain the complementarities between the proposed eco-schemes (extensive grazing), sectoral interventions and Article 70 of the SPR interventions.
216. Spain is reminded that the cost to participate in certification as quality scheme is eligible only under Article 77 of the SPR (quality schemes) but not under Article 70 of the same Regulation (management commitments).

217. Spain is invited to ensure coherence among the proposed interventions related to animals under interventions 6501.4 ‘organic farming’ and 6504 ‘animal welfare’ so that there is no overlapping of commitments and double funding is avoided. In case of organic poultry in Navarra, it should be clear that the intervention for organic farming supporting maintenance/conversion of organic farming does not take the additional costs incurred and income foregone of the animal welfare/antimicrobials reduction requirements for poultry in the organic regulation into account. In organic farming, animal welfare requirements are higher and this contribution to animal welfare can be measured through result indicator R44 if quantified in livestock units (LU).

#### Agri-environment-climate interventions

218. As indicated before, the overall coherence of the construction of the green architecture merits to be further explained. The eco-schemes in particular are a novelty whose design impacted the content of the AECl. The Commission invites Spain to make sure that there is no risk of overlapping between these two instruments in the Plan and to explain precisely the genuine added value of any agri-environmental and climate commitment compared to the eco-scheme supposed to meet the same needs. A simple statement that agri-environmental and climate commitments are complementary with other comparable instruments is not enough; a sound analysis is awaited. In this respect, Spain is invited to provide information on the possibilities of combination of the different interventions, including possible combination of different agri-environmental and climate commitments with support for organic farming and provisions to avoid double funding of equal elements.

219. Spain is also encouraged to explore adding specialized new commitments for issues significantly different from those addressed by the eco-schemes. For instance, the PAF could guide Spain to enhance its proposals on biodiversity in all regions concerned.

220. Identifying links with support to appropriate training modules and non-productive investments would also contribute to strengthening the package of actions targeting environmental and climate objectives.

221. In the AECl proposed in the current version of the Plan, a number of weaknesses were identified. Thus, in many cases, the link of the commitments to the specific objectives indicated, the needs addressed and the result indicators attributed need to be revised and better explained. Moreover, bearing in mind the national coverage of the SWOT, it is difficult to understand why certain commitments are not implemented in regions where the corresponding need has been identified.

222. The most relevant interventions for biodiversity protection are 6501.3 ‘Sustainable management of grasslands’, 6501.5 ‘Protection of birdlife’ and 6501.6 ‘Maintenance of habitats and traditional agriculture activities that preserve biodiversity’. None of them do address invasive species control or reintroduction of species. Need 6.3 is common for all AECl but not every region mentions Natura 2000 areas and R33 is not included as a result indicator in case respective areas fall under the interventions. In view of this, Spain is invited to revise the AECl to ensure a stronger focus on biodiversity.

223. Support to farming practices on Natura 2000 sites should ensure non-deterioration of habitats according to Article 6(2) of the Habitats directive, and the relevant provision should be implemented.
224. For each intervention Spain shall clarify whether transaction costs are included.
225. For many interventions, a provision as to variability of area during the commitment period is envisaged. Whereas this variability is necessary to reflect the reality of agricultural production, a variation of up to 30% seems quite generous and raises questions whether the achievement of the commitment's objective could be jeopardised in several cases. Any such threshold should be set within reasonable limits.

#### Integrated production (6501.1)

226. The Royal Decree 1201/2002 regulates the integrated production in Spain. Its Annex I indicates agronomic commitments. Regional variations could be taken into account only by mentioning the legal references to the regional versions of the aforementioned Royal Decree, the products covered and the amounts of aid granted.
227. The description of the scheme needs to be improved as it does not show how it will have any significant impact on ammonia reduction; fertilisation aspects are only explicitly conditioned for one region but should be included more widely and with strict requirements to ensure added value. The intervention should be linked also to results indicator R20 (commitments to reduce ammonia emissions) to match the link to need 05.07 (reducing ammonia emissions). The regional coverage needs to be extended.

#### Sustainable crops (6501.2)

228. The intervention contain commitments based on different approaches reducing inputs and improving soil management for a better carbon content, including rotations and fallow land. In the absence of clear baselines, their added value, compared to similar eco-schemes, is unclear. The concept of sustainability profile should be clearly explained. Some commitments seem to lack ambition (e.g. the use of recycled water from treatment plants, requirements regarding manure management and storage and manure/fertiliser application). The intervention should be linked also to results indicator R20 to match the link to need 05.07. The regional coverage needs to be extended.

#### Promotion and sustainable management of grassland (6501.3)

229. Commitments proposed are very heterogeneous and cover very different actions that could be subject to separate interventions (floristic management for better grassland biodiversity, extensive ruminant breeding, support for transhumance, co-existence between livestock and large carnivores). Some of them seem too similar to eco-schemes and/or organic farming. This AEI is furthermore supposed to go beyond SMR8 and should therefore ban or promote the reduction of the use of pesticides and fertilisers, which is only proposed in few regions. Other regions, while this type of measure is included in their PAF, have not programmed it. The description of commitments needs to be improved to include in all cases sufficient description of eligibility criteria and required management practices. They should address as a matter of priority areas such as Natura 2000 areas, areas at risk of desertification, *dehesas* and High Nature Value areas.

#### Beekeeping for biodiversity (6501.4)

230. The crucial role of beekeeping in preserving biodiversity is unquestionable. However, the suitability of the agri-environment payment in relation to usual, and supposedly more productive, beekeeping practices needs to be developed. For instance, extra cost incurred for transhumance may be supported. Additionally, it has to be reminded that agri-environmental commitments shall be paid per hectare (support per beehives is therefore not possible), in accordance to Article 70(8) of the SPR. Section 7 of this intervention also indicates 'one off payment' as form of support, which is to be corrected. In addition, measures for wild pollinators should be included.

