



EUROPEAN COMMISSION
Impact Assessment Board

Brussels,
D(2011)

Opinion

Title **DG AGRI - MFF-related Impact Assessment on the Common
Agricultural Policy towards 2020**

(draft version of 26 July 2011)

(A) Context

The Commission adopted an over-arching proposal for the next multiannual financial framework (MFF) for EU spending on 29 June 2011, fixing the overall budget, allocations across high-level headings and key implementation choices. A series of follow-up proposals to provide a legal basis for sectoral spending programmes and to establish their specific budgetary arrangements are currently being finalised. This Impact Assessment report will accompany the proposals within the MFF as regards the Common Agricultural Policy (CAP), including market measures (Council Regulation (EC) No 1234/2007), direct payments (Council Regulation (EC) No 73/2009) and rural development policy (Council Regulation (EC) No 1698/2005).

The IAB has focused on the policy choices not yet fixed in the MFF June package.

(B) Overall assessment

While substantial amount of analysis has been carried out to support the revision of the policy, considerable further work is needed to improve its presentation in the report. The key elements of the specific measures under consideration, which are currently discussed only in annexes, should be brought forward into the main text, including quantified economic, social and environmental impacts. The need for certain measures (e.g. targeting young and small farmers or streamlining market measures) should be better justified in the problem definition and reflected in operational objectives in order to establish a clear intervention logic. The report should also describe the (sub)options in more detail and assess/compare them in a more transparent and comparable manner. It should then present the budgetary impacts of the specific measures and analyse their effects on the allocation of funds between the Member States. In addition, the report should more thoroughly assess the simplification aspects of the individual measures and present the results of relevant quantitative analysis. Difficulties in measuring the policy effects should be also reflected in the report.

(C) Main recommendations for improvements

(1) Provide a more explicit and detailed analysis of the concrete measures envisaged.

The report, as it stands, gives a good (but perhaps overlong) overview of the contextual factors and policy scenarios considered, while the details on specific policy choices are provided in various annexes. Given that the overall policy framework for the CAP was defined in the MFF June package, the report should now focus on the policy choices still open within this context. While the redistribution of the direct support is already adequately covered, the report should also provide details on the other specific measures, such as greening of the direct payments, definitions of active/small/young farmers, capping, rural development measures, restructuring of market measures and crisis response mechanisms. To this end, the report should bring the essential details from the annexes forward into the main text, while reducing the discussion of more generic issues (e.g. in the problem definition).

(2) Clarify the intervention logic underpinning specific measures. The need for certain specific measures (e.g. targeting young and small farmers or streamlining market measures) should be better justified in the problem definition and reflected in operational objectives to establish a clear intervention logic. As regards the *EU value added*, the report should go beyond the largely generic discussion and should further reflect on which actions (i.e. certain rural development measures or food supply chain measures) can be best defined at the EU level and which at the national/regional level. The report should be clearer that for some measures the final impacts will depend on the national/regional implementation modalities (e.g. criteria used for regionalisation), and should elaborate on how equity of distribution and sufficient focus on the overall strategic goals will be ensured in these circumstances. Regarding the *market measures*, the substance and the scope of the option on *regulated cooperation in food supply chain management* should be presented in more detail and complemented with a thorough consideration of its benefits and shortcomings, in particular given that this measure as currently presented is at odds with the objective of a more market-oriented agricultural sector.

(3) Better assessment of the expected policy outcome. In order to illustrate the policy ambition and the pace of anticipated change, the report should more clearly link the broad objectives to the expected outputs and results in each policy area. The noted problem of defining appropriate indicators, which would allow for a robust measurement of policy impacts (especially for rural development policy), should be reflected in the report along with the discussion of possible remedies for monitoring and future evaluation.

(4) Clarify the simplification aspects. The report should give an overview of the achievements and future challenges of simplifying CAP implementation. The trade-off between the goal of lighter administration, on the one hand, and the inherent complexity resulting from the new greening measures, on the other hand, should be presented upfront. The report should describe in more detail the administrative cost implications of various options and refer to the results of the relevant quantitative analysis while comparing the options.

(5) Provide more information on the different (sub)options in a comparative manner. The report should provide a more specific description of the (sub)options/instruments under each main policy area. The impacts of the (sub)options should be assessed in terms of the key indicators referred to in the problem definition and

in the baseline scenario (such as farm income, productivity, farm size, employment and share of agriculture in rural economy). The same indicators should be used for the comparison of (sub)options. Key quantitative data contained in the detailed annexes should be presented in the main text. The report should also assess the budgetary impacts of different (sub)options and their implications for Member States' allocations as regards the direct payments and rural development funds. Cumulative impacts of the proposed measures should also be considered, where relevant. All options should be compared to a more fully described baseline scenario, whilst clearly indicating any limitations in the baseline assumptions (e.g. uncertainties related to the climate and environmental factors).

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report

(D) Procedure and presentation

The report should cross-refer to choices already made in the MFF June package. It should identify which acts would be amended on the basis of the analysis in this impact assessment report, and where follow-up IAs are foreseen for specific measures.

The report is significantly longer than the 30 page limit foreseen by the IA Guidelines, but given the complexity of the CAP measures, this seems justified. At the same time any further lengthening of the report should be avoided. A stronger effort should also be made to make the report accessible to non-experts.

(E) IAB scrutiny process

Reference number	2011/AGRI/001
External expertise used	No
Date of IAB meeting	31 August 2011