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COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

Recommendations to the Member States as regards their strategic plan for the Common Agricultural Policy

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{SWD(2020) 393 final} - {SWD(2020) 394 final} - {SWD(2020) 395 final} -
{SWD(2020) 396 final} - {SWD(2020) 397 final} - {SWD(2020) 398 final}

CONTENTS

1. FROM THE EUROPEAN GREEN DEAL TO THE CAP STRATEGIC PLANS

The **European Green Deal** sets out the path to make Europe the first climate-neutral continent by 2050. It maps a new, sustainable and inclusive growth strategy to boost the economy, improve health and quality of life, care for nature, while leaving no one behind. In order to advance in this direction, in 2020 the European Commission adopted the **Farm to Fork Strategy**[1] and the **EU 2030 Biodiversity strategy**[2] and the **2030 Climate Target Plan**. These key strategic documents comprehensively address the challenges of creating sustainable food systems, recognise the inextricable links between healthy people, healthy societies and a healthy planet, facilitate the shifting to healthier and sustainable diets and advance in bringing nature back into our lives.

In this context, the **Common Agricultural Policy (CAP)** will be instrumental in managing the transition towards a sustainable food system and in strengthening the efforts of European farmers to contribute to the EU's climate objectives and to protect the environment. Future **CAP Strategic Plans**, drafted by Member States and adopted by the European Commission after a careful assessment, will put CAP instruments into practice (direct payments, rural development and sectorial interventions) and **fulfil the objectives of the CAP and the ambition of the European Green Deal with its detailed strategies in a holistic way**. [3]

In May 2020, the Commission committed to making **recommendations** *to each Member State* ***on the nine specific objectives of the CAP****, before they formally submit the draft Strategic Plans, paying particular attention to addressing the* ***Green Deal targets*** *and those stemming from the Farm to Fork Strategy and the Biodiversity Strategy for 2030*[4]. In its conclusions on the Farm to Fork Strategy, the Council of the European Union looked forward to the presentation of these recommendations and considered that they *may serve as additional guidance for the elaboration of the strategic plans*[5].

The Commission has analysed the situation of the different Member States with regard to the nine specific objectives of the future CAP and the cross-cutting objective on knowledge, innovation and digitalisation, based on the latest available evidence and, where appropriate, taking into account further information provided by the Member States. This analysis also includes the assessment of the situation of each Member State in light of its contribution to each of the **European Green Deal targets** and ambitions: the targets related to the use and risks of pesticides, sales of antimicrobials, nutrient losses (reducing excessive use of fertilisers), area under organic farming, high-diversity landscape features on agricultural land and access to fast broadband internet in rural areas.

On the basis of this analysis, the Commission has elaborated **recommendations for the 27 Member States,** published in the form of 27 Commission Staff Working Documents accompanying this Communication. The recommendations aim to show the direction that the CAP Strategic Plans need to take in implementing the specific objectives of the CAP in order to jointly contribute to achieving the Green Deal's objectives. While maintaining

[1] COM(2020) 381
[2] COM(2020) 380
[3] See Staff Working Document (2020) 93 final on the "*Analysis of links between the CAP reform and the Green Deal*"
[4] See footnote 1
[5] Council Conclusions on the Farm to Fork Strategy, adopted on the 19 October 2020 (12099/20)

the proposed flexibility for Member States in the implementation of the new policy framework, these recommendations identify key strategic issues that need to be tackled urgently for each Member State and provide guidance on how to address them in the CAP Strategic Plans.

The methodology established by the European Commission to select the relevant recommendations, aimed for a **limited number of recommendations for each Member State**, so the key priorities could be easily identified in each case. Furthermore, in the case of the policy areas more relevant for the achievement of the ambition of the European Green Deal, the European Commission has assessed the situation of each Member State[6] on the light to the EU targets, thereby taking into account the efforts needed in order to contribute to the common ambition.

Recommendations differentiate between efforts that Member States need to make and recognise the economic, environmental and social dimensions of sustainability in the aim to encourage innovative approaches to guarantee that the future CAP Strategic Plans provide effective solutions to the challenges ahead in an integrated and territorially balanced way. Member States that already perform well in policy areas such as organic farming or animal welfare are encouraged to continue these positive trends.

These recommendations are addressed to Member States in the framework of a **structured dialogue**. Together with other relevant considerations, they will be used by the Commission in its assessment of the CAP Strategic Plans once formally submitted by Member States, based on the criteria set out in Article 106 of the draft CAP Strategic Plans Regulation. The Commission will address observations to the Member States as part of the approval process of their CAP Strategic Plan. The Commission will verify, at the time of approval and amendment of the CAP Strategic Plans, the overall coherence of the Plans with the Green Deal objectives and targets.

[6] The data used for this assessment are included in the Annexes to this Communication: Annex I presents the reference values for the quantified Green Deal targets (as defined in the Farm to Fork and Biodiversity Strategies); Annex II presents developments of greenhouse gas emissions from agriculture and land use, land use change and forestry sectors in the EU.

2. RECOMMENDATIONS FOR THE CAP STRATEGIC PLANS

This section provides a summary of the recommendations to Member States, addressing the general objectives as defined in the proposal for a CAP Strategic Plan Regulation on economic, environmental and social challenges of farming, food and rural areas, as well as with regard to knowledge, innovation and digitalisation[7]. It also provides additional elements for all Member States that are important for preparation of CAP Strategic Plans.

2.1. Fostering a smart, resilient and diversified agricultural sector ensuring food security

Key figures for EU agriculture and rural areas

- 10.3 million farms, farming 157 million hectares (38% of the EU land area), providing full time employment to 8.8 million people (2016, 2019)

- EUR 403 billion total agricultural output (2018) and contributing to a EUR 60 billion agri-food trade surplus (2019)

- 6.2 million farms receive direct support (2018). 80% of payments go to 20% of beneficiaries