#### Protection of birds (6501.5)

231. The coverage of this intervention should be better described (for instance, actions related to protection of birds leaving in rice paddies). Complementarity with similar eco-schemes and Natura 2000 management plans should be explained. If the area under commitment is located in a Natura 2000 site, it can be counted towards R33 (Improving Natura 2000 management).

232. Requirements need to be better specified, in particular to ensure contribution to conservation of habitats and species.

233. Spain is invited to explore possibilities of further ambitious commitments. In this respect, the PAF could guide Spain to enhance its proposal, for instance concerning pollinators. Spain is invited to ensure that all regions ban plant protection products and fertilisers.

#### Maintenance or improvement of habitats and traditional agriculture activities that preserve biodiversity (6501.6)

234. Commitments proposed are very heterogeneous and cover very different actions that could be subject to separate interventions (commitments to maintain traditional production systems for permanent cultivation, paddies and flooded meadows, the sowing of legume strips for biodiversity purposes, extensive farming). Commitments related to pastoralism faced with coexistence with wild animals or to the preservation of birds, overlap with commitments under intervention 6501.3 and 6501.5.

235. The links with SO 5 are very limited.

#### Alternative to chemical pest control (6501.7)

236. Given the variety of crops to be protected and the diversity of pests to be controlled, the intervention should not be planned only in a limited number of regions.

#### Soil improvement and erosion control (6501.8)

237. There is a mismatch between the title and the description of the intervention. The scope varies greatly among regions and seems to relate essentially to the management of nitrogen fertilization and crop rotation, which are quite similar to commitments 6501.2 or some eco-schemes. Therefore, finally the objective of soil improvement and erosion control remained unaddressed. Moreover, Spain should consider a better coverage of the territory to address the identified need of reducing soil erosion and soil degradation, particularly in regions/areas at high or very high risk.

### Organic farming

238. Spain is invited to reflect on the possible contribution of organic farming to SO9, in particular the role of organic farming in the response to societal demands on food produced in a sustainable way. Moreover, organic farming produces benefits for animal welfare and the link between both interventions can be described in the intervention description.
239. In addition to R29 (development of organic farming), Spain is suggested to reflect on the contribution of organic farming to also R14 (carbon sequestration), R19 (soil), R20 (air quality – ammonia), R21 (water quality), R22 (nutrient management), R24 (pesticides), and R31 (habitat and species). In case the support is for farming systems including livestock husbandry, also indicators R43 (antimicrobials resistance) and R44 (animal welfare) might be relevant.
240. Spain is invited to verify the coherence and complementarity of organic farming with other interventions, in particular with agri-environment-climate commitments, animal welfare and sectoral interventions and define clear demarcation lines to avoid overlapping of support, where necessary, for example with the sectoral intervention on organic farming for fruit and vegetables.
241. It is reminded that in order to ensure a correct calculation of support rates, based on additional costs and income foregone resulting from organic farming practices/methods, compared to conventional practices/production methods, the less labour intensive crops should not be included in the same category with more labour with intensive crops ones (i.e. walnuts and vineyards) to avoid overrated support (overcompensation) for some of those crops.
242. For most of the regions it seems that there is no differentiation of support between conversion to and maintenance of organic farming. Spain is requested to explain why no differentiation is deemed necessary in view of the specific circumstances during conversion.
243. It should be noted that costs of organic certification can either be supported under Article 70 of the SPR (management commitments) as transaction costs or as part of an organic quality scheme under Article 77 of the same Regulation. However, double funding of the same costs has to be avoided. It should be clarified if such costs are included in intervention 6503.
244. It should be noted that all observations made for agri-environmental commitments above, as to one-off payments and necessary revisions of table 12 and table 13, also apply for this intervention.

### Forestry commitments

245. Spain is requested to better describe the commitments in order to know how they would contribute to the specific needs, the SOs, the result indicators and finally to the targets to the Green Deal.
246. Spain is also requested to state clearly the requirement for forest management plan or equivalent. Spain is invited to revise the contributions to result indicators, since the intervention might contribute to other RI in addition to R30 (forest land under

commitments); and to check the total public expenditure and Union contribution under section 13.

247. Spain is also invited to revise the examples and ensure that the supported voluntary commitments are targeting forest-environment-climate commitments and conservation and promotion of forest genetic resources and provide relevant benefits. Therefore, other, e.g. recreational, certification, personal costs or hunting related commitments and additional costs should be removed or better justified.
248. Finally, concerning the reference list of legal obligations, which almost only refers to GAEC, Spain is invited to refer to relevant legislations applicable to forestry.
249. Commitments on forestry management and maintenance of agroforestry system have a very low territorial coverage and, according to the identified needs, a higher uptake would have been expected, in particular in view of the importance of agroforestry systems such as *dehesas* and the lack of tools to preserve them.
250. In line with the PAF, the scope and content of these forest commitments should be better focused on conservation of forest species and habitats in all regions. Commitments in Natura 2000 areas should contribute to the implementation of conservation measures established for forest habitats and species in the sites.

