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Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**amending Regulation (EU) 2021/2115 as regards the conditionality system, types of intervention in the form of direct payment, types of intervention in certain sectors and rural development and annual performance reports and Regulation (EU) 2021/2116 as regards data and interoperability governance, suspensions of payments annual performance clearance and controls and penalties**

{SWD(2025) 236 final}

## **EXPLANATORY MEMORANDUM**

### **1. CONTEXT OF THE PROPOSAL**

- **Reasons for and objectives of the proposal**

#### General context of the proposal

President von der Leyen's political guidelines for the 2024-2029 Commission<sup>1</sup> set out a plan for sustainable prosperity. The plan emphasises the need to boost competitiveness to unlock opportunities, drive innovation and support growth in the European Union (EU).

Mario Draghi's report 'The future of European Competitiveness'<sup>2</sup>, points to costly regulatory burdens, affecting in particular SMEs through excessive reporting obligations, investment gaps and unfavourable conditions for leveraging private investment. The report advocates for coordinated efforts, whether through smaller, cumulative steps, bold EU-level actions, or increased subsidiarity to reduce these costly regulatory burdens.

Turning the report's recommendations into a strategic roadmap, the Commission's competitiveness compass<sup>3</sup> outlines five horizontal enablers that span across all policies and sectors. This includes systematic simplification efforts to streamline regulatory burdens, including making procedures for accessing EU funds simpler, faster, and lighter. The compass emphasises close links with digitalisation for better data management, minimising compliance and administrative costs.

The 'simpler and faster Europe' communication<sup>4</sup> puts forward a new way of working between EU institutions, Member States and stakeholders in the spirit of partnership and cooperation, to simplify EU rules, reduce regulatory burdens and improve how the rules are made and implemented. The communication sets the target to reduce administrative burden arising from EU rules by at least 25% for all companies and 35% for SMEs, by the end of 2029.

As highlighted by the Commission in the European Preparedness Union Strategy<sup>5</sup> of 26 March 2025, the Covid 19 pandemic and recent geopolitical developments have showed that the Union's economy and its society as a whole can be profoundly disrupted by major critical events, such as armed conflicts or hybrid threats, and that there is a need to ensure preparedness to prevent and react to such threats. In particular, the Commission is aware of the serious challenges that an armed conflict in the territory of a Member State or a serious infrastructure sabotage concerning, for example, water supplies could represent for farmers

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<sup>1</sup> [Europe's Choice, Political Guidelines for the next European Commission 2024-2029](#)

<sup>2</sup> [Draghi, M., The future of European competitiveness, September 2024.](#)

<sup>3</sup> [Communication from the Commission to the European Parliament, the European council, the Council, the European Economic and Social Committee and the Committee of the Regions, COM\(2025\) 30 final: A Competitiveness Compass for the EU.](#)

<sup>4</sup> [Communication from the Commission to the European Parliament, the European council, the Council, the European Economic and Social Committee and the Committee of the Regions, COM\(2025\) 47 final: A simpler and faster Europe: Communication on implementation and simplification.](#)

<sup>5</sup> [Joint Communication to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions on the European Preparedness Strategy, 26.3.2025 JOIN\(2025\) 130 final](#)

operating in the area concerned. In this connection, the Commission recalls that, as explained in the Communication on force majeure and exceptional circumstances in Regulation (EU) 2021/2116 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy of 30 May 2024<sup>6</sup>, the concept of force majeure could cover also situations which are not specially mentioned in Article 3 of that Regulation, such as an armed conflict or an infrastructure sabotage within the territory of a Member State, provided that the relevant conditions are met. Force majeure may therefore excuse the farmers operating in the area concerned by these events from the legal consequences which, under the applicable rules, would normally flow from non-compliance with their obligations.

Close engagement and dialogue among EU institutions, farmers, and other agri-food stakeholders at all levels is a core principle of the ‘Vision for Agriculture and Food’<sup>6</sup>. In acknowledging the essential role of farmers in the society, the Vision seeks to boost the agri-food sector’s competitiveness and appeal. Drawing from the Strategic Dialogue on the Future of EU Agriculture<sup>7</sup>, it outlines the conditions needed for the sector to thrive and continue providing its many benefits to society now and into 2040. Simplification, research, innovation and digitalisation are identified as key areas to achieve these objectives.

The Vision stresses that ‘farmers should be entrepreneurs and providers, not carrying unnecessary bureaucratic or regulatory burdens’, to drive innovation and sustainability in agricultural practices. This Vision as well as the sector’s diversity call for tailored approaches rather than ‘one-size-fit-all’ solutions, alongside reality-checks of the EU legislation, and simplifications facilitated by new technologies, such as automated reporting to reduce administrative burden. Striking a right balance between regulatory and incentive-based policies is equally important. The Vision recognises the specific needs of smaller farms, emphasising the need for minimal administrative burden and easier ways to access support from the Common Agricultural Policy (CAP). These and some other farms are often at disadvantage in accessing and utilising funding, hindering their ability to invest, innovate and pursue development.

In the 2023-2027 period, the CAP supports farmers through national CAP Strategic Plans (the CAP Plans, the Plans) that are drawn up by Member States under a common EU framework to address economic, environmental and social challenges. This approach boosts subsidiarity in CAP management as well as the policy’s focus on performance, allowing for integrated and more targeted responses to agricultural challenges across Member States’ territories. Under this approach, Member States play an important role in keeping the administrative burden for farmers limited and proportionate.

Following their approval in 2022, the 28 CAP Plans have been implemented since 2023, providing direct income support to farmers, funding for environmental schemes, assistance for investments, innovation, specific needs of certain agricultural sectors, and rural development. The Plans detail a set of requirements, interventions and targets across 10 CAP specific objectives, the progress of which is measured by common indicators. The Plans play an important role in maintaining farmers' incomes while facilitating the transition of EU agriculture to a sustainable farming model, ensuring food security and the vitality of rural areas.

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<sup>6</sup> [30.05.2024 COM\(2024\) 225 final EUR-Lex](#)

The CAP is supported by a well-established framework for collecting and discussing stakeholder feedback through expert groups, civil dialogue groups for cross-cutting, thematic and sector specific fora. The CAP Network gathers farmers' and other organisations, administrations, researchers, entrepreneurs and other practitioners to exchange knowledge and information, encouraging peer-to-peer learning and sharing good practices. The governance framework under the CAP Plans, including monitoring committees, provides avenues for stakeholder involvement at Member State level.

### Specific context and objectives

The first year of implementation of the Plans coincided with the start of the Russian war of aggression against Ukraine, which has since significantly affected markets, and changed the broader context for the EU agricultural policy. At the same time, natural disasters, adverse climatic events or other catastrophic events have significantly impacted many farmers' production across the EU.

Following widespread farmer protests in early 2024 and discussions in the European Council about the challenges facing the agricultural sector, and feedback from EU institutions and stakeholders on the first year of implementing the CAP Plans, the Commission put forward a set of targeted adjustments to the CAP legal framework<sup>7</sup>. These adjustments aimed to better align the EU legal framework with on-farm realities, improve administration of the Plans by Member States, and reduce the burden of controls on farmers.

The debate on simplifying the CAP continued in 2025 using the insights from 2024, which represented the second year of implementing the Plans. EU Agricultural Ministers met on 27 January 2025 and called for further simplification. These calls overall revealed a need to improve the competitiveness of EU farms, lower the burden on both farmers and public administrations, and allocate the limited resources more effectively to meet changing demands. They have also shown that certain opportunities arising from the CAP remain underutilised due to complexities in implementation and management. Specific circumstances, practices and needs of certain farmer groups are also not always well recognised, which may result in overlapping obligations.

With the proposed adjustments in the CAP legislation, the Commission aims to improve its implementation by providing a swift and robust response to the issues that have been identified and to the new challenges. The response should increase the flexibility for Member States and reduce the burden on farmers so that they make use of all CAP opportunities, while maintaining CAP's role in supporting the transition of European agriculture.

The Vision for Agriculture and Food outlined key areas of the current agricultural legislative framework that need to be adjusted (while other, more far-reaching issues, have been set aside for the discussions in the context of the CAP post-2027). The current proposal addresses these as follows:

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[Regulation - EU - 2024/1468 - EN - EUR-Lex](#)

- On-farm simplification and streamlining of requirements to better adjust to different situations and to a variety of farming practices. For example, this will be carried out by adjusting the CAP conditionality framework to the practices pursued by organic farmers, allowing payments per livestock and beehives for agri-environment-climate commitments and eco-schemes, taking into account in particular organic farming, providing for more flexibility in the implementation of GAEC 1, 2 and 4, while maintaining their contribution to their objectives introducing the possibility to swiftly pay support in case of crisis, by making risk management more flexible for certain crops and types of farmers;
- Streamlining support for smaller and medium-sized farms by encouraging Member States and farmers to make greater use of simplified payments. For example, this will be carried out by increasing the annual lump-sum payment limit for small farmers or by supporting their business development;
- Boosting competitiveness. Beyond general simplification, this will be carried out by simplifying rules on financial instruments, standard cost options for investments and extended financial assistance for the fruit and vegetables sector;
- Giving greater flexibility to Member States for the management of CAP Strategic Plans. For example, this will be carried out by removing the CAP Plan review obligation stemming from changes to certain EU legal acts, the discontinuation of the Annual Performance Clearance mechanism, simplification of the Integrated Administration and Control System (IACS) quality assessment, by providing more flexibility in the methodology for controls of conditionality, by better aligning rules for amendments between the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD) and by making only those amendments that are of a strategic nature subject to a Commission approval, and by extending the time limits that apply to the Annual Performance Review.

Efforts to have a simple implementation of the legislation will not be limited to the CAP Strategic Plans.

The critical role that Member States will have in ensuring meaningful simplification based on the proposal also needs to be emphasised. The Commission's efforts to provide broader choices to achieve its policy objectives should also be exploited by Member States so that farmers fully benefit from the proposal's simplification objectives.

- **Consistency with existing policy provisions in the policy area**

The proposed amendments are consistent with the general philosophy of the CAP basic acts currently in force namely Regulations (EU) 2021/2115 and (EU) 2021/2116. Therefore, the proposal is consistent with existing policy.

- **Consistency with other Union policies**

The proposal adjusts a number of provisions in Regulations (EU) 2021/2115 and (EU) 2021/2116 currently in force, which were deemed consistent with other EU policies and adds new provisions consistently with the general philosophy of the existing CAP basic acts. The proposal is therefore consistent with other EU policies since it does not introduce fundamentally new elements to the existing policies.

## **2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY**

- **Legal basis**

The legal basis is Article 43(2) of Treaty on the Functioning of the European Union (TFEU) since the proposal aims to amend both, Regulation (EU) 2021/2115 and Regulation (EU) 2021/2116.

- **Subsidiarity (for non-exclusive competence)**

The TFEU provides that the competence to determine EU agriculture policy is shared between the EU and the Member States. The EU exercises its competence adopting various legislative acts defining and implementing EU CAP as provided for in Articles 38 to 44 TFEU. Regulations (EU) 2021/2115 and (EU) 2021/2116 are part of the EU CAP legislative framework. To alleviate certain difficulties, provide simplification and reduce administrative burden, these Regulations need to be amended and this can only be done at EU level.

- **Proportionality**

The proposal modifies the existing Regulations only to the extent strictly necessary to achieve the objectives outlined above. It reduces the administrative burden on Member States and farmers and adds new elements only to the extent strictly necessary to adjust the existing Regulations to the objectives outlined above.

- **Choice of the instrument**

Since the original legislative acts are regulations of the European Parliament and of the Council, the amendments must also be introduced as a European Parliament and Council regulation under the ordinary legislative procedure.

## **3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS**

- **Ex-post evaluations/fitness checks of existing legislation**

Not applicable.

- **Stakeholder consultations**

The proposal responds to the expectations of the farming community and the repeated calls of the Council and the Member States to address as soon as possible the administrative burdens and bottlenecks in the CAP legislative framework.

In preparing this proposal, the Commission reviewed input from national administrations, the European Parliament COMAGRI Committee, and farmers' representatives that was provided

in 2024 and which included over 500 individual suggestions. It also examined more than 400 suggestions provided by Member States following the 27 January 2025 debate in the AGRIFISH Council. These suggestions covered a wide range of policy, implementation, organisational, and economic issues regarding both CAP and non-CAP legislation.

The Commission also considered feedback following discussions on the implementation of the CAP Strategic Plans in Commission expert groups and the CAP network, and spontaneous contributions from various stakeholder groups, including farmers' organisations and environmental NGOs.

A meeting of a Civil Dialogue Group on the CAP Strategic Plans and Horizontal Matters was convened on 24 March 2025 to discuss possible simplification measures. In this meeting, the participants shared ideas on simplifying CAP legislation and more broadly EU legislation in domains relevant for farmers. They also shared ideas on the relevance and importance of national implementation choices in simplifying the CAP framework for farmers and other beneficiaries. In these meetings as well in several letters addressed to the Commission, certain stakeholders emphasised the need to not simplify in a way that would be detrimental to environmental or fair working conditions policy objectives. The importance of legal certainty for farmers was also underlined by some.

The EU CAP network's thematic group on simplification met on 2 April 2025 to share views on implementation challenges that could be addressed by simplification and to gather examples of actions already taken at Member State level that could be replicated as good practice in CAP applications and monitoring, reporting and controls.

Further evidence was gathered through a survey about farmers that in 2024 collected close to 27 000 replies on their experience and perceptions of applying for CAP support and the associated obligations. This survey, together with follow-up in-depth interviews with a sample of respondents, and surveys and interviews of other CAP beneficiaries and stakeholders at EU and Member State level informed a study on the simplification and administrative burden for farmers and other beneficiaries under the CAP.

- **Collection and use of expertise**

The proposal takes into account the findings and results from the external study on simplification and administrative burden for farmers and other beneficiaries under the CAP that was conducted in 2024-2025<sup>8</sup>. The study captures and analyses beneficiaries' and advisory services' perspective on the key sources of administrative burden and difficulties related to compliance with requirements related to the implementation of the 2023-2027 CAP; assesses the burden for beneficiaries and identifies burden stemming from EU level CAP legislation and burden linked to Member States' implementation choices and possible gold-plating; and draws conclusions on the most important simplification actions/areas from the CAP support beneficiaries' perspective.

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<sup>8</sup> European Commission, Directorate-General for Agriculture and Rural Development (2025): Study on simplification and administrative burden for farmers and other beneficiaries under the CAP, link: <https://eu-cap-network.ec.europa.eu/publications/study-simplification-and-administrative-burden-farmers-and-other-beneficiaries-under>

- **Impact assessment**

Given the urgent need to put forward measures to address the identified problems, it has not been possible to prepare a full impact assessment. However, a staff working document has been prepared to accompany this proposal by the Commission, assessing the administrative cost reduction..

The package steers the CAP along the pathway outlined in the Vision for Agriculture and Food, enabling a balanced transition to improved agricultural practices and supporting farmers' business development opportunities, especially for young farmers. It offers substantial additional flexibility to both Member States and farmers and creates conditions for increased use of opportunities of the CAP legal framework. The proposed amendments further acknowledge that incentivizing farmers may be more effective than imposing changes through mandatory requirements, thereby ensuring greater acceptance and adherence to sustainability improvements. The simplification proposal keeps all the essential components of the CAP's green architecture, including all GAEC standards and CAP support instruments that will continue to be designed to go beyond the mandatory standards.

Overall, the assessment indicates that the package offers opportunities to significantly reduce CAP-related burden especially for farmers. The extent of the achievement of reduced costs, benefits and their distribution will, however, largely depend on the choices made by Member States. The role of Member States in leveraging the new opportunities and achieving tangible simplification for farmers is key.

- **Regulatory fitness and simplification**

The proposal is specifically designed to facilitate an important simplification of the EU CAP legal framework and to reduce the administrative burden for farmers and national administrations.

- **Fundamental rights**

The proposal respects fundamental rights and observes the principles recognised by the Charter of Fundamental Rights of the European Union.

#### **4. BUDGETARY IMPLICATIONS**

The proposal will have a budgetary impact due to amendment of Article 52(2) of Regulation (EU) 2021/2115, facilitating the increase of the Union financial assistance for sectoral interventions in the fruit and vegetables sector.

The Union financial assistance to fruit and vegetables' producer organisations (PO) approved by Member States for the implementation of operational programmes (OP) is limited to a certain percentage (from 4.1 % to 5.5 % depending on the type of beneficiaries and the objectives pursued) of the value of marketed production of those producer organisations. The proposed amendment of Article 52(2) of Regulation (EU) 2021/2115 entails a possible increase of these limits by 0.5 percentage points for the CAP Strategic Plan interventions, subject to fulfilment of certain conditions. Depending on the choice of the PO, this may increase the expenditure. Given that from 2026 all OPs will be implemented under the CAP Strategic Plan and based on the execution of the sector in financial year 2024 (EUR 1.15 billion), the estimated annual additional expenditure is EUR 5.75 million (EUR 1.15 billion x

0.05). To make use of the possible increase, POs will have to amend their OPs, thus the financial impact affects 2026 and 2027. Any related expenditure will remain under the European Agricultural Guarantee Fund (EAGF) sub-ceiling.

Furthermore, the proposal has non quantifiable budgetary impact deriving from the amendment of Article 16(1) of Regulation (EU) 2021/2116. The proposed amendment of that provision excludes from financing under the agricultural reserve the measures providing support to farmers affected by natural disasters, adverse climatic events or catastrophic events. The proposal does not change the overall amount of the reserve. However, the provision might lead to lower expenditure under the reserve, in case that it will not be used for measures against market disturbances (Article 219 of Regulation (EU) No 1308/2013), measures concerning animal diseases and plant pests and the loss of consumer confidence (Article 220 of Regulation (EU) No 1308/2013), other measures to resolve specific problems (Article 221 of Regulation (EU) No 1308/2013) or agreements and decisions during periods of severe imbalance in markets (Article 222 of Regulation (EU) No 1308/2013) (the latter is subject to adoption by the European Parliament and the Council and the entry into force of the related provision in the Commission proposal for amendment of Regulation (EU) No 1308/2013 (COM(2024) 577 final). As it cannot be envisaged in advance which exceptional circumstances will occur which may qualify for support in form of exceptional measures, this budgetary impact cannot be quantified. The proposed amendment might at the earliest have an effect (if the proposed amendments enter into force by then) from 16 October 2025, thus in the financial year 2026, given that funds have already been allocated under the 2025 reserve for sectors affected by adverse climatic events and natural disasters<sup>9</sup>. Any related expenditure will remain under the European Agricultural Guarantee Fund (EAGF) sub-ceiling.

## 5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

As laid down in Article 128 of Regulation (EU) 2021/2115, a performance framework has been established under the shared responsibility of Member States and the Commission. The performance framework provides for the reporting, monitoring and evaluation of the performance of the CAP Strategic Plans during their implementation. This framework is slightly modified by the proposal due to the adjustment of output indicators due to the establishment of the crisis measures. A new reporting requirement for Member States is also added under a new Article 13a of Regulation (EU) 2021/2116.

- **Explanatory documents (for directives)**

Not applicable (the legal text is a regulation).

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<sup>9</sup> COMMISSION IMPLEMENTING REGULATION (EU) 2025/441 of 6 March 2025 providing for emergency financial support for the agricultural sectors affected by adverse climatic events and natural disasters in Spain, Croatia, Cyprus, Latvia and Hungary, in accordance with Regulation (EU) No 1308/2013 of the European Parliament and of the Council (OJ L, 2025/441, 10.3.2025, ELI: [http://data.europa.eu/eli/reg\\_impl/2025/441/oj](http://data.europa.eu/eli/reg_impl/2025/441/oj)).

- **Detailed explanation of the specific provisions of the proposal**

The Commission proposes the following changes to the two CAP Regulations:

**Framework definitions:** The experience with the implementation of the definition of permanent grassland has shown that its application is difficult for farming systems with long agronomic rotations, notably to fight against weeds. Therefore, the provision related to this definition is amended so that Member States may choose to extend the time limit before the permanent grassland definition takes effect on a grassland area from five to seven years.

