



# **Strategic Plan 2016-2020\***

Directorate-General  
for Agriculture and Rural Development

\*The current Commission's term of office runs until 31 October 2019. New political orientations provided by the incoming Commission for the subsequent period will be appropriately reflected in the strategic planning process.



## Foreword

*Setting up a Strategic Plan marks a new step in the Commission's performance framework and reflects the Commission's engagement to actively follow the process of strategic performance. The ambition of this document is to highlight DG AGRI's contribution to the Commission's corporate objectives. The document follows a harmonised approach for all Commission services, and therefore does not necessarily give an exhaustive picture of the CAP and DG AGRI's activities.*

*This document shows clearly the strategic importance of the Common Agricultural Policy (CAP) for EU citizens and the central role of DG AGRI for ensuring an effective and efficient implementation of the policy. The CAP objectives provide a strong basis for DG AGRI to make a real contribution to President Juncker's political priorities. The CAP's focus on fostering a viable agricultural sector, the sustainable management of natural resources and climate action as well as a balanced territorial development ties in well with the Juncker priorities on growth, jobs and investment, the digital single market, energy union and climate change policy and a balanced TTIP agreement. This should however not distract from the fact that DG AGRI's activities also contribute to other political priorities.*

*The importance of agriculture for society extends beyond its role as a source of safe and healthy food. Agriculture has a direct impact on the viability of rural areas, the scenic value of landscapes, climate change, water quality, eco-system services as well as Europe's heritage. Therefore, the CAP offers various complementary tools and instruments to ensure that agriculture can answer to its best to European citizen's demands.*

*Latest European and global developments accentuate even further the importance of agriculture and the CAP for the future. Food security, rural and urban linkages, tackling the migration and refugee crisis, enhanced climate action and environmental preservation will frame the activities in the agricultural sector. And this calls for an ongoing assessment of the CAP and the potential need for adjustments of certain priorities and/ or policy tools in the long run.*

*In order to assess properly the achievements of the policy, DG AGRI has established a Common Monitoring and Evaluation Framework for gathering key information on the performance and policy implementation of the CAP based on defined indicators, some of which are reflected in this Strategic Plan. This information will continue to feed ongoing policy assessment and the insights which emerge will be used in the DG AGRI Annual Activity Reports (AARs) and, where appropriate, in the Strategic Plan.*

*Accordingly, DG AGRI will ensure the CAP's focus to remain targeted at the EU's core challenges. This will also contribute to a more complete and effective performance planning framework and reporting in the Annual Activity Report on the results achieved by the CAP.*

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## PART 1. Strategic vision for 2016-2020

### A. Mission statement

The mission of the Directorate-General for Agriculture and Rural Development (DG AGRI) is to promote the sustainable development of Europe's agriculture and to ensure the well-being of its rural areas.

### B. Operating context

*Treaty obligations and competences of the EU*

The **Common Agricultural Policy** (CAP) is a genuinely European policy as Member States pool resources to operate a single European policy with a single European budget. The objectives of the CAP as laid out in Article 39 of the Treaty of the Functioning of the European Union (TFEU) are:

- a) to increase agricultural productivity;
- b) to ensure a fair standard of living for the agricultural community;
- c) to stabilise markets;
- d) to assure the availability of supplies;
- e) to ensure that supplies reach consumers at reasonable prices.

The **Treaty objectives**, together with horizontal policy clauses (e.g. on the protection of the environment, consumer protection or animal welfare), provide the framework for all EU initiatives and activities. Fulfilling these objectives in the light of changing internal and external challenges requires formulating **political priorities** which reflect the specific needs of a given point in time. This is the case for the key strategic orientation at EU level as well as for the key aims any EU policy intends to achieve.

In the case of the CAP, to reach the TFEU objectives, three **common objectives for the CAP** of

- **viable food production,**
- **sustainable management of natural resources and climate action, and**
- **balanced territorial development**

were set out in the Regulation on the financing, management and monitoring of the CAP<sup>1</sup>. The CAP sets out complementary measures designed to jointly achieve all three objectives. They contribute to the relevant **political priorities of the Juncker Commission**<sup>2</sup> as well as to the headline targets (climate and energy, research and development, employment, social inclusion) and flagship initiatives (innovation, resource efficiency, youth, digital agenda, new skills and jobs) of the **EU 2020 Strategy**<sup>3</sup> and to the fundamental Treaty objectives.

The *competences* in the field of agriculture are **shared between the Union and the Member States**<sup>4</sup>.

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<sup>1</sup> Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008.

<sup>2</sup> The ten priorities of the Juncker Commission ([http://ec.europa.eu/priorities/index\\_en](http://ec.europa.eu/priorities/index_en))

<sup>3</sup> <http://ec.europa.eu/eu2020/pdf/COMPLET%20EN%20BARROSO%20%20%20007%20-%20Europe%202020%20-%20EN%20version.pdf>

<sup>4</sup> See also part on "Management modes" below.

## *Types of Commission intervention*

DG AGRI acts through different types of interventions:

- The overall policy conception and formulation of the CAP is based on **policy and economic analysis**, evaluation and impact assessments.
- In 2014-2020, DG AGRI is managing an allocation amounting to EUR 408.3 billion in commitments (in current prices) or around 37.7% of the overall amounts of the MFF 2014-2020.

The CAP is financed through two funds, i.e. the **European Agricultural Guarantee Fund (EAGF)** and the **European Agricultural Fund for Rural Development (EAFRD)**. The EAFRD is part of the Common Strategic Framework<sup>5</sup> (CSF) for Cohesion Policy 2014-2020, where Rural Development (RD) priorities translate and feed into the CSF thematic objectives.

DG AGRI also contributes to the **Instrument for Pre-accession assistance (IPA II)** for the part related to rural development (IPARD).

Furthermore, DG AGRI participates in the implementation of the **Horizon 2020 Framework Programme** for Research and Innovation for the part related to securing sufficient supplies of safe and high quality food and other bio-based products.

- By its **audit** activities, DG AGRI verifies the conditions under which payments and controls have been carried out by the Member States.
- DG AGRI contributes to the negotiation of **international agreements** touching upon areas of agricultural policy (trade in agricultural products, quality policy, food security etc.), contributes to the implementation of such international agreements and manages the relations with third countries related to agriculture.
- **By its regulatory and enforcement actions**, DG AGRI prepares legislative proposals, negotiates these with the other institutions and monitors their implementation to ensure a harmonised application. The DG manages various Commission regulations laying down detailed implementing rules as well as their adaptation over time. DG AGRI also deals with state aid/competition and infringements, control of implementation of the acquis, complaints and Ombudsman inquiries.

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<sup>5</sup> The Common Strategic Framework (CSF) for 5 European Structural and Investment Funds (ESI Funds) was adopted to enhance the coordination and complementarity between the EU's main funding instruments (Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006).

## *Management modes*

DG AGRI operates in three management modes:

1. **Shared management** for interventions in agricultural markets, direct support and rural development: Implementation vis-à-vis final beneficiaries is delegated to the Member States, while the Commission is responsible for the implementation of the overall legal framework, budget implementation and for Member States' supervision;
2. **Indirect management** for pre-accession measures: Implementation vis-à-vis the final beneficiaries is delegated to the authorities of the beneficiary country;
3. **Direct management** for other activities: contracts are concluded directly with third parties to supply the DG with studies, promotion activities and information and communication activities. With the launch of Horizon 2020 – the Framework Programme for Research and Innovation (2014-2020) in 2014, DG AGRI has delegated the entire operational management of its research activity to the Research Executive Agency (REA). Some tasks and activities related to promotion of agricultural products are entrusted to the Consumers, Health, Agriculture and Food Executive Agency (CHAFEA).

## *Key stakeholders*

Agriculture is at the heart of our lives. Farmers produce high quality, safe food, they look after the natural landscape, help tackle climate change and preserve the vitality of our countryside. The CAP helps European farmers deliver these public benefits. Thanks to the CAP, European **citizens** enjoy food security. The CAP ensures that 500 million **consumers** have a stable supply of affordable food and EU **farmers** can make a reasonable living. Furthermore, **food processing, food retail and food services sectors** are closely linked to agricultural activities.

**Member States'** authorities, both at national and regional level, are involved in all steps of the policy cycle – from design, management, control to monitoring and evaluation. In particular, **Paying Agencies** are responsible for the management and control of EU funds.

**Management committees** control the Commission's exercise of implementing powers through opinions on draft implementing acts. The Commission is assisted by **expert groups** which help with the coordination of policies and provide advice and expertise for preparing legislation. DG AGRI also has a regular exchange with **civil dialogue groups** on all matters relating to the common agricultural policy and its implementation in order to have a balanced feedback and input from economic and non-economic stakeholders.

At the **inter-institutional level**, DG AGRI maintains a continuous dialogue and cooperation with the European Parliament (notably the COMAGRI and CONT parliamentary committees), the Council (notably the Special Committee on Agriculture), the Economic and Social Committee and the Committee of the Regions.

At the **intra-institutional level**, DG AGRI is working closely with other Directorates-General, in particular the shared management DGs (REGIO, EMPL, MARE, HOME), the natural resources family DGs (ENV, CLIMA), JRC, GROW, COMP, DEVCO, TRADE, SANTE and central services (SG, BUDG, SJ, HR, DIGIT). DG AGRI is also working closely with REA and CHAFEA.

DG AGRI also coordinates the Commission's activities on agricultural policy in the **international organisations** such as UN, FAO, as well as G20 and represents EU interests and positions in multilateral negotiations, notably in the framework of the WTO, OECD, FAO, in the World Intellectual Property Organisation (WIPO), International Organisation of Vine and Wine (OIV) and International Olive Council (COI).

## C. Strategy

In order to **pursue political priorities** and to ensure an effective and efficient **implementation the CAP, DG AGRI** acts through different types of interventions (see p. 5).

Commission President Juncker committed to renew the European Union on the basis of an Agenda for Jobs, Growth, Fairness and Democratic Change<sup>6</sup> focusing on ten political priorities. These have been translated into **general objectives shared by all Commission services** in order to set-up an integrated performance framework. In this respect, the role and responsibilities of DG AGRI have been defined in Commissioner Hogan's mission letter.<sup>7</sup>

The contribution to Juncker priorities is particularly significant towards the delivery of the following four **Commission general objectives**:

1. A New Boost for Jobs, Growth and Investment (Juncker priority 1)
2. A Connected Digital Single Market (Juncker priority 2)
3. A Resilient Energy Union with a Forward-Looking Climate Change Policy (Juncker priority 3)
4. A balanced and progressive trade policy to harness globalisation (Juncker priority 6)

In addition, DG AGRI international cooperation activities contribute to Commission general objective "A Stronger Global Actor" (Juncker priority 9). Some rural development programmes provide support to migration issues and therefore contribute as well to Commission general objective "Towards a new policy on Migration" (Juncker priority 8).

In order to better capture the specific contribution to the achievement of Commission general objectives, supported by the impact indicators defined at corporate level, a number of additional CAP-specific impact indicators are used. The following table gives an overview of the selected Commission general objectives<sup>8</sup>, the related common CAP objectives and the accompanying impact indicators (both corporate and CAP-specific).

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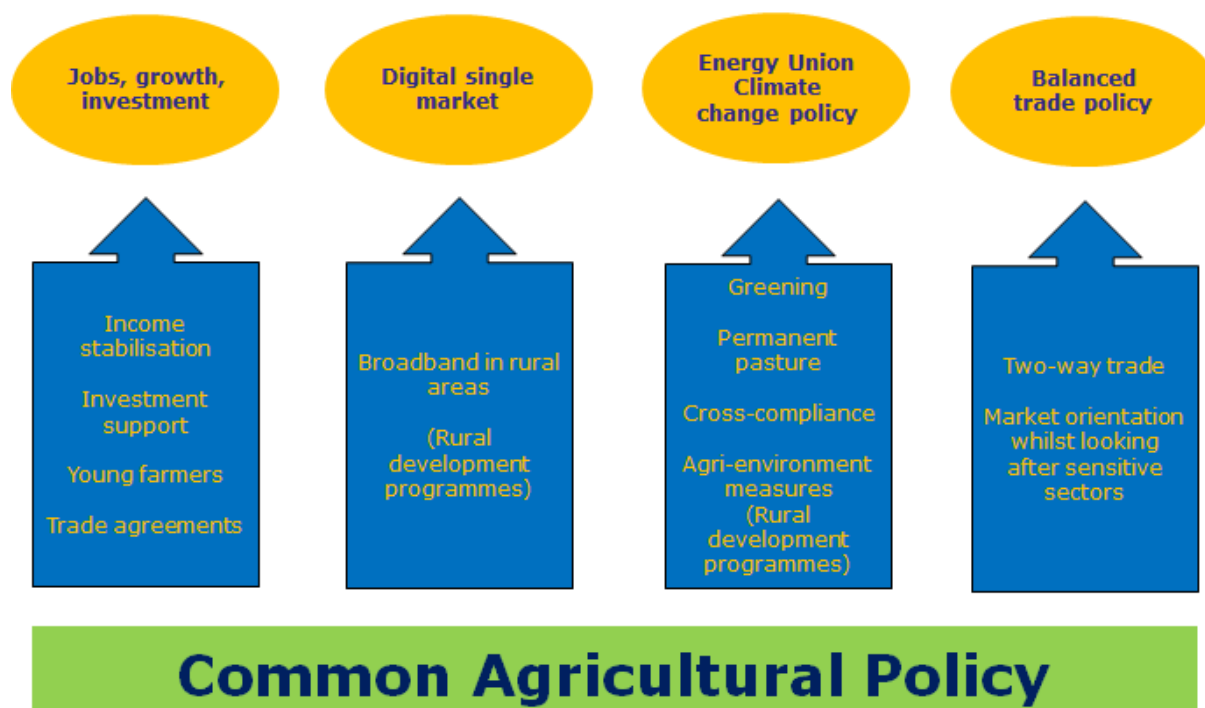
<sup>6</sup> A New Start for Europe: My Agenda for Jobs, Growth, Fairness and Democratic Change [http://ec.europa.eu/priorities/docs/pg\\_en.pdf](http://ec.europa.eu/priorities/docs/pg_en.pdf)

<sup>7</sup> President Juncker's Mission Letter to Phil Hogan  
([http://ec.europa.eu/commission/sites/cwt/files/commissioner\\_mission\\_letters/hogan\\_en.pdf](http://ec.europa.eu/commission/sites/cwt/files/commissioner_mission_letters/hogan_en.pdf))

<sup>8</sup> Following the Instructions for the Strategic Plan 2016-2020 and Management Plan 2016, the DGs should select a maximum of four objectives from the list of Commission general objectives.

Commission General Objectives	Related common CAP objectives (CO)	Impact Indicators
<b>1. A New Boost for Jobs, Growth and Investment</b>	CAP CO 1: viable food production CAP CO 2: sustainable management of natural resources and climate action CAP CO 3: balanced territorial development	<b>Corporate</b> <ul style="list-style-type: none"> <li>Percentage of EU GDP invested in R&amp;D (combined public and private investment)</li> <li>Employment rate population aged 20-64</li> </ul> <b>CAP-specific</b> <ul style="list-style-type: none"> <li>Agricultural factor income</li> <li>Total factor productivity in agriculture</li> <li>EU commodity prices compared to world prices</li> <li>Rural employment rate</li> </ul>
<b>2. A Connected Digital Single Market</b>	CAP CO 3: balanced territorial development	<b>Corporate</b> <ul style="list-style-type: none"> <li>Aggregate score in Digital Economy and Society Index (DESI) EU-28</li> </ul> <b>CAP-specific</b> <ul style="list-style-type: none"> <li>Percentage of rural population benefiting from new or improved ICT services/infrastructures</li> </ul>
<b>3. A Resilient Energy Union with a Forward-Looking Climate Change Policy</b>	CAP CO 2: sustainable management of natural resources and climate action	<b>Corporate</b> <ul style="list-style-type: none"> <li>Greenhouse gas emissions</li> </ul> <b>CAP-specific</b> <ul style="list-style-type: none"> <li>Net greenhouse gas emission from agriculture</li> <li>Nitrate levels in freshwater (water quality)</li> <li>Minimum share of agricultural land with specific environmental practices/commitment</li> </ul>
<b>6. A balanced and progressive trade policy to harness globalisation</b>	CAP CO 1: viable food production	<b>Corporate</b> <ul style="list-style-type: none"> <li>Percentage of EU trade in goods and services as well as investment covered by applied EU preferential trade and investment agreements</li> </ul> <b>CAP-specific</b> <ul style="list-style-type: none"> <li>Total EU agri-food trade value</li> </ul>

The contribution of CAP instruments to the Commission general objectives, as managed by **DG AGRI**, is presented below:





## **CAP as a policy of a strategic importance**

The strategic importance of the CAP for EU citizens becomes apparent when considering the role that agriculture and its activities in rural areas (such as tourism, transport, local and public services) play in the European economy and society. Rural regions cover 52% of the EU territory, intermediate regions account for 38% of the area and urban regions only represent 10% of the territory<sup>9</sup>.

The primary agricultural sector, i.e. agriculture, forestry, hunting and fishing, is naturally concentrated in rural areas and accounts for a 5% share in total employment. Overall, agriculture and the agri-foods industry that receives its high quality, competitive and reliable raw material inputs from agricultural production, provide 44 million jobs<sup>10</sup> and comprise 15 million businesses. Yet, the income per capita (on average) and the employment rate are significantly lower in predominantly rural regions compared to urban areas.

For a viable European economy and the European society, a functioning environment providing ecosystem services is crucial. This is acknowledged by the CAP as farmers are encouraged to comply with sustainable agricultural practices in order to safeguard the environment. An additional focus is laid on the preservation of rural communities and landscapes as they form a valuable part of Europe's heritage. Overall, the CAP can be seen as an overarching policy as it is inter-linked to many other European policies, notably socio-regional, economic as well as environmental, climate and energy policies.

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<sup>9</sup> [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Urban-rural\\_typology](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Urban-rural_typology)

<sup>10</sup> [http://ec.europa.eu/agriculture/events/2015/outlook-conference/brochure-jobs-growth\\_en.pdf](http://ec.europa.eu/agriculture/events/2015/outlook-conference/brochure-jobs-growth_en.pdf)

The CAP is formally divided into two "pillars". These work together to achieve the goals set out above. The first pillar is support to farmers' incomes, provided in the form of direct payments and market measures. The second pillar is the support provided for the development of rural areas, in the form of Rural Development programmes. At policy level the two pillars are closely linked with each other although the financing modes for the two are substantially different and so are the processes of establishing budgetary needs. The intervention logic of the CAP is presented in Annex 1.

#### ADDED VALUE OF POLICY ACTION AT EU LEVEL

*An EU-level Common Agricultural Policy (CAP) has several advantages over leaving all policy intervention to national or regional level.*

*An EU-level policy assists the **smooth functioning of the single market** for agricultural products. The CAP includes basic rules on issues such as marketing standards and product labelling. These rules must be clear, and appropriate for the whole of the Union, in order for supply chains linked to farming to work efficiently (and in favour of employment and growth).*

*An EU-level policy delivers **benefits across the whole of the Union**, rather than only in certain areas. Helping farming, the agri-food sector and rural areas as a whole to develop in ways which favour economically rational employment and output requires money. Credit markets do not provide this money in adequate quantities. Some MS can afford to meet the resultant needs from their own budgets; but many cannot. A common policy – drawing on the EU budget – solves this difficulty.*

*An EU-level policy **avoids distortions of competition** which is essential if the most viable businesses are to thrive. Even if all MS could afford to fund completely individual agricultural and rural policies, leaving them to do so could pose serious problems: public funding might end up giving farmers and related businesses in some MS an unfair advantage over those in others. Although in theory this could be prevented through appropriate state aid rules, doing so in practice would probably be very burdensome, especially in view of the financial sums involved.*

*Overall, then, even though MS and regions enjoy considerable discretion over how they implement certain aspects of the CAP (especially Pillar II – rural development policy), the CAP is a **recognisably "common" policy** and adds value as such, including in terms of employment and growth.*

### CAP contribution to EU 2020

The CAP feeds into the Europe 2020 objectives of smart, sustainable and inclusive growth. The CAP 2014-2020 was designed to make a strong contribution to these broader EU objectives. The new CAP has various instruments: regulatory, both compulsory and voluntary, to increase knowledge, to enhance the environmental performance and climate action as well as to contribute to jobs and growth in rural areas.

In particular, the CAP contributes to **smart growth** by increasing resource efficiency and improving competitiveness through:

- The development of technological knowledge and innovation,
- Higher value added and quality products,
- Investments in green technologies such as energy and water saving technologies,
- Continued and enhanced investment in skills, training and entrepreneurship, as well as networking.

As regards **sustainable growth**, given the important interaction of agriculture with natural resources, the CAP makes a significant contribution to increasing productivity while preserving natural resources through:

- Ensuring the long-term viability of farming through income stabilisation, while fostering innovation and the use of research results with a focus on green technologies and resource efficiency;
- Contributing to the provision of environmental public goods, such as the preservation of habitats, biodiversity and an attractive countryside, by ensuring environmentally sustainable land management;
- Further reducing emissions from agriculture, for example by supporting improved land management and production techniques to reduce emissions;
- Fully developing the potential of rural areas, by mobilizing and connecting local actors, for example by supporting small scale projects developing innovative solutions towards resource efficiency.

In terms of **inclusive growth**, agricultural activity and its multiple links with the up and downstream sectors are essential for thriving rural areas. In this context, the CAP plays an important role in empowering people in inclusive societies notably through:

- Unlocking local potential in rural areas and diversifying rural economies through incentives for mobilizing and connecting local actors across sectors;
- Creating additional jobs (agricultural and non-agricultural) in rural areas for example by developing local markets, improving local infrastructures or supporting business start-up;
- Supporting farmers' income, which is significantly lagging behind, including a safety net in the face of increased price and income volatility.

### CAP contribution to Horizon 2020

DG AGRI also participates in the implementation of Horizon 2020 Framework Programme for Research and Innovation for the part related to securing sufficient supplies of safe and high quality food and other bio-based products.

The CAP has three overarching objectives, referred to as "common **CAP objectives**", set out in the Regulation on the financing, management and monitoring of the CAP.

### **1. Viable food production, with the focus on agricultural income, agricultural productivity and price stability**

Guaranteeing food security, averting a slowdown in productivity growth, price/income volatility and facing the economic crisis are the main economic challenges that must be addressed by the CAP. To promote a viable food production, the CAP enhances competitiveness. This results in improved economic tools to address the income of farmers and market developments on a sound socio-economic and environmentally sustainable basis.

**Market measures** provide a **safety net** in order to react efficiently and effectively against threats of market disturbances or other events and circumstances significantly disturbing or threatening to disturb the market, and thus, maintaining market stability and meeting consumer expectations. Such measures may also be financed through a crisis reserve is created through the annual application of the financial discipline on direct payments. Furthermore, the activities for the common organisation of the markets in agricultural products include measures to foster producer organisation and interbranch organisation in order to improve **competitiveness** of the agricultural sector and enhance its share in the food chain, the school milk and fruit scheme, as well as the wine national support programme and other regulatory measures. Besides, export refunds have been abolished.

**Direct payments** support and stabilise **farmers' income**, but increasingly also contribute to the provision of **environmental public goods**. Indeed, the CAP provides for a wide range of obligatory and voluntary instruments of direct payments for active farmers, such as basic payment, greening payment, young farmers scheme, small farmers scheme, redistributive payment, coupled support and support in areas facing

natural constraints. Member States that currently maintain direct payment allocations based on historic references must move towards more similar levels of payment per hectare.

**Rural development** policy also contributes to enhance the **competitiveness** of all types of agriculture and improve the agricultural standing in the food chain. In particular, rural development explicitly aims at improving the competitiveness of the agricultural sector and farm viability, as well as at improving the integration of farmers into the food chain and management of risks. A number of specific instruments (or "rural development measures") are available in this respect. The rural development policy encourages **investments** in the rural areas and support business start-ups and innovation projects; this is a key instrument to support **job creation** and stimulate economic activity beyond the agricultural sector with projects for the diversification of the economy in rural areas.

**Horizontal and other instruments** include cross compliance, quality policy, organic farming, promotion policy and research (under Horizon 2020), European Innovation Partnership for Agricultural Productivity and Sustainability, as well as the Farm Advisory Service (FAS). The FAS requires Member States to offer advice to farmers covering issues on cross-compliance, the green direct payments, the conditions for maintenance of land eligible for direct payments, the Water Framework and Sustainable Use of Pesticides Directives as well as to assist farmers, forest holders and SMEs operating in rural areas in order to improve the economic and environmental performance of their holdings through rural development measures.

## 2. Sustainable management of natural resources and climate action, with a focus on greenhouse gas emissions, biodiversity, soil and water

**Environmental challenges** addressed by the CAP include greenhouse gas (GHG) emissions, soil depletion, water and air quality, habitats and biodiversity and the impact of climate change in general. For reaching this common CAP objective, different instruments and measures are provided in Pillar I and Pillar II, respectively.

For respecting certain agricultural practices which are beneficial for the climate and the environment, farmers receive a **green payment**. This new compulsory greening instrument ensures that farmers are adequately remunerated for providing environmental public goods and pursue climate change mitigation and adaption, one of the specific objectives under Pillar I. In addition, the existing cross-compliance system links all direct payments, certain rural development payments and certain wine payments to a number of statutory requirements relating to environment, climate change, good agricultural condition of land, human, animal and plant health standards and animal welfare. Under Pillar II, relevant priorities in relation to this common objective of the CAP are the ones referring to restoring,

preserving and enhancing **ecosystems** as well as to promoting **resource efficiency** and the shift towards a **low carbon and climate resilient economy**. The measures that will mostly contribute these priorities are agri-environment-climate payments, support for organic farming, strengthened and streamlined support through investments, grants and annual payments for forestry activities, and payments for mountain areas and other areas facing natural and other specific constraints. To be noted that, in the case of Pillar II, 30% of the EAFRD must be spent on measures related to land management and the fight against climate change. In addition, rural development measures related to knowledge transfer and innovation, will effectively contribute to the achievement of environmental priorities (as well as to the other priorities, given their horizontal nature). The European Innovation Partnership for Agricultural Productivity and Sustainability as well as the research activities under Horizon 2020, are also contributing to the achievement of this environmental-related common CAP objective.

