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ANNEX

Observations on the CAP Strategic Plan submitted by Czechia

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 its dependence on synthetic fertilizers and scale up the production of renewable energy without undermining food production; and
- to transform its 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 production¹ 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. Czechia is asked to provide the Commission with any necessary additional information and to revise the content of the CAP Strategic Plan by taking into account the observations provided below.

¹ 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 Czechia's efforts in the preparation of the CAP Strategic Plan (hereafter the Plan), the exchanges within the structured dialogue ahead of its submission and consideration given to its recommendations of 18 December 2020 (SWD(2020) 393).
2. The Commission notes the decision of Czechia to transfer 2.5% of the first pillar allocation to the second pillar, positive steps taken by Czechia in respect of increased national co-financing of the second pillar for environmental and climate-related interventions and an attempt to improve the economic situation of smaller holdings. Nevertheless, some issues remain open and further improvements are needed in particular in the design of the green architecture.
3. The Commission welcomes Czechia's efforts to present a comprehensive Plan with extensive Strengths, Weaknesses, Opportunities and Threats (SWOT) analyses. However, further assessment of the way Czechia intends to address certain priorities will be needed, especially with regard to broadband and the promotion of quality schemes, which received lower attention in the CSP.
4. 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 Czechia 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

5. The Commission considers that the Plan shows the potential to contribute effectively to this general objective.
6. The Commission notes the decision by Czechia to apply a small farmers' payment scheme and that it would not implement capping or reduction of payments. The information provided in the Plan (SWOT, needs assessment, overview...) indicates that there is still scope to improve justification of the targeting for the redistributive payment (Complementary Redistributive Income Support for Sustainability, CRISS). Czechia is invited to complement explanations by providing a quantitative analysis showing the combined effects of all proposed income support tools on redistribution.
7. The Commission notes the importance given to Coupled Income Support (CIS) and invites Czechia to explain further targeting of sectors in light of the SWOT analysis and needs assessment, and taking account of the stated competitiveness objectives without compromising the overall contribution of the Plan to the environmental and climate objectives.

8. The Commission recognises the importance given to income support in the Plan as well as interventions supporting competitiveness and economic sustainability. In light of the Russian invasion of Ukraine, the Commission urges Czechia to also consider interventions that will help reduce dependence on fossil fuels and other externally sourced inputs to agricultural production in order to preserve the long-term sustainable production capacity and viability of farms.
9. Furthermore, the Commission invites Czechia to explain how it intends to address the low level of organisation among producers and their reluctance to cooperate, in particular as regards developing producer organisations (PO) and cooperatives in the sectors where the concentration of supply is still limited, with the objective of improving the position of farmers in the food supply chain.

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. The Commission considers that the Plan shows partial potential to contribute effectively to this general objective.
11. The Plan properly identifies the main environmental and climate challenges of Czech agriculture but its potential to deliver more ambitious results in comparison to the current programming period should be further increased to provide a better balance between the production-oriented objectives and the environment and climate-related goals.
12. Some of the identified needs are generic and should be specified. Czechia is requested to better demonstrate the increased ambition of the planned green architecture as regards environmental and climate related objectives using qualitative elements such as financial allocation and indicators. The Commission also requests Czechia to clarify and, if necessary, amend certain Good Agricultural and Environmental Conditions (GAEC) so they fully comply with the regulatory framework.
13. The Commission considers that the designed interventions do not sufficiently address the need to reduce greenhouse gases (GHG) emissions and ammonia emissions. These needs should be assigned a higher priority considering the results of Czechia's SWOT analysis. More attention is also required to address challenges linked to water quantity and quality, climate adaptation, protection of habitats and species, forest biodiversity and forest ecosystem's services, and to encourage the sustained application of practices that have proved beneficial to soil quality.
14. Czechia is requested to take better account of the Prioritised Action Framework (PAF) and further align the proposed interventions with it.
15. Czechia is invited to increase the climate ambition of its eco-schemes. Certain aspects of eco-schemes, including for precision agriculture, and certain interventions for rural development and sustainable forest management schemes should be enhanced to better respond to environmental and climate needs and ensure better contribution and consistency with the national objectives of the

relevant EU environmental and climate legislation listed in Annex XIII to Regulation (EU) 2021/2115 (Strategic Plan Regulation - SPR). Further to the adjustments requested in this Plan, Czechia is also requested to improve the explanation of these contributions and consistency aspects within the Plan.

16. In view of the legal requirement stated in Article 120 of the SPR to assess the need of amending the Plan, Czechia is strongly encouraged to take into account revisions of the national targets that will be laid down in the legislation that will revise 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)).
17. Given the climate change impacts (e.g. droughts and floods), Czechia is invited to increase or reinforce the interventions that contribute to enhancing the water retention potential of landscape by increasing soil water retention capabilities (e.g. increasing organic matter) and water percolation (reducing run-off, e.g. by water streams revitalisation). It is also encouraged to support nature-based solutions, designed along landscape's contour lines preventing both wind and water erosion.
18. The Commission also urges Czechia to fully use the possibilities for interventions under the SPR to increase sustainable domestic generation and use of renewable energy, including biogas, issues that have been addressed in a very limited extent in the Plan. Moreover, the Commission calls on Czechia to plan interventions that improve the efficient use of nutrients, circular approaches to nutrient use, including organic fertilising as well as take further steps to reduce energy consumption.

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

19. The Commission considers that improvements are needed for the Plan to contribute effectively to this general objective.
20. Despite the significant and robust socio-economic needs identified in rural areas the proposed interventions seems to only partially address them. The Commission invites Czechia to better explain how the needs identified in the strategy are going to be addressed under both the Plan as well as other funding instruments.
21. The Commission is concerned about the low level of commitment in the Plan to promoting gender equality and improving the participation of women in farming, in line with the specific objective under Article 6(1)(h) of the SPR. The Commission encourages Czechia to consider addressing this objective by justified and proportionate measures.
22. The Commission welcomes the effort to continue in the stimulation of generational renewal by appropriate interventions. However, the intervention strategy for generational renewal requires consolidation and clarifications in terms of the instruments used.
23. The Commission welcomes the well-structured animal welfare interventions in the Plan. However, some important animal welfare issues such as routine tail docking of pigs, the restrictions of movement of sows, the high proportion of hens kept in

cages and the high incidence of respiratory disorders in broilers are not sufficiently addressed.

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

24. The Commission acknowledges the efforts in organising and structuring the Agricultural Knowledge and Innovation System (AKIS), which should help farmers and rural areas to increase their resilience via better access to knowledge and information. However, the Commission invites Czechia to reconsider the overall level of support to AKIS interventions, which does not seem sufficient to address the challenges identified in the Plan.
25. The Commission encourages Czechia to further strengthen its digitalisation strategy for agriculture and rural areas, and reflect on how support to digitalisation will be addressed comprehensively across the Plan and in synergy with other policy instruments.

Other issues

26. Czechia is invited to describe the coordination, synergies and complementarities with other funds, including funds regulated by the Common Provisions Regulation, the Recovery and Resilience Facility and national funds, in addressing certain identified needs, especially those related to the development of rural areas. The Plan should clearly describe the concrete contribution of each of these funds.

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

27. The Commission thanks Czechia for the extensive information on the contribution of its Plan to the achievement of Union-level Green Deal targets included in the Farm to Fork and the Biodiversity Strategy. The Commission regrets that national values are only provided for three of the targets (organic farming, antimicrobials and broadband). While the information provided for pesticide use and high-diversity landscape features is highly appreciated, the Commission requests Czechia to set quantitative national values for each of these missing targets, including for reducing the use and risk of chemical pesticides and the use of the more hazardous pesticides.
28. The Commission welcomes Czechia's overall target to reduce the consumption of antimicrobials by 12% (including aquaculture) by 2030 compared to 2018, based on a combination of CAP and non-CAP instruments. The Commission notes that the interventions proposed in the Plan will likely contribute to maintaining the relatively low level of antimicrobial use in farmed animals and asks Czechia to provide further information on national actions that Czechia intends to take in this respect.
29. The Commission welcomes Czechia's efforts to steadily increase the area under organic farming. Under the CAP, this ambition will translate through increasing

the organic support from 15.2% of utilised agricultural area (UAA) in 2019 to 21.3% in 2027 for both conversion and maintenance. A holistic approach incentivising conversion and maintenance together with other support aimed at developing both supply (targeted or prioritised investments and advice) and demand is welcome together with a higher focus on organic products consumption. The Commission invites Czechia to provide further information on these additional actions.

30. The Commission notes Czechia's proposals on continuing to reduce the use and risks of pesticides through a combination of actions under and outside of the CAP. The Commission considers that the Plan has a potential to contribute to achieving the common targets but encourages Czechia to revise and strengthen the interventions set in the Plan to secure this direction of change in practice.
31. The Commission notes the intention of Czechia to improve the quality of its water to reduce the share of stations reaching high nitrate concentration from almost 12% to 8% by 2030. While several relevant interventions/tools are foreseen, the Commission urges Czechia to enhance the ambition of the Plan both at the level of coverage and instruments to effectively improve nutrient management of the Czech agriculture and ensure an appropriate contribution to the target.
32. The Plan sets out efforts to promote creating and maintaining high diversity landscape features. Considering the construction of the relevant instruments, Czechia is invited to re-examine how to best ensure their take-up to achieve the stated 5.7% share of UAA under CAP support. The Commission takes note of the plans to fund creating landscape features elements through the Programme for the Environment and would welcome explanations on how they relate to the Plan efforts.
33. Rural broadband: Czechia envisages to achieve 89% coverage of rural areas by 2025, which is below the EU 2025 target of 100% , the 100% broadband coverage is foreseen in Czechia only by 2030. The Commission notes that until 2025 the expansion of broadband will be funded through the Recovery and Resilience Plan and Cohesion Funds, and invites Czechia to step up efforts in this direction and to explain the instruments it will rely on to achieve the EU connectivity objectives.

Detailed observations

1. STRATEGIC 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*

34. Czechia is requested to elaborate the overview to demonstrate that the redistributive needs have been sufficiently addressed. To justify the sufficiency of the strategy and the consistency of all income support tools, Czechia is requested

to provide a quantitative analysis showing the combined effects of all relevant income support tools on income per work unit by physical size (e.g. using Farm Accountancy Data Network (FADN)). In particular, Czechia should provide a comprehensive justification for the maximum Complementary redistributive income support (CRISS) hectare thresholds selected. In addition Table 15 in the SWOT needs to be updated (calculated on 10% CRISS).

35. The complementarity between interventions related to a certain sector should be assessed not only in a 'technical' sense (i.e. list of interventions targeting the same sector and potential accumulation of support), but also from a broader, 'strategic' perspective. Accordingly, Czechia should reinforce the explanation how the combination of the relevant interventions will achieve the intended objective and thus fulfil the need(s) identified for the sector concerned.
36. In order to address efficiently difficulties and improve the competitiveness and sustainability of the sector and to avoid that the proposed CIS interventions lead to a deterioration of the environmental and climate situation (e.g. resulting from intensification of livestock farming), Czechia is requested to clarify the interplay between CIS and other support decisions under the Plan and to improve the CIS interventions' targeting (e.g. eligibility conditions for specific types of farming within a sector and CIS adapted to different local context).

