THE COMMON AGRICULTURAL POLICY POST-2020

Designing a Generational renewal Strategy in the CAP plan

ENRD Workshop

'Attracting young farmers and fostering generational renewal in rural areas'

DISCLAIMER: This presentation is only intended to facilitate the work of the ENRD workshop. It has no interpretative value as regards the draft Regulations for the CAP post-2020.
1. Young farmers in Europe: the figures

2. The CAP plan provisional template

3. Establishing a strategy for generational renewal in the CAP plans
1. Young farmers in Europe: the figures
Age structure of farm managers

Share of farm managers below 35 years old per MS by sex in 2016
EU farmers by age group
Key farm parameters by age group (2016)
Farm size by age

Average farm size in Euro by age group (2016)

Average farm size in ha by age group (2016)
The estimated EU agricultural sector financial gap is:

- For short-term loans: EUR 1.56 billion - EUR 4.12 billion;
- For medium and long-term loans: EUR 5.50 billion - EUR 14.48 billion.

The total financial gap, therefore, is between EUR 7.06 billion and EUR 18.60 billion.
2. The CAP plan provisional template
THE 9 CAP OBJECTIVES and main policy principles

- **SIMPLIFICATION**: Reduce administrative burden
- **PERFORMANCE BASED SYSTEM**: Ensure policy results
- **BETTER TARGETING**: Rules with better links to local realities
- **KEEP STRONG COMMON ELEMENTS**: Keep a level playing field

**Knowledge & Innovation**

- **ENSURE FAIR INCOME**
- **INCREASE COMPETITIVENESS**
- **REBALANCE POWER IN FOOD CHAIN**
- **CLIMATE CHANGE ACTION**
- **ENVIRONMENTAL CARE**
- **PRESERVE LANDSCAPES & BIODIVERSITY**
- **SUPPORT GENERATIONAL RENEWAL**
- **VIBRANT RURAL AREAS**
- **PROTECT FOOD & HEALTH QUALITY**
MS shall involve partners in the preparation of the CAP Strategic Plans.

Annex III: Outcomes of the consultation of the partners and description of how the consultation was carried out.
ASSESSMENT OF NEEDS AND INTERVENTION STRATEGY (I)

To be carried out for EACH of the CAP specific objectives, i.e. 9 sub-chapters

- Summary of the SWOT analysis
- Identification, prioritisation and ranking of needs
- Selection of the interventions, following a sound intervention logic
- Targets for each relevant common and, where relevant, specific result indicators and related milestones
- Allocation and justification of financial resources
Aspects to be addressed under certain specific objectives (SO):

- **SO1:** assessment of needs, based on the SWOT analysis, in relation to risk management

- **SO4, SO5 and SO6:** assessment of needs taking into account the national environmental and climate plans

- **SO7:**
  - summary of the SWOT analysis related to access to land, land mobility and land restructuring, access of finance and credits, and access to knowledge and advice
  - overview of the generational renewal strategy
ELEMENTS COMMON TO SEVERAL INTERVENTIONS

- Definitions and minimum requirements
- Conditionality: table of practices + description
  - Summary, territorial scope, type of farmers concerned, justification – info to be provided can vary depending on the individual GAEC (e.g. GAEC 4: minimal width of buffer strips)
- Elements related to direct payments
  - Value of payment entitlements and functioning of the reserve
  - Reduction of direct payments
- Technical Assistance
- CAP Network
- Coordination, demarcation and complementarities between EAFRD and other Union funds in rural areas
To be carried out for each intervention foreseen in the CAP plan

### DESCRIPTION OF THE INTERVENTIONS (I)

<table>
<thead>
<tr>
<th>Fund</th>
<th>EAGF/EAFRD</th>
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<tr>
<td>Type of intervention</td>
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<td>Territorial Scope</td>
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<td>Related Specific Objectives and where relevant sectoral objectives</td>
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<td>Result indicator(s)</td>
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<td>Eligible Beneficiaries</td>
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- Description of the design/requirements of the intervention
- Relevant baseline elements (e.g. relevant GAEC or statutory management requirements (SMR)), where applicable, and explanation as to how the commitment goes beyond the mandatory requirements
- Eligibility conditions
DESCRIPTION OF THE INTERVENTIONS (II)

• Support rates/premia/calculation methods and, where relevant, brief explanation of why these are appropriate for achieving the targets, also in relation to the baseline

• Individual tables to be filled for:

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<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
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<th>2024</th>
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<tr>
<td>Planned unit amount(s)</td>
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<td>Annual planned outputs</td>
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<td>Annual indicative financial allocation</td>
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6. TARGETS AND FINANCIAL PLANS

• Result indicators, broken down in annual milestones

• Financial tables:
  ❖ MS allocations of the different funds, including transfers
  ❖ Detailed information: breakdown by intervention and output
INDICATORS AND THE PERFORMANCE AND ASSURANCE SYSTEM

0
CAP Strategic Plan

Context, Planned output, Targets

1
Annual performance report
Annual accounts
Management declaration
Certification
Body opinion

2
Annual performance clearance
Annual financial clearance
Annual performance review

Output
Results
Performance & Assurance
8. MODERNISATION AND SIMPLIFICATION

• **Modernisation:**
  - Identification of the needs, based on the SWOT analysis, in relation to the cross-cutting objective related to fostering and sharing of knowledge innovation and digitalisation, including information about the functioning of the AKIS and related structures
  - Overall organisational set-up of the AKIS
  - Description of the farm advisory services provided
  - Description of how advisory services, research and CAP networks will work together within AKIS, and how advice and innovation support services are provided
  - Digitalisation strategy and for the use of technology and data-driven solutions

• **Simplification** and reduction of administrative burden for final beneficiaries
ANNEXES

- Ex-ante evaluation and Strategic Environmental Assessment
- SWOT analysis by specific objective
- Consultation of the partners
- Crop-specific payment for cotton
- Additional national financing
3. Establishing a strategy for generational renewal in the CAP plans
OVERVIEW

Attract young farmers and facilitate business development in rural areas

✓ Summary of the SWOT analysis:
  ✓ access to land, land mobility and land restructuring
  ✓ access to finance and credits
  ✓ access to knowledge and advice

✓ Overview of the generational renewal strategy, identifying a clear and coherent set of interventions, including the interplay with national instruments with a view of improving the consistency between Union and national actions

- Top-up income support (I pillar) and/or lump-sum payment (II pillar)

Ring-fencing of the budget

- Cooperation
- Investments and financial instruments
- Agricultural Knowledge and Innovation System (AKIS)
- Risk management
- Other relevant rural development interventions
DEFINITION

YOUNG FARMER
shall be defined in a way that includes:

- A maximum age limit that may not exceed 40 years
- The conditions for being ‘head of the holding’
- The appropriate training and/or skills required
A RING-FENCED BUDGET FOR THE TWO MAIN TOOLS

At least 2% of the national envelope of direct payments

Top-up: Complementary income support for young farmers
(I pillar)

Lump-sum: Installation grant for young farmers
up to EUR 100,000
(II pillar)

And / Or

+ reserves for payment entitlements
KEY TYPES OF INTERVENTION (1)

 ✓ COOPERATION, e.g.

• Farm partnerships between generations of farmers
• Retirement planning or lump-sum payments for farmers in the retirement age who permanently transfer their holding to a young farmer
• Farm succession or transition planning services
• Brokerage for land acquisition
• Innovative national or regional organisations engaged in promoting and facilitating matching services between young and old farmers
• LEADER
KEY TYPES OF INTERVENTION (2)

✓ INVESTMENTS

• **Preferential** conditions or priority via selection criteria may be set for young farmers and new entrants with higher risk profiles

✓ FINANCIAL INSTRUMENTS

• Purchase of **land** (exception for young farmers)
• Support for **working capital**: key for young farmers, whose start-up difficulties often lie with high investments and low returns
• **Preferential** conditions may be set for young farmers and new entrants with higher risk profiles

✓ RISK MANAGEMENT

• **Working capital** to overcome crises and a more flexible toolkit to better target the needs
KEY TYPES OF INTERVENTION (3)

✓ KNOWLEDGE, INNOVATION and DIGITALISATION as a CAP cross-cutting objective

- Use of digital technology, e.g. area monitoring system; geo-spatial application (GSA)
- Agricultural Knowledge and Innovation Systems (AKIS)
- European Innovation Partnership (EIP) and Horizon Europe
- Erasmus+
  - A certain share of the EAFRD may be used to finance actions in respect of transnational learning mobility with a focus on young farmers
EXAMPLE OF A GENERATIONAL RENEWAL STRATEGY IN A CAP PLAN (1)