### 3. Balanced territorial development, with a focus on rural employment, growth and poverty in rural areas

The territorial challenges that are to be addressed by Rural Development Programmes include the effective enhancement of the **vitality of rural areas** and effective promotion of the **diversity** of EU agriculture. Despite the fact that a growing number of rural areas are becoming increasingly driven by factors outside agriculture (such as socio-economic, sectorial and environmental conditions), agriculture still remains an essential driver for the rural economy in the EU. Agriculture generates additional economic activities with strong implications on the food processing, tourism and trade. In many regions, agriculture builds the foundation of local traditions and social identity.

The policy for rural development is unique in the sense that Member states or their regions design their own multi-annual programmes on the basis of the menu of measures available at EU level, whereas the programmes are co-funded from the national budget. A new element to the CAP brings higher **flexibility** for the Member States or regions, as the Member States or regions may decide which measures to be applied in order to reach targets set against six broad priorities, and 18 sub-priorities or so called focus areas. However, in order to boost bottom-up forms of territorial development in rural areas, at least 5% of the EAFRD will have to be devoted to the LEADER<sup>11</sup> approach. Furthermore, the LEADER approach will be integrated within so called Community-Level Local Development (CLLD) Strategies, which can be co-financed by the other ESI funds<sup>12</sup>, i.e. ERDF, ESF, CF and EMFF. This will further enhance a closer co-ordination between different policies of the Union, for example in the context of

programmes for rural-urban cooperation at local level.

In addition, to boost the social and economic development of their rural areas, Member States or their regions also have the possibility to design thematic sub-programmes focusing on particular sectors or beneficiaries, such as young and small farmers, mountain areas, women in rural areas, climate change mitigation and adaptation, biodiversity and short supply chains.

Hence, Rural Development Programmes are designed in a way to make a vital contribution to the **social, economic and environmental well-being** of rural areas and the **sustainable management of natural resources**. Rural development thus promotes the competitiveness of the agricultural and food processing sectors and inclusive and sustainable growth in rural areas without compromising the enhancement of a diverse EU agriculture and the safeguard of European heritage.

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<sup>11</sup> LEADER is a method to mobilise local capacities and resources to develop and implement local development strategies based on the specific strengths and opportunities of the community.

<sup>12</sup> The new framework of the EU's rural development policy takes account for the coordination and complementarity with the European Structural and Investment (ESI) Funds. The Common Strategic Framework (CSF) aims at providing clear strategic direction to the programming process under the CSF Funds, including the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), and is reflecting the Europe 2020 strategy through eleven common thematic objectives.

## EXTERNAL FACTORS AND ACTIONS BY OTHER STAKEHOLDERS THAT COULD IMPACT ON THE ACHIEVEMENT OF THE OBJECTIVES

Agriculture, being the primary sector responsible for the production of food, feed and biomass, takes place in a context that reflects its wide reach. Agriculture depends on economic developments, as every economic sector; it interacts with nature and its production potentially depends on natural resources such as soil, water and biodiversity; furthermore, agricultural activity is closely interlinked with the wider rural economy and its development. The relative importance of the external factors differs across CAP instruments, agricultural sectors, as well as geographically.

The common CAP objective of **viable food production** can be essentially considered as summarising the specific “economic” objectives of the CAP. Viable food production and related specific objectives such as farm income, competitiveness, and market stability depend very much on harvests, or more generally, agricultural production in the EU and other main producing areas. This in turn is influenced by **natural factors** such as meteorological conditions or the occurrences of pests, but also other developments influencing **prices** for agricultural products and inputs such as high energy or fertiliser prices might play a role (geopolitical and macroeconomic developments). Similarly, factors that influence **demand** for agricultural products (speculation, food scares...) can play an important role in the attainment of the objectives. In this context the impact of political decisions should not be underestimated, such as the recent Russian ban on some EU agricultural products amply demonstrates.

The common objective of **sustainable management of natural resources and climate action** essentially covers the ecological specific objectives of the CAP. For the attainment of these, basically the same external factors as mentioned for viable food production apply. While the CAP includes a set of actions beneficial for the climate and environment, their impact strongly depends on local conditions (e.g. appropriateness of water use, measures combating soil erosion etc.) and on potential ad-hoc adverse weather events (droughts and floods) or other intervening factors (e.g. pests). In addition, the CAP instruments alone are not sufficient to counterbalance the overall negative trend for water quality, soil organic matter and biodiversity. Moreover, also here an important role is played by economic factors that influence the production- and investment decisions by farmers and behaviour of consumers.

Finally, reaching the common objective of **balanced territorial development** depends very much on the way existing governance structures in Member States/Regions manage to use the possibilities offered by the CAP into addressing local needs, taking into account the aforementioned external factors of human or natural origin. Evidently, the challenges are not the same across the EU and also existing cultural, political, geographical or historical factors can influence the attainment of objectives. For this reason, at the level of Rural Development Programmes, a detailed ex-ante evaluation and SWOT analysis are required before the RDPs can be implemented.

To be able to better interpret the impact and result indicators of the CAP, as part of the monitoring and evaluation framework a set of context indicators have been developed.

## 1. Commission general objective "A new boost for jobs, growth and investment"



The first priority of the Juncker Commission is to **increase the number of jobs and create growth** in Europe's economies. Along with the necessary reforms and pursuing responsible management of finances, Europe also needs to restore investment levels to overcome the crisis and to kick-start new and sustainable jobs.

DG AGRI contributes to the achievement of the Commission general objective "A new boost for jobs, growth and investment" by implementing a number of CAP instruments relating to all three CAP common objectives. The list of related specific objectives is represented in the Annex 3.

In this respect, the CAP combines fostering the competitiveness and the market orientation of the primary sector on the one hand and protecting farmers from sudden severe market disturbances on the other to sustain farming in Europe.

The CAP intervenes in two ways:

- The 1<sup>st</sup> pillar of the CAP promotes jobs in the primary sector first and foremost by granting an income support to farmers mainly via decoupled direct hectare payments: this income support provides stability to the farming sector, allows for the continuation of agricultural activity, most notably in times of crises, and ensures the development of a sustainable farm sector across the whole EU. In addition the 1<sup>st</sup> pillar market measures provide a safety net in cases of market and price crises.
- The 2<sup>nd</sup> pillar supports job creation and maintenance of jobs via supporting investments in rural businesses and infrastructures and skills acquisition through innovation support, training and advice. These support mechanisms make a substantial contribution to job creation and the development of the sector in rural areas.

The CAP objective of a **viable food production** is directly linked to the Commission general objective "A new boost for jobs, growth and investment". A large number of jobs in agriculture depends on "viable food production". Agriculture in the EU still employs around 22 million people, even though the sector is restructuring and slowly taking a lower share of total employment. Furthermore, together with food processing, food retail and food services, agriculture makes up a sector providing nearly 44 million jobs in the EU. The agri-food sector's output is also substantial – including annual exports worth over EUR 129 billion in 2015.

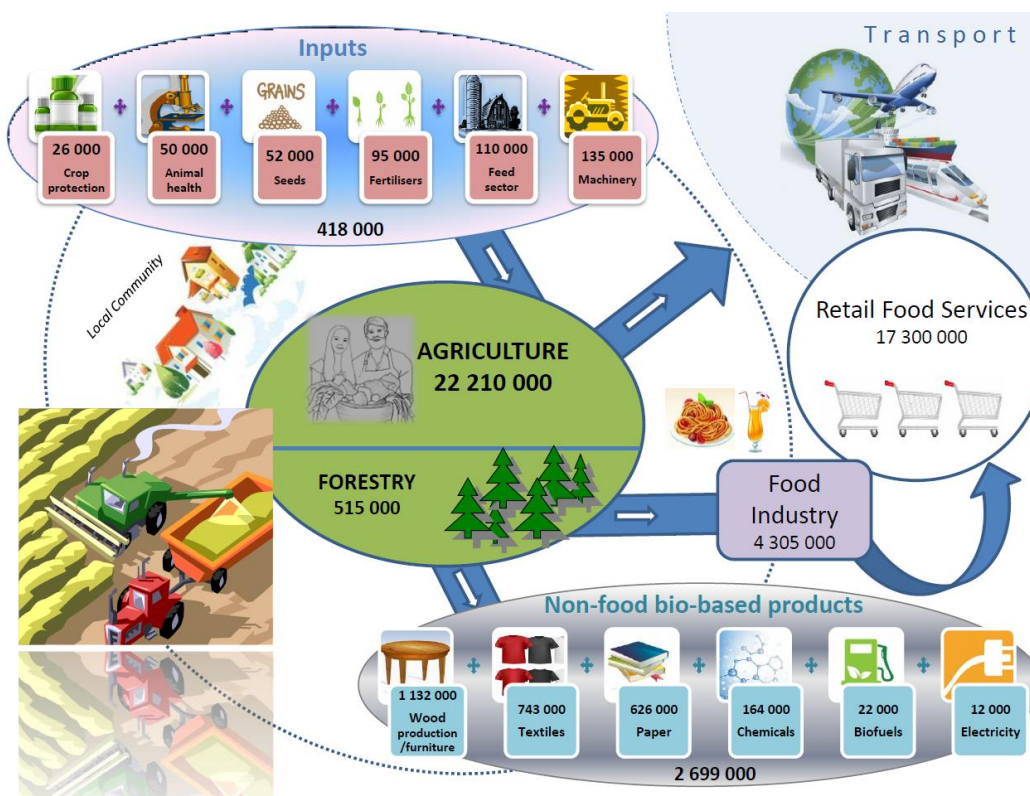
Therefore, **policy action to boost employment, growth and investment** in the EU overall should take adequate account of farming and the sectors linked to food production. CAP aims at improving competitiveness of the agricultural sector and enhancing its value share in the food chain. One way of improving the farm sector's competitiveness is to help it to operate more efficiently. While efficiency gains may entail temporary job losses the CAP fosters long-term competitiveness and contributes to offering new products and services to new markets, resulting in new jobs.

A range of CAP **instruments** help to achieve the above mentioned. Some of these – especially EAFRD support for investments in farm modernisation and restructuring, and in food chain organisation. In this respect, the share of value in the food supply chain taken by farmers is important because the jobs and output in farming are more likely to remain viable if that share of value can rise from its current, relatively low level. The share is low mainly because of a weak bargaining position against the more consolidated processing and retail sectors. Under the EAGF, rules on producer organisations, inter-branch organisations and various forms of contract help farmers to strengthen their bargaining power in supply chains.

Farmers are vulnerable to severe shocks from factors such as extreme weather, animal and plant disease, and price volatility. Without policy intervention, there is a danger that such shocks destroy farm jobs which are essentially viable under "normal" circumstances. **Market stability** is one of the Treaty objectives of the CAP.



Chart: Number of persons employed in farming, forestry and related industries (full- and part- time jobs)



Sources: JRC, *The Bioeconomy in the EU in numbers, 2015*; Eurostat, *Structural Business Statistics, 2015*; Eurostat, *farm Structure Survey, 2013 (provisional)*. In the case of input figures: industry sources.

On the other hand, EU farmers operate in a market economy and new opportunities are opening up in the supply of new food and drink products with very specific characteristics, or in the provision of biomass to produce energy and synthetic materials.

The CAP tackles the challenge by supporting farmers through **direct payments**, providing a basic protection of farm income against the particular shocks, and thereby help to avoid unnecessary losses of jobs. At the same time, as the lion's share of these payments does not vary according to production choices or volumes, the payments leave farmers free to respond to market signals.

In addition, the CAP contains some instruments to supplement the effect of direct payments by **stabilising markets** in times of crisis – mainly through support for private storage, public intervention and "exceptional measures", albeit these tools are used far less than in previous decades. The intention is to stabilise markets adequately with a modest and efficient use of the instruments concerned. Another instrument – export refunds – has been formally abolished at WTO Ministerial conference in Nairobi in December 2015.

The CAP aims at enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting **innovative farm technologies** and sustainable management of forest. Rural development supports innovation and investment projects that improve the economic performance of the farm sector. For the current programming period, investment targeting restructuring and modernisation for 337 000 farmers will help the sector become more innovative, productive and competitive, generate higher value and create sustainable jobs. Specific support for 176 000 young farmers will help a new generation of farmers develop their businesses. 3.9 million places in training courses and 1.4 million sessions of targeted advice will further improve the economic performance of farms, foresters and other rural entrepreneurs and underpin job creation. More than 3 000 interactive innovation projects will be funded as part of the European Innovation Partnership for agriculture.

Rural development policy is also focussing significant efforts on improving farmers' position in the **food chain** via support for around 300 000 projects setting up of producer groups, short supply chains, local markets or getting farmers involved in quality schemes. Support for risk management tools will help make 646 000 farm business more resilient to the increasingly extreme market volatility and adverse weather events. Further development of financial instruments with the European Investment Bank and activities to raise awareness amongst Managing Authorities will further boost the uptake of financial instruments and consequently increase the reach and leverage of the EAFRD. In addition to this, Rural Development will deliver rural growth and job creation outside the farm gate by supporting the setting up and development of small rural businesses.

The **promotion** measures will be a useful tool to helping achieving those objectives by putting emphasis to **open up new markets** but also by raising the awareness of consumers in and outside Europe to the intrinsic qualities and excellency of European agriculture. Actions will consist of promotion programmes run by the sector but also via direct actions by the Commission in the form of high level missions, trade fair participation and overarching campaigns.

Impact indicators which will be used to monitor the attainment of the objective are as follows:

#### Corporate

- Percentage of EU GDP invested in R&D (combined public and private investment)
- Employment rate population aged 20-64

#### CAP-specific

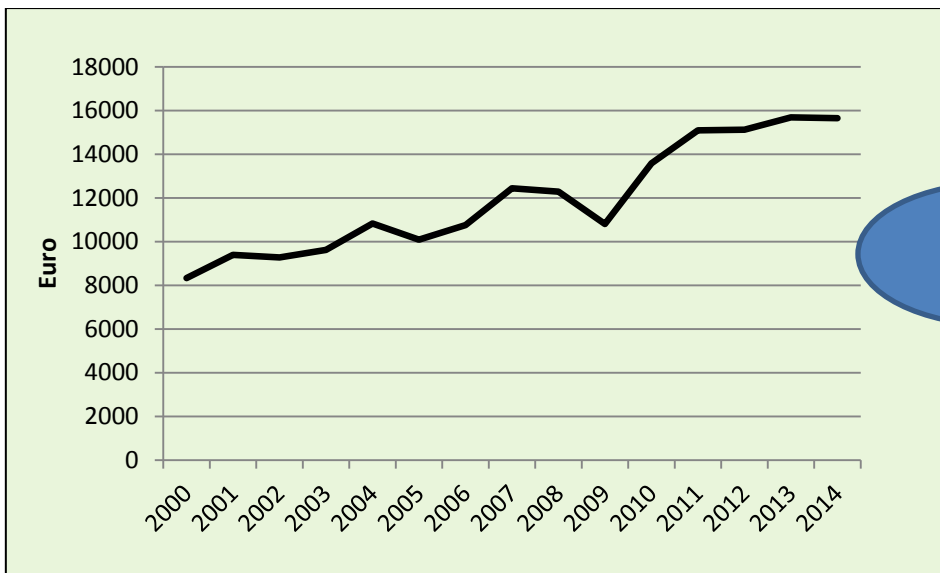
- Agricultural factor income
- Total factor productivity in agriculture
- EU commodity prices compared to world prices
- Rural employment rate

The achievements in reference to the above mentioned Commission's general objective are monitored i.a. by the CAP-specific impact indicator monitoring the **agricultural factor income**<sup>13</sup>. Agricultural income is an essential indicator for the sector's economic performance and competitiveness. Yet its interpretation and link to policy performance needs to be seen in the broader context of economic developments, as agricultural income is not and should not be influenced by the CAP only. The income of farmers depends on their choices and the manner in which their choices are affected by trends in agricultural markets or climatic conditions. But agricultural income is also increasingly influenced by factors external to agriculture, such as broader macroeconomic developments, energy costs, the costs of other inputs, or severe market disruptions.

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<sup>13</sup> Key performance indicator

**Chart: Development in agricultural factor income per worker<sup>14</sup>**



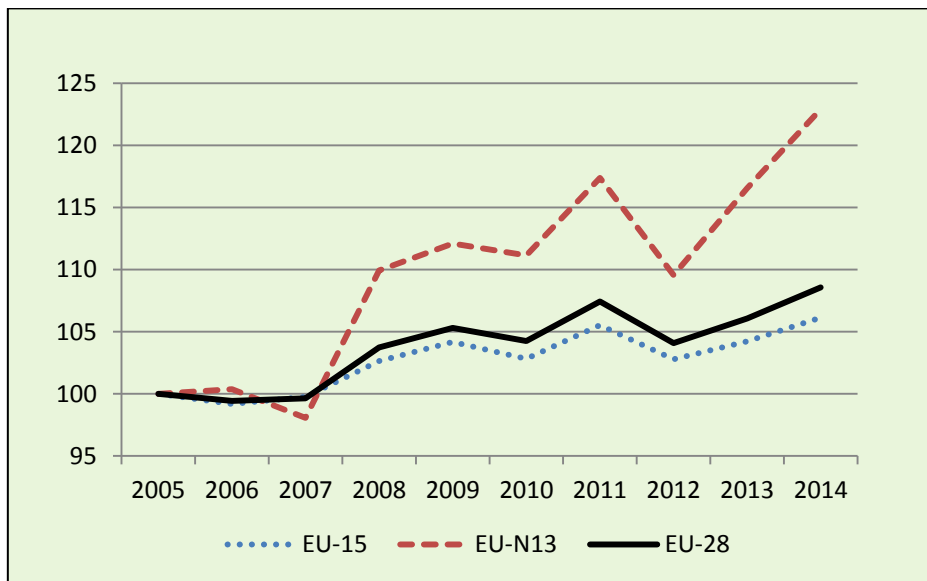
KPI

**Source: Eurostat – Economic Accounts for Agriculture, 2014**

Compared to the gross wages and salaries, agricultural income is still largely lagging behind income in the rest of the economy. It is estimated that agricultural factor income would be 27% lower in the EU27 without CAP direct support, however with large differences in the various Member States depending on farm structures.

The achievements in reference to the above mentioned Commission's general objective are also monitored by the CAP-specific impact indicator measuring **total factor productivity in agriculture**.

**Chart: EU agricultural total factor productivity index<sup>15</sup>**



**Source: Eurostat – Economic Accounts for Agriculture, Land Use Survey and FSS**

Increased productivity and resource efficiency are essential for increased competitiveness and market orientation of EU agriculture, because only with a profitable primary production sector can EU agriculture defend its current favourable position on the world market.

<sup>14</sup> Data for Croatia are only available from 2005 onwards and have not been included in the graph.

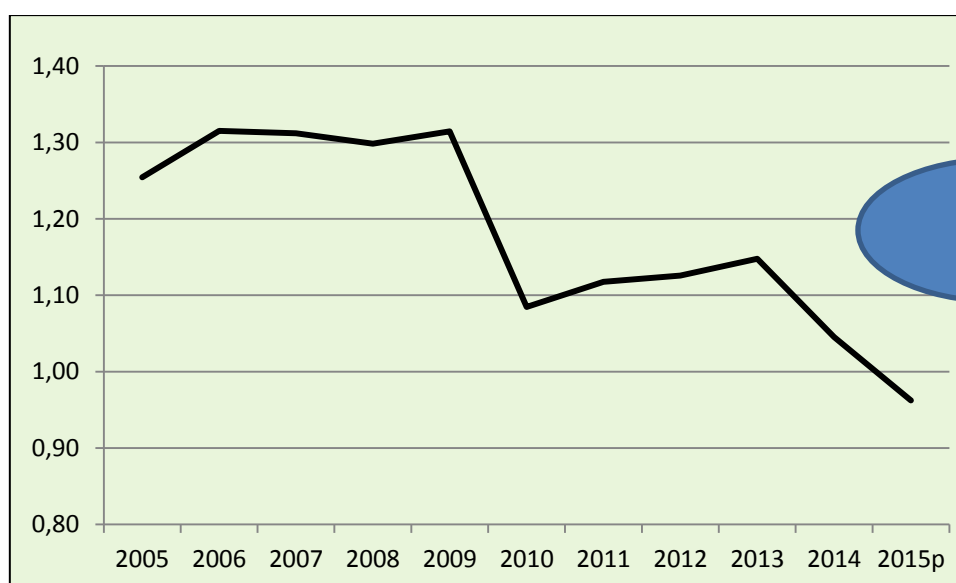
<sup>15</sup> EU-28; Index 2005 = 100, Croatia's reference year is 2007.

The CAP evolution of the last decade towards decoupling of direct payments, abolition of production limiting measures, the phasing out of export subsidies and the lowering of market intervention instruments all contributed to improve the market orientation of EU farmers, thereby **improving their competitiveness and productivity**.

However, this increase in productivity should not be at the expense of natural resources. Increased efforts in education, knowledge development and sharing, use of best practice and fostering and implementing innovations will be essential for finding new ways of **producing more with less**. Increased use of new technologies, farm and land management practices and new ways of cooperation are essential elements paving the way in this direction.

The achievements in reference to the above mentioned Commission's general are also monitored by the CAP-specific impact indicator measuring **EU commodity prices compared to world prices**<sup>16</sup>.

**Chart: Ratio between EU and world agricultural commodity prices**<sup>17</sup>



**Source: DG Agriculture and Rural Development, based on European Commission, USDA, World Bank, IGC, London International Financial Futures and Options Exchange**

As the agricultural economy continues to globalise, prices of agricultural commodities have become more volatile, along with prices of energy and fertilisers. Even though the demand for agricultural products remains more or less stable, supply can change due to adverse weather events such as droughts and floods, or unforeseen factors, such as the Russian ban on EU foodstuffs and food products. This element of uncertainty makes it very difficult for farmers to plan their production options.

Where price fluctuations are driven by market fundamentals, the CAP helps stabilise markets through its **safety net and crisis measures**. Intervention prices, private and public storage as well as compensation for non- or green-harvesting are CAP tools designed to stabilise markets on an ad-hoc basis in times of crisis. The CAP has ceased using export refunds.

However, there are also many factors influencing price volatility that lie beyond the pure market mechanism (e.g. financial speculations). Whereas the CAP has no means to counteract them, it can mitigate their negative effects for farmers through direct payments.

<sup>16</sup> Key performance indicator

<sup>17</sup> Weighted average, covering beef, pig meat, poultry, soft wheat, maize, barley, sugar, butter, cheddar, WMP and SMP. World price references are mainly based on US prices for meat and crops and Oceania for dairy products, except for beef (Australia), Barley (Black Sea) and Sugar (London white sugar 05). Compared to Pacific prices (US and Australia), EU prices were very competitive in 2015 because of the exchange rate effect but also because US demand drove significant price increases. If the comparison would be made with Brazil for meat especially, the increase in EU competitiveness would be less pronounced. Provisional figures for 2015.

In order to keep the basis for agricultural jobs sustainable, promoting the **sustainable management of natural resources and climate action** is a core objective of the CAP for the period 2014-2020. For reaching this objective, different instruments and measures are provided in Pillar I and Pillar II, respectively.

In exchange of respecting certain agricultural practices which are **beneficial for the climate and the environment**, farmers receive a green direct payment. This new compulsory greening instrument ensures that farmers are remunerated for providing environmental public goods and pursue climate change mitigation and adaptation. In addition, the existing cross-compliance system links all direct payments, certain rural development payments and certain wine payments to a number of statutory requirements relating to environment and climate change.

Under Pillar II, the most important measures in rural development programmes fostering the **sustainability of jobs and management of resources** include agri-environment-climate payments, support for organic farming, strengthened and streamlined support through investments, grants and annual payments for forestry activities, and payments for mountain areas and other areas facing natural and other specific constraints. In the period 2014-2020, the following support is foreseen under the EAFRD: about 2.7 billion EUR<sup>18</sup> for renewable energy production; 2.8 billion EUR<sup>19</sup> for energy efficiency; 4.1 million hectares of agricultural and forest land will be under management contracts to conserve/sequester carbon; 5.1 million hectares of agricultural land are expected to be under management contracts to reduce GHG and/or ammonia emissions, and new investments will be made into new climate-friendly housing for a total of 2% of all livestock units in the concerned programme areas with a view to reducing agriculture emissions.

In addition, rural development measures related to **knowledge transfer and innovation**, will effectively contribute to the achievement of a resource-efficient, productive and low-emission agricultural sector. The European Innovation Partnership for Agricultural Productivity and Sustainability as well as the research activities under **Horizon 2020**, are also contributing to the achievement of this general objective.

The achievements in reference to the above mentioned Commission's general objective are monitored amongst others by the corporate impact indicator relating to the **Percentage of EU GDP invested in R&D**.

