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LIMITE

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WORKING PAPER

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WORKING DOCUMENT

From:	General Secretariat of the Council
To:	Delegations
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL 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 Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council - Non-paper on tracking of CAP expenditure for climate and biodiversity

Delegations will find attached a non-paper on the abovementioned subject. This document was produced by the Commission services to assist the negotiations and does not constitute an official position of the Commission.

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Requested changes to Strategic Plan Regulation on tracking the overall climate and biodiversity expenditure

On 21 July, the European Council agreed to increase the overall target for climate-related expenditure under the 2021-2027 multiannual financial framework (MFF) and the NextGenerationEU recovery instrument to 30%, to be reflected in appropriate targets in sectorial legislation. Furthermore, the European Council set out that *“An effective methodology for monitoring climate-spending and its performance, including reporting and relevant measures in case of insufficient progress, should ensure that the next MFF as a whole contributes to the implementation of the Paris Agreement”*.

In addition the Interinstitutional Agreement on the 2021-2027 Multiannual Financial Framework includes *“the ambition of providing **7,5 % in 2024 and 10 % in 2026 and in 2027 of annual spending under the MFF to biodiversity objectives**, while considering the existing overlaps between climate and biodiversity goals”*.

The scope of this note is to operationalise the agreements in relation to climate and biodiversity expenditure in the Strategic Plan Regulation.

A: Ensuring the 40 % climate contribution of CAP

For the Common Agricultural Policy, the way the 40% climate contribution of the CAP is integrated into the CAP reform legislative proposal is by providing the relevant markers at the level of types of intervention and then earmarking funds from pillar 1 (European Agricultural Guarantee Fund) and pillar 2 (European Agricultural Fund for Rural Development) to specific areas such that if Member States spend accordingly, the 40% target is reached. In line with the EUCO conclusions, this climate target should be made explicitly binding.

Because contributions from programmable funds (ecoschemes under EAGF and EAFRD / pillar 2) will gain a greater weight under the proposed approach, the annual performance review should include an explicit reference to climate and environment as a reason to require changes to the CAP strategic plan and its programming.

The Commission considers that following changes to the articles are needed:

Planning:

Article XX is introduced

Article XX

To ensure the achievement of the specific environmental and climate-related objectives as referred in Article 92, Member States shall reserve in the financial plan referred to in Article 100(2) at least 40% of the [yearly] allocations set out in annexes IV and IX for the interventions referred to in Article 87(2). The amount to be reserved shall be calculated by using the weighting factors as set up in that latter paragraph.

Financial planning

consequence of above: clarify that the financial plan should reflect the 40% of climate change target, in article 100

Add in article 100 paragraph 2, point (ca):

indications of the interventions contributing to the minimum spending requirements laid down in Article 86 and in Article XX.

Reporting and corrective action.

Introduction of new article 121*b* covering both reporting of the achievement in the annual performance report (as laid down in article 121) and on how to correct, with a specific mechanism in the CAP SPR.

Article 121*b*

*Environmental and climate performance*¹

(1) The quantitative information included in the annual performance report as referred to in Article 121(4a) shall also include the share of the expenditure effectively used for each of the interventions referred to in Article 87(2).

2) Where the share of the expenditure effectively used for each of the interventions referred to in Article 87(2), using weighting factors as set up in that Article, is below 35% of the allocations set out in annexes IV and IX for the interventions referred to in Article 87(2), the Commission may ask the Member State concerned to implement the necessary remedial actions, notably by increasing the amounts to be reserved under Article XX for following year's contribution.

B: Requested changes on monitoring of biodiversity expenditure in SPR

The Interinstitutional Agreement includes the 'ambition of providing 7.5% of annual spending under the MFF to biodiversity objectives in the year 2024 and 10% of annual spending under the MFF to biodiversity objectives in 2026 and 2027'.

The Commission considers that SPR should include a general recital 57a to support biodiversity, namely;

"In view of the importance of tackling the dramatic loss of biodiversity, support under this Regulation should contribute to mainstream biodiversity action in the Union policies and to the achievement of the overall ambition of providing 7,5% of annual spending under the MFF to biodiversity objectives in the year 2024 and 10% of annual spending under the MFF to biodiversity objectives in 2026 and 2027".

In addition the Commission considers that the following new paragraph 3 in Article 87 should be included:

Article 87

Tracking climate expenditure and contribution to biodiversity

1...

2...

¹ possible title

3. Support under this Regulation shall contribute to mainstream biodiversity action in the Union policies and to the achievement of the overall ambition of providing 7,5% of annual spending under the MFF to biodiversity objectives in the year 2024 and 10% of annual spending under the MFF to biodiversity objectives in 2026 and 2027, while considering the existing overlaps between climate and biodiversity goals.