1.1.2. Strategic assessment of Specific Objective 2

37. In respect of sectoral intervention in the wine sector (restructuring and conversion of vineyards and investments), Czechia is invited to provide information as regards its strategy on research, technology and digitalisation to enhance market orientation and increase farm competitiveness in this sector.
38. The SWOT summary should clearly identify those sectors that are weak or under threat to become weak and for which the intervention strategy should provide for additional aid (e.g. CIS). The SWOT summary currently provides only a general justification (except for the mentioning of ruminants in the SWOT summary and a few more examples in the narrative), which makes the intervention logic unclear. The corresponding completion of the arguments should also explain why certain sectors get targeted support, while this support is not granted to other sectors, despite their apparent difficulties based upon the detailed SWOT (e.g. oilseeds).
39. Czechia is invited to propose interventions that will allow a better uptake of new technologies and decrease the digital divide in the agricultural sector.

1.1.3. Strategic assessment of Specific Objective 3

40. The low level of association of producers and the reluctance of agricultural producers to cooperate is mentioned under SO3 SWOT weaknesses. In the light of this, Czechia is invited to explain why it plans sectoral interventions only in sectors where these are compulsory (F&V, apiculture, wine) and in few other sectors like potatoes, ornamental plants and laying hens. Given that most sectoral interventions are channelled through PO, planning such interventions in the Plan will give

producers an incentive to co-operate and thus address the need to improve their position in the supply chain.

41. Czechia does not seem to plan Cooperation interventions under Article 77 of the SPR to support producers in setting-up their organisations and seeking their recognition. Given that in several major sectors the number of POs is low or nil, Czechia is invited to reconsider planning it or to explain why decided not to plan such intervention.

1.2. To support and strengthen environmental protection, including biodiversity, and climatic 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

42. The Czech authorities are invited to provide an estimate of the mitigation potential under the concerned interventions.
43. Czechia is invited to specify which investments will contribute substantively to reducing methane emissions from agriculture and to air quality improvements. The results indicator R20 (air quality) should be included and assigned an appropriately ambitious target value.
44. Czechia should ensure that the Plan addresses properly the issue of water stress and adaptation to climate change and ensure that none of the interventions will exacerbate these.
45. Regarding renewable energies under Specific Objective 4, Czechia should present at least the links and the complementarity of relevant CAP interventions with the National Environment and Climate Plan as well as with the measures foreseen for the implementation of Directive (EU) 2018/2001 (the recast Renewable Energy Directive) and Directive 2012/27/EU (the Energy Efficiency Directive) respectively.

1.2.2. Strategic assessment of Specific Objective 5

46. The needs identified in Specific Objective 5 are too generic (protection of water and increment of water retention) and would require additional details to assess the actual contribution of the Plan to addressing them. Considering the needs identified, the indicators relating to water balance should be activated.
47. Ammonia emissions are a concern in Czechia. Projections of the Commission indicate that Czechia is at high risk of non-compliance with the commitments of Directive (EU) 2016/2284 (NEC Directive) by 2030 (-22% compared with 2005). The Commission did not find specific interventions and indicators R.13 (livestock emissions) as well as R.20 (air quality) to reduce ammonia emissions.
48. The Commission invites Czechia to explain how the Best Available Techniques (BAT) conclusions including BAT-associated emission level 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.

Water

49. In the strategic statement of the Plan, an explicit mention of contribution of the CAP towards sustainable and climate-resilient management of water resources is needed (page. 33, first paragraph of the Plan).
50. However, the description of SO5 still lacks detail on the specific interventions that will be supported to protect and improve water status. The needs analysis as well as the result indicators description lack details in terms of links to concrete interventions that will be implemented in relation to water (the description is general for SO5 but not specific to each indicator), as well as a concrete assessment of the expected results and contribution to the achievement of the objectives of the Water Framework Directive 2000/60/EC (WFD).
51. The SWOT analysis mentions as a weakness the high share of drainage. However, it is not clearly reflected in the needs assessment and intervention logic which do not specifically mention measures to address it. Czechia is encouraged to clarify how this will be addressed by the Plan and which measures will be supported. This would in particular contribute to increase natural water retention, address drought and flooding, and reduce water pollution.
52. Some support measures to reservoirs are mentioned. Although they seem to be dedicated to the reduction of flood risks and pollution, as reservoirs may have on the other side negative impacts on water status (depending on the location, design etc.), compliance with WFD needs to be ensured.

Soils

53. Maintaining or increasing levels of soil organic carbon on arable lands and implementing sustainable soil management help improve the physical and especially biological properties of topsoil in Czechia. However, changes in qualitative parameters are slow, therefore actions encouraging a multi-year continuous use of these practices is needed to increase the level of soil fertility, resulting in more intensive activity of soil microorganisms. Thus, on top of annual commitments, Czechia is also invited to propose multiannual commitments aimed at improving soil quality.
54. Czechia should also consider actions to ensure synergy between soil interventions programmed under the Plan and the ‘Horizon Europe Mission a ‘Soil deal for Europe’ to accelerate the testing and deployment of cutting edge solutions through placed-based activities, as well as synergies between the Plan and the Horizon Europe Partnership “Sustainable food systems for people, planet and climate.

1.2.3. Strategic assessment of Specific Objective 6

55. Czechia is invited to clarify why the protection of natural habitats is included under the need P6.01 on landscapes and not recognised as a specific priority. It should

also be clarified why genetic resources other than forestry genetic resources are not considered as an intervention.

56. The habitats types and areas concerned by the interventions beyond extensive grasslands should be clarified: “There is a need to promote diversity of species and habitats outside protected areas, thereby contributing to halting and restoring biodiversity loss. In particular on arable land, more suitable habitats need to be created to support insects”.
57. Czechia is requested to refer to the PAF for Natura 2000 as a relevant planning tool emanating from the legislative instruments referred to in Annex XIII to the SPR and explain how the consistency of the Plan with the PAF will be ensured.

Forests

58. The Plan should reflect the opportunity to decrease the structural weaknesses of the Czech forests due to the (historically planted) spruce monocultures, which are even already outside their natural zonal distribution and particularly affected by climate change related damages. The efforts of restoration that will follow the broad outbreak of the bark beetle should be used for a significant improvement of species composition of forests corresponding to habitat conditions and diversification of forest types with respect to biodiversity enhancement and climatic resilience enforcement.

Habitats and Species

59. The SWOT refers to habitats and species, acknowledges their decline and describes their threats in very general terms. There is, however, no particular attention paid to the need to improve the conservation status of habitats and species protected under the Directive 2009/147/EC and Council Directive 92/43/EEC (Nature Directives) that are present in agricultural land, in line with the PAF and the Biodiversity Strategy.
60. The PAF is not referenced at all as one of the planning tools emanating from legislative instruments in Annex XIII to the SPR under Section 2.1 of the Plan, and is only very briefly mentioned under 3.1.4 (two sentences). The PAF details not only grassland and cropland habitat types and species, which should be conserved and managed via Plan, but also three other groups of habitats in need of support from agricultural schemes (heathlands and scrubs, dunes, and bogs and mires), although their absolute overall area is low.
61. The interventions for biodiversity are very welcome and show a degree of increased ambition, especially with the inclusion of new measures for sustainable forest management. However, the result indicator R.34 for high biodiversity landscape features should further be explained in respect of its target value and composition.
62. Afforestation of agricultural land and conversion of arable land to grassland are targeted to soils sensitive to degradation (especially to soils subject to erosion i.e. to plots on slopes) and therefore do not have very ambitious targets in relation to

the total area. The target levels are based on the experience from previous programming periods and targeting remains nearly the same (e.g. mainly on slopes to prevent erosion and other soils sensitive to degradation). Czechia is invited to consider the potential for more ambitious targets based on including less threatened soils (to increase the eligible area) combined with a substantial effort in encouraging farmers to apply for these interventions enabling more ambitious targets to be achieved.

1.2.4. Green architecture (Article 109(2) of the SPR)

63. Czechia is invited to better explain how the enhanced conditionality and interventions under the eco-schemes and rural development interventions complement each other to achieve the intended objectives and thus meet the need(s) identified. For example eco-scheme and Agri-environment-climate measures (AECM) both cover extensive grassland management and support for non-productive areas.
64. The Commission has doubts about the general ambition of eco-schemes, especially in the context of the rules on permanent crops. Covering the entire agricultural area with eco-schemes seems too ambitious and unrealistic. Czechia is therefore requested to increase the environmental and climate ambition of the eco-scheme. This could be achieved for instance by creating two or more payment levels for various management measures and individual land types, rewarding farmers for adopting more environment/climate ambitious practices and for protecting the ecosystem services delivered by the land.
65. The information provided is not sufficient to assess the actual contribution and complementarities of the Plan to the binding obligations of the WFD and objectives of the Council Directive 91/676/EEC (Nitrate Directive). The Plan should include a clear reference to the national instruments emanating from these directives (e.g. nitrates action plans, River Basin Management Plans (RBMP), etc.) and the needs identified in these plans that will be covered under the CAP.
66. It seems that many environment and climate interventions under the second pillar have similar or the same eligibility conditions as those implemented currently, with unit payments and budgets that have not changed significantly. The negative trends on a number of environmental indicators lead to conclude that applying the same measures is not likely to revert those trends. Czechia is therefore invited to make these interventions much more ambitious, as compared to the previous period.
67. The new architecture of the CAP provides opportunities to develop more targeted AECM to address specific environmental and climate challenges. For instance interventions targeting water scarcity (such as switch to less water-consuming crops) and quality (additional measures reducing use of pesticides and nutrients leakage), further stimulating the organic farming sector throughout the whole value chain (also transformation and consumption), addressing landscape fragmentation (one-off payments for planting hedges or creating new landscape features), and halting and reversing the decline of biodiversity (targeted interventions for the benefit of pollinators and farmland birds in line the PAF), would be highly recommended in view of the needs identified.

68. Moreover, Czechia is requested to strengthen its description of how the Plan aims at a greater overall contribution to the specific environmental objectives of the CAP. Such a description should be based on sound links between interventions, result indicators, and specific objectives. The description should be supported with relevant qualitative or quantitative evidence (e.g. relevant indicative national targets at impact level and result indicator targets as well as financial allocations), in particular when comparing what is proposed with the status quo.
69. Czechia is invited to explain why low-emission feeding strategies (notably for nitrogen ammonia reduction) are completely missing.

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

1.3.1. Strategic assessment of Specific Objective 7

70. Czechia is invited to elaborate the needs assessment in order to correspond better to the SWOT of Specific Objective 7. The intervention logic should be consolidated and it should be explained how it contributes to the higher rate of aid for young farmers.
71. Czechia should explain why the values of R.36 and R.37 are identical.
72. In the part 3.2 the national measures contributing to the objective of generational renewal should be more detailed and their interplay with the interventions planned under the SPR should be explained as well as how Complementary income support for young farmers (CISYF) can motivate older farmers to transfer their holdings to young farmer.