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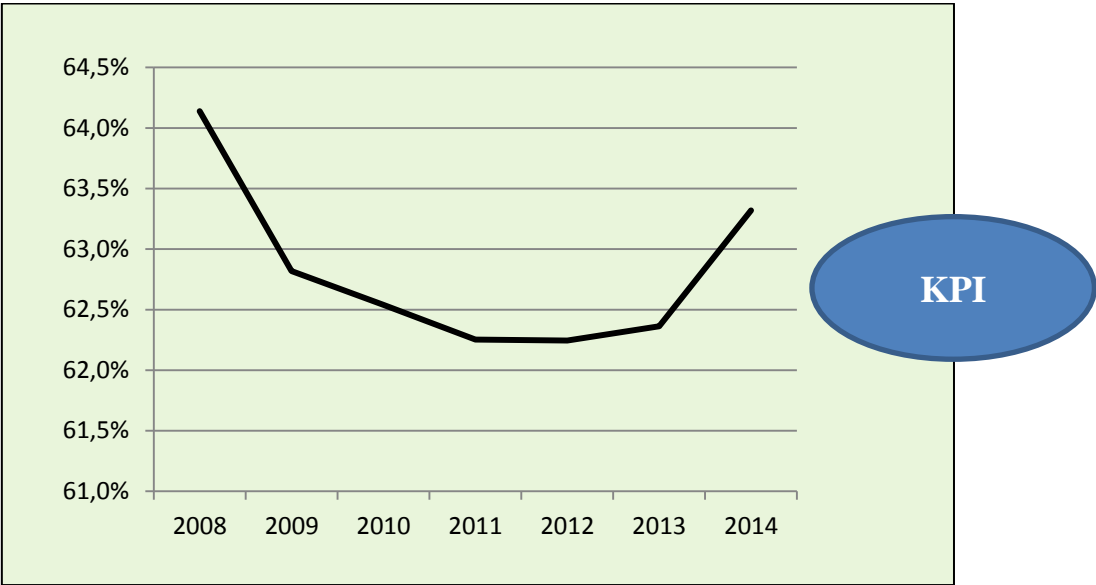
<sup>18</sup> Total public and private investment

<sup>19</sup> Total public and private investment

A key tool for boosting employment, growth and investment is the fostering of a ***balanced territorial development*** including rural areas – one of the three common CAP objectives – and, in particular, of farming and the sectors linked to food production.<sup>20</sup>

The achievements in reference to the above mentioned Commission's general objective are monitored amongst others by the corporate impact indicator relating to the general employment rate of population aged 20-64 and by the CAP-specific impact indicator to measure the **employment rate in rural areas**<sup>21</sup>. The employment rate in rural areas followed the general trend of the overall employment rate in the EU but always stayed at a lower level: the employment rate is **63.3% in rural areas in 2014 (as compared to 64.8% for the whole economy**<sup>22</sup>).

**Chart: Employment rates in rural areas (15 to 64 years) in the EU-28**



Source: Eurostat

<sup>20</sup> The Union's non-urban areas cover about 90% of the Union's territory and are home to 57% of its people. Rural regions provide 27.1% of all jobs in the EU (57.7 million people employed).

<sup>21</sup> Key performance indicator

<sup>22</sup> A change in the methodology to classify local areas from year 2012 has produced a break in Eurostat series by type of area. In this report, in order to show the evolution of the employment rates, from 2012 rates have been recalculated using the previous classification. These are slightly different from the figures Eurostat publishes.

DG AGRI is pursuing several **trade agreements and initiatives** – including Free Trade Agreements (FTAs) - and will continue in the future to negotiate agreements on agriculture and on geographical indications with international partners. Our market opening measures are backed up by an expanding programme of promotion of agricultural products around the world, which the Commissioner for Agriculture and Rural Development will support through missions for trade and growth in key markets in the years ahead.

Implementation of the **agricultural parts of concluded agreements** is as much a priority. This particularly concerns the recently finalised Economic Partnership Agreements (EPAs) with the ACP regional groups, as well as the FTAs with Latin American partners, Canada, Korea, Vietnam and others. In the next five years DG AGRI is committed to ensuring proper implementation of agreements so that the market access they provide is fully used and that – especially in the case of the EPAs, the agreements provide the legal stability needed for investment and trade oriented growth.

DG AGRI also directs **rural development programmes under the instrument for pre-accession assistance**, whose aim is to improve the agricultural economies of our accession partners, thus contributing to their stability, and prepare them for EU membership. By providing investment support for upgrading of agricultural production and processing to EU standards, these programmes also help opening markets to EU companies and ensuring a level playing field for producers as well as contributing to reducing international economic distortions.

And in the next five years DG AGRI will contribute to fostering **stability across the broader EU neighbourhood**, both East and South, through trade instruments (Deep and Comprehensive FTAs or unilateral preferences for partners in urgent need), and support to development cooperation (such as the European Neighbourhood Programme for Agriculture and Rural Development) which will also have the benefit of reducing migratory pressures. At the same time DG AGRI ensures that these important markets for our agrifood exports remain open.

DG AGRI is also deepening cooperation with African partners to promote an agriculture-led rural economic transformation, stimulate regional trade and exports, and encourage agribusiness investment in Africa. This engagement with Africa is part of DG AGRI's broader commitment to improving food security.

These initiatives, many involving the most dynamic economies in the world where there is growing demand for European agrifood products, will have a positive effect on income and employment in the European agrifood sector. Overall they strengthen the European voice and influence over global food security.

## 2. Commission general objective "A Connected Digital Single Market"



**Broadband coverage** is significantly lower in rural areas than urban areas, and access to high-speed "next generation" technologies is particularly low (25% vs. 68%). Closing the digital divide between urban and rural areas is an important enabler for businesses to remain competitive, for rural communities to deploy their potential and for the EU farm sector to reap the benefits that ICT represents in terms of economic and environmental performance as well as climate change.

DG AGRI, through the CAP measures and funding provided under the EAFRD, improves the access to high-speed technologies in rural areas and thus contributes to Commission general objective 2 "A Connected Digital Single Market" via the common CAP objective "balanced territorial development". A full list of related specific objectives is represented in the Annex 3.

Actions funded under the EAFRD in the period 2014-2020 are expected to **improve access to ICT services and infrastructure** for 18 million rural citizens- the equivalent of 6.4% of the EU rural population. This will i.a. be done through 4 400 investment projects in broadband infrastructure and access to broadband, incl. e-government services and 13 000 rural entrepreneurs are expected to receive targeted training to improve their ICT skills. Farm investment support under Rural Development will also help farmers access finance for precision farming projects, and thereby increasing the use of ICT in the sector.

Indicators which will be used to monitor the attainment of the objective are as follows:

### Corporate

- Aggregate score in Digital Economy and Society Index (DESI) EU-28

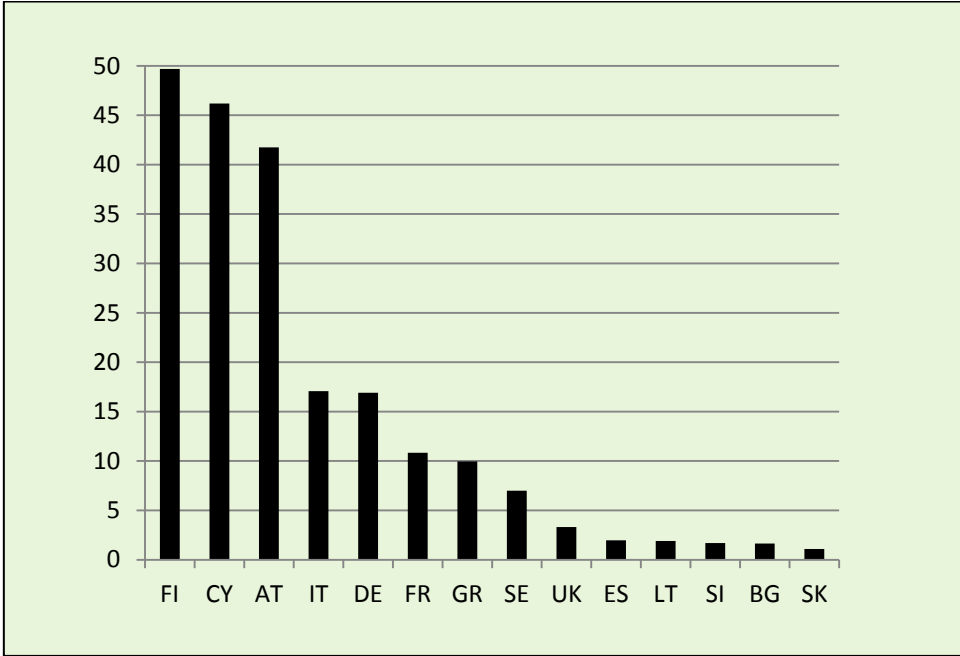
### CAP-specific

- Percentage of rural population benefiting from new or improved ICT services/infrastructures.



The achievements in reference to the above mentioned Commission's general objective and common CAP objective are monitored amongst others by the corporate impact indicator **Aggregate score in Digital Economy and Society Index (DESI) EU-28** and by the CAP-specific indicator measuring the **percentage of rural population benefiting from new or improved ICT services/infrastructures**.

**Chart: Percentage of rural population benefiting from new or improved services/infrastructures (ICT) (focus area 6C) – RDP targets for 2020<sup>23</sup>**



**Source: Rural Development Programmes**

Broadband coverage in rural areas is part of the Connectivity dimension of DESI index. The Connectivity dimension<sup>24</sup> measures the deployment of broadband infrastructure and its quality. Access to fast broadband-enabled services is a necessary condition for competitiveness.

<sup>23</sup> RDP targets for the Member States where the measure is programmed.

<sup>24</sup> The DESI is structured around five principal dimensions: Connectivity, Human Capital, Use of Internet, Integration of Digital Technology and Digital Public Services.

### 3. Commission general objective "A Resilient Energy Union with a Forward Looking Climate Change Policy"



DG AGRI fosters a **sustainable, low-carbon and climate friendly economy** and contributes the achievement of the Commission general objective 3 "A Resilient Energy Union with a Forward Looking Climate Change Policy". The common CAP objective "sustainable management of natural resources and climate action" contributes to reaching the objective. List of related specific objectives is represented in the Annex 3.

For reaching this objective, different instruments and measures are provided in Pillar I and Pillar II. In Pillar I, farmers receive the **green direct** payment conditional to practices beneficial for the climate and the environment. At the same time these practices are compulsory. In addition, the **cross-compliance** system links all direct payments, certain rural development payments and certain wine payments to a number of statutory requirements preserving environment and climate. For example, farmers receiving direct payments are no longer allowed to plough up their permanent grasslands. This is because grassland has a high capacity to store carbon, unlike land that is ploughed - and grassland also provides an important home for biodiversity.

Under Pillar II, the relevant programming priorities in relation to the Energy Union and Climate Change Policy are the ones referring to **restoring, preserving and enhancing ecosystems** as well as to **promoting resource efficiency** and the **shift towards a low carbon and climate resilient economy** in agriculture, food and forestry sectors (for details see above under Priority 1).<sup>25</sup> **Organic farming** techniques also play a fundamental role in the sustainable management of natural resources and climate actions by minimizing the human impact on the environment. Soil organic matter preservation, on-site resources valorisation, chemical pesticides and synthetic fertiliser restriction, water waste reduction and high biodiversity preservation contribute to the respect of the environment as a whole and the climate change mitigation.

A key factor for fostering sustainability will be an effective **knowledge transfer and innovation** ensuring a resource-efficient, productive and low-emission agricultural sector. These are therefore key elements for rural development programmes. The European Innovation Partnership for Agricultural Productivity and Sustainability as well as the research activities under Horizon 2020, are also contributing to the achievement of this general objective.

Indicators which will be used to monitor the attainment of the objective are as follows:

#### Corporate

- Greenhouse gas emissions

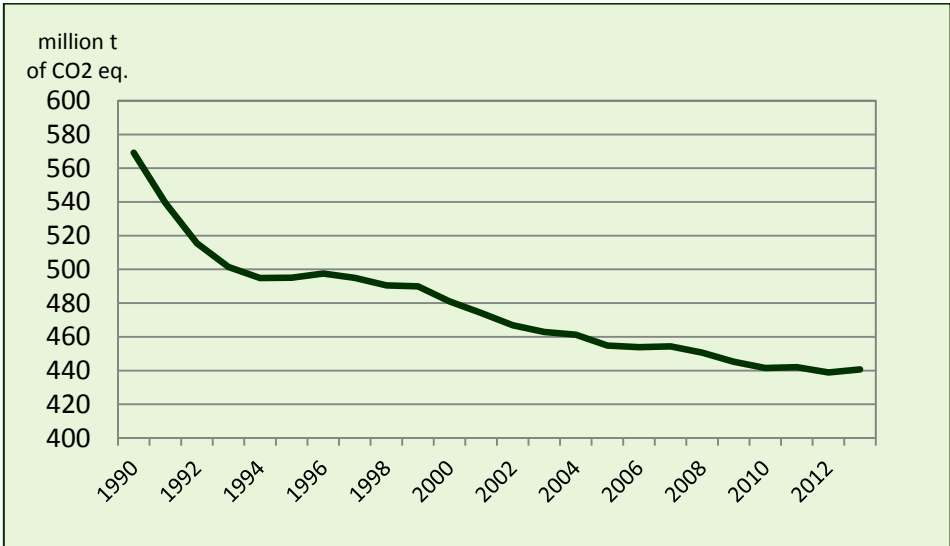
#### CAP-specific

- Net greenhouse gas emission from agriculture
- Nitrate levels in freshwater (water quality)
- Minimum share of agricultural land with specific environmental practices/commitments

<sup>25</sup> The measures that will mostly contribute to these priorities are agri-environment-climate payments, support for organic farming, strengthened and streamlined support through investments, grants and annual payments for forestry activities, and payments for mountain areas and other areas facing natural and other specific constraints. In the period 2014-2020, the following support is foreseen under the EAFRD: about EUR 2.7 billion<sup>25</sup> for renewable energy production; EUR 2.8 billion<sup>25</sup> for energy efficiency; 4.1 million hectares of agricultural and forest land will be under management contracts to conserve/sequester carbon; 5.1 million hectares of agricultural land are expected to be under management contracts to reduce GHG and/or ammonia emissions, and new investments will be made into new climate-friendly housing for a total of 2% of all livestock units in the EU with a view to reducing agriculture emissions.

The achievements in reference to the above mentioned Commission's general objective and common CAP objective are monitored amongst others by the corporate impact indicator relating to the **Greenhouse gas emissions** and by the CAP-specific impact indicator to measure the **net greenhouse gas emission from agriculture**. The area of agricultural and forest land plays an essential role in relation to climate change. Agricultural activity is a source of greenhouse gases (GHG) but it also creates a sink, notably through the storage of carbon in the soil organic matter and in biomass.

**Chart: Evolution of GHG emissions from agriculture in the European Union (EU-28) (1990 to 2013)**

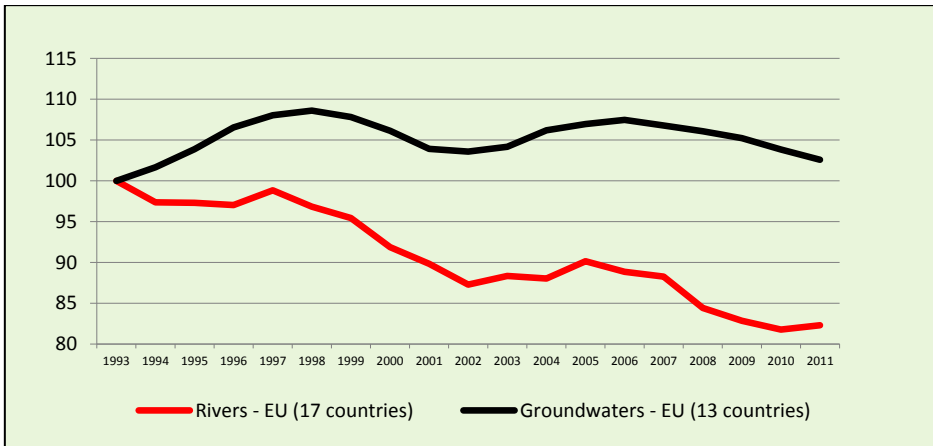


Source: EEA, 2015

The CAP’s role in combatting climate change is perhaps the best example of its cross-border and cross-sectorial impact. The target at EU level for a **total** decrease was set at 20% by 2020. The regulatory framework, support to land management and animal husbandry using modern technologies and practices, as well as improved knowledge have – amongst other things – contributed to a drop of **greenhouse gas emissions in agriculture** by 22.6% between 1990 and 2013. A total of EUR 57 billion of the European Agricultural Fund for Rural Development (EAFRD) budget is foreseen for actions with a positive impact on climate.

The achievements in reference to the above mentioned Commission's general objective are monitored also by the CAP-specific impact indicator measuring the **nitrate levels in freshwater** (water quality).

**Chart: Nitrate levels in freshwater<sup>26</sup>**



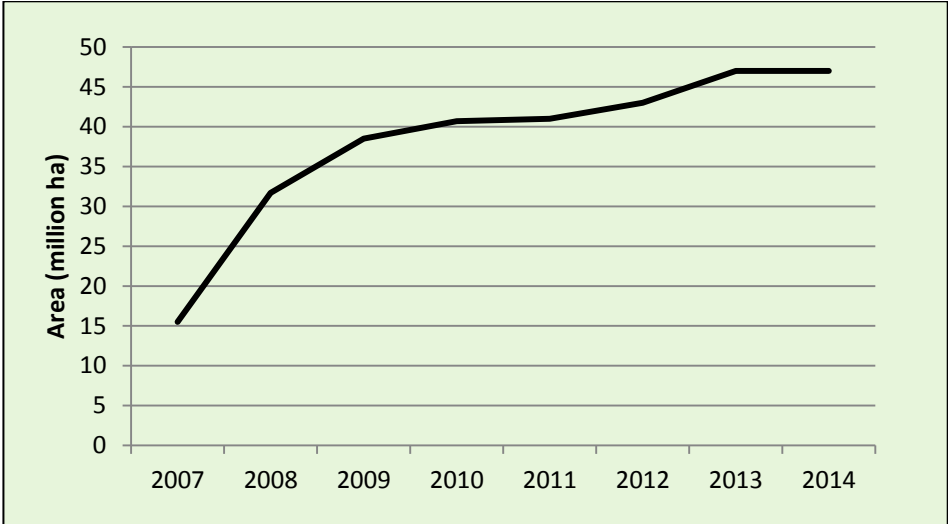
Source: European Environment Agency (EEA)

<sup>26</sup> Trends of concentration of nitrates in rivers and groundwater (3-year moving average, base 1992-1994 = 100), 1992-2012.

Consecutive CAP reforms have helped to curb the overuse of fertilizers caused by the way CAP support was linked to production until the early nineties in EU15. Apart from price fluctuations, three major factors can explain the decreasing trend. Firstly, the introduction of the Nitrates Directive and later, the Water Framework Directive. Secondly, the decoupling of direct payments in 1992 and thirdly, the large extent to which farmers are now using targeted agri-environment-climate measures under rural development policy, which also reduces the risk of nitrate leaching. Curbing the use of fertilizers has not led to negative effects on yields – on the contrary.

The achievements in reference to the above mentioned Commission's general objective are monitored also by the CAP-specific indicator **minimum share of agricultural land with specific environmental practices/commitment**<sup>27</sup>.

**Chart: Area under agri-environment (-climate) commitments**



Source: 2007-2013 CMEF data submitted by Member States in annual progress reports.

<sup>27</sup> This Key Performance Indicator relates to environmental commitments/practices covered by various strands of CAP support – not only the Agri-environment-climate rural development measure. However, as adequate data are not yet available on the coverage of the "greening" layer of direct payments, the graph on the Agri-environment-climate measure is being presented. It depicts a substantial proportion of the relevant support over a timespan of reasonable length.

## Commission general objective "A balanced and progressive trade policy to harness globalisation"



The agri-food sector plays a central role for a balanced and progressive trade policy. The EU is both the world's largest exporter and importer of agricultural products.

EU exports are in strong demand thanks in part to past CAP reforms that increased the market-orientation and competitiveness of EU producers. The freedom to respond to consumer tastes – within a legal framework that guarantees key standards - has helped make sustainably produced, safe, high-quality and innovative food the EU's calling card on international agri-food markets. This has brought benefits to the sector and there is huge potential to continue to do so. EU trade policy can help EU farmers and food producers to make full use of these opportunities.

At the same time, it cannot be ignored that for certain specific agricultural sectors trade liberalisation and unfettered competition with imports is more challenging. We therefore will continue to recognise and reflect the sensitivity of the products in question in trade negotiations, making sure that sufficient safeguards for these more sensitive sectors are provided. The right balance will have to be maintained for agriculture within trade agreements and also across all agreements, finding an equilibrium between offensive and defensive interests, which includes Sanitary and Phytosanitary (SPS) issues and the protection of geographical indications.

In order to ensure that all opportunities from trade agreements can be fully used by producers and exporters in the EU, DG AGRI also accompanies and monitors the correct implementation of existing agreements and works on resolving trade irritants that provide obstacles to real market access.

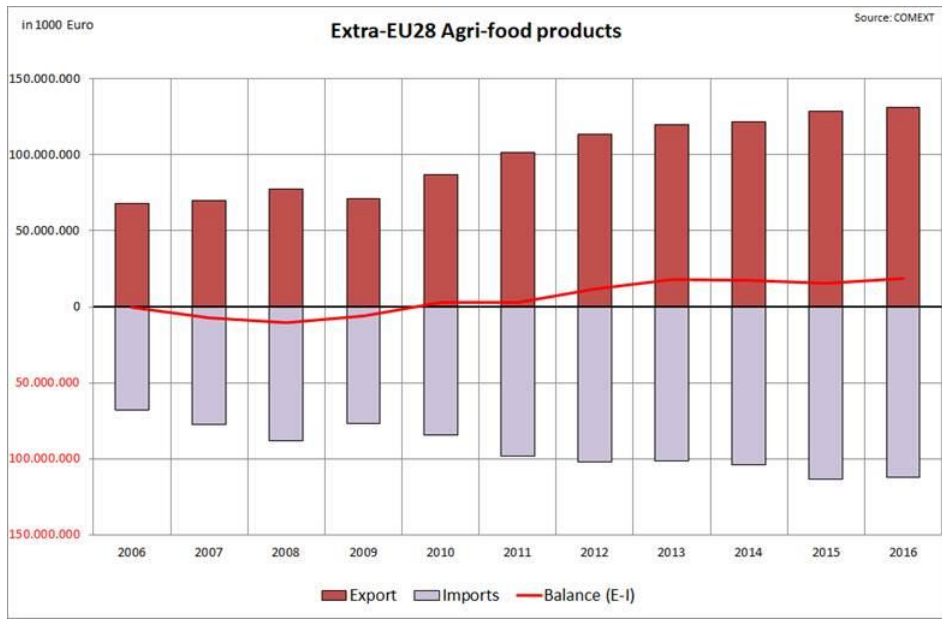
The market-orientation of the agri-food sector also allows the EU to retain its leading role in international bodies such as the World Trade Organisation (WTO), working towards a further levelling of trading conditions, for example in the area of trade distorting domestic support, which would lead to an improved situation for EU agri-food exporters.

As the world's biggest *importer* of agricultural products the EU imports more from the least developed countries than the "big 5" importers (US, Canada, Japan, China and Russia) combined. This is a key feature of the EU's balanced and progressive trade policy. This, along with a CAP that is now fully in line with development objectives, better equips the EU to influence global agriculture policy and take a leading role in global initiatives - for example in the context of the UN, the G20 and the G7 – as well as to foster relationships with developing countries that assist them in advancing their agriculture and rural potential.

DG AGRI thus directly contributes to the Commission general objective 6 "A balanced and progressive trade policy to harness globalisation" via the common CAP objective 1: To promote a viable food production.

The achievements in reference to the above mentioned Commission's general objective and CAP common objective are monitored amongst others by the CAP-specific impact indicator measuring the Total EU agri-food trade value, which accounted for EUR 243 billion in 2016 (EUR 131 billion of exports and EUR 112 billion of imports).

Chart: Total EU agri-food trade value



## **D. Key performance indicators (KPIs)**

The four key indicators which monitor the core aspects of CAP are:

1. Agricultural factor income (p. 18)
2. EU commodity prices compared to world prices (p. 19)
3. Minimum share of agricultural land with specific environmental practices/commitment (p. 27)
4. Rural employment rate (p. 21).

The key indicator linked to the achievement of the internal control objectives is:

5. Residual Error Rate and corrective capacity (Annexes p. 34 and 35).

## PART 2. Organisational management

### A. Human Resource Management

**Objective (mandatory): The DG deploys effectively its resources in support of the delivery of the Commission's priorities and core business, has a competent and engaged workforce, which is driven by an effective and gender-balanced management and which can deploy its full potential within supportive and healthy working conditions.**

In a context where the efficiency and effectiveness in the use of administrative appropriations takes an ever-increasing importance, human capital is by far the most important resource, and strategic HR planning becomes a pre-condition for the achievement of operational objectives.

The DG AGRI HR plan 2014-2017 identified and developed strategic objectives for all main HR processes. All of them are still valid although some deserve even more attention due to the changed environment in which Commission services currently have to operate.

#### **Workforce planning, organisational structure and efficiency**

Given the generalised staff reduction, and – more recently – the targeted search for further synergies and efficiency gains in the organisation of particular DGs and services, workforce planning becomes more than ever crucial. Staff cuts will lead to non-replacement of part of the retiring staff. Anticipation of these natural departures will be necessary to ensure business continuity in the sensitive areas. This will also require redeployments according to political and operational priorities. An efficient staff allocation will be key given the limited available resources. Discussions on new service delivery models for some selected horizontal processes will also have effects on the organisational structure of the Directorate-General, the need for new organisational adjustments has to be monitored closely.

In the years to come DG AGRI will deliver on these objectives by maintaining and further developing a strategic, forward planning human resources management that will allow an efficient and effective staff allocation according to priorities and needs, embedded in an organisation structure that can respond and adapt to a changing environment.

#### *Priority actions for 2016-2020*

- *Yearly implementation of the AGRI Task mapping exercise*
- *Flexible staff allocation and work assignments to respond to new priorities and workload issues*
- *Monitor and implement staff reduction planning*
- *Adaptations of the organisation chart as required by DG strategy and staff allocation*

#### **Equal Opportunities**

DG AGRI aims at developing a workplace that values the reconciliation of personal and professional life, which respects gender balance across all staff categories and functions that promotes high-level staff awareness about gender equality and equal opportunities, where all men and women benefit from the same career development opportunities and where diversity is seen as an asset. Despite a strong commitment to promote equal opportunities in the DG, the female representation in all AD positions remains below Commission average. This is especially the case for the management positions.

