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## ANNEX

### Observations on the CAP Strategic Plan submitted by the Netherlands

The Russian invasion of Ukraine and the ongoing generalised commodity price surge bring to the forefront in the strongest possible way the integral link between climate action and food security. This link is recognised in the Paris Agreement and has been incorporated in the new legislation for a Common Agricultural Policy (Regulation (EU) 2021/2115) and the Farm to Fork Strategy (COM(2020) 381 final) with a view to ensuring sufficient supply of affordable food for citizens under all circumstances while transitioning towards sustainable food systems.

In this context, and in the context of the climate and biodiversity crises, Member States should review their CAP Strategic Plans to exploit all opportunities:

- to strengthen the EU’s agricultural sector resilience;
- to reduce their dependence on synthetic fertilisers and scale up the production of renewable energy without undermining food production; and
- to transform their production capacity in line with more sustainable production methods.

This entails, among other actions, support for carbon farming, support for agro-ecological practices, boosting sustainable biogas production<sup>1</sup> and its use, improving energy efficiency, extending the use of precision agriculture, fostering protein crop production, and spreading through the transfer of knowledge the widest possible application of best practices. The Commission assessed the Strategic Plans of Member States with these considerations of the sector’s economic, environmental and social viability in mind.

The following observations are made pursuant to Article 118(3) of Regulation (EU) 2021/2115. The Netherlands is asked to provide the Commission with any necessary additional information and to revise the content of the CAP Strategic Plan taking into account the observations provided below.

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<sup>1</sup> Sustainable biogas production means the production of biogas that respects the sustainability and greenhouse gas emissions saving criteria laid down in Article 29 of Directive (EU) 2018/2001 (Renewable Energy Directive).

## Key issues

### Observations with regard to the strategic focus of the CAP strategic plan

1. The Commission welcomes the submission of the Plan of Netherlands which covers the Specific Objectives laid down in the in the Regulation (EU) 2021/2115 (Strategic Plan Regulation - SPR) and takes into account the recommendations published by the Commission on 18 December 2020 (SWD(2020) 388 final). The Commission appreciates the quality of the structured dialogue with the Dutch authorities and takes note of the different public consultations that have been carried out during the preparation of the Plan.
2. The Commission welcomes the approach of the Netherlands aiming to prioritise support for protecting and restoring the natural environment and biodiversity. The Commission welcomes the transfer of funds from the European Agricultural Guarantee Fund to the European Agricultural Fund for Rural Development Fund (from 134 million € in 2023 to 215 million € in 2027) will allow for support through rural development interventions for the needed transition in agriculture and for addressing needs in relation to biodiversity, the environment and climate. As the challenges in certain areas of the Netherlands are particularly high, a substantial part of the support will need to be focused there.
3. The Commission notes that, with the €35 billion Climate and Transition Fund as well as a €25 billion National Programme for Rural Areas in the Dutch Coalition agreement, there is a significantly national budget available for addressing the challenges related to agriculture with regards to biodiversity, climate and environment. These national funds and the Plan should complement and reinforce each other, and the Commission therefore asks the Netherlands to further elaborate the interaction between the Plan and other relevant national measures, plans or actions.
4. The Commission considers however that the Plan of the Netherlands requires a further substantial improvement. The many missing, incomplete or inconsistent elements of the Plan, listed in the detailed observations of this Annex, raise serious concerns on the consistency between identified needs and the intervention strategy and do not allow a thorough assessment of its ambition.
5. The intervention logic for each strategic objective should be revised or substantially improved by explaining how, and to what extent, the planned interventions are expected to address the identified needs, consistently with the target values of result indicators and the related financial allocations. The Netherlands should also further explain why certain identified needs are not or only partially addressed by the Plan.
6. The Commission recalls the importance of the targets set for result indicators as a key tool to assess the ambition of the Plan and monitor its progress. The Commission requests the Netherlands to revise the proposed target values, by

improving their accuracy and taking into account all the relevant interventions, and by defining an adequate ambition level in line with the identified needs.

### **Observations with regard to the fostering of a smart, competitive, resilient and diversified agricultural sector that ensures long term food security**

7. The Commission considers that the Plan shows the potential to contribute effectively to the general objective of fostering a smart, competitive, resilient and diversified agricultural sector that ensures long-term food security.
8. The Commission particularly welcomes the continued support for a market and knowledge oriented agricultural sector provided for in the Plan. The Netherlands continues to support innovation on farms and agricultural products, responding to market niches and sustainable farming practices. In light of the Russian invasion of Ukraine, the Commission urges the Netherlands to also consider interventions that will help reduce dependence on fossil fuels and other externally sourced inputs, such as imported protein crops, to preserve the long-term sustainable production capacity and viability of farms.
9. The Commission notes that the Netherlands has opted to apply the complementary redistributive income support and the complementary income support for young farmers. No coupled income support will be provided. As regards the fairer distribution of direct payments, the Netherlands is invited to complement the explanations in the plan, in particular by adding a quantitative analysis showing the combined effects of all proposed income support tools for redistribution.

### **Observations with regard to the support for and strengthening of environmental protection, including biodiversity, and climate action and to contribute to achieving the environmental and climate-related objectives of the Union, including its commitments under the Paris Agreement**

10. With regard to ambition on environmental protection, biodiversity and action over climate change, the Commission welcomes elements of the Plan, but it also has important questions that must be answered, and it considers, as explained in greater detail in subsequent sections, that further significant improvements are required.
11. The Netherlands is requested to better demonstrate the increased ambition of the planned green architecture as regards environmental and climate related objectives using qualitative and quantitative elements such as financial allocation and indicators.
12. The Commission notes, in particular, a lack of specific ambition in the Plan and considers that what is proposed does not go far enough to address the environmental, biodiversity and climate challenges faced by the Netherlands and that its coherence with, and contribution to, other objectives of EU environmental legislation

mentioned in Annex XIII of the SPR is insufficient. The Commission would like to see modifications of the Plan in that direction.

13. The Netherlands is requested to take better account of the Prioritised Action Framework and further align the proposed interventions with it.
14. The Netherlands is asked to reflect upon its national targets with regard to greenhouse gas (GHG) emissions and carbon removals and to provide more evidence how the needs, which the Netherlands itself has identified, will be addressed. The Netherlands is strongly encouraged to revise its Plan in order to take into account the national targets that will be laid down in the revised Regulation (EU) 2018/842 (the Effort Sharing Regulation) and Regulation (EU) 2018/841 (the Regulation for the Land Use, Land Use Change and Forestry (LULUCF)) (revisions which are currently discussed by the EU co-legislators) in view of the legal requirement in Article 120 of the SPR to review the Plan after their application.
15. Regrettably, the Netherlands has not defined any result indicators or target values for key areas such as climate adaptation and mitigation, air quality, pesticide use, water quality and nutrient management, whereas interventions addressing the needs identified in those areas have been planned. Without this information the Commission cannot conclude that the ambition of the Plan is addressing the major pressures of water and air pollution properly, therefore it should be completed. Despite the apparent national ambition to address climate and environmental problems, lack of these targets in the Plan also hinders monitoring progress in achieving climate, biodiversity and environmental goals. The Commission underlines that the lack of proper targets also may result in an underestimation of the contribution of the Plan to these key areas.
16. The intervention logic of the strategy in relation to climate, biodiversity and environment needs further clarification and adjustment. In particular, the links between the identified needs and the interventions, and between the interventions and result indicators, should be further specified. Moreover, the articulation between the Plan and national measures should be further detailed to allow for an assessment of the overall potential impact of the Plan. Similarly, inconsistencies in financial information (e.g. description of interventions and financial tables) render the assessment of the respect of budgetary ceilings and ring-fencings difficult.
17. The Netherlands has a very high livestock pressure. The Commission regrets that the Plan does not foresee any interventions targeting a reduction of GHG or air pollutant emissions from intensive livestock production or from the high surplus of nutrients in the soil. The Netherlands is strongly recommended to implement a systematic approach, including the monitoring of progress towards targets in respect of climate ambition, considering the entire nitrogen cycle and by supporting farmers to switch to more sustainable and less intensive production.

18. The Commission requests the Netherlands to clarify or amend certain Good agricultural and environmental condition (GAEC) so they fully comply with the regulatory framework (see detailed comments below).
19. The Commission welcomes the references to the National Environmental and Climate Plan emanating from the legislative acts listed in Annex XIII. Nevertheless, the Commission considers that the Netherlands should provide a more sound justification of the choices made in the Plan, how these support the contribution to the achievement of the long-term targets set out in these legislative acts and look at possibilities of maximising the contribution. In this context the obligations, needs and targets, arising from these legislative acts should be considered.
20. The Commission regrets the absence of specific CAP support for renewable energy production and use in the Plan and calls on the Netherlands to include interventions, specifically for supporting biogas production. Moreover, the Commission calls on the Netherlands to support interventions that improve nutrient use efficiency, circular approaches to nutrient use, including by means of organic fertiliser as well as further steps to reduce energy consumption.
21. The Netherlands should submit to the Commission a link to the Strategic Environmental Assessment.

**Observations with regard to the strengthening of the socio-economic fabric of rural areas**

22. Support for rural areas beyond agriculture, and the coordination of EU and national funding instruments, is key to the EU's social and territorial cohesion. The proposed interventions, however, seem to only partially address the identified needs of rural areas. The Commission appreciates that the budget for LEADER will greatly increase in comparison to the previous programming period. However, the Commission notes that in the Plan the only support dedicated to rural areas is limited to LEADER (no interventions for basic services and infrastructure). The Commission would welcome further details as to how all identified needs will be addressed.
23. The Commission is concerned about the low level of commitment in the Plan to promote gender equality in line with the specific objective laid down in Article 6(1)(h) of the SPR. The Commission encourages the Netherlands to consider addressing this objective by justified and proportionate measures.
24. The Commission notes that the Netherlands is applying additional forms of support (installation aid, cooperation) for young farmers compared to the previous programming period.
25. As regards the use of antimicrobials, the Commission notes that the Netherlands has made good progress as it has already a relatively low level of use. The country is

invited to specify in its Plan how the positive trend will be maintained. At the same time, the Commission notes that the Plan does not specifically address animal welfare issues. Therefore, the Netherlands is strongly recommended to integrate in the Plan targeted and measurable actions to support best livestock management.

### **Observations with regard to fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas**

26. The Commission welcomes the support foreseen by the Plan to knowledge and innovation, the efforts to integrate all public and private advisory services to deliver tailored information to farmers, and to overcome the fragmentation of the agricultural knowledge and innovation system (AKIS). At the same time, the Commission invites the Netherlands to strengthen its strategy for boosting digitalisation of agriculture and rural areas including, as appropriate, envisaged synergies with other relevant policy instruments.

### **Other issues**

27. The description in Section 4.5 of the Plan on coordination, demarcation and complementarities is insufficient to give the overview required in Article 110(d)(v) of the SPR. The Netherlands is invited to provide a comprehensive description of how EU funds and initiatives active in rural areas work together with and concretely contribute to the Plan, also in addressing the identified needs that are not or are partially funded by the Plan. These funds include, in particular, the European Regional Development Fund (ERDF), the European Social Fund Plus (ESF+), the Recovery and Resilience Facility (RRF), the Digital Europe Programme (DEP), the Connecting Europe Facility (CEF2 Digital), the Programme for the Environment and Climate Action (LIFE) and Horizon Europe, and consider indicating any synergies with the Long-term Vision for the EU's rural areas (COM/2021/345 final).