#### Genetic resources

251. Intervention on genetic resources (6505) combines the two actions covered by Article 45 of Delegated Regulation (EU) 2022/126, consisting of (a) on-farm preservation of endangered breeds and plant varieties, and (b) conservation, sustainable use and development of genetic resources. These two actions have a different scope, and the intervention should thus be split in two. There should be one intervention for IACS, another for non-IACS (including uniform and average unit amounts, number of operations or hectare/livestock unit, etc., as appropriate).
  252. The breeds and varieties eligible supported under this intervention should be recognized by the Member State, in accordance with the provisions of Article 45 of Delegated Regulation (EU) 2022/126.
- 2.7.4.2. Natural or other area-specific constraints (Article 71 of the SPR, section 5 of the Plan)
253. Regarding the aid to areas with natural or other specific constraints, the principle of costs incurred and income foregone logically implies the comparison with similar farms in areas without such constraints – hence comparison with those farms should be not with other economic sectors in general.
  254. The method for calculating the planned unit amounts of support must be provided and its certification annexed to the Plan in order to ensure compliance with Article 82 of the SPR. The indication as to whether full or a partial compensation is granted is also needed. The document elaborated by the Ministry at national level does not cover areas under specific constraints. Moreover, some regions refer to missing annexes to this document or to their own calculation or certification, which are equally missing.
  255. In Spain, the delimitation based on the biophysical criteria as established in Annex III to Regulation (EU) No 1305/2013 was done in 2015 for the whole territory and is inherently

conceived as a one-off exercise. Nevertheless, the fine-tuning exercise can be updated (or done in region without delimitation) (Article 71 of the SPR). Moreover, there is no need to justify the fine-tuning if no change is provided for compared to the approved one.

256. According to point 5(f)(ii) of Annex I to Implementing Regulation (EU) 2021/2289, a link to the national list of the designated local administrative units and to the Areas under Natural Constraints (ANC) map must be provided for each category of areas referred to in Article 32(1) of Regulation (EU) No 1305/2013. Lists of municipalities must be removed from the Plan.
257. Payments (granted per ha of agricultural area) shall be degressive, with the respective thresholds to be defined by the Member State, as required by paragraph 13 of Annex 2 to the WTO Agreement on Agriculture (“Green Box”). Such degressivity must be set in the Plan and a short explanation on how the intervention complies with WTO requirements is required.
258. The degressivity requirement is the only means to set a maximum global payment per holding. Where Member States differentiate the payment according to farming systems or severity of constraints, they may also apply different models of degressivity, if justified.
259. Regarding the minimum stocktaking density as eligibility condition, such minimum must be significantly below the average stocking density in the delimited area concerned (it should be explained with respect to the regional averages).
260. Definition of planned unit amount: since the support is subject to degressivity, a uniform unit amount, i.e. the value to be paid for each related output, is not justifiable. The average unit amounts must be defined for this intervention, streamlining their number (no need to have unit amount by degressivity thresholds) for the sake of simplification. Moreover, coherence must be ensured regarding the explanation and justification (including modulation) related to the value of the unit amount and, if R7 and R4 are rightly mentioned in section 4, some incoherencies need to be fixed in section 12.

#### 2.7.4.3. Natura 2000 / WFD payments (Article 72 of the SPR, section 5 of the Plan)

261. Spain has programmed the Article 72 of the SPR intervention as contributing solely to SO1. It should be noted that, in case Spain decides to apply the so-called rebate system as defined in Article 97(2) of the same Regulation (Member States may choose to use the amounts in excess of the 30% EAFRD – Annex XI, to reduce the amounts to be reserved for eco-schemes), the intervention under Article 72 must address SO4, SO5 or SO6, in order to be considered for the calculation. Spain is therefore invited to consider the dual nature of this type of intervention.
262. The disadvantages and specific requirements resulting from the implementation of the WFD, the Birds Directive and the Habitats Directive needs to be specified in the CAP Plans. This is not the case for some regions. Spain is invited to include the references to the sources of the requirements restrictions to be supported, e.g. PAF, management plans or equivalent instruments, etc.
263. It should be noted that section 6 on baseline elements (GAEC, Statutory management requirement (SMR) as well as the conditions established for the maintenance of the agricultural area in accordance with Article 4(2) of the SPR) needs to be completed and

explanation as to how the commitment goes beyond the mandatory requirements (Article 72(5) of the same Regulation) are necessary. It is recalled that different baselines apply to Natura 2000 payments and WFD payments.

264. It should be noted that indicator R4 measures the share of utilised agricultural area covered by income support and subject to conditionality, and therefore cannot be selected for the type of support Natura 2000 for forestry sites, or other forest nature protection areas. R7 (percentage of additional support per hectare in areas with higher needs, compared to average) is the correct result indicator to be selected.
265. Under interventions pursuant to Article 72 of the SPR, unit amounts are to be provided at the level of each category of premium (e.g. Natura 2000 payments for agricultural site, Natura 2000 payments for forestry sites, WFD payments) for which an associated calculation method has to be provided. Spain is invited to group the (average) unit amount for single commitments at the level of category, in particular Natura 2000 payments for forestry sites.
266. Spain is encouraged to enhance the environmental delivery in Natura 2000 and other nature protection areas (Article 72(3)(a) and (b) of the SPR), by ensuring complementarity between the interventions under Article 72 of the same Regulation and other CAP interventions addressing the needs of Natura 2000 and other nature protection areas. Complementarity should be sought (while ensuring the exclusion of double funding), notably with interventions under the SPR: i) Article 31, eco-schemes; ii) Article 70, agri-environment-climate commitment and organic farming, iii) Articles 73 and 74, non-productive investments linked to the achievement of agri-environment-climate objectives. This will help ensuring that the challenges of Natura 2000 and other nature protection areas are properly targeted. This information should be developed in section 2 (intervention strategy in accordance with Article 109(2) of the SPR).
267. Support under interventions pursuant to Article 72 of the SPR, i.e. Natura 2000 and WFD, is an essential tool to increase acceptance for the additional requirements associated to the maintaining of agricultural-forest activity in Natura 2000 areas. The Commission appreciates the increase in the allocation and the interest of new regions in this intervention, as compared to the current period. For this reason, Spain is invited to reflect on the possibility to programme this intervention also for other regions that proposed this measure in their PAFs.