The DG will have to perform a balancing act where it has to reach its female representation target for middle managers, while at the same time implement the new Commission Decision on middle management introducing strict rules on inter-DG mobility and "import quotas" – in an overall context of staff reduction, with a likely impact on the number of middle management functions.



In the years to come DG AGRI will deliver on these objectives by further encouraging women to apply to management positions and fostering a work environment where management feels enabled and staff feels included in the decision making process.

*Priority actions for 2016-2020*

- *Monitor and implement female representation targets in middle management*
- *Monitor and implement targets for first appointments of women to middle management positions*
- *Monitor and implement external mobility targets for middle managers*
- *Regular organisation of the DG AGRI Middle Management Preparation Training*

**Working conditions**

Sustained staff cuts, possible reorganisations and new service delivery models which imply staff redeployment to other DGs and services will inevitably have an impact on staff and need to be closely followed up. A reduced Commission job market, difficult inter-DG mobility and changed career and work patterns since the introduction of the new staff regulations already had a negative impact on staff health and staff satisfaction which can be observed through declining figures in the latest Commission staff survey.

More flexible working arrangements to help staff to cope with the increased workload and to reach a sustainable work-life balance will have to be implemented throughout the DG. Accompanying measures and transparent communication about change and about the need to adapt to an evolving environment will be crucial. Geared training actions can help facilitate this change process and career guidance counsellors will give special attention to this dimension during their interventions.

In the years to come DG AGRI will deliver on these objectives by devoting further efforts to ensuring that all staff has a job according to their skills, competences and interests and by promoting the use of flexible working arrangements. The learning and career development functions will play a key role in attaining this objective. Implementation of actions to follow-up the 2014 staff survey has started in 2015 and will continue throughout 2016 and 2017.

*Priority actions for 2016-2020*

- *Follow-up of staff surveys and implementation of corresponding action plans*
- *Yearly development and implementation of DG AGRIs Wellbeing Programme*
- *Support to flexible working arrangements and modern working methods to allow for conciliation of professional and private life*

The indicators monitoring the achievement of the objectives are presented in Annex 3.

## B. Financial Management: Internal control and Risk management

**Overarching objective:** The Authorising Officer by Delegation should have reasonable assurance that resources have been used in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions including prevention, detection, correction and follow-up of fraud and irregularities.

**Objective 1 (mandatory):** Effective and reliable internal control system giving the necessary guarantees concerning the legality and the regularity of the underlying transactions

**Objective 2 (mandatory):** Effective and reliable internal control system in line with sound financial management.

The majority of the Common Agricultural Policy (CAP) expenditure is implemented under shared management (99.6%); only 0.3% and 0.1% of expenditure is implemented under indirect and direct management, respectively. In shared management, implementation tasks are delegated to Member States and it is, in first instance, the Member States that must take any measures in order to prevent, detect and correct irregularities and fraud. The Commission and the Member States shall fulfil their respective control and audit obligations and assume the resulting responsibilities laid down in the Financial Regulation (EU, EURATOM) 966/2012. As a consequence, different levels of controls which are carried out by the accredited Paying Agency, Certification Body and Commission (as provided for in Regulation (EU) 1306/2013) have been established to **provide the Authorising Officer by Delegation (AOD) with reasonable assurance on the legality and regularity of the underlying transactions and, where necessary protect the Union's financial interests.**

**At the level of the Member State,** the **accredited Paying Agency** must conduct 100% administrative checks as well as 5% on the spot controls (as a general rule) before payment to the beneficiary (and thus, before reimbursement from the Commission to the Paying Agency). Each Paying Agency is subject to an annual audit by an independent audit body (i.e. "**Certification Body**") appointed by the Member State. Certification Bodies must draw up an opinion covering the completeness, accuracy and veracity of the annual accounts of the Paying Agency; the proper functioning of its internal control system; and the legality and regularity of the expenditure for which reimbursement has been requested from the Commission.

**At the level of the Commission,** audit work by DG AGRI within the **annual financial clearance** exercise focuses on analysis of Paying Agencies' annual accounts (including the management declaration of the Paying Agency) and the corresponding reports and certificates issued by the Certification Bodies, thus allowing the Commission to take a decision on whether or not to clear those accounts (article 51 of Regulation (EU) 1306/2013). Within the **multi-annual conformity clearance** procedure, the audits carried out by DG AGRI on legality and regularity of expenditure are system-based and risk-based audits checking specific components of the Paying Agencies' (or Member States) control systems (article 52 of Regulation (EU) 1306/2013). Within the framework of the financial and conformity clearance procedures, the Audit Directorate carries out audits to check that management and control systems are in conformity with EU and national rules. When deficiencies in the management and control systems of Member States are established, the Commission imposes net financial corrections (recovered to the EU budget) that ultimately protect the EU financial interest.

The audit strategy of DG AGRI sets out its approach to auditing CAP expenditure and ensuring adequate coverage of expenditure and cost effectiveness of its activities, i.e. maximising the level of assurance with limited available resources. It includes a rolling multi-annual work programme which not only schedules audits for the coming year but also gives a clear indication of audit priorities and

use of resources for the following two years. From financial year 2015, the opinion of the Certification Bodies on legality and regularity shall be received and, pending the assessment of the quality of the opinions, will be progressively integrated into the DG AGRI assurance process.

**Objective 3 (mandatory): Minimisation of the risk of fraud through application of effective anti-fraud measures, integrated in all activities of the DG, based on the DG's anti-fraud strategy (AFS) aimed at the prevention, detection and correction of fraud.**

The minimisation of the risk of fraud in shared management will be implemented in close cooperation with the Managing Authorities and Paying Agencies in the MS and CC. Fraud- and irregularity-related information (updated risk assessment; new typologies; new Red Flags; etc.) resulting from OLAF and national investigations as well as from audit work (ECA; DG AGRI; national audits) will be communicated to the competent bodies as appropriate (in writing or through dedicated seminars).

The indicators monitoring the achievement of the objectives are presented in Annex 3.

## C. Better Regulation

**Objective (mandatory): Prepare new policy initiatives and manage the EU's acquis in line with better regulation practices to ensure that EU policy objectives are achieved effectively and efficiently.**

Better regulation is about designing EU policies and laws so that they achieve their objectives at minimum cost. It ensures that policy is prepared, implemented and reviewed in an open, transparent manner, informed by the best available evidence and backed up by involving stakeholders.

To ensure that EU action is effective, the Commission assesses the expected and actual impacts of policies, legislation and other important measures at every stage of the policy cycle – from planning to implementation, to review and subsequent revision.

The DG ensures that the structures, processes and tools are in place to ensure the preparation of quality evaluations and impact assessments. It will maintain adequate resources for the better regulation function of the DG, ensuring its involvement through the entire policy cycle. To ensure the availability of data, it will dovetail the monitoring of implementation of legislation and the evaluation.

To this end, DG AGRI has put into place the **Common Monitoring and Evaluation Framework**. The CAP Monitoring and Evaluation Framework is a result of common work of DG AGRI and various stakeholders launched in 2010. Each of the elements of CAP intervention logic was discussed and agreed widely inside DG AGRI, and also on different occasions with the Member States, e.g. in the Rural Development Committee, the Evaluation Expert Network and a newly created expert group on monitoring and evaluation. Following the approval of the basic legislation for the CAP 2020, the mandatory elements of the system are incorporated into implementing acts, including amongst others a list of the indicators to be used to monitor the performance of the policy. Additional help to the Member States is given via guidance documents, e.g. on ex-ante evaluation of 2014-2020 Rural Development Programmes and via the evaluation helpdesk for Rural Development.

With the aim to contribute to the Commission agenda on Better Regulation, DG AGRI will strengthen its efforts to **simplify** CAP legislation and to reduce administrative burdens for farmers and other operators as well as national administrations. In doing so, DG AGRI will focus on actions that impact primarily farmers and will be attentive not to put at risk the sound financial management of the EU funds, nor to re-open the political choices of the CAP reform of 2013. DG AGRI will use the results of its internal screening exercise and will listen to and analyse requests from stakeholders and Member States. It will actively contribute to the REFIT programme and REFIT platform with a view to identifying opportunities to reduce regulatory burdens and simplify existing laws in order to ensure that the objectives of the policy can be reached in the most effective and efficient way possible. DG AGRI will also consider contributing with proposals to simplify the CAP legislation in the framework of a possible mid-term review of the MFF 2014/2020.

The indicators monitoring the achievement of the objectives are presented in Annex 3.

## D. Information management aspects

**Objective (mandatory): Information and knowledge in DG AGRI is shared and reusable by other DGs. Important documents are registered, filed and retrievable.**

DG AGRI is fully committed to support **information sharing** within the DG and throughout the Commission. This implies managing, providing access to and ensuring the security and protection of information, promoting transparency and openness, assisting decision-making and improving the efficiency and effectiveness of its business processes.

DG AGRI will pursue the objective to promote information sharing by setting the following priorities:

- **promote transparency and facilitate access to documents** to ensure good flow of information within the DG and throughout the Commission.

The read access on file level has been opened since January 2014. Some Units and Directorates, however, have specified exceptions to this general rule and limited the read access only to their service and the hierarchy. As a result, approximately 20% of DG AGRIs files are with limited visibility, mostly of the international units and concerning financial and human resource matters.

For the time being less than 0.5% of DG AGRI files are shared with colleagues from other DGs only on request from the relevant AGRI unit, the exception being DG IAS who, due to the specificity of its activities, has access to the whole filing plan. In the long term DG AGRI is committed to progressively open files visibility in order to ensure that relevant information is available to other DGs.

- **promote the protection of sensitive information** and ensure that information management is fully compliant with the regulatory environment for the protection and use of information.

Ensuring compliance with the protection principles is a priority in the context of widely open read access. This is why DG AGRI will continue to raise awareness on the protection of sensitive information which requires access only on a need to know basis.

- Ensure that **information is preserved in accordance with its administrative, legal or historical value.**

**Knowledge Management** is the process of capturing, developing, sharing, and effectively using organizational knowledge. It is about increasing people skills and expertise thanks to sharing, and enables people collaboration and connects them to expertise. The ability to quickly get the answer to a question or assistance in solving a problem is a priority in Knowledge Management.

Capturing knowledge of staff leaving their posts (change of job, retirement, long-term absence) is an important element of DG AGRI's mobility policy. Business continuity and transfer of knowledge is ensured via harmonised handover notes and a documented procedure on hand over. Correct implementation of this procedure is verified annually.

The development and sharing of knowledge is fostered via various means. The strategic HR plan of DG AGRI (2014-2017) identified knowledge sharing as one of the priorities for future learning and development initiatives. The annual DG AGRI Training Strategy elaborates these initiatives in more detail.

Staff engagement is closely linked to knowledge sharing, therefore an action plan is currently being developed as a follow-up to the latest staff satisfaction survey. It will identify various knowledge sharing initiatives for the years to come, e.g. the organisation of joint trainings with the other DGs of the Structural Funds family in given domains of common interest (programme management, audit, etc.).

Knowledge management has recently also been integrated into the career development policy of DG AGRI. Since 2015, the selection of senior experts and senior assistants includes criteria on knowledge transfer to ensure that the knowledge of this highly experienced staff is harvested and used by the organisation.

Knowledge Management is also one of the key axes of the 'DG AGRI 2016-2020 IT strategy', to foster efficient usage of expertise and hence decreasing the effect of staff reduction and turnover.

Information Technology is providing tools for capturing crucial CAP knowledge through truly collaborative methods. A single documentation tool to manage knowledge on all relevant EAFRD Regulations, guidance fiches, Q&A and interpretation within the RDIS2 system is on this way. DG AGRI also participates to the wiki on ESIF Funds managed by DG REGIO.

The indicators monitoring the achievement of the objectives are presented in Annex 3.

## E. External communication activities

**Objective (mandatory): Citizens perceive that the EU is working to improve their lives and engage with the EU. They feel that their concerns are taken into consideration in European decision making and they know about their rights in the EU.**

DG AGRI's communication activities are based on a **multiannual external communication strategy** which is implemented through annual action plans. DG AGRI's new communication strategy has been elaborated to take into account the challenges of the Commission's corporate communication strategy and the recommendations of the external "Evaluation of the Information Policy on the CAP"<sup>28</sup> and will cover the period 2016-2020.

The new legal basis<sup>29</sup> requires the Commission to carry out information measures on the CAP "to help explain, implement and develop the CAP and to raise public awareness of its content and objectives, to reinstate consumer confidence following crises through information campaigns, to inform farmers and other parties active in rural areas and to promote the European model of agriculture, as well as to help citizens understand it".

This new strategy takes into account the overall political framework in which DG AGRI operates and sets out the DG's main communication objectives, the target audiences, the strategic messages, communication tools, evaluation and feedback. It aims to make more efficient and effective use of our communication tools, taking into account the changing social environment and the emergence of new media.

Three basic elements frame the context in which communication activities around the CAP will operate in the coming years:

- the corporate approach in the Commission's overall communication strategy;
- the reduced resources for communication allocated to DG AGRI's communication unit in comparison to the previous period;
- the policy initiatives related to the CAP in line with President's Juncker mission letter to Commissioner Hogan and the Commission work programme.

DG AGRI's strategy will thus contribute to the **corporate communication** of the Union's political priorities in so far as those priorities are related to the objectives of Regulation (EU) No 1306/2013. DG AGRI will develop specific actions and messages focusing on the implementation and evolution of the CAP so as to maximize communication on the contribution of the CAP to the Commission's priorities, in particular to Growth, Jobs and Investment and on its delivery of tangible results for EU's citizens.

DG AGRI has regularly polled EU citizens' opinion about the CAP. The results of the latest special quantitative **Eurobarometer survey** conducted in October 2015 show that the guiding principles and aims of the CAP are supported by a majority of people, who accept the fact that EU supports farming. This Eurobarometer survey shows that, while agriculture and rural areas are important for Europeans, 30% of them do not know the policy associated with it – the CAP.

These Eurobarometer results are considered to be the baseline for evaluating to what extent the communication actions conducted contribute to improving the opinion of the Europeans regarding farming and the CAP.

In line with the legal basis our activities should target citizens, farmers and other parties active in rural areas. Therefore both stakeholders and the general public will continue to be targeted but with different instruments-tools.

<sup>28</sup> Published on 6 August 2015 ([http://ec.europa.eu/agriculture/evaluation/market-and-income-reports/information-policy-2015\\_en.htm](http://ec.europa.eu/agriculture/evaluation/market-and-income-reports/information-policy-2015_en.htm))

<sup>29</sup> i.e. Articles 6 and 45 of Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy

The annual action plans include all details concerning the communication activities to be implemented in a given year and a synthesis table of all specific activities.

While continuing producing action fiches – a management tool containing specific information not available at the time of the drafting of the action plan – used to monitor the performance of the communication actions/activities/tools, evaluation reports for each of our activities and comprehensive annual reports, DG AGRI will also use the External Communication Network (ECN) approved performance indicators for the measurement and evaluation of all its communication activities.

In addition to the internal mechanisms, an **external evaluation** is envisaged to assess the appropriateness of the information policy on the CAP at the end of the period covered by the strategy (2016-2020).

The indicators monitoring the achievement of the objectives are presented in Annex 3.





# **Strategic Plan 2016-2020\***

Directorate-General  
for Agriculture and Rural Development

## **Annexes**

\*The current Commission's term of office runs until 31 October 2019. New political orientations provided by the incoming Commission for the subsequent period will be appropriately reflected in the strategic planning process.



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## Annex 1 Intervention logic

Overall, the CAP aims at achieving three common objectives, which together feed into the Europe 2020 objectives of smart, sustainable and inclusive growth and contribute to several Juncker priorities.

Both CAP pillars contribute to the common objectives. The common objectives are broken down into specific objectives, some of which are common to Pillar I (broadly, agricultural income and market support) and II (rural development), whereas others are linked either to Pillar I or to Pillar II. A graphical presentation of these common objectives and their breakdown into specific objectives and how the related Pillar I instruments and RD priorities ("specific objectives") and focus areas feed into them are presented below.

The CAP Monitoring and Evaluation Framework is a result of common work of DG AGRI and various stakeholders launched in 2010. Each of the elements of CAP intervention logic was discussed and agreed widely inside DG AGRI, and also on different occasions with the Member States, e.g. in the Rural Development Committee, the Evaluation Expert Network and a newly created expert group on monitoring and evaluation. Following the approval of the basic legislation for the CAP 2020, the mandatory elements of the system are incorporated into implementing acts, including amongst others a list of the indicators to be used to monitor the performance of the policy (cf. part on the CAP performance measurement below). Additional help to the Member States is given via guidance documents, e.g. on ex-ante evaluation of 2014-2020 Rural Development Programmes.

The direct payments support contributes to stabilise the farmers' income, improve competitiveness and support the provision of environmental public goods and climate change mitigation and adaptation. Market measures allow for a safety net in times of market disturbance or crisis, hence help maintain market stability and meet consumer expectations. A number of horizontal instruments support these objectives. Overall, these measures help to maintain a diverse agriculture in the EU<sup>1</sup>.

As regards the intervention logic of Pillar II, there are six priorities (specific objectives) for Rural Development, each broken down into a number of focus areas (with target indicators). Five priorities directly feed into the CAP common objectives. Two priorities aim at improving competitiveness and farm viability, improving the position of the primary producers in the food chain and management of risks. In this way they contribute to the common objective of viable food production. Two other priorities (one focussing on restoring, preserving and enhancing ecosystems and one focussing on resource efficiency and a shift towards a low carbon and climate resilient economy) contribute to the common objective of sustainable management of natural resources and climate action. One priority focusses on social inclusion, poverty reduction and economic development in rural areas, thereby contributing to the common objective of a balanced territorial development.

These five priorities are supported by one overall priority, i.e. knowledge transfer and innovation, which contributes to the common CAP objectives via the five other priorities.

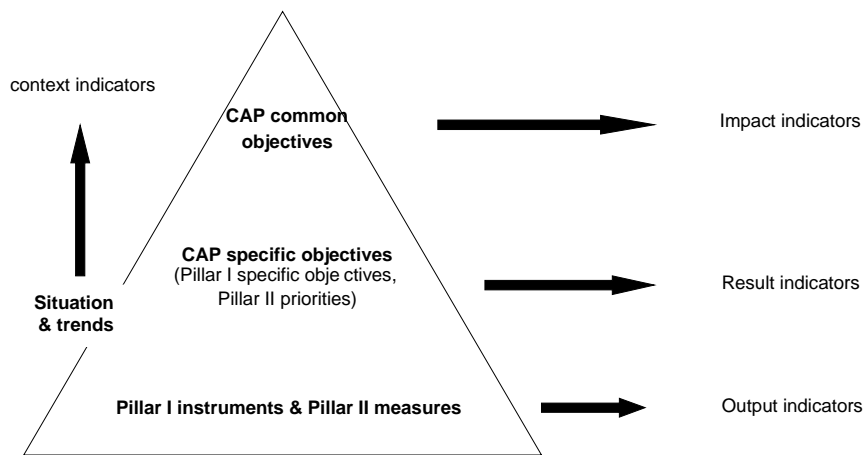
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<sup>1</sup> A more detailed description of the reasoning behind the different instruments can be found in the impact assessment of the proposals for the CAP post 2013 which can be consulted online at [http://ec.europa.eu/agriculture/policy-perspectives/impact-assessment/cap-towards-2020/index\\_en.htm](http://ec.europa.eu/agriculture/policy-perspectives/impact-assessment/cap-towards-2020/index_en.htm)

## Measuring the CAP performance

The performance of the CAP will be measured at different levels. Measurement of impacts is done at the level of the common CAP objectives, results at the level of specific objectives and outputs at the level of instruments/measures. It is important to acknowledge that often it is not a single instrument that contributes to reaching an objective, but multiple instruments together contribute to reaching the objectives. Similarly, a single measure can contribute to different objectives. On the same note, some indicators can contribute to describe progress of achieving different (related) objectives.

Moreover, while the contributions of the policy at the level of output can be determined relatively reliably, the influence of external factors becomes more important at the level of results and particularly at impact level. This implies that the output, result and impact indicators cannot be looked at in isolation, but instead require interpretation within their context. In agriculture, a wide range of factors such as climatological and meteorological circumstances, agronomic conditions, world market prices, economic developments etc. influence the impact of the policy. For this reason, the framework also includes a number of socio-economic, sectorial and environmental indicators that describe this general context in which the CAP operates.



## Annex 2 List of objectives

### Commission General Objectives (Juncker Priorities)

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- A New Boost for Jobs, Growth and Investment (Juncker Priority 1)
- A Connected Digital Single Market (Juncker Priority 2)
- A Resilient Energy Union with a Forward-Looking Climate Change Policy (Juncker Priority 3)
- A balanced and progressive trade policy to harness globalisation (Juncker Priority 6)

### Common CAP objectives (CO)

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- CAP CO 1: To promote a viable food production
- CAP CO 2: To promote a sustainable management of natural resources and climate action
- CAP CO 3: To promote a balanced territorial development

### CAP specific objectives

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#### ***CAP specific objectives contributing to common CAP objective 1 "To promote a viable food production"***

- To improve the competitiveness of the agricultural sector and enhance its value share in the food chain
- To maintain market stability
- To sustain farmers' income stability by providing direct income support
- To promote a market oriented agriculture by ensuring a significant level of decoupled income support
- Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and sustainable management of forest (RD Priority 2)
- Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture (RD Priority 3)

#### ***CAP specific objectives contributing to common CAP objective 2 "To promote a sustainable management of natural resources and climate action"***

- To meet consumer expectations
- Contribute to the enhancement of the environmental performance of the CAP, the development of sustainable agriculture and to making the CAP more compatible with the expectations of the society, through the greening component of the direct payments and the cross compliance system. Contribute to preventing soil erosion, maintaining soil organic matter and soil structure, ensuring a minimum level of maintenance and avoiding the deterioration of habitats, protecting and managing water through the standards of good agricultural and environmental condition of land.
- Restoring, preserving and enhancing ecosystems related to agriculture and forestry (RD Priority 4)
- Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors (RD Priority 5)

#### ***CAP specific objectives contributing to common CAP objective 3 "To promote a balanced territorial development"***

- Promoting social inclusion, poverty reduction and economic development in rural areas (RD Priority 6)
- To promote local agricultural production and to ensure a fair level of prices for commodities for direct consumption and for processing by local industries in the Outermost Regions of the EU and in the Aegean Islands
- Specific Supply Arrangements (SSA) to ensure the supply of essential products: SSA coverage rate (relation between quantities of products benefiting from SSA support and total quantities of the same products introduced in the respective outermost region)

### **CAP specific objectives contributing to all three common CAP objectives**

- Fostering knowledge transfer and innovation in agriculture, forestry and rural areas (RD Priority 1)
- Societal challenges – to secure sufficient supplies of safe and high quality food and other bio-based products, by developing productive and resource-efficient primary production systems, fostering related ecosystem services and the recovery of biological diversity, alongside competitive and low carbon supply, processing and marketing chains (*contributes also to Horizon 2020 objective "To build an economy based on knowledge and innovation across the whole Union, while contributing to sustainable development."*)
- To contribute to the sustainable adaptation of the agricultural sector and rural areas in the three countries (Bulgaria, Romania and Croatia) eligible for Sapard support until 2009 (*contributes also to IPA objective "support the beneficiaries listed in Annex I [of IPA II Regulation] in adopting and implementing the political, institutional, legal, administrative, social and economic reforms required by those beneficiaries in order to comply with the Union's values and to progressively align to Union's rules, standards, policies and practices with a view to Union membership."*)
- To contribute to the sustainable adaptation of the agricultural sector and rural areas and to the new Member State Croatia's and Candidate Countries' preparation for the implementation of the *acquis communautaire* concerning the CAP and related policies under IPARD 2007-2013 (IPARD I) by: 1. improving market efficiency and implementation of Union standards, 2. preparatory actions for the implementation of the agri-environmental measures and local rural development strategies, 3. development of the rural economy. (*contributes also to IPA objective "support candidate countries and potential candidates ('beneficiary countries') in implementing the political, institutional, legal, administrative, social and economic reforms required by those beneficiaries in order to comply with the Union's values and to progressively align to Union rules, standards, policies and practices with a view to Union membership."*)
- Supporting the development of management and control systems which are compliant with good governance standards of a modern public administration and where the relevant country structures apply standards equivalent to those in similar organisations in the Member States of the European Union (*contributes also to IPA objective "support the beneficiaries in adopting and implementing the political, institutional, legal, administrative, social and economic reforms required by those beneficiaries in order to comply with the Union's values and to progressively align to the Union rules, standards, policies and practices with a view to Union membership."*).
- IPARD II 2014-2020: To increase the food-safety of the IPA II beneficiary and the ability of their agri-food sector to cope with competitive pressure as well as to progressively align the sector with Union standards, in particular those concerning hygiene and environment, while pursuing balanced territorial development of rural areas (*contributes also to IPA objective "support the beneficiaries candidate countries and potential candidates ('beneficiary countries') in adopting and implementing the political, institutional, legal, administrative, social and economic reforms required by those beneficiaries in order to comply with the Union's values and to progressively align to the Union rules, standards, policies and practices with a view to Union membership."*).
- To promote the EU agricultural sector by contributing to successful negotiation and cooperation within the World Trade Organisation (WTO) and other multilateral organisations such as the Organisation for Economic Co-operation and Development (OECD) and the Food and Agriculture Organisation (FAO).

- To improve market access for agricultural products through: negotiating or revising bilateral agreements; resolving trade irritants; securing protection for EU geographical indications in third countries via negotiating relevant provisions within Free Trade or Association Agreements or stand-alone agreements; carrying out dialogues with strategic partners in agriculture and cooperation activities; and contributing to sustainable economic development in particular in developing countries.
- To promote the EU interests and positions on agriculture and rural development in the relations with enlargement countries and to assist the enlargement countries in their alignment to the CAP
- To facilitate decision-making on strategic choices for the CAP and to support other activities of the DG by means of economic and policy analyses and studies.