### **Information with regard to the contribution to and consistency with Green Deal targets**

28. The Commission regrets that while the Netherlands does explain how its Plan will contribute to the European Green Deal (COM/2019/640 final), it does not make use of the possibility to provide quantitative information regarding national values for the Green Deal targets contained in the Farm to Fork Strategy and the Biodiversity Strategy (COM/2020/380 final). The Commission underlines the importance of the key Green Deal targets concerning pesticide use, nutrient losses, organic farming and high-diversity landscape features for achieving the CAP's specific objectives and the Farm to Fork Strategy.
29. The Commission strongly recommends to the Netherlands to quantify the national contribution to the Green Deal targets at EU level that reveal how the Dutch ambition, policies and intended actions are translated into a specific aspiration at national level.

30. Assessing the contribution of the Plan to the Green Deal targets, the Commission notes that the Netherlands has already achieved a high level of access to fast broadband in rural areas. However, the Commission estimates that the contribution of the proposed Plan will result in the following trends for the Green Deal targets:
- a reduction of nutrient losses that is insufficient to tackle the country's nutrient pollution problems;
  - a too limited increase of land with a high diversity of landscape features;
  - a very limited increase in organically farmed area;
  - a further decrease in the use of and risk from pesticides, of which the magnitude is difficult to assess.
31. The Netherlands has a low percentage of agricultural land with high-diversity landscape features. The Netherlands should improve the proposed approach in the Plan to increase the share of these features, as it does not seem to match the needs assessment and the Dutch ambition on biodiversity.
32. The sales of plant protection products per hectare is one of the highest in the EU and the Commission welcomes that the Netherlands intends to speed up the application of integrated pest management. However, the Commission considers the contribution of the Plan insufficient to reduce the use of plant protection products and needs reinforcement, which the Netherlands is asked to provide.
33. The current area under organic farming in the Netherlands is one of the lowest in the Union. The Commission notes the intention of the Netherlands to develop a dedicated strategy to stimulate the demand for organics and the growth of organic farming. However, the Plan does not make it attractive or include persuasive incentives to switch to organic farming. The Commission strongly recommends to the Netherlands to make better use of the Plan to promote national organic food demand and conversion to organic farming and to complement it with national instruments.
34. The Commission notes that the Netherlands is committed to the transition towards sustainable livestock farming and food production. However, the Commission observes that in order to materialise that commitment the environmental and climate related objectives of the Union, including its commitments under the Paris Agreement, the Plan should be substantially improved.

## Detailed observations

### 1. STRATEGIC ASSESSMENT

35. The Commission has observed the following general weaknesses in the Dutch intervention strategy and the target setting.
36. Firstly, the description of needs identified based on the evidence from the SWOT analysis is not sufficiently detailed to allow for an assessment of the extent to which planned interventions and national actions or measures address the identified needs. Also the link between the identified needs and the planned interventions as well as the link between these needs and national actions or measures is not clear for all needs.
37. Moreover, contrary to Article 109(1)(a) of the SPR, for several result indicators no targets and related milestones have been included, even though related needs have been identified and interventions have been planned.
38. The Commission also observes that, in particular where different operations/commitments are included in a single intervention, the planned interventions are not linked to all result indicators they directly and significantly contribute to. For example, the interventions eco-schemes and cooperation and sectoral interventions.
39. Finally, the Commission notes that the Netherlands uses the concept of primary and secondary contributions in their description of the result indicators. This distinction does not exist any longer. The Commission likes to underline that one intervention may contribute to more than one objective, measured by several result indicators, at the same time, and no hierarchy exists between the obtained effects or results.
40. Based on the observations above, the Netherlands is requested to clarify and adjust or complete parts of their intervention strategy. In particular, they are requested to ensure that the Plan contains:
  41. for each specific objective (SO), a detailed description of the needs identified on the basis of the evidence from the SWOT analysis;
  42. a clear description of the link between the identified needs and the intervention(s) that addresses those needs. Also for the needs that are not addressed by interventions but by national measures or actions the link between the identified needs and those measures or actions should be provided. With regard to the national measures and actions addressing the identified needs, the Netherlands is requested to include in the Plan the necessary on the content of these measures, the financial allocations and any national targets set in that respect.



43. In addition, the Netherlands is requested to ensure that all interventions (or interventions/unit amount) are linked to all result indicators to which they contribute directly and significantly. Where different or a broad range of ‘operations/commitments’ are included in a single intervention, such as the eco-scheme, cooperation, sectoral interventions and investments, only the output planned for the ‘commitments/operations’ linked to a specific result indicator should be taken into account when setting up the milestone/target for that specific result indicator. The Netherlands is requested to indicate in these cases which commitments justify the attributions of the intervention to which result indicator as well as the estimated share of the contribution of the intervention to the result indicator.

#### *Target setting*

44. In accordance with Article 109(1)(b) of the SPR, the value of the targets should be based on the assessment of needs. For several result indicators, the value of targets and milestones is absent or is not sufficiently justified. The Netherlands is requested to justify in further detail the milestones and target values of the result indicators used and to improve these milestones and target values where appropriate. Where available and relevant, the Netherlands is also invited to provide data on the current situation (see section 2.1. for further details).

#### *SEA and partnership*

45. The Commission notes that authorities and stakeholders have been able to give their input for horizontal and thematic issues. The Commission welcomes this transparency and would welcome that the contributions to public consultation of the strategic environmental assessment would be made public. The Netherlands should submit to the Commission a link to the final strategic environmental assessment.

### **1.1. To foster a smart, competitive, resilient and diversified agricultural sector ensuring long term food security**

#### *1.1.1. Strategic assessment of Specific Objective 1*

46. The Commission notes that the needs identified with regard to this specific objective (SO) are not sufficiently described in the Plan. Also the link between interventions (interventions and national measures) needs further clarification. The Netherlands is requested to provide a more detailed description of the needs assessment for SO1 on fairer distribution and more effective and efficient targeting of direct payments.
47. The Commission notes that the Netherlands will not cover the Need 2 ‘Enhanced financial position of farmers with a view to making them more sustainable’ in the Plan. The Netherlands is invited to inform the Commission on the national measures to address this need, in particular in relation the high prices for agricultural land,

identified as a weakness in the SWOT analysis for several CAP objectives, including SO1.

48. The Commission invites the Netherlands to provide more explanation as regards the use of the differentiation of support, notably as regards “peat land, Natura 2000 areas and vulnerable permanent grassland”, as from claim year 2024. Such differentiation would fall under the use of Article 22(2) of the SPR and consequently requires a clear description of the different groups of territories as well as a justification of the unit amount for each group based on an assessment of the difference in income needs for each of the different groups.
49. The Netherlands has, in line with the recommendation of the Commission, applied the redistributive income support for sustainability to small and medium sized farms. A higher basic premium for the first 40 hectares is provided, with the intention to respect the 10% obligatory redistribution of direct payments in Article 98 of the SPR. However, it is noted that the planned redistribution corresponds to 9.6%. The Netherlands is asked to ensure that the 10% limit for obligatory redistribution will be respected.
50. Part of the direct payments will also be used for complementary income support to young farmers, to farmers through the eco-schemes and a transfer to the second pillar, including for risk management investments and knowledge and innovation. Whereas the Commission recognises that these actions will contribute to this objective, no information on the actual impact of the proposed income support measures on the distribution of direct payments, their effectiveness or efficiency has been provided. This information is necessary to assess the consistency of all income support tools as well as the extent to which identified needs have been addressed. The Netherlands is invited to carry out and inform the Commission on the results of such an analysis of the combined effects of income support tools.
51. The Plan does not sufficiently explain how Need 3 (strengthening risk management in and through agriculture) is addressed by interventions and national tools/measures. The Netherlands is requested to include a more detailed description regarding present risks, covering also risks other than weather/climate-related ones, such as market-related as well as sanitary and phytosanitary risks. Please provide also more information as to which interventions, including sectoral interventions, together with national tools or arrangements contribute to helping farmers manage risks.
52. Moreover, the milestones and target value for result indicator 5 (farmers receiving support for risk management) does not seem ambitious considering the SWOT analysis and needs assessment. In fact, the figures represent a significant slowdown of growth over the last years. The Commission requests the Netherlands to clarify and, where appropriate, adjust the target values for this result indicator.
53. Several obstacles exist for the uptake of risk management schemes in the Netherlands. The Netherlands is invited to explain its approach to overcome these

obstacles and to increase farmers' participation in risk management instruments. What is for example the role of farm advisers in relation to risk management?

54. The Commission notes that result indicator R.5 is only fed by intervention I.76. However, risk management supported by sectoral interventions should also contribute to this result indicator. The Netherlands is requested to adjust the intervention logic and the target accordingly.

#### *1.1.2. Strategic assessment of Specific Objective 2*

55. The Commission notes that, according to the new coalition agreement, the Netherlands is going to stimulate new revenue models in which farmers strengthen their earning capacity through the production of high quality products. The Commission, has, however, no detailed information about the practical implementation of this agreement and its potential impact on the Plan. The Netherlands is asked to describe how and to what extent the implementation of this agreement could address the identified needs under SO2. The Netherlands is also asked to inform the Commission on the existence of national targets.
56. The Commission welcomes the frequent mentions of digitalisation as a key issue in the Plan and the recognition that digitalisation, the Internet of Things, artificial intelligence and data have an important role to play in agricultural development and will help secure future earning capacity for the Dutch agricultural sector. However, the Plan could benefit from information how the Netherlands will provide incentives for the sector and to have more precise and concrete targets and goals for the digitalisation of the agricultural sector. For example, more attention could be paid to investing in tools and practices that allow the agricultural sector to benefit to the fullest extent possible from high levels of connectivity, including digital sensors, robotisation, and precision-farming. The Commission invites the Netherlands to provide further details in the intervention logic on digitalisation and requests the Netherlands to set targets for the relevant result indicators (R.3 and R.26).

#### *1.1.3. Strategic assessment of Specific Objective 3*

57. The Commission invites the Netherlands to explain in more detail how the needs of SO3 have been translated into interventions and quantified indicators. This information will strengthen the argumentation for the policy choices made.
58. Whereas the Plan indicates that there is a need to stimulate further cooperation in the sector, this does not seem to be translated into an increased ambition with regard to for example the number of Producer Organisations in the fruit and vegetables sector (stable figure of 8 Producer Organisations in the period 2023-2027 compared to 7 in 2022). The ambition with regard to extending the operational programmes to other sectors is limited to a pilot study with no clear time frame on implementation. There

is also no indication with regard to initiatives to encourage transnational producer organisations and associations of producer organisations to be set up. These organisations could, however, play an important role in amongst others enabling close collaboration among producers and also strengthening their position in the value chain. The Netherlands is asked to explain the reason for not including other sectoral interventions in sectors beyond the fruit and vegetable sector and apiculture, which sectors are concerned by the pilots of the Plan, and how the sectors for these pilots were chosen and what financial support is foreseen.

59. According the Plan, the CAP subsidy toolbox is considered not effective for addressing Need 11 ‘promoting True pricing to improve the visibility of social costs (external effects of some forms of agricultural production)’. The Netherlands is asked to explain how this need will be addressed outside the Plan. By doing so, please address how transparency of supermarkets around sustainable purchasing and a fair price for farmers will be stimulated or enforced.
60. Support for adding value via the Plan focusses on increasing value by increasing knowledge and dispersion of this knowledge, via the interventions cooperation, investments and sectoral interventions. Organic farming is supported also via eco-schemes (by means of considering organic farming as ‘gold’ for the payment level) and conditionalities. However, no specific interventions to support organic farming have been set up. The Commission questions whether the overall incentive of the non-specific measures is sufficiently strong. The Commission asks the Netherlands to develop more targeted measures to support the organic sector. In addition, the Netherlands is asked to reconsider and specify how to stimulate demand for organic produce and how the interventions in Pillar 2 can be used to this end.
61. The Netherlands is also requested to explain in which way it supports national initiatives for nature-inclusive farming and with what financial means.
62. There is no result target foreseen for the concentration of supply (R.11), even though relevant interventions contributing directly and significantly to this indicator have been planned. The Netherlands is requested to also set milestones and targets for result indicator R.11.
63. Agricultural risk management tools should address the growing risks that the changing climate represents in agriculture. The tools should include incentives for farmers to take proactive measures reducing their vulnerability and increasing their adaptive capacity to climate change.