1.3.2. Strategic assessment of Specific Objective 8

73. The intervention logic for Specific Objective 8 should be revised to take account for broader social and economic needs of rural areas (including social needs, services, skills, etc.) beyond the agriculture sector. Two interventions: diversification of economic activities and LEADER are appropriate but in line with its method and added value LEADER could be considered to cover broader rural areas SO8 and not only on agriculture (as proposed).
74. Czechia is reminded to ensure a balanced participation of equality bodies in the monitoring committee representing women, youth and the interests of people in disadvantaged situations.
75. The Commission notes the Plan does not contain any concrete intervention related to smart villages and connectivity in rural areas (using appropriate results indicators, R.40 and R.41). Czechia is invited to clarify how relevant needs will be addressed since these activities are also identified as opportunities under the SWOT analyse of SO8.
76. Czechia mentions under the SWOT of Specific Objective 8 the development of the bio-economy as an opportunity. It also recognises the existence of sources of waste raw materials from agricultural production (incl. biomass) in Specific Objective 4 which should also be mentioned under Specific Objective 8. However, there is no

need nor intervention linked to the bio-economy. Czechia should consider supporting the development of the bio-economy in its rural areas or further justify why it does not plan to do so. If an interventions related to the bio-economy are introduced, Czechia should also outline the links and complementarity of this interventions related to the bio-economy with national/regional bio-economy initiatives, including those under development.

1.3.3. Strategic assessment of Specific Objective 9

77. Czechia is invited to describe how the sustainable production and use of food is addressed in the Plan.
78. The Commission invites Czechia to reinforce its Plan components aiming to reduce the use and risk of chemical pesticides and the use of the more hazardous pesticides.
79. The Commission notes that the interventions proposed in the Plan will likely contribute to maintaining the relatively low level of antimicrobial use in farm animals and invites Czechia to provide more details.
80. The Commission notes that the welfare measures for dairy cows, sows and piglets address the problems identified by the SWOT analysis. However, other major problems, like routine tail docking of pigs, the restriction of movement of sows, the high proportion of hens kept in cages and the high incidence of respiratory disorders in broilers are not addressed. Apart from an increased space for weaned piglets, there is no measure to keep pigs with entire tails under better welfare practices such as additional material, improved flooring, diet, thermal comfort, lower competition for feed, etc. Czechia is encouraged to introduce above-mentioned interventions.
81. Czechia is invited to confirm that in the case of additional space allocation individual animals are directly benefiting from this intervention.
82. The intervention that requests that gilts are inseminated not earlier than 230 days of age does not seem to contribute to the objective to improve animal welfare since this minimum period is very close to the usual practice of farmers and brings already positive economic return to farmers due to better fertility and lower mortality for pigs. The intervention therefore does not seem to be ambitious enough to achieve the objective of improved animal welfare.
83. The Commission notes that the Plan does not contain specific actions on biosecurity for pig farms. Enhanced biosecurity in pig farming is needed to ensure sustainability in the long-term. The Commission invites Czechia to clarify in its Plan how improvement of biosecurity practices, facilities and equipment in the pig sector will be achieved.
84. The Commission would appreciate further description on how the eligibility conditions of the intervention Pigs vaccination 27.70 go above the common practice applied at present in Czechia.
85. The Commission considers that the Plan has included initiatives, such as the promotion of good eating habits and promotional activities for fruit and vegetables,

which support the shift towards healthy sustainable diets. However, the Commission considers that the extent to which the Plan addresses the issue of healthy sustainable diets is still limited. Therefore, the Commission invites Czechia to better explain how the shift towards healthy, more plant-based and sustainable diets will be achieved.

86. The Commission notes that food waste is not addressed in the SWOT, nor in the identification of needs nor in specific interventions. No cross-reference was found to food waste reduction measures outside the CAP (national policy aimed at combating food waste in other sectors) and their relation/coordination with provisions of 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

87. Section 8 mentions the fragmented AKIS, with lack of advisory capacity, education not covering essential issues, failing European Innovation Partnership for agricultural productivity and sustainability (EIP), an increased need for training of all advisors, insufficient coverage of small farms with advice etc. However, the efforts to tackle the challenges through AKIS related interventions are very limited and do not seem to respond to the identified needs. The activities that shall be implemented in this regard should be further developed or new interventions be designed. There is potential to improve the interaction/integration between public and private advisors.
88. Czechia is invited to clarify how innovation support will be organised and financed (which intervention), and why brokers would be less motivated. Innovation support for innovative ideas implies also regular calls, either continuously open calls or at least annual calls. Farmers/entrepreneurs are discouraged if several years are needed before their ideas are developed.
89. The Plan should be revised substantially as regards digitalisation as only AKIS is considered. The strategy should indicate how the cross-cutting objective can be reached using the appropriate results indicators R.3, R.40 (smart villages) and R.41 (connecting rural areas/broadband) and concrete interventions. The strategy for digitalisation should also be considered under (some) specific objectives with clear interventions and the possible use of EU funds (like InvestEU). The Plan should also inform about the interventions for digitalisation in the context of the Farm to Fork and Recovery Resilience Facility.
90. The Commission invites Czechia to: (a) reconsider the priority of the identified need of “P8.03 — Development of high-speed broadband internet in rural areas”, given that the rural fixed high-speed internet connection is only 6.36% (source: DESI report 2021) and the gap to be filled to reach the EU connectivity target in 2025 is very high; (b) provide details on the quality of service of rural 4G mobile.
91. Czechia is invited to explain the demarcation with ESF+ programme “Employment+” supporting upskilling, digital skills for professionals, career guiding; potential risk of double funding.

1.5. Simplification for final beneficiaries

92. The Commission would like to have more information on how Czechia plans to allow beneficiaries to modify or withdraw declarations of agricultural parcels in the geo-spatial application system. Furthermore, Czechia is invited to supply information on how applicants are informed about the Farm Advisory System's existence and access to it. Finally, Czechia should clarify whether it intends to use the area monitoring system to assess/verify force majeure cases.

1.6. Target plan

93. Czechia is invited to explain why for R.4 (Income support) the target value is different from the maximum milestone. In addition, the numerator of R.4 is lower than the planned output for O.4 and O.5, which is inconsistent.
94. Czechia has not selected a series of result indicators while it has implemented related interventions: R.3 (Digitalisation), R.5 (Risk management), R.23 (Water use), R.15 (Renewable energy) and R.28 (ENV/CLIMA training).
95. Czechia has raised its ambition of support redistribution (R.6) with a target of 125% compared to 101% in 2019. However, a correction is needed as the target value is below the milestones (140%).
96. R.9 (Modernisation) and R.16 (Investment in clima): the milestone in 2024 seems to be rather low.
97. R.10 (Supply chain): based on the numerator of R.10 (951), without counting the contribution of off-farm productive investments to R.10, and in view of the planned number of operational programmes (51), there are on average at maximum 19 farmers by PO. It seems small. Czechia is requested to confirm the calculation of the target.
98. R.11 (Concentration of supply): Czechia should indicate the overall target values. It should also be ensured that the information in S03 is consistent with the target plan.
99. R.12 (Climate adaptation): the value of the target (0.02%) is extremely low. Czechia is invited to raise its ambition in view of the challenge for farmers posed by climate change.
100. Czechia should consider using the result indicator R.15 in addition to R.16 which would help meet the identified needs.
101. Result indicator R.20 is completely missing and needs to be included and assigned a sufficiently ambitious target value.
102. The target values for result indicators R.21 & R.22 appear low given the general problem of eutrophication of surface water from agriculture (90% of measurement points) and given that a number of pollution hotspots are situated outside nitrates vulnerable zones.
103. R.22 (Nutrient management): there is a target but no linked intervention.

104. R.30 (Forest management), R.31 (Biodiversity): the target is different from the maximum of the milestones. In addition, the numerator of the target is higher than the sum of planned output, which is not consistent. Moreover, Czechia is requested to explain why the milestones for R.30 are decreasing over time? Finally, for R.30 some links to interventions (such as to forest maintenance) are not justified and should be removed.
105. R.31 - Given the worrying trends for habitats and species, the target value of 27% is considered too low.
106. R.33 (Natura 2000): the development of the milestones is not linear, Czechia is invited to clarify.
107. R.33 - The overall area of the Natura 2000 network represents about 14% of the country territory, i.e., about 1 092 000 ha. The reference value of 281 822 ha thus represents only about 25.8 % of the Natura 2000 area which appears to be too low considering that Natura 2000 sites are predominantly covered by agricultural and forest land. The Forest Status Report 2020 (Ministry of Agriculture) states that within all Special Conservation Interests (SCIs), which cover about 70% of the total area of the Natura 2000 network, the forest habitat types cover 258 461 ha. According to the DG AGRI portal there is 7% UAA in Natura 2000. Therefore Czechia is requested to confirm that the reference value of 281 822 ha as regards the total agricultural and forest area in Natura 2000 is correct.
108. R.34 – Czechia is invited to explain how this indicator was calculated (e.g., which high biodiversity landscape features have been included) and possibly increase the level of ambition for this target. It should be clarified how this target relates to the 2023-2027 outputs of the Operational Programme Environment which are 250 ha of created vegetation landscape features (less than 0.01% of the UAA), 300 ha of wetlands (less than 0.01% of the UAA), 200 ha of landscape features created (less than 0.01% of the UAA).
109. Czechia should review the values for R.36 and R.37.
110. R.37 (Jobs) is equal to R.36 (Young farmers), which seems to imply that none of the support to business development in rural areas will lead to job creation.
111. Several indicators related to the development of rural areas are not selected (R.40, R.41, R.42). Czechia is invited to confirm that these result indicators will be selected once LEADER strategies are known and that investments in services and social inclusion will be addressed only via LEADER?
112. Czechia is invited to add the justification, source and year of the updated value for rural population. It currently classifies close to 80% of Czech population as ‘rural’.

2. OPERATIONAL ASSESSMENT

2.1. Minimum ring-fencing

113. Czechia is invited to verify, for each relevant intervention, the correctness of the selection in the field “Contributing to ring-fencing requirements”. In section 5.3 of the Plan, Czechia indicates that intervention Investment to agricultural holdings 33.73 is ring-fenced for “Generational Renewal”, while it is not included under this

ring-fencing in the overview table in section 6.1. The correct contribution rate (cfr. Article 91(3)(c) of the SPR) should also be chosen in sub-section 11 for this intervention.

114. Based on financial data from section 5.3 (rural development interventions), the amount ring-fenced for LEADER does not reach the minimum 5% required. This is explained by an increase in the amount of the adjusted European Agricultural Fund for rural development (EAFRD) allocation on which this ring-fencing is calculated, to reflect the transfer of the product of reduction notified by Czechia on 1st August 2021 which was not included in the overview table under section 6.1.

