



Reform of the CAP and the new challenges for IPA/IPARD post 2013

*DG Agriculture and Rural Development
European Commission*

Outline

1. CAP reform
2. Implications of CAP reform for IPA
3. IPA – key messages

1. CAP reform

12 October 2011

Commission legal proposals on the CAP

2011-2013



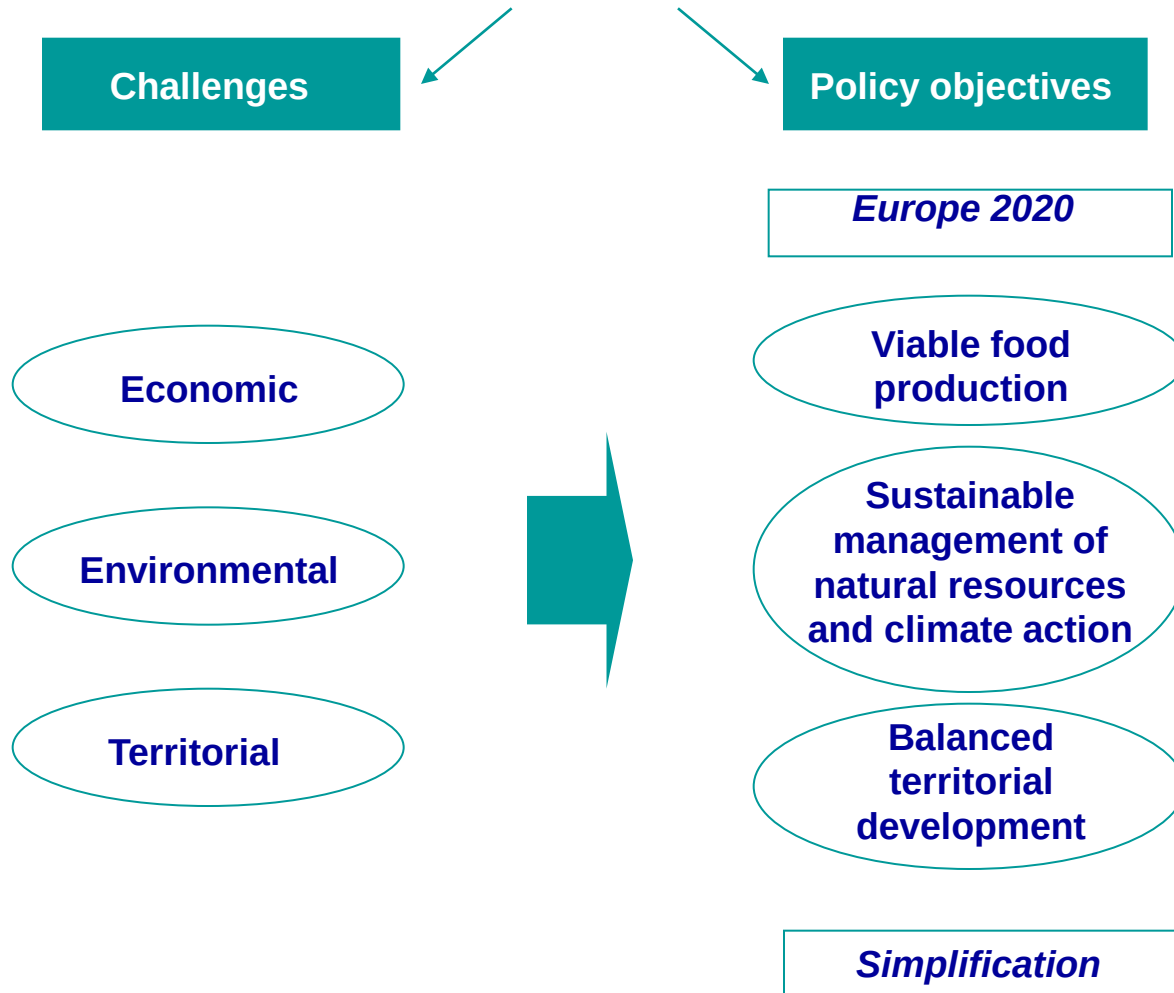
Debate in the European Parliament and the Council

Approval of Regulations and implementing acts

1 January 2014

Reformed CAP enters into force

Commission Communication 'The CAP towards 2020'



How will the CAP be financed?

Commission proposals on Multi-Annual Financial Framework for 2014-2020 to maintain CAP spending at 2013 levels in nominal terms

in billion EUR

current prices

- Pillar I - Direct payments and market-related expenditure	317.2
- Pillar II - Rural development	101.2
Total Pillar I and II	418.4
- Food safety	2.5
- Most deprived persons	2.8
- Reserve for crises in the agricultural sector	3.9
- European Globalisation Fund	Up to 2.8
- Research and innovation on food security, the bio-economy and sustainable agriculture	5.1
Total additional amounts	Up to 17.1
Total proposed amounts for the period 2014-2020	Up to 435.5

Source: Commission Communication 'A budget for Europe 2020' – COM(2011) 500 final, part II.