## **1.2. To support and strengthen environmental protection, including biodiversity, and climate action and to contribute to achieving the environmental and climate-related objectives of the Union including its commitments under the Paris Agreement**

### *1.2.1. Strategic assessment of Specific Objective 4*

64. Important elements are missing in the SWOT, such as the livestock methane emissions to the air from enteric fermentation and manure management. Also the section on threats related to climate change needs to be improved, among others by mentioning sea level rise as a serious climate threat. The SWOT needs to be improved accordingly. In addition, there is a lack of consistency between the descriptive analysis of the SWOT support document and the summary tables that are presented in the Plan which, for example, do not refer to emissions from livestock or peat lands.
65. The Netherlands is invited to provide an estimate of the mitigation potential under the concerned interventions.
66. The Dutch 2019 climate agreement aims at a GHG emission reduction of 6 million tonnes of CO<sub>2</sub>-equivalent from agriculture and land use. This agreement, which is the basis for the Dutch National Energy and Climate Plan (NECP) submitted under Regulation (EU) 2018/1999 (Energy Union Governance Regulation), had set a reduction target for the agricultural sector of 49% by 2030 compared to 1990. The newly formed government is increasing this reduction target to 55%. The intervention logic is, however, not clear enough through which interventions (e.g. eco-scheme, agri-environment climate (AEC) commitments, increasing water levels) the Plan will contribute, and in which level, to reducing GHG-emissions towards the achievement of that target. The Commission requests the Netherlands to describe clearly through which interventions the reduction target for GHG-reduction for agriculture and land use is going to be achieved.
67. The Plan refers to the Dutch climate agreement, which describes measures for GHG-emission reductions from pig farming, while the Plan does not contain interventions to reduce methane or other non-CO<sub>2</sub> emissions from enteric fermentation and manure of livestock, despite the Commission having addressed a specific recommendation to the Netherlands on this issue. The Commission requests the Netherlands to provide a clear description on how the Plan and national instruments will lead to reduction in the different agricultural sectors of both CO<sub>2</sub> and non-CO<sub>2</sub> emissions and to design targeted interventions contributing to R.13 (share of livestock units to reduce GHG).
68. Although there is no clear description what is meant with peat meadows and how it relates to peatland areas, the Commission welcomes the Plan's focus on peat meadows and the ambition to reduce emissions by 1 million tonnes of CO<sub>2</sub> equivalents by increasing groundwater levels in peat meadows. Different interventions are envisaged to address peat meadows. The Netherlands is invited to provide for a clearer description of the interplay and relevance of the different

planned interventions, to clarify the size of the peat area addressed by the Plan, the total area of peat land in the Netherlands, the timeline for implementation and the contribution to GHG-emission reduction. The Netherlands foresees 223M€ additional national financing (Annex V of the Plan) under the cooperation intervention (I.77.7) specifically covering Natura 2000 transition areas and peat meadows. The Commission asks the Netherlands to indicate the part of the budget allocated to peat lands and the contribution to address need N.12 (climate mitigation).

69. The intervention strategy should also describe how it is prevented that support is provided for activities that could be harmful for reaching environmental and/or climate mitigation and adaptation objectives.
70. As regards adaptation to climate change (N.13), the Commission calls for special attention to the long-term threat of sea level rise, especially in combination with other climate threats such as extreme droughts as well as soil subsidence (mainly due to artificial lowering of the water table as part of the water management). The combination of these factors lead also to salinisation of ground and surface waters. The Netherlands is therefore requested to better explain how the interventions will help to increase the resilience of rural areas to different climate threats, and especially enhancing water retention capacity of the landscape.
71. The Netherlands considers the need for generation of renewable energy and energy efficiency as urgent (N.14), but does not address it by specific interventions in the Plan stating that appropriate national support schemes are already in place. The Commission asks the Netherlands to indicate to which extent such national schemes are actually being used in the agriculture and horticulture sectors and to be assured that this will be sufficient to address the need.
72. Regrettably, the Netherlands does not propose targets for result indicators R.12 (climate adaptation), R.13 (emissions from livestock) and R.15 (renewable energy). In light of the country's needs under this SO, but also under SO5, the Commission invites the Netherlands to design specific interventions and select the targets for these three indicators.
73. For the fruit and vegetables sector the Plan foresees climate actions. The Netherlands is asked to provide information on this issue.

#### *1.2.2. Strategic assessment of Specific Objective 5*

74. The Commission notes that the overall budget for environment has increased in the Plan. While the Commission sees elements in the Plan to welcome, as referred to under the green architecture and in more detail elaborated under sections on eco-scheme and on agri-environment-climate commitments, the Plan lacks detail which do not allow to assess the potential environmental benefits of the green architecture and the greater overall ambition, the interventions do not go far enough to address

the environmental, biodiversity and climate challenges in the Netherlands. Its coherence with, and contribution to, other objectives of EU environmental legislation mentioned in Annex XIII of the SPR are insufficient.

75. The planning tools derived from the nature conservation legislation are listed, the most important being the Prioritised Action Framework (PAF). But there are also other relevant planning tools for the Plan. Of these only the ‘Aanvalsplan Grutto (Blacktailed godwit Action Plan)’ is referred to in the Plan. The Netherlands is requested to complement the Plan with the relevant planning tools, and to explain their choices and prioritisation of relevant biodiversity needs.
76. The Commission notes that the needs under SO5 are described in a rather generic and non-specific way. The Commission asks the Netherlands to further specify the needs, for example by explicitly indicating the surplus of nutrients and the need to address it, as this would allow to link them more specifically to the types of interventions that are suggested and to clarify the ambition level of the Netherlands.
77. It is noted that the description of the needs does not specifically address water use, water retention and water re-use. The SWOT provides information on the use of water by the agricultural sector. The Netherlands is invited to consider hydromorphological changes in the SWOT and needs assessment and consider how the intervention strategy could respond to the needs identified and explore the need to address the increase of water use by the agricultural sector in relation to biodiversity needs (and the risk management) and to propose the relevant mechanisms to address it. The Netherlands is invited to support as much as possible more sustainable alternatives including natural water retention measures, and to ensure that these investments will be compliant with the Directive 2000/60/EC (Water Framework Directive). It is also recommended to consider support for the establishment of water reuse in line with Regulation (EU) 2020/741, and in full respect of all the provisions and objectives of the WFD. The Netherlands is also invited to support measures aiming at improvement of groundwater quantity levels and to seek for synergies between the Plan and the second flood risk management plan.
78. The Commission notes that multiple interventions should jointly lead to the achievement of the goals of SO5. The intervention logic lists the eco-scheme, the action for organic farming under sectoral interventions for fruits and vegetables, investments and cooperation. Yet, agri-environmental-climate commitments and knowledge exchange interventions should also contribute to this SO. The Netherlands is asked to clarify this.
79. The intervention logic does not clarify how the selection of the interventions is linked to the specific situation and needs in the Netherlands, the interventions that will be prioritised and whether this will allow the needs to be properly addressed. Moreover, the budget information included under this objective gives very general descriptions and the expected outputs of the proposed interventions are not clear in relation to the objective. The description of the referred interventions also do not

contain mechanisms to specifically realise the targets linked to the SO5. Also information on how national measures or instruments may contribute to addressing the needs is lacking. The SWOT analysis indicates as weaknesses that there is “Too much focus on single objectives” and “Insufficient attention to the system and interdependencies”. However, the Plan lacks a clear strategy to address this weakness and seems to continue relying on single measures. The Commission therefore considers that the expected outputs of the proposed interventions and national measures would be insufficient to address the urgent needs in relation to this objective. Therefore, the Netherlands is invited to further substantiate the intervention logic and reinforce the proposed interventions. It is in particular important as regards nutrients. The Netherlands should reinforce the proposed interventions to reduce nutrient pollution and other emissions. The Commission notes with particular concern that the Plan does not specifically address the animal manure surplus in the Netherlands. The Netherlands is asked to address this in the Plan at all levels.

80. The Netherlands has presented in its Plan the state of ammonia emissions. The Netherlands indicates that ammonia emissions are currently on track to exceeding the Netherlands’ National Emissions reduction Commitment laid down in Directive (EU) 2016/2284. A Commission assessment shows that Netherlands is at high risk of non-compliance with the commitments for 2030 and nitrogen deposition will continue to be a concern. The Commission notes that farming is responsible for 88% of total ammonia emissions and asks the Netherlands for activating measures and investments to further cut ammonia emissions. In this respect targets for result indicators R.13 and R.20 should be in the Plan.
81. The Commission notes that the Plan provides very little detail on the measures and the strategy foreseen to reduce the use of pesticides. The Plan mentions that the approach will be focused on investments, integrated production, precision farming, the application of the eco-scheme and the Good Agricultural and Environmental condition (GAEC) obliging to have buffer strips. The GAEC on buffer strips is not sufficient to have a significant impact. The Commission considers the approach insufficient as the strategy seems to focus on individual practices rather than systemic changes. The proposed measures are focused on reduction of transfer of pesticides while there seem to be insufficient incentives for alternatives to the use of pesticides (e.g. organic farming, practices / crops requiring low or no input). Also, targets for relevant result indicators on reduction of plant protection products are not proposed. The Netherlands should review their strategy, focus support on measures which aim at reducing dependency to pesticides and show how pesticide use will be reduced in a concrete way.
82. Organic farming can be an essential part of a systematic approach to reduce pollution. However, the Plan does not include strong support to organic farming. The target for R.29 (organic farming) is set at 3.85%. The Commission has recommended to the Netherlands to stimulate organic farming. Considering the positive impact of this type of agriculture on environmental issues, its current low



share in the Netherlands and the high potential for growth, and the intended interventions to support environmentally friendly farming practices such as organic farming in the Plan (including defining SKAL certified organic farms as “green by definition” for the eco-scheme), the Commission questions the target setting for R.29 and asks the Netherlands to make better use of the Plan to promote national organic food demand and/or conversion to organic farming and to complement it with national instruments.

83. The Commission invites the Netherlands to explain how the Best Available Techniques (BAT) conclusions including BAT-associated emission level (BAT-AEL) will be applied, not only in terms to prevent, and where not feasible, reduce emissions of pollutants from installations (e.g. ammonia) but also to appropriately address spreading of manure on agricultural land, on-farm processing of manure, slurry storage and water and energy efficiency.

### *1.2.3. Strategic assessment of Specific Objective 6*

84. It is positively noted that the strengths, weaknesses, opportunities and threats related to habitats/species linked to agricultural ecosystems are mostly well identified and coherent with the descriptions in the Prioritised Action Framework for Natura 2000 (PAF). The Netherlands could consider other relevant habitats identified in the PAF which are influenced by agriculture.
85. Meadow and farmland birds are well covered in the Plan with clear indication of some key species but specific reference should be made also to other relevant bird species, for example the turtle doves. The Netherlands should also include the status/trends of other species related to agriculture and forests (e.g. hamsters, amphibians, wolves).
86. The Commission notes that the needs under SO6 are described in a rather generic and non-specific way. While the analysis demonstrates the state of biodiversity is worrying and there exists a wide range of biodiversity needs, it is proposed in the description of the need to ‘restore biodiversity and restore landscapes’ but no further details are included. It is necessary to add further specification which is possible as national targets exist for biodiversity. The generic description of the needs also complicates to link these to the relevant elements of the Plan and to understand what will not be addressed through the Plan but through national measures. Therefore, the Commission asks the Netherlands to further specify the respective needs. For need N.18 it is suggested to split this need into two different needs distinguishing the specific needs of 1) wild habitats and species and 2) agricultural genetic resources.
87. The Commission welcomes the description of the relevant elements of national plans emanating from the legislative elements referred to in Annex XIII of the SPR. Notwithstanding the extensive descriptions the Commission notes that in many cases is lacking information by which interventions and how much these will contribute to

addressing the needs. The Netherlands should complement the needs assessment with the needs identified in the national plans (linked to Annex XIII, for example the Directive 2009/147/EC (Birds Directive) and Directive 92/43/EEC (Habitats Directive)) and to describe how the Plan address these needs. If the needs are only partially addressed in the Plan, the Netherlands is invited to indicate what other means will be made available and applied in addition to CAP funding and interventions.