#### 2.7.4.4. Investments, including investments in irrigation (Article 73-74 of the SPR, section 5 of the Plan)

268. As regards support rates, it should be noted that “maximum 80%” is not sufficient. Spain should specify the lowest support rate which will be applied in the section “range of support”. Ranges are acceptable, e.g. “50% - 80%”. This could be done at regional or national level.

#### Investments in irrigation

269. Regarding the 4 interventions including investments in irrigation (6841.1, 6841.2, 6843.1, 6843.2), the scope of the said interventions needs to be clarified by Spain and a reshuffling ought to be also considered in view of avoiding overlaps and making the territorial scope

clearer. Also, investments in irrigation should be presented as a separate interventions due to the specific set of eligibility conditions applicable to them. A clear distinction between investments in improvements of existing installations/ infrastructure to improve efficiency or reduce losses on the one hand, and investments leading to a net increase in irrigated area seems necessary, since this has implications for the link to specific objectives and the result indicators, as well as for the contributions to the environment/climate ring-fencing. For instance, as it is now, Spain would need to justify the environmental benefits of contributions of drainage systems and land consolidation, and contributions to R16 and R9 from intervention 6843.1 and 6843.2 need to be revised since investments are off-farms.

270. Water saving percentages requirements need to be set out in line with different situations and should help close the gap to reaching good status. The minimum potential water saving has been fixed at 5% at national level (range is useless) when the large majority of regions have fixed it at 10%. Spain is asked to raise this threshold as 5% is too low and it is reminded that the percentage for potential water saving and effective reduction in water use should reflect the needs set out in RBMPs and seek for the highest efficiency as far as technically possible. Spain is invited to analyse the possibility to increase the minimum potential water saving to better target the intervention to existing infrastructures with the higher saving potential and to the more critical area regarding water body status (water quantity). Principles of selection are detailed in annexes for some regions and must be reflected in the Plan.
271. Spain is invited to explain synergies between interventions in order to tackle the significant abstraction pressures and to address the impact of climate change on water availability (efficiency use, natural water retention, switch to less water intensive / more drought resistant crops – which seems eligible under 6841.1-, water reuse, agri-environment commitments, etc.).
272. Spain is requested to provide sufficient guarantee in the Plan that the eligibility conditions of the investment interventions in irrigation are compliant with all requirements of Article 74 of the SPR. Moreover, it should be noted that where investments in reservoirs are associated with a net increase in irrigated area the conditions of Article 74(6) of the SPR apply. It is also reminded that when the investment generates income, the support rate need to be justify depending on the economic benefit. Finally, in some cases, it is not clear if eligible conditions are fully compatible with Article 74(4)(b) of the SPR.

### Green investments

273. Spain proposes a very broad array of interventions regarding green investments; in the interest of a better and clearer targeting, it is advised to consider the feasibility and appropriateness of splitting up a number of them into different, more targeted interventions.
274. As regards the scope of the intervention, it should be underscored that to qualify for a green investment with a higher support rate and linked to the environmental and climate ring-fencing, Spain ought to assure that the eligible investments are directly linked to the environment/animal related indicators with a clear and direct benefit for the environment and climate or animal welfare. The investments should go beyond normal standards and mandatory requirements. Consequently, Spain is invited to elaborate more on a clear

targeting of intervention 6841.1 on green investments, showing the higher ambition to qualify for these types of investments. Moreover, preventive actions to protect crops do not qualify for the environmental ring-fencing. It should also be taken into account that the purchase of crops or livestock is not eligible under investments according to Article 73(3)(d) of the SPR.

275. Regarding green productive investments, Spain may consider support low-protein feeding strategies to cover ammonia emissions from livestock; and slurry/manure storage techniques including coverage (in addition to the slurry additives action). Investments for low-emission application of manure to the field (rapid incorporation, trailing shoe/hose) might also be proposed.
276. Regarding renewable energy (6841.1, 6842.1, 6842.2), Spain must also specify the target in terms of Megawatt (MW) of renewable energy generation to comply with R15 and should refer to renewables Directive 2018/2001 and its sustainability criteria, which must be complied with. The level of on-farm electricity generation should not exceed own-consumption; if it does, State aid provisions should be taken into account. The planned unit amount of €51.000 does not seem adequate to support an investment in all the types of renewable generation that are proposed.
277. Spain is invited to confirm that the eligible investments in energy efficiency go beyond normal standards (for qualifying for a higher support rate) in the intervention on investments with environmental objectives in processing, marketing or development of agri-food products (6842.1). Regarding the applicable support rate, the economic benefit of the supported investment should be considered.
278. It is strongly recommended to add also investments for improved manure management or other investments to help reduce GHG and air pollution emissions from enteric fermentation to maximise the co-benefits opportunity and integrated climate/environment approach. Promotion of biogas installations must be done together with sufficient safeguards to ensure no trade-off in methane vs ammonia emissions (quality control of installations as a condition/criterion). Strategies for low-emission manure storage should be added among the eligible interventions. The eligible type of support should be explicitly linked also to air pollution: “Investments for efficient management of water, soil and air resources. This category of operations will support investments to improve on-farm water resources management, investments for GHG and air pollution emissions reduction, investments in the promotion of conservation agriculture, etc.”.

#### Non-productive investments

279. To qualify for a non-productive investment, it has to be assured that the eligible investments are non-remunerative investments linked to the delivery of purely environmental and Climate benefits (6844). Spain is thus requested to elaborate more on this issue, as some investments seem to include productive components, linked to the production cycle (e.g. investments in slurry, improvement of manure management, livestock systems, and preventive actions). Otherwise, these investments should be included in the intervention on green productive investments.