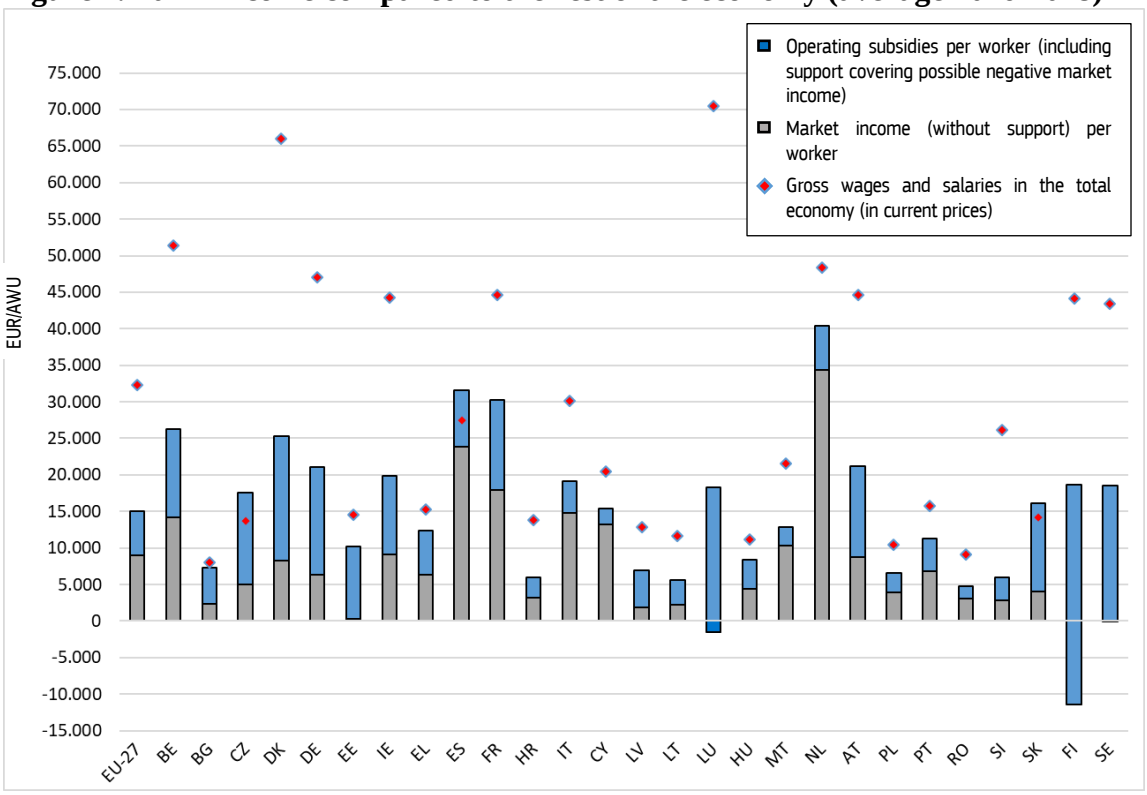
- Agricultural income in the EU equals 47% of the gross wages and salaries in the EU economy (2017)

As recalled in the Farm to Fork Strategy, the accelerated transformation of agricultural production that is necessary to build sustainable food systems requires an economically viable and resilient agricultural sector in the EU. The analysis shows that, despite the diversity among Member States, some key economic challenges need to be addressed in most Member States to speed up the green transition of European agriculture and generate **new business opportunities**. The ability of farmers to embrace such opportunities will depend crucially on the economic sustainability of their farm.

Agricultural income remains low and below average of the rest of the economy in almost all Member States, despite the farm consolidation process that has been ongoing for several decades. The level of farm income varies significantly between regions, farm size and sectors. However, two issues have been repeatedly identified in Member States. First, the need to address the income of small- and medium-sized family farms and those located in areas with natural constraints. Second, high volatility of income is expected to persist in the short- and medium-term, driven largely by the openness of markets and of increasing climate-driven extreme weather events.

[7] The recommendations are organised according to the nine specific objectives proposed in Article 6 of the proposal for a Regulation on CAP Strategic Plans (COM(2018) 392 final). These objectives address the economic, environmental and social dimensions of sustainability, as reflected in the general objectives in Article 5 of the aforementioned legislative proposal. Furthermore, specific attention is paid to the crosscutting objective on knowledge, innovation and digitalisation.

Figure 1. Farm income compared to the rest of the economy (average 2016-2018)[8]



Note: income indicator = Farm Net Income + Wages. The operating subsidies cover not only direct payments but also all rural developments subsidies except investment support. The operating subsidies cover also the possible national aids and top-ups. Source: European Commission[9]

Another challenge is the slow growth, and in some cases even stagnation, in **agricultural productivity** in many Member States. This is further exacerbated by the fact that costs are high in some sectors – especially for labour and land. Productivity growth is key to maintaining competitiveness and increasing farm income, while due regard must be paid to positive environmental and climate impact. It is therefore paramount to ensure that the conditions to encourage innovation and a high level of training and investment in agriculture are maintained and improved (especially in view of the environmental challenges identified in the next section).

Finally, the economic sustainability of the sector will also depend on the capacity of farmers to create and **capture a greater share of the added value in the food supply chain**. Cooperation among farmers can achieve economies of scale as well as strengthen their bargaining position in the food chain. In some sectors and some Member States, farmers are reluctant to engage in vertical integration or enhanced cooperation, for instance in producer organisations or cooperatives.

[8] For LU, FI and SE, "market income", which is the income generated by agricultural activity without taking into account any public support, is negative. This means that on average, the proceeds of sale do not cover production costs. In these cases, operating subsidies cover this negative market income and constitute the net income of the farm.

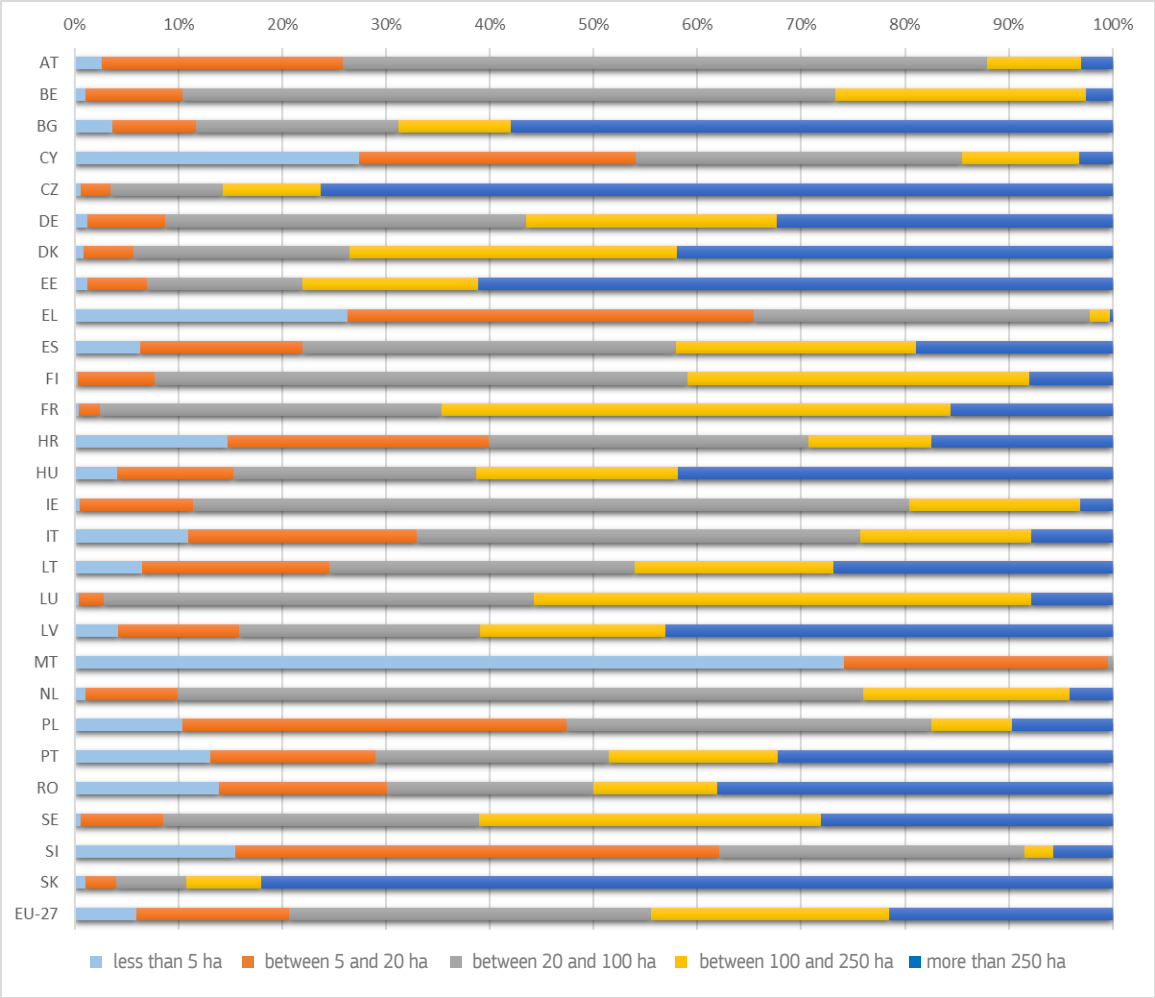
[9] Directorate General for Agriculture and Rural Development. *CAP context indicators C.25 Agricultural factor income and CAP context indicator C.26 Agricultural entrepreneurial income.* Income based on EUROSTAT [aact_eaa04], [aact_ali01] and [aact_eaa06], adding back the compensation of employees to the entrepreneurial income and divided by the total number of annual working units. Note: 2019 data estimated. The average wage in the economy based on EUROSTAT data on thousand hours worked using employees domestic concept [nama_10_a10_e] and EUROSTA data on 'wages and salaries' [nama_10_a10]. Caution should be exercised when comparing absolute levels of agricultural factor income per AWU as they are influenced by different calculations depending on national rules and are not specifically designed to be comparable across countries.