88. In the intervention logic for SO6 is referred to several interventions of the Plan (for example, eco-scheme, investments, agri-environment-climate commitments, cooperation) and the implementation of GAECs. However, the expected results or outputs of these interventions are lacking and how these will contribute to addressing the urgent needs for biodiversity. The Netherlands needs to specify the expected results of interventions and national measures.
89. For SO6 is proposed to apply an area-based approach. For this point the same observation applies as reported under SO5.
90. There is no need clearly linked to forest management and afforestation, while the Commission made recommendations on forests. The Netherlands explains that a forest strategy, covered by national resources, has been drawn up recently ('Bossenstrategie 2030') with the priority to revitalize Dutch forests and aims for 10% increase in forest area by 2030. The Netherlands is asked to indicate how the relevant forestry related needs and weaknesses will be addressed by the Plan or other means, and is invited to consider the opportunities to include within the Plan specific interventions to support sustainable forestry.
91. For agroforestry the Plan indicates an ambition of 25,000 hectares, supported via financial incentives in the Plan through investments, the AEC-commitments and eco-schemes, as well as outside the CAP. The Netherlands is invited to clarify how this ambition will be realized by the mentioned interventions.
92. The SWOT points out a negative trend of pollinator populations. The Netherlands is invited to include in the relevant need that the negative trend of pollinator populations should be addressed and explain how the interventions programmed in the Plan or by national measures will reverse the decline of pollinators, including how the Plan addresses the key drivers of pollinators decline that result from agricultural activities.

### **Green architecture**

93. The observations on conditionality are set out in section 2.3.1.
94. The description on complementarity needs further development. The design of both eco-scheme and agri-environmental-climate interventions leave room for ambiguities and potential overlaps with baseline requirements. Therefore the Netherlands should ensure that overlaps are avoided and that additionality is

respected. The Netherlands should specify the requirements under each of the practices of the eco-scheme and the AEC-commitments, and avoid geographical overlaps of these interventions. The Netherlands is invited to explain how Article 70(3)(d) of the SPR will be respected that AEC-commitments are different from commitments in respect of which payments are granted under Article 31.

95. The Netherlands needs to include in the Plan a clear overview of the complementarity between the relevant baseline conditions, as referred to in Article 31(5) and Article 70(3) of the SPR, conditionality and the different interventions addressing environment and climate-related objectives. The analysis of this complementarity and synergies between those instruments should go beyond summaries of interventions and/or references to the related allocations.
96. The Netherlands needs to improve certain parts of the intervention strategy, especially with regard to SO4 (climate adaptation, emissions from the livestock sector) and SO5 (water quality, nutrient management) as indicated in the strategic assessment above.
97. The Commission regrets that the needs identified in the Plan are not linked with specific action programmes developed under the Water Framework Directive or the Directive 91/676/EEC (Nitrates Directive). The text should indicate the actual needs of the action programmes developed under the WFD and the Nitrates Directive and which of these identified needs will be addressed through which interventions and the interplay with other national level funding and/or legislation to address these needs should be provided. The Commission regrets that specific interventions are lacking for organic farming, forest-environment-climate commitments and for animal welfare in the Plan. Further observations on result indicators are contained in section 2.1.
98. It should be pointed out that the uptake of the individual practices for both the eco-scheme and the AEC-commitments interventions is upon the choice of the beneficiary. Therefore, the Commission questions the extent to which the long list of needs potentially targeted by both instruments are to be actually met. This also impacts the assessment by the Commission of the overall ambitions of the proposed interventions of the Plan. Therefore the Netherlands is invited to clarify further the expected impact of both interventions.
99. In the light of the challenges that are included in the SWOT, and the need to contribute to the objectives of Annex XIII legislation, the Netherlands is strongly invited to consider programming Natura and WFD payments under Article 72 of the SPR for mandatory requirements established under the relevant planning documents. This could complement voluntary approaches under other instruments.
100. The Netherlands is invited to describe synergies and complementarities with Regulation (EU) 2021/783 (LIFE).

## **Contribution and consistency with long-term national targets (Article 109(2)(v))**

101. The Commission notes that the Plan does not always specifically refer to objectives and targets established by the environmental planning tools under the legislative instruments listed in Annex XIII to the SPR and to the relevant national plans stemming from these legal instruments for the various SOs. The Netherlands is invited to complement the Plan. The Plan should indicate the actual needs of the national instruments and which specific needs have been considered (and addressed) in the Plan and include sufficiently robust interventions to contribute to the objectives of legislation referred to in Annex XIII legislation. This would help to evaluate the actual contribution of the CAP.

### **1.3. To strengthen the socio-economic fabric of rural areas**

#### *1.3.1. Strategic assessment of Specific Objective 7*

102. The share of young farmers in the Netherlands, and even more so the proportion of female business successors, lags behind the European average. This, taken together with the SWOT and the needs identified, requires that the intervention strategy to foster generational renewal will need to be improved so it ensures that both the number of young farmers and especially of women as young farmers grows. Specific attention should be given to have more women in the position of head of holding officially recognising their key role in farming. To strengthen the coherence of the Plan, the Commission thus asks the Netherlands to introduce a more direct link between the SWOT outcome and the needs identification, as well as to explain more clearly its intervention strategy for generational renewal (including a more detailed description in section 3.2 of the NSP). The Netherlands is requested to explain how all the identified needs (N.20, N.21 and N.22) and the main obstacles will be addressed, also considering the Commission recommendation in this area. These explanations should clarify how interventions (such as I.73.2, I.77.1, I.78) contribute to SO7 and specify the dedicated support given to female farmers. Moreover, the consistency and interplay with concrete national measures (e.g. the 'Vermogensversterkende Kredieten' (asset-strengthening loans) or the 'Grondbank' (land bank)) should be explained. As the high prices of land have been identified in the SWOT as a major obstacle for generational renewal, please also mention what measures the Netherlands plans to take regarding this issue.

#### *1.3.2. Strategic assessment of Specific Objective 8*

103. Taking into account that LEADER is the only intervention programmed to contribute directly to wider (territorial) rural development (SO8), the Netherlands is kindly asked to justify that the social dimension of the needs of rural areas (N.23 and

N.24) is sufficiently addressed. Please also briefly justify that basic infrastructure and services are provided with national or other EU funding sources to address the weaknesses identified in the SWOT. The Netherlands should clearly state the specific contribution of the Plan to rural areas (beyond agriculture) as this aspect will be analysed in mid-2023 in line with the Long-term vision for the EU's rural areas.

104. To address the Commission's concerns about the low level of commitment in the Plan to promote gender equality, the Commission encourages the Netherlands to reflect on ways to support women and improve their situation in rural areas (beyond participation in agriculture). The Netherlands is also reminded to ensure a balanced participation of equality bodies in the monitoring committee representing women, youth and the interests of people in disadvantaged situations.
105. To be able to better situate the Plan in the overall policy context, the Commission kindly asks the Netherlands to explain in more detail how N.25 (bio-economy, forestry, protein transition) is addressed with national or other EU funding sources and how this funding is coordinated with funding from the Plan. Regarding forestry, please also take into account the observations made for SO6 (and SO5). In addition, the Commission asks the Netherlands to explain how it intends to contribute to the protein transition which is identified as a need in SO9 (N.28 sustainable food production and protein transition).

### *1.3.3. Strategic assessment of Specific Objective 9*

106. For the SO9 five needs are included of which need N.27 (animal welfare) will be addressed by the CAP and needs N.28 (more sustainable food) and N.26 (food safety) will be partially addressed by the CAP. Further information is required which interventions are foreseen in the Plan to specifically respond to needs N.28 and N.26.
107. The Commission recognises that the Netherlands strongly relies on agreements with the livestock sectors to improve animal welfare and notes that the Plan does not contain specific interventions to improve animal welfare especially for pigs and dairy cows. Investments referred to are not targeted to species and concrete actions going beyond legal requirements are not mentioned. The Commission strongly recommends the Netherlands to integrate targeted interventions on animal welfare in the Plan and to include the result indicator R.44 (improving animal welfare). These interventions should specifically be designed to address tail-docking of pigs (Directive 2008/120/EC on minimum standards for the protection of pigs) and encourage the keeping of animals in non-confined housing systems for laying hens, calves and sows.
108. The Commission recognises that the Netherlands achieved an important decrease in the sale of antimicrobials and asks the Netherlands that efforts to further reduce sales

of antimicrobials should continue to maintain the relatively low level of antimicrobial use.

109. The Commission notes that the Plan does not clearly explain how the shift towards healthy, more plant-based, sustainable diets will be achieved and therefore invites the Netherlands to explain whether and to what extent interventions will promote this shift.

110. The Commission acknowledges that the Netherlands will address the identified low priority need on food waste reduction outside the Plan.

#### **1.4. Modernising the sector by fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas, and encouraging their uptake by farmers, through improved access to research, innovation knowledge exchange and training**

111. Due to the expected importance of the CAP network in tackling fragmentation of the Dutch Agricultural Knowledge and Innovations Systems (AKIS), the Netherlands is invited to specify that the CAP network will have sufficient staff and funding to undertake the activities as planned and that the budget for knowledge exchange and information is sufficient, since it is spent on a variety of actions including projects which could go under the European Innovation Platform (EIP).

112. Concerning the increased uptake of digitalisation/innovation by the agricultural sector, the SWOT identifies beneficial side-effects on various goals and targets e.g. on environment and climate. To improve the Plan, the Commission asks the Netherlands to strengthen the coherence and clarity of its digitalisation strategy by indicating which interventions in the Plan contribute to this strategy and to clearly link these to the relevant SOs and clarify their expected financial allocations, results (e.g. in terms of roll-out of digital tools to farmers) and timelines. When doing so, please also elaborate which funds are expected to be drawn from other EU-instruments (European Digital Innovation Hubs, Research Innovation Strategies for Smart Specialisation, Recovery and Resilience Facility) or from national sources and identify their expected impact. Overall, the Netherlands is asked to ensure that the topics of precision-farming and the contribution to EU connectivity targets are sufficiently addressed.

#### **1.5. Simplification for final beneficiaries**

113. To complete the modernisation strategy and enable its evaluation, the Commission asks the Netherlands to provide more details on this strategy's timeframe and about its link to the different Integrated Administration and Control System elements. The Netherlands is also requested to provide information about the frequency of the Land Parcel Identification System update in the Plan. Moreover, the Netherlands is requested to provide more information on the type of data planned to be used to pre-fill the geospatial application system; on how it is envisaged that beneficiaries are

able to modify or withdraw declarations of agricultural parcels; about the possible use of new technology in the control or monitoring of non-IACS interventions and about the possibility of using the area monitoring system to deal with cases of force majeure.

114. The Annex ‘CAP Pilots’ shows that farmers consider the eco-system complex and consider the risk of making errors as high. The Commission considers it important that the Netherlands develops an IT system that facilitates and reduces the workload for farmers in making the right choices for the eco-scheme intervention, considering in this IT system conditionality and other interventions applicable in the farm’s area (for example AEC-commitments).

