



**“A GREENER AND
FAIRER CAP”**

In June 2021, the Council and the European Parliament reached a provisional political agreement on the future of the Common Agricultural Policy (CAP) in response to a legal proposal tabled in 2018 by the European Commission.

In the context of the major COVID health crisis that demonstrated the resilience of the EU's food sector, and against a backdrop of growing challenges in relation to **climate change, biodiversity loss and management of natural resources**, much is expected from the new CAP over the period 2023-2027. The policy will be an essential tool for contributing to achieving the ambitions of the European Green Deal – a wide-ranging and far-reaching strategy for environmental, economic and social sustainability in the EU.



At the same time, more than ever, the CAP must target better and address the specific needs of the farm sector and rural areas regarding **fairness** – in terms of the distribution of income support, as well as other tools and features of the CAP.

Finally, to help achieve these and other goals the CAP must continue to embrace **innovation**.

This factsheet focuses on these particular themes which, along with others, have been the driving forces behind the political agreement. The agreement concerns formal legal texts which will provide a framework and, in many areas, set certain minimum expectations. The next step is to create ambitious CAP Strategic Plans which need to work towards Green Deal objectives and targets, giving the EU **a greener and fairer CAP**.



A GREENER CAP

The right objectives:

Three out of ten of the CAP's specific objectives directly concern the environment and climate – covering climate change, management of natural resources, and biodiversity. Taken as a whole, the CAP's objectives will cover the three dimensions of sustainability (environmental, economic and social).



In step with Green Deal aspirations:

When assessing Member States' draft CAP Strategic Plans against the CAP's specific objectives, the Commission will do so in the light of Green Deal targets for 2030 as set out in the Farm to Fork Strategy¹ and the EU Biodiversity Strategy for 2030². To this end, it will use the recommendations which it issued to each Member State in December 2020.

Stronger links to legislation:

Within this framework, when drawing up their CAP Strategic Plans, Member States will have to take account explicitly and clearly of the analysis, objectives and targets of key EU laws on climate change, energy, water, air, biodiversity and pesticides. They will have to update their plans when this is necessary so as to align them to changes to the relevant legislation.

"No backsliding" clause:

Member States will be required to "aim higher" with regard to the environment and climate in the way they use CAP funds as compared to the previous (current) policy period.

Clarity on climate action:

To ensure that the contribution of the CAP to climate action is correctly measured and accounted for, the Commission will propose an improved methodology, to be in place as of 2026 at the latest.



¹ [EUR-Lex - 52020DC0381 - EN - EUR-Lex \(europa.eu\)](#)

² [EUR-Lex - 52020DC0380 - EN - EUR-Lex \(europa.eu\)](#)

CONDITIONALITY:

- **Strengthening the foundations:**

A system of “conditionality” – basic obligations for around 6,7 million beneficiaries who receive direct payments and/or other area-/animal-based CAP payments – will include the essence of the current requirements, and will be further strengthened.

- **Wider coverage, but adaptability:**

Member States will have significant flexibility to implement the system in ways which suit the particular circumstances of their respective territories while meeting conditionality’s objectives. It is crucial that these flexibilities are used in CAP Strategic Plans to add maximum value for climate and environment.



- **New requirements** will fill gaps in the current rules – for example:



- a new obligation to protect wetlands and peatlands - which are major carbon sinks – as of 2025 at the latest;

- inclusion of relevant elements of the Water Framework Directive³ and the Directive on the Sustainable Use of Pesticides⁴.

- **Improvements to existing requirements** will also further increase sustainability, for example:



- To improve long-term soil health, in principle farmers will be required to carry out beneficial crop rotations. Crop “diversification” (the current obligation) will be permitted as an alternative although it does not have the same benefit for soil health as crop rotation. If a CAP Strategic Plan contains this option, a Member State will have to demonstrate that crop diversification clearly helps to preserve soil potential. There will also be exemptions for smaller holdings – i.e. with no more than 10 hectares of arable land - and for farms with a large proportion of permanent grassland. Organic farmers will automatically be considered as meeting the obligation. With exemptions taken into account, the obligation of crop rotation or diversification will apply to an estimated 86% of the EU’s arable land.



³ [EUR-Lex - 32000L0060 - EN - EUR-Lex \(europa.eu\)](#)

⁴ [EUR-Lex - 32009L0128 - EN - EUR-Lex \(europa.eu\)](#)

➤ Farmers will also increase their contribution to biodiversity by in principle devoting at least 4% of their arable land to non-productive features and areas, including fallow land. The obligatory minimum for such non-productive features will be 3% where farmers “top up” that total to 7% through an eco-scheme (see below), or where farmers devote significant additional land to catch crops or nitrogen-fixing crops (cultivated without plant protection products or fertilisers in each case). The option of using catch crops and nitrogen fixing crops provides a limited value for biodiversity. Also here there will be exemptions for smaller holdings – i.e. with no more than 10 hectares of arable land. When this exemption is accounted for, the obligation of devoting a proportion of land to non-productive features will apply to an estimated 85% of the EU’s arable land.