The way forward

To overcome these challenges and continue the transition to sustainable and resilient agriculture, CAP actions should focus on the **transformation and modernisation of farming**, improving the value, quality and environmental sustainability of agricultural and bio-based products and incentivising farmer cooperation in the food supply chain. Building viability and resilience to economic, climate and biodiversity related threats is essential as future yields of farmers largely depend on their ability to deal with a changing climate and a healthy status of natural resources. During the Covid-19 pandemic, the European Union's agri-food systems provided Europeans with high quality and safe food, while exposed to pressure and challenges. Nevertheless, a closer look at the resilience of the EU food systems, and EU farming in particular, is foreseen in the forthcoming contingency plan for ensuring food supply and food security.

In most Member States, there is a need to advance towards a **fairer and more targeted system of direct support**. Member States should better address the needs of smaller and medium sized farms by reducing income gaps between different farm sizes using the mechanisms that allow for redistribution effectively, such as capping, reduction of payments and, in particular through application of the complementary redistributive income support for sustainability. Fairness in the support will also involve, in some Member States, significant advances in the internal convergence process. Moreover, support should also be used to tackle specific needs of farms in certain areas, such as in areas facing natural constraints.

Figure 2. Share of Direct Payments by farm size class – financial year 2019



Source: European Commission. *Income support breakdown.* Distribution of direct aid to farmers – indicative figures 2019 financial year.

At the same time, there is a need to encourage and facilitate the use of **risk management instruments** by farmers, supporting **investments in innovative solutions** (e.g. optimising the valorisation of farm products and production factors in the circular bio-based economy) and improving **access to finance**, using possibilities under rural development policy more effectively.

Finally, efforts to develop and strengthen **producer cooperation** including via the new tools under the future **sectorial programmes**, must continue, while strengthening the efforts to improve the transparency of the supply chain. In addition, the potential for increasing the value added of agricultural products can also be harnessed through EU **quality schemes**, in particular in light of increasing consumer awareness and demand for healthier and more sustainable products and production methods.

All these tools can guarantee, through a range of approaches and combinations, the improvement of farm incomes and viability, while at the same time ensuring the sustainable use of resources and a satisfactory response to the challenges resulting from climate change and biodiversity loss. The new CAP Strategic Plans will allow Member States to tailor the tools to the specific situation of their farming sector (with different agricultural structures and pedo-climatic conditions), while guaranteeing a level playing field.

2.2. Bolstering environmental care and climate action and contributing to the environmental- and climate-related objectives of the Union

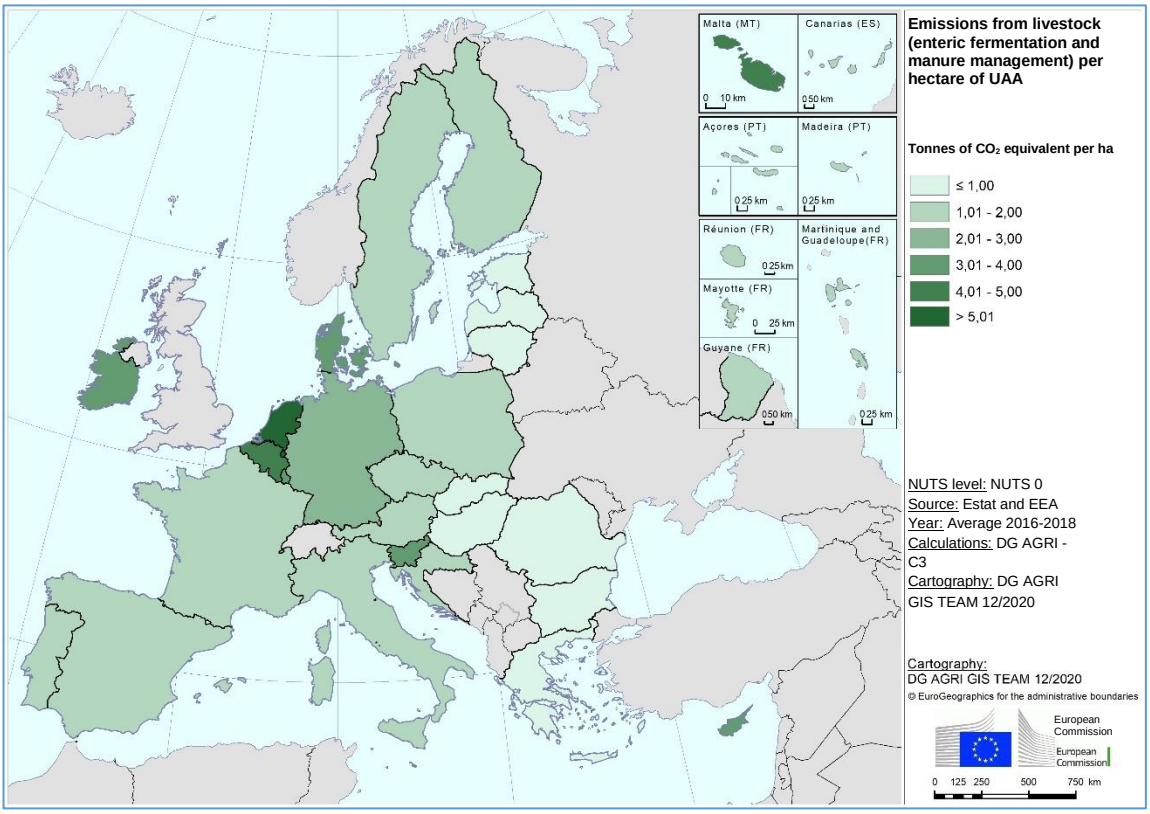
Key figures for EU agriculture and rural areas

- *8% of EU agricultural land under organic farming (2018)*
- *10.1% of EU greenhouse gas emissions originate from agriculture (2018)*
- *13.3% of groundwater monitoring stations exceed a concentration of 50 mg nitrates per litre (2012-2015)*
- 12*% of semi-natural habitats dependent on agriculture are assessed as being in 'good' status (2013-2018)*

The EU's farm sector (and to some extent its forest sector) continue to face and cause substantial challenges with regard to the environment and climate.