## **Objectives relating to organisational management**

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### ○ *A: Human Resources Management*

- The DG deploys effectively its resources in support of the delivery of the Commission's priorities and core business, has a competent and engaged workforce, which is driven by an effective and gender-balanced management and which can deploy its full potential within supportive and healthy working conditions.

### ○ *B: Financial Management: Internal control and Risk management*

- The Authorising Officer by Delegation should have reasonable assurance that resources have been used in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions including prevention, detection, correction and follow-up of fraud and irregularities.
- Effective and reliable internal control system giving the necessary guarantees concerning the legality and the regularity of the underlying transactions
- Effective and reliable internal control system in line with sound financial management.
- Minimisation of the risk of fraud through application of effective anti-fraud measures, integrated in all activities of the DG, based on the DG's anti-fraud strategy (AFS) aimed at the prevention, detection and correction of fraud.

### ○ *C: Better Regulation*

- Prepare new policy initiatives and manage the EU's acquis in line with better regulation practices to ensure that EU policy objectives are achieved effectively and efficiently.
- To provide sound legal services and to ensure correct application and enforcement of the CAP law.
- To ensure an effective and efficient planning and programming process and to support the preparation and adoption of agricultural legislation

### ○ *D: Information management aspects*

- Information and knowledge in your DG is shared and reusable by other DGs. Important documents are registered, filed and retrievable

- *E: External communication activities*
- Citizens perceive that the EU is working to improve their lives and engage with the EU. They feel that their concerns are taken into consideration in European decision making and they know about their rights in the EU.
- To build trust within the EU and among all citizens, farmers and non-farmers, alike. The key issues of food security, climate change and environment protection as well as the maintenance of sustainable rural areas are consistent features of the messaging and with the Commission's legal requirement to carry out information measures on the CAP. For the general public, the objective is to raise awareness on the relevance of EU support to agriculture and rural development through the CAP. For the stakeholders, the objective is to engage with stakeholders (mainly farmers and other parties in rural areas) in order to further communicate about the CAP to their constituencies and to the wider public. *This specific objective contributes to the External communication Objective (Part 2 E): "Citizens perceive that the EU is working to improve their lives and engage with the EU. They feel that their concerns are taken into consideration in European decision making and they know about their rights in the EU."*



## Annex 3 Performance tables

### PART 1. Strategic vision for 2016-2020

Commission general objective 1: A New Boost for Jobs, Growth and Investment	
<b>Commission Impact indicator:</b> Percentage of EU GDP invested in R&D (combined public and private investment)	
<b>Source of the data:</b> Eurostat	
<b>Baseline</b> (2012)	<b>Target</b> (2020) Europe 2020 target
2.01%	<b>3%</b>
Commission Impact indicator: Employment rate population aged 20-64	
<b>Source of the data:</b> Eurostat	
<b>Baseline</b> (2014)	<b>Target</b> (2020) Europe 2020 target
69.2%	At least 75%
Commission general objective 2: A Connected Digital Single Market	
<b>Impact indicator:</b> Aggregate score in Digital Economy and Society Index (DESI) EU-28	
<b>Explanation:</b> DESI is a composite index that summarises relevant indicators on Europe's digital performance and tracks the evolution of EU Member States in digital competitiveness. The closer the value is to 1, the better. The DESI index is calculated as the weighted average of the five main DESI dimensions: 1 Connectivity (25%), 2 Human Capital (25%), 3 Use of Internet (15%), 4 Integration of Digital Technology (20%) and 5 Digital Public Services (15%).	
<b>Source of the data:</b> <a href="#">DESI</a>	
<b>Baseline</b> (2015)	<b>Target</b> (2020)
0.478	Increase
Commission general objective 3: A Resilient Energy Union with a Forward-Looking Climate Change Policy	
<b>Commission Impact indicator: Greenhouse gas emissions</b>	
<b>Index 1990=100</b>	
<b>Source of the data:</b> European Environmental Agency	
<b>Baseline</b> (2013)	<b>Target</b> (2020) Europe 2020 target
80.2	At least 20% reduction (index ≤80)

**Commission general objective 6: A balanced and progressive trade policy to harness globalisation**

**General objective: A balanced and progressive trade policy to harness globalisation.**

**Impact indicator:** Percentage of EU trade in goods and services as well as investment covered by applied EU preferential trade and investment agreements

**Source of the data:** Eurostat for the raw indicators and DG Trade for the list of countries covered by [trade and investment agreements](#)\*

<b>Baseline</b> (Goods average for 2014-2016 Services and FDI average for 2013-2015)	<b>Interim milestone**</b> (2018)	<b>Target **</b> (2020)
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**Goods - [Bookmark to the denominator](#)**

Imp.	Exp.	Total	Imp.	Exp.	Total	Imp.	Exp.	Total
27%	32%	29%	32%	37%	34%	51%	61%	56%

**Services - [Bookmark to the denominator](#)**

Imp.	Exp.	Total	Imp.	Exp.	Total	Imp.	Exp.	Total
10%	9%	9%	15%	15%	15%	54%	52%	53%

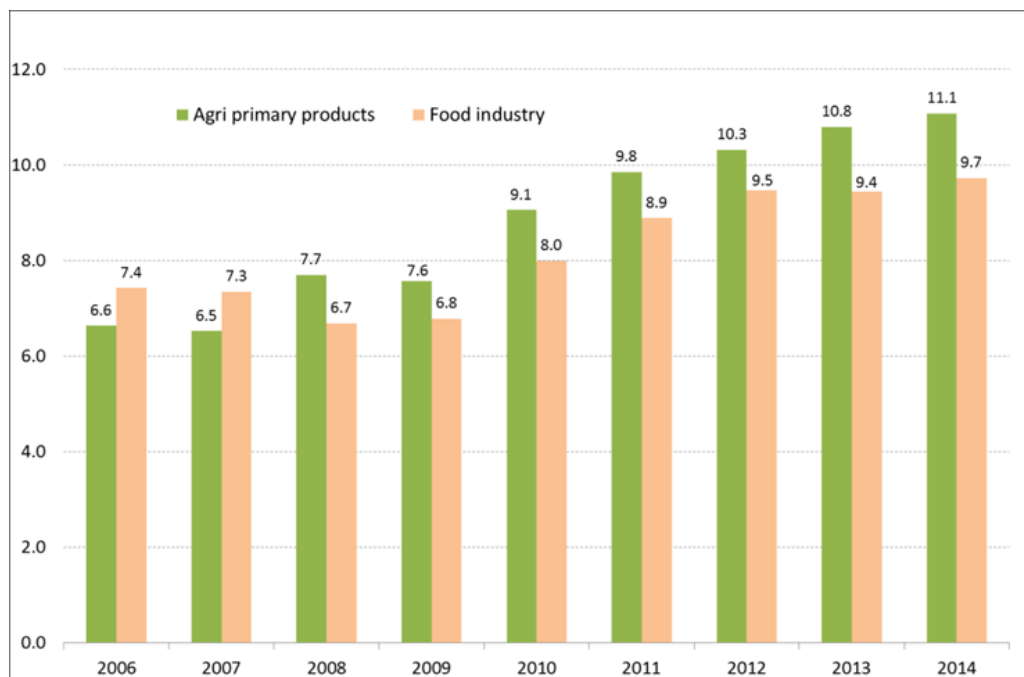
**FDI stock - [Bookmark to the denominator](#)**

Imp.	Exp.	Total	Imp.	Exp.	Total	Imp.	Exp.	Total
4%	7%	6%	9%	13%	11%	55%	59%	57%

<b>Common CAP objective 1: Viable food production</b>																									
<b>CAP Impact indicator: Agricultural factor income</b>																									
<b>Definition:</b> Agricultural factor income (net value added at factor costs) per annual work unit (in real terms)																									
<b>Source of the data:</b> Eurostat – Economic Accounts for Agriculture																									
<b>Baseline</b> (2012 - EU-28)	<b>Target</b>																								
14 617 €/AWU (in real prices)	To increase <i>Article 39 (1)(b) TFEU</i>																								
<p style="text-align: center;"><b>Agricultural factor income per full-time worker, EU-28</b></p> <table border="1"> <caption>Agricultural factor income per full-time worker, EU-28 (EUR/AWU)</caption> <thead> <tr> <th>Year</th> <th>Value (EUR/AWU)</th> </tr> </thead> <tbody> <tr><td>2005</td><td>11,101</td></tr> <tr><td>2006</td><td>11,497</td></tr> <tr><td>2007</td><td>12,712</td></tr> <tr><td>2008</td><td>12,394</td></tr> <tr><td>2009</td><td>11,220</td></tr> <tr><td>2010</td><td>13,488</td></tr> <tr><td>2011</td><td>14,999</td></tr> <tr><td>2012</td><td>14,617</td></tr> <tr><td>2013</td><td>15,376</td></tr> <tr><td>2014</td><td>15,088</td></tr> <tr><td>2015</td><td>14,481</td></tr> </tbody> </table>		Year	Value (EUR/AWU)	2005	11,101	2006	11,497	2007	12,712	2008	12,394	2009	11,220	2010	13,488	2011	14,999	2012	14,617	2013	15,376	2014	15,088	2015	14,481
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2015	14,481																								
<b>CAP Impact indicator: Total factor productivity in agriculture</b>																									
<b>Definition:</b> Total factor productivity (TFP) compares total outputs relative to the total inputs used in production of the output (both output and inputs are expressed in term of volumes)																									
<b>Source of the data:</b> DG AGRI calculation based on Eurostat data																									
<b>Baseline</b> (2012-2014, average)	<b>Target</b>																								
106.2 (index 2005 = 100)	To increase <i>Article 39 (1)(a) TFEU</i>																								
<b>Planned evaluations:</b>																									
<ul style="list-style-type: none"> <li>- Study on a mapping and analysis of the implementation of the CAP – based on the implementation choices of Member States and their motivations with the view to assessing the likely policy impacts. Completion in 2016.</li> <li>- Evaluations of the impact of the CAP measures towards the objective "viable food production" – 2017-2020 [sectors/measures to be determined].</li> <li>- Synthesis and cross-thematic evaluations – start in 2017, completion in 2020. It serves to prepare synthesis reports, such as the reports to be submitted to the Council and the European Parliament by 31 December 2018 and 2021.</li> <li>- Evaluation of marketing standards (2016-2017).</li> </ul>																									
<b>Specific objective: To improve the competitiveness of the agricultural sector and enhance its value share in the food chain</b>																									
Related to spending programme: EAGF																									
<b>Result indicator: Share of EU agricultural exports in total value of production</b>																									
<b>Definition:</b>																									
<b>Agricultural primary products:</b> value of annual exports in agricultural primary products (source Eurostat, Comext) as a percentage share of total value of production in agricultural products																									
<b>Source of data:</b> Eurostat, agricultural accounts																									

**Processed food products:** value of annual exports in processed food products as a percentage of total value of production by the food industry  
**Source of data:** Eurostat, Prodcom

<b>Baseline</b> (2011)	<b>Target</b> (2020)
Primary products: 9.8% Processed food products 8.9%	Agricultural Primary products: 14% Processed food products: 11.5%



**Result indicator: Share of value added for primary products in the food chain**  
**Definition:** The indicator looks at the value added of the primary production in comparison to other stages of the food chain (mainly food manufacturing, food distribution and food service activities).  
**Source of data:** Eurostat – National Accounts, Structural Business Statistics

<b>Baseline</b> (2010)	<b>Target</b>								
<table border="1"> <thead> <tr> <th>EU-27</th> <th>Value added (in billion €)</th> </tr> </thead> <tbody> <tr> <td>Primary</td> <td>196</td> </tr> <tr> <td>Processing</td> <td>213</td> </tr> <tr> <td>Retail*</td> <td>379</td> </tr> </tbody> </table> <p>* EU-27 data for 2009 and 2010; food retail data for 2010 estimated</p>	EU-27	Value added (in billion €)	Primary	196	Processing	213	Retail*	379	Higher share of value added for primary products in the food chain <i>Regulation n° 1308/2013</i>
EU-27	Value added (in billion €)								
Primary	196								
Processing	213								
Retail*	379								

- Planned evaluations:**
- Study on a mapping and analysis of the implementation of the CAP – based on the implementation choices of Member States and their motivations with the view to assessing the likely policy impacts. Completion in 2016.
  - Evaluation of marketing standards (2016-2017).
  - Evaluations of the impact of the CAP towards the objective "viable food production" - 2017-2020 [sectors/measures to be determined].
  - Synthesis and cross thematic evaluations (2017-2020).
  - Evaluation of the application of Article 29 of Regulation (EU) No 1308/2013 to the olive oil and table olives sector – completion in 2017.

<b>Result indicator: Ratio between EU and World agricultural commodity prices</b> <i>See below under the specific objective "To better reflect consumer expectations"</i>	
<b>Specific objective: To maintain market stability</b> Related to spending programme: EAGF	
<b>Result indicator: Public intervention</b> <b>Definition:</b> Ratio of volume of the products bought in the intervention storage and the total EU production of those respective products <b>Source of data:</b> DG AGRI	
<b>Baseline</b> 2012	<b>Target</b>
0%	Used only in case of need (seen against market developments) <i>Regulation n° 1308/2013</i>
<b>Result indicator: Private storage</b> <b>Definition:</b> Ratio of volume of the products placed into the publicly aided private storage and the total EU production of those respective products <b>Source of data:</b> Market monitoring data DG AGRI	
<b>Baseline</b> 2013	<b>Target</b>
Butter: 4% Olive oil: 0%	Used only in case of need (seen against market developments) <i>Regulation n° 1308/2013</i>
<b>Planned evaluations:</b> <ul style="list-style-type: none"> <li>- Study on a mapping and analysis of the implementation of the CAP – based on the implementation choices of Member States and their motivations with the view to assessing the likely policy impacts. Completion in 2016.</li> <li>- Evaluations of the impact of the CAP towards the objective "viable food production" - 2017-2020 [sectors/measures to be determined].</li> <li>- Synthesis and cross thematic evaluations (2017-2020).</li> </ul>	
<b>Specific objective: To sustain farmers' income stability by providing direct income support</b> Related to spending programme: EAGF	
<b>Result indicator:</b> Share of direct support in agricultural entrepreneurial income (family farm income) <b>Definition:</b> The indicator gives the share of direct support (coupled and de-coupled payments) in entrepreneurial income. <b>Source of data:</b> EAGF Financial Report and EEA - EUROSTAT	
<b>Baseline</b> 2013	<b>Target</b>
41%	To maintain the ratio <i>Regulation n° 1310/2013</i>
<b>Planned evaluations:</b> <ul style="list-style-type: none"> <li>- Study on a mapping and analysis of the implementation of the CAP – based on the implementation choices of Member States and their motivations with the view to assessing the likely policy impacts. Completion in 2016.</li> <li>- Evaluations of the impact of the CAP towards the objective "viable food production" - 2017-2020 [sectors/measures to be determined].</li> <li>- Synthesis and cross thematic evaluations (2017-2020).</li> </ul>	
<b>Specific objective: To promote a more market oriented agriculture by ensuring a significant level of decoupled income support<sup>2</sup></b> Related to spending programme: EAGF	
<b>Result indicator: % of total direct payments which is decoupled</b>	

<sup>2</sup> The wording of this objective was adapted to take into account the provisions of the Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009, as regards their application as of 2015.

<b>Source of data:</b> Budget	
<b>Baseline</b> (Calendar year 2013 / Budget year 2014)	<b>Target</b>
93.54%	To maintain <i>Regulation n° 1308/2013</i>
<b>Planned evaluations:</b> <ul style="list-style-type: none"> <li>- Study on a mapping and analysis of the implementation of the CAP – based on the implementation choices of Member States and their motivations with the view to assessing the likely policy impacts. Completion in 2016.</li> <li>- Evaluations of the impact of the CAP towards the objective "viable food production" - 2017-2020 [sectors/measures to be determined].</li> <li>- Synthesis and cross thematic evaluations (2017-2020).</li> </ul>	
<b>Specific objective: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and sustainable management of forest (Priority 2)</b>	
<b>Result indicator: % of agricultural holdings with RDP support for investment in restructuring or modernisation</b> (Focus area 2A: improving the economic performance of all farms and facilitating farm restructuring and modernisation notably with a view to increase market participation and orientation, as well as agricultural diversification) <b>Source:</b> Rural development programmes	
<b>Baseline</b> <sup>3</sup>	<b>Target</b> (2023)
0	2.8% Aggregated value from the RDP which have programmed the relevant Focus Area.
<b>Result indicator: % of agricultural holdings with RDP supported business development plan/investments for young farmers</b> (Focus area 2B: facilitating entry of adequately skilled farmers into the agricultural sector and in particular generational renewal) <b>Source:</b> Rural development programmes	
<b>Baseline</b>	<b>Target</b> (2023)
0	1.5% Aggregated value from the RDP which have programmed the relevant Focus Area.
<b>Planned evaluations:</b> <ul style="list-style-type: none"> <li>- Study on a mapping and analysis of the implementation of the CAP – based on the implementation choices of Member States and their motivations with the view to assessing the likely policy impacts. Completion in 2016.</li> <li>- Evaluations of the impact of the CAP towards the objective "viable food production" - 2017-2020 [sectors/measures to be determined].</li> <li>- Synthesis and cross thematic evaluations (2017-2020).</li> </ul>	
<b>Specific objective: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture (Priority 3)</b>	
<b>Result indicator: % of agricultural holdings receiving support for participating in quality schemes, local markets and short supply circuits, and producer groups/organisations</b> (Focus area 3A: improving competitiveness of primary producers by better integrating them into the food chain through quality schemes, promotion in local markets and short supply circuits, producer groups and inter-branch organisations) <b>Source:</b> Rural development programmes	
<b>Baseline</b> <sup>4</sup>	<b>Target</b> (2023)

<sup>3</sup> Baseline is 0 at the start of the programming period and all the targets are cumulated over the period.

<sup>4</sup> Baseline is 0 at the start of the programming period and all the targets are cumulated over the period.

	2.6% Aggregated value from the RDP which have programmed the relevant Focus Area.
<b>Result indicator: % of agricultural holdings participating in risk management schemes</b> (Focus area 3B: supporting farm risk management) <b>Source:</b> Rural development programmes	
<b>Baseline</b>	<b>Target</b> (2023)
0	7.6% Aggregated value from the RDP which have programmed the relevant Focus Area.
<b>Planned evaluations:</b> <ul style="list-style-type: none"> <li>- Study on a mapping and analysis of the implementation of the CAP – based on the implementation choices of Member States and their motivations with the view to assessing the likely policy impacts. Completion in 2016.</li> <li>- Evaluations of the impact of the CAP towards the objective "viable food production" - 2017-2020 [sectors/measures to be determined].</li> <li>-</li> </ul>	

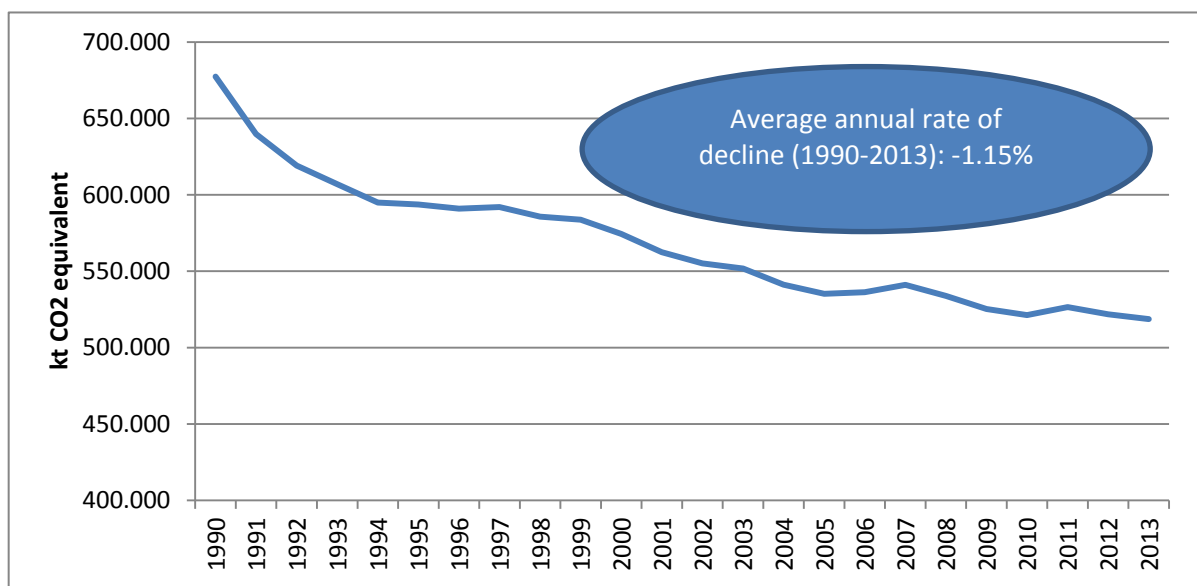
**Common CAP objective 2: To promote a sustainable management of natural resources and climate action**

**CAP Impact indicator: Net greenhouse gas emissions from agriculture**

**Definition:** The indicator measures net GHG emissions from agriculture including agricultural soils.

**Source of the data:** Annual European Union GHG inventory. The inventory is based on national submissions to the UNFCCC and to the EU Monitoring Mechanism of CO<sub>2</sub> and other GHG emissions. It is compiled and held by the European Environment Agency (EEA) and the European Topic Centre on Air and Climate Change (ETC/ACC)

<b>Baseline</b> (2012)	<b>Target</b>
521 799 (in 1000 t of CO <sub>2</sub> equivalent)	To reduce <i>EU2020</i>



**CAP Impact indicator: Nitrate levels in freshwater**

**Definition:** Nitrates in freshwater (Context indicator.40 – Water quality) consists of:

- 2.a) Groundwater quality: % of monitoring sites in 3 water quality classes (high, moderate and poor);
- 2.b) Surface water quality: % of monitoring sites in 3 water quality classes (high, moderate and poor).

The three water quality classes are defined as follows:

- High quality: concentration close to natural values or within the threshold indicated in the legislation for low-polluted water.
- Moderate quality: concentration above natural standard but still below hazardous level.
- Poor quality: concentration above hazardous level.

The actual concentration classes are the following:

Groundwater

- High (" $<10 \text{ mg/l NO}_3$  " + " $\geq 10 \text{ mg/l NO}_3$  and  $<25 \text{ mg/l NO}_3$  ")[1]
- Moderate (" $\geq 25 \text{ mg/l NO}_3$  and  $<50 \text{ mg/l NO}_3$  ")
- Poor (" $\geq 50 \text{ mg/l NO}_3$  ").

Surface water

- High (" $<0.8 \text{ mg/l N}$  " + " $\geq 0.8 \text{ mg/l N}$  and  $<2.0 \text{ mg/l N}$  ")[2]
- Moderate (" $\geq 2.0 \text{ mg/l N}$  and  $<3.6 \text{ mg/l N}$  " + " $\geq 3.6 \text{ mg/l N}$  and  $>5.6 \text{ mg/l N}$  ")
- Poor (" $\geq 5.6 \text{ mg/l N}$  and  $<11.3 \text{ mg/l N}$  " + " $\geq 11.3 \text{ mg/l N}$  ")

**Source of the data:** European Environmental Agency (EEA) – Nutrients in freshwater: Data voluntary reported by MSs via the WISE/SOE data flow annually.

<b>Baseline</b> EU-28, 2012	<b>Target</b>
Freshwater:	To decrease

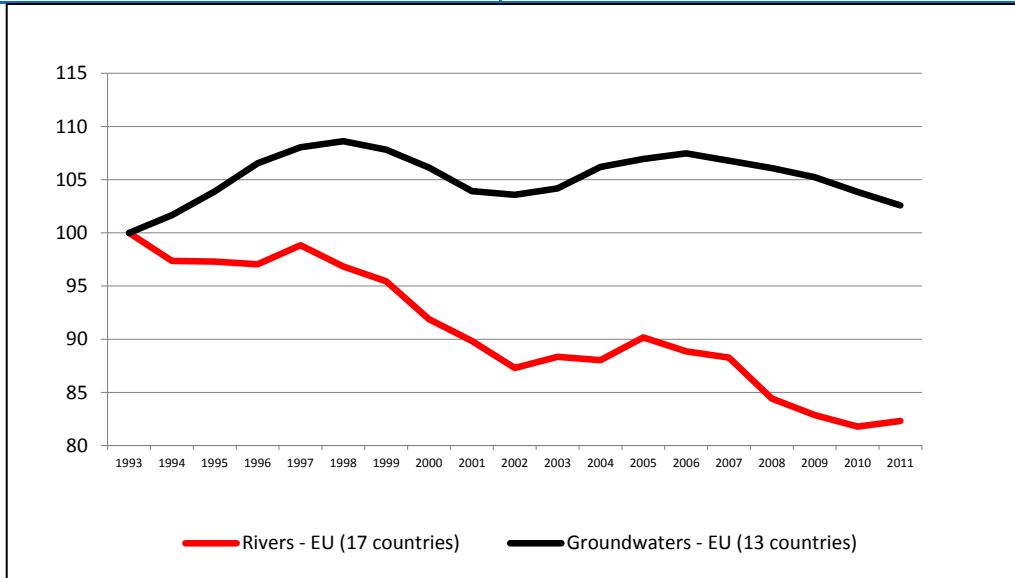


- High: 56.9 %
- Moderate: 31.7%
- Poor: 11.4%

Regulations n° 1305, 1306 and 1307/2013

Groundwater:

- High: 74.1%
- Moderate: 14.2%
- Poor: 11.7%



**Impact indicator: Farmland bird index**

**Definition:** The indicator is a composite index that measures the rate of change in the relative abundance of common bird species at selected sites: trends of index of population of farmland birds (base year 2000 = 100).