280. Restoration of agricultural production potential damaged by natural disasters and the implementation of adequate preventive measures are included in this intervention. Again, this aspect cannot be considered as non-productive, even if both are usually granted under the same aid intensity. Given that these actions have different purposes (preservation and reconstruction of productive potential against the absence of economic purpose), it is appropriate to present two different interventions. Moreover, investments in preventive actions only qualify for the ring-fencing if these investments are related to clearly nature based solutions. Restoration of agricultural production does not qualify for a non-productive investment nor for the ring-fencing.
281. The settlement or maintenance of *dehesas* also seems to be considered; it is necessary to ensure overall consistency of the Plan by avoiding the dispersion of this type of action between several interventions.

#### Investments in rural areas infrastructure

282. The link to environmental objectives sometimes seems marginal (especially regarding actions 6 and 7). Moreover, some investments do not seem to be of a non-productive character. Spain is therefore invited to further elaborate on these aspects and improve and clarify the targeting. Finally, a better assimilation of the concept of green infrastructure in the intervention would upgrade the scope of project possibilities.
283. The intervention on non-productive investment in basic services in rural areas (6872) encompasses a wide range of infrastructure investments. Spain is invited to describe in a concise way the categories of operations supported by the intervention according to the needs identified, and their link to the result indicators and the planned unit amounts. Spain is also invited to clarify the cases where investments are possible in non-rural areas, when serving the rural population. The size of rural municipalities concerned should be useful to better understand the territorial targeting and the relevant needs identified. Finally, eligibility conditions for large infrastructures should be aligned with Article 73 of the SPR, that lays down exceptions only for broadband and coastal protection but not for renewable energies unless if they are part of community-led local development strategies.
284. Spain is asked to provide more about its view concerning the preparation and the implementation of Smart Villages strategies, the main aspects of the concept according to national/regional needs.
285. Spain should provide information about the support rate of the intervention regarding both private and public beneficiaries.
286. Regarding agricultural diversification, Spain needs to explain the narrow territorial scope of the intervention and how similar needs will be addressed in other regions. Spain is invited to further elaborate on the operations to be supported, the relation with the minimum and maximum amount set and to precise the eligible condition based on start-up aid measure from the previous programming period (Navarra).

## Forest investments

### Productive forest investments (6883)

287. It should be noted that only first transformation-crushing and first sawing of forest products can be financed under intervention on forest productive investments. Galicia includes second transformation which should not be eligible.
288. The aid intensity should be present for all the regional elements as it is not established at national level. It should be noted that aid intensity cannot reach 100% in this intervention as such a rate is limited to non-productive investments.
289. Spain is invited to ensure that the level of information provided by the different regions is similar as some of them are giving detailed information by product.
290. Spain is invited to evaluate the potential use of financial instruments by some other regions, in addition to the two regions proposing them (Valencia and Galicia).

### Non-productive forest investments by area (6881)

291. This is an “elephant” intervention, a good candidate to be split up into two: (i) afforestation and agroforestry in one part and (ii) prevention, restoration and other investments in another part.
292. The intervention includes area-based actions and investments to be reported under output indicator O.23. This output allows to report both the number of supported off-farm investments operations and other units, for instance, hectares. Spain is invited to revise the definition of the unit amounts proposed and assign the correct unit for each of the unit amounts (operation or hectare). The contribution of each operation or area to result indicators R17 (afforested and) and/or R27 (Environmental or climate related investments) should also be cross-checked.
293. The genetic resources part of the intervention should be separated to create a new intervention under Article 70 of the SPR and Article 45(b) of Delegated Regulation (EU) 2022/216 on support for activities regarding the conservation, the sustainable use and development of genetic resources in agriculture and in forestry. The output to be selected is O.19 (Number of operations or units supporting genetic resources).
294. In case that the one-off forest investments in infrastructures are made out of forest land, the link with the related forest area should be clear.
295. Spain is invited to clarify the forms of payments, i.e. (i) reimbursement; (ii) use of simplified costs options (SCO).
296. The aid intensity should be modulated by type of activity depending on the benefits expected for the objectives linked. Granting 100% as a general rule might discourage undertaking the most beneficial ones that could be more risky at the same time or have higher costs.
297. Some elements suitable for homogenisation between regions might include (i) operations to be implemented by each region; (ii) classification of areas as medium or high fire risk for prevention actions; (iii) consistency with forest protection programmes or Natura 2000 management plans, (iv) rules for official recognition of destroyed forest potential, etc.

298. Regarding forest fire prevention, under the previous programming periods, the specific forest fire information actions and specific training was expected to be covered by LIFE projects, and still this possibility exists and can be used. However, since forest fire prevention has a high importance, Spain is requested to identify well the relevant needs and use Article 78 of the SPR for specific forest fire prevention (and other forest prevention) trainings and awareness since that Article is better base for such information actions than the investment Article.
299. Afforestation and reforestation: Spain is asked to provide relevant information justifying how they ensure consistency with environmental and climate-related objectives, if the intervention is subject to forest management plan or equivalent, and if it is in line with sustainable forest management principles, as developed in the Pan-European Guidelines for Afforestation and Reforestation.
300. The selection of species, varieties, ecotypes and provenances of trees shall take account of the need for resilience to climate change and to natural disasters and the biotic, pedologic and hydrologic condition, as well as of the potential invasive character of the species as defined by the EU and Member States under local conditions of the area concerned. In the case of afforestation operations leading to the creation of forests the operation shall consist of the exclusive planting of ecologically adapted species and/or species resilient to climate change in the bio-geographical area concerned, which have not been found, through an assessment of impacts, to threaten biodiversity and ecosystem services, or to have a negative impact on human health.