In a context where the Union has set more ambitious reduction targets for the future, the decline in **greenhouse gas emissions** from EU agriculture has stagnated in recent years, and even risen in some Member States – whether from livestock or soil management. Moreover, **carbon sequestration** of land and forests has decreased in recent years and there is a major risk of carbon loss from certain land types (especially peatlands). Production of **renewable energy** from agriculture and forestry is increasing, increasing in part also competition for agricultural land and production, but this varies substantially across Member States. There is also an important untapped potential for **energy efficiency** in agriculture.

Map 1. Greenhouse gas emissions from livestock and enteric fermentation per production factors in the EU



Meanwhile, **climate change and biodiversity loss** are ongoing and agriculture is highly vulnerable to its impacts (crop failures and forest dieback from droughts, storms, floods, or pest and disease outbreaks) and is facing increasing climate- and environment-related risks. EU countries are increasingly aware of the need to not only mitigate but also **adapt** to climate change and to reverse biodiversity loss. Action in these domains is urgent.

While the **forest** area in the EU is increasing and today forests cover 45% of total EU land area, forests are under increasing pressure as a result of climate change. Other pressures come from rural abandonment, lack of management and fragmentation due to land use changes, increasing management intensity due to rising demand for wood, forest products and energy, infrastructure development, urbanisation and land take. There is a need to increase both the quantity and quality of European forests given the crucial role they play for biodiversity, reaching carbon neutrality by 2050 and the bioeconomy.

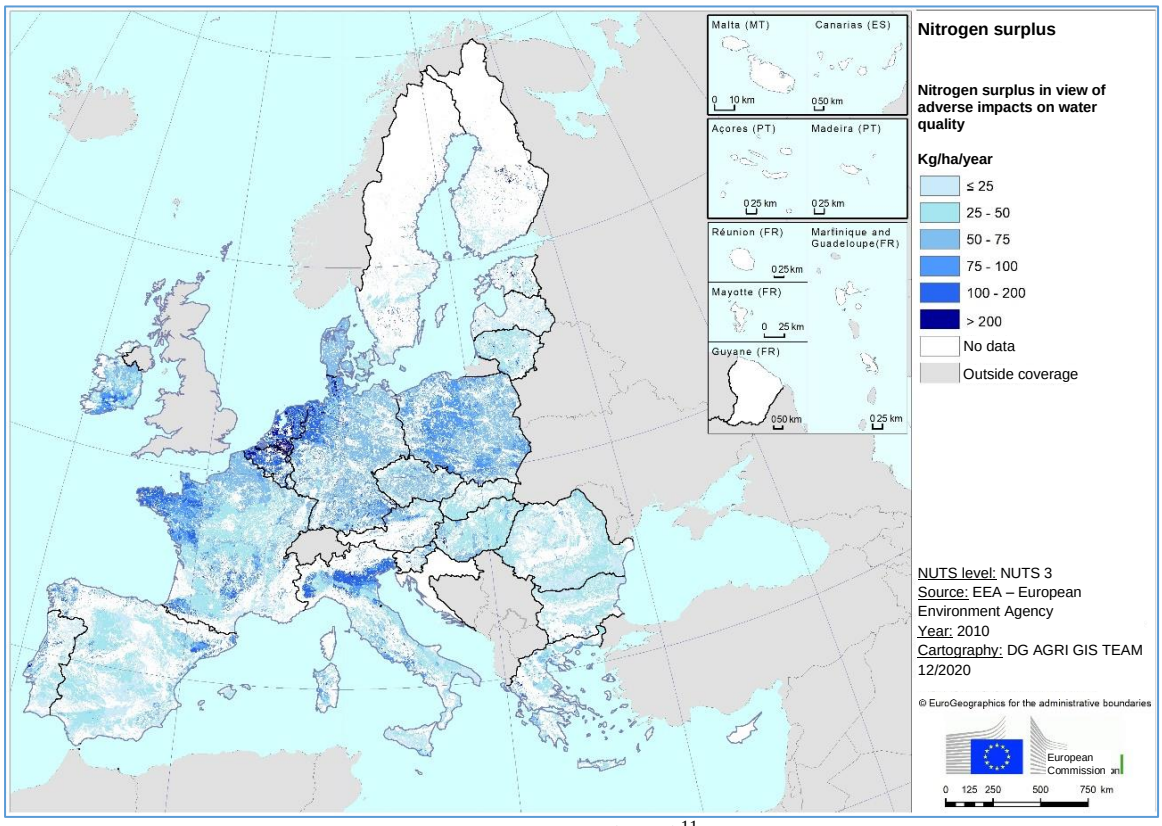
Despite the significant improvements observed in the most recent years[10], challenges clearly remain in terms of **management of natural resources**. Agriculture is a key emitter of **ammonia**, a gas that is an especially harmful air pollutant and contributes to pollution with particulate matter even in urban areas, and emissions in some Member States are rising – in certain cases exceeding legal limits.

[10] For example, ammonia emissions have decreased by 26 % from 1990 to 2018 (Source: EEA), estimated soil erosion by water reduced by 9.5% on average in the EU over the past decade, and by 20% for arable lands (Source: Panagos, et al., 2015, https://doi.org/10.1016/j.envsci.2015.08.012). The concentration of nitrates and phosphate in rivers at EU level decreased by 9% and 17% respectively during the period 2006-2016 (3 years average) (Source: EEA). At the same time, the use of nitrogen and phosphorus fertilisers slightly decreased from 2008 and 2018 (Eurostat (aei_fm_usefert)).

Some land management practices and land cover changes are putting significant pressure on the health and quality of soil. The EU's agricultural **soils** are increasingly degraded suffering from erosion, compaction, pollution salinisation, desertification, and loss of soil organic matter and biodiversity, albeit certainly not everywhere with the same severity. Such degradation processes also lead to considerable agricultural yield losses.

Despite some progress, pollution with **nitrates** from agriculture continues to be one of the biggest pressures on the aquatic environment. In many regions, excessive application of nitrogen and phosphorus from livestock manure and inorganic fertilisers (as well as pesticides) is causing problems in terms of water pollution, biodiversity and air quality. Whereas the situation in some Member States is fair overall, hotspots of poor quality are widespread. An increasing number of Member States suffer from **water scarcity** often caused by excessive water abstraction for agriculture. Climate change will further aggravate the problem of water availability in many regions.