**Conditionality system:** The experience gained from the application of the conditionality system in 2023-2024 shows that further adaptation is needed. The interlink between national rules and requirements in GAEC standards should be clarified to give more flexibility to Member States to align different requirements. In view of the requirements of Regulation (EU) 2018/848<sup>10</sup> and the farming practices implemented in the organic sector, farmers certified under that Regulation should be deemed compliant with certain GAEC standards, in addition to GAEC standard 7. According to a recent meta-analysis by Alvarez 2021<sup>11</sup> organic systems rely significantly on practices such as crop rotations, multi-cropping, crop residues retention, no or minimum tillage, use of animal manures and green manures, off-farm organic wastes and aspects of biological pest control to maintain soil productivity, to supply plant nutrients and to control of pests. These practices are beneficial for both, soil protection and preservation as well as for protection of river courses against pollution and run-off. The application of GAEC standard 1 that aims to maintain permanent grassland ratio should be made more flexible by increasing the possible decrease of permanent grassland not triggering reconversion to permanent grasslands from 5 to 10 percent to take into account structural changes of farms, in particular in the livestock sector. The application of GAEC standard 4 that aims to protect river courses against pollution and run-off should also be clarified so as to give Member States the opportunity to better align the definition of water courses with the definition of water courses laid down in national legislation, provided that that definition is in line with the main objective of this GAEC standard with the view to, among others, avoid excluding from the definition of water courses smaller water courses that could carry pollution downstream, and possibly also across borders to other Member State. The control method on the respect of conditionality requirements is also streamlined. Finally, considering that the agricultural area managed by small farmers receiving payments under Article 28 of Regulation (EU) 2021/2115 is limited, while they represent a significant share of farmers in the Union, administrative costs should be reduced for both Member States and small farmers by exempting them from the application of the system of conditionality.

**Direct payments:** Experience gained from the implementation shows that the payment for small farmers (Article 28 of Regulation (EU) 2021/2115), consisting of a lump-sum payment and simpler application process, was not taken up by many Member States. Therefore, the proposal increases the maximum possible lump-sum payment for participating farmers to 2 500 euro. In addition, it is proposed that Member States have the possibility to allow farmers benefitting from the lump-sum payment to apply for payments under eco-schemes.

**Eco-schemes and agri-environment-climate commitments:** In order to be able to cover costs related to the implementation of GAEC 2, that aims to preserve peatlands and wetlands, and which is not changed by the current proposal, Member States should have the possibility to exclude this GAEC from the baseline of eco-schemes and agri-environment-climate

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<sup>10</sup> [Regulation - 2018/848 - EN - EUR-Lex](#)

<sup>11</sup> Alvarez, R., (2021) Comparing Productivity of Organic and Conventional Farming Systems: A Quantitative Review: <https://doi.org/10.1080/03650340.2021.1946040>

commitments. At the same time, eco-schemes may, if decided so by Member States, continue to provide support for management practices on wetlands and peatlands beyond their protection, such as their restoration through rewetting or implementation of paludiculture, in order to enhance, in particular the carbon sequestration potential of these areas .

Furthermore, in order to enable support for organic farming methods for livestock, it should be possible for Member States to grant support to commitments related to the conversion or maintenance of organic farming practices and methods in the form of an annual payment for livestock units. It should also be possible to grant support for commitments improving farming practices related to apiculture in the form of annual payment for beehives, as sustainable practices by apiculture producers need to be supported and the use of livestock units for that purpose is not appropriate.

**Sectoral types of intervention:** Based on Member States' experience with implementation of sectoral interventions in the fruits and vegetables sector, the possibility for enhanced support should be expanded to reinforce the position of farmers in the supply chain in those sectors.

**Crisis payments** experience has shown that the agricultural reserve is predominantly used to address natural disasters and adverse climate events, although its primary objective is to help farmers in case of market disturbance. It is therefore proposed to clearly limit its use to such events. Besides, considering the increasing frequency of such adverse climate events and the considerable losses they generate, it is proposed to amend rules on direct payments and rural development types of intervention to set up two additional crisis payments that Member States could mobilize in case of natural disasters and adverse climate events. In order to avoid a disproportionate impact on other interventions set in the CAP plans, the amounts to be dedicated to these interventions should be limited to a maximum percentage of the total of the annual allocations for direct payments and rural development, and the payments should not distort trade. The proposal excludes from the scope of application of the conditionality system and social conditionality system, that applies to area and animal-based payments, the new complementary crisis payments under direct payments since their purpose is to alleviate the difficult situation of farmers suffering important losses. Finally, to increase the potential impact of such payments, provisions are introduced to enable paying national financing.

**Risk management:** experience with implementation has shown a low use of Article 19 of Regulation (EU) 2021/2115 allowing to use a part of the direct payments of farmers as contributions to risk management schemes. Also, rules on the calculation of losses for risk management interventions supported by the CAP proved not to be well adapted for certain types of land and categories of farmers. It is therefore proposed to amend Articles 19 and 76 of Regulation (EU) 2021/2115 to further help the take-up of such schemes.

Other amendments regarding Rural development types of intervention:

- In order to align the principles of calculation of payments for area-specific disadvantages resulting from certain mandatory requirements with changes made in respect of GAEC standard 2, and the rules concerning calculation for payments for eco-schemes and agri-environment and climate commitments, it should be possible for Member States to include in latter calculation disadvantages resulting from the requirements under GAEC standard 2. In addition, payments per livestock units and payments per beehive should be possible for agri-environmental-climate management commitments.

- Business development of small farms should be promoted to enhance their competitiveness and viability, while keeping the payment simple. Hence, it is proposed to establish a dedicated payment for such purpose. The use of Simplified Cost Options, that have an important simplification potential, should be boosted by introducing the possibility to use the Simplified Cost Options established under Regulation (EU) 2021/1060 without a need for further justification.
- Regarding financial instruments' use, experience in implementation has shown that there are synergies to be exploited in the implementation and control between CAP financial instruments and the other financial instruments governed by Regulation (EU) 2021/1060, in particular regarding the audit trail, irregularities and financial corrections or eligibility rules with regard to the value-added tax which should be aligned. Also, the general State Aid regime under Article 3(2) of Commission Regulation (EU) 2023/2831<sup>12</sup> has been recently amended, the maximum applicable gross grant equivalent ceiling needs to be aligned accordingly.
- Regarding transfers by Member States of EAFRD allocations to InvestEU, there is a need to amend the existing legislation to allow full use of the newly introduced possibilities under Article 10a(4) of Regulation (EU) 2021/523<sup>13</sup>.

**CAP Strategic Plan amendments:** Experience has shown that the amendments of CAP Strategic Plans contain multiple technical and strategic elements that render them complex for Member States. To simplify and improve the efficiency of amendment procedures, in particular regarding elements of the CAP Strategic Plans that are not of strategic nature, approval by the Commission should be required only for strategic amendments of CAP Strategic Plans. Furthermore, implementation has also shown that different rules applicable to interventions financed by the EAGF and the EAFRD, respectively, may cause uncertainty for farmers and increase complexity for Member States when proposing amendments to CAP Plans. To improve synergies between the EAGF and the EAFRD Articles 86 and 119(8) of Regulation (EU) 2021/2115 need to be amended to enable eligibility of expenditure for EAGF contribution from the date of effect of the amendment set by the Member State, which it may set for a date subsequent to the date of the submission of request for amendment to the Commission. The proposal of a date of effect for EAGF-related amendments should be added to the list of items which require an opinion from the monitoring committee to ensure that farmers and other beneficiaries have sufficient time to take the amendment of the CAP Strategic Plan into account. Other provisions are adjusted to reflect the amendments of Article 119 of Regulation (EU) 2021/2115.

**Annual performance clearance:** In the light of the experience gained after the first annual performance clearance exercise for financial year 2023, the annual performance clearance should be discontinued to ease the administrative burden upon Member States. This simplification, while safeguarding the performance of the CAP via the eligibility conditions for expenditure in Article 37(1), point (b), of Regulation (EU) 2021/2116 and the biennial performance review referred to in Article 135 of Regulation (EU) 2021/2115, will also lead to the simplification of the annual performance report as information required solely for the

<sup>12</sup> [Regulation - EU - 2023/2831 - EN - EUR-Lex](#)

<sup>13</sup> [Regulation - 2021/523 - EN - EUR-Lex](#)

purposes of annual performance clearance will no longer be necessary. The possibility to provide for a retroactive application as regards the amendments related to deletion of the annual performance clearance and the corresponding amendments of Article 134 of Regulation (EU) 2021/2115 from financial year 2025 will depend on the exact content and the date of entry into force of such amendments included in this Regulation. At this moment of time, it is not possible to decide if such a retroactive application can be provided for. Its feasibility should be discussed by the co-legislators in view of the final content and the date of entry into force of this Regulation.

**Annual performance report and other provisions:** Regarding the annual performance report, experience has shown that its link with the biennial performance review needs to be strengthened, by clarifying that justifications for shortfalls from milestones for the purposes of biennial performance review should be included in the annual performance report. Time limits for the assessment of the report are also revised in light of the experience gained with implementation.

**Update of SPR to new legislative acts:** Articles 120 and 159 of Regulation (EU) 2021/2215 ensure that the list of Union legislative acts in Annex XIII to that Regulation concerning the environment and climate is updated and taken as basis by Member States to assess whether their CAP Strategic Plans should be amended. Considering that we are in the middle of the implementation period of the CAP Strategic Plans and that very few acts were newly adopted or amended which are of relevance to those CAP Strategic Plans, such strategic modifications would disrupt the implementation of CAP Strategic Plans. Therefore, these provisions should be deleted to ensure stability of the Union legal framework until the end of the programming period.

Finally, Annexes I, II and III to Regulation (EU) 2021/2115 are adapted to above changes to include new output indicators for the new types of support introduced under the newly added Article 41a and Article 78a to that Regulation and to align the list of output indicators with the amendment of Article 75 of that Regulation, as well as to indicate the relevant paragraph of the WTO Agreement on Agriculture for the newly established interventions and to introduced changes to GAEC standards 1 and 4.

**CAP data and interoperability governance:** The absence of coordination structure at Member State level, as well as the differences observed in digital transition among Member States hinder the effective implementation of interoperability, including seamless exchange of data, between information systems used for the implementation, monitoring and evaluation of the CAP and its benefits. Provisions are therefore proposed to ensure that each Member State designates one authority responsible for drawing up and implementing a roadmap to achieve and maintain interoperability and seamless exchange of data.

**Use of agricultural reserve:** Article 16 of Regulation (EU) 2021/2116 sets rules on the agricultural reserve. Experience with its implementation has shown that in the past years it was increasingly used to help farmers suffering losses due to natural disasters, adverse climatic events or catastrophic events. The provision is amended so that the agricultural reserve focuses on its intended original purpose of mitigating the impacts of market disturbances.

**Controls and checks on farmers:** regarding checks on farmers, the amendments aims to reduce the burden and control pressure on farmers by introducing the objective of “one control per year”, which provides that Member States should organise on-the-spot checks of aid applications, payment claims or conditionality in a manner that limits to the extent

possible, multiple checks on a beneficiary during one year except when the circumstances require a second control to ensure effective protection of the financial interests of the Union.

The experience gained with the quality assessments of the Identification System for agricultural parcels (LPIS), the Geo-Spatial Application (GSA) and the Area Monitoring System (AMS) point to the possibility of synergies that could be exploited, while simplifying implementation and reducing the need for on-site visits. Hence, it is proposed to merge these systems.

Regarding conditionality controls experience gained in the application of the conditionality control system, has shown that certain conditions are unnecessarily rigid and place an undue burden on Member States, without necessarily enhancing the protection of Union funds. To streamline the control system, the requirement for a yearly review of the control system should be removed and the factors to be considered in the risk analysis should be left to the discretion of Member States. In addition, small beneficiaries other than farmers may not benefit from the exemptions from conditionality controls and penalties introduced by Regulation (EU) 2024/1468. The area managed by those beneficiaries is limited and the penalties are in general low. Considering the area covered and the administrative burden linked to the controls and the application of penalties for conditionality, provisions should be made so that small beneficiaries other than farmers are also exempted from conditionality controls and from the application of administrative penalties for conditionality requirements.

Finally, Articles 102 and 103 of Regulation (EU) 2021/2116 that lay down rules concerning exercise of delegation of power to the Commission and the committee procedure should be amended to take account of amendments of other provisions of Regulation (EU) 2021/2116 introduced by this proposal.

Proposal for a

## **REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**amending Regulation (EU) 2021/2115 as regards the conditionality system, types of intervention in the form of direct payment, types of intervention in certain sectors and rural development and annual performance reports and Regulation (EU) 2021/2116 as regards data and interoperability governance, suspensions of payments annual performance clearance and controls and penalties**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 43(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee<sup>14</sup>,

Having regard to the opinion of the Committee of the Regions<sup>15</sup>,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) In its Communication ‘A Competitiveness Compass for the EU’<sup>16</sup> and in the ‘Simpler and Faster Europe: Communication on implementation and simplification’<sup>17</sup>, the Commission emphasised the need to enhance competitiveness, foster innovation, and support growth across the Union, for which simplification and reducing administrative burden are critical enabling factors. It is therefore necessary to address costly regulatory burdens, complexities of the legislation and its implementation, including excessive reporting, while paying attention to the specific needs of small and medium entities.
- (2) The Commission Communication ‘A Vision for Agriculture and Food’<sup>18</sup> stresses that to drive innovation and sustainability in agricultural practices farmers should be entrepreneurs and providers not carrying unnecessary bureaucratic or regulatory burdens. This perspective and the sector’s diversity call for tailored approaches rather

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<sup>14</sup> OJ C , , p. .

<sup>15</sup> OJ C , , p. .

<sup>16</sup> Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions ‘A Competitiveness Compass for the EU’, 29.1.2025, COM(2025) 30final.

<sup>17</sup> ‘A simpler and faster Europe: Communication on implementation and simplification’, European Commission 2024-2029, [8556fc33-48a3-4a96-94e8-8ecacef1ea18\\_en](#).

<sup>18</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions ‘A Vision for Agriculture and Food – Shaping together an attractive farming and agri-food sector for future generations’ 19.2.2025, COM(2025) 75final.

than ‘one-size-fit-all’ solutions, alongside reality-checks of the Union legislation, and simplifications, considering also the benefits brought by digital technologies, such as those enabling automated reporting. A better balance between requirements and incentives is needed for guiding the sustainability transition of farming and fostering innovation. The special needs of small farms, which underpin the vitality of rural communities, by protecting nature and livelihoods, call for more fitted and straightforward support under the Common Agricultural Policy (CAP), minimising administrative burden. Small farms and some other farms are often at a disadvantage in accessing and utilising funding, hindering their ability to invest, innovate and pursue development opportunities.

- (3) Regulation (EU) 2021/2115 of the European Parliament and of the Council<sup>19</sup> establishes rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD). Regulation (EU) 2021/2116 of the European Parliament and of the Council<sup>20</sup> establishes rules on the financing, management and monitoring of the common agricultural policy. In 2024, Regulation (EU) 2024/1468 of the European Parliament and of the Council<sup>21</sup> was adopted with the aim to better adjust the Union CAP support framework to on-farm realities, improve administration of the CAP Strategic Plans by Member States and reduce the burden related to controls. Also, the Commission adopted Delegated Regulation (EU) 2024/1235<sup>22</sup> amending Delegated Regulation (EU) 2022/126<sup>23</sup>, as regards rules on the ratio for the good agricultural and environmental condition (GAEC) standard 1, providing in particular for the possibility for Member States to adjust the reference ratio for GAEC standard 1 based on structural changes in farming systems and for derogations from the obligation to impose reconversion obligations on farmers and other beneficiaries.
- (4) Feedback and experience from the two years of implementation of the CAP Strategic Plans under the current CAP Union legal framework indicate that further, limited

<sup>19</sup> Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013 (OJ L 435, 6.12.2021, p. 1, ELI: <http://data.europa.eu/eli/reg/2021/2115/oj>).

<sup>20</sup> Regulation (EU) 2021/2116 of the European Parliament and of the Council of 2 December 2021 on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013 (OJ L 435, 6.12.2021, p. 187, ELI: <http://data.europa.eu/eli/reg/2021/2116/oj>).

<sup>21</sup> Regulation (EU) 2024/1468 of the European Parliament and of the Council of 14 May 2024 amending Regulations (EU) 2021/2115 and (EU) 2021/2116 as regards good agricultural and environmental condition standards, schemes for climate, environment and animal welfare, amendment of the CAP Strategic Plans, review of the CAP Strategic Plans and exemptions from controls and penalties (OJ L, 2024/1468, 24.5.2024, ELI: <http://data.europa.eu/eli/reg/2024/1468/oj>).

<sup>22</sup> Commission Delegated Regulation (EU) 2024/1235 of 12 March 2024 amending Commission Delegated Regulation (EU) 2022/126 supplementing Regulation (EU) 2021/2115 of the European Parliament and of the Council as regards the rules on the ratio for the good agricultural and environmental condition (GAEC) standard 1, OJ L, 2024/1235, 26.4.2024, ELI: [http://data.europa.eu/eli/reg\\_del/2024/1235/oj](http://data.europa.eu/eli/reg_del/2024/1235/oj).

<sup>23</sup> Commission Delegated Regulation (EU) 2022/126 of 7 December 2021 supplementing Regulation (EU) 2021/2115 of the European Parliament and of the Council with additional requirements for certain types of intervention specified by Member States in their CAP Strategic Plans for the period 2023 to 2027 under that Regulation as well as rules on the ratio for the good agricultural and environmental condition (GAEC) standard 1, OJ L 20, 31.1.2022, p. 52, ELI: [http://data.europa.eu/eli/reg\\_del/2022/126/oj](http://data.europa.eu/eli/reg_del/2022/126/oj).

adjustments of that legislation are needed in order to address the identified bottlenecks and complexities. These include the fact that specific circumstances, practices and needs of certain groups of farmers - such as organic, young, small-scale, and livestock farmers - are not yet sufficiently taken into account in the CAP Union legal framework, which does not permit Member States to adjust the various instruments to the specific circumstances, needs and practices of those farmers. Also, certain simplification opportunities within the CAP, such as the use of lump-sums or simplified cost options, are underutilised due to complexities in their implementation and management. This can lead to overlapping or ambiguous requirements for farmers, complicate farmers' access to support, and hinder business development opportunities for farmers, such as for young and new farmers. There are also certain rigidities in the rules impacting how Member States manage and amend their CAP Strategic Plans and fulfil their reporting obligations. Finally, the burden of on-farm-visits and controls on both farmers and administrative bodies still needs to be alleviated, in particular by introducing more efficient methodologies for Integrated Administration and Control System (IACS) quality assessments and conditionality controls. Overcoming these bottlenecks and rigidities should help Member States use the CAP Strategic Plans to maximise opportunities for the benefit of farmers and other beneficiaries of the CAP, reduce administrative burden and complexity, and make better use of scarce resources.

- (5) Article 4(3), point (c), of Regulation (EU) 2021/2115 establishes that, when an agricultural area is used as a grassland and has not been included in the crop rotation of the holding for five years or more, it is to be considered as permanent grassland. However, some farming systems entail crop rotation on arable land where the grasses or other herbaceous forage are not included in the crop rotation for periods longer than five years, but where these areas are ploughed up to remain arable land. As a consequence, farmers in the Member States where such farming systems are applied, face difficulties in managing their agronomic rotations and in remaining viable while meeting the requirements for the implementation of GAEC Standard 1. In addition, the use of longer crop rotations with grasslands may bring significant benefits in terms of biodiversity and ecosystem services, while allowing farmers greater flexibility in their agronomic management. Therefore, in order to promote such flexible and sustainable agronomic practices for the management of grasslands, it should be possible for Member States to extend the period determining the classification of an area as permanent grassland from five years to seven years. Thus, Article 4(3), point (c), of Regulation (EU) 2021/2115 should be amended.
- (6) In order to minimise the risk of negative impacts on the single market and international trade of the new crisis payments to farmers following natural disasters, adverse climatic events and catastrophic events in accordance with Articles 41a and 78a of Regulation (EU) 2021/2115, the interventions under which this Union support is to be granted should be designed by the Member States in such a way that they qualify under the criteria of Annex 2 to the WTO Agreement on Agriculture ('Green Box').
- (7) Article 11 of Regulation (EU) 2021/2115 provides for a mechanism for implementation of the Memorandum of Understanding on oilseeds, including provisions on increases of planned outputs and reduction coefficients to avoid exceeding the maximum support area for the whole Union. This provision need to be adjusted to take into account amendments of Article 119 of that Regulation, introduced by this Regulation.