• Summary of the SWOT analysis, including in particular:
  – Age structure; farms, land and output by age class; training levels by age group, etc.
  – Specific analysis in relation to:
    ▪ access to land, land mobility and land restructuring:
    ▪ access to finance and credits
    ▪ access to knowledge and advice

• Identification of needs: 5 areas of intervention
  1. Access to land
  2. Access to finance and jobs
  3. Access to income support
  4. Access to knowledge, advice and innovation
  5. Access to risk management
EXAMPLE OF A GENERATIONAL RENEWAL STRATEGY IN A CAP PLAN (2)

1. Access to land: Interventions supported

- Land purchase (FIs – EAFRD)
  - ✓ Long-term investment loans and guarantees

- Land Mobility Scheme (Cooperation - EAFRD)
  - ✓ Lump sum payments for farmers in the retirement age who permanently transfer their holding; matching services; farm partnerships, share-farming arrangements and mentoring; brokerage for land acquisition; creation of community land trusts.

- Bank of agricultural land (National instrument (NI))
  - ✓ National instrument to collect, organise and favour the matching of supply and demand of agricultural land

- Agricultural relief for inheritance tax (NI)

- Pre-emption rights (NI)

- Tax incentives (NI)

- “Starter Farms Programme” (NI)
  - ✓ YF to access and farm publicly-owned small units for a period of maximum 10 years.
EXAMPLE OF A GENERATIONAL RENEWAL STRATEGY IN A CAP PLAN (3)

2. Access to finance and jobs: Interventions supported

- Installation support (EAFRD)
- Investments (EAFRD and FIs via EAFRD)
  - YF preferred access via selection criteria and higher aid intensity
  - Delivered in combination with other interventions (knowledge exchange and information)
- Tax deductions (NI)
  - National instrument to collect, organise and favour the matching of supply and demand of agricultural land

3. Access to income support: Interventions supported

- CYS-YF (EAGF)
- National reserves for payment entitlements
- Income stabilisation tool
EXAMPLE OF A GENERATIONAL RENEWAL STRATEGY IN A CAP PLAN (4)

4. Access to knowledge, advice and innovation: Interventions supported

• AKIS (EAFRD and EAGF)
  ✓ “Young farmers start-up kit”
  ✓ Vouchers for regular vocational training
  ✓ “Succession planning” scheme

• European Innovation Partnership (EAFRD)

• National CAP network (EAFRD)
  ✓ Permanent “Young farmers hub”

• Erasmus for young farmers (EAFRD and Erasmus+ programme)

• LEADER (EAFRD and ESF)
EXAMPLE OF A GENERATIONAL RENEWAL STRATEGY IN A CAP PLAN (5)

5. Access to risk management:

Interventions supported

- Risk management tools (EAFRD)
  - Insurance premiums
  - Mutual funds
- Working capital (EAFRD)
- Precautionary savings (NI)
  - Income tax basis to be calculated over a period of 3 years
EXAMPLE: Linking output, result and impact indicators

- O.1 Number of EIP operational groups
- O.2 Number of advisors setting up or participating in EIP operational groups
- O.4 Number of ha for decoupled DP
- O.5 Number of beneficiaries for decoupled DP
- O.6 Number of ha subject to enhanced income support for young farmers
- O.7 Number of beneficiaries subject to enhanced income support for young farmers
- O.8 Number of farmers covered by supported risk management instruments
- O.18 Number of supported on-farm productive investments
- O.20 Number of supported non-productive investments
- O.21 Number of off-farm productive investments
- O.22 Number of farmers receiving installation grants
- O.26 Number of generational renewal projects
- O.27 Number of local development strategies (LEADER)
- O.28 Number of other cooperation groups (excluding EIP)
- O.29 Number of farmers trained/given advice

- R.1 Enhancing performance through knowledge and innovation
- R.2 Linking advice and knowledge systems
- R.3 Digitising agriculture
- R.5 Risk management
- R.7 Enhancing support to farms in areas with specific needs
- R.9 Farm modernization
- R.10 Better supply chain organisation
- R.30 Generational renewal
- R.31 Growth and jobs in rural areas:
- R.32 Developing the rural bioeconomy
- R.33 Digitising the rural economy
- R.34 Connecting rural Europe

I.21 Attracting young farmers: Evolution of number of new farmers

Other intervening factors
THANK YOU!

REPORTS AND MORE INFORMATION:

On CAP legislative proposals, Impact Assessment and Background