2.2. Definitions and minimum requirements

115. Definition of elements of agroforestry - section 4.1.2.1 – Czechia is requested to further clarify the information on the elements of agroforestry systems based e.g. on type of trees, their size, distribution in relation to pedo-climatic conditions or management practices and encompassing permanent crops.
116. Czechia is requested to place the limit on the number of trees in the parcel in section 4.1.3.5 instead of sections 4.1.2.2.1 and 4.1.2.4.7.
117. Definition of Short Rotation Coppice - section 4.1.2.3.2 – Czechia is requested to provide an explicit list of short rotation coppice species and their maximum harvest cycle.
118. Definition of grasses - section 4.1.2.4.1 – Czechia is requested to clarify why the reference to crop rotation is needed. This section should only refer to the definition of grasses and other herbaceous forage.
119. Definition of tilling - sections 4.1.2.4.3 and reseeded – section 4.1.2.4.4 – Czechia is requested to establish criteria to define the concepts of ‘tilling’ and ‘sowing with different type of grasses’.
120. Predominance of agricultural activity - section 4.1.3.1 – Czechia is requested to provide a list of criteria to assess whether the agricultural activity is predominant, in case the area is also used for non-agricultural activity.
121. Land at farmer’s disposal - section 4.1.3.2 – Czechia is requested to clarify how the actual and lawful use of the land will be verified beyond the cases of a dispute between 2 or more parties. To note, farmers should be provided with possibilities to prove the lawful use of the land in accordance with the National law.
122. Active farmer – section 4.1.4.1 – Czechia is requested to clarify how the inclusion in a register of agricultural entrepreneurs ensures that the farmer does at least minimum agricultural activity and whether this inclusion requirement does not penalize those who do not perform productive activities.
123. Threshold 1 ha and EUR 100 – section 4.1.7.2 – on the basis of quantitative information, Czechia is requested to provide a justification as to how the thresholds set ensure the reduction of administrative burden and contribute to the objective of supporting ‘viable farm income’. Also, Czechia should ensure that the monetary threshold applies to farmers, who are entitled to receive any animal-related direct payments’ support.

CAP network

124. In section 4.4., Czechia is invited to provide more information on network activities addressing tasks from Article 126 of the SPR, in particular on work with EIP, LEADER/other territorial initiatives, monitoring and evaluation and contribution to the EU CAP network, as well as on activities of the network related to involvement of new participants (Pillar 1).
125. In line with Article 114(a)(ii) and Article 15 of the SPR, we invite Czechia to include in the Plan a description of how advisors, researchers and the national CAP network will cooperate closer together to provide improved, comprehensive and up-to-date advice of high quality and a multitude of knowledge flows between all AKIS actors. In particular, which specific CAP network actions will contribute to this?

Complementarity and synergy with other Union funds

126. Czechia is invited to describe synergies and complementarities of its Plan with Horizon Europe, with a particular attention to the Horizon Europe ‘Soil deal for Europe’ mission.
127. Given that the Czech Partnership Agreement, or relevant programmes under the Regulation (EU) 2021/1060 have not been approved yet, Czechia is invited to refer to the latest draft or the approved version to update the information and add relevant details on complementarity, synergy and demarcation between the Plan and these programmes, especially for the needs to be covered outside the Plan. The Commission may formulate additional questions based on these drafts or approved documents. Czechia should also indicate synergies with the Long-term Vision for the EU’s rural areas, as appropriate (COM(2021) 345).
128. Czechia should clarify how the required complementarity of the Plan with European Regional Development Fund (ERDF), Recovery and Resilience Facility (RRF), Digital Europe Programme (DEP) and Connecting Europe Facility (CEF2) Digital will be ensured, and how the synergies will be articulated between the Partnership agreement and the Plan.

2.3. Interventions and baseline

2.3.1. Conditionality

GAEC 2:

129. Czechia is invited to elaborate on the justification provided for the deferred application of the GAEC only from 2025, as required (cfr. footnote 1 to GAEC 2 in Annex III to the SPR), which sets out that the delay in the GAEC application is to be justified based on the needs for the establishment of the management system in accordance with detailed planning. Czechia is invited to provide further clarification on whether there is an existing national mapping that can be used to trigger the application of the standard earlier. If this is not the case, the authorities are invited to provide a planning of the mapping exercise and the setting of the management system.

GAEC 5:

130. Czechia is requested to provide under GAEC 5 the details of the methodology used to determine which areas are considered as highly threatened or slightly threatened by erosion, details of the methodology used to determine the protective function of crops, exhaustive lists of crops with low, medium and high protective functions, as well as details on soil protection technologies required for the different categories along with an analysis of their effectiveness.

GAEC 6:

131. GAEC 6 concerns areas where bare soils occurs (permanent crops and arable land excluding temporary pastures) and, in principle, all arable land is expected to be covered, not only areas above an average slope of 4 degrees. Czechia is therefore requested to apply GAEC 6 also for permanent crops as well as all arable land (including flat land) of a farm (among others to prevent wind erosion, which is a significant problem in Czechia).
132. While the Commission acknowledges the high risk of soil degradation for soils without soil cover in the end of summer in Czechia, winter months are also a period that can be considered as “most sensitive” and thus fall within the scope of GAEC 6 as listed in Annex I to the SPR. The Commission requests Czechia to consider extending the period in which minimum soil cover has to be maintained beyond the proposed date of 31.10.

GAEC 7:

133. Czechia should increase the minimum duration during which ‘catch crop’ has to remain on the land. A winter cover crop of 8 weeks is not considered sufficient to ensure a significant break period between the main crops. The secondary crop has to be cultivated between two main crops and should cover the full time period between the main crops resulting in a significant break between these. In the Commission’s views, keeping the same main crop indefinitely, only with winter cover crops of 8 weeks, is not in line with the purpose of this GAEC.
134. In order to prevent soil deterioration, erosion, droughts, floods, etc., the single-crop land should be limited further (to 20 hectares and to 5 hectares in erosion-prone areas, respectively).

GAEC 8:

135. Though the selection of option 3 (including catch crops and Nitrogen fixing crops) only is possible, Czechia is invited to explain why option 1 is not proposed. This would leave more leeway to farmers to comply with the GAEC and could allow a higher share of non-productive areas and features that are those that contribute more to the biodiversity of agricultural areas. The contribution of N-fixing crops and catch-crops to the GAEC objective to improve the on-farm biodiversity should be explained in the corresponding section (explanation of the contribution to the main GAEC objective) of the Plan.
136. As regards the ban on cutting hedges and trees during the bird breeding and rearing season, the GAEC refers to the Nature and Landscape Protection Act. However, neither the Act nor the implementing Ministerial Decree No. 189/2013 Coll. prevent tree cutting during the nesting and rearing periods of any animal species.

Trees not reaching set parameters can be cut without any limitation. Czechia is requested to revise this element of the GAEC, by setting a period of time during which the cutting of any hedges and trees is banned in order to protect birds during their breeding and rearing season.

GAEC 9:

137. It appears that the figure of 1,413,530 ha of environmentally sensitive permanent grassland in Natura 2000 is greater than the entire Natura 2000 area in Czechia which is 1,092,000 ha. Please correct or explain.

2.3.2. For direct income support

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

138. The unit amount for BISS cannot be justified as being the result from the division of the BISS envelope by the number of estimated eligible hectares. The planned unit amount should primarily be justified on the basis of the analysis of the income needs. Taking into account the number of estimated eligible hectares, the indicative financial allocation for BISS is the result of this exercise, not the starting point.
139. The justification of the unit variation is missing. This justification should be linked to the justification of the unit amount and 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 to justify the variation. However, these elements must also be explained and where possible based on data, e.g. related to past experience related to under-execution.
140. Czechia is invited to add links to other result indicators relevant for income support (R.6 and R.7).

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

141. The justification provided for CRISS explains why support is needed, but it does not justify the established unit amount. The justification of this unit amount, and the maximum threshold, should primarily be based on data related to the redistribution needs and income support needs.
142. The explanations provided by the Commission above on the variation of the unit amount with regard to BISS are also applicable for CRISS.
143. Czechia could also add links to another result indicator relevant for income support (R.7).

2.3.2.3. CISYF (Article 30 of the SPR, section 5 of the Plan)

144. Czechia is invited to consider the payment to farmers who have received support under Article 50 of Regulation (EU) No 1307/2013 for the remainder of the period referred to in paragraph 5 of that Article in line with the provision of Article 30(2) second sub-paragraph of the SPR. It is also necessary to explain the planned unit

amount and variations in view of their contribution to the objective to attract and sustain young farmers.

145. Czechia is invited to add the link to R.37 (Jobs) given that the support to generational renewal contributes to safeguard and create jobs. The value of the target of R.37 already takes this into account.

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

Whole-farm eco-scheme 05.31

146. Czechia is invited to provide an indication of the expected benefits in terms of maintenance and change of practice under the eco-scheme. This would allow for a better assessment of their ambition. The baseline conditions for the whole-farm eco-scheme seem easy to meet for almost all the farmers. Czechia is therefore requested (i) to considerably revise upwards the environmental and climate ambition of the eco-scheme, and (ii) reflect to give numerous options to farmers as for environment/climate-related practices to be implemented. This could be achieved, for instance, by creating two or more payment levels for each of the land types, rewarding farmers for adopting more ambitious practices and the ecosystem services they deliver.
147. Considering the modest environmental value-added that some practices seem to have, it is uncertain to what extent the eco-scheme would result in a substantial change of practices on the ground and ultimately in an improvement of the farming footprint on environment and climate. Czechia is invited to consider these arguments and to strive for an eco-scheme that ensures a balanced approach between simplicity and appropriate environmental/climate contribution.
148. Czechia is requested to clarify and revise its approach for the attribution of the eco-scheme to the four result indicators proposed. As the proposed eco-scheme encompasses multiple commitments/practices, only the “commitments” that contribute directly and significantly to a result indicator should be attributed to this result indicator. Following this approach, only the hectares (outputs) planned for the “commitments” linked to a specific result indicator should be taken into account when setting the milestone/target for that specific result indicator. Similarly, for the reporting, only the hectares under the “commitment/operation” linked to a specific result indicator should be included in the reporting for the specific result indicator.
149. Moreover, all eco-schemes have to provide a contribution to result indicators R.4 (income support), R.6 (redistribution to smaller farms) and R.7 (enhancing support for farms in areas with specific needs). These indicators do not reflect the environmental contribution of eco-schemes, but they do provide information on key objectives for direct payments.
150. For the farm practices on T – permanent grassland (title 1), Czechia is requested to clarify the date of the cutting or grazing of the pastures. Support to both, T – permanent grassland and G – arable land/grassland, grassland should be used efficiently for carbon sequestration and climate change adaptation (e.g. slowing

down the water run-off), protection of biodiversity (including in soils), etc. This may be achieved by amending the proposed conditions (currently 'business-as-usual' practices are eligible for support). The requirements for grassland also seem to not bring tangible change of practices on the ground. The Commission invites Czechia to revise the ambition of those requirements upwards, along with proposing additional payment levels, rewarding farmers for adopting more ambitious practices and the ecosystem services they deliver.