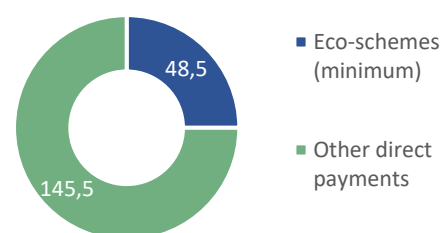


ECO-SCHEMES:

- **A wide range of types of action:** Like certain types of payment in the CAP’s second pillar, eco-schemes will support many types of voluntary actions going beyond conditionality and other relevant obligations – e.g. practices related to better nutrient management, agro-ecology, agro-forestry, carbon farming or animal welfare (among many others). Member States will have to make eco-schemes available which cover at least two “areas of action” from a wide-ranging list laid down in the CAP rules.
- **A substantial budget for a new type of payment scheme:** Member States will in principle plan to spend at least 25% of their direct payments budget on eco-schemes – a new tool - making action on a wider scale possible. To go beyond and spend more is an option for Member States. During a two-year “learning period” (2023 and 2024), a Member State may spend less than 25% in case of a lower-than-planned take-up by farmers, provided that it makes up for any significant shortfalls by the end of 2027.
- **Built-in flexibilities:** Eco-schemes will fund annual or multi-annual commitments, according to the needs identified in CAP Strategic Plans. Payments can be set as a “compensation” (for costs and income losses arising from the practices concerned) or go beyond compensation (but are in line with the level of ambition of the practices) – provided that the relevant World Trade Organisation rules are respected.

Graphic assumes that 25% of the direct payments budgetary envelope for 2023-2027 is spent on eco-schemes. See above for information on flexibility for Member States.

Spending on eco-schemes and other direct payments 2023-2027 (EUR billion)

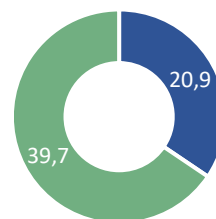


SUPPORT FOR RURAL DEVELOPMENT:



- **A continued wide range of tools:** rural development support will continue to cover environment- and climate-friendly land management (on farmland and forest land), animal welfare, and compensation for natural and other disadvantages. Funding for investments, knowledge-building, innovation and co-operation will in many cases be targeted at environment- and climate-related needs, though it will also serve other CAP objectives.
- **A simplified menu:** The current 20 rural development “measures” and 64 “sub-measures” will be streamlined into eight broad “types of intervention” for greater ease of use.
- **Ring-fenced green funding:** Member States will have to spend at least 35% of their respective rural development budgets on action over the environment, climate and animal welfare (all counted for 100%). 50% of payments for Areas with Natural Constraints will count towards this ring-fenced amount (compared to 100% today), as these payments primarily support income, and often have limited direct benefits for the environment, the climate and animal welfare.

EAFRD spending 2023-2027
(EUR billion)



■ EAFRD
environment,
climate and
animal welfare
(minimum)

SECTORAL INTERVENTIONS:

- **A greater share of the funding pie:** At least 15% of funding which Member States devote to sectoral interventions in the fruit and vegetables sector, and 5% of their funding in the wine sector, will have to be spent on types of action serving environment and climate-related objectives – compared to a mandatory 10% in the current period in the case of fruit and vegetables and no minimum in the case of wine.



A FAIRER CAP

The new CAP places a greater emphasis on fair distribution of support, working conditions and securing the future of a new generation of European farmers.

FAIRER DISTRIBUTION OF CAP INCOME SUPPORT:

The new CAP takes further steps towards a fairer distribution of income support and a greater targeting towards small and medium-sized farms.

- **Strategic approach:** Member States must examine and explain how their CAP plan will make distribution of direct payments fairer, as well as more effective and efficient.
- **Mandatory redistribution:** As a general rule, Member States will dedicate at least 10% of their direct payments to the redistributive income support tool, to increase payments received by smaller farms. Other interventions and instruments of the CAP's first pillar - such as the payment for small farmers, internal convergence, the territorialisation of the basic income support, or capping/degressive reductions - may be used to help meet the redistributive needs when duly justified in Member States' CAP Strategic Plans.