- (8) In view of the exceptional nature of the payment the farmer would receive in an crisis situation, having suffered significant production losses as a result of natural disasters, adverse climatic events or other catastrophic events, and to ensure coherence with payments referred to in Article 78a of Regulation (EU) 2021/2115, the system of conditionality referred to in Article 12 of that Regulation should not apply to complementary payments to farmers following natural disasters, adverse climatic events or catastrophic events under direct payments, referred to in Article 41a of that Regulation.
- (9) The system of conditionality comprising Statutory Management Requirements (SMR) and Good Agricultural and Environmental Condition (GAEC) Standards aims to contribute to the development of sustainable agriculture through an increased awareness on the part of beneficiaries of the need to comply with those basic standards and requirements. It also aims to increase the consistency of the CAP with the environment, public health, plant health and animal welfare objectives pursued by Union legislation. However, considering that the agricultural area managed by small farmers who benefit from payments under the interventions referred to in Article 28 of Regulation (EU) 2021/2115 is limited, applying the system of conditionality to such small farmers, who manage majority of farms in the Union, yields insufficient benefits compared to significant costs, and imposes an important administrative burden<sub>2</sub> on those farmers and national administrations. To reduce such costs and ease the related administrative burden, it is appropriate to exempt small farmers from the application of the system of conditionality.
- (10) The GAEC standards referred to in Article 13 of Regulation (EU) 2021/2115 are part of the conditionality system referred to in Article 12 of that Regulation. They contribute to the mitigation and adaptation to climate change, protection of the environment, including water, soil and biodiversity of ecosystems. The general principles on which organic production pursuant to Article 5 of Regulation (EU) 2018/848 of the European Parliament and of the Council<sup>24</sup> is based include the preservation of natural landscape elements, such as natural heritage sites and the responsible use of energy and natural resources, such as water, soil, organic matter and air.
- (11) GAEC standard 1, listed in Annex III to Regulation (EU) 2021/2115 aims to maintain permanent grassland to preserve carbon stock. Points 1.7.3 and 1.9.1.1 of Annex II to Regulation (EU) 2018/848 emphasize the importance of maximizing the use of grazing and pasture, which prevents the conversion of permanent grassland into other land uses, and in line with the main objective of GAEC standard 1 preserves carbon stock in permanent grasslands. GAEC standards 3, 5 and 6, listed in Annex III to Regulation (EU) 2021/2115 aim to maintain soil organic matter, limit erosion, and protect soils during sensitive periods, respectively. These objectives are already achieved through the tillage and cultivation practices applied in organic plant production, in particular those referred to in point 1.9. of Annex II to Regulation (EU) 2018/848. GAEC standard 4, listed in Annex III to Regulation (EU) 2021/2115, aims to protect water against pollution. Similarly, points 1.5, 1.7, 1.9 and 1.10 of Annex II to Regulation (EU) 2018/848 aim to reduce the risk of water pollution by limiting the use of veterinary medicinal products, restricting the use of fertilizers and pesticides,

<sup>24</sup> Regulation (EU) 2018/848 of the European Parliament and of the Council of 30 May 2018 on organic production and labelling of organic products and repealing Council Regulation (EC) No 834/2007 (OJ L 150, 14.6.2018, p. 1, ELI: <http://data.europa.eu/eli/reg/2018/848/oj>).

and restricting stocking density. Experience has shown that organic farming has a positive impact as regards nutrient leaching and run-off, making it less likely that an organic farmer would compromise the quality of water, thereby achieving the main objective of GAEC standard 4. Therefore, given the principles and rules laid down in Regulation (EU) 2018/848 and existing practices under the organic farming systems, organic farmers whose entire holding is certified in accordance with Regulation (EU) 2018/848 should be deemed to comply with GAEC standards 1, 3, 4, 5 and 6, as is the case already in respect to GAEC standard 7.

- (12) To improve consistency of requirements for farmers and simplify the setting of the GAEC standards by the Member States, Article 13(1) of Regulation (EU) 2021/2115 should be amended to clarify that Member States may set out the GAEC standards in their CAP Strategic Plans consistently with mandatory national requirements, provided that such national requirements comply with the GAEC standards listed in Annex III to that Regulation. It should in particular be clarified that GAEC standards set in the CAP Strategic Plans do not need to go beyond existing mandatory national requirements, provided that those national requirements comply with GAEC standards listed in Annex III to Regulation (EU) 2021/2115, in particular with the main objectives of those GAEC standards.
- (13) In view of the exceptional nature of the payment the farmer may receive in a crisis situation, having suffered significant production losses as a result of natural disasters, adverse climatic events or other catastrophic events, and to ensure coherence with the payments referred to in Article 78a of Regulation (EU) 2021/2115, the system of conditionality referred to in Article 14 of that Regulation should not apply to complementary payments to farmers following natural disasters, adverse climatic events or catastrophic events under the direct payments referred to in Article 41a of that Regulation.
- (14) Natural disasters, adverse climatic events and catastrophic events are increasing in their frequency, intensity and duration and are having significant impact on the agricultural sector in the Union. Regulation (EU) 2021/2115 already provides a set of tools for farmers to build up resilience and respond to crisis. The scale of events and their sudden and extraordinary nature call however for expanding instruments available for Member States. Hence, it is appropriate to provide for complementary crisis payments to farmers and to include them as a new type of intervention in the form of direct payments in Article 16 of that Regulation.
- (15) Article 19 of Regulation (EU) 2021/2115 allows Member States to retain up to 3 % of the direct payments to be paid to a farmer to support the farmers' contribution to a risk management tool. A Member State deciding to make use of this option, had to apply it to all beneficiaries of direct payments in a given year. Experience shows that only very few Member States make use of this option. Discussions with the Member States have shown that an obstacle to the implementation of this provision is the lack of risk management tools, either set up by Member States or available through private insurance, available for all farmers receiving direct payments. In order to increase the uptake and use of the possibility provided for in Article 19 of that Regulation, it is necessary to make its implementation more flexible and to adapt it to the existing management tools in Member States. As a result of this amendment, Member States should be able to retain up to 3% of direct payments to be paid to those farmers only for whom risk management schemes exist in a given year. Member States where risk management schemes would exist for all direct payments beneficiaries should be able to continue retaining up to 3% of the direct payments of all such beneficiaries.

- (16) The simplified payment scheme designed by Member States for small farmers under Article 28 of Regulation (EU) 2021/2115 reduces the complexity of the application process for income support, both for small farmers and for administrations. In order to enhance its attractiveness and encourage a larger number of small farmers to benefit from that scheme, the maximum amount that can be received under that scheme should be increased. In order to foster the participation of small farmers who benefit from the payments referred to in Article 28 of Regulation (EU) 2021/2115 in the eco-schemes referred to in Article 31 of that Regulation, Member States should have the possibility to exclude payments received by those farmers under eco-schemes from the maximum amount of payment referred to in Article 28 of that Regulation.
- (17) Where a Member State decides pursuant to Article 28, second subparagraph, of Regulation (EU) 2021/2115 that the payment to small farmers referred to in Article 28, first subparagraph of that Regulation, is not to replace support for eco-schemes established in accordance with Article 31 of that Regulation, the eco-schemes should continue to comply with all requirements laid down in Article 31(5) of that Regulation. This principle should also be respected as regards interventions under Article 70 of that Regulation in respect of farmers receiving payments referred to in Article 28 of that Regulation. In order to ensure compliance with the general principle that payments are only provided for commitments going beyond the conditionality requirements, and to safeguard the ambition of the interventions, which form part of the environmental and climate architecture of the CAP, farmers receiving payments referred to in Article 28 of Regulation (EU) 2021/2115 should only receive payments under eco-schemes referred to in Article 31 of that Regulation or payments under interventions referred to in Article 70 of that Regulation if they comply with the conditions laid down in Article 31(5), first subparagraph, point (a) of that Regulation or the conditions laid down in Article 70(3), first subparagraph, point (a) of that Regulation, respectively.
- (18) To ensure that when Member States increase the delivery of environmental, climate, animal welfare and anti-microbial resistance objectives, by maintaining or adopting national legislation which goes beyond the corresponding minimum requirements laid down in Union law, the impact of such requirements on the financial and economic situation of the farmers concerned may be kept limited, Article 31(5) of Regulation (EU) 2021/2115 needs to be amended to allow Member States to grant support for commitments contributing to compliance with mandatory requirements imposed by national law going beyond the minimum requirements laid down in Union law, irrespective whether they have been newly imposed or were existing already. Furthermore, lifting the limitation of the period during which support may be granted for commitments under eco-schemes should simplify the management of the eco-schemes for Member States, as it should reduce the need for modifications of eco-schemes in the CAP Strategic Plans during this programming period due to changes of such national legislation or due to the expiry of the 24 months period during which support may be granted for commitments contributing to compliance with such national legislation.
- (19) GAEC standard 2, listed in Annex III to Regulation (EU) 2021/2115, aims to protect carbon-rich soils. Experience has shown that the requirements set out in the CAP Strategic Plans under the GAEC standard 2 have created challenges for farmers and Member States, particularly as regards the economic viability of the farmers concerned while guaranteeing the protection of carbon-rich soils. Compliance with certain requirements established under GAEC standard 2, such as those involving production

limitation may be costly for farmers and significantly limit their capacity to change or adjust the use of their land. Besides, GAEC standard 2 impacts farmers in some Member States more than in others due to the varying proportions of wetlands and peatlands within their territories. While maintaining the existing requirements under GAEC standard 2, where appropriate, set out consistently with mandatory national requirements, as introduced by this Regulation, it should be possible to compensate farmers for the compliance with the obligations resulting from this standard. It should therefore be possible for Member States to exclude GAEC standard 2 from the requirement laid down in Article 31(5), point (a), of Regulation (EU) 2021/2115. This should enable Member States to provide in their CAP Strategic Plans support under the eco-schemes referred to in Article 31 of that Regulation in order for active farmers concerned by GAEC standard 2, to meet the requirements of that standard while maintaining a high level of protection of wetlands and peatlands, in particular the carbon sequestration potential of these areas.

- (20) In order to enable support for organic farming methods for livestock as a part of the eco-schemes referred to in Article 31 of Regulation (EU) 2021/2115, it should be possible for Member States to decide that support granted to commitments related to the conversion or maintenance of organic farming practices and methods in accordance with Regulation (EU) 2018/848 may take the form of an annual payment for livestock units. It should also be clarified that support for commitments improving farming practices related to apiculture may be granted in the form of annual payment for beehives as this will simplify the calculation of payments for those commitments. To ensure coherence of the definitions used in the CAP Strategic Plans, the notion of beehive for the purposes of granting support under eco-schemes referred to in Article 31 of Regulation (EU) 2021/2115 should be the notion of beehive defined by the Commission on the basis of Article 56, point (b), of that Regulation.
- (21) In the first years of implementation of the CAP Strategic Plans, natural disasters, adverse climatic events or other catastrophic events have impacted many farmers' production around the Union. That trend is expected to continue in the future. It should therefore be possible for Member States to offer crisis payments in the form of increased direct income support to enable the most affected farmers to be compensated rapidly. To maintain the incentive for farmers to insure their production, Member States should set a higher rate of compensation for those farmers, who are covered by an insurance scheme or other risk management tool. To increase the funds to be mobilised in support of farmers, Member States should be allowed to co-finance those crisis payments with additional national financing of up to 200 %. However Member States should ensure that the total compensation received by the farmer accumulated with other forms of Union or nationally funded support (including additional national financing), private insurance or other risk management schemes does not lead to overcompensation or double-funding.
- (22) Article 48 of Regulation (EU) 2021/2115 should be amended to delete the reference to annual performance clearance, in view of the removal of that procedure from Regulation (EU) 2021/2116 by this Regulation.
- (23) Producer organisations and associations of producer organisations in the fruit and vegetables sector play an important role in reinforcing the position of farmers in the supply chain. Support from the CAP to those organisations is of critical importance to address specific issues and sectoral objectives or to reward beneficial practices. It is therefore appropriate to allow producer organisations and associations of producer organisations implementing in their operational programmes one or more sectoral

interventions linked to any of the objectives referred to in Article 46, points (d), (e), (f), (h), (i) or (j), of Regulation (EU) 2021/2115 to benefit from the increased limit for Union financial assistance referred to in Article 52(2) of that Regulation, provided that the amount in excess of the limits laid down in Article 52(2), first subparagraph, of that Regulation is spent solely to finance these sectoral interventions.

- (24) Article 69 of Regulation (EU) 2021/2115 should be amended to align the title of the type of intervention for rural development referred to in point (e) of that Article with the amendments of Article 75 of that Regulation and to include the title of the new type of intervention referred to in Article 78a of that Regulation.
- (25) To ensure that when Member States increase the delivery of environmental, climate, animal welfare and anti-microbial resistance objectives, by maintaining or adopting national legislation which goes beyond the corresponding minimum requirements laid down in Union law, the impact of such requirements on the financial and economic situation of the farmers concerned may be kept limited, Article 70(3) of Regulation (EU) 2021/2115 needs to be amended to allow Member States to grant support for commitments contributing to compliance with mandatory requirements imposed by national law going beyond the minimum requirements laid down in Union law, irrespective whether they have been newly imposed or were existing already. Furthermore, lifting the limitation of the period during which support may be granted for agri-environment-climate commitments should simplify the management of those commitments for Member States, as it should reduce the need for modifications of those interventions in the CAP Strategic Plans during this programming period due to changes of such national legislation or due to the expiry of the 24 months period during which support may be granted for commitments contributing to compliance with such national legislation.
- (26) Experience has shown that the requirements set out in the CAP Strategic Plans under the GAEC standard 2 have created significant challenges for farmers and Member States, particularly as regards the economic viability of the farmers concerned while guaranteeing the protection of carbon-rich soils. Compliance with certain requirements established under GAEC standard 2, such as those involving production limitation may be costly for farmers and significantly limit their capacity to change or adjust the use of their land. Besides, GAEC standard 2 impacts farmers in some Member States more than in others due to the varying proportions of wetlands and peatlands within their territories. While maintaining the existing requirements under GAEC standard 2, where appropriate, set out consistently with mandatory national requirements, as introduced by this Regulation, it should be possible to compensate farmers for the compliance with the obligations resulting from this standard. It should therefore be possible for Member States to exclude GAEC standard 2 from the requirement laid down in Article 70(3), point (a), of Regulation (EU) 2021/2115 for interventions based on Article 70 of that Regulation. This should enable Member States to provide in their CAP Strategic Plans support under interventions referred to in Article 70 of that Regulation, in order for farmers and other beneficiaries concerned by GAEC standard 2, to meet the requirements of the standard while maintaining a high level of protection of wetlands and peatlands, in particular the carbon sequestration potential of these areas.
- (27) Pursuant to Article 70(8) of Regulation (EU) 2021/2115, Member States are to establish payments for agri-environment-climate commitments as well as commitments to convert to or maintain organic farming only as payments per hectare. In order to ensure consistency with support under the eco-schemes referred to in

Article 31 of that Regulation, it should be possible for Member States, in duly justified cases, to grant support for such commitments in the form of a payment per livestock unit. In order to facilitate activities beneficial for the environment in the case of beekeeping, it should be possible to grant support for agri-environment-climate commitments or commitments to convert to or maintain organic farming in the form of a payment per beehive. To ensure coherence of the definitions used in the CAP Strategic Plans, the notion of beehive for the purposes of granting support for these commitments should be the notion of beehive defined by the Commission on the basis of Article 56, point (b), of Regulation (EU) 2021/2115.

- (28) Article 72(5) of Regulation (EU) 2021/2115 lays down rules concerning the calculation of additional costs and income foregone to grant payments for area-specific disadvantages resulting from certain mandatory requirements that go beyond the relevant GAEC standards. It does not grant payments for area-specific disadvantages resulting from the relevant GAEC standards. However, compliance with certain requirements established under GAEC standard 2 may be costly for farmers as they involve production limitations due to significant land use restrictions. In order to integrate in the principles of calculation of payments for area-specific disadvantages resulting from certain mandatory requirements costs related to the respect of GAEC standard 2, it should be possible for Member States to include in that calculation disadvantages resulting from the requirements of GAEC standard 2.
- (29) To ensure that farmers have more time and flexibility to adjust to new Union legislation in an increasingly challenging context of geopolitical tensions, structural challenges and economic difficulties related, among others, to high energy and input prices, Article 73(5) of Regulation (EU) 2021/2115 should be amended to extend the period during which support may be granted for investments contributing to compliance with new requirements imposed by Union law from 24 months to 36 months from the date on which these new requirements become mandatory for the holding.
- (30) The Union's farming sector faces demographic difficulties, with an ageing workforce. While attracting young farmers is key to ensuring a sustainable future for agriculture, the creation and development of new economic activity in the agricultural sector by young farmers is financially challenging. In order to further facilitate their setting up for the first time, the period of eligibility for investments to comply with new Union standards should be extended for young farmers.
- (31) To strengthen the competitiveness and sustainability of the Union food system, significant investments and development of businesses are needed. Especially, the development of small farms, which are facing particular challenges and are potentially economically viable, should be encouraged. At the same time, there is a need to simplify the implementation of support for small farms to minimise the administrative burden. To address these needs, it is appropriate to amend Article 75 of Regulation (EU) 2021/2115 to include the business development of small farms among the interventions that Member States may support and to provide for a lump sum support of EUR 50 000 for that intervention. For reasons of consistency, Member States should define small farms in the same way for the purposes of investments pursuant to Article 73(4), point (b) of that Regulation and for the purposes of business development pursuant to Article 75 of that Regulation.
- (32) Risk management interventions are very useful in making farmers more resilient and hence should be encouraged. However, experience has shown that current rules are too

rigid to use this type of intervention to its full potential. In particular, it appears that the current formula for the calculation of losses is not adapted to the specific situation of certain beneficiaries, such as young farmers, areas with permanent crops or other justified cases for which the calculation formula of losses is not appropriate. To increase the use and uptake of risk management tools under Article 76 of Regulation (EU) 2021/2115, Member States should have more flexibility for calculating the losses for such beneficiaries or crops, to take into account their specific situations.

- (33) In order to efficiently support farmers whose production was damaged by natural disasters, adverse climatic events or other catastrophic events, Member States should be able to plan crisis payments not only through direct income support interventions, but also through rural development interventions. Such types of support should offer Member States sufficient flexibility in planning the interventions. However, Member States should ensure consistency between these interventions. Accordingly, provisions regarding the targeting of support and the incentive effect should be the same. In order to ensure sound financial management of the Union funds, Member States should ensure that the total compensation received by the farmer accumulated with other forms of Union or nationally funded support (including additional national financing), private insurance or other risk management schemes does not lead to overcompensation or double-funding.
- (34) Article 79(1) of Regulation (EU) 2021/2115 lays down the rules concerning the setting out by managing authorities of selection criteria for interventions relating to certain types of intervention. The list of types of intervention for which Member States are to use selection criteria should be amended to take into account the amendments to the types of intervention referred to in Article 75 of that Regulation.
- (35) Article 80 of Regulation (EU) 2021/2015 lays down the rules and principles for implementation of financial instruments in the CAP. Article 80(2) of that Regulation ensures consistency with the provisions of Regulation (EU) 2021/1060 of the European Parliament and of the Council<sup>25</sup> concerning financial instruments. To further strengthen the synergy in the implementation and control between CAP financial instruments and the other financial instruments governed by Regulation (EU) 2021/1060, Article 80 of Regulation (EU) 2021/2115 should be amended to ensure that the requirements regarding the audit trail for financial instruments are the same in Regulation (EU) 2021/2115 and in Regulation (EU) 2021/1060.
- (36) Article 80(3) of Regulation (EU) 2021/2115 sets out the maximum applicable gross grant equivalent ceiling when financial instruments support activities falling within the scope of Article 42 of the Treaty. To ensure alignment with the newly introduced changes in the general State aid regime under Article 3(2) of Commission Regulation (EU) 2023/2831<sup>26</sup>, the ceiling needs to be increased accordingly. Furthermore, the reference period should be changed from 'fiscal' years to 'years' to align with Article

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<sup>25</sup> Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (OJ L 231, 30.6.2021, p. 159, ELI: <http://data.europa.eu/eli/reg/2021/1060/oj>).

<sup>26</sup> Commission Regulation (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ L, 2023/2831, 15.12.2023, ELI: <http://data.europa.eu/eli/reg/2023/2831/oj>).

3(2) of that Commission Regulation. As regards support for working capital for activities outside the scope of Article 42 TFEU, general state aid rules continue to apply.

