

Finland's CAP Strategic Plan 2023-2027

– steps in the preparation and key
content

Ministry of Agriculture and Forestry

January 2022





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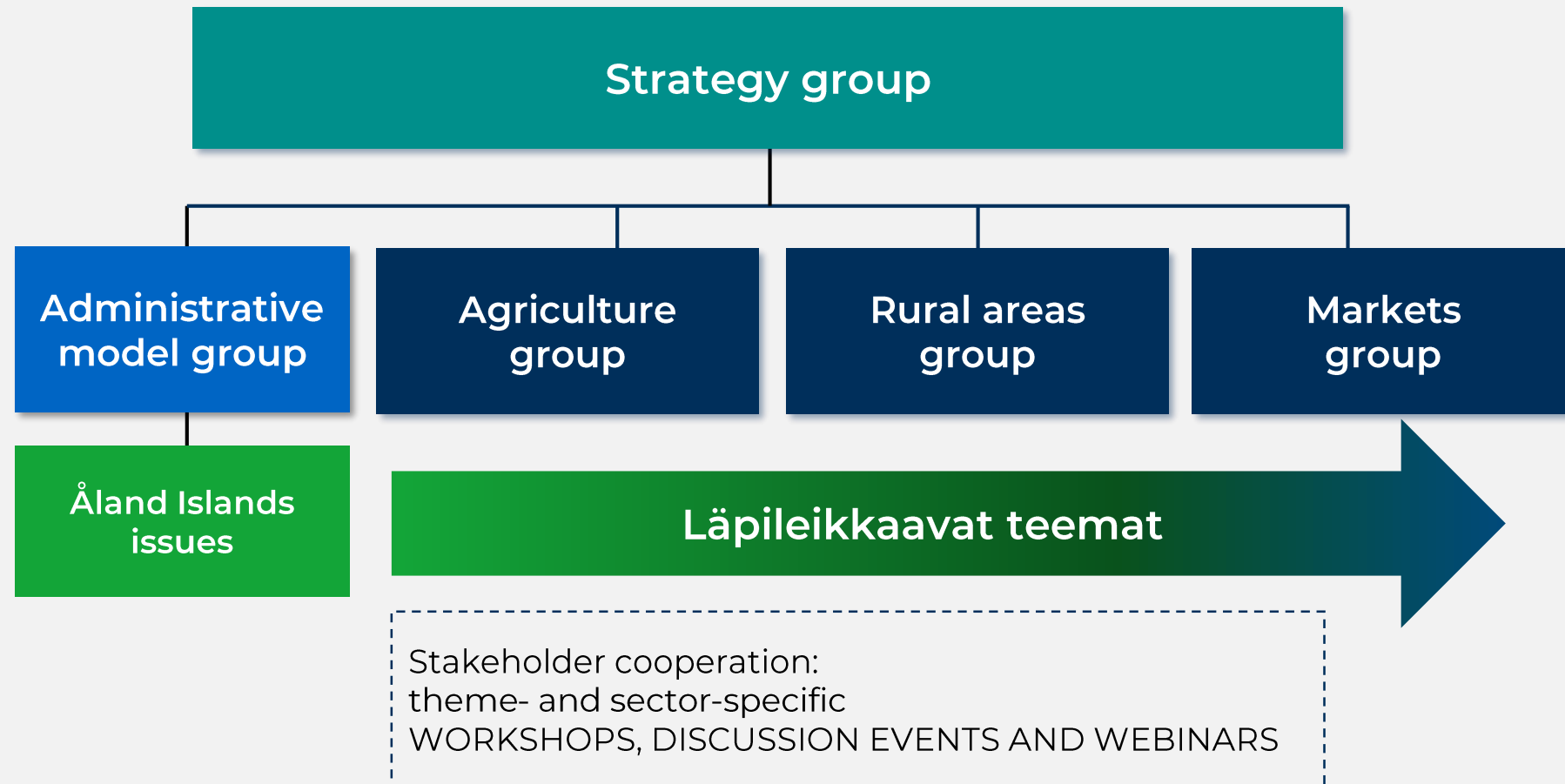
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Steps in the preparation of the CAP reform 2017–2020



- National preparatory work and first working groups started **in spring 2017**
- Opening of the European Commission, i.e. Communication on CAP, **in November 2017**
- Commission's concrete proposals for EU funding 2021-2027 and for EU Regulations on CAP reform **in early summer 2018**
- Multi-stage processes to prepare funding and CAP regulations in cooperation between Member States, Council, European Parliament and Commission
- Decision on a two-year transition period for the reform **in summer 2020** – rules for 2014-2020 period in use in 2021-2022
- EU leaders reached agreement on EU funding **in July 2020**

Organisation of the national process to prepare the CAP Strategic Plan



CAP preparation in 2021



- CAP Decision of the Council, European Parliament and Commission **in summer 2021**
- Draft CAP Strategic Plan circulated for comments **2 July–10 September 2021**
 - More than 360 statements on the content of the draft, most of them on the climate and environment package
- CAP Strategic Plan finalised at the Ministry of Agriculture and Forestry towards the end of the year
- Basic EU Regulations on CAP into force **on 6 December 2021**
- Official national processing of the proposal for the CAP Strategic Plan **in December 2021**
 - Government's Ministerial Committee on Economic Policy approved the funding of the CAP Strategic Plan **on 8 December 2021**
 - Government approved the proposal for the CAP Strategic Plan **on 16 December 2021** = > **proposal sent to the Commission on 22 December 2021**

CAP preparation continues in 2022–2023



- Negotiations with the Commission on the approval of Finland's CAP Strategic Plan **in the early part of 2022** – Commission has 6 months to process the plans
- More detailed conditions and definitions laid down by national acts and government decrees – proposals for CAP statutes circulated for comments by summer and submitted to Parliament **in autumn 2022**
- Acts on the CAP package into force on 1 January 2023 => decrees into force in early 2023 => **implementation to begin in 2023**

Objectives of CAP on the EU level



**Promoting
competence,
innovation
and
digitalisation**

Ensuring a smart,
sustainable and diverse
agriculture sector that
improves food security



Supporting environmental
management and climate action
and contributing to the common
environmental and climate
objectives



Strengthening
the socioeconomic structure
of rural areas



1. Ensuring the income level of farmers and food production
 2. Enhancing the competitiveness and quality of production
 3. Improving the market position of farmers
-
4. Mitigating climate change and adapting to it
 5. Promoting efficient management and protection of the environment
 6. Promoting the preservation of biodiversity, habitats and landscapes
-
7. Attracting young people to the sector, facilitating business development in rural areas
 8. Promoting employment, growth and local inclusion in rural areas
 9. Improving animal welfare and access to safe, healthy and sustainable nutrition and combating antimicrobial resistance



Content of the CAP reform (1)

- Decided at the EU-level:
 - EU-level objectives
 - conditions applicable to all
- Member States have more power to decide on the content and implementation of the support package
- Each Member State prepares a national multiannual CAP Strategic Plan that will be approved by the Commission
- CAP Strategic Plan includes:
 - objectives for each Member State concerning the results to be achieved
 - measures and their funding to reach the results



Content of the CAP reform (2)

- Commission monitors the achievement of the objectives and results of Member States by using various kinds of indicators for the measures and their impact
- On EU level the achievement of the results is monitored by means of a common set of indicators and a reporting system
- New policy implementation model does not mean that agricultural policy would have been nationalised, but that the division of responsibilities has changed
 - Policy is still based on common objectives, common obligations and common funding



Content of the CAP reform (3)

- Familiar targeted elements in CAP measures:
 - Coupled direct payments
 - Support for young farmers
 - Payments to areas facing natural constraints
 - Environment payments, promoting organic production
 - Animal welfare payments
 - Investments in developing the operating environment in rural areas
 - Farm investments and setting-up aid for young farmers
 - Investments and development of rural enterprises and business start-up
 - Local development of rural areas (LEADER)
 - Competence building and innovation (advice, education and training, cooperation)



Content of the CAP reform (4)

- New elements:
 - New eco-schemes included in direct payments supplement the set of climate and environmental measures
 - In direct payments, mandatory focus on farms smaller than average in size in decoupled payments (redistributive income support) in every Member State
 - Possible to no longer use payment entitlements as grounds for payment
 - Reformed measures and priorities in environment payments and animal welfare payments
 - Social conditionality: requirements concerning the terms and conditions of farm work and working conditions agricultural workers linked to the receipt of support as from 1 January 2025
 - New implementation model focused on objectives, results and their monitoring



Content of the CAP reform (5)

- Stronger focus on climate and environment
 - Eco-schemes in direct payments mandatory for Member States (voluntary for farmers)
 - Funding and measures of eco-schemes coordinated with environment and climate measures under the EAFRD
 - In Finland about 16.5% of the total amount of direct payments earmarked for funding eco-schemes.
 - Conditionality system with more climate and environmental requirements than now replaces the current cross-compliance conditions and greening payments in direct support
 - Environmental ambition must be increased. At least 35% of rural development funding to be targeted to environment and climate measures



Content of the CAP reform (6)

- Stronger focus on climate and environment
 - Measures linked to the European Green Deal
 - Commission assesses CAP Strategic Plans from the perspective of EU environmental and climate law and targets, especially with respect to targets of Farm to Fork Strategy
 - EU's Multiannual Financial Framework 2021-2027 sets the general EU target for funding climate action at 30%, in CAP target set at 40%



Content of the CAP reform (7)

- Agricultural investment support targeted to developing the competitiveness and modernising agriculture, investments promoting a good status of the environment and sustainable production, energy investments on farms, and investments promoting animal welfare and biosecurity of production buildings.
- Animal welfare commitments promote the wellbeing and health of farm animals and develop the activities of farms. Biosecurity and reducing the use of antibiotics new issues at the EU level.
- Advisory services offered e.g. on promoting environmental and climate issues and animal health and welfare, and on business plans, requirements of the Water Framework Directive, conditions for the use of pesticides, combating antimicrobial resistance, risk management, innovation and digital technology.



Content of the CAP reform (8)

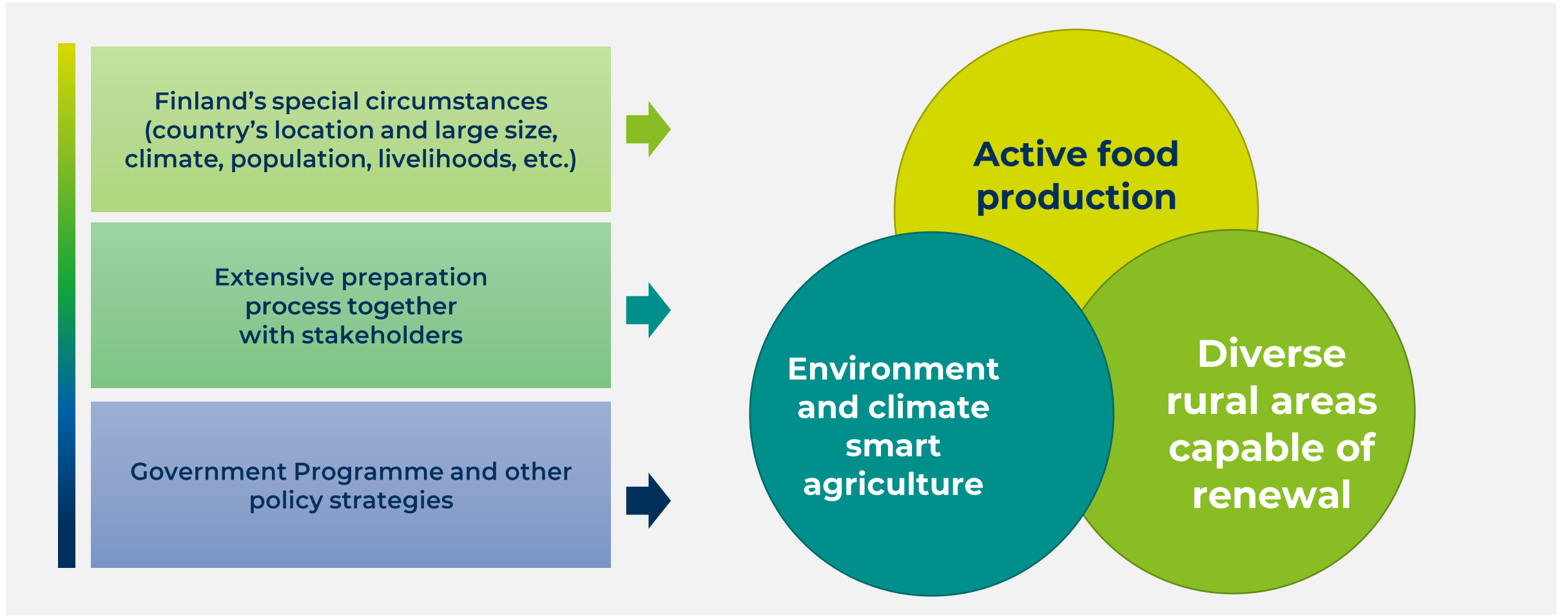
- Investments in developing rural operating environment: e.g. water supply and services, multi-service centres
- Broadband investments: Green Deal objective concerning high-speed connections
- Education and exchange of information: enhancing competence in agriculture, forestry and rural enterprises and exchange of information on agriculture, forestry and rural enterprises and communities. Environment and climate themes, biodiversity, sustainable production, circular economy, etc. also included
- Cooperation: e.g. rural innovation groups regionally and nationally, smart villages: digitalisation-based experiments, promotion of quality systems, cooperation measures for climate change mitigation and adaptation



Content of the CAP reform (9)

- Rural business funding
 - Business start-up (diversified farms)
 - Investments in tangible and intangible assets
 - Business development
 - Clarifying the division of tasks: Centres for Economic Development, Transport and the Environment – LEADER groups
- Local development, i.e. LEADER activities
 - Methodology reformed and developed, including stronger networking

National priorities in CAP reform





National priorities in practice – promoting active food production (1)

- Tasks assigned to agriculture in EU agricultural policy comprise **both food production and sustainable management of natural resources**; both tasks require active measures by farmers
- In Finland, this set of tasks has been implemented extensively and for a long time, with a clearly more targeted set of measures and support than in the EU on average
- Most of the support instruments are directly linked to active maintenance and development of production – in future, it is important to focus on certain identified elements in the development of an active approach

Priorities in practice – promoting active food production (2)



- **Stronger targeted measures** to maintain and develop production, reduced role of fully decoupled support
- **Support conditions** for the new measures will promote active production as well as possible, including a key focus on administrative clarity and cost-effectiveness
- Particular attention to guiding the management and cultivation of arable lands: **active and sustainable cultivation measures at the right time and in the right place, food production takes priority**



Priorities in practice – diversified rural areas capable of renewal

- **Concrete additional inputs with recovery funding** already in 2021-2022, including in rural business, investments and broadband projects
- **Stronger focus also post-2023** on business development and investments in rural areas, competence building, cooperation and local development (LEADER)
- Aim is to increase wellbeing and improve the competitiveness of rural business and livelihoods



Priorities in practice – climate and environment smart agriculture

- **Stronger set of basic requirements, i.e. conditionality**, concerning cultivation and food production than at present
- **Funding for targeted measures increased**
- Eco-schemes in direct payments as a new tool supplement environment payments; revised total funding increases from the present
- Organic production payments:
 - Growth target, impact and funding strengthened
- Support for investments
 - climate and environmental impacts and funding strengthened
- Cooperation, education and training, advice, promoting innovation:
 - Cross-cutting set of measures in the whole CAP Strategic Plan, funding strengthened



Changes in EU funding for CAP in Finland between funding periods

At nominal prices*	Funding period 2014 to 2020 (€ million)	Funding for 2021-2027 (€ million)	Change between funding periods (€ million)	Change between funding periods (%)
Direct payments (Pillar I)	3 663	3 635	-28	-0,8 %
Rural development (Pillar II)	2 380	2 769	+389	+16,3 %
of which MFF	2 380	2 560	+180	+7,6 %
and recovery funding	0	209**	+209	-
CAP total	6 043	6 404	+361	+6,0 %

* Appropriations in nominal terms i.e. at current prices = appropriations to be used in annual budgeting.

** Amount of recovery funding for 2021-2022 confirmed by the CAP Transitional Regulation (EU) 2020/2220.

Total funding for agriculture and rural development in 2023-2027



Total CAP funding 2023-2027, EUR million	EU funding	National funding	Funding in total	Per year on average
Direct payments:	2 613	0	2 613	523
Coupled payments	512	0	512	102
- eco-schemes	431	0	431	86
- young farmers	65	0	65	13
- other (decoupled)	1 604	0	1 604	321
National support (not included in the CAP Strategic Plan):	0	1 751	1 751	350
Rural development funding:	1 757	3 952	5 709	1 142
Area- and animal-related support	1 143	3 137	4 281	856
- payments to areas facing natural constraints	385	2 133	2 518	504
- environment payments (incl. non-productive investments)	436	578	1 014	203
- organic production	163	216	379	76
- animal welfare payments.	159	211	370	74
Structural support	225	298	523	105
Enterprise funding and development of services	219	290	509	102
Competence, innovation and digitalisation	127	168	295	59
Technical assistance	44	58	102	20
FUNDING IN TOTAL	4 370	5 703	10 073	2 015



**Read more about
the process to prepare
the CAP: mmm.fi/cap27**