

LEGAL BASIS

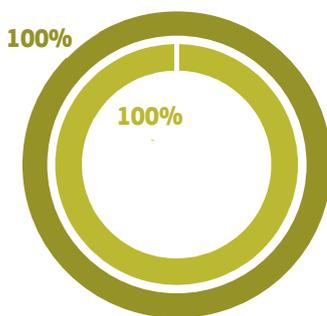
Regulation (EU) No 1306/2013 of the European Parliament and of the Council, Regulation (EU) No 1307/2013 of the European Parliament and of the Council, Regulation (EU) No 1308/2013 of the European Parliament and of the Council and Council Regulation (EU) No 1370/2013

MORE INFORMATION

<http://europa.eu/lwm64UF>

BUDGET ALLOCATION 2014-2020

EUR 301 949.9 million

**OVERALL EXECUTION
(2014-2020)**

- Payments
- Commitments

**Evaluations/
studies conducted**

A complete overview of the evaluations related to the EAGF can be found at: <http://europa.eu/lXq94Py>

How is it implemented?

The Directorate-General for Agriculture and Rural Development is the lead DG for the implementation of the programme, mainly through shared management with the Member States.

EAGF

EUROPEAN AGRICULTURAL GUARANTEE FUND**What is the European Agricultural Guarantee Fund?**

The European Agricultural Guarantee Fund (EAGF) provides basic protection for farm incomes against the particular shocks (e.g. price- and production-related shocks) to which agriculture is exposed. The Common Market Organisation provides a framework of rules on issues such as market-support measures, product standards and labelling. Direct payments provide a stable revenue source for farmers. In addition, cross-compliance links direct payments to standards concerning the environment, food safety, animal and plant health and animal welfare throughout the EU, while the 'greening' layer of direct payments rewards farmers for additional environmental care, such as crop diversity, permanent grassland and ecologically beneficial zones or landscape features.

**General and specific objectives**

- To promote balanced territorial development, viable food production and sustainable management of natural resources and climate action.
- To improve the competitiveness of the agricultural sector and enhance its value share in the food chain.
- To foster market stability, to better reflect consumer expectations and to sustain the stability of farmers' income by providing direct income support.
- To promote more market-oriented agriculture by ensuring a significant level of decoupled income support.
- To contribute to the enhancement of the environmental performance of the common agricultural policy.
- To promote local agricultural production and to ensure a fair level of prices for commodities for direct consumption and for processing by local industries in the outermost regions of the EU and on the Aegean islands.
- To provide the Commission with reasonable assurances that Member States have put in place management and control systems in conformity with EU rules.
- To inform and increase awareness of the common agricultural policy by maintaining an effective and regular dialogue with stakeholders, civil society and specific target audiences.
- To facilitate decision-making on strategic choices for the common agricultural policy and to support other activities of the DG by means of economic and policy analyses and studies.

Why is it necessary?

The EAGF preserves a level playing field in the single market for agricultural products and enables a stronger common position in trade negotiations. Moreover, it responds more effectively and efficiently to cross-border challenges such as underpinning food security, mitigating and adapting to climate change, caring for natural resources such as soil and water, restoring biodiversity and strengthening economic and social cohesion.

The EAGF supports balanced territorial development and encourages smart, sustainable and inclusive growth: analysis shows that less or no EAGF support would result in a higher concentration of agricultural production, i.e. small farmers and farmers in less-profitable areas would go out of business and larger farms would become even bigger and more intensive. This would have a negative effect on jobs in rural areas (especially in those where job creation is difficult) and on the environment and the climate due to intensification.

Outlook for the 2021-2027 period

The Commission's proposals on the common agricultural policy for the post-2020 period aim to make it more responsive to current and future challenges such as climate change (for which the European Green Deal sets the level of ambition of related measures) or generational renewal, while continuing to support farmers in the EU, for a sustainable and competitive agricultural sector. Negotiations with the European Parliament and the Council of the European Union on the reform of the common agricultural policy are ongoing.

To ensure continuity of the support for common agricultural policy beneficiaries, there is a transitional regulation that allows the EAGF measures to continue in 2021 and 2022 under the rules for the 2014-2020 period, though with financial allocations and ceilings for 2021 and 2022 adjusted to suit the 2021-2027 multiannual financial framework.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
43 213.1	2018	43 169.2	
43 156.1	2019	43 080.0	
43 441.4	2020	43 582.3	

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Increase in agricultural factor income (index)	2013: 111.8	 86%	Overall increase in the long term	Index was above baseline in 6 out of the 7 years from 2014 to 2020. 2020 index value: 124.0	On track
Increase in agricultural productivity (index) ⁽¹⁾	2005: 100	 100%	Overall increase in the long term	Index increased each year from 2014 to 2018. 2018 index value: 111	On track
Increase in rural employment rate ⁽²⁾	2013: 63.5%	 100%	Overall increase in the long term	Index increased each year from 2014 to 2019. 2019 employment rate: 69%	On track

 % of target achieved by the end of 2020

⁽¹⁾ Latest results are from 2018.

⁽²⁾ Latest results are from 2019.

NB: Progress to target is measured provisionally based on the number of years in which the index was above baseline.

Where are we in the implementation?