New design of direct payments

In 2014, EU farmers would have access to:

Compulsory schemes (all MS):

- Basic payment scheme
- 'Green' payment*
- Young farmers scheme

(+)

Voluntary schemes (MS choice):

- Coupled support
- Support in natural constraint areas

All payments subject to cross compliance

All farmers will have access to the Farm Advisory System

OR

A simplified scheme for small farmers (*compulsory for MS, choice for farmer*)

* *Payment for agricultural practices beneficial to climate change and the environment*

Improved instruments to address market developments (sCMO)

Increased financing for research and innovation
Forum for a Better Functioning Food Supply Chain

Encouraging common action – better position in the food supply chain

- Facilitated recognition of: Producer Organisations (PO), Associations of POs, Interbranch Organisations
- More clarity as regards competition rules
- Link to Rural Development funds (start-up and co-operation measures)



Common responses to economic and environmental challenges

Continued market orientation

- End of certain aid schemes (Skimmed Milk Powder, hops and silkworms)
- End of production limits (sugar)

Enhanced safety-net

- Exceptional measures – more flexibility and greater coherence
- Public intervention/private storage simplified, more responsive to crises
- 'Crises reserve'



Competitiveness of individual agricultural producers

Sustainable consumption - School Fruit and Milk Scheme

- Increased funding
- New measures available for EU co-funding



Link to the consumer

Rural development in a new framework

Europe 2020 strategy



Common Strategic Framework (CSF)

Covering the EAFRD, ERDF, ESF, Cohesion Fund and EMFF, and reflecting EU2020 through common thematic objectives to be addressed by key actions for each of the funds



Partnership Contract

National document outlining the intended use of the funds in the pursuit of EU2020 objectives



Rural development policy: EAFRD

Other CSF funds (ERDF, ESF, Cohesion Fund, EMFF)

Innovation, Environment and Climate Change as cross-cutting themes



Priorities

*Fostering
knowledge
transfer and
innovation in
agriculture,
forestry and
rural areas*

Enhancing
competitiveness
of all types of
agriculture
and farm viability

Promoting
food chain
organisation
and risk
management
in agriculture

Restoring,
preserving and
enhancing
ecosystems
dependent on
agriculture and
forestry

Promoting resource
efficiency and
supporting the shift
towards a low carbon
and climate resilient
economy in
agriculture, food
and forestry sectors

Promoting social
inclusion,
poverty reduction
and economic
development
in rural areas



Rural Development Programme(s)



Simplification

Policy instruments

- A simple and specific scheme for small farmers (around 30% of beneficiaries)
- Greening as simple as possible, includes only measures that have an environmental impact AND are manageable / controllable without major extra cost;

Payments

- Only one Paying Agency for all CAP measures in a MS/Region
- A range of approaches to reimbursing payments by beneficiaries on the basis of simplified costs (II Pillar);

Controls

- MS with properly functioning control systems and low error rates may be authorised to reduce the number of controls
- Cross-compliance: reduction and better streamlining of the obligations (13 SMRs instead of 18 and 8 GAEC instead of 15), follow-up checks to minor infringements repealed; farmers using certification systems less likely to be controlled.

For further information

The CAP after 2013

http://ec.europa.eu/agriculture/cap-post-2013/index_en.htm

Commission Communication 'The CAP towards 2020'

http://ec.europa.eu/agriculture/cap-post-2013/communication/index_en.htm

Impact assessment

http://ec.europa.eu/agriculture/analysis/perspec/cap-2020/index_en.htm

Legal proposals

http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/index_en.htm

2. Implications of CAP reform for IPA

New set of instruments for external action for the period 2014-2020

- Commission proposed (7.12.11) 9 geographic and thematic instruments + 1 horizontal regulation on implementation of external aid (IPA is one of them)
- Overall envelope for external action: € 70 billion, with € 14.1 billion for enlargement policy (meaning an increase by 20% for external action and stability for pre-accession assistance compared to 2013)

IPA II - progress

- Discussed in the Council, modifications proposed
- Draft report prepared in Committee on Foreign Affairs, EP
- To be discussed in the Trialogue some time at the end of September
- In parallel, internal Commission discussion on how to simplify, facilitate implementation, better adjust to the needs and capacities of each individual country

Direction of changes

Policy continuity intended, with lessons learnt

Lessons learnt: start from fewer measures, then expand;
plan Technical Assistance first to support the preparations;
take care of rural credits/advisory services, etc.

IPA II - innovations

- Policy areas instead of Components
- Support for all policy areas in all beneficiary countries, regardless the status, with a phased approach
- Country strategies, for agriculture including institutional and capacity building, acquis approximation (current IPA Component I) and investments (current IPARD)
- More flexibility, better coherence
- IPARD – simplification, maybe new measures (e.g forestry - afforestation, forest protection)

What impact CAP reform on IPA II?

- a) New CAP promotes a more integrated approach (reinforced partnership with MS)
- b) Budgetary constraints
- c) Environmental requirements
- d) More flexibility in terms of reallocation of resources, implies flexibility between policy areas and countries. Necessary to optimise absorption of funds

3. IPA – key messages

The main challenges...

- Preparation takes a long time and requires allocation of resources
- Low absorption capacity (losses of unused funds in some countries)
- Beneficiaries not always capable of preparing good applications
- Administration at all levels faces many challenges in implementation
- Availability of credit for private co-financing (farmers, rural businesses)

...but, we believe that pre-accession assistance...

- Facilitates public administration reform by guiding countries in creating modern public management capacities, based on the principles of good governance
- Helps in policy development
- Prepares for the implementation and management of the CAP
- Helps improving efficiency of agriculture
- Develops rural areas
- Helps to meet the EU standards, hence – to access the EU single market

Thank you