Map 2. Nitrogen inputs on agricultural land in the EU



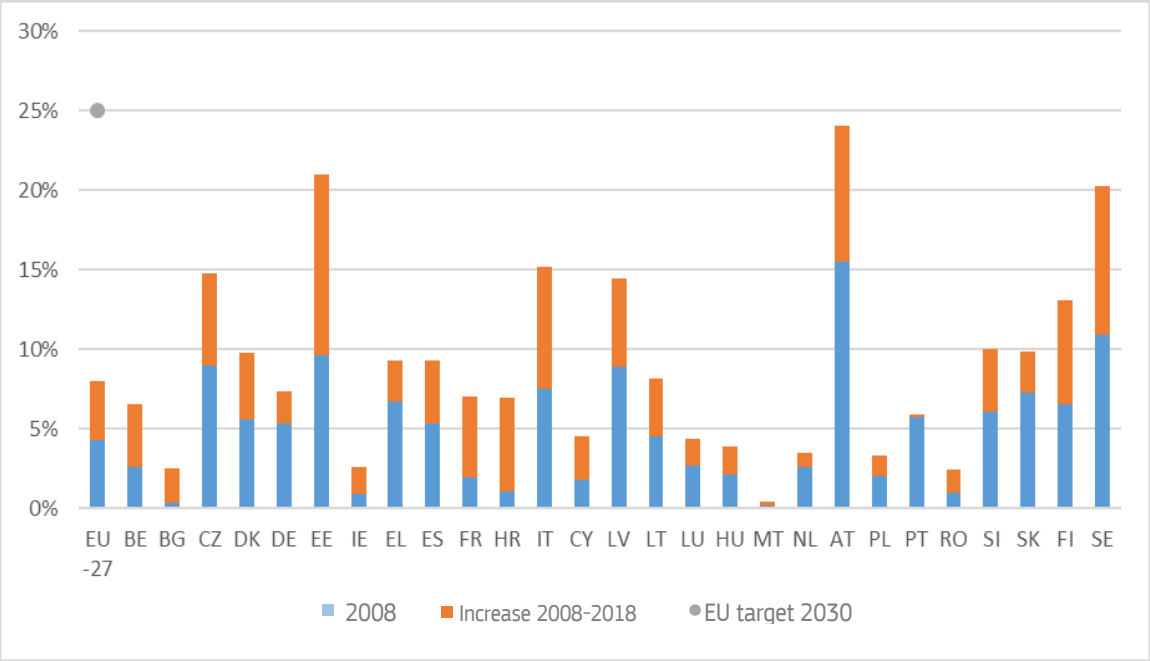
Source: EEA (2019)[11]

As regards **the strong loss of biodiversity in agricultural areas, evidence** points to continued decline across the EU in **populations of farmland bird species,** of **pollinators** (key to eco-system services) and in the **status of agricultural habitats**. Some agricultural habitats largely shaped by farming are essential to wildlife. Problem

[11] De Vries, W., P.F.A.M. Römkens, J. Kros, J.C Voogd, G. Louwagie and L Schulte-Uebbing, 2019a. *Impacts of nutrients and heavy metals in European agriculture*. Current and critical inputs in view of air, soil and water quality. ETC/ULS Report (in press). The nitrogen (N) surplus in EU-27 for the year 2010 was calculated as the total N input, by fertilizer, manure, biosolids, N fixing crops and deposition, minus the uptake of N with the model INTEGRATOR. The exceedances of critical N inputs to agricultural land in EU27 for the year 2010 was calculated as the total N input by fertilizer, manure, biosolids, N fixing crops and deposition minus the critical N input in view of adverse impacts on water quality. The critical N input was based on a critical N concentration in runoff to surface water of 2.5 mg N/l.

stems from the high intensity of farming[12], from insufficient management or abandonment of the farmland. Agricultural intensification and farmland consolidation have increasingly contributed to the loss of a very significant share of valuable **landscape features** (e.g. hedges, flower strips, ponds, terraces), as well as fallow land, extensively managed grasslands or wetland areas, which used to characterise agricultural landscapes. Among the increasing uptake of agro-ecological practices contributing to protect the environment, farmers in certain Member States have enthusiastically adopted **organic farming**, but in others the uptake remains very low.

Figure 3. Organic farming across EU Member States (share of utilised agricultural area fully converted and under conversion to organic farming)



Source: EUROSTAT [org_cropar_h1] and [org_cropar][13]

The way forward

In general terms, solutions to many of these challenges lie in **"smarter", more precise and sustainable farming**, which draws more strongly on knowledge and (digital) technology - to produce jointly more private goods and environmental public goods with lower levels of input use and negative externalities.

Among other things, this should involve better **nutrient management** and increased synergies between livestock, crop and forestry sectors (beneficial for climate change mitigation, air quality and biodiversity), more precise and therefore **reduced use of plant protection products** as well as development of alternative plant protection methods, improvements to **livestock and manure management** (with a focus on enteric fermentation to cut methane emissions) and **more efficient irrigation** (which, if appropriately deployed, can relieve pressure on scarce water resources). **Knowledge-intensive farming** can also actively support habitat creation and maintenance – for example, through suitable **crop rotations** including leguminous crops. The **creation and**

[12] Besides the impact of climate change, invasive species, over extraction of natural resources, pollution etc.

[13] European Commission. *CAP context indicator C.19 Agricultural area under organic farming.* Based on EUROSTAT [org_cropar_h1] combined with [apro_cpsh1],and [org_cropar]. Data for Croatia are for the year 2019.

preservation of high diversity landscape types and features on agricultural areas is important to restore biodiversity, which improves agricultural productivity in the long run, prevent soil erosion and depletion, filter air and water, support climate adaptation – as well as help farming and forestry realise their substantial potential as **carbon sinks**.

Many of these approaches can also translate into **economic benefits for farmers**. Re- and afforestation, in full respect of ecological principles favourable to biodiversity, forest restoration and sustainable forest management can contribute to climate change mitigation by increasing net removals of CO_2, by preserving carbon stocks, and by providing resources for the circular bioeconomy while also generating co-benefits including on biodiversity and climate change adaptation. Thus farmers and foresters can be directly rewarded for environmental and climate action (including through carbon farming) creating new business opportunities for rural areas. Implementing energy- and resource efficient measures such as promoting on-farm energy savings and small-scale renewable technologies can also support the farming sector. A **wide range of CAP tools** can help put these steps into practice, in synergy with other EU and national policies and legislation related to environment, climate and energy. Tools include not only various types of **environmental area-based payments** - among them the new eco-schemes, along with long-standing payments in CAP Pillar II - but also the elements of **conditionality** and support for **knowledge-building**, **investments**, **innovation** and **co-operation**.

Member States will define the actual content of environmental and climate actions in basic requirements, eco-schemes and rural development payments. Together these form the so-called **"green architecture".** Based on proper planning and past performance, **Member States need to choose and combine these different CAP tools so as to deliver clear results on environment and climate**.