A FEW FIGURES:

- ✓ With no mandatory redistribution, the funds currently allocated to redistributive payments range from 2% to 15% for the nine Member States which use this facility.
- ✓ Overall at least EUR 3,8 billion annually could be redistributed, compared to EUR 1, 7 billion under the current CAP.
- ✓ Per-hectare direct payments received by smaller farms currently remain below or just around the national average in a number of Member States, reaching as low as 86% of the average.
- ✓ Thanks to the redistributive payment, payments per hectare of the smallest farms could increase by 7 to 10%.



- **Optional reduction/capping of direct payments:** Member States may apply up to 85% reductions for amounts exceeding 60.000€, applicable to the basic income support received by a single farm. Member States may allow the subtraction of farm salary costs - including unpaid (family) work - from the amount of direct support to ensure that farm employment is not unduly affected. They may also impose an upper limit (capping) on the amount received, at 100.000 €. The savings from reduction/capping will stay within Member States' CAP budgets. The funding may for example be used for the redistributive payments. Generally speaking, co-legislators decided to maintain the current voluntary approach to capping.
- **Convergence of per-hectare payments:** The new CAP will continue reducing differences of the level of direct payments between and within Member States. Those Member States that receive payments below 90% of the EU average will see an increase of their budget up to half the difference to 90% of this average - the process known as external convergence. This is complemented by internal convergence within Member States. Under this system, those with a direct payments model based on historical levels of payment per hectare will need to close the gaps: by 2026 all basic income support payments on a Member State's territory must have a per-hectare value of at least 85% of the national average.
- **Who may claim CAP direct payments?** Member States will define in their CAP Strategic Plans who qualifies as an 'active farmer' - that is, who may receive direct payments. This will be done according to a minimum level of agricultural economic activity that Member States have to determine with objective and non-discriminatory criteria such as income or labour input. Member States may support this determination by drawing up a list of economic activities disqualifying entities from being considered as an active farmer.

A STRONGER POSITION FOR FARMERS IN THE MARKETPLACE:

- **Improved rules on competition:** Limited exemptions from competition law will be expanded in a well-targeted manner - allowing farmers to work together to strengthen their position in the food supply chain. This includes derogations for agreements setting higher sustainability standards as well as possibilities for supply regulation for foodstuffs with protected geographical names.

SOCIAL CONDITIONALITY:

linking support to respect of rights of farm workers

- For the first time, receiving CAP income support and rural development funding will be linked to farmers' respect of basic social and labour rights of farm workers, as enshrined in EU laws:
 - **Transparent and predictable employment conditions:** Farm workers have to be informed of employment conditions in writing, regardless of the hours worked. This includes: place and type of work; beginning and, where relevant, end of employment; any probation period; paid leave; notice periods; remuneration; work pattern/schedule; and social security (Directive on transparent and predictable working conditions⁵).
 - **On-farm safety and health:** Employers must ensure the safety and protection of farm workers in relation to farm machinery and equipment, protective clothing and equipment, or dangerous substances (Occupational Safety and Health Directives⁶).
- **Application** of the approach can start in 2023 on a voluntary basis and will become mandatory in 2025. The Commission will examine the functioning and the scope of this mechanism by 2027 and will assess the feasibility of including provisions on the free movement of workers by 2025.
- **Advice** on these obligations and rights will be provided via the farm advisory system.
- **Sectoral interventions** may for the first time be used for improving employment conditions in sectors such as fruit and vegetables, hops, olive oil and table olives.



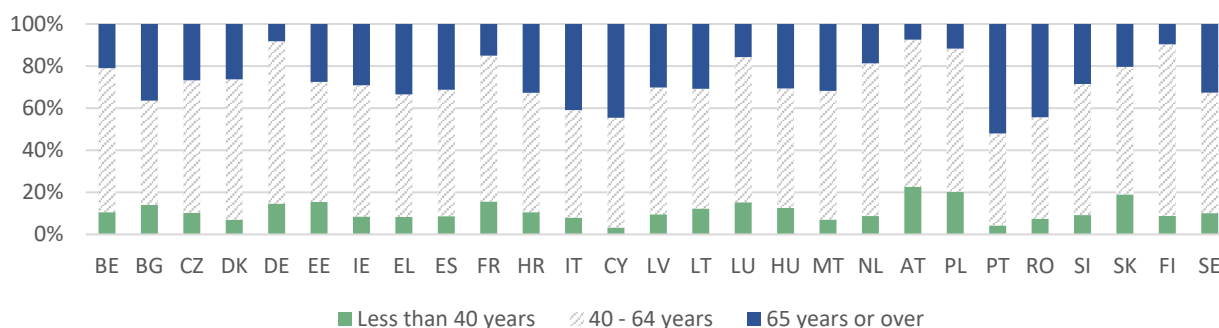
⁵ [EUR-Lex - 32019L1152 - EN - EUR-Lex \(europa.eu\)](#)

⁶ [EUR-Lex - 31989L0391 - EN - EUR-Lex \(europa.eu\)](#)
[EUR-Lex - 32009L0104 - EN - EUR-Lex \(europa.eu\)](#)

SUPPORTING A NEW GENERATION OF EUROPEAN FARMERS:

The new CAP steps up the support for generational renewal and participation of women in the farming sector.