#### 2.7.4.5. Setting-up aid (Article 75 of the SPR, section 5 of the Plan)

301. Spain is invited to avoid elements that would lead to complexity and unjustified administrative burden for the potential beneficiaries of setting-up aid, in particular eligibility conditions for legal persons and groups of natural or legal persons or the definition of head of holding that would be difficult to understand and/or verify at the implementation stage.
302. Regarding the setting-up of young farmers (6961.1), Spain is invited to refer to needs 8.11 and 8.12 as a basis for differentiated premia according to gender and to provide a definition of “the setting-up date” in the section dedicated to common elements for various interventions. Then, inconsistencies have been detected between some region and the national rule set at 2 instalments and Spain is invited to explain how the fulfilment of some eligibility criteria, as “job creation” will be verified. Moreover, the information regarding form/rate of the support is not provided for all the regions and need to be completed. Finally, this intervention must be linked to R37 (growth and jobs in rural areas).
303. Spain is invited to clarify further, who are the beneficiaries that will be targeted as new farmers (6961.2).
304. Spain is invited to describe what agricultural, forestry and non-agricultural business start-ups it intends to support (6962).

#### 2.7.4.6. Cooperation (Article 77 of the SPR, section 5 of the Plan)

##### LEADER

305. The LEADER intervention is fully regionalised and it is very hard to follow all the detailed regional conditions and to see if they are respecting the legal basis and/or whether they are suitable to the SWOT/identification of needs done at national level. Spain is therefore invited to describe the minimum conditions at the national level (e.g. the content of the local development strategies (LDS)) and to complement with the regional conditions.
306. Spain is also invited to explain the strategic orientation of LEADER including how it will contribute to specific objective 8, as well the complementarity and synergies with other interventions provided for under the Plan and other EU funds and instruments. It should specify if the local development strategies can cover any other objectives in addition to specific objective 8, and mention clearly which needs linked to this/these SOs are associated. Besides R38, other result indicators are to be agreed with the local action groups (LAGs) at the time of submitting the strategies. Ideally, all three dimensions should be targeted (social, environmental and economic).
307. Spain is invited to explain how all LAGs will meet the 7 principles of LEADER method, especially the definition of sub-regional level, inclusive partnership, innovation in the local context, and cooperation/networking of LAGs. Additional functions to be attributed to LAGs by certain regions, if any, shall be explained and resources for those functions needs to be secured.
308. Spain is invited to explain the added value – in terms of building social capital, improving local governance and achieving better projects/results – that LEADER is expected to generate in Spain, compared to a situation where similar projects would be funded without using the LEADER approach.
309. In relation to the planned outputs, establishing separate planned outputs and separate unit amounts per region (corresponding to the average LDS budget in the region) is correct. However, Spain is recommended to simplify the proposal and define only one average planned unit amount for implementing strategies (cooperation included) and one average planned unit amount for the preparation of the strategies. It should be noted that cooperation is not a separate item but it falls under the implementation of operations. Spain is invited to confirm whether preparatory actions for the period 2023-27 are financed with the allocations 2014-2022, and adapt consequently the unit amounts proposed. Capacity building and preparatory actions post 2027 might be financed under the CAP Strategic Plan.
310. The value of output indicator 31 – number of supported LDS or preparatory support should be checked (the value for Galicia seems too high, i.e. 1,385).
311. Spain is invited to clarify the forms of payments, i.e. (i) whether Financial Instruments will be programmed under this intervention; (ii) the use of Simplified Costs Option, which considerably simplifies the implementation of LEADER; (iii) the possibility to pay advances.
312. Finally, Spain is invited to develop information on the possibility to finance umbrella projects, i.e. an arrangement where LAGs are formal beneficiaries and hold the project on

behalf of the community, mentioned by some regions. In addition, by no means should LAGs be limited to implement other types of interventions defined in the SPR. Support must be unlocked from other interventions.

### Quality Schemes

313. It is recommended to list the main categories of quality schemes (EU, national) adding a regional web link to know the specific products included in each eligible quality scheme, instead of mention all quality products already eligible.

Cooperation to promote participation in quality schemes for agricultural products and foodstuffs (7131)

314. Under this type of intervention, support may be granted for new forms of cooperation, including existing ones if starting a new activity. Spain is invited to explicitly describe these aspects in the description and to include all the minimum requirements laid down by the Article 77 of the SPR, including a reference to Delegated Regulation (EU) 2022/126 regarding the national recognized quality schemes.

315. Spain is invited to provide more information about the complementarities mainly with other sectoral or other rural development interventions and the principles of selection.

316. Spain is requested to provide more information about the unit amounts proposed taking into account the different categories of quality schemes.

317. The total amount of aid proposed does not exceed EUR 3.000 per farm per year, which is the same amount used during the period 2014-2022. Please consider reviewing the amount, taking into account the actual conditions. An explanation on how the lessons learnt have been used to better focus on the principles of selection and the categories of quality schemes supported would be appreciated. Spain is invited to assess the possibility to differentiate according to the prioritization of certain quality schemes. For example more quality schemes which are not 'well known' to the consumers or new quality schemes.

Cooperation for the promotion of agricultural products and foodstuffs in quality schemes (7132)

318. Spain is invited to describe the principles of selection and the complementarities mainly with sectoral interventions.

319. Under this type of intervention, support may be granted for new forms of cooperation, including existing ones if starting a new activity. Spain is invited to describe these aspects in the description of the intervention and to include all the minimum requirements laid down by the Article 77 of the SPR, including the involvement of at least two actors.

320. It should be noted that according to second paragraph of Article 111 of the SPR information and promotion actions for quality schemes should not be linked to any result indicators.

321. The financial table should be revised and corrected according to Article 102 of the SPR. Spain is invited to confirm that the expected number of cooperation schemes is 1.117.

### Observations common to other cooperation interventions

322. Spain is advised to include information on the duration and / or minimum number of years of the different sub-interventions under cooperation, for the sake of transparency and coherence of the intervention logic, including the calculation of the unit amount and the allocated budget.

