

The road to the post 2027 Common Agricultural Policy

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AEIDL takes a look at the road ahead to shape a more sustainable and innovative Common Agricultural Policy.

On 1st January 2023 the new Common Agricultural Policy (CAP) was launched across the EU. However, the journey towards its future shape post 2027 has already started. This policy is a key driver for sustainability and the adoption of smart solutions in agriculture and rural areas. AEIDL is respoible for the formulation of policy recommendations across a vast range of Horizon 2020 and Horizon Europe research projects. To help partners, and many other stakeholders, understand the challenges, AEIDL has prepared this concise timeline of the steps ahead for the post-2027 CAP, and what are the opportunities to best influence the shaping of the future CAP.

What is at stake?

The <u>Common Agricultural Policy</u> has traditionally been the largest EU policy, amounting to 1/3 of the EU Budget. €387 billion in funding for the 2021-27 period.

The vast majority 291bn for the European agricultural guarantee fund (EAGF) whose job is to support agricultural production, and 95,5bn for the European agricultural fund for rural development (EAFRD), which is mostly focused of supporting farming communities albeit 5% of it is ringfenced to promote community led local development in what is known as the CLLD-LEADER initiative.

The CAP has a solid legal basis in the EU Treaties and ensuing legislation, grounded on Art. 38-44 TFEU. To its original purpose of ensuring food security a number of additional goals have been added to it namely environmental protection (Greening and since 2019 encompassed in the wider EU Green Deal) but also regulating market, value chains, quality and geographical indication as well as modernisation for agricultural production including digitalisation.

AEIDL is responsible for the policy work of the BEATLES project and leads the advocacy of TOOLS4CAP, two Horizon projects focused on CAP post 2027. While CAP is the main driver for the EU Green Deal, Climate Smart Agriculture and Food Security, as shown by a study carried out by Serafin

Pazos-Vidal for <u>BEATLES</u> project, CAP is not the only factor: other EU policies such as Internal Market (subsidies and State aid rules), Cohesion Policy (which is responsible for another 1/3 of the EU Budget and overlaps significantly with EAFRD) and no doubt EU Environmental policy (designation of sensitive and protected areas, waste and pollution limits) have as much role of CAP in achieving Climate Smart Agriculture.

CAP is programmed over 7 years and the present programme was launched in January 2023 and will run into 2027. Under the "New Delivery Model" CAP which used to be very centralised at EU level, has been significantly devolved with Member States becoming responsible for most of the policy, which is set out in a CAP Strategic Plan per Member State (Belgium is the only federal state of having one per region). However, Member States must also provide a National Energy and Climate Plan, a Just Transition Plan and indeed the Partnership Agreement – for EU Cohesion Policy to which in 2014-2020) CAP was part of.

Because the multilevel way the EU policies operate, the CAP proposals were tabled in 2018 and die to COVID-19 it took to end 2022 to finalise negotiations. The EU budget, including that of CAP has been set for 2021-2027. Also due to COVID CAP has received a top up of 8bn from the special Next Generation EU fund that was set up during the pandemic.

Paradoxically a policy that was only launched in January 2023 is already being reviewed. The European Commission launched in on 20 June the Mid Term review of the 2021-2027 EU Budget. At the same time the CAP legislation foresees a series of steps for review itself during this period and the milestones to present the post 2027 CAP. The proposals will be tabled around May 2025; hence BEATLES policy work and accumulated evidence needs to be fundamentally collected before that timescale in other to help the EU institution have an evidence-based discussion about how CAP can foster Climate Smart Agriculture.

The present report therefore provides a summary of the genesis and development of the present CAP and the steps that will take place to prepare the post 2027 CAP.

The road to the present CAP 2023-2027

As foreseen in its 2017 Work Programme, the European Commission consulted on the simplification and modernisation of the CAP to maximise its contribution to the Commission's ten priorities and to the Sustainable Development Goals (SDGs) given that around 1/3 of the European budget is dedicated to agriculture. The outcome was presented in a Communication on the Future of Food and Farming, published in November 2017. It subsequently informed a legislative package introducing a new reform of the CAP, published on 1 June 2018 by the Commission in the framework of the discussions of the Multiannual Financial Framework (MFF) for the period 2021-2027.

In June 2018, the European Commission issued its proposals for a CAP post-2020, composed of three regulations: a. the CAP Strategic Plan Regulation (EU) 2021/2115, b. the CAP Horizontal Regulation (EU) 2021/2116 and c. the Common Market Organisation Regulation (EU) 2021/2117.