- (37) Article 80(5) of Regulation (EU) 2021/2115 defines the eligibility of expenditure when support is provided through financial instruments. To ensure clarity and equal treatment under all financial instruments governed by Regulation (EU) 2021/1060, Article 80(5) of Regulation (EU) 2021/2115 should be amended to set out the eligibility rules with regard to the value-added tax ('VAT').
- (38) Article 81 of Regulation (EU) 2021/2015 lays down the rules and conditions for transfers by Member States of EAFRD allocations to InvestEU Programme established by Regulation (EU) 2021/523 of the European Parliament and of the Council<sup>27</sup>. To ensure full uptake of newly introduced possibilities under Article 10a(4) of Regulation (EU) 2021/523, Article 81 of Regulation (EU) 2021/2115 should be amended..
- (39) Article 83 of Regulation (EU) 2021/2115 lays down the rules for calculating and applying simplified cost options. To simplify and boost the implementation of investments and other rural development interventions and to increase the use of simplified cost options, it should be possible to use the calculation methods established under Regulation (EU) 2021/1060 without the need to provide further justification.
- (40) Article 86(2) and (3) of Regulation (EU) 2021/2115 lays down rules on the eligibility of expenditure resulting from amendments of CAP Strategic Plans for contribution from the EAGF and the EAFRD, respectively. To simplify the rules on eligibility of expenditure, to improve synergies between the EAGF and the EAFRD and to increase the flexibility for the Member States to determine the dates of effect of the EAGF-related amendments of CAP Strategic Plans, it is appropriate to allow the eligibility of expenditure resulting from an approved strategic amendment of a CAP Strategic Plan for EAGF contribution from the date of effect of the amendment set by the Member State concerned in accordance with Article 119(8) of that Regulation, but not earlier than from the date of submission to the Commission of the request for amendment. For other amendments of CAP Strategic Plans related to the EAGF, the expenditure should be eligible for contribution from the EAGF from the date of notification of the amendment to the Commission, as laid down in Article 119(9) of Regulation (EU) 2021/2115, as amended by this Regulation. To ensure coherence between the rules concerning eligibility for contribution from the EAGF and EAFRD in cases of emergency measures due to natural disasters, catastrophic events or adverse climatic events, it should be possible to establish in CAP Strategic Plans that the eligibility of EAGF-financed expenditure relating to amendments to CAP Strategic Plans related to complementary crisis payments to farmers under direct payments referred to in Article 41a of that Regulation, may start from the date on which the event occurred.
- (41) For the purpose of ensuring adequate financing for the new types of intervention for crisis payments to farmers following natural disasters, adverse climatic events or catastrophic events referred to in Articles 41a and 78a of Regulation (EU) 2021/2115, Member States should be able to reserve a certain share of both direct payments and

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<sup>27</sup> Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017 (OJ L 107, 26.3.2021, p. 30, ELI: <http://data.europa.eu/eli/reg/2021/523/oj>).

EAFRD funding for these types of intervention. However, with a view of ensuring that sufficient financing remains available to deliver on the other CAP priorities, this share should be limited to a maximum annual amount available per Member State corresponding to 3 % of the total of direct payments and EAFRD funding per year. In order to incite Member States to privilege the use of the instrument set out in Article 41a of that Regulation and financed with direct payments funding, the maximum annual amount that can be reserved by a Member State for this type of intervention should correspond to 4 % of the total of direct payments and EAFRD funding per year, if the Member State decides not to provide support for crisis payments under Article 78a of that Regulation.

- (42) Due to their special nature, the new types of intervention for crisis payments to farmers under direct payments referred to in Article 41a of Regulation (EU) 2021/2115 and under rural development referred to in Article 78a of that Regulation should be exempt from the obligation to contribute to the result indicators listed in Annex I to that Regulation.
- (43) Additional national financing for complementary crisis payments to farmers provided in accordance with Article 41a of Regulation (EU) 2021/2115 should be included in Annex V to the CAP Strategic Plan of the Member State.
- (44) Article 119(4) of Regulation (EU) 2021/2115 provides for the approval by the Commission of requests for amendments of CAP Strategic Plans submitted by Member States. Article 119(9) of that Regulation enables Member States to make and apply modifications of CAP Strategic plans related to the interventions referred to in Title III, Chapter IV, of that Regulation, which are approved by the Commission together with the next request for amendment. Experience has shown that the amendments of CAP Strategic Plans often contain numerous technical elements that render them complex, onerous for Member States, and result in delays in the approval procedures although the strategic orientation of the Plans remain unchanged. This interferes with timely and effective adaptation of CAP Strategic Plans to changing economic reality and needs of farmers and other beneficiaries in Member States and negatively impacts the implementation of those Plans. To simplify and improve the efficiency of amendment procedures, in particular regarding elements of the CAP Strategic Plans that are not of strategic nature, approval by the Commission should be required only for strategic amendments of CAP Strategic Plans. For this purpose, strategic amendments should be defined in Regulation (EU) 2021/2115 as amendments of important elements of the CAP Strategic Plans that significantly impact the strategy and intervention logic of those plans, including transfers of financial allocations between the EAFRD and the EAGF, maximum and minimum financial allocations, and changes to target and financial plans. Member States should be able to make and apply all other amendments to their CAP Strategic Plans upon notifying them to the Commission, and these other amendments should not be subject to Commission approval.
- (45) To ensure compatibility of the CAP Strategic Plans with the Union CAP legal framework, the Commission should have the power to object to notified amendments where it considers that those amendments are not compatible with Regulation (EU) 2021/2115, Regulation (EU) 2021/2116 or the delegated and implementing acts adopted pursuant to them. To ensure legal certainty for farmers and other beneficiaries, the Member States should upon receipt of an objection to a notified amendment not apply that amendment and remove such amendment from the amended CAP Strategic Plan submitted to the Commission. Expenditure related to such

amendments should also not be eligible for a contribution from the EAFG or the EAFRD, respectively. The experience shows that Member States may notify complex and numerous amendments to their CAP Strategic Plans. The Commission should therefore have a reasonable period of time to assess the notified amendments and to make objections to the Member States, where necessary. Member States should have the possibility to submit amendments to which Commission made objections for approval as a part of a request for strategic amendment referred to in Article 119(2) of Regulation (EU) 2021/2115, as amended by this Regulation, to ensure that those amendments only take legal effect if they comply with Regulation (EU) 2021/2115 and Regulation (EU) 2021/2116, as well as delegated and implementing acts based on them.

- (46) Article 119(8), third subparagraph, of Regulation (EU) 2021/2115 provides that Member States are to determine a date of effect for amendments of CAP Strategic Plans related to the EAGF for a date that is later than the date of approval of the request for amendment by the Commission. To increase the flexibility for the Member States in setting the dates of effect for EAGF-related strategic amendments of CAP Strategic Plans and to increase synergies between the rules applicable to EAGF-related strategic amendments of CAP Strategic Plans and EAFRD-related amendments of CAP Strategic Plans, it should be possible for Member States to set the date of effect of strategic amendments of CAP Strategic Plans between the date of the submission to the Commission of the request for approval of strategic amendment referred to in Article 119(2) of Regulation (EU) 2021/2115, as amended by this Regulation, and the date of approval of the request for amendment by the Commission.
- (47) Article 120 of Regulation (EU) 2021/2115 ensures that the CAP Strategic Plans are updated to reflect amendments made to the legislative acts listed in Annex XIII to that Regulation concerning the environment and climate to which the CAP Strategic Plans should contribute to and be consistent with. For that purpose, Member States are to assess whether their CAP Strategic Plans should be amended, and where necessary are to submit a request for amendment, where any of the legislative acts is modified. In order to avoid unnecessary administrative processes in the late phase of implementation of CAP Strategic Plans Article 120 of Regulation (EU) 2021/2115 should be deleted.
- (48) Article 122 of Regulation (EU) 2021/2115 should be adjusted to reflect the amendments of Article 119 of that Regulation, introduced by this Regulation.
- (49) Article 124(4) of Regulation (EU) 2021/2115 should be amended to enable the Monitoring Committee to give its opinion on the date of effect of all EAGF-related amendments to ensure that farmers and beneficiaries have sufficient time to take the proposed amendments into account.
- (50) Article 134 of Regulation (EU) 2021/2115 sets out requirements on the content and procedure for annual performance reports, which are a basis for annual performance clearance referred to in Article 54 of Regulation (EU) 2021/2116. In view of the removal of the annual performance clearance procedure by this Regulation, these requirements should be modified to delete information required solely for the purposes of that procedure, such as information on realised unit amounts and justifications to be provided by Member States where the realised unit amounts exceed the corresponding planned unit amounts set out in the CAP Strategic Plans.
- (51) Article 134(7) of Regulation (EU) 2021/2115 needs to be clarified to strengthen the link between the annual performance report and the biennial performance review

referred to in Article 135 of that Regulation, as regards the inclusion in the annual performance report of justifications for shortfalls from milestones for the purposes of biennial performance review.

- (52) Pursuant to Article 134(13) of Regulation (EU) 2021/2115, the Commission may make observations on an admissible annual performance report within one month from its submission. Experience has shown that the assessment of admissibility of the annual performance report pursuant to Article 134(3) of that Regulation and a comprehensive assessment of the submitted annual performance report cannot be carried out in parallel with one another. It is therefore necessary to modify the date from which the time limit for sending observations, referred to in Article 134(13) of that Regulation, is calculated, to the date on which the annual performance report becomes admissible, in accordance with Article 134(3) of that Regulation.
- (53) Additional national financing for complementary crisis payments to farmers provided in accordance with Article 41a of Regulation (EU) 2021/2115 should be subject to the same rules as additional national financing under rural development.
- (54) Pursuant to Article 159 of Regulation (EU) 2021/2115 the Commission is to review the list of legislative acts in Annex XIII to that Regulation and make legislative proposals to add additional legislative acts to that Annex. In view of the deletion of Article 120 of that Regulation, Article 159 of that Regulation should be deleted to ensure coherence, stability and to avoid disrupting the implementation of CAP Strategic Plans by national authorities, farmers and other beneficiaries.
- (55) Annex I to Regulation (EU) 2021/2115 sets out impact, result and output indicators pursuant to Article 7 of that Regulation. The table ‘Annual performance clearance – OUTPUT’ in Annex I to that Regulation should be replaced to introduce output indicators linked with the newly introduced types of intervention and the amended types of intervention and to take into account the deletion by this Regulation of the annual performance clearance provided for in Article 54 of Regulation (EU) 2021/2116.
- (56) Annex II to Regulation (EU) 2021/2115 lists the relevant paragraphs of Annex 2 to the WTO Agreement on Agriculture (‘Green Box’) for each type of intervention of that Regulation. The newly introduced types of intervention for crisis payments to farmers under direct payments referred to in Article 41a of Regulation (EU) 2021/2115 and for rural development referred to in Article 78a of that Regulation should therefore be included in that Annex.
- (57) GAEC standard 1, listed in Annex III to Regulation (EU) 2021/2115, aims to maintain permanent grasslands to preserve carbon stock based on a ratio of permanent grassland in relation to agricultural area at national, regional, subregional, group-of-holdings or holding level in comparison to the reference year 2018, with a maximum decrease of 5 % compared to the reference year. Structural changes to farms that may occur during the programming period 2023-2027, in particular in the livestock sector. These changes may be accompanied by rapid changes in land use at the farm level, in particular to mitigate the impacts of climate change on feed and fodder availability, which may however only show in the available data with a delay. Such evolution of structural changes to farms may lead to variations in the annual ratio of permanent grasslands compared to the reference year 2018. In view of these variations and with a view to facilitating the implementation of GAEC standard 1, the maximum percentage of the decrease of the ratio of permanent grassland compared to the reference year 2018 should be increased to 10 %, to enable the Member States to take into account

the developments during the programming period 2023-2027 and needs of farms, in particular in the livestock sector.

- (58) GAEC standard 4, listed in Annex III to Regulation (EU) 2021/2115, aims to protect river courses against pollution and run-off by the establishment of buffer strips along water courses. Experience has shown that Member States should have the possibility to align the definition of 'water course' for the purposes of this GAEC standard with the definition of water course established by Member States in national legislation, including national legislation implementing the Union legislation, which is part of SMR listed in Annex III to that Regulation. The definition of water course used by the Member States for the purposes of GAEC standard 4 should however be in line with the main objective of that GAEC standard, in particular to reduce the risk of excluding smaller water courses, that could carry pollution downstream, from the scope of that GAEC standard.
- (59) Enhancing interoperability, including seamless exchange of data, between public agricultural information systems offers a range of operational, statistical, and policy-related benefits, such as reduced data collection burden and improved efficiency, automated data integration and validation, improved data accuracy and reliability, enhanced policy monitoring and more effective collaboration within Member States. However, the absence of a coordinated structure at Member State level, as well as the differences observed in the progress of digital transition among Member States inhibit the effective implementation of interoperability and its benefits. In line with the Commission Communication 'A Vision for Agriculture and Food', which underlines the 'collect once, use multiple times' principle, Member States should ensure that data is collected only once by the authorities responsible for the implementation, monitoring and evaluation of the CAP and re-used, without asking the farmers several times to provide the same data.
- (60) To achieve and maintain interoperability between information systems used for the implementation, monitoring and evaluation of the CAP, and seamless exchange of data between those information systems for the benefit of farmers and other CAP beneficiaries and the administration, and potentially the wider economy, and in consideration of the European Strategy of Data<sup>28</sup> and other relevant EU and national initiatives, such as the Common European Agricultural Data Space and the Interoperable Europe Act<sup>29</sup>, each Member State should designate one authority responsible for drawing up and implementing a roadmap containing measures and actions. For that purpose, the designated authority should, where relevant, collaborate with other national authorities and Union institutions and bodies. To ensure a timely and appropriate follow-up by the Commission, the Member States should submit to the Commission their Roadmaps. The Commission should have the possibility to make observations on the Roadmaps submitted by Member States with the view to ensuring coherence and enhancement of interoperability between public agricultural information systems. A non-harmonized approach on digital identifiers or data sharing mechanisms hampers progress on interoperability. For that purpose, Member States

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<sup>28</sup> COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS A European strategy for data, COM/2020/66 final.

<sup>29</sup> Regulation (EU) 2024/903 of the European Parliament and of the Council of 13 March 2024 laying down measures for a high level of public sector interoperability across the Union (Interoperable Europe Act) (OJ L, 2024/903, 22.3.2024, ELI: <http://data.europa.eu/eli/reg/2024/903/oj>)

should consider the establishment of a single digital identity framework and alignment with Regulation (EU) No 910/2014 of the European Parliament and of the Council<sup>30</sup>, including as regards the European Digital Identity Wallet for natural and legal persons. The Member States should establish and implement the Roadmap based on their specific situation and needs and should ensure that it contains the measures needed to achieve and maintain interoperability between public agricultural information systems as well as timeline within which these measures would be implemented. The designation of the Authority as well as the drawing-up and implementation of the Roadmap should not be considered as basic Union requirements, referred to in Article 2, point (c), of Regulation (EU) 2021/2116.

- (61) Experience with the implementation of the agricultural reserve has shown that it is valuable in case of crisis in order to offer support to farmers affected and to contribute to the return of markets to a better balance. However, in the past years it was increasingly used for alleviating the situation of the farmers suffering direct losses due to natural disasters, adverse climatic events or catastrophic events although its intended original purpose as financing market instrument was to focus on compensating and mitigating the impacts of market disturbances. In view of the mounting challenges faced by the Union agricultural sector, including trade tensions, geopolitical uncertainty and increased indirect impact of animal health issues on market balance, it appears justified to refocus the reserve on its original purpose. Compensations to farmers for direct effects of natural disasters, adverse climate events or catastrophic events, such as those resulting in physical losses of plants, animals and products thereof should be addressed by Member States who are in charge of developing robust risk and crisis management strategies with the financial support of their CAP Strategic Plans including the new instruments established by this Regulation. Measures to balance the negative impact on farmers generated by market disturbance such as those affecting prices, costs or sales, also when they are generated as indirect effects of natural disasters, adverse climate events or catastrophic events, should continue to be financed by the agricultural reserve.
- (62) Article 21(1) and Article 32(8) of Regulation (EU) 2021/2116 setting out rules on monthly and interim payments, respectively, should be amended to take into account the deletion by this Regulation of the annual performance clearance provided for in Article 54 of that Regulation. Moreover, Article 21(2) of Regulation (EU) 2021/2116 should be also amended in order to ensure that, following the amendments introduced by this Regulation in Article 86(2) and Article 119(8) of Regulation (EU) 2021/2115, expenditure that becomes eligible for EAGF contribution from a date of effect, which precedes the approval of the amendment by the Commission but follows the date of submission to the Commission of the request for amendment, is declared to the Commission only after the approval of the amendment by the Commission in accordance with Article 119(10) of Regulation (EU) 2021/2115. To this end, it should be possible to declare expenditure, which cannot be declared in the month concerned due to a pending approval of an amendment, in the subsequent months of the same financial year or, at the latest, in the annual accounts of that financial year to be sent to the Commission by 15 February of the year following that financial year. When

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<sup>30</sup> Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC (OJ L 257, 28.8.2014, p. 73–114, ELI: <http://data.europa.eu/eli/reg/2014/910/oj>).

determining the date of effect of an amendment and in order to ensure that any expenditure resulting from the amendment already paid to beneficiaries can be still declared within the respective financial year, Member States should take into account the time limits for the approval procedure laid down in Article 119 of Regulation (EU) 2021/2115.

- (63) Article 40 of Regulation (EU) 2021/2116 on suspension of payments in relation to the annual performance clearance needs to be amended to take into account the deletion by this Regulation of the annual performance clearance provided for in Article 54 of that Regulation.
- (64) Article 53 of Regulation (EU) 2021/2116 provides that based on the information referred to in Article 9(3), first subparagraph, points (a) and (d), of that Regulation, the Commission is to adopt implementing acts containing its decision on the clearance of the accounts of the accredited paying agencies for the expenditure referred to in Article 5(2) and Article 6 of that Regulation. Article 53 of Regulation (EU) 2021/2116 should be amended to take into account the deletion by this Regulation of the annual performance clearance provided for in Article 54 of that Regulation.
- (65) Article 54 of Regulation (EU) 2021/2116 provides that where the expenditure referred to in Article 5(2) and Article 6 of that Regulation and corresponding to the interventions referred to in Title III of Regulation (EU) 2021/2115 does not have a corresponding output as reported in the annual performance report referred to in Article 9(3) and Article 10 of Regulation (EU) 2021/2116 and in Article 134 of Regulation (EU) 2021/2115, the Commission is to adopt implementing acts prior to 15 October of the year following the relevant budgetary year determining the amounts to be reduced from Union financing ('annual performance clearance'). The experience gained from the first year of implementation of the annual performance clearance exercise, and from the preparation of the second-year exercise, shows that Member States bear a disproportionate administrative burden in the preparation and provision of the necessary information for the annual performance report as well as during the annual performance clearance. To alleviate the administrative burden on Member States, the annual performance clearance provided for in Article 54 of Regulation (EU) 2021/2116, should be abolished. The requirement that expenditure effected by paying agencies is to be matched by a corresponding output, laid down in Article 37(1), point (b)(i), of that Regulation, is covered by the conformity procedure referred to in Article 55 of that Regulation.
- (66) The requirement that expenditure is to be effected in accordance with the applicable governance systems, laid down in Article 37(1), point (b)(ii), of Regulation (EU) 2021/2116 is controlled by the paying agencies, and afterwards verified by certification bodies on an annual basis, and by the Commission in the form of reviews of the Certification Body's opinions and reports and as a part of follows up on the findings, as well as during conformity procedures referred to in Article 55 of that Regulation. These procedures provide the necessary assurance that realised outputs are achieved in compliance with Union legislation. Together with the biennial performance review referred to in Article 135 of Regulation (EU) 2021/2115, these procedures also ensure that Member States achieve the milestones and targets referred to in Article 109(1), point (a), of that Regulation, set by them as a part of their performance systems in the CAP Strategic Plans. Article 54 of Regulation (EU) 2021/2116 should therefore be deleted.

- (67) Further alignment on financial instruments between the CAP and the other policies under shared management needs to be achieved in the context of irregularities and financial corrections, when bodies implementing financial instruments demonstrate the fulfilment of a cumulative set of actions. Therefore, Article 57 of Regulation (EU) 2021/2116 needs to be amended to ensure consistency with Article 103(6) of Regulation (EU) 2021/1060.
- (68) Farmers have repeatedly reported the pressure of undergoing multiple controls throughout the year. Member States have already the possibility to group several controls in a single visit. In order to reduce the number of field visits per farm and thereby alleviating the administrative burden on beneficiaries, where possible, Member States should not select a beneficiary that has already been selected for an on-the-spot check for that year, except when the circumstances require a second control to ensure the protection of the financial interests of the Union. In addition, this reduction should not reduce the level of checks. For this purpose, Article 60(1) of Regulation (EU) 2021/2116 should be amended accordingly.
- (69) Article 67(1) of Regulation (EU) 2021/2116 should be amended to remove the reference to annual performance clearance referred to in Article 54 of that Regulation.
- (70) Based on the first years of implementation, it appears redundant to carry out on-the-spot checks on interventions that are monitored by Copernicus Sentinels satellite data or other data with at least equivalent value, entailing an unjustified burden for the Member States and farmers. Therefore, for those eligibility conditions, Member States should not be obliged to carry out on-the-spot checks, including those executed remotely with the use of technology. For this purpose, Article 72 of Regulation (EU) 2021/2116 should be amended accordingly.
- (71) The experience gained shows that the quality assessments of, respectively, the Identification System for agricultural parcels (LPIS), the Geo-Spatial Application (GSA) and the Area Monitoring System (AMS) should be merged. Since the systems are intrinsically linked, assessing the quality of one system without considering the impact on the others is challenging. Moreover, by merging these quality assessments, Member States administrations would benefit from a reduced workload related to the inspection procedures and the reporting obligations. Additionally, when needed, Member States would have the advantage of proposing a single remedial action encompassing all three systems (LPIS, GSA and AMS), rather than implementing separate actions, increasing their efficiency. For this purpose, a new Article should be introduced in Regulation (EU) 2021/2116 and the relevant references should be amended accordingly.
- (72) Experience gained in the application of the conditionality control system, including through conformity procedures, has shown that certain conditions are unnecessarily rigid and place an undue burden on Member States, without necessarily enhancing the protection of Union funds. To streamline the control system and reduce administrative burden while maintaining its effectiveness in verifying compliance with conditionality requirements, Member States should be granted greater flexibility in designing their control systems. To this end, the requirement for a yearly review of the control system should be removed and the factors to be considered in the risk analysis should be left to the discretion of Member States.

- (73) Regulation (EU) 2024/1468 of the European Parliament and of the Council<sup>31</sup> amended Articles 83 and 84 of Regulation (EU) 2021/2216 to lessen the burden on small farmers and national administrations related to conditionality controls and penalties. Specifically, it exempts farmers with a maximum size of holding not exceeding 10 hectares of agricultural area declared in accordance with Article 69(1) of Regulation (EU) 2021/2116 from conditionality controls and from the application of administrative penalties for non-compliance with conditionality requirements. However, the geo-spatial application referred to in Article 69(1) of Regulation (EU) 2021/2116 includes areas other than agricultural area and there are technical constraints to calculate the agricultural areas, given that some of the elements and landscape features may not be measured and may vary in size over time. Therefore, the exemptions should be based on the area eligible for the payments and the support relevant for conditionality.
- (74) Furthermore, small beneficiaries other than farmers, such as land managers, may not benefit from the exemptions from conditionality controls and penalties. However, the administrative burden linked to the controls and the application of penalties for those conditionality requirements provided for in Regulation (EU) 2021/2116 can also be disproportionately high for those beneficiaries. Likewise, since the area managed by those beneficiaries is limited and penalties are in general low for small beneficiaries, the application of penalties could also lead to disproportionate burden for Member States' administrations. Therefore, small beneficiaries other than farmers should also be exempted from conditionality controls and from the application of administrative penalties for conditionality requirements. Nevertheless, it is important for the CAP to continue to contribute to the environmental objectives set out in Article 6(1), points (d), (e) and (f), of Regulation (EU) 2021/2115 through conditionality requirements and to ensure the stability of those requirements as the common baseline for Member States and beneficiaries. Therefore, the conditionality requirements should continue to apply to all beneficiaries listed in Article 83(1) of Regulation (EU) 2021/2116.
- (75) Articles 102 and 103 of Regulation (EU) 2021/2116 laying down rules concerning exercise of delegation of power to adopt delegated acts and the committee procedure should be amended to take account of amendments of other provisions of Regulation (EU) 2021/2116 introduced by this Regulation, in particular the deletion of Article 54 of that Regulation.
- (76) To ensure coherence among the various provisions of Regulation (EU) 2021/2116, that Regulation should be amended to remove references to annual performance clearance procedure, in particular to Article 54 and Article 40(1) of that Regulation.
- (77) Regulations (EU) 2021/2115 and (EU) 2021/2116 should therefore be amended accordingly.
- (78) Transitional provisions should be laid down in connection with amendments to Article 119 of Regulation (EU) 2021/2115, introduced by this Regulation, to ensure that requests for amendment and notifications of modifications of CAP Strategic Plans submitted by Member States to the Commission before the entry into force of this

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<sup>31</sup> Regulation (EU) 2024/1468 of the European Parliament and of the Council of 14 May 2024 amending Regulations (EU) 2021/2115 and (EU) 2021/2116 as regards good agricultural and environmental condition standards, schemes for climate, environment and animal welfare, amendment of the CAP Strategic Plans, review of the CAP Strategic Plans and exemptions from controls and penalties (OJ L, 2024/1468, 24.5.2024, ELI: <http://data.europa.eu/eli/reg/2024/1468/oj>).

Regulation are approved using the procedures applicable at the time of submission of those requests for amendment or notifications.

- (79) In order to ensure a smooth implementation of the measures introduced by this Regulation and as a matter of urgency in order to reduce the administrative burden for Member States authorities involved in the preparation of the annual performance report for financial year 2025, this Regulation should enter into force on the day following that of its publication in the *Official Journal of the European Union*.
- (80) Given that funds have already been allocated from the 2025 agricultural reserve for sectors affected by adverse climatic events and natural disasters as provided for in Commission Implementing Regulation (EU) 2025/441<sup>32</sup>, Article 2, point (5) of this Regulation should apply from the agricultural financial year 2026, i.e. from 16 October 2025 only.
- (81) The European Data Protection Supervisor was consulted in accordance with Article 42(1) of Regulation (EU) 2018/1725<sup>33</sup> of the European Parliament and the Council and delivered an opinion on [...]

HAVE ADOPTED THIS REGULATION:

### *Article 1*

#### *Amendments to Regulation (EU) 2021/2115*

Regulation (EU) 2021/2115 is amended as follows:

- (1) Article 4(3), the first subparagraph is replaced by the following:

‘permanent grassland and permanent pasture’ (together referred to as ‘permanent grassland’) shall be land that is used to grow grasses or other herbaceous forage naturally (self-seeded) or through cultivation (sown) and that has not been included in the crop rotation of the holding for five years or more or, where Member States so decide, for seven years or more and, where Member States so decide, that has not been ploughed up, or tilled, or reseeded with different types of grass or other herbaceous forage, for five years or more or for seven years or more. It may include other species, such as shrubs or trees, which can be grazed and, where Member States so decide, other species such as shrubs or trees which produce animal feed, provided that the grasses and other herbaceous forage remain predominant.’;

- (2) in Article 10, the second subparagraph is replaced by the following:

‘In particular, the basic income support for sustainability, the complementary redistributive income support for sustainability, the complementary income support for young farmers, and the schemes for the climate, the environment and animal welfare, and the crisis payments to farmers following natural disasters, adverse climatic events or catastrophic events under direct

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<sup>32</sup> Commission Implementing Regulation (EU) 2025/441 of 6 March 2025 providing for emergency financial support for the agricultural sectors affected by adverse climatic events and natural disasters in Spain, Croatia, Cyprus, Latvia and Hungary, in accordance with Regulation (EU) No 1308/2013 of the European Parliament and of the Council

<sup>33</sup> Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39–98), ELI: <http://data.europa.eu/eli/reg/2018/1725/oj>.

payments and under rural development shall qualify under the criteria of the paragraphs of Annex 2 to the WTO Agreement on Agriculture listed in Annex II to this Regulation for those interventions. For other interventions, the paragraphs of Annex 2 to the WTO Agreement on Agriculture listed in Annex II to this Regulation are indicative and those interventions may instead comply with a paragraph of Annex 2 to the WTO Agreement on Agriculture not listed in Annex II to this Regulation if that is specified and explained in the CAP Strategic Plan.’;

(3) Article 11 is amended as follows:

(a) paragraph 4 is replaced by the following:

‘4. If a Member State intends to increase its planned outputs referred to in paragraph 1 of this Article set out in its CAP Strategic Plan approved by the Commission, it shall notify the Commission of its revised planned outputs in accordance with Article 119(9) before 1 January of the year preceding the claim year concerned.’

(b) in paragraph 5, the third subparagraph is replaced by the following:

‘Each Member State concerned shall submit a notification in accordance with Article 119(9) with the reduction coefficient referred to in the second subparagraph of this paragraph by 31 March of the year preceding the claim year concerned.’

(4) Article 12 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. Member States shall include, in their CAP Strategic Plans, a system of conditionality under which farmers and other beneficiaries receiving direct payments under Chapter II, except for the payments referred to in Article 41a, or annual payments under Articles 70, 71 and 72 are subject to an administrative penalty if they do not comply with the statutory management requirements under Union law and the GAEC standards established in the CAP Strategic Plans, as listed in Annex III, relating to the following specific areas:

(a) the climate and the environment, including water, soil and biodiversity of ecosystems;

(b) public health and plant health;

(c) animal welfare.’;

(b) the following paragraph is inserted:

‘1a. By way of derogation from paragraph 1, the system of conditionality shall not apply to beneficiaries of payments referred to in Article 28.’;

(5) in Article 13(1), the following subparagraphs are added:

‘Farmers whose entire holding is certified in accordance with Regulation (EU) 2018/848 of the European Parliament and of the Council\* shall be deemed to comply with GAEC standards 1, 3, 4, 5, 6 and 7 listed in Annex III to this Regulation.

In setting their standards, Member States may, where relevant, set the elements referred to in Article 109(2)(a)(i) so that they are consistent with mandatory requirements established by national law and do not go beyond them, provided that these existing national mandatory requirements comply with the GAEC standards listed in Annex III.’

\* Regulation (EU) 2018/848 of the European Parliament and of the Council of 30 May 2018 on organic production and labelling of organic products and repealing Council Regulation (EC) No 834/2007 (OJ L 150, 14.6.2018, p. 1, ELI: <http://data.europa.eu/eli/reg/2018/848/oj>).’;

(6) in Article 14, paragraph 1 is replaced by the following:

‘1. Member States shall indicate, in their CAP Strategic Plans, that, at the latest as from 1 January 2025, farmers and other beneficiaries receiving direct payments under Chapter II, except for the payments referred to in Article 41a, or annual payments under Articles 70, 71 and 72 are to be subject to an administrative penalty if they do not comply with the requirements related to applicable working and employment conditions or employer obligations arising from the legal acts referred to in Annex IV.’;

(7) Article 16 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. The types of intervention under this Chapter may take the form of decoupled and coupled direct payments and of complementary crisis payments.’;

(b) the following paragraph is added:

‘4. Complementary crisis payments shall be direct payments to farmers following natural disasters, adverse climatic events or catastrophic events.’

(8) in Article 19, the second subparagraph is replaced by the following:

‘Member States that decide to make use of this provision shall apply it to all farmers for whom a risk management tool exists in a given year.’;

(9) Article 28 is replaced by the following:

*‘Article 28*

### **Payments for small farmers**

Member States may grant a payment to small farmers, as determined by the Member States, by way of a lump sum or of amounts per hectare replacing direct payments under this Section and Section 3 of this Chapter. Member States shall design the corresponding intervention in the CAP Strategic Plan as optional for farmers.

By way of derogation from the first subparagraph, Member States may decide in the CAP Strategic Plan that the payment to small farmers referred to in the first subparagraph, shall not replace direct payments made to support eco-schemes established in accordance with Article 31.

The annual payment for each farmer under the first subparagraph shall not exceed EUR 2 500.

Member States may decide to set different lump sums or amounts per hectare linked to different area thresholds.’;

(10) Article 31 is amended as follows:

(a) paragraph 5 is amended as follows:

(1) (i) the second subparagraph is replaced by the following:

‘For commitments referred to in the first subparagraph, point (b), where national law imposes requirements which go beyond the corresponding mandatory minimum requirements laid down in Union law, support may be granted for commitments contributing to compliance with those requirements.’;

(b) (ii) the following subparagraph is added:

‘By way of derogation from the first subparagraph, Member States may decide to exclude from the requirement laid down in the first subparagraph, point (a), GAEC standard 2 established under Chapter I, Section 2, of this Title.’;

(c) paragraph 7 is amended as follows:

(i) the second subparagraph is replaced by the following:

‘By way of derogation from the first subparagraph, payments granted in accordance with point (b) of that subparagraph for animal welfare commitments, commitments combating antimicrobial resistance, commitments for agricultural practices beneficial for the climate and commitments to convert to or maintain organic farming practices and methods laid down in Regulation (EU) 2018/848 may also take the form of an annual payment for the livestock units.’;

(ii) the following subparagraph is added:

‘By way of derogation from the first subparagraph, payments granted in accordance with point (b) of that subparagraph, may, where appropriate, take the form of an annual payment for beehives. For the purposes of this derogation, the definition of ‘beehive’ set out in the delegated act referred to in Article 56, point (b), shall apply.’;

(11) in Title III, Chapter II, the following Section is added:

‘Section 4

### **Complementary crisis payments**

Article 41a

#### **Complementary crisis payments to farmers following natural disasters, adverse climatic events or catastrophic events under direct payments**

1. Member States may provide complementary crisis payments to compensate beneficiaries of direct payments under Sections 2 and 3 of this Chapter that are affected by natural disasters, adverse climatic events or catastrophic events. Those payments shall aim at ensuring continuity of the agricultural activity of those beneficiaries and shall be subject to the conditions laid down in this Article and as further specified by the Member States in their CAP Strategic Plans.

2. Support under this Article shall be subject to the formal recognition by the competent authority of the Member State that a natural disaster, adverse climatic event or catastrophic event, as defined by the Member State, has occurred and that these events, or measures adopted in accordance with Regulation (EU) 2016/2031 to eradicate or contain a plant disease or pest, or measures adopted to control, prevent or eradicate animal diseases listed in the Annex to Commission Implementing Regulation (EU) 2018/1882\* or measures adopted regarding an emerging disease in accordance with Article 6(3) and Article 259 of Regulation (EU) 2016/429 have directly caused a damage resulting in the destruction of at least 30 % of the average annual production of the farmer in the preceding three-year period or a three-year average based on the preceding five-year period, excluding the highest and the lowest entry. The losses shall be calculated either at holding level, at the level of the holding’s activity in the sector concerned or in relation to the specific area concerned.

3. Member States shall ensure that support under this Article targets farmers who are most affected by natural disasters, adverse climatic events or catastrophic events, by determining eligibility conditions on the basis of available evidence.

4. Member States shall establish the applicable support rates for compensating the loss of production. Those rates shall be higher for farmers who are covered by an insurance scheme or another risk management tool. Indexes may be used for calculating the loss of production.

5. Member States may decide to co-finance the payments with additional national financing of up to 200 % in accordance with Article 115(5) and Article 146.

6. When granting support under this Article, Member States shall ensure that interventions under this Article are consistent with those based on Article 78a and that overcompensation as a result of the combination of s intervention under this Article with other national or Union support instruments or private insurance schemes is avoided.

7. By way of derogation from Article 111, first subparagraph, points (h) and (i) of that subparagraph shall not apply to support under this type of intervention.

\* Commission Implementing Regulation (EU) 2018/1882 of 3 December 2018 on the application of certain disease prevention and control rules to categories of listed diseases and establishing a list of species and groups of species posing a considerable risk for the spread of those listed diseases (OJ L 308, 4.12.2018, p. 21, ELI: [http://data.europa.eu/eli/reg\\_impl/2018/1882/oj](http://data.europa.eu/eli/reg_impl/2018/1882/oj)).’;

(12) Article 48 is replaced by the following:

‘Article 48

**Planning and reporting at operational programme level**

Article 7(1), point (a), Article 102, Article 111, points (g) and (h), Article 112(3), point (b), and Article 134 shall apply for the types of intervention in the sectors referred to in Article 42, points (a), (d), (e) and (f), at the level of operational programmes instead of at the level of intervention. The planning and reporting for those types of intervention shall also be carried out at the level of operational programmes.’;

(13) in Article 52(2), the second subparagraph is replaced by the following:

‘Those limits may be increased by 0,5 percentage points, where the operational programme comprises one or more interventions linked to any of the objectives referred to in Article 46, points (d), (e), (f), (h), (i) or (j), provided that the amount in excess of the relevant percentage set out in the first subparagraph is used solely to finance expenditure resulting from the implementation of these interventions. In the case of associations of producer organisations, including transnational associations of producer organisations, those interventions may be implemented by the association on behalf of its members.’;

(14) Article 69 is amended as follows:

(a) point (e) is replaced by the following:

‘(e) setting-up of young farmers and new farmers, rural business start-up and business development of small farms;’;

(b) the following point added:

‘(i) crisis payments to farmers following natural disasters, adverse climatic events or catastrophic events under rural development.’;

(15) Article 70 is amended as follows:

(a) paragraph 3 is amended as follows:

(b) (i) the second subparagraph is replaced by the following:

‘For commitments referred to in the first subparagraph, point (b), where national law imposes requirements which go beyond the corresponding mandatory minimum requirements laid down in Union law, support may be granted for commitments contributing to compliance with those requirements.’

(ii) the following subparagraph is inserted:

By way of derogation from the first subparagraph, Member States may decide to exclude from the requirement laid down in the first subparagraph, point (a), GAEC standard 2 established under Chapter I, Section 2, of this Title.’;

(c) paragraph 8 is replaced by the following:

‘8. Where support under this Article is granted to agri-environment-climate commitments or commitments to convert to or maintain organic farming practices and methods as laid down in Regulation (EU) 2018/848, Member States shall establish a payment per hectare, or where appropriate, per beehive, as defined in the delegated act referred to in Article 56, point (b), of this Regulation. For other commitments, Member States may apply units other than hectares. In duly justified cases, Member States may grant support under this Article as a lump sum.

By way of derogation from the first subparagraph, support for agri-environment-climate commitments beneficial for the climate and commitments to convert to or maintain organic farming practices and methods as laid down in Regulation (EU) 2018/848 may take the form of a payment for the livestock units.’;

(16) in Article 72(5), the following subparagraph is added:

‘By way of derogation from the first subparagraph, Member States may decide to include in the calculation additional costs and income foregone in relation to disadvantages resulting from compliance with GAEC standard 2 established under Chapter I, Section 2, of this Title.’;

(17) in Article 73, paragraph 5 is replaced by the following:

5. Where Union law results in the imposition of new requirements on farmers, support may be granted for investments to comply with those requirements for a maximum of 36 months from the date on which they become mandatory for the holding.

For young farmers setting up for the first time in an agricultural holding as head of the holding support for investments to comply with the requirements of Union law may be granted for a maximum of 36 months from the date of setting up, or until the actions defined in the business plan referred to in Article 75(3) are completed.’;

(18) Article 75 is amended as follows:

(a) the title is replaced by the following:

**‘Setting-up of young farmers and new farmers, and rural business start-up or business development of small farms’;**

(b) paragraph 1 is replaced by the following:

‘1. Member States may grant support for the setting-up of young farmers and the start-up of rural businesses, including the setting-up of new farmers, and for business development of small farms under the conditions set out in this Article and as further specified in their CAP Strategic Plans with a view to contributing to the achievement of one or more of the specific objectives set out in Article 6(1) and (2).’;

(c) in paragraph 2, the following point is added:

‘(d) the business development of small farms, as determined by Member States pursuant to Article 73(4), second subparagraph, point (b).’;

(d) paragraph 4 is replaced by the following:

‘4. Member States shall grant support in the form of lump sums or financial instruments or a combination of both. Support shall be limited to:

(a) the maximum amount of aid of EUR 100 000 for the activities referred to in paragraph 2, points (a), (b) and (c);

(b) the maximum amount of aid of EUR 50 000 for the activities referred to in paragraph 2, point (d).

Support may be differentiated in accordance with objective criteria.’;

(19) in Article 76(5), the first subparagraph is replaced by the following:

‘Member States shall ensure that support is granted only for covering losses which exceed a threshold of at least 20 % of the average annual production or income of the farmer in the preceding three-year period, or a three-year average based on the preceding five-year period excluding the highest and lowest entry. Sectoral production risk management tools shall calculate the losses either at holding level, at the level of the holding’s activity in the sector concerned or in relation to the specific area insured.

For permanent crops and in other justified cases for which the calculation methods referred to in the first subparagraph are not appropriate, Member States may assess the losses on the basis of the average annual production or income of the farmer over a period that does not exceed eight years, excluding the highest and lowest entry.

Member States may apply an appropriate alternative assessment for calculating the losses for young farmers and new farmers.’;

(20) in Title III, Chapter IV, Section 1, the following Article is added:

‘Article 78a

**Crisis payments to farmers following natural disasters, adverse climatic events or catastrophic events under rural development**

1. Member States may provide crisis payments to active farmers that are affected by natural disasters, adverse climatic events or catastrophic events. Those payments shall aim at ensuring continuity of the agricultural activity of those farmers and shall be subject to the conditions set out in this Article and as further specified by the Member States in their CAP Strategic Plans.

2. Support under this Article shall be subject to the formal recognition by the competent authority of the Member State that a natural disaster, adverse climatic event or catastrophic event, as defined by the Member State, has occurred and that these events, or measures adopted in accordance with Regulation (EU) 2016/2031 to eradicate or contain a plant disease or pest, or measures adopted to prevent or eradicate animal diseases listed in the Annex to Commission Implementing Regulation (EU) 2018/1882 or measures adopted regarding an emerging disease in accordance with Article 6(3) and Article 259 of Regulation (EU) 2016/429 have directly caused a damage resulting in the destruction of at least 30 % of the average annual production of the farmer in the preceding three-year period or a three-year average based on the preceding five-year period, excluding the highest and the lowest entry. The losses shall be calculated either at holding level, at the level of the holding’s activity in the sector concerned or in relation to the specific area concerned.

3. Member States shall ensure that support under this Article targets farmers who are most affected by natural disasters, adverse climatic events or catastrophic events, by determining eligibility conditions on the basis of available evidence.

4. Member States shall establish the applicable support rates for compensating the loss of production. Those rates shall be higher for farmers who are covered by an insurance scheme or another risk management tool. Indexes may be used for calculating the loss of production.

5. When granting support under this Article, Member States shall ensure that interventions under this Article are consistent with those based on Article 41a and that overcompensation as a result of the combination of intervention under this Article with other national or Union support instruments or private insurance schemes is avoided.

6. By way of derogation from Article 111, first subparagraph, points (h) and (i) of that subparagraph shall not apply to support under this type of intervention.’;

(21) in Article 79(1), the first subparagraph is replaced by the following:

‘After consultation of the monitoring committee referred to in Article 124 (‘the monitoring committee’), the national managing authority, regional managing authorities where relevant, or designated intermediate bodies shall set out selection criteria for interventions relating to the following types of intervention: investments, setting-up of young farmers and new farmers, rural business start-up and business development of small farms, cooperation, knowledge exchange and dissemination of information. Those selection criteria shall aim to ensure equal treatment of applicants, better use of financial resources and targeting of the support in accordance with the purpose of the interventions.’;

(22) Article 80 is amended as follows:

(a) in paragraph 2, the first subparagraph is replaced by the following:

‘Where support is granted in the form of financial instruments, the definitions of ‘financial instrument’, financial product, ‘final recipient’, ‘holding fund’, ‘specific fund’, ‘leverage effect’, ‘multiplier ratio’, ‘management costs’ and ‘management fees’ laid down in Article 2 of Regulation (EU) 2021/1060 and the provisions of Title V, Chapter II, Section II and point II of Annex XIII to that Regulation shall apply.’;

(b) in paragraph 3, the second subparagraph is replaced by the following:

‘For activities falling within the scope of Article 42 TFEU, the total amount of support for working capital provided to a final recipient shall not exceed a gross grant equivalent of EUR 300 000 over any period of three years.’;

(c) in paragraph 5, the following subparagraph is added:

‘Value-added tax (‘VAT’) shall be eligible as regards investments made by final recipients in the context of financial instruments. Where these investments are supported by financial instruments combined with programme support in the form of a grant as referred to in Article 58(5) of Regulation (EU) 2021/1060, the VAT shall not be eligible for the part of the investment cost which corresponds to the programme support in the form of a grant, unless the VAT for the investment cost is non-recoverable under national VAT legislation.’;

(23) Article 81 is amended as follows:

(a) in paragraph 1, the first subparagraph is replaced by the following:

‘Member States may allocate, in the proposal for a CAP Strategic Plan referred to in Article 118 or in the request for amendment of a CAP Strategic Plan referred to in Article 119, an amount of up to 3 % of the initial EAFRD allocation to the CAP Strategic Plan to be

contributed to InvestEU and delivered through the EU guarantee or the InvestEU financial instrument referred to in Article 10a of Regulation (EU) 2021/523 and the InvestEU Advisory Hub. The CAP Strategic Plan shall contain a justification for the use of InvestEU and its contribution to the achievement of one or more of the specific objectives set out in Article 6(1) and (2) of this Regulation and chosen under the CAP Strategic Plan.’;

(b) paragraph 3 is replaced by the following:

‘3. The amount referred to in paragraph 1 shall be used for the provisioning of the part of the EU guarantee or for the funding provided under the InvestEU financial instrument under the Member State compartment and for the InvestEU Advisory Hub, upon conclusion of the contribution agreement referred to in Article 10(3) or Article 10a(3) of Regulation (EU) 2021/523. The budgetary commitments of the Union in respect of each contribution agreement may be made by the Commission in annual instalments during the period between 1 January 2023 and 31 December 2027.’;

(c) in paragraph 4, the first subparagraph is replaced by the following:

‘Where a contribution agreement as referred to in Article 10(2) or Article 10a(2) of Regulation (EU) 2021/523 for the amount referred to in paragraph 1 of this Article allocated in the CAP Strategic Plan has not been concluded following the adoption of the Commission implementing decision approving that CAP Strategic Plan in accordance with Article 118 of this Regulation, the corresponding amount shall be reallocated in the CAP Strategic Plan following the approval of a request for amendment by the Member State submitted in accordance with Article 119 of this Regulation.’;

(d) paragraphs 5, 6 and 7 are replaced by the following:

‘5. Where a guarantee agreement as referred to in Article 10(4), second subparagraph, or in Article 10a(4), second subparagraph, of Regulation (EU) 2021/523 has not been concluded within 12 months from the approval of the contribution agreement, the contribution agreement shall be terminated or prolonged by mutual agreement.

Where the participation of a Member State in InvestEU is discontinued, the amounts concerned paid into the common provisioning fund as provisioning or allocated under the InvestEU financial instrument shall be recovered as internal assigned revenue pursuant to Article 21(5) of the Financial Regulation and the Member State shall submit a request for amendment of its CAP Strategic Plan to use the amounts recovered and the amounts allocated to future calendar years in accordance with paragraph 2 of this Article.

The termination or amendment of the contribution agreement shall be concluded simultaneously with the adoption of the Commission implementing decision approving the relevant amendment of the CAP Strategic Plan and at the latest on 31 December 2026.

6. Where a guarantee agreement as referred to in Article 10(4), third subparagraph, or in Article 10a(4), third subparagraph, of Regulation (EU) 2021/523 has not been duly implemented within the period agreed in the contribution agreement, but not exceeding four years from the signature of the guarantee agreement, the contribution agreement shall be amended. The Member State may request that amounts contributed to the EU guarantee or to the InvestEU financial instrument under paragraph 1 of this Article and committed in the guarantee agreement but not covering underlying loans, equity investments or other risk-bearing instruments are treated in accordance with paragraph 5 of this Article.

7. Resources generated by or attributable to the amounts contributed to the EU guarantee in accordance with this Article shall be made available to the Member State in accordance with Article 10(5), point (a), of Regulation (EU) 2021/523 and shall be used for support under the

same objective or objectives referred to in paragraph 1 of this Article in the form of financial instruments or budgetary guarantees. Resources generated by or attributable to the amounts contributed to the InvestEU financial instrument in accordance with this Article shall be made available to the Member State in accordance with the contribution agreement and shall be used for support under the same objective or objectives in the form of financial instruments or budgetary guarantees.’;

(24) in Article 83(2), after point (b), the following point is inserted:

‘(ba) in accordance with the calculation methods established pursuant to Article 54, Article 55 and Article 56(1) and (3) of Regulation (EU) 2021/1060;’;

(25) in Article 86, paragraphs 2 and 3 are replaced by the following:

‘2. Expenditure that becomes eligible as a result of an amendment of a CAP Strategic Plan shall be eligible for a contribution from the EAGF from the date of effect of the amendment set by the Member State concerned in accordance with Article 119(8), but not earlier than from the date of submission to the Commission of the request for amendment or from the date of submission to the Commission of notification referred to in Article 119(9).’;

By way of derogation from the first subparagraph of this paragraph, the CAP Strategic Plan may provide that, in cases of emergency measures due to natural disasters, catastrophic events or adverse climatic events, the eligibility of EAGF-financed expenditure relating to amendments to the CAP Strategic Plan related to interventions referred to in Article 41a may start from the date on which the event occurred.

3. Expenditure that becomes eligible as a result of an amendment of a CAP Strategic Plan shall be eligible for a contribution from the EAFRD from the date of submission to the Commission of the request for amendment, or from the date of notification referred to in Article 119(9).

By way of derogation from the first subparagraph of this paragraph and from paragraph 4, second subparagraph, the CAP Strategic Plan may provide that, in cases of emergency measures due to natural disasters, catastrophic events or adverse climatic events or a significant and sudden change in the socio-economic conditions of the Member State or region, the eligibility of EAFRD-financed expenditure relating to amendments to the CAP Strategic Plan may start from the date on which the event occurred.’

(26) in Title IV, the following Article is inserted:

*‘Article 96a*

**Maximum financial allocations for crisis payments to farmers following natural disasters, adverse climatic events or catastrophic events**

1. For each Member State, the maximum amount that can be reserved for the crisis payments to farmers following natural disasters, adverse climatic events or catastrophic events referred to in Articles 41a and 78a shall be limited to the annual amounts set out in Annex XV, Table 1.

For calendar years 2025 and 2026, the total annual expenditure for the complementary crisis payments referred to in Article 41a shall not exceed the indicative financial allocation for this type of intervention for the relevant calendar year, as established by Member States in their financial plans in accordance with Article 112(2), point (a), and approved by the Commission in accordance with Article 119. That financial ceiling shall constitute a financial ceiling set by Union law.

The total EAFRD expenditure for the crisis payments referred to in Article 78a shall not exceed the sum of the indicative financial allocations for this type of intervention for financial years 2026 and 2027, as established by Member States in their financial plans in accordance with Article 112(2), point (a), and approved by the Commission in accordance with Article 119. That financial ceiling shall constitute a financial ceiling set by Union law.

2. By way of derogation from paragraph 1, where a Member State decides not to provide support for crisis payments in accordance with Article 78a, the maximum annual amount that can be reserved by this Member State for the complementary crisis payments referred to in Article 41a shall be limited to the annual amounts set out in Annex XV, Table 2.

For calendar years 2025 and 2026, the total annual expenditure for the complementary crisis payments as referred to in Article 41a shall not exceed the indicative financial allocation for this type of intervention for the relevant calendar year, as established by Member States in their financial plans in accordance with Article 112(2), point (a), and approved by the Commission in accordance with Article 119. That financial ceiling shall constitute a financial ceiling set by Union law.’;

(27) in Article 111, the second subparagraph is replaced by the following:

‘Point (e) of the first subparagraph shall not apply to interventions under the type of intervention for complementary crisis payments to farmers under direct payments referred to in Article 41a, the type of intervention in the apiculture sector referred to in Article 55(1), points (a) and (c) to (g), interventions under the type of intervention in the wine sector referred to in Article 58(1), points (h) to (k), the information and promotion actions for quality schemes under the type of intervention for cooperation referred to in Article 77, and interventions under the type of intervention for crisis payments to farmers under rural development referred to in Article 78a.’;

(28) in Article 115(5), point (a) is replaced by the following:

‘(a) a short description of additional national financing for interventions in rural development laid down in Title III, Chapter IV, and for interventions for complementary crisis payments to farmers laid down in Article 41a, which is provided within the scope of the CAP Strategic Plan, including the amounts per intervention and indication of compliance with the requirements laid down in this Regulation;’;

(29) Article 119 is replaced by the following:

*‘Article 119*

### **Amendments of the CAP Strategic Plans**

1. Member States may amend their CAP Strategic Plans by submitting requests for strategic amendment to the Commission pursuant to paragraph 2 or by notifying the amendment to the Commission pursuant to paragraph 9.

2. Member States shall submit to the Commission requests for strategic amendments of their CAP Strategic Plans. Strategic amendments shall be the following amendments of the CAP Strategic Plans:

(a) amendments introducing new interventions or deleting interventions from the CAP Strategic Plans;

(b) amendments that lead to changes of milestones or targets under the result indicators which are marked with ‘PR’ in Annex I;

(c) amendments related to Article 17(5), Article 88(7), Articles 92 to 98 or Article 103(1) and (5);

(d) amendments of the target and financial plans in the CAP Strategic Plan referred to in Article 112, including amendments to the contribution from EAFRD to InvestEU referred to in Article 81, amendments to the EAFRD total contribution to each type of intervention for the entire period covered by the CAP Strategic Plan or amendments related to the EAFRD contribution rates referred to in Article 91.

Requests for strategic amendments of CAP Strategic Plans shall be duly justified and shall in particular set out the expected impact of the changes to the plan on achieving the specific objectives set out in Article 6(1) and (2). They shall be accompanied by the amended plan including the updated annexes as appropriate.

3. The Commission shall assess the consistency of strategic amendments referred to in paragraph 2 with this Regulation and the delegated and implementing acts adopted pursuant to it as well as with Regulation (EU) 2021/2116 and its effective contribution to achieving the specific objectives.

4. The Commission shall approve the requested strategic amendment of a CAP Strategic Plan provided that the necessary information has been submitted and the strategic amendment is compatible with this Regulation and Regulation (EU) 2021/2116, as well as the delegated and implementing acts adopted pursuant to them.

5. The Commission shall make observations within 30 working days from the submission of the request for amendment referred to in paragraph 2. The Member States shall provide to the Commission all necessary additional information.

6. The approval of a request for strategic amendment of a CAP Strategic Plan shall take place no later than three months after its submission by the Member State.

7. A request for strategic amendment of the CAP Strategic Plan may be submitted twice per calendar year, subject to possible exceptions provided for in this Regulation or to be determined by the Commission in accordance with Article 122. In addition, three further requests for strategic amendment of the CAP Strategic Plan may be submitted during the duration of the CAP Strategic Plan period. This paragraph shall not apply to requests for amendments to submit the missing elements of the CAP Strategic Plan in accordance with Article 118(5).

A request for strategic amendment of the CAP Strategic Plan related to Article 17(5), Article 88(7) or Article 103(5) shall not count for the limitation laid down in the first subparagraph of this paragraph.

8. An amendment of the CAP Strategic Plan related to Article 17(5), Article 88(7) or Article 103(1) in relation to the EAGF shall take effect from 1 January of the calendar year following the year of approval of the request for strategic amendment by the Commission and following the corresponding amendment of the allocations in accordance with Article 87(2).

An amendment of the CAP Strategic Plan related to Article 103(1) in relation to the EAFRD shall take effect after the approval of the request for strategic amendment by the Commission and following the corresponding amendment of the allocations in accordance with Article 89(4).

A strategic amendment of the CAP Strategic Plan related to the EAGF, other than the amendments referred to in the first subparagraph of this paragraph, shall take effect from a date to be determined by the Member State but not earlier than from the date of submission to the Commission of the request for amendment. Member States may set different date or dates

of effect for different elements of the strategic amendment. Where the strategic amendment may place the farmers concerned in a less favourable position than they enjoyed prior to that amendment, Member States shall take into account when determining the date of effect of the amendment the need of farmers and other beneficiaries to have sufficient time to take the amendment into account. The planned date of effect for strategic amendment related to the EAGF shall be indicated by the Member State in the request to amend the CAP Strategic Plan referred to in paragraph 2 of this Article and shall be subject to approval by the Commission in accordance with paragraph 10 of this Article.

9. Member States may, at any time, make and apply other amendments to their CAP Strategic Plans, than strategic amendments referred to in paragraph 2. They shall notify those other amendments to the Commission by the time they start applying them and add them to the amended CAP Strategic Plan submitted together with the next request for amendment in accordance with paragraph 2. .

In case amendments are introduced in relation to GAEC standard 1 and 4, Member States shall ensure and provide a specific justification that such amendments do not put at risk environmental and climate objectives linked to, as appropriate, the conservation of permanent grassland or the protection of watercourses from pollution.

Where the Commission does not object to notified amendments within 30 working days from the submission of the notification, the amendments shall have legal effects from the date of the notification. The Commission shall object to a notified amendment if it finds that the amendment is not compatible with this Regulation and Regulation (EU) 2021/2116, as well as in the delegated and implementing acts adopted pursuant to them.

The notified amendments to which Commission made objections shall not have legal effects and Member State shall delete them from the amended CAP Strategic Plan submitted pursuant to the first subparagraph of this paragraph. The expenditure resulting from those amendments shall not be eligible for a contribution from the EAFRD or the EAGF. The Member State may submit those amendments to the Commission for approval in a request for strategic amendment referred to in paragraph 2. The rules concerning approvals of strategic amendments referred to in paragraphs 2 to 8 and 10 and 11 concerning strategic amendments shall apply *mutatis mutandis* to approval of amendments to which Commission objected in accordance with the second subparagraph of this paragraph. Article 121 of this Regulation on the calculation of time limits for Commission actions shall apply *mutatis mutandis* to actions pursuant to this paragraph.

10. Each strategic amendment of a CAP Strategic Plan referred to in paragraph 2 shall be approved by the Commission by means of an implementing decision without applying the committee procedure referred to in Article 153.

11. Without prejudice to Article 86, strategic amendments to CAP Strategic Plans referred to in paragraph 2 shall only have legal effects after their approval by the Commission.

12. Corrections of clerical or obvious errors or of a purely editorial nature that do not affect the implementation of the policy and the intervention shall not be considered to be a request for amendment or notification under this Article. Member States shall inform the Commission of such corrections.’

(30) Article 120 is deleted;

(31) In Article 122, point (a) is replaced by the following:

‘(a) procedures and time limits for the submission of requests for amendment and notifications of amendments;’;

(32) in Article 124(4), point (d) is replaced by the following:

‘(d) any proposal by the managing authority for amendment of a CAP Strategic Plan and, as regards a proposal for amendment of a CAP Strategic Plan related to the EAGF, the date of effect of the amendment proposed by the managing authority in accordance with Article 119(8).’;

(33) Article 134 is amended as follows:

(a) paragraph 3 is replaced by the following:

‘3. To be admissible, the annual performance report shall contain all information required in paragraphs 4, 5, 7 and 10. The Commission shall inform the Member States concerned within 15 working days from the submission of the annual performance report if it is not admissible, failing which it shall be deemed admissible.’;

(b) paragraph 5 is replaced by the following:

‘5. The quantitative information referred to in paragraph 4 shall include:

(a) the realised outputs achieved by the end of the previous financial year;

(b) the gross expenditure at the end of the financial year, relevant to the outputs referred to in point (a), before application of any penalties or other reductions, and for the EAFRD, taking into account reallocation of cancelled or recovered funds pursuant to Article 57 of Regulation (EU) 2021/2116;

(c) the ratio between gross expenditure referred to in point (b) and the relevant realised outputs referred to in point (a) (‘realised unit amount’);

(d) results and distance to corresponding milestones set in accordance with Article 109(1), point (a).

The information referred to in the first subparagraph, points (a), (b) and (c), shall be broken down per unit amount as set out in the CAP Strategic Plan in accordance with Article 111, point (h). For output indicators which are marked in Annex I as used only for monitoring, only the information referred to in the first subparagraph, point (a), of this paragraph shall be included.’;

(c) paragraph 6 is deleted;

(d) in paragraph 7, point (b) is replaced by the following:

‘(b) any issues which affect the performance of the CAP Strategic Plan, in particular as regards deviations from milestones, providing the justifications referred to in Article 135, or where appropriate, giving reasons, and where relevant, describing the measures taken;’;

(e) paragraphs 8 and 9 are deleted;

(f) in paragraph 10, the second subparagraph is deleted;

(g) paragraph 13 is replaced by the following:

‘13. The Commission may make observations on the admissible annual performance reports, within one month from the day on which the Commission informs the Member States of their admissibility. Where the Commission does not provide observations within that deadline, the reports shall be deemed to be accepted. Article 121 on calculation of time limits for Commission actions shall apply *mutatis mutandis*.’;

(34) in Article 146, the first paragraph is replaced by the following:

‘Support provided by Member States in relation to operations falling within the scope of Article 42 TFEU that is intended to provide additional financing for interventions in rural development laid down in Title III, Chapter IV, of this Regulation, and for interventions for complementary crisis payments to farmers laid down in Article 41a of this Regulation for which Union support is granted at any time during the CAP Strategic Plan period may only be made if it complies with this Regulation and is included in Annex V to the CAP Strategic Plans approved by the Commission.’;

- (35) Article 159 is deleted;
- (36) Annexes I, II and III are amended in accordance with Annex I to this Regulation.
- (37) the text set out in Annex II to this Regulation is added as Annex XV.

## *Article 2*

### *Amendments to Regulation (EU) 2021/2116*

Regulation (EU) 2021/2116 is amended as follows:

- (1) in Article 9(3), first subparagraph, point (b) is replaced by the following:  
‘(b) the annual performance report referred to in Article 134 of Regulation (EU) 2021/2115 showing that the expenditure was effected in accordance with Article 37 of this Regulation;’;
- (2) in Article 10(1), point (b) is replaced by the following:  
‘(b) to supply the Commission with the annual performance report referred to in Article 134 of Regulation (EU) 2021/2115;’;
- (3) in Article 12(2), first subparagraph, point (c) is replaced by the following:  
‘(c) the performance reporting on output indicators and the performance reporting on result indicators for the multiannual performance monitoring referred to in Article 128 of Regulation (EU) 2021/2115, demonstrating that Article 37 of this Regulation is complied with, is correct;’;
- (4) in Title II, the following Chapter is added:

#### ‘Chapter III

#### ***CAP data and interoperability governance***

#### **Article 13a**

##### *Authority in charge of data governance under the CAP*

1. Each Member State shall designate one authority responsible for taking or coordinating actions to achieve and maintain national and cross-border interoperability between information systems used for the implementation, administration, monitoring and evaluation of the CAP for the benefit of farmers and other CAP beneficiaries. For the purposes of this Article, interoperability means the ability of information systems to interact with each other by sharing data by means of electronic communication.
2. The designated authority shall have in particular the following tasks:
  - (a) drawing up and submitting to the Commission a Roadmap at the level of the Member State to achieve and maintain interoperability (hereinafter the ‘Roadmap’);

(b) coordination of the implementation, or, as decided by the Member State, implementation of the Roadmap in an efficient, effective and timely way;

The Member States shall notify the Commission of the designation of the authority at the latest by [...] [OPOCE: within three months from the entry into force of this Regulation].

3. The Roadmap shall contain in particular the following elements:

(a) assessment of the current state of interoperability as referred to in paragraph 1, as well as assessment of digital identification systems and data sharing mechanisms used currently;

(b) identification of needs to achieve and maintain interoperability as referred to in paragraph 1, and design of measures to address them as well as timeframe with milestones and targets for their implementation;

(c) identification of possible synergies with other EU and national interoperability initiatives.

To the extent possible, Member States shall base their assessment of needs and the design of the measures on the principle that data is collected only once and re-used.

4. Member States shall submit the Roadmap referred to in paragraph 3 to the Commission at the latest by 16 September 2026.

The Commission shall assess the Member States' Roadmaps and communicate its observations on the Roadmaps to the Member States at the latest by 16 November 2026. Member States shall take utmost account of the Commission observations, and, if necessary, shall submit a revised version of the Roadmap to the Commission by 16 December 2026.

Member States shall submit to the Commission amendments, if any, of their Roadmaps. The Commission shall assess the amendments of the Roadmap and shall communicate its observations on the amendments to the Member States within two months from their submission. Member States shall take utmost account of the Commission observations.

5. The definition referred to in Article 2 point (c) of this Regulation shall not apply to this Article.';

(5) in Article 16(1), the following subparagraph is added:

'The reserve shall not be used for measures providing support to farmers affected by natural disasters, adverse climatic events or catastrophic events. However, the reserve can be used for measures addressing market disturbance caused by natural disasters, adverse climatic events or catastrophic events including measures adopted pursuant to Articles 219 and 220 of Regulation (EU) No 1308/2013.';

(6) in Article 21, paragraph 1 is replaced by the following:

'1. Without prejudice to Articles 53 and 55, the monthly payments shall be made by the Commission for expenditure effected by accredited paying agencies during the reference month.';

(7) In Article 21(2), the following subparagraph is added:

'However, if expenditure referred to in Article 86(2) of Regulation (EU) 2021/2115 cannot be declared to the Commission in the month concerned due to the pending approval by the Commission of an amendment to the CAP Strategic Plan in accordance with Article 119(10) of that Regulation, that expenditure may be declared in the subsequent months of the same financial year or, or at the latest, in the annual accounts of that financial year to be sent to the Commission in accordance with Article 90(1), point (c)(iii), of this Regulation.';

(8) in Article 32, paragraph 8 is replaced by the following:

‘8. Without prejudice to Articles 53 and 55, the Commission shall make interim payments within 45 days of registering a declaration of expenditure which meets the requirements laid down in paragraph 6 of this Article.’;

(9) Article 40 is amended as follows:

(a) paragraph 2 is deleted;

(b) paragraph 4 is replaced by the following:

‘4. The implementing acts provided for in paragraph 1 of this Article shall be adopted in accordance with the advisory procedure referred to in Article 103(2).

Before adopting the implementing acts referred to in paragraph 1, of this Article, the Commission shall inform the Member State concerned of its intention and shall give the Member State the opportunity to submit its comments within a period which shall not be less than 30 days.’;

(10) in Article 45(1), point (a) is replaced by the following:

‘(a) as regards expenditure under both the EAGF and the EAFRD, sums under Articles 38 and 55 of this Regulation and Article 54 of Regulation (EU) No 1306/2013 applicable in accordance with Article 104 of this Regulation and, as regards expenditure under the EAGF, sums under Articles 53 and 56 of this Regulation which are to be paid into the Union budget, including interest thereon;’;

(11) in Article 53(1), the second subparagraph is replaced by the following:

‘Those implementing acts shall cover the completeness, accuracy and veracity of the annual accounts submitted and shall be without prejudice to the content of the implementing acts subsequently adopted pursuant to Article 55.’;

(12) Article 54 is deleted;

(13) in Article 57, the following paragraph is added:

‘3. The bodies implementing financial instruments shall reimburse to Member States programme contributions affected by irregularities, together with interest and any other gains generated by these contributions.

By way of derogation from paragraph 1, the bodies implementing financial instruments shall not reimburse to Member States the amounts referred to in the first subparagraph of this paragraph provided that those bodies demonstrate for a given irregularity that all the following conditions are fulfilled:

(a) the irregularity occurred at the level of final recipients or, in the case of a holding fund, at the level of bodies implementing specific funds or final recipients;

(b) the bodies implementing financial instruments carried out their obligations, in relation to the programme contributions affected by the irregularity, in accordance with applicable law and acted with the degree of professional care, transparency and diligence expected from a professional body experienced in implementing financial instruments; and

(c) the amounts affected by the irregularity could not be recovered notwithstanding that the bodies implementing financial instruments pursued all applicable contractual and legal measures with due diligence.’;

(14) in Article 60, paragraph 1, the following subparagraph is added:

‘Where a beneficiary has been selected for an on-the-spot check on an aid application or on a payment claim or on conditionality pursuant to Article 83, Member States shall, to the extent

possible and taking account of the associated risks, not select that beneficiary for a subsequent check and control sample for that year, except when the circumstances require a second control in order to ensure the effective protection of the financial interests of the Union. This provision shall not reduce the level of checks.’;

(15) in Article 67(1), the first subparagraph is replaced by the following:

‘Member States shall record and keep any data and documentation on the annual outputs reported in the context of the reported progress towards targets set out in the CAP Strategic Plan and monitored in accordance with Article 128 of Regulation (EU) 2021/2115.’;

(16) in Article 68, paragraph 3 is deleted;

(17) in Article 69, paragraph 6 is deleted;

(18) in Article 70, paragraph 2 is deleted;

(19) the following Article is inserted:

‘Article 70a

**Quality assessment of the identification system for agricultural parcels, of the geo-spatial application system and of the area monitoring system**

Member States shall annually assess the quality of the elements referred to in Articles 68, 69 and 70 in accordance with the methodology set up at Union level. Where the assessment reveals deficiencies in the systems, Member States shall adopt appropriate remedial actions or, failing that, the Commission shall request Member States to set up an action plan in accordance with Article 42.

Member States shall submit to the Commission an assessment report and, where appropriate, the remedial actions and the timetable for their implementation by 15 February following the calendar year concerned.’;

(20) Article 72 is replaced by the following:

‘Article 72

**Control and penalty system**

Member States shall set up a control and penalty system referred to in Article 66(1), point (e). Member States, through the paying agencies or the bodies delegated by them, shall annually carry out administrative checks on the aid application and payment claims to verify legality and regularity in accordance with Article 59(1), point (a). Those checks shall be supplemented by on-the-spot checks, which may be executed remotely with the use of technology.

However, Member States may choose not to carry out on the spot checks where the eligibility conditions of interventions are monitored under the area monitoring system referred to in Article 70.’;

(21) in Article 74, point (a) is replaced by the following:

‘(a) rules on the quality assessment referred to in Article 70a.’;

(22) Article 75 is replaced by the following:

‘Article 75

**Implementing powers relating to Articles 68 to 70a**

The Commission may adopt implementing acts laying down rules on:

(a) the form and content of, and arrangements for transmitting or making available to the Commission:

(i) the assessment reports on the quality of the identification system for agricultural parcels, of the geo-spatial application system and of the area monitoring system;

(ii) the remedial actions referred to in Article 70a;

(b) basic features of, and rules on, the aid application system under Article 69 and the area monitoring system referred to in Article 70, including parameters of the gradual increase of the number of interventions under the area monitoring system.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 103(3).’;

(23) Article 83 is amended as follows:

(a) in paragraph 1, point (a) is replaced by the following:

‘(a) beneficiaries receiving direct payments under Title III, Chapter II, of Regulation (EU) 2021/2115, except for the payments referred to in Article 41a of that Regulation;’;

(b) the following paragraph is inserted:

‘1a. By way of derogation from paragraph 1, the control system for conditionality shall not apply to beneficiaries of payments referred to in Article 28 of Regulation (EU) 2021/2115.’;

(c) paragraphs 2 and 3 are replaced by the following:

‘2. Beneficiaries listed in paragraph 1 of this Article shall be exempted from controls under the system set up in accordance with that paragraph where the area eligible for the payments and the support referred to in that paragraph, as declared in the geo-spatial application referred to in Article 69(1), does not exceed 10 hectares.

3. Member States may make use of their existing control systems and administration to ensure compliance with the rules on conditionality.

Those systems shall be compatible with the control systems referred to in paragraph 1.’;

(d) paragraph 4 is deleted;

(e) paragraph 6 is amended as follows:

(i) the introductory sentence is replaced by the following:

‘6. In order to comply with their control obligations laid down in paragraphs 1 and 3, Member States:’;

(ii) point (d) is replaced by the following:

‘(d) shall establish the control sample for the on-the-spot checks referred to in point (a) to be carried out each year on the basis of an annual risk analysis that includes a random component and covers at least 1 % of the beneficiaries listed in paragraph 1 of this Article. Where, pursuant to Article 60(1), third subparagraph, a Member State does not select a beneficiary for a check or control sample, it shall ensure that the minimum control rate is respected;’;

(24) Article 84 is amended as follows:

(a) the following paragraph is inserted:

‘1a. By way of derogation from paragraph 1, the system of administrative penalties for conditionality shall not apply to beneficiaries of payments referred to in Article 28 of Regulation (EU) 2021/2115.’;

(b) paragraph 4 is replaced by the following:

‘4. Beneficiaries listed in Article 83(1) shall be exempted from the penalties referred to in paragraph 1 of this Article where the area eligible for the payments and the support referred to in Article 83(1), as declared in the geo-spatial application referred to in Article 69(1), does not exceed 10 hectares.’;

(25) Article 102 is amended as follows:

(a) paragraphs 2 and 3 are replaced by the following:

‘2. The power to adopt delegated acts referred to in Article 11(1), Article 17(5), Article 23(2), Article 38(2), Article 40(3), Article 41(3), Article 44(4) and (5), Article 47(1), Article 52(1), Article 55(6), Article 60(3), Article 64(3), Article 74, Article 76(2), Article 85(7), Article 89(2), Article 94(5) and (6), Article 95(2) and Article 105 shall be conferred on the Commission for a period of seven years from 7 December 2021. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the seven-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.

3. The delegation of power referred to in Article 11(1), Article 17(5), Article 23(2), Article 38(2), Article 40(3), Article 41(3), Article 44(4) and (5), Article 47(1), Article 52(1), Article 55(6), Article 60(3), Article 64(3), Article 74, Article 76(2), Article 85(7), Article 89(2), Article 94(5) and (6), Article 95(2) and Article 105 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.’;

(b) paragraph 6 is replaced by the following:

‘6. A delegated act adopted pursuant to Article 11(1), Article 17(5), Article 23(2), Article 38(2), Article 40(3), Article 41(3), Article 44(4) and (5), Article 47(1), Article 52(1), Article 55(6), Article 60(3), Article 64(3), Article 74, Article 76(2), Article 85(7), Article 89(2), Article 94(5) and (6), Article 95(2) and Article 105 shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and to the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.’;

(26) in Article 103(1), second subparagraph is replaced by the following:

‘For the purposes of Articles 11, 12, 17, 18, 23, 26, 32, 39 to 44, 47, 51 to 53, 55, 58, 59, 60, 64, 75, 82, 92, 95 and 100, as regards matters relating to interventions in the form of direct payments, interventions in certain sectors, interventions for rural development and the common organisation of markets, the Commission shall be assisted by the Committee on the Agricultural Funds, the Common Agricultural Policy Committee established by Regulation (EU) 2021/2115 and the Committee for the Common Organisation of the Agricultural Markets established by Regulation (EU) No 1308/2013, respectively.’

### *Article 3*

#### *Transitional provisions and measures*

1. Approvals of requests for amendment of CAP Strategic Plans submitted to the Commission before the entry in force of this Regulation shall be governed by Article 119 of Regulation (EU) 2021/2115 as applicable at the time of the submission of those requests.
2. Modifications of CAP Strategic Plans notified to the Commission pursuant to Article 119(9) of Regulation (EU) 2021/2115 but not approved by the Commission before the entry into force of this Regulation shall be included in the next request for strategic amendment of the CAP Strategic Plan submitted pursuant to Article 119(2) of Regulation (EU) 2021/2115, as amended by this Regulation.

### *Article 4*

#### *Entry into force and application*

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

However, Article 2, point (5) shall apply from 16 October 2025.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

## **LEGISLATIVE FINANCIAL AND DIGITAL STATEMENT**

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## 1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

### 1.1. Title of the proposal/initiative

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2021/2115 as regards the conditionality system, types of intervention in the form of direct payment, types of intervention in certain sectors and rural development and annual performance reports and Regulation (EU) 2021/2116 as regards data and interoperability governance, suspensions of payments annual performance clearance and controls and penalties

### 1.2. Policy area(s) concerned

Programme cluster 8 - Agriculture & Maritime Policy under Heading 3 of the Multiannual Financial Framework (MFF) 2021-2027 – Natural Resources and Environment

### 1.3. Objective(s)

#### 1.3.1. General objective(s)

In order to tackle the challenges currently faced by the European agricultural sector, the general objective of the present proposal is to simplify legislation and implementation of CAP Strategic Plans, thus contributing to administrative burden reduction and the increase of competitiveness.

#### 1.3.2. Specific objective(s)

##### Specific objective No

The initiative aims to streamline CAP Strategic Plans legislation and implementation to:

- better recognise the diverse situations of farms,
- to better equip farmers as entrepreneurs,
- to improve competitiveness
- and to provide Member States with more flexibility in managing their Plans.

#### 1.3.3. Expected result(s) and impact

*Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.*

The initiative should make it easier for farmers to apply for and implement CAP Strategic Plan support schemes that aim to increase their sustainability and competitiveness by:

- avoiding double obligations,
- reducing control pressure by reducing the number of on-farm field visits that are necessary for national authorities to perform,
- simplifying application procedure,

- increase flexibility for farmers to manage their land,
- allowing to better compensate farmers for costs incurred and income forgone in relation to implementation of certain obligations,
- broadening and better targeting funding opportunities for e.g. beekeepers or livestock farmers,
- having a more adapted calculation method of losses for certain groups of farmers or areas with particular needs engaging in risk management,
- having more support for farmers suffering losses as a result of natural disasters or adverse climate events,
- extending possibilities to apply for a lump-sum income support and a lump-sum business development support for small farmers,
- simplify the implementation of investments via a greater use of standard cost options.

#### 1.3.4. *Indicators of performance*

*Specify the indicators for monitoring progress and achievements.*

New indicators are proposed for amended or new interventions. Beyond that existing indicators are used to measure performance

#### 1.4. **The proposal/initiative relates to:**

- ☒ a new action
- ☐ a new action following a pilot project / preparatory action<sup>34</sup>
- ☐ the extension of an existing action
- ☐ a merger or redirection of one or more actions towards another/a new action

#### 1.5. **Grounds for the proposal/initiative**

##### 1.5.1. *Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative*

Following up on the Vision announced in Commission Work Program, the initiative aims to make amendments to be applied by Member States and farmers from 2026.

##### 1.5.2. *Added value of EU involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this section 'added value of EU involvement' is the value resulting from EU action, that is additional to the value that would have been otherwise created by Member States alone.*

The cross-border and global nature of key challenges faced by EU agriculture require a common response at the EU level, securing the functioning of the single market and the level playing field already established by the Common Agricultural Policy. Accordingly, the initiative amends EU legislation governing the implementation by Member States of interventions funded from EU funds.

<sup>34</sup>

As referred to in Article 58(2), point (a) or (b) of the Financial Regulation.

*1.5.3. Lessons learned from similar experiences in the past*

A simplification initiative pursued last year yielded considerable savings in administrative burden. The present initiative builds on the experience of the initiative of last year. Details can be found in the Explanatory Memorandum accompanying the proposal.

*1.5.4. Compatibility with the multiannual financial framework and possible synergies with other appropriate instruments*

The initiative is compatible with the MFF.

*1.5.5. Assessment of the different available financing options, including scope for redeployment*

Any related expenditure will remain under the European Agricultural Guarantee Fund (EAGF) sub-ceiling

**1.6. Duration of the proposal/initiative and of its financial impact**

☐ **limited duration**

- ☐ in effect from [DD/MM]YYYY to [DD/MM]YYYY
- ☐ financial impact from YYYY to YYYY for commitment appropriations and from YYYY to YYYY for payment appropriations.

☒ **unlimited duration**

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

**1.7. Method(s) of budget implementation planned**

☐ **Direct management** by the Commission

- ☐ by its departments, including by its staff in the Union delegations;
- ☐ by the executive agencies

☒ **Shared management** with the Member States

☐ **Indirect management** by entrusting budget implementation tasks to:

- ☐ third countries or the bodies they have designated
- ☐ international organisations and their agencies (to be specified)
- ☐ the European Investment Bank and the European Investment Fund
- ☐ bodies referred to in Articles 70 and 71 of the Financial Regulation
- ☐ public law bodies
- ☐ bodies governed by private law with a public service mission to the extent that they are provided with adequate financial guarantees
- ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that are provided with adequate financial guarantees
- ☐ bodies or persons entrusted with the implementation of specific actions in the common foreign and security policy pursuant to Title V of the Treaty on European Union, and identified in the relevant basic act
- ☐ bodies established in a Member State, governed by the private law of a Member State or Union law and eligible to be entrusted, in accordance with sector-specific rules, with the implementation of Union funds or budgetary guarantees, to the extent that such bodies are controlled by public law bodies or by bodies governed by private law with a public service mission, and are provided with adequate financial guarantees in the form of joint and several liability by the controlling bodies or equivalent financial guarantees and which may be, for each action, limited to the maximum amount of the Union support.

Comments

Not applicable.

## **2. MANAGEMENT MEASURES**

### **2.1. Monitoring and reporting rules**

The initiative builds on the existing monitoring and reporting rules for the CAP Strategic Plans.

### **2.2. Management and control system(s)**

#### **2.2.1. *Justification of the budget implementation method(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed***

The initiative builds on the existing management and control systems for the CAP Strategic Plans.

#### **2.2.2. *Information concerning the risks identified and the internal control system(s) set up to mitigate them***

The initiative builds on and simplifies the existing monitoring and reporting rules for the CAP Strategic Plans.

#### **2.2.3. *Estimation and justification of the cost-effectiveness of the controls (ratio between the control costs and the value of the related funds managed), and assessment of the expected levels of risk of error (at payment & at closure)***

The initiative builds on the existing control rules for the CAP Strategic Plans.

### **2.3. Measures to prevent fraud and irregularities**

The initiative builds on the existing rules aiming to prevent fraud and irregularities for the CAP Strategic Plans.

### 3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

#### 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

The proposal will have a budgetary impact due to amendment of Article 52(2) of Regulation (EU) 2021/2115, facilitating the increase of the Union financial assistance for sectoral interventions in the fruit and vegetables sector.

The Union financial assistance to fruit and vegetables' producer organisations (PO) approved by Member States for the implementation of operational programmes (OP) is limited to a certain percentage (from 4.1 % to 5.5 % depending on the type of beneficiaries and the objectives pursued) of the value of marketed production of those producer organisations. The proposed amendment of Article 52(2) of Regulation (EU) 2021/2115 entails a possible increase of these limits by 0.5 percentage points for the CAP Strategic Plan interventions, subject to fulfilment of certain conditions. Depending on the choice of the PO, this may increase the expenditure. Given that from 2026 all OPs will be implemented under the CAP Strategic Plan and based on the execution of the sector in financial year 2024 (EUR 1.15 billion), the estimated annual additional expenditure is EUR 5.75 million (EUR 1.15 billion x 0.05). To make use of the possible increase, POs will have to amend their OPs, thus the financial impact affects 2026 and 2027. Any related expenditure will remain under the European Agricultural Guarantee Fund (EAGF) sub-ceiling.

Furthermore, the proposal has non quantifiable budgetary impact deriving from the amendment of Article 16(1) of Regulation (EU) 2021/2116. The proposed amendment of that provision excludes from financing under the agricultural reserve the measures providing support to farmers affected by natural disasters, adverse climatic events or catastrophic events. The proposal does not change the overall amount of the reserve. However, the provision might lead to lower expenditure under the reserve, in case that it will not be used for measures against market disturbances (Article 219 of Regulation (EU) No 1308/2013), measures concerning animal diseases and plant pests and the loss of consumer confidence (Article 220 of Regulation (EU) No 1308/2013), other measures to resolve specific problems (Article 221 of Regulation (EU) No 1308/2013) or agreements and decisions during periods of severe imbalance in markets (Article 222 of Regulation (EU) No 1308/2013) (the latter proposal is subject to adoption by the European Parliament and the Council and the entry into force (Commission proposal for amendment of Regulation (EU) No 1308/2013 (COM(2024) 577 final)). As it cannot be envisaged in advance which exceptional circumstances will occur which may qualify for support in form of exceptional measures, this budgetary impact cannot be quantified. The proposed amendment might at the earliest have an effect (if the proposed amendments enter into force by then) from 16 October 2025, thus in the financial year 2026, given that funds have already been allocated under the 2025 reserve for sectors affected by adverse climatic events and natural disasters. Any related expenditure will remain under the European Agricultural Guarantee Fund (EAGF) sub-ceiling.

- Existing budget lines

*In order of multiannual financial framework headings and budget lines.*

| Heading of | Budget line | Type of | Contribution |
|------------|-------------|---------|--------------|
|------------|-------------|---------|--------------|

| multiannual financial framework |  | expenditure                   |                                   |   |                            |                        |
|---------------------------------|--|-------------------------------|-----------------------------------|---|----------------------------|------------------------|
|                                 | Number   | Diff./Non-diff. <sup>35</sup> | from EFTA countries <sup>36</sup> | from candidate countries and potential candidates <sup>37</sup> | From other third countries | other assigned revenue |
|                                 |  |                               |                                   |   |                            |                        |
| 3                               | 08.02.01 Agricultural reserve  | Non-diff.                     | NO                                | NO  | NO                         | NO                     |
| 3                               | 08.02.02.01 Fruit and vegetables sector                                    | Non-diff.                     | NO                                | NO  | NO                         | NO                     |
| 3                               | 08.02.04.01 Basic income support for sustainability                        | Non-diff.                     | /NO                               | /NO   | /NO                        | YES/NO                 |
| 3                               | 08.02.04.02 Complementary redistributive income support for sustainability | /Non-diff.                    | NO                                | NO  | NO                         | NO                     |
| 3                               | 08.02.04.03 Complementary income support for young farmers                 | Non-diff.                     | NO                                | NO  | NO                         | NO                     |
| 3                               | 08.02.04.04 Schemes for the climate and the environment                    | Non-diff.                     | NO                                | NO  | NO                         | NO                     |
| 3                               | 08.02.04.05 Coupled income support   | Non-diff.                     | NO                                | NO  | NO                         | NO                     |

- New budget lines requested

*In order of multiannual financial framework headings and budget lines.*

| Heading of multiannual financial framework | Budget line                               | Type of expenditure | Contribution        |   |                            |                        |
|--|---|---------------------|---------------------|---|----------------------------|------------------------|
|  | Number                                    | Diff./Non-diff.     | from EFTA countries | from candidate countries and potential candidates | from other third countries | other assigned revenue |
| 3  | 08.02.04.07 Complementary crisis payments | Non-diff.           | NO                  | NO  | NO                         | NO                     |

<sup>35</sup> Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

<sup>36</sup> EFTA: European Free Trade Association.

<sup>37</sup> Candidate countries and, where applicable, potential candidates from the Western Balkans.

### 3.2. Estimated financial impact of the proposal on appropriations

#### 3.2.1. Summary of estimated impact on operational appropriations

- ☐ The proposal/initiative does not require the use of operational appropriations
- ☒ The proposal/initiative requires the use of operational appropriations, as explained below

##### 3.2.1.1. Appropriations from voted budget

EUR million (to three decimal places)

| Heading of multiannual financial framework   |             | Number   |       |       |       |       |                        |
|--|-------------|----------|-------|-------|-------|-------|------------------------|
|  |             |          |       |       |       |       |                        |
| DG: <AGRI>   |             |          | Year  | Year  | Year  | Year  | TOTAL MFF<br>2021-2027 |
|  |             |          | 2024  | 2025  | 2026  | 2027  |                        |
| Operational appropriations   |             |          |       |       |       |       |                        |
| 08.02.02.01 Fruit and vegetables sector  | Commitments | (1a)     |       |       | 5.750 | 5.750 | 11.500                 |
|  | Payments    | (2a)     |       |       | 5.750 | 5.750 | 11.500                 |
|  | Commitments | (1b)     |       |       |       |       | 0.000                  |
|  | Payments    | (2b)     |       |       |       |       | 0.000                  |
| Appropriations of an administrative nature financed from the envelope of specific programmes <sup>38</sup> |             |          |       |       |       |       |                        |
| Budget line  |             | (3)      |       |       |       |       | 0.000                  |
| TOTAL appropriations<br>for DG <AGRI>  | Commitments | =1a+1b+3 | 0.000 | 0.000 | 5.750 | 5.750 | 11.500                 |
|  | Payments    | =2a+2b+3 | 0.000 | 0.000 | 5.750 | 5.750 | 11.500                 |
|  |             |          | Year  | Year  | Year  | Year  | TOTAL MFF<br>2021-2027 |
|  |             |          | 2024  | 2025  | 2026  | 2027  |                        |
| TOTAL operational appropriations   | Commitments | (4)      | 0.000 | 0.000 | 5.750 | 5.750 | 11.500                 |
|  | Payments    | (5)      | 0.000 | 0.000 | 5.750 | 5.750 | 11.500                 |

<sup>38</sup> Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

|  |             |      |              |              |              |              |                        |
|--|-------------|------|--------------|--------------|--------------|--------------|------------------------|
| TOTAL appropriations of an administrative nature financed from the envelope for specific programmes                              |             | (6)  | 0.000        | 0.000        | 0.000        | 0.000        | 0.000                  |
| <b>TOTAL appropriations under HEADING &lt;3&gt;</b><br>of the multiannual financial framework                                    | Commitments | =4+6 | 0.000        | 0.000        | 5.750        | 5.750        | 11.500                 |
|  | Payments    | =5+6 | 0.000        | 0.000        | 5.750        | 5.750        | 11.500                 |
|  |             |      | Year<br>2024 | Year<br>2025 | Year<br>2026 | Year<br>2027 | TOTAL MFF<br>2021-2027 |
| • TOTAL operational appropriations (all operational headings)  | Commitments | (4)  | 0.000        | 0.000        | 5.750        | 5.750        | 11.500                 |
|  | Payments    | (5)  | 0.000        | 0.000        | 5.750        | 5.750        | 11.500                 |
| • TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (all operational headings) |             | (6)  | 0.000        | 0.000        | 0.000        | 0.000        | 0.000                  |
| <b>TOTAL appropriations Under Heading 1 to 6</b><br>of the multiannual financial framework<br>(Reference amount)                 | Commitments | =4+6 | 0.000        | 0.000        | 5.750        | 5.750        | 11.500                 |
|  | Payments    | =5+6 | 0.000        | 0.000        | 5.750        | 5.750        | 11.500                 |

EUR million (to three decimal places)

|   |             |              |              |              |              |                        |
|---|-------------|--------------|--------------|--------------|--------------|------------------------|
|   |             | Year<br>2024 | Year<br>2025 | Year<br>2026 | Year<br>2027 | TOTAL MFF<br>2021-2027 |
| <b>TOTAL appropriations under HEADINGS 1 to 7</b> | Commitments | 0.000        | 0.000        | 5.750        | 5.750        | 11.500                 |
| of the multiannual financial framework            | Payments    | 0.000        | 0.000        | 5.750        | 5.750        | 11.500                 |

### 3.2.2. Estimated output funded from operational appropriations (not to be completed for decentralised agencies)

Commitment appropriations in EUR million (to three decimal places)

| Indicate objectives and outputs<br><br>↓  |                    |              | Year 2024 |      | Year 2025 |      | Year 2026 |      | Year 2027 |      | Enter as many years as necessary to show the duration of the impact (see Section1.6) |      |    |      |    |      |          |            | TOTAL |  |
|---|--------------------|--------------|-----------|------|-----------|------|-----------|------|-----------|------|--|------|----|------|----|------|----------|------------|-------|--|
|   | OUTPUTS            |              |           |      |           |      |           |      |           |      |  |      |    |      |    |      |          |            |       |  |
|   | Type <sup>39</sup> | Average cost | No        | Cost | No        | Cost | No        | Cost | No        | Cost | No   | Cost | No | Cost | No | Cost | Total No | Total cost |       |  |
| SPECIFIC OBJECTIVE No 1 <sup>40</sup> ... |                    |              |           |      |           |      |           |      |           |      |  |      |    |      |    |      |          |            |       |  |
| - Output                                  |                    |              |           |      |           |      |           |      |           |      |  |      |    |      |    |      |          |            |       |  |
| - Output                                  |                    |              |           |      |           |      |           |      |           |      |  |      |    |      |    |      |          |            |       |  |
| - Output                                  |                    |              |           |      |           |      |           |      |           |      |  |      |    |      |    |      |          |            |       |  |
| Subtotal for specific objective No 1      |                    |              |           |      |           |      |           |      |           |      |  |      |    |      |    |      |          |            |       |  |
| SPECIFIC OBJECTIVE No 2 ...               |                    |              |           |      |           |      |           |      |           |      |  |      |    |      |    |      |          |            |       |  |
| - Output                                  |                    |              |           |      |           |      |           |      |           |      |  |      |    |      |    |      |          |            |       |  |
| Subtotal for specific objective No 2      |                    |              |           |      |           |      |           |      |           |      |  |      |    |      |    |      |          |            |       |  |
| TOTALS                                    |                    |              |           |      |           |      |           |      |           |      |  |      |    |      |    |      |          |            |       |  |

<sup>39</sup> Outputs are products and services to be supplied (e.g. number of student exchanges financed, number of km of roads built, etc.).

<sup>40</sup> As described in Section 1.3.2. ‘Specific objective(s)’

### 3.2.3. Summary of estimated impact on administrative appropriations

- ☒ The proposal/initiative does not require the use of appropriations of an administrative nature
- ☐ The proposal/initiative requires the use of appropriations of an administrative nature, as explained below

#### 3.2.3.1. Appropriations from voted budget

| VOTED APPROPRIATIONS                          | Year  | Year  | Year  | Year  | TOTAL<br>2021 - 2027 |
|---|-------|-------|-------|-------|----------------------|
|   | 2024  | 2025  | 2026  | 2027  |                      |
| HEADING 7                                     |       |       |       |       |                      |
| Human resources                               | 0.000 | 0.000 | 0.000 | 0.000 | 0.000                |
| Other administrative expenditure              | 0.000 | 0.000 | 0.000 | 0.000 | 0.000                |
| Subtotal HEADING 7                            | 0.000 | 0.000 | 0.000 | 0.000 | 0.000                |
| Outside HEADING 7                             |       |       |       |       |                      |
| Human resources                               | 0.000 | 0.000 | 0.000 | 0.000 | 0.000                |
| Other expenditure of an administrative nature | 0.000 | 0.000 | 0.000 | 0.000 | 0.000                |
| Subtotal outside HEADING 7                    | 0.000 | 0.000 | 0.000 | 0.000 | 0.000                |
|   |       |       |       |       |                      |
| TOTAL   | 0.000 | 0.000 | 0.000 | 0.000 | 0.000                |

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together, if necessary, with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

### 3.2.4. Estimated requirements of human resources

- ☒ The proposal/initiative does not require the use of human resources
- ☐ The proposal/initiative requires the use of human resources, as explained below

#### 3.2.4.1. Financed from voted budget

*Estimate to be expressed in full-time equivalent units (FTEs)<sup>41</sup>*

| VOTED APPROPRIATIONS   | Year<br>2024 | Year<br>2025 | Year<br>2026 | Year<br>2027 |
|--|--------------|--------------|--------------|--------------|
| <b>• Establishment plan posts (officials and temporary staff)</b>  |              |              |              |              |
| 20 01 02 01 (Headquarters and Commission's Representation Offices) | 0            | 0            | 0            | 0            |
| 20 01 02 03 (EU Delegations)                                       | 0            | 0            | 0            | 0            |
| 01 01 01 01 (Indirect research)                                    | 0            | 0            | 0            | 0            |
| 01 01 01 11 (Direct research)                                      | 0            | 0            | 0            | 0            |
| Other budget lines (specify)                                       | 0            | 0            | 0            | 0            |
| <b>• External staff (inFTEs)</b>                                   |              |              |              |              |

<sup>41</sup> Please specify below the table how many FTEs within the number indicated are already assigned to the management of the action and/or can be redeployed within your DG and what are your net needs.

|  |                     |          |          |          |          |
|--|---------------------|----------|----------|----------|----------|
| 20 02 01 (AC, END from the 'global envelope')        |                     | 0        | 0        | 0        | 0        |
| 20 02 03 (AC, AL, END and JPD in the EU Delegations) |                     | 0        | 0        | 0        | 0        |
| Admin. Support line<br>[XX.01.YY.YY]                 | - at Headquarters   | 0        | 0        | 0        | 0        |
|  | - in EU Delegations | 0        | 0        | 0        | 0        |
| 01 01 01 02 (AC, END - Indirect research)            |                     | 0        | 0        | 0        | 0        |
| 01 01 01 12 (AC, END - Direct research)              |                     | 0        | 0        | 0        | 0        |
| Other budget lines (specify) - Heading 7             |                     | 0        | 0        | 0        | 0        |
| Other budget lines (specify) - Outside Heading 7     |                     | 0        | 0        | 0        | 0        |
| <b>TOTAL</b>   |                     | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |

Considering the overall strained situation in Heading 7, in terms of both staffing and the level of appropriations, the human resources required will be met by staff from the DG who are already assigned to the management of the action and/or have been redeployed within the DG or other Commission services.

The staff required to implement the proposal (in FTEs):

|                                | To be covered by current staff available in the Commission services | Exceptional additional staff*              |                             |                          |
|--------------------------------|---|--|-----------------------------|--------------------------|
|                                |   | To be financed under Heading 7 or Research | To be financed from BA line | To be financed from fees |
| Establishment plan posts       |   |  | N/A                         |                          |
| External staff (CA, SNEs, INT) |   |  |                             |                          |

Description of tasks to be carried out by:

|                               |  |
|-------------------------------|--|
| Officials and temporary staff |  |
| External staff                |  |

### 3.2.5. Overview of estimated impact on digital technology-related investments

| TOTAL Digital and IT appropriations             | Year<br>2024 | Year<br>2025 | Year<br>2026 | Year<br>2027 | TOTAL<br>MFF<br>2021 -<br>2027 |
|---|--------------|--------------|--------------|--------------|--------------------------------|
| <b>HEADING 7</b>                                |              |              |              |              |                                |
| IT expenditure (corporate)                      | 0.000        | 0.000        | 0.000        | 0.000        | <b>0.000</b>                   |
| <b>Subtotal HEADING 7</b>                       | <b>0.000</b> | <b>0.000</b> | <b>0.000</b> | <b>0.000</b> | <b>0.000</b>                   |
| <b>Outside HEADING 7</b>                        |              |              |              |              |                                |
| Policy IT expenditure on operational programmes | 0.000        | 0.000        | 0.000        | 0.000        | <b>0.000</b>                   |

|                            |       |       |       |       |       |
|----------------------------|-------|-------|-------|-------|-------|
| Subtotal outside HEADING 7 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
|                            |       |       |       |       |       |
| TOTAL                      | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |

### 3.2.6. Compatibility with the current multiannual financial framework

The proposal/initiative:

- ☒ can be fully financed through redeployment within the relevant heading of the multiannual financial framework (MFF)
- ☐ requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation
- ☐ requires a revision of the MFF

### 3.2.7. Third-party contributions

The proposal/initiative:

- ☒ does not provide for co-financing by third parties
- ☐ provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

|                                  | Year<br>2024 | Year<br>2025 | Year<br>2026 | Year<br>2027 | Total |
|----------------------------------|--------------|--------------|--------------|--------------|-------|
| Specify the co-financing body    |              |              |              |              |       |
| TOTAL appropriations co-financed |              |              |              |              |       |

### 3.3. Estimated impact on revenue

- ☒ The proposal/initiative has no financial impact on revenue.
- ☐ The proposal/initiative has the following financial impact:
  - ☐ on own resources
  - ☐ on other revenue
  - ☐ please indicate, if the revenue is assigned to expenditure lines

EUR million (to three decimal places)

| Budget revenue line: | Appropriations available for the current financial year | Impact of the proposal/initiative <sup>42</sup> |           |           |           |
|----------------------|---|---|-----------|-----------|-----------|
|                      |   | Year 2024                                       | Year 2025 | Year 2026 | Year 2027 |
| Article .....        |   |   |           |           |           |

For assigned revenue, specify the budget expenditure line(s) affected.

<sup>42</sup>

As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20% for collection costs.

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

|  |
|--|
|  |
|--|

## 4. DIGITAL DIMENSIONS

### 4.1. Requirements of digital relevance

The proposal **does not include requirements of digital relevance**, as the removal of the annual performance clearance exercise led to the deletion of related reporting obligations with no new requirements concerning data flows. However, this simplification is not a direct result of streamlining reporting obligations through the use of digital tools, but rather a consequence of the deletion of annual performance clearance. Although digital technologies are being used for CAP implementation by Member States, the proposed amendments to the reporting obligations are not linked to those digital technologies.

Considering the Digital-by-Default principle, which prioritizes the use of digital solutions to deliver public services, a new Article is introduced in Regulation (EU) 2021/2116, Article 13a, to assess the state of play of interoperability of information systems for CAP implementation, monitoring, and evaluation at national and cross-border levels. This new Article will enhance further the digitalisation of public services, ensuring a seamless flow of data and the futureproofing of policies. The proposal thus aligns with the Digital-by-Default principle, which promotes the use of digital technologies to improve the efficiency, effectiveness, and accessibility of public services. It will also enhance the future implementation of the once-only principle. In particular, the reference in the proposed Article 13a to digital identification systems used in data assets and information systems for the implementation, monitoring and evaluation of the CAP gives indications to Member States authorities on how to collect once and use multiple times data, in systems with single identifiers in place.

### 4.2. Data

Not applicable.

#### **Alignment with the European Data Strategy**

Not applicable.

#### **Alignment with the once-only principle**

Boosting the implementation of the once-only principle is one of the driving forces behind the requirements under the proposed Article 13a of Regulation (EU) 2021/2116. In particular, the reference to digital identification systems gives concrete indications to Member States authorities on how to collect once and use multiple times data in systems with unique identifiers in place.

Explain how newly created data is findable, accessible, interoperable and reusable, and meets high-quality standards.

**Not applicable**, as Article 2(3) does include specific types of data.

#### **4.3. Digital solutions**

**Not applicable**, as the requirements do not mandate a specific solution. However, Member States in their assessment shall consider alignment with Regulation (EU) No 910/2014, including as regards the European Digital Identity Wallet for natural and legal persons.

#### **4.4. Interoperability assessment**

**Not applicable**, as the requirements do not mandate a specific solution. However, within their roadmap, Member States should assess interoperability aspects, including the cross-border dimension.

#### **4.5. Measures to support digital implementation**

**Not applicable.**