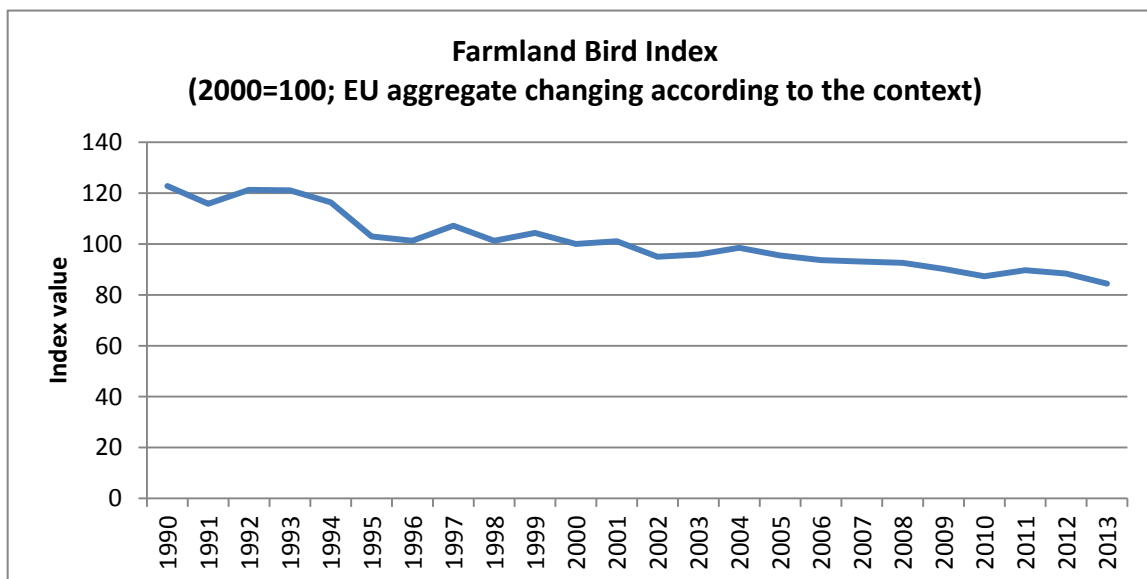
**Source:** EBCC/RSPB/BirdLife/Statistics Netherlands: the European Bird Census Council (EBCC) and its Pan-European Common Bird Monitoring Scheme (PECBMS); data are published on Eurostat database

Baseline (year & value)

Target

2012: 88.4 (index 2000=100)

To increase



**Planned evaluations:**

- Study on a mapping and analysis of the implementation of the CAP – based on the implementation choices of Member States and their motivations with the view to assessing the likely policy impacts. Completion in 2016.
- Evaluations of the impact of the CAP towards the objective "sustainable management of natural resources and climate action" – 2017-2020 [other topics to be decided].

- Synthesis and cross thematic evaluations (2017-2020).
- Evaluation on greening (2016-2017).
- Evaluation of the forestry measures under the rural development policy (2016-2017).
- Evaluation of the impact of the CAP on climate change and greenhouse gas emissions (2017-2018).
- Evaluation of EU Quality schemes (PDO/PGI/GI/TSG) (2017-2018).
- Evaluation of the impact of the CAP on habitats, landscapes and biodiversity (2018-2019).
- Evaluation of the impact of the CAP on water (2018-2019).

**Specific objective: To better reflect consumer expectations**

Related to spending programme:  
EAGF-EAFRD

**Result indicator: Ratio between EU and World agricultural commodity prices**

**Definition:** Weighted average, covering beef, pig meat, poultry, soft wheat, maize, barley, sugar, butter, cheddar, WMP and SMP. World price references are mainly based on US prices for meat and crops and Oceania for dairy products, except for beef (Australia), Barley (Black Sea) and Sugar (London white sugar 05)<sup>5</sup>.

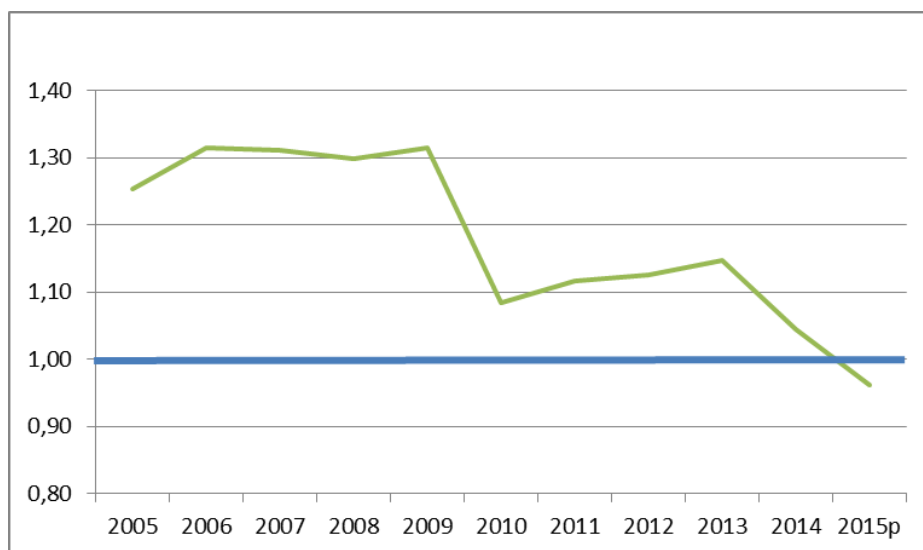
**Source of data:** DG Agriculture and Rural Development, based on European Commission, USDA, World Bank, IGC, London International Financial Futures and Options Exchange.

**Baseline**

**Target**  
(annual)

Ratio EU/world price						
	2009	2010	2011	2012	2013	2014p
BEEF	1.69	1.26	1.21	1.19	1.24	0.99
PIG MEAT	1.60	1.17	1.12	1.19	1.21	0.93
POULTRY	1.26	1.18	1.35	1.19	1.13	1.05
SOFT WHEAT	0.98	0.92	1.07	0.99	1.02	0.99
MAIZE	1.10	1.19	1.05	0.95	1.04	1.14
BARLEY	1.10	0.96	1.04	0.96	1.00	0.97
SUGAR	1.56	1.03	1.10	1.55	1.90	1.65
BUTTER	1.43	1.09	1.18	1.19	1.27	1.22
CHEDDAR	1.14	0.95	1.03	1.14	1.10	1.12
WMP	1.20	1.03	1.08	1.09	0.98	1.11
SMP	1.09	0.93	0.90	0.95	0.90	0.96
<b>Weighted average</b>	<b>1.31</b>	<b>1.08</b>	<b>1.12</b>	<b>1.13</b>	<b>1.15</b>	<b>1.05</b>

Prices brought closer to the world prices  
*Regulation n° 1308/2013*



**Planned evaluations:**

- Study on a mapping and analysis of the implementation of the CAP – based on the implementation choices of Member States and their motivations with the view to assessing the likely policy impacts. Completion in 2016.

<sup>5</sup> Compared to Pacific prices (US and Australia), EU prices were very competitive in 2015 because of the exchange rate effect but also because US demand drove significant price increases. If the comparison would be made with Brazil for meat especially, the increase in EU competitiveness would be less pronounced.

- Evaluations of the impact of the CAP towards the objective "sustainable management of natural resources and climate action" - 2017-2020 [sectors/measures to be determined].
- Synthesis and cross thematic evaluations (2017-2020).
- Evaluation of the application of Article 29 of Regulation (EU) No 1308/2013 to the olive oil and table olives sector – completion in 2017.
- Evaluation of EU Quality schemes (PDO/PGI/GI/TSG) (2017-2018).
- Impact of EU agricultural promotion policy – internal and third countries markets – completion in 2019.

**Specific objective: Contribute to the enhancement of the environmental performance of the CAP through the greening component of the direct payments. Contribute to the development of sustainable agriculture and to making the CAP more compatible with the expectations of the society through the cross compliance system. Contribute to preventing soil erosion, maintaining soil organic matter and soil structure, ensuring a minimum level of maintenance and avoiding the deterioration of habitats, protecting and managing water through the standards of good agricultural and environmental condition of land.**

Related to spending programme: EAGF

**Result indicator: Share of area under greening practices<sup>6</sup>**

**Source of data:** Draft Budget 2015

Baseline (Calendar year 2015)	Target
76% <sup>7</sup>	To maintain <i>Regulation n° 1307/2013</i>

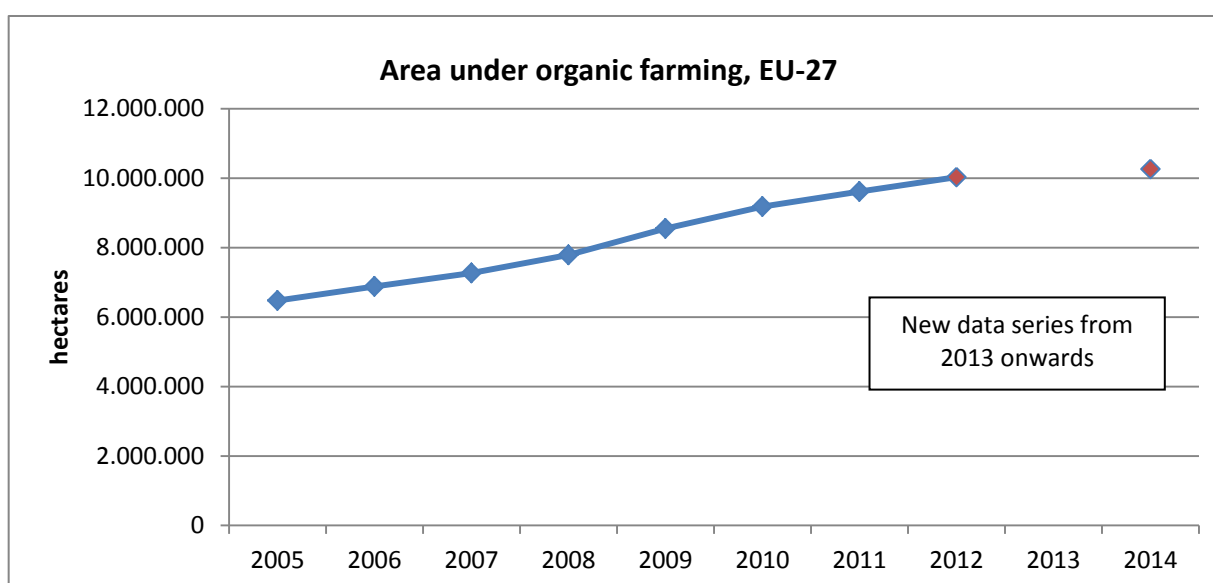
**Result indicator: Share of area under organic farming<sup>8</sup>**

**Definition:** The number of hectares under organic farming and the share of area under organic farming in the total utilised agricultural area (UAA).

The area under organic farming is the sum of the fully converted area and the area in conversion.

**Source of data:** Eurostat

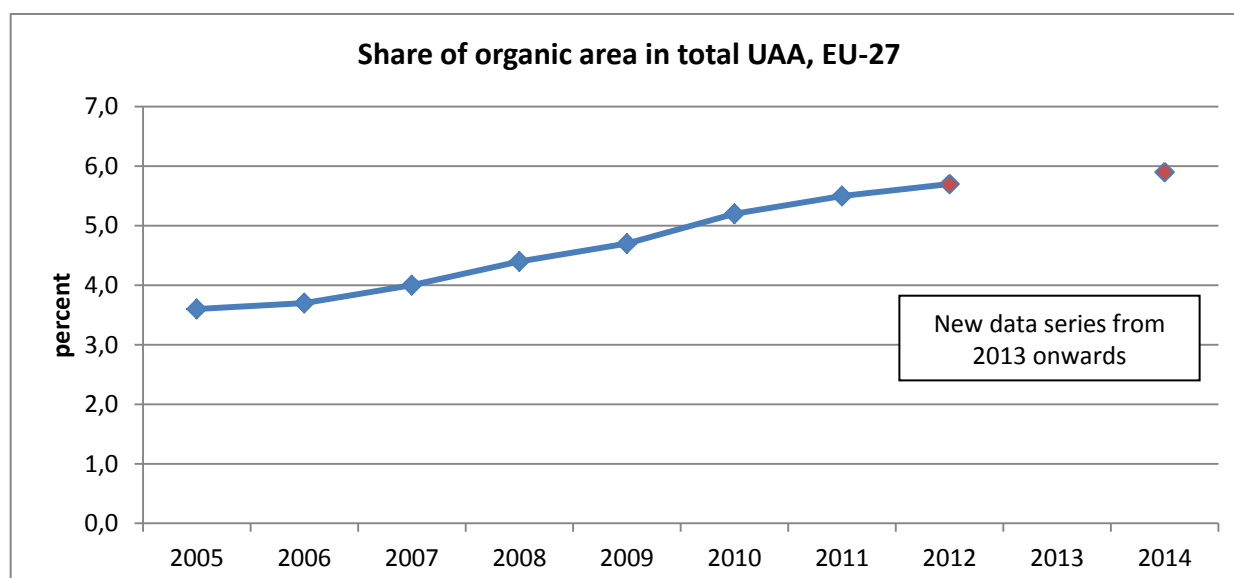
Baseline (2012)	Target
10 064 351 ha 5.7% of total UAA	To increase



<sup>6</sup> Indicator contributing to the KPI Minimum share of agricultural land with specific environmental practices/commitment.

<sup>7</sup> The deadline for this notification was 15 December 2015. DG AGRI has received so far the notification from 26 MS, so the indicated share is provisional. The share is calculated as total agricultural area for farms with at least one greening obligation on total agricultural area from Farm Statistics Survey 2013.

<sup>8</sup> Indicator contributing to the KPI Minimum share of agricultural land with specific environmental practices/commitment.



<b>Result indicator: % of CAP payments covered by cross compliance</b>	
Source of data: DG AGRI	
<b>Baseline (2013)</b>	<b>Target</b>
82.36%	Maintain the ratio <sup>9</sup> Regulation n° 1306/2013
<b>Result indicator: Opinion expressed by the public on cross compliance</b>	
Definition: Aggregate figures on the opinion by the public on cross compliance	
Source of data: Eurobarometer	
<b>Baseline (2015)</b>	<b>Target</b>
87% support the reduction of direct payments to farmers not complying with environmental rules 87% support the reduction for non-compliance of animal welfare rules 87% support the reduction for non-compliance of food safety rules	Maintain the positive opinion <i>With the cross compliance the CAP is more sustainable and more compatible with the society's expectations. Therefore if cross compliance shows an important support by the public opinion, its impact will be significant.</i>
<b>Result indicator: Control rate for GAEC (Standards of Good Agricultural and Environmental Condition)</b>	
Definition: GAECs form part of the requirements under Cross Compliance and apply to anyone who receives payments under Single Payment Scheme and certain rural development schemes	
Source of data: IACS statistics	
<b>Baseline (2013)</b>	<b>Target</b>
100% implementation of the minimum regulatory control rate in all Member States	100% implementation of the minimum regulatory control rate Regulation n° 1306/2013
<b>Result indicator: The ratio of permanent pasture within a Member State in relation to the total agricultural area</b>	
Definition: The maintenance of the ratio of permanent pasture means that there should not be, at national or regional level, a decrease by more than 5 % of the current ratio of permanent pasture in relation to the total agricultural area by comparison with a reference ratio reflecting this ratio at a reference period.	
Source of data: MS annual notification (ISAMM – Information System for Agricultural Market Management and	

<sup>9</sup> In view of the payment profile for rural development, the percentage of payments covered by cross compliance was higher in the earlier part of the programming period 2007-2013. This reflects the fact that the rural development measures that are not falling under cross compliance have a different payment profile than the ones falling under cross compliance: measures not under cross compliance tend to have an increasing execution over the period and thus the % covered by cross-compliance will decrease over the programming period.

Monitoring)	
Baseline (2015)	Target
Ratio has not decreased beyond the limit of 5% in any Member State <sup>10</sup>	Maintain the ratio within the limit of 5 % in relation to a reference ratio <i>Regulation n° 1310/2013</i>
<b>Planned evaluation:</b> <ul style="list-style-type: none"> <li>- Study on a mapping and analysis of the implementation of the CAP – based on the implementation choices of Member States and their motivations with the view to assessing the likely policy impacts. Completion in 2016.</li> <li>- Evaluations of the impact of the CAP towards the objective "sustainable management of natural resources and climate action" – 2017-2020 [other topics to be decided].</li> <li>- Evaluation on greening (2016-2017).</li> <li>- Evaluation of the impact of the CAP on climate change and greenhouse gas emissions (2017-2018).</li> <li>- Evaluation of the impact of the CAP on habitats, landscapes and biodiversity (2018-2019).</li> <li>- Evaluation of the impact of the CAP on water (2018-2019).</li> <li>- Synthesis and cross thematic evaluations (2017-2020).</li> </ul>	
<b>Specific objective: Restoring, preserving and enhancing ecosystems related to agriculture and forestry (Priority 4)</b>	Related to spending programme: EAFRD
<b>Result indicator<sup>11</sup>:</b> <b>a) % of agricultural land under management contracts supporting biodiversity and/or landscapes</b> <b>b) % of forest area/other wooded land under management contracts supporting biodiversity</b> (Focus area 4A: Restoring and preserving and enhancing biodiversity, including in Natura 2000 area, areas facing natural constraints and high nature value farming and the state of European landscapes) <b>Source of data:</b> Rural development programmes	
<b>Baseline<sup>12</sup></b>	<b>Target (2023)</b>
0	a)17.7% b)3.5% Aggregated value from the RDP which have programmed the relevant Focus Area.
<b>Result indicator<sup>13</sup>:</b> <b>a) % of agricultural land under management contracts to improve water management</b> <b>b) % of forestry land under management contracts to improve water management</b> (Focus area 4B: improving water management including fertiliser and pesticide management) <b>Source of data:</b> Rural development programmes	
<b>Baseline</b>	<b>Target (2023)</b>
0	a)15.1% b)4.3% Aggregated value from the RDP which have programmed the relevant Focus Area.
<b>Result indicator<sup>14</sup>:</b> <b>a) % of agricultural land under management contracts to prevent soil erosion and to improve soil management</b> <b>b) % of forestry land under management contracts to prevent soil erosion and to improve soil management</b> (Focus area 4C: preventing soil erosion and improving soil management) <b>Source of data:</b> Rural development programmes	

<sup>10</sup> The deadline for this notification was 15 December 2015. DG AGRI has received so far the notification from 25 MS and three UK regions and is also assessing the data received which has to be checked with the ratio 2007-2014. For the moment no MS communicated to have triggered a reconversion obligation.

<sup>11</sup> Indicator contributing to the KPI Minimum share of agricultural land with specific environmental practices/commitment.

<sup>12</sup> Baseline is 0 at the start of the programming period and all the targets are cumulated over the period.

<sup>13</sup> Indicator contributing to the KPI Minimum share of agricultural land with specific environmental practices/commitment.

<sup>14</sup> Indicator contributing to the KPI Minimum share of agricultural land with specific environmental practices/commitment.

<b>Baseline</b>	<b>Target</b> (2023)
0	a)14.3% b)3.6% Aggregated value from the RDP which have programmed the relevant Focus Area.
<b>Planned evaluation:</b> <ul style="list-style-type: none"> <li>- Study on a mapping and analysis of the implementation of the CAP – based on the implementation choices of Member States and their motivations with the view to assessing the likely policy impacts. Completion in 2016.</li> <li>- Evaluations of the impact of the CAP towards the objective "sustainable management of natural resources and climate action" – 2017-2020 [other topics to be decided].</li> <li>- Evaluation on greening (2016-2017).</li> <li>- Evaluation of the forestry measures under the rural development policy (2016-2017).</li> <li>- Evaluation of the impact of the CAP on climate change and greenhouse gas emissions (2017-2018).</li> <li>- Evaluation of the impact of the CAP on habitats, landscapes and biodiversity (2018-2019).</li> <li>- Evaluation of the impact of the CAP on water (2018-2019).</li> <li>- Synthesis and cross thematic evaluations (2017-2020).</li> </ul>	
<b>Specific objective: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors (Priority 5)</b>	
<b>Result indicator: % of irrigated land switching to more efficient irrigation systems (Focus area 5A: increasing efficiency in water use by agriculture)</b> <b>Source of data:</b> Rural development programmes	
<b>Baseline</b> <sup>15</sup>	<b>Target</b> (2023)
0	15.3% Aggregated value from the RDP which have programmed the relevant Focus Area.
<b>Result indicator: Total investment for energy efficiency (Focus area 5B: increasing efficiency in energy use in agriculture and food processing)</b> <b>Source of data:</b> Rural development programmes	
<b>Baseline</b>	<b>Target</b> (2023)
0	2 819 268 106 EUR Aggregated value from the RDP which have programmed the relevant Focus Area.
<b>Result indicator: Total investment in renewable energy production (Focus area 5C: Facilitating the supply and use of renewable sources of energy, of by products, wastes, residues and other non food raw material for purposes of the bio-economy)</b> <b>Source of data:</b> Rural development programmes	
<b>Baseline</b>	<b>Target</b> (2023)
0	2 710 791 582 EUR Aggregated value from the RDP which have programmed the relevant Focus Area.
<b>Result indicator<sup>16</sup>: a) % of LU concerned by investments in livestock management in view of reducing greenhouse gas and/or ammonia emissions b) % of agricultural land under management contracts targeting reduction of greenhouse gas and/or ammonia emissions (Focus area 5D: Reducing greenhouse gas and ammonia emissions from</b>	

<sup>15</sup> Baseline is 0 at the start of the programming period and all the targets are cumulated over the period.

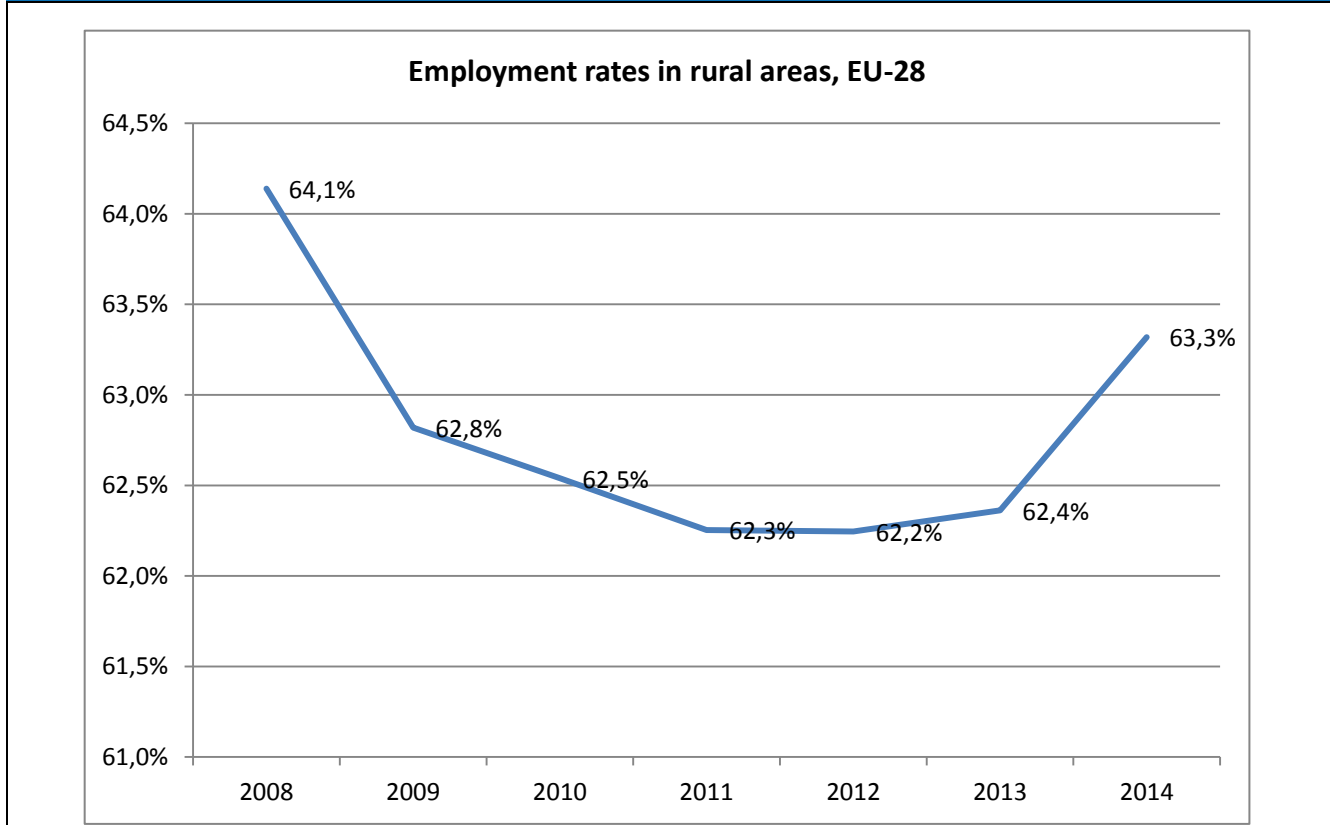
<sup>16</sup> Indicator contributing to the KPI Minimum share of agricultural land with specific environmental practices/commitment.

agriculture) <b>Source of data:</b> Rural development programmes	
<b>Baseline</b>	<b>Target</b> (2023)
0	a) 2% b) 7.7% Aggregated value from the RDP which have programmed the relevant Focus Area.
<b>Result indicator: % of agricultural and forest area under management contracts contributing to carbon sequestration and conservation</b> (Focus area 5E: Fostering carbon sequestration in agriculture and forestry) <b>Source of data:</b> Rural development programmes	
<b>Baseline</b>	<b>Target</b> (2023)
0	1.8% Aggregated value from the RDP which have programmed the relevant Focus Area.
<b>Planned evaluation:</b>	
<ul style="list-style-type: none"> <li>- Study on a mapping and analysis of the implementation of the CAP – based on the implementation choices of Member States and their motivations with the view to assessing the likely policy impacts. Completion in 2016.</li> <li>- Evaluations of the impact of the CAP towards the objective "sustainable management of natural resources and climate action" – 2017-2020 [other topics to be decided].</li> <li>- Evaluation on greening (2016-2017).</li> <li>- Evaluation of the forestry measures under the rural development policy (2016-2017).</li> <li>- Evaluation of the impact of the CAP on climate change and greenhouse gas emissions (2017-2018).</li> <li>- Evaluation of the impact of the CAP on habitats, landscapes and biodiversity (2018-2019).</li> <li>- Evaluation of the impact of the CAP on water (2018-2019).</li> <li>- Synthesis and cross thematic evaluations (2017-2020).</li> </ul>	

**Common CAP objective 3: To promote a balanced territorial development**

**CAP Impact indicator: Rural employment rate**  
**Definition:** Employment rate for the population aged 15-64 in thinly-populated areas  
**Source of the data:** Eurostat – Labour Force Survey

Baseline (2012 – EU-28)	Target
62.2%	To increase <i>Article 110 (2)(c) of Regulation n° 1306/2013</i>



- Planned evaluations:**
- Study on a mapping and analysis of the implementation of the CAP – based on the implementation choices of Member States and their motivations with the view to assessing the likely policy impacts. Completion in 2016.
  - Evaluations of the impact of the CAP measures towards the objective "balanced territorial development" – 2017-2020 [topics to be determined].
  - Synthesis and cross-thematic evaluations – start in 2017, completion in 2020. It serves to prepare synthesis reports, such as the reports to be submitted to the Council and the European Parliament by 31 December 2018 and 2021.
  - Evaluation of the impact of the CAP on new marketing strategies (2017-2018).
  - Evaluation of the impact of the CAP on local development (2018-2019).

- Planned evaluations for Rural Development:**
- Synthesis of Rural Development 2007-2013 ex-post evaluations – completion in 2017.
  - Evaluation of the contribution of the ENRD for a better implementation of RD programmes (2018-2019)



<b>Specific objective: Promoting social inclusion, poverty reduction and economic development in rural areas (Priority 6)</b>		Related to spending programme: EAFRD
<b>Result indicator: Number of jobs created through supported projects (not LEADER) (Focus area 6A: Facilitating diversification, creation of new small enterprises and job creation)</b>		
<b>Source of data:</b> Rural development programmes		
<b>Baseline</b> <sup>17</sup>	<b>Target (2023)</b>	
0	73 023 Aggregated value from the RDP which have programmed the relevant Focus Area.	
<b>Result indicator: a) % of rural population covered by local development strategies</b>		
<b>b) Number of jobs created through supported projects (LEADER)</b>		
<b>c) % of rural population benefiting from improved services / infrastructures</b>		
(Focus area 6B: Fostering local development in rural areas)		
<b>Source of data:</b> Rural development programmes		
<b>Baseline</b>	<b>Target (2023)</b>	
0	a) 54.3% b) 44 396 c) 22.6% Aggregated value from the RDP which have programmed the relevant Focus Area.	
<b>CAP Indicator: % of rural population benefiting from improved IT infrastructures/services (Focus area 6C: Enhancing accessibility to use and quality of information and communication technologies (ICT) in rural areas)</b>		
<b>Source of data:</b> Rural development programmes		
<b>Baseline</b>	<b>Target (2023)</b>	
0	13.6% Aggregated value from the RDP which have programmed the relevant Focus Area.	
<b>Planned evaluation:</b>		
<ul style="list-style-type: none"> <li>- Study on a mapping and analysis of the implementation of the CAP – based on the implementation choices of Member States and their motivations with the view to assessing the likely policy impacts. Completion in 2016.</li> <li>- Evaluations of the impact of the CAP measures towards the objective "balanced territorial development" – 2017-2020 [topics to be determined].</li> <li>- Synthesis and cross-thematic evaluations – start in 2017, completion in 2020. It serves to prepare synthesis reports, such as the reports to be submitted to the Council and the European Parliament by 31 December 2018 and 2021.</li> </ul>		
<b>Planned evaluation:</b>		
<ul style="list-style-type: none"> <li>- Study on a mapping and analysis of the implementation of the CAP – based on the implementation choices of Member States and their motivations with the view to assessing the likely policy impacts. Completion in 2016.</li> <li>- Evaluations of the impact of the CAP measures towards the objective "balanced territorial development" – 2017-2020 [topics to be determined].</li> <li>- Synthesis and cross-thematic evaluations – start in 2017, completion in 2020. It serves to prepare synthesis reports, such as the reports to be submitted to the Council and the European Parliament by 31 December 2018 and 2021.</li> </ul>		

<sup>17</sup> Baseline is 0 at the start of the programming period and all the targets are cumulated over the period.

<b>Specific objective: To promote local agricultural production and to ensure a fair level of prices for commodities for direct consumption and for processing by local industries in the Outermost Regions of the EU and in the Aegean Islands</b>		Related to spending programme: EAGF
<b>Result indicator: Support to the Local Production to maintain/develop the agricultural production</b> <b>Definition:</b> Utilised agricultural area (variation with respect to the previous year) <b>Source:</b> MS Annual Reports		
<b>Baseline (Calendar year 2012 / Budget year 2013)</b>		<b>Target</b>
POSEIDOM: Mainland France: 26 792 692 ha Guadeloupe: 29 675 ha <sup>18</sup> Martinique: 23 769 ha Guyane: 25 803 ha Réunion: 42 641 ha  POSEICAN: Mainland Spain: 23 868 700 (2010 data) Canaries: 83 221 ha  POSEIMA <sup>19</sup> : Mainland Portugal 3 668 145 (2009 data) Madeira: 5 428 ha (2009 data) Azores: 120 412 ha (2009 data)  Smaller AEGEAN ISLANDS: 287 094 ha		To at least maintain local agricultural production  <i>Objective of the regulation 228/2013, Article 2 (1c)</i>
<b>Planned evaluation:</b> Evaluation on POSEI – completion in 2016.		
<b>Specific objective: Specific Supply Arrangements (SSA) to ensure the supply of essential products: SSA coverage rate (relation between quantities of products benefiting from SSA support and total quantities of the same products introduced in the respective outermost region)</b>		Related to spending programme: EAGF
<b>Result indicator: Percentage of SSA products coverage of local needs</b> <b>Source:</b> MS Annual Reports		
<b>Baseline (2012 – variations with respect to 2011)</b>		<b>Target</b>
POSEIDOM <sup>20</sup> (all products): 46% (-1%) POSEICAN: (cereals only): 99.04% (-0.64%) POSEIMA: Madeira (cereals only): 95.0% (-3,6%) Azores (cereals only): 88.1% (EU) (Variation not available) Smaller Aegean Islands (animal feed): 90.61%		100%  <i>The objective included in Article 2 (1a) of regulation 228/2013 and 229/2013 is the "guaranteed supply to the outermost regions of products essential for human consumption (...)". This target contributes to achieving this objective.</i>
<b>Planned evaluation:</b> Evaluation on POSEI – completion in 2016.		

<sup>18</sup> The data provided by the French authorities on the SAU in 2012 was only provisional. It was corrected in the annual report for the year 2013. This explains the differences among the data for 2012 and 2013. The variation shown in the present document is calculated on the latest data provided by the French authorities for 2012.

<sup>19</sup> In the annual reports for 2010, 2011, 2012 and 2013 the Portuguese authorities have only communicated data concerning 2009 related to this indicator.

<sup>20</sup> The French authorities used in their annual report for 2011, 2012 and 2013 a different methodology and data source to calculate this indicator (calculation based on value and not quantities, data taken from customs sources and not from SSA operators).

**Following objectives contribute to all 3 common CAP objectives**

<b>Specific objective: Fostering knowledge transfer and innovation in agriculture, forestry and rural areas (Priority 1)</b>		Related to spending programme: EAFRD
<b>Result indicator: % of expenditure for the three measures <i>Knowledge transfer &amp; information action, advisory services and cooperation</i> in relation to the total expenditure for the RDP</b> (Focus area 1A: Fostering innovation and the knowledge base in rural areas)		
<b>Source of data:</b> Rural development programmes		
<b>Baseline</b> <sup>21</sup>	<b>Target</b> (2023)	
	3.9% Aggregated value from the RDP which have programmed the relevant Focus Area.	
<b>Result indicator: Number of cooperation operations planned under the cooperation measure (groups, networks/clusters, pilot projects)</b> (Focus area 1B: strengthening the links between agriculture and forestry and research and innovation)		
<b>Source of data:</b> Rural development programmes		
<b>Baseline</b>	<b>Target</b> (2023)	
	15219 Aggregated value from the RDP which have programmed the relevant Focus Area.	
<b>Result indicator: Total number of participants trained (across all focus areas)</b> (Focus area 1C: fostering lifelong learning and vocational training in agriculture and forestry sectors)		
<b>Source of data:</b> Rural development programmes		
<b>Baseline</b>	<b>Target</b> (2023)	
	3 848 363 Aggregated value from the RDP which have programmed the relevant Focus Area.	
<b>Planned evaluations:</b> EIP agricultural productivity and sustainability (study) – completion in 2016		

<b>Specific objective: Societal challenges - to secure sufficient supplies of safe and high quality food and other bio-based products, by developing productive and resource-efficient primary production systems, fostering related ecosystem services and the recovery of biological diversity, alongside competitive and low carbon supply, processing and marketing chains</b>	Related to spending programme: Horizon 2020
<b>Result indicator: Publications in peer-reviewed high impact journals in the area of food security</b>	
<b>Definition:</b> This indicator measures the number of publications in peer-reviewed high impact journals in a specific societal challenge per 10M€ of EC-funding <sup>22</sup> . High impact journals are defined to be the top 10% (in terms of Scimago Journal Ranking (SJR) index) of all journals within a given scientific category.	
<b>Source of data:</b> Horizon 2020 common IT system, i.e. CORDA (Common Research Datawarehouse) and RESPIR (SESAM Research Performance and Impact Reports)	

<sup>21</sup> Baseline is 0 at the start of the programming period and all the targets are cumulated over the period.

<sup>22</sup> From the launch of the programme and until a critical mass of finished projects (ca. 10 % of all funded projects) has been reached, information about the two indicators below will be provided in the form of absolute number by the funded projects. On the basis of FP7 data it is considered that this critical mass of finished projects should be reached by 2019.

Baseline <sup>23</sup> (2013)	Milestone 2019	Target (2020)
22.7 publications per 10 million € funding (baseline FP7, January 2015)	On average, 20	On average, 20 publications per 10 million € funding
<b>Result indicator: Patent applications in the area of food security<sup>24</sup></b>		
<b>Definition:</b> This indicator measures the number of patent applications in a specific societal challenge per EUR 10 M€ funding <sup>25</sup> .		
<b>Source of data:</b> Horizon 2020 common IT system, i.e. CORDA (Common Research Datawarehouse) and RESPIR (SESAM Research Performance and Impact Reports)		
Baseline (2013)	Milestone 2019	Target (2020)
For FP7 Cooperation projects finished by January 2015: 1.2 patent applications per 10 million € funding	On average, 2	On average, 2 patent applications per 10 million € funding
<b>Planned evaluations:</b>		
Interim Evaluation of Horizon 2020 - Societal Challenge 2. Food Security, Sustainable Agriculture and Forestry, Marine, Maritime and Inland Water Research and the Bioeconomy, 2017, Horizon 2020 carried out by DG RTD.		

### IPARD

*The following 3 objectives also contribute to IPA objective "support candidate countries and potential candidates ('beneficiary countries') in implementing the political, institutional, legal, administrative, social and economic reforms required by those beneficiaries in order to comply with the Union's values and to progressively align to Union rules, standards, policies and practices with a view to Union membership."*

Specific objective: To contribute to the sustainable adaptation of the agricultural sector and rural areas and to the new Member State Croatia's and Candidate Countries' preparation for the implementation of the <i>acquis communautaire</i> concerning the CAP and related policies under IPARD 2007-2013 (IPARD I) by:	Related to spending programme: IPARD 2007-2013 (IPARD I)
<ol style="list-style-type: none"> <li>improving market efficiency and implementation of Union standards,</li> <li>preparatory actions for the implementation of the agri-environmental measures and local rural development strategies,</li> <li>development of the rural economy.</li> </ol>	
<b>1. Improving market efficiency and implementation of Union standards (AXIS 1)</b>	
<b>Result indicator: Number of applications received</b>	
<b>Source:</b> IPARD programmes 2007-2013, annual <sup>26</sup> and bi-monthly <sup>27</sup> reports	
Baseline (2014)	Target
HR: 656 applications	833 in HR
fYRoM: 1557 applications	2890 in fYRoM
TR: 3394 applications	3358 in TR

<sup>23</sup> The reference for all the targets is the year when the last actions financed under Horizon 2020 will be finished, i.e. several years after the formal end of the programming period.

<sup>24</sup> The result indicator was aligned with the respective indicator provided for in the Management Plan 2014 of DG RTD, i.e. reporting on *patent applications* only but not on *patents awarded* (as stated in the Programme Statement DB2014) since no meaningful information (or none at all) can be expected before 2019-2020.

<sup>25</sup> See footnote 50.

<sup>26</sup> Throughout this specific objective: baseline – end of 2014 – based on the respective annual reports.

<sup>27</sup> Throughout this specific objective: current – end of 2015 – based on the bi-monthly reports, data still provisional.

<b>Result indicator: Number of applications approved</b>	
<b>Source:</b> IPARD programmes 2007 – 2013, annual and bi-monthly reports	
<b>Baseline (2014)</b>	<b>Target</b>
HR: 234 applications fYRoM: 559 applications TR: 2023 applications	514 in HR 2330 in fYRoM 2040 in TR
<b>Result indicator: Number of farms/enterprises supported (paid by the IPARD Agency)</b>	
<b>Source:</b> IPARD programmes 2007 – 2013, annual and bi-monthly reports	
<b>Baseline (2014)</b>	<b>Target</b>
177 projects in HR 248 projects in fYRoM 1479 projects in TR	414 in HR 2330 in fYRoM 1836 in TR
<b>Result indicator: Total volume of investment (paid)</b>	
<b>Source:</b> IPARD programmes 2007 – 2013, annual and bi-monthly reports	
<b>Baseline (2014)</b>	<b>Target</b>
€96.8m in HR €3.4m in fYRoM €72.6m in TR	€220m in HR €75.7m in fYRoM Target in TR <sup>28</sup> - n/a
<b>Result indicator: Increase on gross value added (GVA) in supported holdings</b>	
<b>Source:</b> IPARD programmes 2007 – 2013 and annual reports	
<b>Baseline (2014)</b>	<b>Target</b>
For the time being information not available in HR, fYRoM and TR	5% in HR 5-8% in fYRoM Target in TR by €52m
<b>Result indicator: Number of farms/enterprises introducing Union standards</b>	
<b>Source:</b> IPARD programs 2007-2013 and annual reports	
<b>Baseline (2014)</b>	<b>Target</b>
For the time being information not available in HR and fYRoM TR: 1479	290 in HR Target in fYRoM (100%) Target in TR: 408
<b>Result indicator: Economic growth in agriculture – net additional added value in PPS (Purchase Power Standards = purchasing power of the same goods with different currencies)</b>	
<b>Source:</b> IPARD programmes 2007 – 2013 and annual reports	
<b>Baseline (2014)</b>	<b>Target</b>
For the time being information not available for any of the countries	5% in HR
<b>Result indicator: Labour productivity in agriculture – change in gross value added (GVA)</b>	
<b>Source:</b> IPARD programmes 2007 – 2013 and annual reports	
<b>Baseline (2014)</b>	<b>Target</b>
For the time being information not available in HR, fYRoM and TR	To increase
<b>2. Preparatory actions for the implementation of the agri-environmental measures and local rural development strategies (AXIS 2)</b>	
<b>Result indicator: Local rural development strategies</b>	
<b>A) Number of applications received</b>	
<b>B) Number of applications approved</b>	
<b>C) Number of recognised LAGs</b>	
<b>D) Total population of LAGs</b>	
<b>Source:</b> IPARD programmes 2007 – 2013 and annual and bi-monthly reports	

<sup>28</sup> No target agreed at the time when programme was set up.

<b>Baseline (2014)</b>	<b>Target</b>
In HR A) 71 applications received B) 42 LAGs contracted C) 41 LAGs D) 1 321 155 Leader measure has not been accredited in TR and fYRoM under IPARD I.	In HR A) 40 B) 25 C) 25 D) 1 055 000
<b>3. Development of the rural economy (AXIS 3)</b>	
<b>Result indicator: Improvement of rural infrastructure</b>	
<b>A) Number of applications received</b> <b>B) Number of applications approved</b> <b>C) Number of beneficiaries</b> <b>D) Total volume of investment (data by 10/11/2014 – Monitoring Tables)</b> <b>Source:</b> IPARD programmes 2007-2013 and annual and bi-monthly reports	
<b>Baseline (2014)</b>	<b>Target</b>
A) HR: 210 B) HR: 106 C) HR: 33 D) HR: €10m This measure has not been accredited in TR and fYRoM under IPARD I.	A) 205 in HR B) 174 in HR C) 148 in HR D) €59m in HR
<b>Result indicator: Diversification of rural economy</b>	
<b>E) Number of applications received</b> <b>F) Number of applications approved</b> <b>G) Number of beneficiaries supported and paid</b> <b>H) Total volume of investment (data by 10/11/2014 – Monitoring Tables)</b> <b>Source:</b> IPARD programmes 2007-2013 and annual and bi-monthly reports	
<b>Baseline (2014)</b>	<b>Target</b>
E) HR: 329 fYRoM: 276 TR: 8322	E) 380 in HR 229 in fYRoM 5697 in TR
F) HR: 171 fYRoM: 17 TR: 5991	F) 350 in HR 95 in fYRoM 5127 in TR
G) HR: 41 fYRoM: 1 TR: 5618	G) 329 in HR 95 in fYRoM 4615 in TR
H) HR: €5.3m fYRoM: €0.01m	H) €39m in HR €7.2m in fYRoM €205.9m in TR

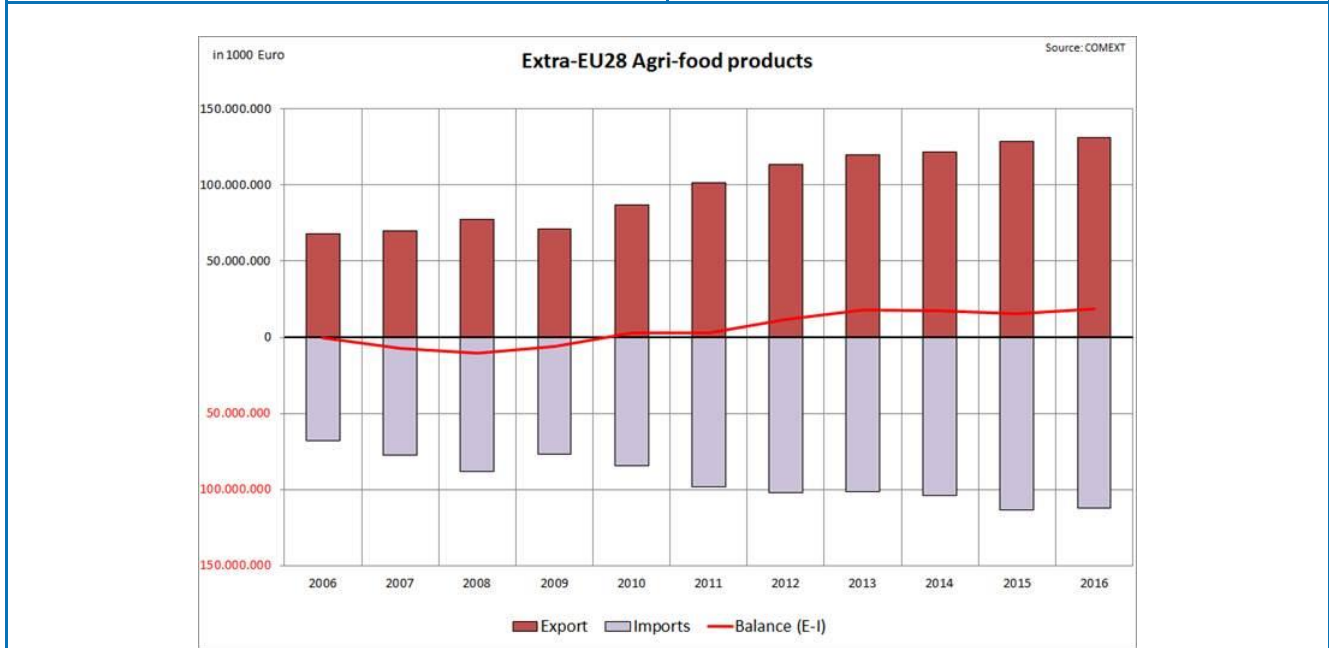
<p><b>Specific objective: Supporting the development of management and control systems which are compliant with good governance standards of a modern public administration and where the relevant country structures apply standards equivalent to those in similar organisations in the Member States of the European Union.</b></p>		<p>Related to spending programme: IPARD 2014-2020 (IPARD II)</p>
<p><b>Result indicator: Number of measures for which entrustment of budget implementation tasks granted to the IPA II Beneficiaries under rural development programmes</b></p>		
<p><b>Source:</b> Estimate, based on experience gained under Sapard and IPARD I</p>		
<b>Baseline (2014)</b>	<b>Target 2020</b>	
0	32	
<p><b>Result indicator<sup>29</sup>: Financing Agreements (FA) concluded</b></p>		
<p><b>Source:</b> DG AGRI</p>		
<b>Baseline (2014)</b>	<b>Target</b>	
No FA signed.	Financing Agreements are to be concluded once and will be updated in order to reflect new budgetary allocations and entrustments of budget implementation tasks for new measures	
<p><b>Specific objective: To increase the food-safety of the IPA II beneficiary and the ability of their agri-food sector to cope with competitive pressure as well as to progressively align the sector with Union standards, in particular those concerning hygiene and environment, while pursuing balanced territorial development of rural areas.</b></p>		<p>Related to spending programme: IPARD 2014-2020 (IPARD II)</p>
<p><b>Result indicator: Number of economic entities performing modernisation projects in agri-food sector</b></p>		
<p><b>Source:</b> IPARD programmes 2014-2020 and annual and bi-monthly reports</p>		
<b>Baseline (2014)</b>	<b>Target 2023</b>	
0	8100 <i>Estimate, based on experience gained under Sapard and IPARD I</i>	
<p><b>Result indicator: Number of economic entities developing additional or diversified sources of income in rural areas</b></p>		
<p><b>Source:</b> IPARD programmes 2014-2020 and annual and bi-monthly reports</p>		
<b>Baseline (2014)</b>	<b>Target 2023</b>	
0	4250 <i>Estimate, based on experience gained under Sapard and IPARD I</i>	
<p><b>Result indicator: Overall investment in physical capital in agri-food and rural development (EUR)</b></p>		
<p><b>Definition:</b> Overall investment in machines, equipment, production facilities made by farmers, food processing and marketing enterprises as well as micro and small enterprises in rural areas</p>		
<p><b>Source:</b> IPARD programmes 2014-2020 and annual and bi-monthly reports</p>		
<b>Baseline (2014)</b>	<b>Target 2023</b>	
0	2.58 billion € <i>Estimate, based on experience gained under Sapard and IPARD I</i>	
<p><b>Result indicator: Number of economic entities progressively upgrading towards EU standards</b></p>		
<p><b>Definition:</b> Number of farmers and food processing and marketing enterprises progressively upgrading to EU environmental, food safety and hygiene, occupational standards</p>		
<p><b>Source:</b> IPARD programmes 2014-2020 and annual and bi-monthly reports</p>		
<b>Baseline (2014)</b>	<b>Target 2023</b>	
0	5550 <i>Estimate, based on experience gained under Sapard and IPARD I</i>	

<sup>29</sup> New indicator; new types of Financing Agreements must be prepared and concluded reflecting the new IPA 2014-2020 legal base.