Together with the European Commission, in 2020 the colegislators (European Parliament and the Council) entered into negotiations, known as 'trilogues', on the CAP's reform. Member States at the Council adopted its general approach on 21 October. Under a new parliamentary term, the Parliament's plenary adopted its own negotiating position on 23 October. Trilogue negotiations were launched in November 2020. An informal agreement on a compromise text for this file was reached by the co-legislators on 25 June 2021. A recent study on the negotiations for the European Parliament shows that the Commission largely secured its initial proposal, but also Member States managed to keep their red lines. The deal was formally endorsed by the Parliament on 23 November and by the Council on 2 December. The Act was signed on the same day and published in the Official Journal on 6 December 2021.

CAP Strategic Plans and the New Delivery Model

After a year of preparation of the plans in the MS, the CAP Strategic Plans are being implemented in all EU countries since 1 January 2023. This latest reform of the CAP aims to support the transition towards sustainable agriculture and forestry in the EU, introducing changes to modernise and simplify the policy. The CAP introduced a **new delivery model (NDM)** that shifts the policy focus from compliance to performance and rebalances with more subsidiarity the responsibilities between the EU and the Member State (MS). The new model aims at better achieving EU objectives based on strategic planning, broad policy interventions and common performance indicators, thus improving policy coherence across the future CAP and with other EU objectives.

There has been an integration of former Pillar 1 and Pillar 2 into a single National Strategic Plan (2023-2027), organised around 10 CAP objectives, which is expected to produce a joint effect of multiple interventions. Each Plan combines a wide range of targeted interventions addressing and adapting them to the specific needs and conditions of that EU country and delivering tangible results in relation to EU-level objectives. Also, this period includes a new green architecture composed of enhanced conditionality, eco-schemes and specific rural development interventions.

The CAP is implemented to deliver the European Green Deal, which is the EU strategy for sustainable growth and includes the Farm to Fork and EU Biodiversity 2030 strategies, closely linked to the agricultural sector. However, negotiations on the CAP, the MFF and the Next Generation of the EU affected agriculture's ability to meet the objectives of the European Green Deal. You can find a rapid appraisal of the Plans in this study by our SHERPA Project and by the European Parliament.

How are results assessed in the current CAP period?

A new Performance Monitoring and Evaluation Framework (PMEF) covers all instruments of the CAP, that is to say, the CAP Strategic Plans as well as those elements of the CAP not covered by the CAP plans (some parts of the Common Markets Organisation, specific schemes).

The performance framework allows reporting, monitoring and evaluation of the performance of the CAP Strategic Plan during its implementation. It includes:

- a set of common output, result, impact and context indicators;
- targets and annual milestones established in relation to te relevant specific objective using the relevant result indicators:



- data collection, storage and transmission;
- regular reporting on performance, monitoring and evaluation activities;
- the ex-ante, interim, and ex-post evaluations and all other evaluation activities linked to the CAP Strategic Plan.

Member States shall provide an annual performance report on the implementation of the CAP Strategic Plan in the previous financial year. The last annual performance report shall comprises a summary of the evaluations carried out during the implementation period.

Annual performance reports shall set out key qualitative and quantitative information on the implementation of the CAP Strategic Plan by reference to financial data and to output and result indicators, including at regional level where relevant.

The European Commission will also carry out a **biennial performance reviews** based on the information provided in the annual performance reports. In 2026, the Commission shall review the information provided in the performance reports for financial year 2025.

Member States carried out ex-ante evaluations to improve the quality of the design of their CAP Strategic Plans. During implementation and ex-post stages, Member States will carry out evaluations of their CAP Strategic Plans during to improve the quality of the design and implementation of the plans. Member States shall assess their CAP Strategic Plans' effectiveness, efficiency, relevance, coherence, Union added value and impact in relation to their contribution to achieving the CAP general objectives and those specific to the CAP Strategic Plan concerned. The CAP Strategic Plan's overall impact shall be assessed by the ex-post evaluation only.

The next steps leading to post 2027 CAP

Though the present CAP was <u>only launched in January</u> <u>2023</u>, the existing legislation has already foreseen a very busy calendar to prepare the post 2027 policy and funding.

To start with, the Commission has just released in September 2023 its <u>stocktaking</u> on how the CAP Strategic

Plans contribute to the Long-Term Vision for Rural Areas, with more ideals to be unveiled by DG AGRI end 2023 inform the next Commission's thinking.

A request for amendment of the CAP Strategic Plan may be submitted **once per calendar year**.

To ensure the performance assessment, the Commission has also established a CAP multiannual evaluation plan. The Commission will submit to the European Parliament and to the Council a summary report of Member States' CAP Strategic Plans by 31 December 2023. The report shall include an analysis of Member States collective ambition to address their objectives.

By **31 December 2025**, the Commission will submit a report to the European Parliament and the Council to assess the operation of the **NDM by Member States**, its consistency and contribution of the CAP Strategic Plans in achieving the EU environmental and climate-related commitments. When necessary, the Commission will issue recommendations to the Member States to facilitate the achievement of those commitments.