## **1.6. Target plan**

115. The main observations with regard to result indicators and therewith the target plan are reflected in section 1. The Netherlands is asked to adjust the target plan accordingly. The target plan should show all (and only) result indicators for a SO for which interventions have been planned that contribute directly and significantly. Please also complete the target table by adding values for 2023 and where appropriate/available also the figures for 2021.
116. Beyond these general observations, the Commission observed apparent errors with regard to the calculation of the result indicator value as indicated in the target plan. In particular it was observed that the numerator values of certain result indicators do not always logically follow from the planned output of the interventions contributing to the result indicator as reflected in table 2.3.2 of the Plan on planned interventions and outputs. For example, this table indicates that R.27 is fed by Intervention I.73.3, I.77.7 and I.77.8. The sum of the planned outputs, however, significantly differentiates from the value used in the numerator of the result indicator. This is not pertinent. The Netherlands is therefore requested to assure that the values of the planned output of the interventions correspond to the figures used in the numerator of the result indicators. Please also assure that for the denominator the latest available context indicator values are used.
117. Point 8(m) of the Annex to Regulation (EU) 2021/2290 establishes that outputs generated by additional national financing should be taken into account for the calculation of milestones and targets for the result indicators. The Netherlands is invited to confirm whether this provision has been correctly applied and, where appropriate, to adjust the calculation of their result indicators.
118. In order to obtain the correct value of the result indicators, the denominator also needs to be correct. It is noted that the denominator used for R.38 (LEADER) is higher than 100%. This is due to the fact that the Netherlands did not adapt the context indicator in table 2.2 in line with the definition of rural areas. Please also assure that for the denominators of all result indicators, the correct and latest available context indicator values are used.

119. In addition, the Commission has specific observations with regard to the following result indicators and target values:
120. R.1 (Training): Not complete. Advice, training and coaching under sectoral programmes is also to be linked to this indicator. Moreover, R.1 should refer to the number of persons and not the number of farms as indicated in I.78. Please adjust the intervention logic according.
121. R.2 (Linking advice and knowledge systems): Please provide the reasoning why the target set for R.2 on the number of advisors trained remains constant while the number of farmers trained increases significantly.
122. R.3 (Digitalisation): Missing, although needs were identified and interventions planned. Interventions (e.g. I.73.1 in case of investments in precision farming) that contribute directly and significantly to this indicator should be linked.
123. R.4 (Linking income support to standards and good practices): Please assure that all direct payment interventions (including eco-schemes) should be linked to this result indicator.
124. R.5 (Risk management): 1) sectoral interventions to manage risk should contribute to this result indicator. 2) low ambition level. Current share: 4.9%. 2023 value: 4.6%. Please adapt the intervention logic and justify (or adjust) the target value.
125. R.6 (Redistribution to smaller farms): Please assure that all direct payment interventions (including eco-schemes) should be linked to this result indicator.
126. R.9 (Investments for modernisation): The Commission observes that the value of R.9 (modernisation) is equal to R.16 (investments in climate) and lower than R.26 (investments for natural resources). However, in order for an intervention to be linked to R.16 and R.26 investments need to be specifically designed to address Climate and Environment. These values appear therefore incorrect and may derive from an incorrect intervention logic. The Netherlands is invited to explain these values and/or adjust their intervention logic. Investments under sectoral programmes to be linked to indicator R.9 if carried out by producer organisation member. Please adapt the intervention logic.
127. R.10 (Share of farmers participating in producer groups, Producer organisations...): Justification for target missing. Please justify the target.
128. R.11 (Concentration of supply): Missing result indicator, although there are operational programmes for F&V with a direct and significant link to R.11. Please add.
129. R.12 (Climate adaptation): Missing result indicator while interventions contributing directly and indirectly to this indicator have been planned (e.g. eco-schemes). Please add the result indicator and link to all relevant interventions.



- 130.R.14 (Carbon sequestration): organic production supported under sectoral programmes and cooperation should also be linked to this result indicator. Please adjust intervention logic.
- 131.R.15 (Renewable energy): Missing result indicator. To be added unless none of the investments planned in the Netherlands will lead to the installation of production capacity of renewable energy. Please adjust intervention logic if appropriate.
- 132.R.16 (Climate investments): See also remark under R.9. Investments under sectoral programmes to be linked to this indicator if carried out by producer organisation member. Link to investments on the farm to be added. Please adapt the intervention logic.
- 133.R.17 (Afforestation): Missing result indicator while the investment interventions will support agro-forestry. Please add.
- 134.R.19 (Soil): Organic production supported under sectoral programmes and cooperation should also be linked to this result indicator. Please adapt the intervention logic.
- 135.R.20 (Air quality): Missing result indicator, while needs have been identified. Please add the result indicator and link it to all interventions that to this indicator, including eco-schemes.
- 136.R.21 (Water quality): Missing result indicator and no planned interventions, while needs have been identified). Organic production supported under eco-schemes, sectoral programmes and cooperation should be linked to this result indicator.
- 137.R.22 (Nutrient management): Missing result indicator, though needs have been identified and planned interventions contribute to this indicator. For example, eco-schemes, organic production supported under sectoral programmes and cooperation should be linked to this result indicator.
- 138.R.23 (Sustainable water use): Target not ambitious. Value is low and no increase foreseen. Seems not in line with the identified needs. Please justify and/or adjust.
- 139.R.24 (Pesticide use): Missing result indicator, while needs have been identified and planned interventions contribute directly and significantly to this indicator. E.g. eco-schemes, organic production supported under sectoral programmes and cooperation should be linked to this result indicator.
- 140.R.25 (Environmental performance in livestock sector): Missing result indicator while one intervention under Article 70 of the SPR will support rare breeds. Please adapt the intervention logic.

141. R.26 (for natural resources): For all investments (including for digitalisation) that also relate to natural resources, the result indicator R.26 should be added.
142. R.27 (Environmental or climate related performance through investment in rural areas): Not all interventions contributing directly and significantly considered. Investments under sector interventions are also to be linked to this indicator.
143. R.28 (Environmental or climate related performance through Knowledge and innovation): Not all interventions contributing considered. 1) the interventions advice, training and coaching through sectoral programmes, the intervention for EIP operational groups and the intervention on knowledge exchange and advice with regard to environmental or climate-related performance are also to be linked to this indicator. Contributions from cooperation interventions should also be considered. 2) as R.28 is a subset of R.1, O.3 should also be linked to R.28.
144. R.29 (Organic agriculture): Target not ambitious. Target of 3.85% is less than the current % cover of organic farming of UAA (3.95%). Invited to review. Not only eco-schemes, but also the cooperation intervention and sectoral interventions contribute directly and significantly to this result indicator. Please adapt the intervention logic.
145. R.31 (Preserving habitats and species): Target not clear. 16% of farmland (in ha) would be subject to commitments supporting biodiversity but it is not clear to what degree or if this covers Natura 2000 sites. Please justify and/or adjust where appropriate. Organic production supported under eco-schemes, sectoral programmes and cooperation should also be linked to this result indicator. Please adapt the intervention logic.
146. R.32 (Investments related to biodiversity): 1) Low ambition level. Investments related to biodiversity will be funded only on 1.72 % of farms and thus it is unlikely that the investments will bring a significant change in the status of habitats and species in the agricultural areas. Please justify and adjust where appropriate. 2) Productive and non-productive investments on the farm and organic farming under eco-schemes also directly and significantly contribute to this indicator. Please adapt the intervention logic accordingly.
147. R.33 (Improving Natura 2000 management): Missing result indicator, although I.77.7 is contributing to this indicator.
148. R.34 (Preserving landscape features): Target not ambitious. Only 4.3% of UAA would benefit from payments for preserving landscape features. Please justify.
149. R.35 (Preserving beehives): Should be removed as R.35 is only applicable for interventions under type of intervention defined in Article 55(1)(b) of the SPR.

150. R.36 (Generational renewal): Please delete the link of intervention 73.1 to R.36 because the higher co-financing of investments for young farmers does not suffice as a justification for contribution to R.36.
151. R.37 (Growth and jobs in rural area): Missing result indicator although the support to young farmers (I.30, I.75, I.77.4) contributes to create or safeguard jobs. These interventions should be linked to R.37. In addition, LEADER might lead to the creation of jobs (although the target can be updated once the strategies are known). Please adapt the intervention logic.
152. R. 38 (Leader): Share is higher than 100% because the context indicator in table 2.2 has not been adapted to the Dutch definition of rural areas. Table 2.2 needs to be updated.
153. R.39 (Developing the rural economy): Missing result indicator. Investments under sectoral programmes be linked to this indicator if realised by cooperatives. Is it for sure that none of the interventions will support other beneficiaries than farmers or farmers investing in other gainful activities of the holding (such as processing)? Bio-economy business? Please adjust if appropriate.
154. R.41 (Connecting rural Europe): Missing result indicator. Will this indicator be fed by LEADER once strategies are known? Please confirm.
155. R.42 (Social inclusion): Missing result indicator. Will this indicator be fed by LEADER once strategies are known? Please confirm.
156. R.43 (Antimicrobial use): Missing result indicator. Organic farming contributes to reducing antibiotics use. Target to be set.
157. R.44 (Animal welfare): Missing result indicator. Organic farming contributes to improve animal welfare. Thus even though there is no designed specific intervention to improve animal welfare, a target should be set. Additionally, consider the contribution of the investment intervention.

## **2. OPERATIONAL ASSESSMENT**

### **2.1. Minimum ring-fencing**

158. Generally, please make sure that each intervention ring-fenced under section 5 of the Plan, be it for Environment, Generational Renewal or LEADER, fully contributes to meeting one of those ring-fencing requirements (i.e. cannot only partially contribute). Please also ensure overall completeness and correctness of financial information as well as consistency between chapters 5 and 6 as otherwise proper analysis of the ring-fencing is impossible. For example, please clearly indicate and re-calculate as appropriate the amounts for Environment, Generational Renewal and LEADER to respect the ring-fencing.

159. Moreover, the Commission asks the Netherlands to solve the following specific issues that appear to have occurred because of an error of calculation:
160. For calendar year 2027, the amount reserved for Complementary Redistributive Income Support for Sustainability (hereafter CRISS) does not reach the minimum of 10% of Annex IX to the SPR (Article 98 of the SPR) – please make the appropriate adjustments.
161. For calendar year 2027, the amount reserved for eco-schemes does not reach the minimum of 25% of Annex IX to the SPR (Article 97 of the SPR) – please make the appropriate adjustments.
162. Regarding fruit and vegetables, specify how the percentages laid down in Article 50(7) of the SPR will be reached (e.g. 15 % of expenditure linked to agri-environment-climate objectives and 2 % of expenditure linked to research and innovation objectives).

## **2.2. Definitions and minimum requirements**

163. The Netherlands is invited to improve the Plan by the following:
164. Section 4.1.1.2 - better specifying the maintenance criteria. For permanent crops such criteria should encompass both the land and the crops.
165. Section 4.1.2.1 - providing more information as regards definition of agroforestry such as tree density, size, distribution in relation to pedo-climatic conditions or management practices. As regards ‘food forest’, clarifying whether the three conditions are cumulative or mutually exclusive.
166. Section 4.1.2.1.3 - deleting for permanent grassland the reference to ‘arable crops’.
167. Section 4.1.2.3.2 - providing information on minimum planting density.
168. Section 4.1.2.4.4 – further specifying the criteria to use ‘reseeded with different types of grasses’. In particular, explaining if the different types refer to species, genus or another level.
169. Section 4.1.3.1 - setting objective criteria to determine the detrimental nature of non-agricultural activities. Moreover, explaining whether the “predominance” of the agricultural activity will be assessed on a case-by-case basis or set categories.
170. Section 4.1.3.3 – adding the word ‘whole’ to ‘calendar year’.
171. Section 4.1.3.5 – moving the information regarding solar panels to the LPIS (section 7.3.1.1.1), because solar panels cannot be attributed to ‘landscape features’.

172. Section 4.1.3.7 - referring to national schemes and not to eco-scheme.
173. Section 4.1.4.1- setting objective criteria to identify active farmers to further target EU support. In addition, ensuring that the criteria to identify the active farmer do not penalise the farmers who do not perform productive activities.
174. Sections 4.1.5 and 4.1.6 - clarifying the term ‘blocking control’ (‘blokkerende zeggenschap’).
175. Section 4.1.6. – specifying the element “for the first time” as included in the definition.
176. Section 4.1.7.2 – providing a justification in terms of decreasing administrative burden and contributing to the objective to support ‘viable farm income’ based on qualitative and quantitative information.

### **CAP Network**

177. While the description of the national CAP network in section 4.4 is well developed, the Netherlands is asked to provide more detailed information on envisaged national CAP network activities related to work with operation groups under EIP, work with LEADER/other territorial initiatives and contribution to monitoring and evaluation. Also information is needed on indicative funding availabilities for the national CAP Network and the indicative timeline for its launch.

### **The coordination, demarcation and synergies between the Plan and other EU funds**

178. Section 4.5 contains only partial information on coordination and demarcation between the Plan and other EU funding sources. Therefore, as the ESIF-programmes for the Netherlands and the Partnership Agreement Netherlands have not yet been approved, the Netherlands is asked to update the information and add relevant details on complementarity, synergy and demarcation between the Plan and the ESIF funding following the approvals, in particular in Section 4.5. The Commission may formulate additional questions based on these approved documents.
179. Please also give details on how the funding of the Plan is coordinated with the measures in the RRF as well as the actions under LIFE and CEF, where appropriate. Please also indicate any synergies with the Long-term Vision for the EU’s rural areas. Also the demarcation and complementarities with the ESF+ and eventually the coordination with ESF+ should be covered.
180. The Plan indicates that complementarity with the ERDF is particularly important. The Netherlands should clarify how the complementarity with ERDF will be ensured and how the synergies will be articulated between the Partnership agreement and the Plan.
181. The Netherlands is invited to explain the complementarities between the Plan and the ERDF.

182. Under the heading “demarcation”, the Plan refers to SOs pursuant to Article 6 (1) lit. d, g, h and i of the SPR respectively, and indicates that envisaged interventions under these SOs can have synergy and overlap with the ERDF. The demarcation is not explained. The Netherlands is invited to elaborate on this demarcation taking into account the selected policy and SOs for the ERDF programmes in the Netherlands.
183. The European Commission recalls that, through the CAP strategic planning, EU-funded R&I actions and outcomes (i.e. missions, research results, tools, partnerships, instruments) should be increasingly taken up by Member States to address the transformative change necessary in agriculture to tackle notably the interlinked soil health, climate and biodiversity challenges. Three Horizon Europe Missions (“Adaptation to Climate Change”, “A soil deal for Europe” and “Restore our Ocean and Waters by 2030”) offer opportunities for accelerating the testing and deployment of cutting-edge solutions through place-based activities in rural areas. Furthermore, a number of R&I partnerships in key areas such as agro-ecology, animal health and welfare, agricultural data and food systems will bring innovative solutions for a more sustainable and efficient agricultural sector. The Netherlands is invited to describe how it is making use of the CAP to support the implementation of the Horizon Europe Missions and Partnerships (Regulation (EU) 2021/695 establishing Horizon Europe – the Framework Programme for Research and Innovation).

### **2.3. Interventions and baseline**

#### *2.3.1. Conditionality*

184. On GAEC 2, the Netherlands is invited to explain how protection of carbon-rich soils will be specifically ensured. The Netherlands proposes for the GAEC that ‘the Peil Decree’ (the setting of water levels by water boards) should be respected. While the Peil Decree is a relevant measure needed to prevent subsidence and thus protect carbon-rich soils, it will only contribute to achieving the objective of this GAEC if the Peil Decree level is set for reaching climate or biodiversity goals and prevents further deterioration of peatlands and wetlands. This is not based on the respect of the Peil Decree alone. The Netherlands is therefore asked to revise its national standard for GAEC 2. The Netherlands is also invited to indicate how many Peil decrees exist, whether several Peil decrees may apply during the calendar year to the same agricultural area, the legal status of the Peil Decree and whether their set level can be considered the optimum for reaching climate and biodiversity goals.
185. The Plan only refers to coastal plains and to low peat, up to about 1 m above New Amsterdam Level (NAP). This possibility is not foreseen in the SPR. The Netherlands is asked to lay down conditions for designating the wetlands and peatland for which GAEC 2 will apply that ensure that all wetlands and peatlands located on agricultural land are protected under GAEC 2 as required. The

Netherlands states in the Plan under GAEC2 that peatlands located within Natura2000 areas receive adequate protection under GAEC 1 and 9. The Netherlands is asked to revise this statement as GAECs 1 and 9 are primarily focused on grasslands, whereas the GAEC 2 should apply to all eligible agricultural land defined as wetlands and peatlands whatever its land use.

186. GAEC 4 The proposed width of buffer strips (2 m) does not seem in accordance with footnote 2 to GAEC 4 in Annex III to the SPR, which states a width of minimum 3 meter. The possibility to adjust the width applies only for areas with significant dewatering and irrigation ditches if duly justified for those areas in accordance with specific local circumstances. The Netherlands is therefore asked to modify its national standard accordingly. For the areas where this would be justified, the Netherlands should provide a justification in line with footnote 2 to GAEC 4 Annex III to the SPR, and to explain the choice to adjust the minimum width. The definition of "other waters concept" and "water-bearing ditches" should be further explained.
187. GAEC 5 The Commission invites the Netherlands to provide more detailed explanations on the depth of tillage required and whether contour ploughing applies.
188. GAEC 6 concerns area where bare soils occurs (permanent crops and arable land excluding temporary pastures) and that in particular all arable land is expected to be covered. The Dutch authorities are therefore requested to cover permanent crops as well as all the arable land of the farm with GAEC 6, not only black fallow. Moreover, the Netherlands should provide further information on their assessment that summer is the most sensitive period rather than winter where bare soil during winter period could present a greater risk of run off due to rain and wind.
189. GAEC 7 The Netherlands should explain the minimum length for which the catch crop has to remain on the land and whether a different crop must be planted in year 2, even after a short catch crop period following the main crop in year 1. The Netherlands is asked to clarify that the secondary crop has to be cultivated between two main crops and they should cover the full time period between the main crops resulting in a significant break between these. Furthermore, the definitive list of 'rest crops' for which the rotation obligation does not apply should be provided.
190. GAEC 8 This GAEC aims at protecting and creating non-productive elements key for biodiversity. The Netherlands is encouraged to extend its envisaged protection to more types of landscape elements. In line with this aim the Netherlands is invited to justify why the retention does not apply to all landscape features and is limited to hedgerows and trees and the retention of other landscape features, for example ponds, are excluded. The Netherlands is asked to confirm that also for farms below 10 hectares of arable land the prohibition applies of pruning/mowing in the breeding period, and extend the period when pruning and cutting trees is not allowed to cover the breeding season.

191. GAEC 9 The Commission encourages the Netherlands to include in the definition a ban on converting permanent grassland. This GAEC should cover all the ‘environmentally sensitive areas’ within Natura 2000 sites to be designated and identified as needing ‘strict protection’. The designation should take into account the current grassland status (and the objective to achieve a good conservation status of these valuable grasslands). The Netherlands is asked to provide further details on the possibility to allow exemption and in particular to provide clarity where such compensation areas may occur that are not already subject to this GAEC.

### 2.3.2. *For direct income support*

#### 2.3.2.1. BISS (Articles 21-28 of the SPR, section 5 of the Plan)

192. The justification provided does not allow to assess whether the established unit amount for Basic Income Support for Sustainability (BISS) is appropriate. Further elaborations of this justification, based on data relating to income needs, are therefore required. Other elements, as the availability of financial resources can complement this justification.

193. The Commission asks the Netherlands to provide more explanation as regards the use of the differentiation of support as regards the mentioning of differentiation for peatlands, Natura 2000 areas and vulnerable permanent grassland. Such differentiation may fall under Article 22(2) of the SPR and requires a clear description of the different groups of territories as well as a justification of the unit amount for each group based on an assessment of the difference in income needs for each of the different groups.

194. The Netherlands is requested to reconsider the variation of the unit amount provided for BISS. The variation percentages are considered to be very high and not adequately justified. The justification of the unit amount on the one hand, and of minimum and maximum unit amounts, on the other hand, should be linked. These justifications should primarily be based on data related to the needs which the relevant interventions want to address. Elements of uncertainty leading to a risk of unspent funds can be added. However, these elements must also be explained, e.g. related to past experience related to under-execution.

#### 2.3.2.2. CRISS (Article 29 of the SPR, section 5 of the Plan)

195. The Commission asks the Netherlands to take into account the observations made further above regarding the redistribution strategy.



### 2.3.2.3. CISYF (Article 30 of the SPR, section of the Plan)

196. The Netherlands should verify the proposed use of Complementary Income Support for Young Farmers (CISYF) having in mind that this is decoupled income support and should in general not be subject to a business plan. In relation to this, the Netherlands is invited to reconsider the rationale behind making CISYF conditional on rural development installation support as both, the link to the business plan and the lump sum payment, seem to duplicate the installation grant. Furthermore, the unit amount should be justified in view of achieving the policy objective and accumulation with the lump sum under the rural development installation grant. Please adapt the description of the intervention including the quantitative information what is planned per beneficiary. Finally, the Netherlands should also ensure that the definition of the young farmer is applied coherently in the whole Plan.

### 2.3.2.4. Eco-scheme (Article 31 of the SPR, section 5 of the Plan)

197. The eco-scheme is described as a national system. Also, since the uptake of the individual practices depends upon decisions of the individual farmers, the extent to which all the needs will actually be met through this intervention is unclear. Several indicators are programmed for the eco-scheme. The Netherlands should ensure that over-estimation should not occur. Furthermore, there is a high variation in the maximum and minimum planned average unit amount under the eco-scheme.

198. The Netherlands is asked for the Plan:

199. to specify the contribution of the scheme to the needs in the Plan.

200. to further specify the mechanism of points accumulation and the application of the weightings factors.

201. to clarify where the area-specific actions would apply and how these actions will be targeted in areas where they are more beneficial.

202. to provide a more detailed description of the (improvement in) farming practices and requirements for farmers under the 26 practices in the eco-scheme.

203. to ensure that the requirements go beyond conditionality.

204. to justify the range of variation in the average unit amount and to provide more explanation and justification for the values of bronze, silver and gold payment level.

205. to indicate the practices a farmer has to fulfil ('minimum requirements') in order to meet the bronze, silver or gold level and what it takes to reach the "golden" standard.