Cooperation groups non EIP (7162), Cooperation for territorial Planning (7163), Cooperation for the environment (7165)

323. Regarding cooperation for territorial planning, there is a mismatch between the title and the description of the intervention. The scope is very heterogeneous and covers very different activities (renewable energy, local market, short supply chain, environmental education, action to fight depopulation, etc.)

324. The added value of cooperation should be clear. Support for cooperation is not to be granted to any economic activity based on the mere criterion that more than one beneficiary benefits from the support.

325. These interventions are supposed to finance cooperation groups with an important innovative component. Certain eligibility conditions set seem to be drafted in order to ensure that only the cooperation group promoted by the regional administrations will be eligible. This can jeopardise the innovative component of the intervention. Spain is invited to avoid unnecessary restrictions as regards the participation of different potential actors.

326. An aid intensity of 100% can only be granted to EIP groups and LEADER (Regulation (EU) 2021/1237), other cooperation forms are not covered by the proposed General Block Exemption Regulation and require a State aid clearance.

Cooperation projects to promote producer organisations or groups (7191)

327. The added value of cooperation should be specified so that support for cooperation is not granted to any economic activity based on a mere criterion that more than one beneficiary benefits from the support. The design of the intervention and the eligibility conditions do not allow to understand clearly what the purpose of this intervention is. The cooperation approach needs to be maintained.

328. One of the objectives of the intervention, i.e. “increase in the size of farms by grouping surfaces” is not well explained. Spain is invited to elaborate on this and make explicit what means are envisaged to achieve it.

329. Demarcation with other interventions should be ensured, in particular with interventions on quality schemes as some common elements are noticed. Elements related to purchase of equipment should be addressed through other investment interventions. Section 7 (form and rate of support) is not sufficiently developed. In particular, an explanation on the meaning and the basis for the different cost categories should be given. It should be noted that the support for the setting-up of producer groups, producer organisations or interbranch organisations shall be degressive and limited to the first five years following recognition.

#### Cooperation for the succession of agricultural holdings (7169)

330. Regarding the intervention on farm succession, Spain is invited to explain the eligibility condition based on force majeure or exceptional circumstances in case the beneficiary has not reached the age of retirement. It must result in persistent incapacity to perform agricultural work.
331. Some of the needs identified are not addressed directly by the farm succession as programmed and need to be revised, as well as the contribution to result indicators (R36 on generational renewal concerns the number of young farmers benefitting from setting up support). Moreover, it is reminded that according to Article 95 of the SPR, cooperation interventions do not contribute to EAFRD minimum financial allocations for support young farmers.
332. The concept of farm transfer is mainly related to farms and farmers who do not have immediate succession on the families. Therefore, proposing to exclude first degree relatives, as proposed in one region, seems a good practice that could be fixed at national level.

#### Cooperation of European Innovation Partnership operational groups on agricultural productivity and sustainability (EIP-Agri) (7161)

333. Under Article 77(1)(a) of the SPR, Member States, may grant support to (1) prepare and (2) implement the projects of the EIP OG. Spain should clarify the details and timing of expenditure for (1) the preparation actions and (2) the implementation of the project. It should be noted that the preparation and the implementation of OGs are separate actions for which selection criteria need to be established separately. Step 1 is often paid with a lump sum for simplification purposes.
334. In terms of capturing bottom-up innovative ideas, the Commission suggests to Spain not to overlook the possibility to have calls without predefined themes. For instance, calls could have a mixed approach: both bottom-up innovative ideas and suggested themes would be invited. Moreover, it may well be possible that having a researcher as obligatory partner in an OG is not useful (for instance OGs on social innovation, for generational renewal, on rural issues, on short supply chains, etc.). Spain is invited to clarify this to the regions and adapt the intervention conditions where useful.
335. Now that EIP OGs can cover all CAP objectives (including generational renewal, social inclusion, waste management etc.), Spain is invited to assess the loss of added value by duplicating interventions outside the EIP-Agri (e.g. 7162, 7163, or 7165). In addition, it should be reminded that EIP interventions benefit from certain advantages like the possibility to have clear additional potential for knowledge exchange supporting the Spanish AKIS, profit from certain flexibility regarding State aid notification, getting involved in transnational projects, synergies with horizon Europe projects or profit from the EIP related CAP network and 100% support for non-productive investments. It should be noted that the 7162, 7163, or 7165 interventions do not contribute to knowledge flows within the Spanish AKIS, therefore do not count under R1 and that a preparation phase for such projects is not laid down in Article 77(1) of the SPR.

336. Please clarify how the principles of equal treatment of applicants and better use of financial resources will be respected at the time of selection, if the project proposal is not sufficiently developed and still needs preparation.
337. It should be clarified if advisors are encouraged or obliged to be participant of an OG, and add R2 as indicator if it is the case. It is a perfect way of integrating them into the AKIS as requested in Article 15(2) of the SPR.
338. Innovation support is obligatory according to Article 15(4)(e) of the SPR, to capture grassroots innovative ideas and develop them into an OG project proposal. Spain is invited to explain how the regions without preparation for the EIP OGs will fulfil this obligation. Spain should clarify the reasons why the Balearic Islands, Valencia and Navarra are not to implement this intervention at all.
339. The condition that this intervention should not be used to fund existing cooperation projects, as mentioned by some regions, could be fixed at national level.