By **31 December 2026** the Commission shall carry out an interim evaluation to examine the **effectiveness**, **efficiency**, **relevance**, **coherence and EU added value** of the European agricultural guarantee fund (EAGF) and the European agricultural fund for rural development (EAFRD), taking into account the indicators set out in Annex I of the CAP Strategic Plan Regulation (EU) 2021/2115.

After the end of the 2021-2027 period, the Commission will carry out an **ex-post evaluation** to examine the same evaluation criteria of the EAGF and the EAFRD.

By **31 December 2027** and based on evidence provided in these CAP evaluations, including evaluations on CAP Strategic Plans, as well as other relevant information sources (including projects such as BEATLES), the Commission shall present the colegislators a report on the interim evaluation, including first results on the performance of the CAP.

By **31 December 2031** a second report including an assessment of the performance of the CAP shall be presented. You can find complementary info here.

Main milestones of the current and next CAP programming period*

Timing	Milestone
2021-2022	Ex ante evaluation and Strategic Environmental Assessment of the CAP Strategic Plans.
2022	 European Commission provide an observation letter to each Member State related to draft CAP Strategic Plans submitted. Approval of the national CAP Strategic Plans by the Commission. Development of national regulations (cross-compliance, plan interventions and payment entitlements).
January 2023	 The CAP Strategic Plans are being implemented in all EU countries since 1 January 2023. First support application published in Member States. Each year, Member States will provide an annual performance report on the implementation of the CAP Strategic Plan in the previous financial year. The Commission will carry out a biennial performance review the information provided in the annual performance reports. Member States can request an amendment of the CAP Strategic Plan once per calendar year (before 1 January of the year).
June 2023	Commission tables Mid Term Review of the EU Budget.
December 2023	The Commission will submit to Parliament and Council a summary report of Member States' CAP Strategic Plans. The Commission will publish a report on the joint effort of all CAP Strategic Plans, with a particular focus on the collective ambition to achieve European Green Deal targets.
End 2023	Informal discussions will start on the design of the next CAP post 2027.
2024	Each EU country will present an annual performance report.
2024	Official public consultation/debate for next CAP proposal post 2027.
2024	European elections. Following the elections, Parliament votes to elect the new head of the European Commission, which is the EU's executive body, and to approve the full team of commissioners.
December 2024	Ex-post evaluations of programming period 2014-2020 shall be completed by 31 December 2024. The Regulation (EU) 2020/2220, related to certain transitional provisions, postpones the deadline to 31 December 2026.
2025	EU ministers discuss implementation and progress of CAP Strategic Plans.
Mid 2025	The Commission will publish a regulatory proposal for next CAP post 2027.
2025	The Commission will undertake the first biennial performance review of each CAP Strategic Plan 2023-2027 and request, if necessary, specific follow-up measures from EU countries.
December 2025	The Commission will submit a report to the European Parliament and the Council to assess the operation of the new delivery model by the Member States and consistency and combined contribution of the interventions in Member States' CAP Strategic Plans to achieving environmental and climate-related commitments of the Union.

^{*} The text in black represents the current programming period, and red text covers post-2027 programming.

2026	The Commission shall review the information provided in the Member States annual performance reports for financial year 2025. End of Next Generation EU timeline of eligible expenditure, including CAP top up.
December 2026	The Commission shall carry out an interim evaluation will assess the performance of the CAP 2023-2027. It will examine the effectiveness, efficiency, relevance, coherence and Union added value of the EAGF and EAFRD taking into account the indicators set out in Annex I of the CAP Strategic Plan Regulation (EU) 2021/2115.
	The Regulation (EU) 2020/2220, related to certain transitional provisions, postponed the deadline for the ex-post evaluations of programming period 2014-2020 to 31 December 2026.
2027	The Commission will undertake a second biennial performance review of each CAP Strategic Plan 2023-2027 and request, if necessary, specific follow-up measures from EU countries.
2027	Trilogue negotiations (the European Commission, the European Parliament and the European Council) on the CAP's reform.
December 2027	The Commission shall present a report on the interim evaluation, including first results on the performance of the CAP 2023-2027, to the European Parliament and the Council.
2028-2029	 New regulations PAC post 2027 approved. Ex ante evaluation and Strategic Environmental Assessment of the CAP Strategic Plans.
2029-2030	 Approval of the national CAP Strategic Plans by the Commission. Development of national regulations (cross-compliance, Plan interventions and payment entitlements).
2030	Revision targets European Green Deal and its strategies.
December 2031	 The managing authority shall be responsible for completing a comprehensive ex-post evaluation of the CAP Strategic Plan. The Commission shall present a second report including an assessment of the performance of the CAP 2023-2027 to the European Parliament and the Council.