Age structure of farm managers (2016, Eurostat)



Source: Eurostat [EF_M_FARMANG]

- **Strategic approach:** Generational renewal in agriculture is at the heart of one of the ten specific objectives of CAP Strategic Plans. Member States must examine and address the situation of young farmers and, according to the needs identified, design the best combination of CAP and national instruments to support them, including in relation to access to land.
- **Increased support:** Member States will have to dedicate an amount corresponding to at least 3% of their direct payments budget to support young farmers, up from a maximum of 2% for income top-up today. This support may be channelled through additional income support, start-up aid or investment support (50% of relevant investment support would be counted towards this target).
- **Gender equality,** including the participation of women in farming, is taken up in the specific objectives of the CAP Strategic Plans. Member States are required to examine and address the situation of women and design appropriate action according to the needs identified.
- **Improving the knowledge base:** By allowing transfers of CAP funds to the EU Erasmus programme, the CAP offers Member States an opportunity to enhance the transnational learning-related mobility of young farmers and of women from rural areas. This will complement training and knowledge exchange supported under the CAP.

A FEW FIGURES:

- ✓ 11% of EU farmers are less than 40 years old. Women account for 28% of all farm managers, with the proportion ranging from 5% to 45% at Member State level.
- ✓ The current spending on income support for young farmers and their initial setting-up ranges from 1.5% to 6% for the vast majority of Member States.
- ✓ At EU level the new support for young farmers will translate into at least EUR 1.2 billion of aid annually in the period 2023-2027.

AN INNOVATION-FRIENDLY CAP

- **Modernisation through knowledge exchange, innovation and digitalisation explicitly underpinning all CAP objectives:** Modernisation in agriculture and rural areas will be an explicit horizontal objective of the CAP – one which lies at the heart of all the others.
- **Comprehensive and strategic approach:** Each Member State will have to set out in its CAP Plan its strategy for stimulating innovation and modernisation. This strategy should refer, among other things, to:
 - the overall organisation of the Member State's Agricultural Knowledge and Innovation System (AKIS);
 - the way in which CAP networks, advisory services and research will cooperate in the context of AKIS;
 - a strategic approach towards the digitalisation of farming and rural areas.
- **A strengthened role for farm advisory services:** Member States will have to ensure that advice on a broad range of topics is available to farmers and other CAP beneficiaries covering the economic, environmental and social dimensions of land and farm management. The scope of the current farm advisory system will be widened, with a view to strengthening advice via AKIS activities which involve all public and private advisors. Member States are explicitly obliged to ensure that advice is impartial and that advisors are fit for the task, without conflicts of interest. Farmers and other CAP beneficiaries will draw on the help of advisors to design solutions for their specific context and address requirements arising from EU laws.
- **EUR 9 billion for research and innovation** in the area of Food, Bioeconomy, Natural Resources, Agriculture and Environment as part of the Horizon Europe programme 2021-2027.
- **Adapting and applying research on the ground:** The European Innovation Partnership for Agricultural Productivity and Sustainability (EIP-AGRI) will continue to help translate research results into innovations “on the ground” - with support from CAP tools financing related investments, co-operation and knowledge exchange and innovation support services.



THE FOUNDATION: A PLANNED AND RESULTS- BASED APPROACH

A joined-up programming approach for all CAP tools, focused on results:

Each Member State will draw up a CAP Strategic Plan covering its intended use of direct payments, interventions specific to market sectors, and support for rural development. This will enable each Member State to take a much more coherent approach in pursuit of the [*CAP's ten specific objectives, in line with the objectives of the European Green Deal*](#)⁷.



Supported by facts:

CAP Strategic Plans will be based on data, analysis and a needs assessment in relation to agriculture and rural areas in each Member State. The Commission Recommendations of December 2020⁸ provide guidance to Member States.

Approved by the Commission:

The Commission is working with Member States in a structured dialogue to achieve high-quality CAP Strategic Plans, and will approve plans proposed by Member States on the basis of criteria laid down in the Regulation.



Improved by follow-up and feedback:

CAP Strategic Plans will be monitored and evaluated during implementation, including through a set of common indicators – and amended when necessary.

⁷ [EUR-Lex - 52019DC0640 - EN - EUR-Lex \(europa.eu\)](#)

⁸ See [CAP strategic plans | European Commission \(europa.eu\)](#)