206. to indicate whether specific actions are foreseen on N<sub>2</sub>O emission reductions (as suggested in the description of the intervention).
207. to consider to include a practice to address ammonia emissions.
208. to provide information the level of change that the eco-scheme will deliver in relation to current agricultural practices.
209. The Commission recommends using three average planned unit amounts (one for each payment level) to programme the eco-scheme.
210. Regarding some of the specific practices under the eco-scheme:
211. Practice 6 (permanent grassland), the Netherlands is asked to explain and ensure how the maintenance of permanent grassland goes beyond the baseline in GAEC 1, and how this practice will contribute to addressing environmental and climate needs.
212. Several payment amounts are missing, for example for practice 8 (grass/clover), practice 11 (paludiculture/wet cultivation) nor for practice 23 (Woody element present). The Netherlands is asked to provide values or explain the absence of values in the Plan.
213. Practice 19 (livestock density), the Netherlands is invited to increase the level of ambition to address the nutrients pollution and water quality issues effectively, in particular with regard to reducing livestock and to extensifying livestock farming.
214. Practice 25 provides support for buffer strips of minimal 3 meter. This width must be increased to go beyond the 3 meter baseline, except in those areas for which a justification for a narrower width can be provided in line with GAEC 4.
215. Practice 26 (organic farming), whilst those farms who are already certified organic are automatically provided gold standard, the Netherlands is asked to explain whether those farms having the status of converting to organic are also eligible for this standard.

### *2.3.3. For interventions in certain sectors*

#### *2.3.3.1. Fruit and vegetables*

216. The Netherlands should ensure that operational programmes include at least three actions for expenditures linked to the objectives referred to in Article 46(e) and (f) of the SPR. The Commission considers that this requirement should be indicated in section 5 ('specific design'). The Commission also requests the Netherlands to review this section and provide specific information for each intervention to show the difference between each intervention and how it will deliver its objective. In sections 5 and 7, there are no specific national requirements indicated which

suggests that only EU requirements apply. Please confirm whether this understanding is correct. Moreover, please complete sections 5 and 7 with a list of examples (even though non-exhaustive). For example, actions to mitigate and to adapt to climate change should be indicated for each intervention.

217. The Commission requests the Netherlands to revise the list of result indicators per types of intervention and add the links to the relevant result indicators. In addition, the Netherlands should ensure that the interventions referred to in Article 47(2)(f), (g) and (h) of the SPR do not exceed one third of the total expenditure under operational programmes (cf. Article 50(7)(d) of the SPR). The Netherlands is also requested to explain how it is ensured that the maximum and minimum spending requirements for sectoral expenditure in the fruit and vegetables sector, as laid down in Art 50(7)(a)-(d) of the SPR, are respected. Finally, the Netherlands is invited to verify and demonstrate that all additional requirements set out in the Delegated Regulation (EU) 2022/126, like the percentage for minimum water savings (see Article 11(4)(a)), are properly described and addressed in the Plan.

#### 2.3.3.2. Apiculture

218. The Commission requests the Netherlands to:

219. include under section 3.5.2, a description of a reliable method for determining the number of beehives as per Article 37 of Regulation (EU) 2022/126.

220. improve the description in section 3.5.2 with a more detailed analysis of the sector, the needs of the sector, an outline of the selected interventions and a justification of the interventions chosen to address the needs, and explain how these will be implemented.

221. name the interventions according to the support provided and type of intervention they refer to, rather than using the same name.

222. review Sections 5, 7, 9 and 10 for each intervention, with the view to adapting these to the specificities of each intervention and not repeat the exact same information for the two interventions chosen.

223. revise the description in section 5, to include how the specific intervention addresses the sectoral objectives and identified needs, followed by the specific actions supported, eligible expenditure (providing at least some examples of eligible costs) under the broad lines of actions outline, beneficiaries and eligibility conditions.

224. outline the main themes or priority areas for the applied research projects supported under intervention I.55 — (1)(e): Sectoral intervention apiculture — (1)(e).

225. ensure that the indicative financial allocation for 2023 takes into account any planned expenditure for the implementation of measures under the National Apiculture Programme 2020-2022 from 1/9-31/12 2022.
226. better justify and explain in section 9, how the planned unit amounts and outputs as well as the indicative financial allocations were determined for each intervention (the link to section 6 should be evident).
227. revise the information in table 5.2.10 for each intervention and sectoral table 6.2.2, to include the Total Public in the updated tables of the Plan.
228. demarcate clearly from EAFRD interventions.

#### 2.3.4. *For rural development*

##### 2.3.4.1. Management commitments (Article 70 of the SPR, section of the Plan)

###### *70.1: AEC-commitments*

229. The Netherlands proposes an intervention with certified agricultural collectives. An agreement is concluded with these collectives regarding commitments on land designated in the Provincial Nature Management Plan for which the public authorities set an objective. The Netherlands is invited to further clarify the type of objectives in these plans, to list the objectives that are expected to be achieved by the collectives, and explain how the monitoring and controlling will take place. It should also explain why the Netherlands ticked the box that these will be hybrid and not result based commitments. It is stated that in the tender process with collectives the result is a certain minimum and maximum habitat size to be realised, and minimum requirements are included in the tender process for the composition of the management functions. The Netherlands is invited to explain this further. AEC-commitments are proposed for three categories in this intervention: management of habitats of endangered species, water measures and climate. A recent evaluation in 2021 of the AEC-commitments showed the benefits of targeting of AEC-commitments towards geographical areas for managing habitats of endangered species. The Netherlands is asked to target climate and water commitments, like habitat management commitments, at priority areas facing water or climate issues.
230. Even though the Plan highlights well the need to restore the populations of meadow birds, it is not sufficiently ambitious to address that. Only 18-26 core areas of 1000 ha are planned to be managed for meadow birds while the PAF (and the Aanvalsplan grutto) foresaw 30 such areas (total 30.000 ha) necessary to restore their populations. The Netherlands should ensure that the Plan or national funding is aligned with the targets foreseen in the PAF otherwise the population of these birds will continue to decline. It should also ensure that related budget is available as from 2023.

231. N.26 (Improved food safety and transparency, including fewer plant production products) is not identified as one of the needs addressed by the intervention. Taking into account the type of commitment, the Netherlands is asked to consider adding N.26 as one of the needs addressed by this intervention.
232. The Netherlands is invited to assess whether significant and direct links exist with R.12, R.21, R.22, R.24 and R.25 or other indicators.
233. The Netherlands has provided a description of the baseline for AEC-commitments in Annex X to the Plan. The Netherlands is asked to further develop this baseline to ensure that the management prescriptions go beyond relevant conditionality.
234. In the interventions 1.77.6 (cooperation for realisation of integrated area development) and 1.77.7 (Area-based cooperation to strengthen the approach of Veenweide and Nature Restoration Nitrogen) management commitments are not excluded. The Netherlands is invited to specify the complementarity between cooperation interventions and AEC-commitments and exclude double funding.
235. According to the Plan, if an activity is carried out under the eco-scheme and the same activity is also shown in the AEC-commitments, the activity can count towards the number of points collected in the eco-scheme and the activity is paid through the AEC-commitments. The Netherlands should exclude this possibility as it seems not in line with Article 70(3)(d) of the SPR which requires that AEC-commitments are different from commitments in respect of which payments are granted under Article 31 of the SPR. In this context the Netherlands should consider that the AEC-commitment will contribute to the points obtained under the eco-scheme and may therefore imply that a higher level of support could be obtained under the eco-scheme.
236. The intervention will grow from over 100.000 ha in the former rural development period to 130.000 ha in the Plan (about 7% of the agricultural area). Facing the serious challenges by the Netherlands in relation to biodiversity, environment and climate, an increase of 30.000 ha for AEC-commitments appears sufficient. The Netherlands is also asked whether increasing the area for AEC-commitments is the most effective approach to address the environmental and climate challenges in the Netherlands.
237. For the reasons mentioned previously, the Commission asks the Netherlands to consider supporting organic farming under a specific Article 70-intervention.
238. The Netherlands is invited to clarify that in the financial table no output is included for O.14 and no budget foreseen for the year 2023 for AEC-commitments.
239. For the regional level NUTS1 is proposed in the Plan. The Netherlands is invited to clarify the proposed NUTS 1 level for this type of commitment.

## 70.2: Rare farm breeds

240. The Netherlands indicates that the aid shall be granted for a maximum of 100 livestock units (LU) of bovine animals, 75 LU of sheep and 75 LU of goats. The Netherlands is invited to confirm that this condition for aid applies per beneficiary.
241. The description of the need indicates that there are many endangered breeds in the Netherlands. The Netherlands is asked to provide a) the number, at national level, of breeding females concerned of endangered species, (b) the number and the endangered status of the listed breeds is certified by a duly recognised relevant scientific body and (c) which duly recognised relevant technical body registers and keeps up-to-date the herd or flock book for the breed.
242. A lump sum payment per unit is proposed. The Netherlands is invited to provide the method for calculating this lump sum and whether the body performing or certifying the calculations is functionally independent from the authorities.
243. A result based commitment is proposed. The Netherlands is asked to specify the results of the commitments.
244. A commitment period of one year is proposed. The Netherlands is invited to justify this short commitment period of one year.
245. The need 18 is described as increasing and restoring biodiversity. It is clear, based on the provided information, that the current budget can only support the current population of endangered breeds. The Netherlands is invited to substantiate how the set-up of the intervention and the available resources will ensure that genetic resources in agriculture will be properly conserved and the risks reduced for endangered breeds.
246. One result indicator is being proposed for this intervention (R.32). It is important to ensure that all result indicators to the intervention are captured. The Netherlands is invited to assess whether significant and direct links exist with R.25 or other indicators.
247. The Netherlands is invited to clarify that in the financial table no output is included for O.14 and no budget foreseen for the year 2023.
248. The Netherlands is invited to correct table 13 so it refers to O.19 (unit: LU) and not to hectares.
- 2.3.4.2. Area-specific disadvantages resulting from certain mandatory requirements (Article 72 of the SPR, section 5 of the Plan)
249. In the light of all the previous observations on water and nature, the Netherlands is invited to consider introducing an intervention on Natura 2000 payments for

agricultural areas (and forest, if relevant), and WFD payments given that agriculture remains the main pressure and there is a need to ensure non-deterioration of habitats and to prevent disturbance of species in the sites.

2.3.4.3. Investments, including investments in irrigation (Article 73-74 of the SPR, section 5 of the Plan)

*73.1 Productive investments for farm modernisation*

250. The Commission asks the Netherlands to give more detailed explanations how this intervention addresses the various different needs linked to several SOs. For example, the Netherlands should give more details on planned investments to improve animal welfare such as indicating targeted species and concrete actions going beyond legal requirements. Moreover, regarding air quality, the Netherlands should link this intervention to need 17 and explicitly clarify that investments in low-emission techniques (relevant for ammonia) are eligible for support. Importantly, the Commission requests the Netherlands to create distinct interventions as appropriate according to the principle “one intervention equals one full ring-fencing” distinguishing between green and non-green investments, and clearly define the eligible investments. In addition, the Netherlands is asked to clearly distinguish which effect of this intervention is related to the uptake of precision farming. When considering agro-forestry, it should distinguish clearly which investment is regarded as productive versus non-productive. It should also clearly define the “specific groups” that are considered for the top-up of 15% and the maximum aid rates at beneficiary level. Finally, it should ensure that the appropriate environmental assessments are done as required.

*73.2 Non-productive investments for agricultural holdings and*

*73.3 Non-productive investments on non-agricultural holdings*

251. The Commission requests the Netherlands to clarify the scope of these interventions by creating distinct interventions for green and non-green investments as appropriate, and clearly define the lists of eligible investments and the links to environment and climate. It should take into account that non-productive green investments should be limited to non-remunerative investments clearly linked to the delivery of purely environmental and climate benefits. For example, it should indicate what is meant by “more efficient use of water supplies” and “water management”. The Commission requests the Netherlands to explain more specifically and improve the wording in describing the complementarity between interventions (investments, eco-scheme). Clarifications regarding the additional national financing and the planned unit amounts are also needed. If the entire intervention falls outside Article 42 of the Treaty on the Functioning of the European Union (TFEU), it is subject to state aid assessment and in point 8 “yes” should be ticked. If only part of the intervention falls outside Article 42 of the

TFEU, “mixed” should be ticked; the activities falling outside the scope of Article 42 of the TFEU must be explained and the State aid clearance instrument must be indicated.