- **Direct payments.** In general, the implementation of direct payments is on track. The rebalancing of the distribution of direct-payment aid levels among and within Member States is ongoing. Data confirm that the average direct payments per hectare are converging at both Member State and farmer levels. The various schemes allowing further focus on the needs of certain categories of beneficiaries are fully in place. For the 2022 financial year, the needs for most schemes only show minor changes compared to 2021, owing to the stabilisation in execution. The 'greening' layer of direct payments accounts for 30% of Member States' annual direct payment ceilings and covers annual obligations that benefit the environment and climate, such as crop diversification, maintenance of permanent grassland and the dedication of 5% of arable land to ecologically beneficial areas.
- **Market-related expenditure.** The Common Market Organisation sets the framework for sector-specific support programmes (for wine, fruit and vegetables, olive oil, beekeeping and hops) and schemes (for promotion and support for the outermost regions and smaller Aegean islands, and EU school fruit, vegetables and milk scheme). Estimated expenditure for the Member States' wine programmes and support for the fruit and vegetables sector represents around three quarters of the requested appropriations for market-related expenditure. Agricultural markets remain particularly sensitive to external shocks, i.e. lower economic growth, weather etc. In 2020, the Commission adopted a range of market interventions and exceptional measures to support the agricultural and food sectors most affected by the COVID-19 pandemic, for example private storage aid for dairy and certain meat products; temporary derogations from certain EU competition rules; and flexibility for certain market-support programmes. Within the framework of the EU school fruit, vegetables and milk scheme, more than 20 million children across the EU receive milk, fruit and vegetables in schools, complemented by educational measures on agriculture and a balanced diet.
- **Legislative developments.** Taking into account the ongoing legislative procedure for the reform of the common agricultural policy and to ensure continuity in granting income support to farmers and in supporting rural development measures in 2021 and 2022, two regulations with transitional arrangements were adopted in 2020: one regarding flexibility between pillars in respect of the 2020 calendar year and another regarding common agricultural policy resources and application in the years 2021 and 2022.

Performance assessment

- To promote viable food production, one of the main objectives of the common agricultural policy is to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of farmers and agricultural employees. Agricultural factor income per full-time worker is increasing compared to 2013 levels, as is the total factor productivity in the agricultural sector. Direct payments allow farmers to cope better with the negative effects on income caused by decreasing agricultural prices, and market measures help to limit the domestic price volatility of most agricultural products. However, important challenges need to be addressed in the coming years: farmers' incomes are still lagging behind salaries in the economy as a whole, and remain dependent on direct support: on average for the last 5 years, 40% of the agricultural entrepreneurial income of the EU's farming community depended on direct income support. Furthermore, a substantial part of the sector continues to face low profitability due to, among other reasons, the EU's high production standards and high production costs and the fragmented structure of the primary sector. Despite direct common agricultural policy support, a large proportion of farm labour does not reach the benchmark of average national labour productivity. In that context, among other objectives, the proposals for the post-2020 common agricultural policy aim to better focus support on those that need it most. This entails redirecting support from large, highly productive farms to those that do not reach the benchmark of labour productivity. In addition, there will be a greater focus on research, technology and digitalisation, and on improving the position of farmers in the value chain.
- Another objective of common agricultural policy is to promote the sustainable management of natural resources and climate action. Almost all farmers that benefit from common agricultural policy support at the EU level systematically implement cross-compliance and greening measures. These practices are considered to be effective at maintaining minimum practices that are beneficial for soil, water and biodiversity. The common agricultural policy has raised Member States' ambitions to address biodiversity objectives by linking them to the level of funding. However, Member States should improve the available common agricultural policy instruments and measures to protect semi-natural features or landscape features. Substantial challenges remain in relation to improving the environmental performance of the EU's agricultural sector, and the common agricultural policy proposals include common EU objectives of focusing more on performance. The EU has committed to making further deep cuts in greenhouse gas emissions; the key natural resources of soil, air and water are still under pressure in many areas; and the available indicators on farm and forest biodiversity still do not meet expectations. EU citizens expect the common agricultural policy to make a stronger contribution to caring for the environment and the climate.
- Taking these challenges into account, the future common agricultural policy has an explicit commitment to 'aim higher' with regard to the environment and the climate. The new green architecture of the common agricultural policy will be based on a balance between mandatory rules and voluntary schemes. Current greening requirements will be merged with other standards into a new enhanced conditionality with a view to achieving simplification. Of particular interest in this respect are eco-schemes, a novel element of the proposal that create a new stream of funding under the first pillar to guide the necessary transformation towards more sustainable agricultural practices.
- The ambition of the future common agricultural policy in this regard has been set out by the European Green Deal, and especially the farm-to-fork strategy and the biodiversity strategy, which aim to make the EU's food system more sustainable by, among other methods, reducing the risk and use of pesticides, fertilisers and antibiotics, along with increasing the area under organic farming.

- The common agricultural policy also aims to promote balanced territorial development. The employment rate in rural areas has increased, and the gap in relation to urban areas has been closed. The common agricultural policy's measures on generational renewal are having a positive impact on attracting and keeping young farmers in rural areas and improving employment, despite the difficulty of isolating the effects of individual common agricultural policy measures addressing generational renewal and the strong influence of external factors. However, these measures are often insufficient on their own to address two main barriers to generational renewal – access to land and capital – which mostly depend on national legal, social and fiscal policies. While many rural areas remain vibrant and continue to thrive, the impact of ageing and depopulation is negatively affecting some rural areas, notably those facing socioeconomic decline. The long-term vision for rural areas will explore the challenges and opportunities they are facing.

Concrete examples of achievements

6.2 million	500 000	79%	18.2 million	19.2%
farmers benefited from direct payments in the 2020 financial year.	farmers benefited from the 'young farmers' scheme in 2019.	of the EU's total agricultural area was subject to at least one greening obligation as of 2019.	beehives supported in 2019.	of children in the EU benefited from the school scheme on fruit, vegetables and milk in the 2018/2019 school year.