#### 2.7.4.7. Knowledge exchange and advice (Article 78 of the SPR, section 5 of the Plan)

340. There is an overall freedom in choosing the service and the service providers, and further obligations may hinder openness of the system to include smaller advisory services and private, trusted advisors. The unnecessary restrictions at regional level may give way to a significant restriction of the market conditions and prevent the provision of services by many entities (for example obligation to be legally established in a certain region), circumventing the changes introduced for the new period. Most of the additional conditions established could easily be dealt with by the use of selection criteria. In certain cases, the only possible beneficiary is the public administration, which can jeopardise the achievement of the objectives of this intervention. The Commission invites Spain to propose a more open and flexible system, more adequate to capture the most competent providers for the ever changing and new challenges.
341. Spain is invited to explain how exactly the implementation of the advisory serviced will be organised and coordinated by the AKIS Coordination Body, taking into account all obligations listed in Articles 15(2),(3) and (4) of the SPR, including the implementation modes such as the obligatory training of advisors.

#### 2.7.4.8. Financial instruments (Article 80 of the SPR, section 4.6 of the Plan)

342. It is noted that direct management is under consideration, Spain is reminded that in such cases there is no advance payment possibility to the financial instruments because only eligible expenditure can be declared in line with Article 32(3) of Regulation (EU) 2021/2116.
343. Spain is invited to indicate in section 4.6 or 7.1 whether the Managing Authority (other than for the financial instrument of centralised management), Paying Agency, Certification Body roles are delegated or not to the regional authorities for the purpose of implementing and controlling the financial instruments.
344. It should be ensured that the general eligible projects, and final recipients are described for financial instruments, otherwise the general parameters described will equally apply to financial instruments.

345. Consistency should be cross-checked and it is to be ensured that when the descriptive part of the intervention indicates the use of financial instruments, then also the financial instrument form of support should be selected from the drop down menu for the intervention as a whole (see e.g. 7119 where Galicia and Basque country mention financial instruments in the descriptive part, but this option is not selected in the intervention).
346. Spain is invited to verify that the support rates applicable to financial instruments for each intervention respect the conditions and maximum established by the Regulation for the respective intervention. In case of combination of grants and financial instrument, it should be noted that the maximum shall be respected considering both grant and financial instrument support.
347. It should be ensured that average unit amounts are defined for financial instruments before starting implementation.
348. The annual indicative financial envelope for financial instruments needs to be defined per intervention.

### **3. FINANCIAL OVERVIEW TABLE**

349. Spain is invited to ensure consistency between the data encoded in section 5 and the financial overview table (section 6.1), in particular:
- a transfer from Direct Payments to other sectors of EUR 30.000.000 for calendar year 2027 is indicated, but there is no corresponding planning of the amount under other sectors in section 5;
  - the annual indicative financial allocations under Section 5 for apiculture interventions do not correspond to the planned amounts in the Financial Overview table under Section 6;
  - the estimated product of reduction already notified by Spain on 1 August 2021 for financial year 2023 (EUR 1.170.000) has not been included in the overview table of the Financing Plan in SFC, row 26. This should be corrected;
  - as regards the type of interventions in certain sectors defined in Article 42 of the SPR, expenditure that will be paid in 2023 or in the subsequent financial years relating to measures implemented under the CMO Regulation for these same sectors shall not be encoded in the Annual indicative financial allocations under Section 5 or in the Financial Overview table under Section 6 of the Plan;
  - in the overview table row 34 FY 2026 & 2027: the amounts should end in "380" instead of "390";
  - Spain identified an amount of EUR 482.832.842 for the rebate in order to meet the 25% eco-schemes ring-fencing. Based on financial data entered in section 5.3, this amount exceeds the amount that can effectively be taken into account when applying provisions of Article 97(2) and the eco-schemes ring-fencing obligation of 25% is therefore not met;
  - the total amount for rural development interventions plus the amount corresponding to 2.32% of technical assistance are below the maximum rural development allocations. Clear inconsistencies can be seen between the data contained at group of interventions level and the corresponding items in the overview financial plan i.e. LEADER (intervention 7119), Setting up of young farmers RD (Interventions 6961.1, 6961.2 and 6962).

350. Inconsistencies are found in section 4.7.4 “Contribution rates applicable to Rural Development interventions”, concerning the EAFRD contribution rates applicable at regional level and possible derogations, in accordance to Article 91 of the SPR.
351. It should be noted that in accordance with Article 156 of the SPR, the sum of all payments made during a given financial year for a sector - irrespective for which programme and under which legal base those took place - cannot exceed the financial allocations referred to in Article 88 of the SPR for that given financial year for that sector.

#### **4. CAP PLAN GOVERNANCE, EXCLUDING CONTROLS AND PENALTIES**

352. Spain is reminded to ensure a balanced representation of the relevant bodies in the monitoring committee concerning women, youth and the interests of people in disadvantaged situations.
353. Spain is invited to provide information regarding the monitoring committee at the national level, other delegated and intermediate bodies where relevant, and the role of the control bodies.
354. A description of the organisation of the Competent Authorities as well as a description of how it will carry out its ongoing supervision of the work of the Paying Agency and its compliance with the accreditation criteria, needs to be provided.
355. Spain is invited to describe the IT systems and databases developed for the extraction, compilation and reporting of data to be used for performance reporting, reconciliation and verification purposes, along with the controls in place to ensure the reliability of the underlying data.
356. With regard to sections 7.3 (information on the control system and penalties), 7.4 (conditionality) and 7.5 (social conditionality), please note that comments will be delivered by the Commission services in a separate communication.

#### **5. ANNEXES**

357. In Annex I, Spain is invited to include the main recommendations of the strategic environmental assessment (SEA) taking into account the results of the public consultation and provide the link to the complete and finalised SEA report.
358. Annex II on the SWOT analysis does not provide any further information to the summary included in the Plan, except for SO7. Sources are provided as reference to sections of other unavailable documents. Spain is invited to review this annex.
359. Annex V on additional national financing should contain data for EAFRD participation, matching funds and additional national aids for all activities falling outside the scope of Article 42 of the TFEU.
360. Annex VI on transitional national aid is not found among the uploaded documents to the Plan. Spain is invited to provide the requested information.