151. For the farm practices for permanent crops, Czechia is requested to have a higher level of ambition as regards the green cover proposed (and ensure the practices go beyond the baseline in GAEC 6) and the limitation of herbicide application.
152. Within the whole-farm eco-scheme on R – arable land, the Czech authorities are invited to address not only the number of crops, but to consider also requiring farmers to use soil improving crops. Czechia is invited to consider under the intervention to increase its effectiveness by adding additional prescriptions especially on arable land to contribute to emissions reductions (e.g. crop residues management, reduced tillage), or to provide additional payment levels for applying more ambitious crop diversification requirements. The Commission invites Czechia to propose additional payment levels for applying the Model OH (Organic Matter) to larger percentages of the area (for instance 60% and 85%). In addition, further measures targeted at loss of phosphorus could also be envisaged.
153. While the Commission welcomes that Czechia uses the eco-scheme to increase the percentage of R+U+G – non-productive areas gradually from the 7% required by GAEC 8 (Annex III of the SPR) up to 9% in 2027, it seems that this increase can be achieved with an increase of the area of catch crops or nitrogen-fixing crops. There do not seem to be any requirements on the increase of the area of “true” non-productive landscape features upwards from the 3% required by GAEC 8. The Commission invites Czechia to propose two or more payment levels, allowing to reward farmers for the increase of area under “true” non-productive landscape features, excluding catch crops or nitrogen-fixing crops.
154. Enlarging buffer strips along water streams (beyond the GAEC 4) could be rewarded within the whole-farm eco-scheme. It may be tied with a suitable use of the strip (no arable land, e.g. permanent grass), and the width could depend on the gradient of the water stream – in order to adapt to climate change (flood prevention, etc.), protect biodiversity, etc. The Czech authorities are invited to revise the Plan in this respect.

Precision agriculture eco-scheme 06.31

155. In view of the general objective of this scheme (precision farming), Czechia should include a reduction of nutrient surplus and/or pesticide use reduction, particularly planning for and supporting Integrated Pest Management techniques.
156. The Commission recommends including quantitative requirements on the reduction of inputs achieved. Czechia is requested to explicitly specify that farmers have the obligation to implement the nutrient management plan and is strongly

encouraged to make the relevant link with the Farm Sustainability Tool for nutrient established by Article 15(4)(g) of the SPR.

157. Czechia is invited to consider the cost-benefit of such a low level of planned unit amount (15 EUR per hectare) and the land coverage (20% of arable land) in relation to its ambition and the expected high burden in terms of administration and control of this eco-scheme.
158. Czechia is invited to describe the demarcation with the intervention 33.73 (Investment in agriculture) and 37.73 (Technology reducing GHG and NH₃ emissions) where precision agriculture is also mentioned.
159. This eco-scheme needs to be supported with a payment based on Art. 31(7)(b) of the SPR to be compliant with Annex 2 to the WTO Agreement on Agriculture as the agronomic practices seem to apply to a specific land category (arable land).

2.3.2.5. CIS (Article 32-35 of the SPR, section 5 of the Plan)

160. Result indicator - Czechia should consider linking its CIS interventions also to R.6 and R.7.
161. Czechia apparently attempts to justify the difficulties of the targeted sectors from an economic point of view. This should be primarily based upon low/negative profitability and/or declining number of hectares/animals in recent years. Other arguments (e.g. volatile yields/prices/income; increasing input costs; price comparison vis-à-vis other EU Member States; import dependence) are also useful for further clarity, in particular because they may explain the reasons behind the low/negative profit and/or shrinking production. However, such secondary arguments by themselves do not sufficiently justify the difficulty. The justification of the difficulties in Chapter 5.1 of the Plan should be clarified accordingly (i.e. to better focus on the respective conclusions of the detailed SWOT ('SO2 SWOT commodities')).
162. Certain arguments currently indicated under certain sector's difficulty actually rather justify its importance (e.g. environmental benefits, strong link with processors, contribution to employment, etc.).
163. Clarity of the socioeconomic and/or environmental importance of the targeted sectors/types of farming should be enhanced.
164. Several interventions only aim to give compensation for the sector's difficulty for the duration of the Plan with no apparent intention to address it in the longer run. The aim should thus be further elaborated and, if needed, certain elements of the support decision (e.g. targeting/eligibility conditions, unit rate modulation) might also have to be re-considered in order to incite improvement in terms of competitiveness, quality, and/or sustainability in the longer run.
165. Other interventions have elements that could trigger longer-term improvement (e.g. encourage beneficial agronomic practices, such as use of more performant certified seeds, or investments such as renewal of over-aged orchards). These could provide relevant benefits in view of addressing the sector's challenges in the longer run indeed. But the explanation should be further clarified/reinforced to enhance focus

on these requirements and their expected longer term benefits for the targeted sector. It should also be clarified how these aims are supposed to be achieved (e.g. which eligibility condition ensures improvement of the genetic quality of breeds in the intervention for beef).

166. The targeting of specific crops/plants should be specified (e.g. various protein crops). In this regard, clarify that peppers under the intervention for vegetables only include sweet and hot pepper.
167. Certain targeting related decisions should be further explained in light of the specific support need based upon the difficulty and the support's aim (e.g. why targeting, where relevant, focuses on certain crops/plants within the sector concerned; minimum requirements applicable to starch potato).
168. Under an intervention financed from the (up to 2%) protein crop top up (Article 96(3) of the SPR), Czechia intends to give access to, inter alia, mixtures between protein crops and cereals. It needs to be explained further how Czechia will guarantee that such support contributes to alleviating the protein deficit of the EU (e.g. predominance of protein crops in the mixture; requirements with regards to use/processing, etc.) and complies with Article 96(3) of the SPR requirements.
169. The explanation of how the planned unit amount and its variation was determined in light of the targeted sector's actual support need, also taking into account potential impact on the single market where relevant (e.g. beef and dairy), should be reinforced. Besides, given the various uncertainties about the sector's support need, it is more realistic to determine the required amount as a (limited) range of values, which in turn would allow fixing and justifying the planned unit rate and its variation.
170. In relation to the WFD, Czechia is invited to clarify, how the different situations of various river basins were taken into account in the assessment and, if needed, in their coupled support decisions in terms of access to support in vulnerable areas, if any. Given that all interventions foresee stable output indicators till 2027 (i.e. no production increase), the focus should rather be on those river basins, where 'good status' has not yet been reached based upon the respective river basin management plan. The most sensitive interventions in terms of pollution are apparently those that target dairy and beef & veal sectors and in terms of water use those that potentially use irrigation (fruit and vegetables, hops, sugar beet and starch potato).
171. Czechia is invited to further clarify its choices with regard to the WTO requirements (blue vs amber box).
172. Czechia explains that the planned outputs were generally calculated as the average of the declared number of heads/hectares in 2015-2021. Still, in some interventions (beef, sheep and goat) the output indicators appears substantially higher, which should be clarified in light of the eligibility conditions.
173. The Commission should inform Member States about reduction coefficients, if any, related to the EU WTO schedule on oilseed (Blair House) in the observation letter. However, the Commission has not received all the final information needed yet. Once all Member States have submitted this final information, the Commission will inform Member States, if such coefficient is needed.

2.3.3. For sectoral interventions

2.3.3.1. Fruit and vegetables

174. The Commission has noticed that Czechia, while defining fruit and vegetable interventions, has not established the link to the cross-cutting objective in chapter 5.2 Sectoral Interventions, for example ADVI1(47(1)(b)) - advisory services and technical assistance. The Commission considers that a link should be established.
175. Czechia is invited to verify and properly describe in the Plan how all additional requirements set out in Regulation (EU) 2022/126, for instance, the percentage for minimum water savings (Article 11(4)(a)) or the calculation of value of marketed production (Article 31(2) of Regulation (EU) 2022/126) are to be addressed.
176. The Commission has noted the absence of mandatory result indicator R.5 for all fruit and vegetable sectorial types of interventions referred to in Article 47(2) of SPR.
177. On the WTO chapter, although the fruit and vegetable type of intervention is WTO compatible due to its nature, it is not sufficient to indicate the compliance with the relevant paragraph 12 of WTO Annex 2. Czechia is invited to add a short paragraph explaining how this compliance is ensured.
178. Some relevant links are missing (applies to all PO) such as R.1 for training and advice, risk management R.5 for market withdrawal, green harvesting, no-harvesting, R.39 for support to investments by POs, R.27 if these investments benefit the environment and climate, R.9 if investments are realised by farmers, R.29 for support to organic farming (and all relevant links for organic, such as R.14, R.19, R.21, R.22, R.24 and R.31).

2.3.3.2. Apiculture

179. Annual indicative financial allocations under Section 5 of the Plan do not correspond to the planned amounts in the Financial Overview table under Section 6 of the Plan.
180. The interventions and supported actions described are very much a continuation of the current apiculture programme. The Commission would have expected a more ambitious and renewed programme of interventions based on the experience gained with the implementation of said programmes and measures and which is better able to address the sectoral and specific objectives in response to new and emerging challenges and needs as well as the broader scope of interventions under SPR. Although under the SWOT, the problems highlighted included the insufficient support for - consumption of Czech honey and sale of domestic bee products and - for research in beekeeping, no interventions to address these issues are included.
181. The information in Table 5.2.10 for each intervention and sectoral table 6.2.2, will need to be revised to include the total public expenditure for the planned unit amounts and indicative financial allocations in the updated shared fund management common system (SFC) tables.

182. The indicative financial allocation for 2023 has to take into consideration any planned expenditure for measures implemented under the National Apiculture Programme 2020-2022 during the extension period from 1 August – 31 December 2022.
183. Section 3.5.2 needs to include an overview of the sector which leads to the needs identified and justification of the chosen interventions, outlining how these also address the specific objectives; as well as a description of a reliable method for determining the number of beehives in accordance with Article 37 of Regulation (EU) 2022/126.
184. Compliance with the with the provisions of Article 22 and Annex II, part 1 of Regulation (EU) 2022/126 needs to be ensured as regards eligible expenditure.
185. The description of the intervention needs to be improved by providing the required information under each section in a clear and structured way and only that information which is relevant to the intervention, avoiding repetition or unnecessary information. It should outline how the specific intervention addresses the specific and sectoral objective, followed by a clear description of the supported actions, eligible expenditure (providing at least some examples of eligible costs), beneficiaries and well defined eligibility conditions. It is not clear what exactly will be supported in most interventions and how the support will be provided.
186. The information in section 6 whilst consistent with the description in section 9, cannot be a repetition of section 9. It should indicate how the support is provided as per Article 44 of SPR with an explanation of the range and rate of support rates, levels and amounts to be applied at beneficiary level and the relevant basis/method for determining them.
187. An effort could be made to determine planned unit amounts and outputs for the different interventions/actions considered within a type of intervention. The calculations of planned unit amounts and outputs have to be explained and justified and be clearly named and defined.
188. It is not clear how the result indicator R.35 was calculated, that there was no double counting and why the value is not cumulative, reaching its maximum amount in 2027.
189. The explanation of WTO compliance needs to be revised for 59.55 (Beekeeping) and 60.55 (Apiculture). Restocking of beehives including bee breeding & rationalising transhumance do not normally fall under para. 2 of Annex 2 of WTO Agreement (See Annex 2 of SPR). These can be listed either as Amber or depending on the objectives pursued through this intervention they could also qualify as Green box. However, this needs to be well explained.
190. Demarcation with EAFRD interventions should be clearly described.
191. Advisory activities and training for beekeepers – 57.55: The supported actions under this intervention need to be more clearly explained with at least some examples of eligible expenditure and an outline of the eligibility conditions. As the name of the intervention explicitly suggests, the intervention is aimed at beekeepers and their organisations. From the description of the intervention, particularly the justification of the unit amount and form of support, it seems the

emphasis is on the education and support for children and youth, which is clearly not the objective of this type of intervention. The main focus of the intervention and financial support should be directed towards the training, advisory and information to beekeepers to address their training and education needs highlighted in the description and SWOT.

192. The intervention cannot be linked to R.35 or to any result indicator (Article 111 of SPR).
193. Beekeeping sector - 56.55 - investments in tangible and intangible assets: Czechia is requested to clarify what other equipment will be supported under this intervention and describe the eligibility conditions.
194. Beekeeping sector 58.55- Fighting bee pests and diseases, in particular varroasis: Czechia is requested to clarify what exactly will be supported under this intervention. The large percentage of beekeepers supported seem to indicate that it is medicinal products for the treatment of varroasis every year.
195. Rationalisation of bee colony coaching – 59.55: the output indicator is set at 60 beekeepers per year. Czechia is requested to explain how this value was determined and to confirm whether there were only 60 beekeepers applying every year for support under this intervention in previous years as explained in section 9.
196. Beekeeping sector 60.55 — Restoration of bee colonies in the Union and breeding work: Czechia is requested to explain whether the beneficiaries are the breeders or the beekeepers buying the bred queens. The information on rate of support and unit amounts are about the cost of sold queens. Czechia is requested to explain how this would translate into the support for bee-breeders who cannot be reimbursed for general production costs as per Annex 11, part 1 of Commission Delegated Regulation (EU) 2022/126. Czechia is also requested to confirm the output indicator, in particular whether it is the number of queens as in the description of the Planned Unit amount or actions as indicated?

2.3.3.3. Wine

197. With reference to Article 60(4) of the SPR, Czechia is reminded that it shall ensure in its Plan that at least 5 % of the expenditure is earmarked and that at least one action is taken to achieve the objectives of environmental protection, adaptation to climate change, improving the sustainability of production systems and processes, reducing the environmental impact of the Union wine sector, energy saving and improving the overall energy efficiency of the wine sector in line with the objectives set out in Article 57(b), (d) and (h) of the SPR. It is not obvious from the Plan which interventions will contribute to achieve this requirement and how exactly they would do so.

2.3.3.4. Other sectors

198. Annual indicative financial allocations under Section 5 SFC do not correspond to the planned amounts in the financial overview table under SFC Section 6.

199. Czechia is invited to provide information on whether there are recognised PO and or associations of PO in these sectors. Czechia is also invited to clarify in relation to Article 67(1) of the SPR, whether only recognised PO and their associations (Art 67 (1) (a) of the SPR) are considered as eligible applicants or, for a transitional period, also producer groups as per Article 67 of the SPR.
200. The logic of intervention and presentation of some interventions need to be improved/clarified. Notably, intervention 94.47 in the potato sector is presented under 47(1)(a) (investments in tangible and intangible assets) but the title (improving the sustainability and efficiency of transport and storage) reflects the type of intervention as per Article 47 (1)(e). Intervention 82.47 in the hens sector is presented under 47(1)(e) (transport and storage), while the title (sales of production, marketing – supply concentration) would be rather linked to 47(1)(f) (promotion, communication and marketing), and the description (“to improve the outlet of production by increasing the quality of the concentration of the supply of products on the market”) is referring mainly to quality. Part of the title of intervention 85.47 (increase of consumption of products) should be clarified.
201. Investments in irrigation are mentioned as part of the scheme 95.47 interventions in the potato sector. Czechia is invited to clarify which type of investments in irrigation are foreseen and is requested to include explicit eligibility criteria for such investments in line with Article 11 of the Commission Delegated Regulation (EU) 2022/126 of 7 December 2021 and in accordance with the WFD.
202. The description of some interventions should be more specific (e.g. the interventions in the potatoes sector, or intervention 79.47 in the hens sector).
203. Czechia is also invited to ensure that proposed eligible expenditure are relevant for the interventions proposed since in some cases the link is not clear (e.g. purchase of computers, printers and software under ADVI 47(1)(b) Advisory services). Czechia is also invited to provide a more specific indication of the personnel costs envisaged (currently some personnel costs are referred to as “related to production planning” or “resulting from measures to increase the concentration of supply), in relation to the interventions proposed. Czechia is also invited to avoid too generic definitions of eligible expenditure (e.g. “expenditures relating to the increase in the added value of production”).
204. Some expenditures included in the proposed list of expenditure could be non-eligible pursuant to Annex II to Delegated Regulation (EU) 2022/126 (e.g. “expenditure relating to the processing of own production” under intervention 87.47 or “green packaging” under 91.47 on the ornamental plants sector).
205. Czechia is invited to verify and confirm that all legal requirements set out in Delegated Regulation (EU) 2022/126 are properly described. Czechia is invited to indicate in its Plan how the value of marketed production is calculated for each sector, pursuant to Article 31(2) of Delegated Regulation (EU) 2022/126.
206. On the WTO chapter, although these type of interventions are WTO compatible due to their nature, it is not sufficient to indicate the compliance with the relevant paragraph 12 of WTO Annex 2. Czechia is invited to add a short paragraph explaining how this compliance is ensured.

207. Czechia is also invited to describe the demarcation with EAFRD interventions.
208. For the potato sector, Czechia is invited to further elaborate the explanation of the planned unit amounts and to complete section 6 (form and rate of support) for all the interventions under this sector.
209. In Section 6 for the ornamental plants sector, Czechia is invited to provide a precise definition of Union financial assistance as per the content of Article 68(2) of the SPR.
210. The Commission has noticed that Czechia while defining ornamental type of interventions has not established the link to the cross-cutting objective in chapter 5.2 Sectoral Interventions, for example ADVI1(47(1)(b)) - advisory services and technical assistance. The Commission considers that a link should be established.
211. The Commission invites Czechia to add result indicator R.5 for types of interventions referred to in Article 47(2) of the SPR.

2.3.4. For rural development

2.3.4.1. Management commitments (Article 70 of the SPR, section 5 of the Plan)

212. Czechia is invited to check and adapt the EAFRD contribution for intervention 27.70 (pigs vaccination) as the financial data entered in section 5.3 return a contribution rate of 34.69% instead of the applicable 35% rate.
213. Based on the design of the intervention 27.70, it seems that adding a link to R.43 (antimicrobial use) would be justified.
214. In respect of all interventions listed in Article 70 of the SPR Czechia is requested to include a revision clause according to Article 70(7) of the SPR for all relevant interventions under this Article (including organic farming, animal welfare) in section 4.7.3 (elements common to several interventions), or for all interventions listed in Article 70 of the SPR in section 5.
215. A brief description of the method for calculating the amount of support and its certification according to Article 82 of the SPR are to be provided in section 7 of each intervention concerned. The full certified method of calculation (when carried out by an independent body) and in case it has been carried out by the managing authority, the certification by an independent body, is to be provided in an Annex to the Plan.

AEKO Grassland of arable land 16.70:

216. The link between what Czechia implements under GAEC6 and what additionally is included in this intervention should be more clearly defined in the box referring to the baseline. Given the objective of addressing nutrient problems, the nutrient result indicator R.22 could also be selected.
217. This support to conversion of arable land to permanent grassland could be linked to R14 (carbon sequestration).
218. The payments do not achieve full compensation. Pursuant to Article 70(4) of the SPR, Czechia is asked to show how partial compensation is justified against the targets set.
219. Average and maximum unit amounts should not be mentioned, when four uniform unit amounts are used to reflect the different costs associated with the different commitments in the 4 sub interventions.

AEKO catch crops 17.70:

220. How the intervention goes beyond the conditionality (GAEC 6 and 8) is not immediately evident and should be better described.
221. The difference between catch crops for improving soil structure and those for soil consolidation and where these different options would apply could be better set out in the intervention.
222. The restrictions for pesticides and fertilizers should be set out in the description of the baseline.
223. Only R.19 on soil is selected, are the nutrient or water result indicators R.21 and R.22 not considered relevant?
224. For AEC (a range of) uniform unit amounts should be used rather than average (though the difference in this instance is clearly quite marginal).

AEKO Treatment of extensive grassland 18.70

225. Compensation rates are only partial – ranging from 72 % to 95%. Pursuant to Article 70(4) of the SPR, Czechia is asked to show how partial compensation is justified against the targets set.
226. Czechia should include in the intervention description an explanation of how the results based part of the premia has been calculated (on which hypothetical management practices have the costs incurred and income forgone been calculated on).
227. There are two instances given for a reduced subsidy amount but no explanation for why this is the case. To be defined in the intervention.
228. In view of the design of the intervention, a link to R.14 (C. Sequestration) could be justified. Is the maximum of 1.5 LU/ha in line with what is needed to help secure favourable conservation status of such habitats?

AEKO landscape-forming orchards 19.70

229. Czechia is invited to define the intervention more clearly with regard to the management commitments that must be carried out and which can be compensated for. In particular, the difference between ‘terms + conditions’ and ‘additional conditions’ and to what extent they are mandatory for all farmers participating in the intervention should be clarified.
230. Czechia is invited to further define in this intervention how the commitments are different to the Eco-scheme supporting the maintenance of higher area of non-productive areas.
231. Czechia should consider if a ban on chemical pesticides (rather than minimization) is possible under this intervention to better contribute towards biodiversity (and water objectives).
232. Limited information given on the calculation method should be supplemented, and pursuant to Article 70(4) of the SPR, Czechia should provide an explanation for the 55% compensation rate and to show how partial compensation is justified against the targets set.
233. Based on a clearer definition of the management commitments, Czechia is invited to consider whether links to R.19 (soil) and R.24 (pesticides) would also be relevant.

AEKO Promotion of biodiversity on arable land 20.70

234. The implementation decisions on the relevant GAEC standards (6 & 8) in Czechia need to be clearly set out in the description of this intervention, to ensure only compensation for management commitments that go beyond this.
235. Similarly, clarity is needed on how this intervention is sufficiently different to a referred to eco-scheme 05.31.
236. It is noted that for this intervention almost 100% compensation is proposed for all titles, unlike for the grassland intervention. Czechia is invited to explain the differing approach for these interventions.
237. Czechia is requested to define a number of different uniform unit amounts rather than an average unit amount.
238. Given that the use of plant protection products and fertilisers is not allowed, the intervention should be linked to R.22 (Nutrient management) and R.24 (pesticides).

AEKO Integrated Production 21.70

239. Czechia is invited to consider if SO5 (in addition to SO9) and water result indicator should also be selected given this is to reduce risk from pesticides to water.
240. Czechia is invited to consider whether the integrated production which is proposed to be supported under this AEC will really address the need (pesticide pollution of water) or whether a more significant reduction in pesticide use and a greater focus on the implementation of integrated pest management (IPM) principles is needed.
241. Czechia is invited to review the intervention to ensure it aligns with the requirements of an AECM – including clearly defining what is in the baseline as regards the Directive 2009/128/EC on sustainable use of pesticides, relevant GAECs, what is an eligibility requirement, and what are the management practices clearly going beyond normal practice, and the basic standards that are eligible for compensation.
242. Czechia should explain how the commitments can be controlled e.g. for the many actions that are aimed at the ‘limitation of pesticides’.
243. Czechia is requested to use a range of uniform unit amounts rather than average unit amounts.
244. CZ is requested to provide further details on the requirements in terms of plant protection products application (risk categories) excluded/banned and whether it is mandatory to follow the determination for fertilisation needs for crops based on the required soil testing.

AECM Restrictions on the use of pesticides in OPVZ on arable land 22.70

245. Given the ongoing pesticide issues in Czechia, with 30% of drinking water supply sources affected, action on this need is welcomed.
246. However, it is not clear if these proposed measures are prioritised/targeted based on the scale of the risk to water supply zones and drinking for water consumers. It is also not clear whether the listed pesticides are all of those known to be used in these drinking water catchments and known to be relevant to water for human consumption. Czechia is also invited to clarify whether there are nitrate or nitrite issues related to water intended for human consumption that is sourced from these same catchments and whether this could also be addressed.
247. Czechia is invited to consider whether Article 72 of the WFD compensation payments might offer an appropriate instrument to help meet water objectives in specific geographic locations (where such mandatory requirements are defined in the 3rd RBMP).

Organic farming 23.70

248. The Commission welcomes the efforts of Czechia to steadily increase the area under organic farming. The intervention is linked to SO5 due to the benefits to soil and water and the particular needs identified in Czechia. However, depending on the specific circumstances in Czechia, it may also be linked to SO4 (Climate), given that organic farming contributes to carbon sequestration, SO6 (Biodiversity) and SO9 (Social demand), given consumers' demand for organic food, if identified. The Commission also invites Czechia to reflect on the possibility to stimulate domestic demand for organic products, which is very low.
249. Based on the recognised contribution of organic farming, Czechia should link this intervention also to R.22 (nutrient management), and R.31 (habitat and species). In case the support is granted to farming systems including livestock husbandry, also indicators R.43 and R.44 are relevant.
250. The reference to the Organic Farming Regulation needs to be updated and replaced by Regulation (EU) 2018/848. Czechia is requested to explain whether the commitments described in section 5 are the production methods as laid down in Regulation (EU) 2018/848 or whether the commitments go beyond.
251. The articulation with the agri-environmental and climate commitments under this article as well as with the eco-scheme 5.31 'All-farm eco-payment' should be explained, in particular as to the possibilities of combination and provisions to avoid double funding.
252. The differentiation of support between the conversion to and maintenance of organic farming is rather marginal. Furthermore, the payments do not achieve full compensation. Pursuant to Article 70(4) of the SPR, Czechia is asked to show how partial compensation is justified against the targets set. Czechia is requested to confirm that this small difference is sufficient in view of the specific circumstances during conversion and that premia are sufficient to achieve the targets set.
253. Tables 12 and 13 need to be revised and include unit amounts for the different categories of crops. It is recalled that uniform amounts are the default option to be used for interventions under Article 70 of the SPR. A single average unit amount for such a high number of different payments is not justifiable.
254. It should be recalled that area-related commitments under the current Rural Development Programme and carried-over to the Plan as of a certain year, need to be adapted to the new baseline in order to be in accordance with the SPR.

Forestry commitments

255. Czechia is invited to check and adapt the EAFRD contribution for the intervention in agroforestry maintenance 26.70, as the financial data entered in section 5.3 return a contribution rate of 28.7% instead of the applicable 35% rate.
256. Czechia is invited to clearly indicate that the supported management commitments should go beyond the legal obligations.

257. Afforestation of agricultural land — care for established crops 25.70: This support to maintenance cannot be linked to R.30 (forest under commitments). It is to be linked to R.17 (afforestation) as the intervention follows the investment.
258. Afforestation of agricultural land — care for established crops 25.70: It is unclear how long the trees have to stand until they can be cut. It would be very beneficial if this measure could target (or give higher compensation to) afforestation in areas that would lead to less fragmented forests by connecting already forested land.
259. Care of the agroforestry system 26.70: given the acknowledged positive contributions of agroforestry, it should also be linked to: R.19 (soil), R.22 (nutrient management), R.23 (water use), R.31 (biodiversity) and R.34 (landscape elements).

2.3.4.2. Areas facing natural and other constraints 31.71

260. The link to the national list of the designated local administrative units and to the Areas under Natural Constraints (ANC) map must be provided for each category of areas referred to in Article 32(1) of Regulation (EU) No 1305/2013.
261. Czechia is invited to provide further clarification as regards the proposed degressivity and to explain how overcompensation is prevented.
262. The full certified method of calculation (when carried out by an independent body) and in case it has been carried out by the managing authority, the certification by an independent body, are to be provided in the annex to the Plan.
263. A single unit amount covering all ANC categories and the differentiation based on farming systems or severity of constraint is not justifiable. In addition, the appropriate planned unit amount to be selected is average since the support is subject to degressivity. Therefore, an average unit amount should be provided for each ANC category, i.e. mountain areas, areas facing significant natural constraints and other areas affected by specific constraints.
264. The section on WTO compliance does not, in fact, deal with WTO compliance. Instead, it contains information on ANC delimitation.

2.3.4.3. Natura 2000 32.72

265. The conditions established for maintenance of the agricultural area (Article 4(2) of the SPR) need to be included in the baseline.
266. The full calculation method (to be provided in the Annex) needs to be either carried out by an independent body or, where it has been carried out by the managing authority, certified by an independent body (also to be provided in the Annex).
267. An average unit amount is provided, however, since different payment rates are given for two different areas, uniform unit amounts would be expected for these.

2.3.4.4. Investments in primary agricultural, processing, forestry, non-agricultural activities, land consolidation (Article 73-74 of the SPR, section 5 of the Plan)

Investment in agricultural holdings 33.73

268. It is unclear how this intervention will contribute to digitalisation and in particular to improvements in energy efficiency and renewables generation as no actions are described; the description should be redrafted accordingly. In terms of baseline, renewables should comply with the provisions of Directive 2018/2001 on the promotion of the use of energy from renewable sources, including the sustainability criteria. For energy efficiency, actions should go beyond the baseline when complying with relevant EU legislation. Information about use of leasing purchase, advance payments and durability is also useful to insert.
269. In view of the design of the intervention, Czechia is invited to add links to R.44 (Animal welfare) - and potentially R.43 (AMR) - as well as to R.3 (Digitalisation). If farmers would be willing to install renewable energy production, would this intervention be the one supporting them? If so, Czechia is invited to add a link to R.15 and a reference to renewable energy in the design of the intervention.

Technological investment in forests 35.73

270. For Project D “Investments in basic wood processing” Czechia is invited to clarify how the level of processing of wood as raw material will stay prior to the industrial level as it was required under the previous Regulations and programming periods. It is important, since the sawing of wood at industrial scale should go under the industrial policy and relevant rules.
271. Czechia should consider that the statistical classification of economic activities (NACE) 02 and 16 codes themselves do not ensure that the processing is not industrial. The establishment of early warning systems or other forest monitoring tools to improve forest risk prevention and management (e.g. forest fires, droughts) could also be promoted under this intervention.

Investment in forestry infrastructure 36.73

272. Czechia is requested to ensure that the forest road improvement or new access road network development will respect the relevant environmental or Natura 2000 related requirements. It is requested that a “favourable opinion of nature protection authorities” is also included in the Plan as an obligatory condition for projects financed under this intervention on protected areas or above certain size of the project.
273. Within Plan A (building and reconstruction of forestry roads) Czechia is invited to provide information about the level of the present situation of forest openness in the main target areas (e.g. the average lengths of forest paths per hectare) and what would be the optimal one in these areas. Czechia is requested to elaborate to what extent this Plan could contribute to this situation, what could be achieved through

this investment? The provided reply to the Commission under the informal consultation of the Plan is not reflected in the text.

274. All investments in the forestry sector are to be linked to R.28, it applies to 38.73 — Investments in the restoration of calamity areas, 39.73 — Investments in the protection of amelioration and strengthening trees, 40.73 — Water management measures in forests 43.73 — Non-productive investments in forests, 44.73 — Transformation of replacement tree stands.
275. Czechia is invited to design these investments to ensure that they do not speed up the water run-off from forests.

Technology reducing GHG and NH3 emissions 37.73

276. While the Commission recognizes the efforts of Czechia to reduce greenhouse gas and ammonia emissions on the farms and welcomes the possibility offered in the Plan to support these kind of investments under rural development, it should be clarified that these investments can only qualify for a higher support rate (as referred to in Article 73(4)(a)(i) of the SPR) and count towards the environmental ring-fencing when the investments go beyond normal standards and mandatory requirements. Investment support to comply with mandatory requirements does not qualify for a green investment (investments as defined in Article 73(4)(a)(i) of the SPR) and can only be supported for a maximum of 24 months before these new requirements become mandatory for the holding (as referred to in Article 73(5) of the SPR). Czechia is therefore invited to clarify that all eligible investments under this intervention go beyond the respective legal requirements.
277. The Commission recommends including interventions on ammonia low-emission manure storage, animal housing and low-emission field application techniques for slurry direct injection and manure rapid incorporation in the soil.
278. The section on planned unit amounts has to be revised, since the maximum planned unit amount should not represent the maximum amount which will be paid per operation but the average maximum amount.
279. These investments for climate are productive, thus Czechia is invited to add a link to R.9 (farm modernisation) and R.26 (natural resources, ammonia). In addition, as it relates to precision farming, a link to R.3 is also justified.

Investment in non-agricultural activities 45.73

280. Czechia is invited to clarify further the territorial targeting of the intervention and define the type of rural areas to which the intervention will be implemented.
281. Czechia is asked to review the consistency between the identified need P.08.01 regarding rural activities, the elements presenting in the summary of the SWOT analysis of Specific Objective 08 and the content of the intervention, by reconsidering the beneficiaries of the intervention who are limited to agricultural entrepreneurs and foresters.

282. A wide range of activities are proposed, with few exemptions. Principles of selection should be included by focusing on the types of business and rural services according to the needs identified for the targeted rural areas.
283. Czechia is asked to include a list of ineligible categories of expenditure and to provide information about the support rate, the difference between the average unit amount and the maximum unit amount and to better explain the complementarities of the non-agricultural entrepreneurship with other rural development interventions and/or other Funds active in rural areas.

Non-productive investments in forests 43.73

284. This intervention relates to measures to strengthen the recreational function of the forest only. Czechia is invited to enlarge it to also cover restoration or enhancement of biodiversity of forests in order to show a greater ambition in line with the EU Biodiversity Strategy.

Transformation of replacement tree stands 44.73

285. The transformation of the replacement tree stands should be in line with the nature protection requirements, particularly with specific protected species and the “favourable opinion of nature protection authorities” should be requested as eligibility conditions within protected or designated areas.
286. The projects must also not interfere with the anticipated revitalisation of peat bogs, vernal pools and other naturally waterlogged areas. Special Conservation Interest target features must also be respected.
287. This intervention should be linked to R.18 as all investments in forestry and to R.17 as it relates to planting new trees.

Land consolidation 46.73

288. This intervention is classified as a non-productive investment counting towards the environmental ring-fencing. Green non-productive investments should be limited to non-remunerative investments linked to the delivery of purely environmental and climate benefits. Czechia is therefore invited to provide more detailed information on the eligible investments as some of them do not seem non-productive and also to improve the targeting of the intervention towards climate and environmental objectives. It should clarify which water management measures are planned to be supported under this intervention.
289. Depending on the revised targeting of the intervention the output and result indicators have to be revised.
290. The section on planned unit amounts has to be revised, since the maximum planned unit amount should not represent the maximum amount which will be paid per operation but the average maximum amount. The difference between the average unit amount and the maximum seem too big and has to be explained.

291. The scope of the intervention is not clear and should be revised. Czechia is invited to clarify the activities under the simple and complex land consolidation, including the draft plans for joint installations and to distinguish the activities related to land consolidation and those addressing environmental and/or climate issues. In this respect, activities clearly addressed to land consolidation should be linked with additional identified needs and contribute to the Specific Objective 01.
292. Czechia is asked to provide a definition for investments in large-scale infrastructure and to establish a list of ineligible categories of expenditure for land consolidation.
293. Land consolidation addresses economic concerns and thus the intervention should be linked anyhow to R.39. Czechia is invited to better explain how the soil erosion is addressed in order to keep the link to R.27.

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

294. Czechia is invited to add the link to R.37 (Jobs) given that the support to generational renewal contributes to safeguard and create jobs. The value of the target of R.37 already takes this into account.

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

295. The Commission invites the Czechia to consider using the insurance to ensure income stabilisation for active farmers, besides others, as a climate change adaptation measure.

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

LEADER 52.77

296. Czechia is invited to explain how it will ensure that each Local Action Group will meet all the principles of the LEADER method as defined in the Articles 32-34 of the Common Provision Regulation (EU) 2021/1060 (e.g. innovation in the local context).
297. Czechia is also invited to reflect on the scope of LEADER to bring it more in line with socio-economic needs of rural areas SO8 (and beyond the agriculture focus), the LEADER method (integrated strategies) and to take into account the added value of LEADER (e.g. better project results compared with non-LEADER delivery).
298. Czechia is invited to conduct a proper selection of Local Development Strategies and possibly increase the amount of support per strategy (even if it means selecting fewer but better strategies).
299. Czechia is invited to explain the added value of LEADER in terms of social capital building, better local governance and better project results compared with non-LEADER delivery.

300. Czechia is also invited to use some simplified costs options and clarify the (maximum) aid intensities (level of aid) for operations.
301. Czechia is invited to provide more information on the implementation of the concept of Smart Villages, within the LEADER intervention (e.g. preparatory work for setting-up smart villages strategies, selecting Smart villages' strategies and action plans, the role of the Local Action Groups).
302. The Plan does not include any cooperation intervention targeted on producers of geographical indications (GIs). It is suggested that Czechia includes also this support to be in line with the recommendations of the Commission. The involvement of agricultural and food producers in GI schemes could contribute to strengthening farmers' position in the value chain.

EIP 53.77

303. Czechia is requested to clarify why an advisor would not be strongly motivated or even obliged to be participant of an Operational Group (OG). They can bring important practical expertise and help with the dissemination and communication on the project progress. Czechia is requested to explain why a researcher should be a partner in each project if all 9 SOs can be tackled through this intervention.
304. Czechia is invited to refer to the interactive innovation model in the conditions.
305. Under Article 77(1)(a) of the SPR Member States may grant support to (1) prepare and (2) implement the projects of the EIP Operational Groups. Czechia should clarify the details and timing of expenditure for (1) the preparation action and (2) the implementation of the project, as well the different selection procedures foreseen. Step 1 is often paid with a lump sum for simplification purposes.
306. It should be noted that EIP OGs may profit from the Amendment of the General Block Exemption Regulation, exempting State aid up to 350,000 EUR per project.

Interventions 50.77 – Innovation in primary production & 51.77 – Innovation in processing

307. In order to reduce the administrative burden and simplify the implementation, Czechia is invited to explore the possibility to merge the proposed interventions or to better explain the purpose for differentiation of each of the interventions pursuant to Article 77, which could have been EIP OG sub-interventions with different aid intensities. Typically, non-EIP cooperation projects miss a lot of international synergies and other advantages, such as, for instance, the exemption from State Aid rules, higher EAFRD contribution rate up to maximum 80% (Article 91(3)(b) of the SPR), 100% support for non-productive investments, learning from similar projects thanks to the EIP networking and the EIP web database which makes them visible.
308. Czechia is requested to explain why researchers should obligatorily be involved in each project and why only they can receive a subsidy. Various types of projects will be generated and some projects may not need research expertise but rather other kinds of expertise (e.g. for social innovation, energy, biomass, short supply

chains etc.). The Commission advises to keep the intervention open for the grassroots innovative ideas captured by the innovation brokers, and add all SOs to enable also to tackle environment/climate challenges.

309. The scope of the cooperation must comprise elements, which would not have been possible without the cooperation scheme between partners and their joint work in the new cooperation project. Czechia is invited to describe explicitly these aspects, including the usefulness of collaborative approaches as compared to individual support, which can be granted under Article 73 of the SPR.
310. In the case of investments, the requirements for the implementation of operations (see Article 77(4) of the SPR), including a list of ineligible expenditure, (see Article 73(3) of the SPR) should also be provided.
311. Czechia should revise the consistency between the scope of the intervention, which focuses mainly on innovation- the identified needs, the Specific Objective to which the intervention contributes significantly, and the proposed Output and Result Indicators.
312. In this respect, the scope of the intervention should be further developed and better explained, taking into account the Intervention 53.77 — Support for EIP Operational Groups and Projects which seems to have a similar approach.
313. Czechia is invited to describe in further detail the different steps of cooperation (preparatory actions and implementation of projects). In this respect, the eligible beneficiaries, the principles of selection, the eligibility conditions, the form and the rate of support and the related unit amount(s), should be clarified accordingly, by taking also into account the requirements laid down in the Articles 77 and 79 of the SPR.
314. The territorial scope of the intervention which includes the whole country except the city of Prague, should be clarified.
315. Some of the training will target environmental care and climate action, therefore Czechia is invited to add a link to R.28.
316. The Commission regrets that the Plan does not contain any cooperation measures for pilot projects or the development of new practices for carbon farming in agriculture or forestry, such as on peatland restoration, agroforestry, soil carbon sequestration, livestock emission reductions, and afforestation. Czechia is invited to make it visible that cooperation and knowledge transfer interventions (53.77, 54.78, 55.78) are covering climate adaptation and mitigation practices including water retention in the landscape and agroforestry.

2.3.4.8. Knowledge exchange and advise (Article 78 of the SPR, section 5 of the Plan)

317. While the variety of sub-interventions illustrates the potential impact on AKIS building, several types of consultancy under the intervention 54.78 (support of consultancy) seem to be starting too late in the period, and may lack funding to cover the demand, thus putting into question the overall effectiveness of the

measure. Furthermore, some unnecessary limitations in terms of eligible beneficiaries may hamper the overall knowledge flows.

318. Czechia is requested to clarify how all advisors will be trained, on which themes, with which frequency and how many hours per year.
319. Support for education 54.78: given that it is a big motivation to participate, Czechia is invited to explain how the provision of advice and training will be aligned with the specific demands for knowledge and innovation of agricultural holdings.
320. Czechia is advised to add to this intervention demonstrations on genuine farms working under real production conditions, to profit from peer-to-peer exchanges, and to increase AKIS building by inviting farmers, researchers and advisors.
321. Czechia should also consider the option of advisors providing training, as they understand very well farmers' needs and can share best practices.
322. Czechia is reminded that the overall simplification objective is also essential in terms of controlling whether and how the advice was provided. Administrative obligations imposed by the managing authority on advisors should not jeopardise relations between farmers and advisors. The use of simplified cost options is encouraged.
323. Advisory services 54.78: As regards supported activities, the following activities: "Setting up a consultancy service", "Increasing the competencies of advisors in agriculture, food and forestry" and "creating a new online e-learning course" fall outside Article 42 of the Treaty on the Functioning of the European Union (TFEU), because (from the State aid point of view) in those cases the final beneficiaries are the relevant service providers and not farmers. Therefore, State aid clearance is needed (through e.g. General Block Exemption Regulation (GBER) or the General de minimis Regulation).

2.3.4.9. Financial instruments (Article 80 of the SPR, section 4.6 of the Plan)

324. It is acknowledged that financial instruments are not going to be introduced under the Plan. Therefore, Czechia is requested to remove the text from section 4.6 and place it under an appropriate section on access to finance in the SWOT analysis.

3. FINANCIAL OVERVIEW TABLE

325. As regards transfers from direct payments to other sectors, there is a small incoherence between the annual amounts in section 5.2 of the Plan and the financial overview table (section 6.1.). This makes it impossible at this stage to verify that the total amounts planned for direct payment interventions per year do not exceed the adjusted direct payments allocation (adjusted Annex V to the Plan), and to verify the respect of the annual maximum for CIS. In addition, specifically for calendar year 2026 the planned amounts for CIS and the protein crops exceed slightly the maximum allowed.
326. 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.

327. 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 should not be entered in the Annual indicative financial allocations under Section 5 or in the Financial Overview table under Section 6 of the Plan.
328. Apiculture: The annual indicative financial allocations under Section 5 of the Plan do not correspond to the planned amounts in the Financial Overview table under Section 6 of the Plan.
329. Wine: The annual indicative financial allocations under Section 5 SFC do not correspond to the planned amounts in the Financial Overview table under Section 6 of the Plan.
330. Other sectors: The annual indicative financial allocations under Section 5 SFC do not correspond to the planned amounts in the Financial Overview table under Section 6 of the Plan.
331. Czechia is requested to include, for financial year 2023, the amount transferred from the direct payment envelope for calendar year 2022 to the rural development envelope for financial 2023 (respectively EUR 6.840.000 and EUR 1.000.000). Those transfers were notified to the Commission on 01/08/2021 and are part of the rural development envelope on which ring-fencings are calculated.
332. The total amount of rural development interventions as shown under section 5.3 of the Plan and the amount corresponding to 2.88% for technical assistance, exceed the maximum rural development envelope of Czechia.
333. Note is taken that there is no amount foreseen for wine for 2023 in the financing plan. The possibility to include an amount for wine for 2023 will be available in SFC in the subsequent submissions.
334. In section 4.7.3 of the Plan, for activities falling outside the scope of Article 42 of the TFEU, there must be an exclusion of 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, except in the cases mentioned in the applicable State aid rules.

4. CAP PLAN GOVERNANCE, EXCLUDING CONTROLS AND PENALTIES

335. Czechia is invited to provide a description (7.1) of the set-up of the Competent Authority as well as a description of how it will carry out its ongoing supervision of the work of the Paying Agency and its compliance with the accreditation criteria.
336. Czechia is invited to describe (7.2) the IT systems and databases developed for the extraction, compilation and reporting of data to be used for performance reporting, reconciliation and verification purposes, along with the controls in place to ensure the reliability of the underlying data.

337. With regard to sections 7.3 (information on the control system and penalties), 7.4 (conditionality) and 7.5 (social conditionality), it should be noted that observations will be delivered by the Commission services in a separate communication.
338. Czechia is invited to review in general the whole text to ensure its consistency and update. For example, a reference to removed intervention “hens” in animal welfare (p.137), a reference to removed intervention “saw in cages” (p.780), component 2.6.3 of irrigation in RRP does not exist (page 170), part of the sectoral text on the page 713 is missing, areas of N2000 are incorrect, etc.

5. ANNEXES

339. Horizontal observation: Czechia is invited to finalise the Strategic Environmental Assessment (SEA) and submit it in the next amendment of the Plan.
340. Annex V to the Plan should contain data for EAFRD participation, matching funds and additional national aids for all activities falling outside the scope of Article 42 of the TFEU.