Common agricultural policy (CAP): financing, management and monitoring 2014-2020

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The Commission presents a report on the implementation of the common monitoring and evaluation framework (CMEF) and first results on the performance of the common agricultural policy. The CMEF was established with the aim of measuring the performance of the CAP implementation for 2014-2020. For the first time, this framework covered the first pillar (direct payments and market measures) and the second pillar (rural development), as well as horizontal measures (e.g. cross compliance) of the CAP. This initial report describes the design and the implementation of the framework, provides first results on the performance of the CAP on the basis of evidence collected through the CMEF and other studies (e.g. evaluations) and links the lessons learnt with the performance and monitoring and evaluation framework included in the CAP post-2020 proposals.

Initial assessment of the performance of the CAP

Viable food production: the CAP has shifted from product support (through prices) to producer support (through income support, mainly with decoupled payments). This shift reduced the price gap between EU and world market prices over time: the ratio between EU and world market prices of main agricultural commodities (weighted average) declined from 140 % in 2007 to 113 % in 2017.

The EU market is more open: EU imports of agri-food products increased to EUR 117 billion in 2017 (+51 % compared to 2007), with EU imports from least developed countries increasing by more than 75 % since 2007, reaching a value of EUR 3.5 billion in 2017. Price volatility remains lower than for main competitors; e.g. for soft wheat, it was 6.8 % in 2015-2017, whereas on the world market it was 10 %.

Agricultural income: average direct payments per beneficiary amounted to almost EUR 6 200 in 2016 making up a share of 44 % in agricultural entrepreneurial income in the EU-28 with different distribution between farm types and farm size. However, agricultural income in sectors such as beef, sheep and olives and zones such as areas facing natural constraints remains **below EU average**. A recent World Bank report concludes that the CAP contributes effectively to farm income, and helps reducing the gap between agricultural income and wages received in other economic sectors.

Agricultural productivity: this, expressed as total factor productivity, is increasing steadily but slowly (+0.7% per year over the last five years), with growth in labour productivity contributing most to productivity gains.

Sustainable management of natural resources: greening requirements under direct payments was criticised for the additional burden it entails for farmers and administrations compared to its environmental outcome. A recent evaluation on the payment of agricultural practices beneficial for climate and environment confirms that the current implementation of greening by Member States and farmers **could be improved** to deliver better on its objectives.

Balanced territorial development agriculture represents 13.5% of total employment in rural areas in 2016 (compared to 12.4% in 2012). The poverty rate in rural areas declined (from 29 % in 2011 to 26 % in 2016 in the EU-28), approaching the poverty rate in the whole economy (25 %). The CAP has therefore an important role in poverty reduction in rural areas and contributes to the creation of better jobs for farmers across the EU.

Knowledge transfer and innovation: more than 492 000 farmers (4.5% of total farmers) have received funding for training and more than 63 500 farmers for advice.

Lessons learned: the proposals for reform of the CAP after 2020 shift emphasis from compliance and rules **towards results and performance**, with more Member States flexibility to decide how best to meet common objectives. The report sets out the following changes as a result of lessons learned:

-Indicators: experience has shown that there are currently too many indicators and sub-indicators. Some indicators are not available on a yearly basis and certain indicators are missing, e.g. an evaluation on climate change concludes that the limited breakdown of some output indicators impedes having sufficient information on CAP implementation with regard to climate change. In the CAP proposals post-2020 it is proposed to reduce the number of indicators from to 146 to 101.[37] This, more targeted, set of indicators has been selected in a way to reflect as closely as possible whether the supported interventions contribute to achieving the objectives.

-Data: the shift to performance-based policy also requires that the quality of the notifications submitted by Member States improve. Therefore in the next CAP, certification bodies will have to ensure the **reliability of the performance reporting on outputs and results**. Moreover, selected indicators are generally generated by administrative processes or otherwise available, to reduce the administrative burden. There is also a strong need to improve future data availability (both by further data sharing between existing sources and by new technologies.