Box 1. Examples of possible eco-schemes

The Commission has identified **examples of possible eco-schemes to support Member States** on the way towards efficient CAP strategic plans. They are in line with the Farm to Fork Strategy and the EU 2030 Biodiversity Strategy with the potential to contribute to several of their objectives, and without prejudice to future rules on this topic. Member States can use eco-schemes, for example, to promote the following agricultural practices:

- **Agro-forestry** by supporting farmers e.g. to keep a minimum density of trees on parcels or to take care of trees in a way that maximises the benefit for birds and insects.
- **Agro-ecology** by supporting farmers e.g. to use natural substances as plant protection products or apply cropping systems that go beyond minimum mandatory requirements for crop rotation. Organic farming is an example of agro-ecology.
- **Precision farming** by supporting farmers e.g. to establish a nutrient management plan that – thanks to technology and in-situ data analysis – provides for real-time data and prompt corrective action. These technologies contribute to reducing inputs and emissions.
- **Carbon sequestration** by supporting farmers e.g. not to plough and to reduce tillage (conservation agriculture), to rewet drained peatland, to preserve grassland, and install and maintain high diversity landscape features, which include, inter alia, hedges, buffer strips, non-productive trees, and ponds.

2.3. Strengthening the socio-economic fabric of rural areas and address societal concerns

Key figures for EU agriculture and rural areas

- 5.1% of EU farm managers are below 35 years old (2016)

- GDP per capita in rural areas is at 74% of EU average (2014)

- 17% reduction in Harmonised Risk Indicator 1 for pesticides (2011-2018)

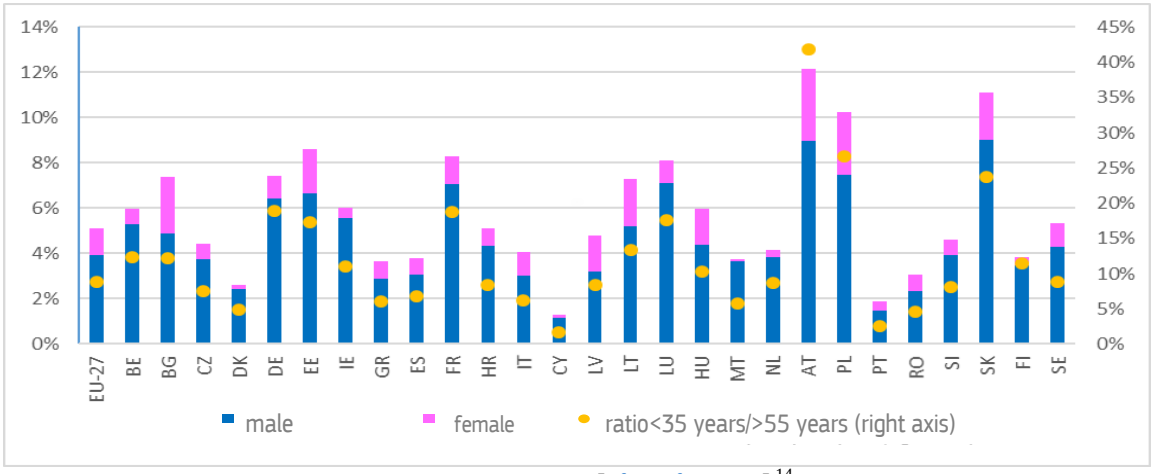
Successfully embarking on the **transition** outlined in the Farm to Fork Strategy will require concerted efforts and engagement of actors across EU territories. Rural areas offer a particular potential in this regard, being the home or place of activity for farmers, foresters, entrepreneurs and consumers and concentrating large parts of Europe's natural resources and eco-systems. Unlocking this **potential means kick-starting a virtuous cycle whereby newly generated economic opportunities result in positive dynamics** such as reduced poverty, unemployment and better access to services **across all parts of rural society**.

It is about generating perspectives, including for the most vulnerable areas and societal groups, so that citizens benefit from attractive rural areas and – in line with the Farm to Fork Strategy –a fair transition. Rural areas harbour many opportunities, but in many parts of the Union they are characterised by structural weaknesses or unexplored potential. While realities differ within and among Member States, certain challenges are recurring. In many Member States, rural areas lag behind in terms of income per capita, access to basic infrastructure and services and a proper exploration of the potential of bio-economy.

Risk of poverty and **social exclusion** as well as unfavourable employment and **unemployment** situations, which particularly concern women, youth and vulnerable groups are also a recurring feature of the Union's rural areas. As a result, rural areas in many Member States are subject to depopulation and/or ageing dynamics, which call for effective solutions to attract young people, including to the agricultural sector.

During the last decade, the proportion of **young farmers** in the overall farming population declined, while that of farmers older than 55 years increased. This has an important **gender component**, as the share of female young farmers is especially low. **Access to land, finance and efficient advisory services** are the most important challenges for business development.

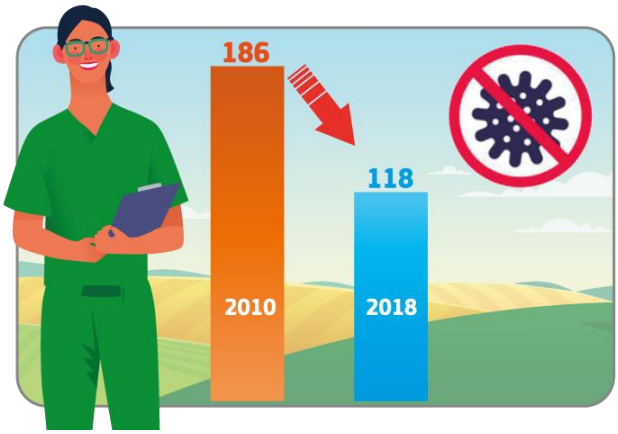
Figure 4. Young farmers across EU Member States - share of farm managers below 35 years old in 2016



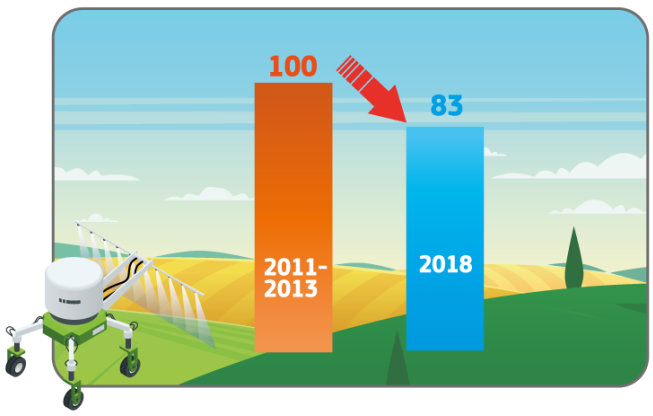
Source: EUROSTAT [ef_m_farmang] [14]

EU agriculture also has an important role **in responding to societal demands on food and health** in line with the objectives of the Farm to Fork Strategy to transform EU food systems by addressing their impacts, including the environmental, social/health and economic ones. While keeping in mind the progress achieved at EU level in many areas, **challenges clearly remain** when it comes to reducing the use of inputs, **notably chemical pesticides, fertilisers and antimicrobials in farming, as well as improving animal health and welfare, enhancing biosecurity, strengthening the protection of plants from emerging pests and diseases, promoting more sustainable and healthy food consumption (such as increasing the consumption of fresh fruit and vegetables) and reducing food loss and waste.** As specified in the EU Farm to Fork Strategy, current EU food consumption patterns are unsustainable from both a health and an environmental point of view. The food environment, which is also influenced by CAP measures, needs to support a dietary shift towards a more plant-based diet, in line with national dietary recommendations, so that it will contribute to achieving both environmental sustainability and health objectives.