Conclusion

The present briefing is a version of the Baseline Report presented by AEIDL at the <u>BEATLES</u> Inception Meeting for the Work Package on EU Policy Recommendations and Tools that we lead within this project. Other more detailed analysis will follow. However, BEATLES (Co-creating Behavioural Change Towards Climate-Smart Food Systems) a Horizon Europe project (2022-2026) is not the only project in whi ch AEIDL is actively engaged in identifying options for influencing the post 2027 Common Agricultural Policy. You can find an overview below and on <u>AEIDL website</u>.



GRASS Ceiling (Gender Equality in Rural and Agricultural Immovation Systems) is a Horizon Europe project (2023-2025) that aims to boost women-led innovation in farming and rural areas. Boosting the gender dimension within CAP Strategic Plans is a key goal of this project. AEIDL is the leader of the work package on co-creation of recommendations and tools for policy and knowledge and innovation systems that boost women's role in agriculture and rural areas.

Tools4CAP (Innovative Toolbox empowering effective CAP governance towards EU ambitions) is a Horizon Europe project (2023-2026) that aims to support the design and monitoring of the Common Agricultural Policy (CAP)'s National Strategic Plans 2023-2027 and lay the foundations for sound preparation of post-2027 Strategic Plans. AEIDL is the leader of the work package on Capacity building hub: Participation, Communication and Exploitation, which includes organizing the Tools4CAP Academy, a series of EU-level workshops, to disseminate, showcase, and train end users in how to best choose and operationalise innovative solutions.

RURACTIVE (Empowering rural communities to act for change) is a Horizon Europe project (2023-2027) that aims to foster a just and sustainable transition of rural areas by developing smart, community-led, tailor-made, place based and inclusive solutions within local Multi-Actor Rural Innovation Ecosystems (RIEs) on multimodal mobility, energy transition, agri-food and agroecology, culture and cultural innovation, health and wellbeing, nature-based and cultural tourism while integrating climate change mitigation and adaption, biodiversity and social justice and inclusion. AEIDL is responsible for screening existing EU policies and making policy recommendations.

SMART ERA is a Horizon Europe project (2024-2028) that will foster resilience in rural areas, by upgrading and co-designing, co-developing and co-validating with local communities a set of smart solutions, including Smart Villages. It will analyse and tackle pressing socio-economic and environmental challenges and promote a community-led transition pathway that will empower rural people to act for change. AEIDL will also be responsible for EU Policy Recommendations, including by way of organising dedicated forums with wider stakeholders.

EUTURAL (Empowering the future of rural area) is a Horizon Europe project (2023-2027) that will prototype, test, and demonstrate community-led, social, technological and business innovations Digital Smart Solutions in different geographical and sociocultural rural contexts.to address key societal, environmental and financial challenges and empower rural communities to engage in change. AEIDL is leading WP6 on Policymaking and Governance maximize the project's contribution to post 2027 CAP objectives on smart village development. We will also organize the EU-RIF Platform.

RURBANIVE is a Horizon Europe project (2024-2028) that will develop 6 Rural/Urban Enablers (RUEs), innovations in six domains favouring bi-directional rural/urban synergies and a well-being economy. A digital space, the "Community Store", the prominent result of RURBANIVE, will integrate the RUEs along with the "Community of Practice Suite" of policies, facilitating rural/urban communities to create strong synergies. The Community Store. AEIDL is responsible for the EU Policy Recommendations package.

MOVING (MOuntain Valorisation through INterconnectedness and Green growth) is a Horizon 2020 project (2020-2024) coordinated by the University of Cordoba. AEIDL is in charge of communication and dissemination including the design of the EU Multi Actor Platform meetings.

GRANULAR (Giving Rural Actors Novel data and re-Useable tools to Lead public Action in Rural areas) is a Horizon Europe project (2022-2026) that aims at generating new datasets, tools and methods to better understand rurality, ensuring the scalability of the results, datasets, data visualization and other tools for rural actors.

<u>CODECS</u> (Maximising the <u>CO-benefits</u> of agricultural <u>Digitalisation</u> through conducive digital <u>ECoSystems</u>) is a Horizon Europe project (2022-2026) that aims to improve the motivation and the capacity of European farmers to understand and adopt digitalisation as an enabler of sustainable and transformative change.

















The Policy Unit of AEIDL gathers experts who foster community-led innovation by facilitating peer learning, co-creation and transfer of knowledge. The Unit also provides analysis and evaluation of relevant EU policies and advocates for an enhanced support to community local action in thematic strands such as rural and territorial development; green growth, environment and climate action, or or employment, entrepreneurship and inclusion. It acts as a knowledge hub to inspire and connect local and EU stakeholders.

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