**Commission general objective 6: A balanced and progressive trade policy to harness globalisation**

**CAP Impact indicator:** Total EU agri-food trade value  
**Source of the data:** Comext

Baseline (2016)	Target (2020)
EUR 243 billion (EUR 131 billion of exports and EUR 112 billion of imports)	Maintain at high level



**Specific objective:** To promote the EU agricultural sector by contributing to successful negotiation and cooperation within the World Trade Organisation (WTO) and other multilateral organisations such as the Organisation for Economic Co-operation and Development (OECD) and the Food and Agriculture Organisation (FAO). Related to spending programme: NA

**Result indicator:** Timely contribution to negotiations and other ongoing processes in multilateral fora  
**Source:** DG AGRI

Baseline (2015)	Target
100% of contributions in time. Examples: Provision of negotiating lines to take in the context of WTO DDA negotiations following the 9 <sup>th</sup> Ministerial Conference (Bali, December 2013). Relevant input to agriculture-related FAO activities.	100% of contributions in time  <i>This target was agreed within DG AGRI and is reflected by relevant procedures for conducting negotiations.</i>

**Specific objective:** To improve market access for agricultural products by contributing to negotiating, revising bilateral agreements, by resolving trade irritants, ensuring protection for EU geographical indications in third countries by negotiating relevant provisions within Free Trade or Associations Agreements or stand-alone agreements, carrying out dialogues in agriculture and cooperation activities and contributing to sustainable economic development in particular in developing countries. Related to spending programme: NA

**Result indicator:** Timely preparation of and contribution to bilateral negotiations leading to the objectives given.  
**Source:** DG AGRI

Baseline (2015)	Target
100% of timely contributions.	100% of contributions in



<p>Examples:</p> <p>Contributing to negotiations with WTO partners in the framework of Art XXIV.6 GATT;</p> <p>Contributing to negotiations with Mercosur and the United States (Trans-Atlantic Trade and Investment Partnership); contributing to the scoping exercises preceding the modernisation of existing agreements with Mexico and Chile;</p> <p>Contributing to ratification and implementation of Economic Partnership Agreements including built-in agendas on GIs and wines and spirits; facilitating responsible private sector agri-business investments in ACP;</p> <p>Contributing to negotiations with Viet Nam and Japan on the agricultural aspects of the respective Free Trade Agreements;</p> <p>Negotiating a stand-alone agreement with China on cooperation on, and protection of, geographical indications</p> <p>Steering the process leading to the protection of EU geographical indications in Central America, in the framework of the agreement with these countries</p> <p>Carrying out dialogues on agricultural issues with some third countries (China, Brazil, India, EPAs) and cooperation activities in the agricultural field</p>	<p>time</p> <p><i>This target was agreed within DG AGRI and is reflected by relevant procedures for conducting negotiations.</i></p>
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<p><b>Specific objective: To promote the EU interests and positions on agriculture and rural development in the relations with enlargement countries and to assist the enlargement countries in their alignment to the CAP</b></p>	
<p>Related to spending programme: EAGF and EAFRD</p>	
<p><b>Result indicator: Timely contribution to the Commission's work in the area of enlargement</b></p>	
<p>Source: DG AGRI</p>	
<p><b>Baseline (2015)</b></p> <p>100% of timely contributions</p> <p>Example: Preparation of screening report for Montenegro.</p>	<p><b>Target</b></p> <p>100% of contributions in time</p> <p><i>This target was agreed within DG AGRI and is reflected by relevant procedures for conducting negotiations.</i></p>

<p><b>Specific objective: To facilitate decision-making on strategic choices for the CAP and to support other activities of the DG by means of economic and policy analyses and studies</b></p>	
<p>Related to spending programme: NA</p>	
<p><b>Result indicator: Timely contribution to the decision-making process for the CAP towards 2020</b></p>	
<p>Source: DG AGRI</p>	
<p><b>Baseline (2015)</b></p> <p>100 %</p>	<p><b>Target</b></p> <p>100 % timely deliveries:</p> <ul style="list-style-type: none"> <li>- supporting policy and economic analysis</li> <li>- publication of key documents on the CAP</li> </ul>
<p><b>Result indicator: Representativeness of information about the EU farm economic situation collected by the Farm Accountancy Data Network (FADN)</b></p>	
<p>Source: EU FADN</p>	
<p><b>Baseline (2015)</b></p> <p>Observed coverage of EU agricultural production in the accounting year 2013:</p> <ul style="list-style-type: none"> <li>- 95 % coverage of the Standard Output</li> <li>- 94 % coverage of the Utilised Agricultural Area</li> <li>- Farm returns collected: 86 840</li> </ul>	<p><b>Target (2016)</b></p> <p>Observed coverage of EU agricultural production in the accounting year 2014:</p> <ul style="list-style-type: none"> <li>- 90 % coverage of the EU agricultural production as expressed in Standard Output</li> <li>- 90 % coverage of the Utilised Agricultural Area</li> <li>- Farm returns to be delivered (Reg. 1291/2009 and successive amendments): 86 755</li> </ul>
<p><b>Result indicator: Adequate knowledge of Farm structure</b></p>	
<p>Source: Eurostat – Farm Structure Survey</p>	
<p><b>Baseline (2015)</b></p> <p>Data from the 2013 Farm Structure Survey are</p>	<p><b>Target (2016)</b></p> <p>Use of the 2013 Farm Structure Survey data in internal analyses,</p>

extensively used in internal analyses, publications and indicators of the common monitoring and evaluation framework for the CAP 2014-2020

publications and indicators of the common monitoring and evaluation framework for the CAP 2014-2020  
New survey in 2016.

## PART 2. Organisational management

### A. Human Resource Management

<b>Objective (mandatory):</b> The DG deploys effectively its resources in support of the delivery of the Commission's priorities and core business, has a competent and engaged workforce, which is driven by an effective and gender-balanced management and which can deploy its full potential within supportive and healthy working conditions.	
<b>Indicator 1 (mandatory): Percentage of female representation in middle management</b> <b>Source of data:</b> HR Dashboard	
Baseline (01/01/2016)	Target (2019)
26.5%	35% Targets for each Directorate-General adopted by the Commission on 15 July 2015 – SEC(2015)336
<b>Indicator 2 (mandatory): Percentage of staff who feel that the Commission cares about their well-being<sup>30</sup></b> <b>Source of data:</b> Commission staff survey	
Baseline (2014)	Target
31%	Reach a result above Commission average (35% in 2014) <i>Target agreed at level of resource director</i>
<b>Indicator 3 (mandatory): Staff engagement index</b> <b>Source of data:</b> Commission staff survey	
Baseline (2014)	Target
67.6%	Maintain a result above Commission average (65% in 2014) <i>Target agreed at level of resource director</i>
<b>Indicator: Average vacancy rate of available permanent posts</b> <b>Source:</b> HR Dashboard	
<b>Baseline (2015)</b>	<b>Target</b>
5.6 %	Vacancy rate < or = Commission average (Jan 15-Dec 15: 5.3 %) <i>Target agreed at level of resource director</i>
<b>Indicator: HR capacity utilisation</b> <b>Definition:</b> Staff time available for allocation to activities after deducting absences (except annual leaves and flexitime Recuperation) and use of flexible working arrangements from the total number of available working days. <b>Source:</b> HR Dashboard	
<b>Baseline (Dec. 2014-Nov. 2015)</b>	<b>Target</b>
90.3 %	Utilisation > or = Commission average (Dec.14-Nov 15: 90.1 %) <i>Target agreed at level of resource director</i>
<b>Indicator: Staff satisfaction with:</b> - job - private/ professional life balance <b>Source:</b> DG HR staff survey 2013	
<b>Baseline (31/12/2015)</b>	<b>Target</b>
Job satisfaction: 70.5 % Life balance: 53.3 %	Equal or better results than Commission average <i>(target agreed at level of resource director)</i> COM average: Job satisfaction: 68.5 %, Life balance: 53.7 %
<b>Indicator: Local Overheads</b> <b>Source:</b> HR Dashboard	
<b>Baseline (23/01/2015)</b>	<b>Target (2016)</b>
7.8 %	Commission average: 7.7 % <i>(target agreed at level of resource director)</i>

<sup>30</sup> This indicator may be replaced by a fit@work index on which DG HR is currently working.

## B. Financial Management: Internal control and Risk management

**Overarching objective:** The Authorising Officer by Delegation should have reasonable assurance that resources have been used in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions including prevention, detection, correction and follow-up of fraud and irregularities.

**Objective 1 (mandatory):** Effective and reliable internal control system giving the necessary guarantees concerning the legality and the regularity of the underlying transactions

**Indicator 1 (mandatory):** Estimated residual error rate adjusted error rate<sup>31</sup>

*In its Annual Activity Report, DG AGRI establishes an "**adjusted error rate**" rather than an "estimated residual error rate"<sup>32</sup>. The adjusted error rate is based on the error rate reported by the Member States (via control data which mainly relates to the same financial year as that of the annual activity report in question) and adjusted by DG AGRI on the basis of all available information and professional judgement.*

*DG AGRI calculates an adjusted error rate for the three shared management ABBs.<sup>33</sup> For indirect management<sup>34</sup> and direct management<sup>35</sup>, the error rate is estimated by DG AGRI.*

**Source of data:** Member State's control statistics, DG AGRI, ECA and Certification Body audit findings, DG AGRI annual accounts. These elements are disclosed in DG AGRI's Annual Activity Reports.

Baseline	Target
2014 AAR: Adjusted error rate: 3.1%	Maintain a non-material risk remaining to the EU budget after all corrective action has been taken.  It is important to note that DG AGRI has <u>limited control over the error reported</u> by the Member States for funds in shared management.

**Indicator 2 (mandatory):** Estimated overall amount at risk for the year for the entire budget under the DGs responsibility.

*DG AGRI calculates a **corrective capacity** rate on the basis of a multi annual approach. For a complete picture of the risk to the EU budget after all corrective action has been carried out, account needs to be taken of the corrective capacity deriving from the recoveries made by the Member States of unduly paid amounts as well as the net financial corrections imposed on Member States by DG AGRI as a result of the clearance of accounts procedure.*

**Source of data:** Member State's control statistics, DG AGRI, ECA and Certification Body audit findings as well as DG AGRI financial corrections and MS monthly and annual declarations of accounts. All these elements are disclosed in DG AGRI's Annual Activity Reports.

Baseline	Target
Risk remaining to the EU budget after all corrective action has been taken: 2014 AAR: 1.55% (857 million EUR) <sup>36</sup>	< 2% of CAP expenditure.

**Indicator 3 (mandatory):** Estimated future corrections

*DG AGRI calculates a multi-annual corrective capacity on the basis of the recoveries made by the Member States of unduly paid amounts as well as the net financial corrections imposed on Member States by DG AGRI as a result of the clearance of accounts procedure. It uses a recent historical average of corrections executed and recoveries declared in MS accounts over the previous three year period (this is the period which gives the best assessment of the amount of correction that can be expected to be made in respect of the reporting year of the AAR).*

**Source of data:** DG AGRI financial corrections and MS monthly and annual declarations of accounts (for data on recoveries by Member States).

Baseline	Target
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<sup>31</sup> For the definition, see the first annex to the AAR instructions 2014 "Key definitions for determining amounts at risk" at <https://myintracomm.ec.europa.eu/budgweb/EN/rep/aar/Documents/aar-standing-instructions.pdf>.

<sup>32</sup> This is because DG AGRI's net financial corrections and net recoveries occur after the end of the financial year reported upon in the AAR and the standing instructions for the AAR (2014) exclude that they can be taken into account in order to calculate the residual error rate.

<sup>33</sup> ABB02 (market measures), ABB03 (direct payments), ABB04 (rural development)

<sup>34</sup> ABB05 (IPARD)

<sup>35</sup> ABB 01 (administrative expenditure), ABB06 (international aspects), ABB07 (Audit), ABB08 (policy strategy and coordination) and ABB09 (Horizon 2020 – Research and Innovation)

<sup>36</sup> Amount at risk to EU budget for CAP 2014: 1.726 billion EUR (3.10% adjusted error rate) less corrective capacity of 863 million EUR (1.55% of 2014 expenditure) = amount remaining at risk to EU budget after all corrective action is taken.

<p>2014 AAR Corrective capacity of 860 m EUR or 1.55% of 2014 CAP expenditure.</p>	<p>Making financial corrections is <u>not an objective per se</u> – it is rather the means by which DG AGRI protects the EU budget and provides assurance as to the legality and regularity of expenditure. The target is to ensure that the corrective capacity protects the EU budget and sufficiently compensates for the risk deriving from the error made by MS.</p>
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**Objective 2 (mandatory): Effective and reliable internal control system in line with sound financial management.**

**Indicator 1 (mandatory): conclusion reached on cost effectiveness of controls**

*For the 99.6% of DG AGRI's budget which is under shared management with the Member States, the latter are requested to provide data on the cost of managing and controlling the CAP ("large" definition of control as per Article 2(R) of the Financial Regulation). When compared with data also supplied by the MS on errors detected, this enables DG AGRI to calculate the cost:benefit of the controls in the Member State. Taken with the management and control costs of DG AGRI and the "benefit" accruing from net financial corrections imposed by the DG's auditors, it is possible to calculate the overall cost: benefit of management and control of the CAP budget.*

*In 2014 the main conclusions reached were that*

- *the DG's **audit activities** were extremely cost effective with 40 EUR recovered via net financial corrections for every 1 EUR spent on auditing. The **cost:benefit ratio is 1:40**.*
- *For Member States however, which spend almost 4 billion EUR managing and controlling the CAP, the cost benefit ratio is 7.5:1 and both the Commission and the ECA consider that there is scope for improving this ratio by encouraging MS to improve the quality and effectiveness of both their administrative and on-the-spot checks.*

**Source of data: data collected by DG AGRI from MS in respect of financial year 2013 (an exercise is currently underway to collect data in respect of financial year 2015).**

Baseline 2014	Target:
3.921 billion EUR cost of management and control for MS.	To stabilise/reduce.

**Indicator 2: comparison of the cost: benefit ratio**

*As indicated above, DG AGRI collects detailed data on costs of management and control in MS which it compares with the benefits accruing from the error detected and corrected by the MS.*

*DG AGRI audit cost can be compared with the benefit accruing from the net financial corrections recovered to the EU budget as a result of the audit work carried out.*

Baseline 2014	Target:
DG AGRI management and control cost:benefit is 1: 13	To maintain.
Member States management and control cost: benefit is 7.5:1	To stabilise/reduce costs or to increase benefit.

**Indicator 3: calculating the cost of controls over expenditure that could be compared with a reference (comparison is made between ABBs within shared management and also allows the disclosure of audit costs, DG AGRI costs, and overall CAP management control costs )**

*Already done in DG AGRI exercise. This approach will be maintained for future exercises in order to ensure comparability of results over time and between different sectors.*

Baseline 2014	Target:
Member States management and control cost was 7% of CAP expenditure	Not to exceed current level of 7%.

<b>Result indicator: Percentage of planned audit missions carried out</b>	
<b>Source:</b> Multiannual audit work programme for DG AGRI-J for 2015-2018 (2015/2016 programme to be completed by end June 2016)	
<b>Baseline (2013)</b>	<b>Target</b>
95.2%	100 % of number of audit missions planned for 2015/2016 work programme by mid-2016 <i>The number of audit missions is part of the multi-annual audit work programme of the Directorate for the period 2015-2018.</i>
<b>Result indicator: Timely completion of audit reports and observation letters to Member States</b>	
<b>Source:</b> DG AGRI	
<b>Baseline (2014)</b>	<b>Target</b>
Average of around 47 days to finalise audit reports, and around 73 days for observation letter in national language	Deliver according to deadlines <sup>37</sup> : - audit reports to below 60 calendar days - observation letters in national language to below 90 calendar days <i>The targets were agreed via management discussion within Directorate J.</i>
<b>Result indicator: Closure of "backlog": audits carried out in 2012 and before</b>	
<b>Source:</b> DG AGRI	
<b>Baseline (2015)</b>	<b>Target</b>
158 audits closed	285 audits closed by end 2016 (69 audits to be closed in 2014, 146 audits to be closed in 2015, 70 audits to be closed by end 2016) <i>The target has been set in Directorate J's Multiannual Work Programme (2014-2017) of 11/09/2014</i>

<b>Objective 3 (mandatory): Minimisation of the risk of fraud through application of effective anti-fraud measures, integrated in all activities of the DG, based on the DG's anti-fraud strategy (AFS) aimed at the prevention, detection and correction of fraud.</b>		
<b>Indicator 1 (mandatory – information available in DG's AFS): Updated anti-fraud strategy of DG AGRI, elaborated on the basis of the methodology provided by OLAF<sup>38</sup></b>		
<b>Source of data: AGRI Anti-fraud Strategy</b>		
<b>Baseline</b>	<b>Interim Milestone</b>	<b>Target</b>
Anti-fraud strategy updated (18/01/2016)	Yearly revision of the Anti-fraud Strategy	Maintenance of an effective and efficient Anti-fraud Strategy up until 2020
<b>Indicator 2 (optional): Fraud awareness is increased for target population(s) as identified in the DG's AFS</b>		
<b>Source of data: AGRI Anti-fraud Strategy – Action Plan/Activity Reports of the Anti-fraud Adviser</b>		
<b>Baseline 01/01/2016</b>		<b>Target</b>
- Dedicated anti-fraud seminars to paying agencies of the Candidate Countries (CC) - CAP fraud-risk assessment incl. fraud indicators shared with all MS and CC		Target population reached in the highest possible degree
<b>Indicator 3 (optional): Regular monitoring of the implementation of the anti-fraud strategy and reporting on its result to management</b>		
<b>Source of data: AGRI Anti-fraud Strategy – Action Plan/Activity Reports of the Anti-fraud Adviser</b>		
<b>Baseline 15/12/2015</b>		<b>Target</b>
Activity Report of the Anti-fraud Adviser		1 per year

<sup>37</sup> Without prejudice to possible changes in the context of the reform of the clearance of accounts procedure.

<sup>38</sup> The methodology can be found on the FPDNet website: <https://myintracomm.ec.europa.eu/serv/en/fraud-prevention/ToolBox/Documents/Methodology%20and%20guidance%20for%20DGs%20anti-fraud%20strategies.pdf>. In particular paragraph 3 of the methodology is relevant.

## C. Better Regulation

<b>Objective (mandatory): Prepare new policy initiatives and manage the EU's acquis in line with better regulation practices to ensure that EU policy objectives are achieved effectively and efficiently.</b>		
<b>Indicator 1 (mandatory – monitored by the DGs concerned): Percentage of Impact assessments submitted by DG AGRI to the Regulatory Scrutiny Board that received a favourable opinion on first submission.</b>		
<i>Explanation: The opinion of the RSB will take into account the better regulation practices followed for new policy initiatives. Gradual improvement of the percentage of positive opinions on first submission is an indicator of progress made by the DG in applying better regulation practices.</i>		
<b>Source of data:</b>		
Baseline 2015	Interim Milestone 2016	Target 2020
68% = Commission average in 2014 NA for DG AGRI (no Impact assessment in 2015)	Positive trend compared to DG's 2014 situation.	Positive trend compared to DG's 2016 situation.
<b>Indicator 2 (mandatory – monitored by the DGs concerned): Percentage of the DG's primary regulatory acquis covered by retrospective evaluation findings and Fitness Checks not older than five years.</b>		
<i>Explanation: Better Regulation principles foresee that regulatory acquis is evaluated at regular intervals. As evaluations help to identify any burdens, implementation problems, and the extent to which objectives have been achieved, the availability of performance feedback is a prerequisite to introduce corrective measures allowing the acquis to stay fit for purpose.</i>		
<i>Relevance of Indicator 2: The application of better regulation practices would progressively lead to the stock of legislative acquis covered by regular evaluations to increase.</i>		
<b>Source of data:</b>		
Baseline 2015	Interim Milestone 2016	Target 2020
Percentage of the DG's primary regulatory acquis covered by retrospective evaluations and Fitness Checks not older than five years. - NA	Positive trend compared to baseline	Positive trend compared to interim milestone
<b>Indicator: Common monitoring and evaluation framework for the CAP towards 2020</b>		
Source: DG AGRI task Force on Monitoring and Evaluation		
Baseline (2015)	Target (2015)	
Common Monitoring and evaluation Framework in place. Meetings of the expert group on M&E (17.3.2015-25.6.2015-12.11.2015) CMEF discussed in agri management meeting+2 meetings task force M&E Documentation for MS available.	Comprehensive framework for the monitoring and evaluation of the whole CAP in place - 4 meetings with the expert group on M&E; - 2 meetings of DG AGRI task force on M&E; -Starting the compilation of data	
<b>Indicator: Degree of implementation of the annual evaluation plan</b>		
Source: Data collected by DG AGRI		
Baseline (2015)	Target (mid-term)	
100 % complete <sup>39</sup>	100 % of evaluations completed/launched according to the initially set timetable The evaluations to be conducted in a given year are decided at senior management level, based on the legal and policy requirements and introduced in a rolling evaluation and studies plan which is updated yearly.	
<b>Indicator: Degree of implementation of the annual studies plan set in the evaluation and studies plan</b>		
Source: Data collected by DG AGRI		

<sup>39</sup> Following the better regulation guidelines, two evaluations have afterwards been relabelled as studies



Baseline (2015)	Target (mid-term)
100 % <sup>40</sup>	100 % of studies completed/launched according to the initially set timetable - Number of new studies launched: 6 - Number of studies completed: 5 <i>The studies to be conducted in a given year are decided at senior management level, based on the legal and policy requirements and introduced in a rolling evaluation and studies plan which is updated yearly.</i>
<b>Indicator: Contribution to the Commission Regulatory Fitness initiative (REFIT)</b>	
<b>Source:</b> DG AGRI files on simplification	
<b>Baseline (2015)</b>	<b>Target</b>
Contribution and exchanges with SecGen on REFIT initiatives. Timely contribution to the REFIT platform screening exercise: periodical contribution to the "assessment fiches" prepared by SecGen following requests received by the REFIT Platform	Timely contribution to the REFIT initiative including follow-up of the Administrative Burden Reduction programme (ABRplus) upon request of the Secretariat General

**Objective:** To provide sound legal services and to ensure correct application and enforcement of the CAP law

**Indicator: Proportion of positive opinions from the Legal service in Inter-service consultations launched by DG AGRI**

**Source of data:** Decide

Baseline (2015)	Target
100%	>90 % of consultations <i>Target was fixed taking into account a minimal margin of manoeuvre for legal disagreements/need to pursue proposal for policy issues.</i>

**Indicator: Timeliness of treatment of notifications of state aid cases**

**Source of data:**

Baseline (2015)	Target
100%	100% <i>Legal requirement</i>

**Indicator: Proportion of agreements from the Legal service to proposals launched by DG AGRI in the context of the infringement procedure**

**Source of data:** NIF data base

Baseline (2015)	Target
100%	90% of consultation <i>Procedural requirement Guidelines on the monthly cycle (04/2013)</i>

**Objective:** To ensure an effective and efficient planning and programming process and to support the preparation and adoption of agricultural legislation

**Indicator: Implementation of the performance culture in DG AGRI**

**Source of data:**

Baseline (2015)	Target
Active involvement in Budget Focused On Results initiative, including the participation of Commissioner Hogan at the BFOR conference Development of an more focused performance reporting in the AAR Creation of a network of performance correspondents	Continuous improvement

**Indicator: Timeliness of DG AGRI replies to Inter-service consultations**

**Source of data:** Decide

Baseline (2015)	Target
101 out of 2055 (4.91%) delayed	Steady reduction <i>The target is a permanent goal of DG AGRI</i>

<sup>40</sup> While all procedures for new studies were launched, for one no contract was attributed



## D. Information management aspects

<b>Objective (mandatory): Information and knowledge in your DG is shared and reusable by other DGs. Important documents are registered, filed and retrievable</b>	
<b>Indicator (mandatory): Percentage of registered documents that are not filed<sup>41</sup> (ratio)</b>	
<b>Source of data:</b> <i>Hermes-Ares-Nomcom (HAN)<sup>42</sup> statistics</i>	
Baseline	Target
2014: 482 docs = 0.150% 2015: 924 docs = 0.24%	0%
<b>Indicator (mandatory): Percentage of HAN files readable/accessible by all units in the DG</b>	
<b>Source of data:</b> <i>HAN statistics</i>	
Baseline	Target
2015: 82.58%	75%
<b>Indicator (mandatory): Percentage of HAN files shared with other DGs</b>	
<b>Source of data:</b> <i>HAN statistics</i>	
Baseline	Target
2015: 0.5%	50%

The low indicator of registered documents that are not filed in DG AGRI is achieved by regular reminders to Document Management Correspondents in AGRI units on behalf of the DMO-team, and by on the spot contacts of the Quality Control team with the creator of unfiled documents whenever necessary. As from one of the next Ares releases expected within 2016, the system will block registration unless the document is filed beforehand or a CLASS task is attributed.

The read access on file level has been opened via the note of the Director General Ares(2013)3514441. Some Units and Directorates, however, have specified exceptions to this general rule and limited the read access only to their service and the hierarchy.

As a result, approximately 20% of DG AGRIs files are limited, mostly in International Units and concerning Financial and Human Resource matters.

DG AGRI only shares few files with other DGs, and only on request from the relevant AGRI unit (the exception being DG IAS).

<sup>41</sup> Each registered document must be filed in at least one official file of the *Chef de file*, as required by the [e-Domec policy rules](#) (and by ICS 11 requirements). The indicator is to be measured via reporting tools available in Ares.

<sup>42</sup> Suite of tools designed to implement the [e-Domec policy rules](#).

## E. External communication activities

**Objective (mandatory):** Citizens perceive that the EU is working to improve their lives and engage with the EU. They feel that their concerns are taken into consideration in European decision making and they know about their rights in the EU.

**Indicator:** Percentage of EU citizens having a positive image of the EU

*Definition:* Eurobarometer measures the state of public opinion in the EU Member States. This global indicator is influenced by many factors, including the work of other EU institutions and national governments, as well as political and economic factors, not just the communication actions of the Commission. It is relevant as a proxy for the overall perception of the EU citizens. Positive visibility for the EU is the desirable corporate outcome of Commission communication, even if individual DGs' actions may only make a small contribution.

**Source of data:** Standard Eurobarometer (DG COMM budget) [*monitored by DG COMM [here](#)*].

Baseline: November 2014

Target: 2020

Total "Positive": 39%

Neutral: 37 %

Total "Negative": 22%

Positive image  
of the EU  $\geq$  50%

**Specific objective:** To build trust within the EU and among all citizens, farmers and non-farmers, alike. The key issues of food security, climate change and environment protection as well as the maintenance of sustainable rural areas are consistent features of the messaging and with the Commission's legal requirement to carry out information measures on the CAP.

For the general public, the objective is to raise awareness on the relevance of EU support to agriculture and rural development through the CAP.

For the stakeholders, the objective is to engage with stakeholders (mainly farmers and other parties in rural areas) in order to further communicate about the CAP to their constituencies and to the wider public.

**Indicator:** Public awareness of CAP

**Source:** Eurobarometer

**Baseline (2015)**

**Target**

The Latest Eurobarometer survey (field research October 2015, results published on 6 January 2016) shows that 94% of Europeans believe that agriculture and rural areas play an important role for their future (+ 2 percentage points since the last survey in 2013) and that 69% have heard about the support that the EU gives farmers through its CAP (+ 5 percentage points since the last survey in 2013). There is a broad consensus on the key priorities of the CAP and its contribution to the strategic priorities of the Commission.

The next Eurobarometer survey will be conducted in the last quarter of 2017.

The results will be published in first quarter of 2018

Maintain and if possible increase awareness of the CAP