Figures 5 and 6. Antimicrobials (in mg/PCU) and pesticides (HRI1) in the EU



Source: DG AGRI after ESVAC, Tenth ESVAC Report (2020)[1]



Source: EUROSTAT [aei_hri][1]

[14] European Commission. *CAP context indicator C.23 Age structure of farm managers.* Based on EUROSTAT [ef_m_farmang]

The way forward

Addressing the bundle of structural challenges and **inducing favourable dynamics across rural areas** will require mobilising a mix of public and private resources and initiatives, using the CAP as well as other European policies and funds[15], within a supportive legal environment. Targeted and integrated investments into both physical and human capital will be of particular importance, among others to enhance the business environment, to foster the circular and bio-economy and to preserve and develop infrastructure and services needed for a diversified economy. Particular attention is necessary for those territories and stakeholders most in need.

In line with the recently adopted Gender Equality Strategy[16], all Member States are recommended to ensure that their CAP Strategic Plans include targeted measures to address specific needs of **women** in agriculture and rural areas and to ensure that gender equality in the agricultural sector is strengthened. Particular attention needs to be paid to provision of good quality childcare services in rural areas and to closing gender gaps, in particular in employment.

Member States need to ensure the protection of **agricultural workers**, especially the precarious, seasonal and undeclared ones. This will play a major role in delivering on the respect of rights enshrined in legislation, which is an essential element of the fair EU food system envisaged by the Farm to Fork Strategy.

Efforts to foster generational renewal in agriculture will have to **support investments** in basic infrastructure and services, as well as in economic diversification (e.g. on farms or within the bio-economy), to facilitate access to finance as well as to specific knowledge/advice for agricultural business start-up, to target inheritance constraints and support cooperation between farmer generations, including farm succession. The concerned Member States will also pay specific attention to areas with specific needs and vulnerabilities, such as the outermost regions referred to in Article 349 of the TFEU.

Economic opportunities can also stem from **a better fit between agricultural production and changing consumer demands**. In relation to the EU Green Deal target on reducing the sales of antimicrobials to fight antimicrobial resistance, a concerted effort is needed to further reduce their use in a number of Member States through instruments that promote best practices on reduced and prudent use of antimicrobials, training and advisory services, together with improved livestock management, biosecurity, infection prevention and control.

These measures will in turn contribute also to the **improvement of animal health and biosecurity**. For reaching the target to reduce the use and risk of chemical pesticides, the majority of Member States must contribute by promoting the **uptake of integrated pest management, precision farming and switching to less hazardous plant protection products**.

Member States should also make an important effort to **shift towards healthier, more environmentally sustainable diets**, in line with national dietary recommendations, and reflect on the way their CAP Strategic Plan can contribute to a **healthier food environmen**t as well as to pay attention to **food loss and waste.**

[15] In line with Article 174 TFEU.
[16] COM(2020)152 final

2.4. Fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas

Key figures for EU agriculture and rural areas

- 60% of rural households have access to fast broadband internet (2019)

- 32% of farm managers attained basic or full agricultural training (2016)

Knowledge and innovation have a key role to play in helping farmers and rural communities meet the challenges of today and tomorrow. Research and innovation, digitalisation and new technologies will be among the key enablers driving the transition towards more sustainable and healthier food systems.

The **EU research and innovation framework programme Horizon Europe** will be rolled out to complement the substantial body of knowledge and ongoing agricultural research. However, this knowledge often stays fragmented and is not effectively applied in practice, while the agricultural sector has considerable and under-used innovation capacity.

Member States should make use of the future CAP Strategic Plans to support the Horizon Europe programme and its partnerships and missions, which will bring a significant contribution to the European Green Deal. In particular the mission **Caring for Soil is Caring for Life**, and the mission: **A Climate Resilient Europe** are of great importance for agriculture and rural areas.

Agricultural Knowledge and Innovation System (AKIS), ensuring effective knowledge flows between its actors will be instrumental to achieve the CAP specific objectives and achieve the Green Deal Targets. To respond to growing information needs of farmers, the integration of all advisors within AKIS and the innovation support services will ensure the uptake of applicable research and innovation solutions.

The main instrument to speed up innovation on the ground will be the **European Innovation Partnership for Agricultural productivity and Sustainability** (EIP-AGRI)**,** and in particular its Operational Groups, i.e. innovative projects in agriculture and other activities related to farming and rural areas (the environment, climate, biodiversity, food and non-food systems, etc.).

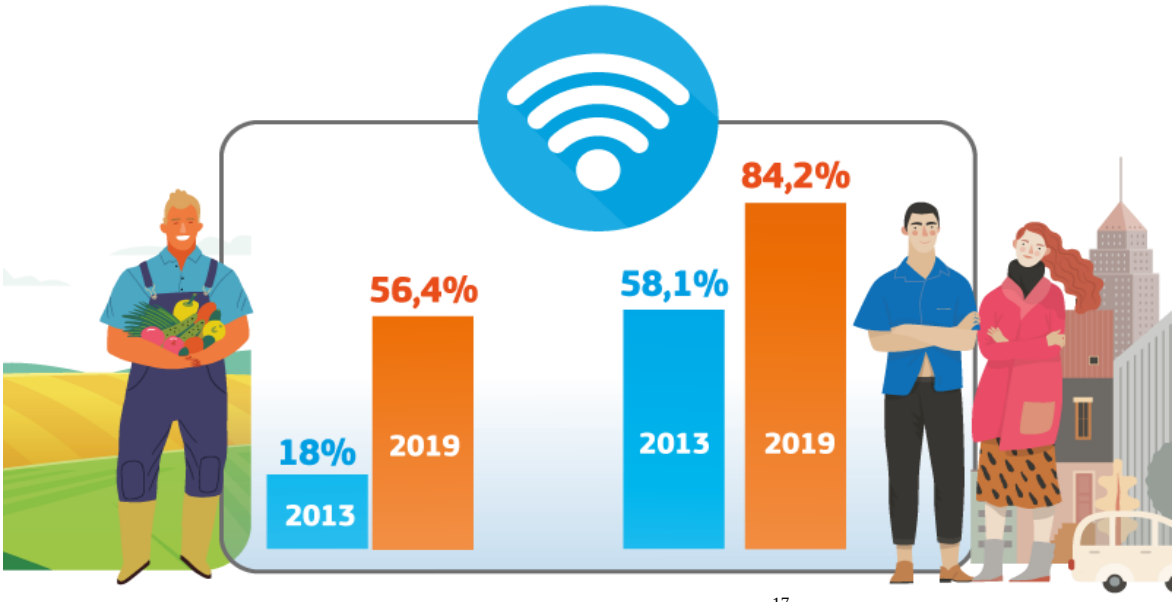
Member States should **engage in the digital transition** of the farming sector by **exploiting the EU's technological capacity** in digital and data technologies and infrastructure as well as satellite observation, precision farming, geolocation services, autonomous farm machinery, drones, etc., to better monitor and optimise agricultural production processes and the CAP implementation. The availability of a **fast and reliable internet connection in rural areas,** accompanied by the development of digital skills, is crucial to enable the development of all future smart solutions for our agriculture and rural business and communities. Fast internet will be a means to bring better information, education and health services also enabling generational renewal in farming and the development of a modern rural economy. In this domain, important efforts still need to be done in a number of Member States. Smart specialisation strategies are also an important factor to unlock the innovation potential of rural areas.