252. Specifically for I73.2 (Non-productive investments for agricultural holdings): It should further explain the link to SO7 and make sure that the requirements of the WFD on non-deterioration and Article 4(7) of the WFD are respected.

253. The Netherlands is requested to consider introducing in section 4.7.3 a general eligibility requirement for an assessment of the expected environmental impact in accordance with the applicable legislation for the type of investment concerned, where an investment is likely to have negative effects on the environment.

#### 2.3.4.4. Installation aid (Article 75 of the SPR, section 5 of the Plan)

254. The Commission asks the Netherlands to improve the targeting of the intervention so that it makes a stronger contribution to SO7 and responds to the needs and incentivises young farmers to set up viable farms. The intervention needs to be explained in more detail, e.g. regarding the scoring system. In addition, the Netherlands is asked to consider whether an intervention for business start-ups should be planned in order to better address the identified needs. The Commission asks the Netherlands to move the definition of young farmers to chapter 4 of the Plan and invites the Netherlands to explain why the obligation to be setting up for the ‘first time’ is mentioned although it no longer applies for rural development.

#### 2.3.4.5. Risk management (Article 76 of the SPR, section 5 of the Plan)

255. The Commission asks the Netherlands to include more details in the description of the intervention, notably as regards SOs and content of the intervention, regarding the conditions for the relevant insurance schemes, and also if insurance covers single- or multi-peril losses. The Commission also asks the Netherlands to link this intervention to need N.13 on climate adaptation, or otherwise justify why this is not the case. In addition, it should include more information regarding the methodology for calculating losses, including whether indexes will be used. Moreover, it should include information as regards any need for avoiding overcompensation with sectoral interventions. Finally, it should clarify the description of WTO green box compliance, as only losses of 30% or more will be green box compliant, and the Netherlands proposes to compensate losses of more than 20%.

#### 2.3.4.6. Cooperation (Article 77 of the SPR, section 5 of the Plan)

##### *77.1 Cooperation for chains, sectors, more sustainable food, CAP pilots and innovation EIP*

256. The Commission asks the Netherlands to use “EIP Operational Groups” as the title for the measure. To help the integration of advisors in the AKIS, it should explicitly



list them here in the category of beneficiaries. The Netherlands is requested to use the elements of the interactive innovation model in the selection principles. The Commission suggests that a link is made with other projects (operational groups, etc.) as a selection criterion. The Commission asks the Netherlands to add the dissemination of operational groups' plan and innovative results to the national and EU CAP networks as an eligibility condition. The Commission invites the Netherlands to consider that Member States may grant support to (1) prepare and (2) implement the projects of the EIP Operational Groups. To keep administrative burden low, step 1 is most often paid with lump sums. It should also clarify if and how cross-border operational groups are encouraged. Finally, it should ensure that the intervention strategy is consistently reflected in the description of this intervention, for example the contribution of this intervention to need N.27 (improved animal welfare/health and antimicrobials) is not clear.

#### *77.2 LEADER Support preparation of selected LOS and*

#### *77.3 LEADER Support for the implementation of a selected LOS*

257. The Commission requests the Netherlands to provide additional information on the LEADER intervention, and in particular on the scope of operations under Local Development Strategies, taking into account both the needs of rural areas but also the added value of LEADER compared with non-LEADER delivery. Moreover the Netherlands is asked to provide information how it will ensure that all principles of LEADER method would be implemented by all local action groups (LAGs) (especially, the definition of the sub-regional level, inclusive partnership) and to give more information regarding some key areas related to LEADER intervention (such as the functions of LAGs, Managing Authority, outputs, results, aid intensities, state aid etc.). Finally, the Netherlands is requested to describe the expected added value of LEADER in terms of social capital building, improvement of local governance and – importantly – better projects/results compared with non-LEADER delivery. By doing so, it should also consider how the added value for SOs 4, 5 and 6 will be ensured in the context of this bottom-up approach. Regarding financial data, the Commission asks the Netherlands to adapt the contribution from EAFRD, as data entered in section 5 return a contribution rate higher than the maximum 80% applicable.

#### *77.4 Cooperation for generational change*

258. The Commission requests the Netherlands to better relate the identified needs under SO7 and the proposed intervention with a focus on the added value of the selected intervention approach. For instance, the principles of selection should further be elaborated and targeted taking into account the SWOT analysis and the identified needs (e.g. horticultural holdings without successors, access to land and capital for acquisition etc.). Moreover, there needs to be a stronger partnership principle enshrined in the requirements as the eligibility criteria to become a beneficiary are concentrated on farmers who have reached or will reach retirement age at the end of the project period. Under this type of intervention, support may be granted for new

forms of cooperation or for new activities undertaken by existing forms of cooperation, including the implementation of operations. The Netherlands is invited to describe these aspects explicitly. The consistency of the description with that for SO7 should also be checked. The Netherlands is asked to clearly identify the type of activities facilitating and accelerating the business takeovers and the type of eligible activities covered. Moreover, the Commission invites the Netherlands to explain in relation to the concept of 'Pension accumulation' how it will avoid any incentive for early retirement. In addition, the Commission asks the Netherlands to confirm the duration of each cooperation scheme.

*77.5 - Cooperation for Preparatory Integrated Area Development*

*77.6 - Cooperation for realisation of Integrated Area Development*

*77.7 - Area-based cooperation to strengthen the approach of Veenweide and Nature Restoration Nitrogen*

*77.8 - Area-oriented alignment and small investments land-based GBA*

259. The Netherlands is invited to further elaborate interventions I.77.5 to I.77.8, as regards:

260. the specific purpose of these interventions, the differences, complementarity and possible overlap amongst these interventions and other rural development interventions, in particular LEADER and AEC-commitments.
  261. to specify further the different steps of the cooperation interventions (from the setting up until the implementation of the project).
  262. the selection principles applied for certain areas with specific focus on environment and climate objectives.
  263. the approval process of applications.
  264. the functioning of the regional (area) organizations, which will implement the integrated area plans.
  265. the eligibility conditions, eligible costs, a list of ineligible categories of expenditure, beneficiaries, type of support, duration of the support for the different phases of the intervention and support rate.
  266. the expected number of applications for area plans for the whole period, the duration of the preparatory cooperation and the budget allocated to each preparatory cooperation.
  267. justification of the unit amounts related to the allocated budget.
268. Under this type of intervention, support may be granted for new forms of cooperation or for new activities undertaken by existing forms of cooperation, including the implementation of operations. The Netherlands is invited to describe

explicitly these aspects and include all the minimum requirements laid down by Article 77 of the SPR.

269. Concerning state-aid, if part of I.77.5 falls outside Article 42 of the TFEU, the Netherlands should tick box “mixed”, explain these activities and indicate the State aid clearance instrument.

270. The Netherlands is also requested to clarify that potential overlap with GAEC 2 and AEC-commitments is excluded and that this intervention cannot be used to financially support the implementation of GAEC 2.

271. For I.77.8 and I.77.7, the Netherlands is invited to confirm that the definition for small-scale infrastructure projects eligible under the investment intervention applies.

#### 2.3.4.7. Knowledge exchange and advice (Article 78 of the SPR, section 5 of the Plan)

272. As this intervention is the main contributor to the need N.31 (well-functioning AKIS), the Commission asks the Netherlands to ensure a timely roll-out of this intervention. The Netherlands is also asked to explain in how far this intervention is in complementarity with national measures, namely the support scheme SABE.

273. Furthermore, the Commission invites the Netherlands to address the following more specific observations:

274. to elaborate how exactly the implementation of this intervention will be organised and coordinated by the AKIS Coordination Body, taking into account all obligations listed in Article 15(2),(3) and (4) of the SPR, including the implementation modes such as public procurement and the obligatory training of advisors. It should also specify if there is a list of authorised trainers (as for advisors).

275. to specify if this intervention will be used for innovation support and to justify how implementation will be possible for all 360 planned OGs.

276. to reflect and then provide the relevant information how the creation of a back-office of specialist advisors in close contact with research and up-to-date knowledge and innovation through the CAP network EIP database could support all training and in-field advisory services to be put in place. Moreover, it should specify if advisors can be trained abroad and if this can be covered by vouchers.

277. to explain how the provision of training will be aligned with the specific demands for knowledge and innovation of agricultural holdings considering the importance of trainings focused on farmers’ actual needs.

278. to focus this intervention on demonstrations on genuine farms working under real production conditions. It should specify whether it will be an obligation that demonstration aid is asked by either a farmer or an advisor. Moreover, it should

consider a 100% support rate for a “pioneer” farm that is already “willing” to demonstrate and share information with others.

279. to give more information regarding the investments by types of advice and training if available.

280. to verify and demonstrate the appropriateness of outputs and unit amounts.

### **3. FINANCIAL OVERVIEW TABLE**

281. The Commission asks the Netherlands to ensure coherence between the financial data entered in section 5 and those entered in the overview table in section 6. The data should match (only totals should match for rural development). For example, it should verify and correct direct payments, young farmers, and annual planned amounts for apiculture.

282. Regarding direct payments, the total amount of planned interventions exceeds the maximum allocation (see adjusted amount of Annex IX), for each of the calendar years 2023-2026. For calendar year 2027, the total amount of planned interventions is significantly below the available total allocation; the Netherlands should consider revising this. It should be noted that it is not possible to plan transfers from direct payments to rural development for calendar year 2027 (Article 103(1) of the SPR).

283. Concerning sectorial support, it should be noted that in accordance with Article 156 of the SPR, the sum of all payments made during a given financial year for a sector - irrespective for which programme and under which legal base those took place - cannot exceed the financial allocations referred to in Article 88 of the SPR for that given financial year for that sector. As regards the type of interventions in certain sectors defined in Article 42 of the SPR, expenditure that will be paid in 2023 or in the subsequent financial years, relating to measures implemented under Regulation (EU) No 1308/2013 for these same sectors, shall not be entered in the Annual indicative financial allocations under section 5 or in the Financial Overview table under section 6 of the Plan.

284. Regarding rural development, the Netherlands should verify that the amounts in section 6 as the total expenditure for interventions under rural development entered in section 5.3 plus the amount for technical assistance, exceed the maximum allocation. It should also complement the overview table by entering data in rows 44 and 46.

285. Moreover, the Commission requests the Netherlands to include the total transfer (flexibility and product of reduction) from the EAGF to EAFRD as notified by the Netherlands on 1 August 2021 for the financial year 2023 (EUR 107 717 000) in the overview table of the Financing Plan in SFC, line 26. This will also impact the basis on which to calculate the LEADER and environmental ring-fencings.

286. Finally, after the revisions of the Plan, it should check that there are still sufficient financial allocations for environmental and climate action.

#### **4. CAP PLAN GOVERNANCE, EXCLUDING CONTROLS AND PENALTIES**

287. The Netherlands is invited to provide a description of the set-up of the competent authority and how it will carry out its supervision of the work of the Paying Agency, its compliance with the accreditation criteria and to specify the names and the role of the delegated and intermediate bodies.

288. With regard to Sections 7.3, 7.4 and 7.5 comments will be delivered by the Commission Services in a separate communication.

289. For activities falling outside the scope of Article 42 of the TFEU, State aid rules apply. Companies in difficulty or companies still having a pending recovery order following a Commission decision declaring an aid illegal and incompatible with the internal market have to be excluded, except in the cases mentioned in the applicable State aid rules.

#### **5. ANNEXES**

290. The Commission asks the Netherlands to specify in Annex V whether this additional national financing falls outside the scope of Article 42 of the TFEU and is subject to state aid assessment, and data for EAFRD participation and national co-financing funds for all activities falling outside the scope of Article 42 of the TFEU.