In parallel, **administrative systems of Member States need to be modernised to allow for the integration of a wide array of digital information** and the exploitation of digital information (whether through artificial intelligence or data analytics and

modelling approaches) to reduce costs and to understand policy effectiveness while enhancing services and benefits to rural populations. Developing the potential of the **Integrated Administration and Control System (IACS)**, based on its current components, could support efforts of the public administration in this domain. These improvements should help Member States in ensuring that farmers have access to a land registry system that enables them to be sure they can claim support for land for which they have a legal entitlement and ensures land claimed for is at their disposal.

The use of digital technologies is essential to increase the economic and environmental performance of the sector, of rural areas and for the modernisation and simplification of CAP administrations, CAP checks and **CAP performance reporting**.

Figure 7. Fast broadband coverage in the EU – rural households / national households



Source: DESI individual indicators [desi_1b1_fbbc][17]

[17] European Commission. *Digital Economy and Society Index.* DESI individual indicators – 1b1 Fast BB (NGA) coverage [desi_1b1_fbbc].

3. TOWARDS CAP STRATEGIC PLANS FIT FOR PURPOSE

3.1. Integrating the Green Deal in the CAP Strategic Plans

The recommendations provided are a first step in the process of integrating the European Green Deal in the future CAP Strategic Plans. The assessment provided in the different Staff Working Documents and the data used for this assessment[18] offer a good basis for Member States to define themselves, in a quantified way, their potential contribution to the common ambition.

The Proposal for a Regulation on the CAP Strategic Plans, foresees that the Member States will draft an **intervention strategy** for each of the nine specific objective, which will include the **targets** (at the level of result indicators) and the **most appropriate interventions**. The value of these targets and the selection and design of the interventions will be justified on the basis of the **needs assessment**.

The recommendations (and the analysis which justifies them), will facilitate the needs assessment for each specific objective. At the same time, **Member States are requested to set explicit national values for the different Green Deal targets**.

The national values will translate the common ambition of each of the Green Deal targets into specific aspirations at national level. These quantified values will allow Member States to explain how they plan to contribute to the EU ambition set by Green Deal, thus indicating a clear direction of the efforts to be made at national level. These explicit national values should take into account the efforts made during the past years, the present situation and the potential for improvement, acknowledging the specific situation of each Member State. Where relevant, Member States should ensure consistency with already existing national strategies or targets stemming from other planning instruments and legal obligations. The definition of the national values will help Member States in the needs assessment and in setting the CAP Strategic Plan targets at the level of result indicators.

The European Commission will support Member States in that process, in the framework of the structured dialogue, before the CAP Strategic Plans are formally adopted.

By examining all the national values together, it will be possible to assess whether the EU is collectively on track to achieve those Green Deal targets. The Commission will verify, at the time of approval and amendment of the CAP Strategic Plans, the overall coherence of the Member States values with the Green Deal targets. Progress towards these Green Deal targets, at Member State level, will be monitored through the evaluation framework proposed for the future CAP[19].

3.2. Drafting effective CAP Strategic Plans

Future CAP Strategic Plans are not only planning tools. They are the basis of a new governance, with strengthened cooperation among the different levels of government and more openness and transparency towards European society. On the basis of the recommendations in the 27 Staff Working Documents, the European Commission will strengthen the structured dialogue with Member States, by providing further guidance

[18] See Annexes to this Communication

[19] Staff Working Document (2020) 93 final on the "*Analysis of links between the CAP reform and the Green Deal*"

and intensifying the support to the preparation of the 27 CAP Strategic Plans. The Commission will also step up that support by publicly sharing appropriate documents on how it envisages to assess CAP Strategic Plans[20].

As foreseen in the Article 94 of the Proposal for the CAP Strategic Plan Regulation, competent **authorities for the environment and climate** need to be effectively involved in the preparation of the environmental and climate aspects of the plan.

In drafting and implementing the CAP Strategic Plans, Member States must ensure transparency. They need to ensure that interventions are based on **objective and non-discriminatory criteria**, are compatible with the internal market and do not distort competition. At the same time, when establishing selection criteria, Member States will aim to ensure targeting of support in accordance with the purpose of the intervention, **equal treatment of applicants**, better use of financial resources and **avoidance of conflict of interest**.

The transition also requires additional efforts to guarantee that all different policies implemented in the same territory contribute in a consistent and integrated way to sustainable food systems. This also includes rural – urban linkages and functional areas approaches that need to be strengthened. Further, for example, the ambition to preserve biodiversity in farmlands requires that Member States will not fund investments and farming practices with a negative impact on the environment.

Furthermore, the CAP strategic planning should ensure consistency and complementarity with **other EU funds** (in particular with Cohesion Policy) to avoid double funding and improve overall efficiency of investments. All EU funds should work in full synergy and contribute to the objectives set by the European Green Deal. Territorial tools (such as Community-Led Local Development) and cross border cooperation should be further strengthened. Consideration should also be paid to the Country Specific Recommendations issued in the context of the **European Semester exercise** as well as key strategic developments such as the **Long-term Vision for Rural Areas** to be issued in 2021 as comprehensive framework for the development of EU rural areas over the next decades.

3.3. Reinforcing the partnership principle

In order to increase the available knowledge, expertise and viewpoints in the design and implementation of the future CAP, it is also important that the new CAP Strategic Plans are prepared under the partnership principle. As foreseen in the Article 94 of the Proposal for the CAP Strategic Plan Regulation, Member States need to draw up the CAP Strategic Plans based on **transparent procedures and involving stakeholders**. The involvement of all relevant public bodies (including competent regional and local authorities), economic and social partners as well as relevant bodies representing civil society needs to take place at all preparatory stages of the future CAP Strategic Plan.

Efforts are still needed to guarantee a proper involvement and actual participation of stakeholders and civil society in the design of CAP Strategic Plans. The Commission urges all Member States to act in this respect, in particular those Member States that have not yet launched an open and transparent dialogue with all partners. The Commission will closely monitor this process before the CAP Strategic Plans are submitted.

[20] See footnote 19

Based on the experience of the Rural Development Programmes for the 2014-2020 period, the Commission recommends to all Member States the use of the principles defined in the **European code of conduct on partnership** in the framework of the ESIF[21].

The involvement of all the actors will also be crucial in the implementation phase and they will also play an important role in the future **monitoring committees**. These committees, set up in advance, should already play a role in the finalisation of the draft CAP Strategic Plan before submission to the Commission. A well-functioning national CAP network can enhance the contribution of the CAP Strategic Plans to the achievement of the Green Deal targets and ambitions. The CAP network should, among its different functions, act as a facilitator and support e.g. the connection of research and innovation communities with farmers within the AKIS and promoting synergies between the CAP and the European Research Area as well as regional cooperation within the Smart Specialisation Platform for Agri-Food.

[21] Commission Delegated Regulation (EU) No 240/2014 of 7 January 2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds