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COMMISSION STAFF WORKING PAPER

Impact Assessment

Accompanying the document

**Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE
COUNCIL**

**on the European Maritime and Fisheries Fund [repealing Council Regulation (EC) No
1198/2006 and Council Regulation(EC) No 861/2006 and Council Regulation No
XXX/2011 on integrated maritime policy**

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*This report commits only the Commission's services involved in its preparation and does
not prejudge the final form of any decision to be taken by the Commission.*

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COMBINED IMPACT ASSESSMENT AND EX-ANTE EVALUATION REPORT CONCERNING THE COMMISSION'S PROPOSAL FOR A FUTURE FINANCIAL INSTRUMENT FOR FISHERIES AND MARITIME POLICIES (2014-2020)

Lead DG: DG MARE

Other services involved: AGRI, BUDG, ECFIN, EMPL, ENTR, ENV, ESTAT, HOME, HOME-JUST, JRC, REGIO, RTD, SANCO, SG, TRADE, RELEX, COMP, MOVE and CLIMA

Agenda planning reference: 2011/MARE/005

1. PROCEDURAL ISSUES AND CONSULTATION OF INTERESTED PARTIES

This report commits only the Commission's services involved in its preparation and does not prejudge the final form of any decision to be taken by the Commission.

1.1. Organisation and timing

This document is an impact assessment (IA) and ex-ante evaluation of different options for the design of the financial support to the implementation of the Common Fisheries Policy (CFP) and the Integrated Maritime Policy (IMP)¹ in the years 2014-2020. Accordingly, its scope includes the following financial instruments being currently in use: (i) European Fisheries Fund (EFF), (ii) IMP financial regulation proposed by the Commission to support the IMP between 2011 and 2013², (iii) Community financial measures for the implementation of the CFP and in the area of the Law of the Sea 2007-2013³ (so-called Second Instrument) including data collection, control, the voluntary financial support provided to Regional Fisheries Management Organisations (RFMOs) and governance, (iv) the budgets lines concerned by the Common Market Organisation (CMO) for fisheries and aquaculture products including market intervention and the scheme to compensate for the additional costs incurred in the marketing of certain fishery products from the outermost regions of the Azores, the Canary Islands, French Guiana and Reunion. In accordance with the Commission's Communication on A Budget for Europe 2020⁴, two other currently used instruments have been excluded from the scope of this IA: (i) the Fisheries Partnership Agreements and (ii) the obligatory financial support provided to RFMOs.

The Impact Assessment of CFP reform⁵ provided key conclusions on the role of a financial support for the reformed CFP. These conclusions, together with the evaluations carried out so far, the IA accompanying the CMO⁶ regulation, the initial IA⁷ and the Progress Report⁸ for IMP, the Europe 2020 strategy and the Commission's Communication on a Multiannual Financial Framework (the MFF Communication)⁹ form the point of departure for this IA. Furthermore, the results of an ex-post evaluation of the Financial Instrument for Fisheries Guidance (FIFG) and of an interim evaluation of the EFF finalized in February 2011 have also been used, as well as an interim evaluation of the Second Financial Instrument.

1.2. Internal consultation

An Impact Assessment Steering Group (IASG) was established in September 2009 and met 5 times¹⁰. It involved the following DGs: AGRI, BUDG, ECFIN, EMPL, ENTR, ENV, ESTAT, HOME, HOME-JUST, JRC, REGIO, RTD, SANCO, SG, TRADE,

RELEX, COMP, MOVE and CLIMA. At the last of these meetings the current IA report (IAR) was presented to the IASG.

1.3. Consultations with stakeholders

The reform of the CFP started with the adoption of the Green Paper¹¹ in April 2009. The Green Paper was the basis for public consultations which lasted until the end of 2009. The outcome of the consultations, concerning public support, was as follows:

- Many contributions ask for the continuation of public funding for fisheries, although a few MS and most NGOs insist on the elimination or phasing out of subsidies – in their view they preserve unviable structures, contribute to overcapacity and maintain industry dependence on public support.
- There is an agreement that any future support should accompany the implementation of CFP reform and ease adjustment of the industry, aiming at long-term economic and social sustainability, or alleviating the possible negative consequences of the reform.
- EU support should focus on research and innovation, enhancing marine protection, and supporting fishermen's organisations and local development.
- The link to the IMP is considered important: maritime policies can no longer act in isolation, and the coherence of the CFP with the IMP needs to be reinforced. In fact, regional, business and NGO actors supported the need for joining up EU policies affecting seas, maritime sectors and coastal regions already at the time of the public consultation in 2007¹².
- More conditionality between EU financing and reaching CFP's objectives is needed. Compliance with rules/targets should have a bearing on fund availability.
- A more sectoral approach to the allocation of funding (linked to the size of the fisheries sector instead of the level of economic development, as it is the case today) is strongly supported by a group of MS while the European Parliament opposes this.
- There is general agreement on the importance of the small-scale coastal fleets (SSCF) which remain a significant source of jobs in coastal communities. Some MS support the idea of a privileged access of this fleet to financing, while others do not favour a specific approach.
- An overwhelming majority of industry and MS consider that common services (such as control and data collection) should continue to be supported under EU funding.
- Regarding aquaculture most of the contributions voiced opinions on whether it should or not be part of the CFP. A majority was in favour of its inclusion and aquaculture was mentioned frequently as a potential beneficiary of public support.

In addition to this public consultation, around 200 meetings with MS, Advisory Committee on Fisheries and Aquaculture (ACFA) and Regional Advisory Councils (RACs), the fishing industry, the processing and marketing sector, trade unions, NGOs, and the research community were organized. A number of meetings took also place in 2010 and 2011, during which concrete options for the CFP reform, including its financial dimension, were presented by the Commission and discussed with the stakeholders. In particular: (i) two meetings with the Member States, during which future funding was discussed, took place in Gent (12-14 September 2010) and Noordwijk (9-11 March 2011). (ii) A dedicated seminar on the future EFF with the participation of stakeholders from industry, trade unions and Member States was organised on April 13th, 2010, in

Brussels. (iii) A conference on the future of local development in fisheries areas took place in Brussels, 12-13th April, 2011.

1.4. Dissemination of the results of consultations with stakeholders

The results of the consultations on the CFP reform are published on DG MARE's website ([http://ec.europa.eu/fisheries/reform/sec\(2010\)0428_en.pdf](http://ec.europa.eu/fisheries/reform/sec(2010)0428_en.pdf)) and are summarized in a Commission's Staff Working Document "Synthesis of the Consultation on the Reform of the Common Fisheries Policy"¹³. The results of the consultations on the IMP are published on DG MARE's website and summarized in a Communication from the Commission: Conclusions from the Consultation on a European Maritime Policy¹⁴. A more detailed list of the consultations, covering also the financial instrument can be found in Annex 1.

1.5. Incorporating comments from the Impact Assessment Board

A first draft of the IA report (IAR) was discussed by the IAB on 7 September 2011 by written procedure. In its opinion of 13 September 2011¹⁵, the IAB recommended to strengthen the analysis of implementation problems, to strengthen the analysis of value-added of individual components of the new instruments, to improve the analysis of co-ordination with other funds and to clarify further the monitoring and evaluation arrangements. These recommendations have been taken into account in the final version of the IAR. The request for improved analysis of co-ordination with other funds was to a large extent addressed by the adoption of the common regulation for funds under the Common Strategic Framework (CSF), on October 5th, which defined the scope of co-ordination and common rules and mechanisms to be used by all the CSF funds. The request to add more quantitative analysis was only partly complied with because of the absence of reliable data concerning the impacts of public financing on the fisheries sector (not least due to lack of common indicators and consistent monitoring and evaluation framework, identified as a serious deficiency of EFF in this IA). Some data and calculations done in the context of the CFP reform IA have been re-used in this IAR in order to better illustrate the problems. Finally, the section on monitoring and evaluation has been improved and developed. Starting, milestone and target values for some of the indicators would be available in the next 1-2 years, linked to improvements in the quality and coverage of economic and social data and of scientific advice. This should allow to fully integrate this data in the EMFF Operational Programmes.

2. THE STRUCTURE, PERFORMANCE AND PROBLEMS OF THE PUBLIC FINANCIAL SUPPORT OF THE CFP AND THE IMP

2.1. Structure

2.1.1. Current funding of the CFP

The CFP is supported by a set of public financial support tools:

1) The European Fisheries Fund (EFF) – under shared management- is the major financial pillar of the CFP with a total budget of €4.304 billion for the period 2007-13.

The EFF consists of five priority axes (a table with EFF allocations per axis and MS is included in the annexes):

- Axis 1 (28.49% of the total allocation) covers the adaptation of the EU fishing fleet: scrapping premiums, temporary cessation, investments on board, small-scale coastal fishing, socio-economic measures;
- Axis 2 (28.38%) covers aquaculture, inland fishing, fish processing and marketing;
- Axis 3 (26.49%) covers measures of common interest: producers' organisations, fishing ports, new market and promotion campaigns, pilot operations;
- Axis 4 (12.92%) covers territorial development of fisheries areas by the creation of local partnerships in fisheries dependent areas;
- Axis 5 (3.72%) covers technical assistance.

The 5 largest current recipients are Spain (26.29%), Poland (17.05%), Italy (9.86%), Portugal (5.73%) and Romania (5.36%). Together they account for close to 65% of the total allocation of funds.

2) The Second Financial Instrument (EC 861/2006) – under direct management-provides support for a series of actions not covered by the EFF:

- Control and enforcement:** support is provided to national fisheries control programmes which enable MS to fulfil their role in relation to control and enforcement of the CFP. The total budget is €345 million for 2007-2013.
- Data collection and scientific advice:** funds are used to support the establishment of complete datasets by the MS (under so called Data Collection Framework) and used for the evaluation of fisheries resources and decision making. The total budget is €360 million for 2007-2013.
- Governance of the CFP:** providing funding for consultative/advisory bodies, Advisory Committee on Fisheries and Aquaculture (ACFA), the Regional Advisory Councils (RACs), and for communication and dialogue with stakeholders and the public. Expenditure for 2007-2013 is €45 million.
- International relations:** voluntary and compulsory contributions to Regional Fisheries Management Organisations (RFMOs) and UN bodies dealing with fisheries and law of the sea amounted to €0.8 million in 2010; €1 million are programmed for 2013. It has to be noted that although Fisheries Partnerships Agreements (FPAs) are mentioned in the Second Financial Instrument, it does not constitute the basic act for such expenditure because each FPA is covered by a Specific Council Regulation.

3) The European Agriculture Guarantee Fund (EAGF) – under direct management-finances intervention and compensation for production and marketing planning in the Common Market Organisation for fisheries and aquaculture products (about €12,5 million per year). The EAGF also supports the scheme to compensate for the additional costs incurred in the marketing of certain fishery products from the outermost regions. The total amount of the compensation is around €15 million per year.

2.1.2. Funding of the IMP

4) The Integrated Maritime Policy (direct management) was financed on the basis of Article 49 (6) (a) and (b) of the Financial Regulation funding pilot projects and preparatory actions. The total volume for 2008-2010 was €20.4 million. A financial regulation has been proposed by the Commission to finance the further development of the IMP between 2011 and 2013 with a budget of €50 million. The regulation is currently discussed in co-decision and is likely to be adopted before the end of 2011.

2.2. Performance and problems

The conclusions of the CFP reform IA report were that, notwithstanding progress made with the reform of 2002, the CFP had failed to ensure a sustainable exploitation of fish resources on its three dimensions: environmental, economic and social¹⁶.

The identification of problems and drivers for these problems was difficult because of their interdependence. In spite of that interdependence, the following ranking of problems was set:

- The main problem of the CFP is the lack of environmental sustainability; that is the existence of overfishing, or of an excessive fishing pressure. Out of the 93 stocks for which sufficient scientific advice exists, only 21.5% are exploited at levels delivering maximum sustainable yield (MSY), 35% are over-exploited and 43% are outside safe biological limits¹⁷. That means that 78.5% of Community stocks for which there is scientific advice are fished unsustainably. Fleet's overcapacity was found to be one the main drivers for overfishing. The high level of discards, poor compliance and the lack of sufficient scientific advice were found to be important additional ones.
- The second major problem of the CFP is the poor economic sustainability. Economic performance, in particular of the catching sector, is poor. Gross Value Added (GVA) per vessel has been diminishing over the last few years and no more than half of the fleets cover all of their costs. As a result, fleets are vulnerable to external shocks (in particular to the evolution of fuel prices which, at current prices of €0.6/l, represent on average 25 to 30% of total revenues) and dependent on public support (FIFG and EFF funds could represent on average around 5 to 10% of the total turnover). The situation as regards processing and aquaculture is generally speaking better. However, as further explained below, aquaculture is hampered by the lack of innovation, particularly as regards marketing and commercialisation activities and by the very small average size of firms (98% are SMEs).
- The third major problem is the lack of social sustainability. From a demand perspective, low wages and high safety hazards mean that the catching sector is not an attractive enough source of employment to new generations of local fishermen. From a supply perspective, the poor environmental sustainability together with the poor economic sustainability mean that employment, particularly in the catching sector, has been declining at least for the last 15 years at a rate of 4 to 5% per year. The decline of employment in the catching sector risk affecting the medium term viability of coastal communities; in particular of those where there are not obvious employment alternatives to the catching sector.
- The external dimension of the CFP has also performed less well than expected, particularly as regards environmental sustainability, but also in terms of international governance. In spite of improvements in design and delivery, Fisheries Partnerships Agreements (FPA) are still perceived as a source of subsidies for the EU fleets and not necessarily in line with environmental sustainability in the waters of the beneficiary countries. For their part, the Regional Fisheries Management Organisations (RFMO) are generally considered as unable to revert the decline of international fish stocks.
- Finally, the CFP has been affected by a number of external factors such as pollution, climate change and the increased use of the marine space by other users, which affects fisheries and development of new aquaculture farms.

As outlined in the CFP reform IA report, part of that failure can be attributed to the very complex and cumbersome framework of the CFP, which makes implementation and

compliance difficult, and to the design of management tools (notably TAC, quotas and relative stability). However, to the extent that the overarching objective of the CFP financial instruments was "*to support the common fisheries policy so as to ensure exploitation of living aquatic resources and support aquaculture in order to provide sustainability in economic, environmental and social terms*"¹⁸ it appears evident that part of the failure can also be attributed to the policy funding.

How can this be explained? First, there are serious problems linked to the design of the CFP financial instruments, the EFF in particular. Second, these problems acted as drivers for the lack of effectiveness in supporting those CFP objectives that were intended to be achieved with the help of the financial measures. These two categories of problems are developed below.

2.3. Problems linked to the design of the CFP and IMP financial instruments

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The complexity of financial support under the CFP

According to CFP reform IA report, the regulatory framework of the CFP is particularly complex¹⁹. Complexity affects also the financial tools of the CFP, as shown by the above description. Linkages between the CFP and the financial instruments supporting its implementation are lacking. Each of the CFP and IMP financial instruments has its own implementation systems (including programming, financial decisions, monitoring, evaluation and control), *comitology* and is negotiated separately. As a result there is little possibility of co-ordination between these instruments and of building synergies. It is also difficult to ensure cross-compliance between the mainstream EFF funding and the obligations of the Member States regarding control and data collection. Integration of CFP into IMP is also problematic.

As an example of the weak coordination, Producer's Organisations (POs) can receive support under the current EFF for their creation or the implementation of plans to improve the quality of products. On the other hand, the European Agriculture Guarantee Fund (EAGF) finances operational expenses of POs, i.e. intervention and compensation for production and marketing planning. As funds can come from two sources, avoiding duplication entails an additional burden to administrations and beneficiaries of the support, since both instruments have different administrative procedures.

2.3.1. Financial instruments under shared management

Financial instruments under shared management represent the bulk of the funding. They present a number of problems related to the lack of strategic approach towards achieving the CFP objectives, to the lack of coordination with other funds and with a monitoring system that not only impedes a good follow up of the instruments but that exacerbates the lack of focus on the achievement of the CFP objectives.

Lack of alignment between EFF allocation criteria and the size of the fishing sector: low absorption of the EFF

Currently, the EFF is allocated on the basis of dual criteria. For convergence regions (regions with the GDP per capita below 75% of the EU average) funding is allocated on the basis of the historical share of the fisheries instrument in the cohesion policy. This method accounts for 75% of the overall EFF envelope. The remaining 25% is distributed among non-convergence regions on the basis of a number of criteria, such as the size of the production of the fisheries sector in the MS (including employment) and the scale of adjustment needed to reduce the fishing effort.

As a result, the allocation of the funding is predominantly aligned with the level of economic prosperity – the lower the latter the higher the funding. However, the distribution of fishing activities does not follow the same logic. There are a large number of major fishing nations in the EU which belong to the non-convergence category. This results in huge disparities among the MS in terms of the support per capita, to the detriment of the fishing sector in richer MS. These disparities measured at the level of the MS are as high as 30 to 1.

As a consequence, the allocation method is one of key factors responsible for the current delays in EFF absorption (certified interim payments sent by MS by October 2011 amount to 19,4% of the overall EFF allocation), as some MS combine a huge allocation under the EFF with a small fishing and aquaculture sector eligible for this support.

This absorption problem is not unique to the EFF. According to the MFF Communication, many MS have difficulties in absorbing EU funds not least due to their fiscal situation which made it more difficult to release funds to provide national co-financing. For EFF this was further complicated by the late adoption of both the EFF and the implementing regulations. Moreover, the launch of EFF overlapped with the finalisation of the implementation of the previous Financial Instrument for Fisheries Guidance (FIFG) 2000-2006 which put an additional strain on a relatively small fisheries administration. Finally, some MS had difficulties in putting in place the Management and Control System (MCS) for the EFF, necessary for the certification and reimbursement of payments made by MS to beneficiaries. The reason was that MS gave priority to MCS required by other, larger EU funds.

Lack of strategic approach in the EFF

This is a recurrent problem already present in the context of the previous FIFG²⁰, which lacked clarity in strategy and priorities regarding the type of investment to promote. The EFF is programmed at the level of axes and MS can choose their own priorities from the "menu" of measures available under each of them. This often leads MS to giving preference to investment facilitating absorption rather than focusing on key CFP priorities. This resulted, for instance, in overinvesting in some types of infrastructures. The EFF introduced the National Strategic Plans (NSP) to avoid this type of the approach. The NSP sets out the priorities, objectives, estimated public financial resources required and deadlines for its implementation, with particular regard to the objectives set out in the CFP.

However, unlike for other EU funds under shared management, there is no EU-level strategic framework setting-up references levels and targets for strategic orientations. Moreover, the Commission does not approve NSP which gives it a very limited impact on its final shape. Finally, while some MS regarded the NSP as an important first step enabling a focus on the strategic priorities, most of them considered it as redundant with the Operational Programme (OP) and not worth the administrative effort. As a result, most of NSPs have been disregarded once the OP is in place. In this way the lack of strategic approach remains unaddressed.

Insufficient use of the EFF for achieving environmental sustainability

An example of the consequences of lack of the strategic approach is a low uptake of EFF measures related to the environment. According to the mid-term evaluation of the EFF²¹, measures to reduce the impact of fishing and aquaculture on the environment are hardly used: just €25 million has been committed so far by a few MS. Some types of investments eligible under the measure "investments on board fishing vessels and selectivity" are also relevant for the environment but MS tend to use it rather for the modernisation of fishing vessels. Furthermore, only a few MS use aqua-environmental and animal health measures.

The EFF can also support measures of common interest intended to protect and develop aquatic fauna and flora while enhancing the aquatic environment. These measures relate to the construction or installation of static or movable facilities, the rehabilitation of inland waters, or the protection and enhancement of the environment in the framework of NATURA 2000. However, the commitment rate of these measures is also very low. Axis 4 appears to have a high potential for supporting environmental projects locally, but its current state of implementation does not allow having a sufficiently clear picture of this type of investments.

Weak coordination of the EFF with the other funds intervening in the area of fisheries and maritime policy

There are mechanisms available to coordinate with the other structural funds and rural development fund. This is the objective of the so-called "demarcation lines", an informal inter-service document which specifies which fund should support a certain type of investment. However, MS found that Commission's guidance too general and focused too much on the demarcation, at the expense of co-ordination. In addition, as OPs are written at a stage when there is little ability to foresee the measures that will subsequently be implemented, it was difficult to fix clear demarcation lines. Further problems emerged during the implementation phase, due to some differences in the definition of eligible measures (e.g.: in-kind contributions, salary costs and VAT). Finally, subsequent modifications of the OP can result in the lines being obsolete.

Weak co-ordination of local development implemented under EFF and rural development is an example of potential synergies which might be exploited to a larger extent. Local groups created under both funds often exist in the same areas and face similar problems; yet the possibilities of co-operation between them existing in the legislation in force are limited.

Moreover, there is a large but unexploited potential for the co-ordination with centrally managed EU funds, such as LIFE.

Lack of critical mass of projects

As a consequence of the lack of strategic approach and the weak co-ordination with other funds, there is little concentration of EFF expenditure on strategic priorities, such as aforementioned environmental sustainability. A specific issue linked mainly to the sustainable development of fisheries areas is the size of the budgets of local partnerships. Some of them are as small as €100,000 which means that local group cannot have a real impact on the economic situation in the fisheries area - the experience shows that optimal budget should be around 2-3 million per group. This is made worse by the lack of alignment between allocation criteria and the size of the fishing sector.

A weak monitoring and evaluation system that lacks focus on results and performance

The monitoring and evaluation functions within the EFF have various weaknesses that prevent high quality reporting and limit an effective impact on the results and performance of the programmes. The EFF does not have any common framework for monitoring indicators on results and impacts. DG MARE produced a guidance document covering these aspects²². However, in the end each MS has set up its own indicators. The resulting heterogeneity impedes aggregation and comparisons across MS.

Data based on a common list of 170 categories of data related to measures (as defined in Annex III of Regulation (EC) No 498/2007) are to be communicated on request to the Commission. MS consider that indicators required by EFF implementing regulation are too numerous and redundant. Furthermore, despite being compulsory output indicators, these data are no longer collected on a regular basis by the EU as the Infosys system created for the 2000-2006 programming period and that was used to consolidate data received from MS is no longer operational under the EFF. The existing system is ineffective whilst it entails a high administrative cost at both national and EU level.

Furthermore, the issue is not limited to the lack of coherence. The interim evaluation of the EFF has shown also that both existing indicators and reporting at mid-term period are focused on operational level and financial absorption, and that less attention is given to results and impacts. Impact indicators are also less developed and difficult to follow. This exacerbates the negative consequences of the lack of strategic approach.

The above shortcomings explain the lack of focus on results. With the exception of scrapping where the combined use of the monitoring system and the Fleet Register allows an overview of the evolution of the fleets, it is very difficult to know to what extent the money spent has actually contributed to achieving the objectives of the CFP.

The insufficient use of conditionalities

No conditions, sanctions or incentives can currently be attached to the achievement of objectives. Furthermore, conditionalities are seldom used in the current CFP in general and in its financial instruments in particular. They take the form of general condition such as "*operations financed by the EFF shall not increase fishing effort*"²³ or of very specific conditions attached to the eligibility of certain measures (exclusion of the retail sector from the support under Axis 2 for example). Some formal conditions are also present such as the need to carry out an ex-ante evaluation (including an environmental impact assessment), the use of a specific template for presenting the OPs, etc.

Beyond these, there are neither general conditions such as a strategic fit of the programme with the objectives of the CFP, nor specific requirement for compliance with other CFP-related legislations such as control, IUU or data collection regulations which could foster compliance and coherence of the whole policy.

2.3.2. Financial instruments under direct management

The financial instruments under direct management have also some design and delivery problems, often similar to these of the shared management instruments. In particular, delivery and design mechanism was a key factor leading to an inefficient functioning of the CMO in fisheries and aquaculture products. These issues, however, have been addressed by the new CMO regulation adopted by the Commission within the framework of CFP reform²⁴: current intervention mechanisms have been simplified (one intervention instrument instead of six) and the role of Producers Organisations (PO) have been significantly reinforced.

The main outstanding problem stemming from direct management relate to administrative constraints internal to the Commission. This translates into heavy

administrative costs and burden for the EU and the beneficiaries, which are mainly administrations in the MS. This, for example, is one of the reasons for the delayed implementation of control expenditure.

The *Comitology* attached to financial instruments under the direct management is different, leading to a multiplication of meetings and a lack of awareness of the stakeholders that are not involved in the discussions held in each Committee.

A related issue is the fact that these strands of funding are generally managed on an annual basis, which is incompatible with the longer term strategic approach required for the CFP reform. This also renders achieving consistency with the mainstream EFF funding very difficult, if not impossible.

Similarly, the fact that data collection is implemented through a separate instrument prevents it from ensuring better policy enforcement – as the financial sanctions for those MS which do not provide required data are seriously limited.

The adoption of the IMP funding instrument is still pending; therefore no conclusion about its functioning can be formulated at this stage. For voluntary contribution to RFMOs and the governance expenditure, the major conclusions of evaluations concerned legislative arrangements rather than delivery mechanism; those were addressed by the CFP reform.

Finally, the scheme to compensate for the additional costs incurred in the marketing of certain fishery products from the outermost regions has provided MS with a significant degree of flexibility to confront changes in demand affecting the marketing of seafood products from these regions in terms of eligible products and levels of compensation. However, transparency regarding compensation is not fully guaranteed because there are not always lists of eligible additional costs. Furthermore, there are coordination problems with other EU funding instruments related to fisheries and aquaculture (e.g. funding for aquaculture development in the EFF) or to other policies (e.g. POSEI Agricole).

2.4.limit their effectiveness in achieving CFP and IMP objectives

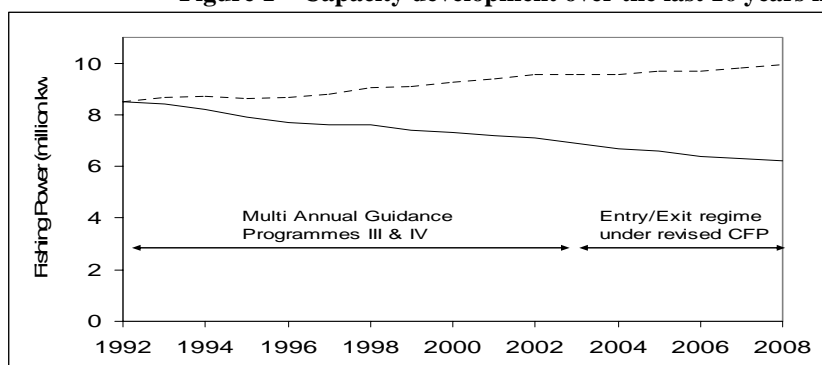
This section focuses on these CFP problems the solution of which requires public financial support. None of them is new. Their persistence over the years shows the lack of effectiveness of the public support tools so far (notably the FIFG and the EFF).

2.4.1. Environmental sustainability

Public financial support has not eliminated the problem of overcapacity

The CFP Reform IA report²⁵ identifies overcapacity²⁶ as one of the key drivers of overfishing. Notwithstanding almost 30 years of EU financial support to scrapping, overcapacity remains significant in many fleets. Over time, the financial amounts allocated to scrapping have actually increased: €374 million for the period 1994-1999, €559 million (2000-2006) and €720 million forecasted in the current programming period (2007-2013). Yet, nominal fishing capacity (expressed below as a continuous line) is removed at the constant rate of ca 2% per year (1.8% for 2007-2013), which barely corresponds to the increase in actual fishing capacity (dotted line) due to technological progress (2-3%).

Figure 1 – Capacity development over the last 16 years in EUR12 MS



Source: EU's Fleet register

Scrapping premiums can have the perverse effect of encouraging fishermen to continue fishing, even though fishing cannot provide them with viable income²⁷.

The above view was emphasized by the Court of Auditors (ECA)²⁸. In its report it concluded that the measures taken to date to reduce fishing overcapacity by adapting the fishing fleet to fishing resources have been unsuccessful. Moreover, according to the report, the effect of scrapping was further reduced by investments linked to modernisation aboard which was very likely to lead to increases in fish catches.

The effectiveness of scrapping premiums is further put into question because 50% of recent reductions of capacity (in terms of number of vessels) was achieved without EFF support and seems to be the result of increases of fuel costs and reductions of income.

Finally, other management tools have proven effective in reducing capacity without public funding. This is the case of transferable fishing rights implemented in a number of world fisheries and, increasingly, in the EU itself. In Denmark, for example, in the first two years after the introduction of the system, the demersal fleet was reduced by about 35% in terms of active vessels. A recent assessment of the capacity of the Danish fishing fleet showed a good balance between the capacity of the active part of the fleet and the fish resources presently available for Denmark.

Fishing has a high environmental impact

The existence of high levels of **discards** is identified in the CFP Reform IA as an important driver of the lack of environmental sustainability of the CFP. Based on FAO data, it can be estimated that in EU fisheries discards could reach 23% of total catches. As TACs are based on landings; discarded fish are not taken into account. This unaccounted mortality reduces the effectiveness of the TAC system as a conservation tool and undermines scientific advice.

The reformed CFP proposal includes ban on discards. As shown in the CFP Reform IA, such policy should induce a change in selectivity of gears and fishing techniques. However, in the short term (2013-2015) it may imply significant negative impacts, both in terms of increased cost of fishing (resulting from the acquisition of selective fishing gear) and reduced income from fishing (lower first sale prices).

Another issues which needs to be addressed concerns a by catch of protected species. There are also scientific and public concerns about the environmental impacts of the fisheries from a broader perspective of maintaining biodiversity and the health of marine ecosystems. Some forms of fishing (bottom trawlers for example) have a strong impact on vulnerable marine ecosystems, which need better protection. Small scale coastal fleets (SSCF) often (although not always) fish with less negative impacts in a non-intensive

manner, using a range of seasonally diverse fishing methods on a range of species, have a relatively low impact on the ecosystem.

Environmental impacts of aquaculture

Extensive and some types of intensive aquaculture (such as closed recirculation systems) may have very low or no environmental impacts (apart from high electricity consumption in recirculation systems). However, some other types of intensive fish farming may have negative environmental impacts such as sedimentation, water pollution, genetic interaction with wild organisms or spread of diseases and parasites²⁹.

Carnivorous fish farming, as other animal production sectors (e.g. poultry, pig production)³⁰, imply a demand for fish meal and fish oil which may add itself to the fishing pressure on wild stocks for human consumption. In recent years, new knowledge³¹ and technologies have been developed which may limit the future needs on fish meal and fish oil of the aquaculture sector. However applied innovation is still required in these areas. Furthermore, the small size of the aquaculture sector acts as a disincentive for firms to invest more in research and innovation, whereas the small average size of aquaculture firms limits their access to existing technologies.

Furthermore, there are many cases where compliance with higher, standards (in particular in the phytosanitary field) increase production cost and make farms less competitive in the market place.

Aquaculture production is also highly dependent on a high quality environment – above all the water quality. This is an increasing concern for most aquaculture sectors.

On the other hand, aquaculture often plays an important role in environmental conservation and enhancement of biodiversity, retention of water in the landscape and flood protection. In some cases aquaculture is instrumental in restoring wetlands for sustainable exploitation. These extensive or semi-intensive aquaculture systems can be compatible with sensitive habitats and can generate environmental benefits.

One clear example of the above is that of extensive fishponds, especially in Central and Eastern Europe. They provide a very important habitat for large numbers of water birds. They were created in the 1940s and 1950s, mostly for carp farming. Very often such fishponds developed on the site of former natural wetlands and, due to the extensive management, have evolved into semi-natural wetlands supporting high biodiversity. In this way inland aquaculture has replaced natural marshes in hosting high diversity of aquatic plants and animals. At the moment, many of these aquaculture facilities lie close to/in NATURA 2000 sites. In countries such as the Czech Republic, Romania and Hungary sites with fishponds makes up a quarter or more of all special protection areas (SPAs) in the country³².

In economic terms, on the one hand, the provision of these environmental services results in higher production costs which make these firms less price-competitive. On the other hand, many consumers are not willing to pay a higher price for these products, in spite of their positive environmental role. As a result aquaculture activities in these areas risk not being profitable. Intensification of production in fishponds or the pure abandonment of traditional fish farms would severely decrease their role as a wildlife habitat. Their drying up, encroachment by scrub and trees or replacement with other land use will lead to the decline of biodiversity.

According to the EFF interim evaluation, the lack of strategic approach, of clear priorities and of focus on performance and results seriously limits the contribution of the

EFF in the environmental areas (see section "Insufficient use of the EFF for achieving environmental sustainability")

Insufficient scientific advice and data and lack of co-ordinated approach to marine data do not allow for a fully fledged knowledge based policy.

The CFP Reform IA report³³ identifies the lack of sufficient scientific advice and economic data as an important driver for the lack of environmental sustainability and a risk for the success of the CFP reform. Reliable scientific information (allowing for knowledge-based management) is available for just 45% of the 208 commercial stocks for which the EU is responsible. The situation is even worse for the Mediterranean, although this is partly explained by the fact that there are no TACs set at EU level.

Furthermore, according to the Communication from the Commission "*Consultation on Fishing Opportunities for 2011*"³⁴, the number of stocks the state of which is unknown due to poor data has been steadily increasing for the period 2003-2010 (from 48 to 60 stocks in the North-East Atlantic and adjacent waters).

Significant amounts of additional funding would be required (estimated at around €20 million/year). This should be also considered in the light of potential risk that the capacity of the MS to co-fund data collection expenditure may be reduced, in the aftermath of the current budgetary austerity programmes.

Knowledge is not only necessary for fisheries but also for the wider maritime economy. Member States spend approximately €1.5 billion a year collecting marine data. The impact assessment³⁵ for "marine knowledge 2020"³⁶ found that a better-organised marine data infrastructure would not only save €300 million a year to existing users but open new opportunities for innovation worth another €60-200 million a year. The co-ordination between data collection done under the Data Collection Framework (which largely supports collection of data) and the European Marine Observation and Data Network (which largely assembles data that has already been collected in order to facilitate their distribution to users) is insufficient at the moment.

Insufficient compliance with the CFP rules

Since 1996 EU provides funding to control programmes which enable MS to fulfil their role in relation to control and enforcement of the CFP. As concluded by the CFP IA, the control and IUU Regulation set up new framework which properly addressed weaknesses detected by, inter alia, the report of the ECA. However, the implementation of this framework, in particular in terms of new technologies (including those made obligatory by the EU control regulation) requires significant amounts of funding. The increased frequency of the control – a main recommendation of the evaluation of the second instrument – will have similar consequences. Finally, as in the previous case the capacity of the MS to co-fund control expenditure may be reduced, in the aftermath of the current budgetary austerity programmes.

The lack of common tools to regulate spatial deployment of economic activities at sea and collaboration in the implementation of environmental policy

Competition for space among human maritime activities and in the marine environment, combined with no or limited coordination increases pressure on the marine environment. The current state of development of Maritime Spatial Planning (MSP) is insufficient to achieve environmental sustainability. It can also have negative effects on economic sustainability, in particular for the marine aquaculture sector, as the lack of MSP

providing investors with a business certainty is considered to be an important bottleneck for the development of the sector.

The Marine Strategy Framework Directive requires Member States to achieve good marine environmental status by 2020³⁷. Member States are required to cooperate where they share a marine region or sub-region. Experience so far demonstrates EU led co-operation – such as EU strategy for the Baltic Sea - is much more efficient in this respect. Such coordination needs to be developed in other sea basins which require the set-up of steering mechanisms and stakeholder involvement.

2.4.2. Economic sustainability

EU fisheries and aquaculture are characterised by low innovation level and insufficient economic viability

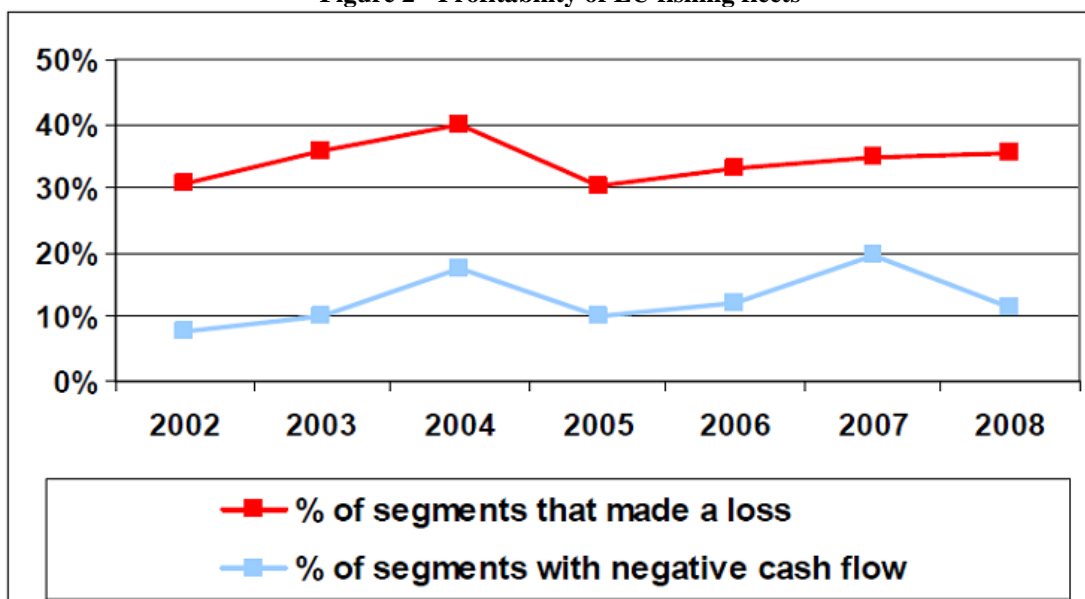
According to the MFF Communication, the EU faces a significant innovation gap that needs to be addressed if the EU is to compete with other developed economies and emerging, developing economies³⁸.

These innovation gaps exist also in the fisheries sector. The CFP reform IA report³⁹ points out that, on top of overcapacity, low levels of innovation explain part of the poor performance of the catching sector and the stagnation of the aquaculture production in the EU for the last 15 years. Available data shows that labour productivity (measured in terms of gross value added per employee) in the fisheries and aquaculture sector in the EU is 25% lower than the EU average. Neither the FIFG nor the EFF have been able to significantly fill that gap, in spite of the significant amounts of public financial support vested to the sector (FIFG and EFF account for some 10% of the value of landings in some coastal areas)⁴⁰.

The catching sector

Although low innovation levels can have many effects, they certainly prevent the catching sector from adding more value to their products. It also means that production costs are higher than they could be.

Figure 2 - Profitability of EU fishing fleets



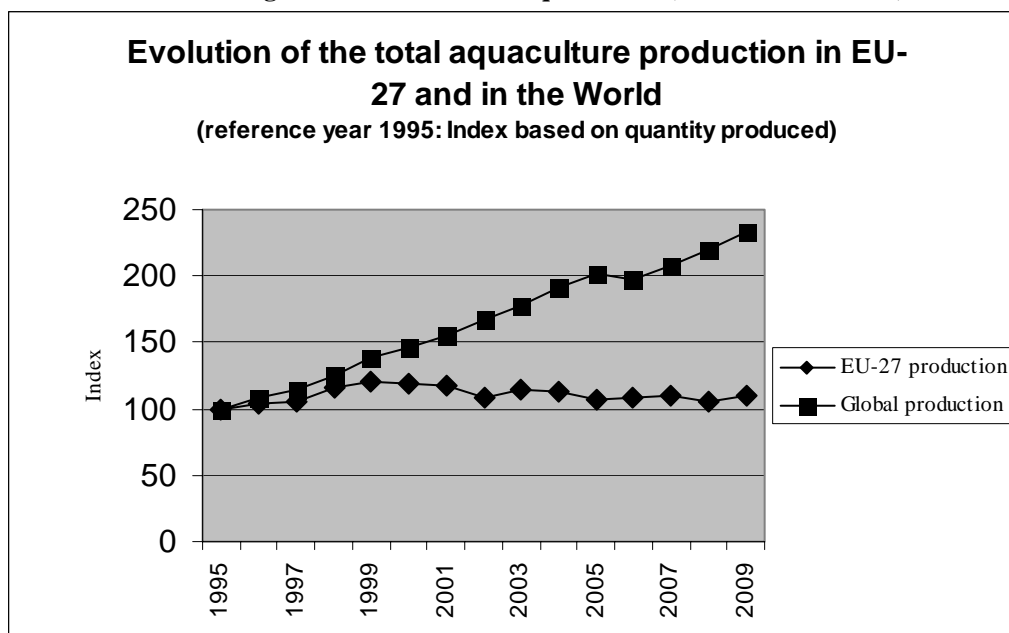
The issue of innovation is of a particular importance for the **small scale coastal fleet** (SSCF). 91% of fishing enterprises in this sector own a single vessel, placing them in the micro enterprise category. This makes financing innovation particularly difficult, taking

into account the risky nature of investments in the sector and the difficult access to funding of SMEs in the current economic downturn.

Aquaculture

As stated above, the EU **aquaculture** production has not been increasing for the last 15 years, and that in spite of a relatively high technological level and quality better than products imported from third countries.

Figure 3 - Production of aquaculture (Worldwide and EU)



The EU aquaculture is exposed to many important constraints such as competition for space and access to water, lack of level-playing field and high administrative burden. As emphasized in the CFP reform IA, the high EU standards put EU aquaculture at the forefront of sustainable development in the world, but combined with higher production costs and the market which is not ready to compensate for more sustainable methods of production, aquaculture has a difficulty to compete price-wise with some third-country producers.

Consumer awareness on aquaculture products and their production methods are limited. They are not well informed about the sustainability and the high quality of the aquaculture production in the EU. Given this lack of information the price factor remains the main driver of consumer choice. Furthermore, some European fish farming sectors have been facing repeated “bad press” in recent years, which has tarnished their image.

New technologies, research, innovation and infrastructures in the aquatic environment are expensive. The results of the new knowledge and innovation projects are often not well disseminated, especially to SMEs (60% of the EU's aquaculture firms are micro-enterprises and 98% are SMEs).

A significant proportion of the assets of a traditional aquaculture enterprise lie in the value of the stock, which makes any disease or abnormal mortality in the fish stock or the suspension of harvesting farmed molluscs a significant risk to the economic viability of firms. The same goes for market closures related to the occurrence of marine bio toxins.

The small size of most EU aquaculture firms makes difficult their access to finance and to insurance (where it is available), possibly even more so than SMEs in other economic sectors. Aquaculture also has a long production cycle, which implies a significant time

lag between a loan being taken out for site development and sufficient product sales to start making repayments. The long production cycles also make it more difficult for producers to cope with market price fluctuations.

Finally, as stated above, another important bottleneck is the lack of certainty for economic investors, especially in the marine areas where spatial planning is lacking.

The low economic viability of fisheries and, in particular, aquaculture, is largely the result of the organisation of supply and of marketing and commercialisation. In that respect the CMO IA pointed to the fact that EU supply is both diverse and fragmented while fisheries and aquaculture Producer Organisations (POs) lack the resources and the incentives to organise production efficiently and manage fishing. Furthermore, many EU producers do not sell their fish or aquaculture products, but rather wait until buyers come. A large part of their economic fragility comes from their poor understanding of the market and a lack of strategic marketing.

The current EFF includes measures to address some of these issues. However, these measures (linked to innovation and to facilitating the adoption of environmental standards) are scattered over the different axes and, with the exception of the Netherlands, are not addressed in a strategic manner by the MS. As stated above, in most MS the emphasis is put on "simple replacement"⁴¹ investments. Axis 4 seems to have a high potential for fostering local innovation. In those Member States where the local partnerships started early, there is already evidence of a number of highly innovative projects⁴² in adding value to the local products (e.g.: marketing or processing of local catches including shellfish or seaweed). However, it is too early to see actual results.

Understanding and tapping the growth potential in maritime sectors

Segmentation of maritime policies results in a lack of synergies and a lack of adequate support for research for technological innovation. This also impedes a clear understanding of where the real potential for marine growth exists.

There are areas of potential technological innovation in maritime activities which are not supported by sectoral or national instruments due to their prospective nature. The lack of interoperability between sectoral, national and Community surveillance systems can be an example here. The current situation is that whereas data stop at the national borders vessels and criminal activities do not. Duplication of efforts at regional, national and EU levels increase the economic costs, reduce the overall effectiveness of surveillance and thus degrades security and safety at sea. This is crucial considering that 90% of Europe's external trade is carried out at sea.

Similarly, the lack of coordinated approach results in conflicts between different stakeholders – often to the disadvantage of the fishermen or aquaculture farmers - and limits the potential for the economic growth. Hence the need for MSP which can balance different interests including the environmental aspects, and improve the predictability for planning of future investments.

High fuel/energy consumption in fisheries

Fishing, aquaculture⁴³ and the processing sector contribute to CO₂ and other emissions and hence to climate change. Global fisheries represent around 1.2% of global fuel consumption.

Based on Annual Economic Report data, it is estimated that on average consumption was 0.58 l of fuel per kg of landings in 2007. This figure has been worsening since 2002 (0.38 l /kg) which most likely can be attributed to the deterioration of stocks.

There are nevertheless very substantial differences between fishing gears. Pelagic trawlers & seiners (0.18 l /kg) and dredges (0.24 l /kg) are those consuming less. Demersal (1.32 l /kg) and –in particular – beam trawlers (2.38 l /kg) are the most fuel-intensive techniques. There are also significant differences length categories. Generally speaking, the longest the vessel the lowest its fuel consumption per kg of landed fish. Vessels over 40 meters consume far less than the average (0.32 l / kg); those in the 24-40m category consume 0.53 l /kg. Vessels up to 12 meters (SSCF) consume 0.81 l / kg. Finally, the 12-24m category consumes 0.87 l /kg.

If successful, the reformed CFP should significantly improve the situation both in terms of absolute and relative fuel consumption and emissions – through the removal of overcapacity (less vessels fishing the same amount of fish) and through the rebuilding of the stocks (less time necessary for the catch). With the introduction of market based system fleets should also become economically viable and more resilient to the increases in fuel costs.

However, investments in energy efficiency represent a short term cost that will only pay in the long term, if fuel prices would be sufficiently high. The incentive for the sector to engage in such investments (e.g.: energy audits and pilot projects which are possible under the current EFF) seriously diminishes as soon as fuel prices go down, with the result that sudden price surges take the sector unprepared, which immediately threatens its profitability.

The results of the evaluation, audits and the ECA report, demonstrate that such energy efficient investments in particular with regard to onboard modernisations need to be carefully framed in order to avoid increasing the ability of the vessel to catch fish in the current overfishing context. The same care has to be paid with financing engine replacement which very easily can increase the fishing capacity of vessels.

2.4.3. Social sustainability

Low attractiveness of jobs in the catching sector and the reduction of employment undermine the viability of fishing communities

The CFP reform IA report referred to the low attractiveness of employment in the sector in particular for younger generations of local people and to the threats the decline of fishing activities represent for many coastal communities dependent on fishing. The CFP in general and its successive public funding tools have not avoided the decline of the employment and of the attractiveness of the sector for new generations. From that perspective it seems clear that the role of the public funding of the CFP in ensuring sustainable income has been poor at best.

The decline of fishing activities is already a fact in many coastal areas as the employment in the fisheries, since 20 years, has been going down at the constant rate 4-5% per year. This is also explained by wages that generally speaking remain below national averages and poor working conditions on board.

Many of these communities are reacting and new activities are replacing fisheries as main sources of income and employment. However, some of these coastal areas may not have viable diversification alternatives at hand. At the same time the employment potential in other maritime sectors in the area may not be exploited due to the lack of qualifications.

In that respect, socio-economic studies on fisheries dependent communities⁴⁴ have shown that in most cases, the alternative employment opportunities are not readily available or

appropriate to the skill sets of fishers, and that the effects on employment will need time and adequate support (training, specific investments) to occur.

Furthermore, the reduction of overcapacity that should result from the CFP reform would bring about further employment losses. According to the CFP reform IA, these could amount to close to 24% of employment in the modelled fleets (2022 over 2012)⁴⁵. Some further employment losses would take place in the ancillary services sector. Creation of some employment in processing would not be enough to compensate for the expected losses.

Even though they represent 26% of employment in the fisheries sector⁴⁶ women are confronted with a series of challenges. There is a lack of visibility and recognition of the contribution women make to the sector and fishing communities: numerous women work in the family fishing enterprise (e.g. taking up management, administration, marketing tasks etc.) or in ancillary activities such as net mending, often without a legal status and the associated social security. In addition women have faced obstacles in access to advisory and decision-making bodies (incl. resource management), as well as access to loans and there are no specific measures, outside Axis 4, under the current EFF.

3. THE JUSTIFICATION FOR THE REFORM OF THE PUBLIC FINANCIAL SUPPORT INSTRUMENTS

3.1. Who is affected by the public financial support instruments and how

The public financial support instruments are tools to support the CFP and the IMP and contribute to achieving its objectives. As a successful CFP and IMP are the ultimate reason of being of public financial support, stakeholders affected are the same identified in the CFP reform IA report:

Table 1 - Key stakeholders in the EU fishing industry

<i>Stakeholder</i>	<i>Description of stakeholder</i>	<i>Key interests</i>
<i>Catching sector in the EU</i>	EU vessel owners, operators and crew.	Maintaining profitability and livelihoods.
<i>Aquaculture sector</i>	Aquaculture producers	Maintaining profitability and livelihoods
<i>Dependent businesses & communities</i>	Business and communities dependent upon fisheries for their livelihoods.	Maintaining profitability and livelihoods as well as the viability of communities in the face of the decline of fishing activities
<i>Processing sector</i>	Those processing raw material both imported and caught within EU waters	Maintaining profitability and livelihoods. Increasing value added. Get access to stable supplies.
<i>Sector regulators</i>	National, regional and local bodies regulating fishing	Optimize public financial support as tool to achieve objectives of the policy. Guarantee food supply.
<i>Sector research</i>	Scientific research bodies contributing to the conservation and management of stocks	Contribution to an effective fisheries management regime through the timely access to high quality data.
<i>Consumers</i>	Those consuming fisheries products	Availability, cost, quality and nutritional values of fisheries products with varying degrees of environmental scrutiny.
<i>Third countries</i>	Fishing sector in competition with EU fleets. Aquaculture producers, exporters to the EU.	Conflicting interest between those who see the EU as export market and source of revenue and small local fishing communities that face competition from external fleets of the EU on access to local resources.
<i>NGOs, the civil society and EU citizens</i>	Non-governmental organizations advocating sustainable management of fisheries. The wider public with an interest in and concern for fisheries and the marine environment	To maintain fish populations, marine biodiversity, and the amenity value of oceans, rivers and lakes together with an economically and socially sustainable industry. Adequate food supply.

3.2. Has the EU the right to act?

According to Article 3 (1) (d) of the Treaty of the Functioning of the EU (TFEU), the Union shall have exclusive competence in the conservation of marine biological resources under the CFP. Other aspects of fisheries are, under Article 4 (2)(d) TFEU, shared competences between the Union and the Member States. Article 43(2) TFEU establishes the EU power to adopt the provisions necessary for the pursuit of the objectives of the CFP.

According to the draft IMP Financial Regulation (2011-2013), the IMP objectives to be pursued through the future funding are linked to the following multiple legal basis: Articles 43(2) - Fisheries, 91(1) and 100(2) - Transport, 173(3) -Industry, 175 – Territorial Cohesion, 188 – Research, 192(1) -Environment, 194(2) –Energy and 195(2) – Tourism of the TFEU⁴⁷. As regards Integrated Maritime Surveillance (IMS), it will be financed essentially on the basis of sectoral legislation.

3.2.1. Subsidiarity and proportionality tests

According to the MFF Communication, the proposal for the future budget of the EU has strong in-built pan-European logic and focuses already on *"the policy areas where the EU can be more effective by acting through the EU level in the current climate of national austerity and financial consolidation"*. In that respect there is strong subsidiarity logic in it as regards the areas and issues it proposes to cover and address.

Regarding fisheries, the MFF Communication refers to a new European Maritime and Fisheries Fund (EMFF) structured around 4 pillars: Smart, Green Fisheries, Smart, Green Aquaculture, Sustainable and Inclusive territorial Development and Integrated Maritime Policy. The first three pillars are under the shared management, the last one under the direct centralised management. In addition, the EMFF will include accompanying measures in the areas of data collection and scientific advice, control, governance, fisheries markets (including outermost regions), voluntary payments to Regional Fisheries Management Organisations (RFMOs) and technical assistance. Two further international instruments complement the policy: Fisheries Partnerships Agreements (FPAs) and the compulsory payments to RFMOs. As explained before, these two instruments will remain outside the scope of EMFF.

The subsidiarity and proportionality for the parts of the CFP falling under shared competence is as follows:

Regarding the **EMFF** itself, its general objective is to support the objectives of the CFP. Given the structural problems of the fisheries sector (as explained in the present IA but also in the CFP reform IA and the CMO IA reports) as well as the limits on the financial resources of MS – in particular in the current economic context - MS are not in a position to sufficiently achieve these objectives acting on their own. They can therefore be better achieved at EU level by multi-annual financing focussed on the relevant priorities.

Achieving sustainable fisheries within the field of the exclusive competence of the CFP may imply negative social impacts for coastal communities, particularly in the short to medium term. This is of particular importance for coastal communities depending on fishing, as the viability of some of them is already precarious today.

In this context, public intervention maximising value added of the fisheries or allowing fishers to find alternative jobs, in particular in the expanding sector of maritime economy is expected to be of crucial importance. EU financial support will also set the framework

for national state aid, thus preventing distortion to competition among the MS which might undermine the implementation of the CFP reform.

Many factors related to the **aquaculture sector** (e.g. allocation of space, issuing and renewing of licenses; red tape) have a strong subsidiarity dimension. On the other hand strategic choices made at national level may impact the development in neighbouring MS or in the whole of the EU. This is due to the fact that many aquaculture sites operate in marine ecosystems which go beyond national borders and due to the development of off-shore aquaculture (which can be towed from one marine area to another or, in the future, even to waters within EU competence) and to the increasingly global nature of market for some aquaculture products (such as salmon, sea bass or sea bream).

Promoting the sustainable development of aquaculture is also essential to meet the growing demand for fish and seafood in the EU and to ease the pressure on marine fish stocks. It can also divert demand from less sustainable stocks and increase the number and range of substitutes for these species. As stated above, all these factors become more important in the current context of national austerity and financial consolidation and given the SME nature of most of firms in the EU aquaculture sector.

In their conclusions with regard to the EU aquaculture strategy of 2009, both the Council and the European Parliament (EP) supported the further financing of aquaculture both in the current EFF and the new, future financial instrument. The EP stated in its opinion that it:

"29. Hopes that the future European Fisheries Fund in support of the reformed Common Fisheries Policy will provide for specific budget lines for sustainable aquaculture development and support for investment in that sector, following best environmental practice, and to promote economic activity and employment with a particular focus on technologically innovative plants with a lesser environmental impact (e.g. water purification systems for eliminating residues and pollutants), farms that promote fish health and welfare and sustainable forms of aquaculture;

30. Hopes that this Fund will take into due account the need to provide financial support for enterprises in the sector, particularly for SMEs and family-run enterprises, based on their contribution to the social and economic development of the coastal area and with the emphasis on remote and border areas".⁴⁸

The Commission has taken on board these requests and the proposal on the reformed CFP requires that MS prepare *national strategic plans* based on a set of strategic EU guidelines to create favourable conditions for aquaculture and to improve its competitiveness, to support its sustainable development and innovation, and to stimulate diversification. Open methods of coordination may take the exchange of information and best practices among Member States a step further.

Control and enforcement as well as **data collection and scientific advice** are necessary pieces for the exclusive competence to be exercised and the general objectives of the CFP achieved. Data collection and scientific advice are core element for efficient management of fisheries and marine resources; they are the key to a fully fledged knowledge based policy. Similarly, control activities co-ordinated and co-financed at the EU level provide for significant savings and synergies in terms of costs and compliance (for example through a joint purchase and use of control vessels).

Regarding the **CMO**, according to the new CFP Regulation, measures provided for under the CMO need to be consistent throughout the EU to maximize their effectiveness and to ensure the functioning of the internal market. The compensation mechanism for the outermost regions is

Finally, as regards the **IMP**, the rationale for action at EU level stems from the cross-sectoral and trans-national nature of many of the activities involved. EU action is likely

to produce clear benefits by reason of its scale and effects, compared with activities and actions pursued only at the level of Member States and regions:

- Marine knowledge will not imply investing EU money in data collection or data application, but limits itself to data assembly (i.e. pooling data that have already been collected) to create accessibility and inter-operability.
- Even though the maritime surveillance activities are carried out by Member States, most of the activities and threats that they address are transnational in nature. Threat analysis done by one MS is not shared on a systematic basis across borders thus identified threats regularly remain without a global response. A Common Information Sharing Environment (CISE) is expected to be developed in each MS, in each EU sectoral community and across communities in the EU. Only the EU common/central component will be financed by the Integrated Maritime Surveillance (IMS)/IMP budget. The sectoral components (at EU level) will be financed by the respective sectoral funds. the national by the MS. The setting up of the CISE should allow for technical improvements, sectoral enhancements and better situational awareness. This process shall also not hinder the development of existing and planned sectoral information systems, as long as the need for interoperability enabling information exchange with other systems is taken into account.
- Competence for the MSP process will remain at MS level, based on common standards in the context of a proposed EU initiative. However, EU action would ensure that MS implement MSP in EU waters and that they would do so more coherently through common objectives and through effective cross border cooperation between Member States. Doing so would allow to achieve the potential economic effects of MSP which are fourfold: (i) enhanced coordination and simplified decision processes leading to reduced transaction costs, (ii) enhanced legal certainty for all stakeholders in the maritime arena, (iii) enhanced cross border cooperation and (iv) enhanced coherence with other planning systems.
- From a maritime perspective, issues may be more often related to sea basin characteristics and are thus trans-national by nature. Given the highly integrated and globalised nature of most of the maritime economy, MS are often not able to address the trans-national dimension of the Blue Growth concept and hence to ensure full consistency with the Europe 2020 goals. However, it has to be noted that proposals to be brought forward concerning maritime economic sectors as a result of the on-going Blue Growth initiative will not necessarily imply additional investment but a better focus of interventions on areas which are most promising in terms of growth and employment through innovation.

In all cases, action at EU level will not go beyond what is required to achieve the objectives of the MEFF.

4. WHAT ARE THE POLICY OBJECTIVES?

In line with the CFP reform and the MFF Communication the general objectives of the EMFF are the following:

- To support the objectives of the reformed Common Fisheries Policy.
- To support the further development of the Integrated Maritime Policy.

The future funding instruments is a tool to achieve these objectives. In doing so, it will also contribute to the Europe 2020 strategy, in particular to three flagship initiatives: a resource efficient Europe, an innovation Union and the agenda for new skill and jobs⁴⁹.

As stated above, the focus of the EMFF would be put on market failures resulting in activities not sufficiently financed by private or national funding.

It is also important to maximize the effectiveness and the efficiency of the instrument and of the available funds by addressing the design issues identified above. On the basis of the problem analysis above, the following specific objectives have been defined.

4.1. Objectives related to the design of the financial instrument

Table 2 – Problems and specific objectives: design

Problem	Specific objective
Lack of alignment between EFF allocation criteria and the size of the fishing sector.	Align allocation criteria with the size of the fishing sector.
Lack of critical mass and concentration Too much focus on investments unrelated to key CFP objectives and too many individual subsidies with limited impact and deadweight effects.	Ensure thematic concentration on smart green investments and territorial development. Foster strategic thinking and favour collective approaches, without prejudice to other approaches that could develop.
The ineffective strategic programming leads to a "pick and choose" strategy, lacking synergies and coherence. A weak monitoring and evaluation system impedes focus on performance and results. Insufficient use of conditionalities linking financial support to the achievement of CFP objectives.	Improve strategy & programming. Set up a consistent framework for monitoring and evaluation, based on common indicators. Reinforce conditionalities and enlarge the scope of cross compliance.
Lack of co-ordination with other EU funds intervening in fisheries and maritime areas. Focus on demarcation instead of co-ordination.	Exploit synergies with other EU funds (ERDF, ESF, CF, EARDF), including with LIFE funding and prioritised action frameworks for NATURA 2000.
The administrative burden of fund management and the complexity of managing several funding instruments. The low level of absorption in some MS. Problems linked to direct management.	Exploit synergies between CFP and IMP financial instruments. Simplify delivery and reduce administrative burden.

4.2. Objectives related to the content of the financial instrument

Table 3 – Problems and specific objectives: content

Problem	Specific objective
Public financial support has not eliminated the problem of overcapacity.	Eliminate subsidies ineffective in reducing overcapacity.
Fishing has a high environmental impact.	Reduce environmental impact of fisheries.

	Contribute, in the context of the sustainable fisheries, to the sustainable management and preservation of marine ecosystems and to the objectives of MSFD and Natura2000.
Aquaculture must contribute to high environmental standards.	Promote green growth in aquaculture.
Insufficient supply of data and scientific advice and lack of co-ordinated approach to marine data do not allow for a fully fledged knowledge based policy.	Improve the availability of high quality and timely data and scientific advice. Ensure compliance with Data Collection Framework, co-ordinate fisheries and IMP related data.
Insufficient compliance with the CFP rules.	Ensure compliance with CFP rules.
Lack of common tools to regulate spatial deployment of economic activities at sea and collaboration in the implementation of environmental policy.	Promote an integration of policies enabling sustainable and cross-border/ecosystem-based management of European sea basins.
EU fisheries and aquaculture are characterised by low innovation levels and insufficient economic viability.	Increase innovation in particular in the value-added of fisheries and aquaculture products. Promote animal health and welfare.
Insufficient understanding and tapping growth potential in the maritime sectors.	Promote the use of cross-sectoral instruments tackling segmentation of maritime policies and contributing to the identification of new growth opportunities.
High fuel/energy consumption in fisheries and some types of aquaculture	Reduce energy consumption in fisheries and aquaculture.
Low attractiveness of jobs in the catching sector and the reduction of employment undermine the viability of fishing communities	Improve attractiveness of jobs, (including gender equality) and support the viability of communities in areas dependent of fisheries, including reconversion to other maritime sectors.

5. WHAT ARE THE POLICY OPTIONS?

The No Policy Option - Options 2 and 2a analysed in the CFP reform IA report⁵⁰ included the elimination of all EU public financial support (as well as of the CMO). The economic and social performance of options 2 and 2a was found to be significantly worse than these of options 1 and 1a (which translate into Option EFF+ in this IAR – see below). On the economic side this is due to short term negative economic impacts (stemming from the introduction of a discards ban and the transition to MSY) not

compensated by public assistance targeting more selective gear, marketing and innovation in particular. On the social side, short to mid term reduction of employment in the catching sector would remain not addressed.

In addition, the discontinuation of funding for data collection, scientific advice and control is not a feasible option, as it will mean that the CFP would be deprived of any knowledge base for formulating policy. Similarly, without co-ordinated and co-funded control policy, the efficiency of control would be drastically reduced with dramatic consequences for the compliance.

In the same wake, lack of funding for IMP would amount to the discontinuation of the policy development so far and missed growth and job opportunities at a time when other countries, such as the US, dynamically develop this policy viewed as one of the most promising avenues driving future economic development.

Furthermore, the lack of funding for governance would put an end to the dialogue with the sector, established in the aftermath of the 2002 CFP reform. Finally, without voluntary contribution to RFMOs, the EU would lose credibility in this organisations and legitimacy to projects internationally the principles of sustainable fishing.

For these reasons the "no policy option" is discarded and not taken any further into account in this IAR. This is in line with the conclusions of the CFP reform IA report where the preferred options include reformed EFF and CMO as well as an IMP financial instrument. It is also in line with the MFF Communication.

The No Policy Change Option. The Status Quo Option in the CFP reform IA explicitly included the continuation of the current EFF and IMP financial instruments under an unchanged CFP. The Status Quo Option was analysed but it was found to perform significantly worse than any of the CFP reform also analysed. As a result it was not the preferred Option. It is nevertheless kept in the present IAR as a baseline to help comparing the impacts of the different reform options.

5.1. Elements common to all reform options

The three reform options developed below are alternative avenues to achieve the general and specific objectives of the EMFF. There are nevertheless common elements to each of them. These common elements are to a large extent pre-determined by the MFF Communication as well as by the proposal for a regulation of the European Parliament and of the Council on the Common Fisheries Policy (the new basic Regulation)⁵¹. These common elements are the following:

- The global financial allocation for the EMFF, international fisheries and RFMOs is €6.7 billion, as stated in the MFF Communication. The key elements of EMFF architecture are also those implied by the MFF Communication (fisheries, aquaculture, local development and IMP).
- The distribution of the global financial allocation between policy areas is the same in all the options, in line with the analysis contained in the ex-ante section of this document⁵².
- Most of the direct fleet subsidies (the current EFF's Axis 1) are discontinued, including permanent (scrapping) and temporary cessation, in line with the conclusions of the CFP reform IA report and the new basic Regulation. The analysis of the Commission on this point coincides with the criticism of some MS and many NGOs that these measures actually do not eliminate overcapacity. The MFF Communication

foresees the re-deployment of inefficient direct fleet subsidies in line with the objectives of the Europe 2020 Strategy.

- In line with the simplification objective of the MFF Communication, the new CMO regulation will be integrated into the EMFF. Only one tool of market intervention (storage aid) is to be temporarily maintained (to be phased out until 2018) and the assistance to POs will be significantly increased.
- The scheme to compensate for the additional costs incurred in the marketing of certain fishery products from the outermost regions of the Azores, the Canary Islands, French Guiana and Reunion will be integrated into the EMFF and its amount maintained at current levels.
- Critical mass, which is another aim of the MFF Communication, is to be achieved through more emphasis on collective actions, including through PO, and on increased budgets for FLAGs under the territorial development pillar. In line with the views of stakeholders, more emphasis will also be put on projects requiring strategic plans – such as marketing and production plans implemented by PO and local development in general (as it requires the preparation of integrated strategy of local development) .
- For the IMP part of funding, as the overall objectives of the IMP remain unchanged and confirmed by Council⁵³ and the European Parliament⁵⁴, the major issue tested in this IA is related to the need of greater integration of the CFP into IMP, which was also a repeated request during the consultation process.
- All the objectives related to the ex-EFF part of the funding are addressed in Option 1 and the results of this analysis are included in other options.
- Beyond these elements, the financial support for governance (dialogue with stakeholders, communication) will be adapted to the content of the new basic Regulation (in particular the replacement of ACFA by an Advisory Committee). The same holds true for the voluntary contribution to RFMOs. Therefore no alternative options are tested for these two instruments.
- The allocation criteria will be aligned with the size of the fishing sector. The allocation method will take into account two criteria currently used for the allocation of the EFF envelope among non-convergence regions: (i) the value of the production of the fisheries, including aquaculture and processing and (ii) the employment in fisheries, aquaculture and processing industry. Additional criteria will account for the importance of the SSCF in the fishing sector. This criterion is intended to reflect the importance of SSCF for fisheries communities in terms of jobs, the fact that most of them are micro enterprises and their greater economic vulnerability in the current context (but also in view of the fact that TFC, which increase economic viability of fishing operators will remain voluntary for these fleets).
- There was near unanimous support in the consultation for the continuing involvement of the Commission regarding data collection and control. Allocation criteria for these items of expenditure stay the same as at present, although allocations will be made for 7 years instead of one.
- The need for improved conditionality was also an important result of the public consultation and FIGG and EFF evaluations. Furthermore, the MFF Communication requires that conditionality is introduced into all programmes and instruments so that MS and beneficiaries demonstrate that the funding received is being used to the achievement of the EU policy priorities. Accordingly, the use of conditionalities will apply to all reform options and will be based on the following elements: (i) the scope

of eligibility and the content of the measures – in particular the elimination of scrapping and temporary cessation, (ii) the compliance with the control obligations, in line with the proposal for new CFP Regulation adopted by the Commission on July, 13th - a beneficiary from the fisheries sector must have a clean control track, in terms of significant infractions as defined in the control regulation, at least one year before applying for EU assistance, (iii) the compliance with the IUU Regulation – a vessel on the list of IUU vessels cannot receive aid from the Fund; if aid was received before the vessel was put on the list it should be repaid, on the pro rata basis (iv) compliance with data collection obligations by MS - lack of compliance will result in interruption and suspension of payments (v) ex ante conditionality for aquaculture part of the spending – MS should adopt National Strategic Plan for Aquaculture, as described in the new CFP basic Regulation, aiming at the removal of obstacles for the development in aquaculture. If this is not the case MS should make a clear commitment concerning preparation of such a strategy by 1st of January 2016.

- Finally, monitoring and evaluation of the policy will be improved by setting up a common framework and by defining and using a common set of indicators to measure progress towards the EMFF objectives.

5.2. Description of the options

5.2.1. The status quo option⁵⁵

The Status Quo (SQ) developed in the CFP reform IA report is taken here as the main baseline option. It amounts to the continuation of the current CFP, including the EFF, the CMO and the IMP financial instrument. Nevertheless, the Status Quo takes into account recent legislation, in particular LTMPs, in the pipeline, the Control Regulation and the IUU Regulation. That way, it amounts to the CFP as it will be in place by the end of 2012.

5.2.2. Option 1: “EFF +”

Option 1 is equivalent to options 1 and 1a in the CFP Reform IA report⁵⁶. However the specific contents of the different axis are more developed. The Option addresses the problems related to the lack of policy links and synergies between CFP and IMP financial instruments under the existing financial architecture. In that respect, this Option amounts as a supplementary baseline to assess the differential impacts resulting from the integration of all CFP and IMP financial instruments.

Financial architecture:

- CFP and IMP financial instruments continue to be implemented separately; yet an effort is made to better co-ordinate their scope, objectives and delivery, in particular through the use of a similar timetable for their adoption for the period 2014-2020, coinciding with the adoption of new basic regulation.

Content, programming and delivery of the new fund:

- Common Strategic Framework and partnerships contracts allow strategic programming and focus on CFP and Europe 2020 objectives.
- Thematic concentration and limits put on types of eligible investment should move the funding away from "simple replacement" investment aid towards smart, green investments in fisheries and aquaculture;

- Priority given to collective projects such as those implemented by local partnerships (under the current Axis 4), marketing and production plans implemented by POs, partnerships between fishermen and scientists and projects implemented by other collective bodies (groups of fishermen or aquaculture farmers, networks). This priority will be achieved by the design of the measures, financial allocations and eligibility criteria;
- Preferential treatment for SSCF;
- Current Axis 4 (territorial development) will be reinforced with the focus on value added and diversification and better coordination with other Local Development initiatives.

5.2.3. Option 2: “EFF + Integration”

Option 2 builds on Option 1 by proposing to merge the financial instruments supporting the CFP into a single fund. IMP remains as a separate instrument.

Financial architecture:

- All financial instruments of the fisheries sector are merged into one fund, but continue to be managed separately under the same budgetary methods of implementation (shared or direct management) as it is the case now.

Content, programming and delivery of fund:

- Same as EFF+.

5.2.4. Option 3: “EMFF Convergence”

Option 3 takes the convergence of the funds one step further via the extension of the scope of the fund under shared management. Actually, the integration of all existing fisheries and maritime instruments into a single fund (with the exception of FPAs and the EU membership of RFMOs), is provided for in the Maritime and Fisheries Policy annex to the MFF Communication.

Financial architecture:

- Full integration of all CFP and IMP instruments. Integration of data collection, control, CMO and the instrument for outermost regions under the shared management. All the shared management parts of the single fund are covered by the scope of Common Strategic Framework (CSF) and Partnership Contracts.

Content, programming and delivery of fund:

- As Option 1 but expanding the scope to address some elements of IMP under the territorial development pillar (current Axis 4).

5.2.5. Synthetic view of options

The following table provides a synthetic view of the above three reform options against status quo. It also links the options with the major problems and objectives of the future financial instrument.

Table 4 – Description of options

Specific objectives related to delivery mechanism	Specific objectives related to contents	Option 1 "EFF+"	Option 2 "EFF+ integration"	Option 3 "EMFF Convergence"
Align allocation criteria with the size of the fishing sector	Ensure thematic concentration on relevant objectives, linked to environment and innovation Increase funding for local sustainable development	Allocation criteria for future funding instrument based on three criteria: (i) employment in the fishing sector (ii) the value of production of the fishing sector (iii) the share of small scale fleet	As Option 1	As Option 1
Ensure thematic concentration key CFP objectives.	Ensure thematic concentration on relevant objectives, linked to environment and innovation	The ex EFF funding reorganised around 3 pillars with refocused measures: (i) Green, sustainable fisheries (ii) Green, sustainable aquaculture (iii) Sustainable and inclusive local development	As Option 1	As Option 1
Foster strategic thinking and collective/ grouped approaches	Ensure thematic concentration on relevant objectives, linked to environment and innovation. Increase funding for local sustainable development	Priority given to collective projects based on strategies: (Producer Organisation) (ii) collective actions carried by other bodies (iii) local partnerships	As Option 1	As Option 1
Improve programming process and develop delivery mechanisms based on objectives and results rather than absorption. Develop synergies between CFP and IMP funding and other EU funds intervening in maritime and fisheries sector.	Develop further synergies with local development strands under other EU funds	Use of Common Strategic Framework and partnerships contracts for EFF part of the funding	As Option 1 but Common Strategic Framework includes also other CFP instruments (without including them into partnership contracts)	As Option 2 but stronger co-ordination and the use of partnership contracts for instruments included into the funding under the shared management part (control, data collection, market measures, compensation for outermost regions)
Set up consistent framework for monitoring and evaluation, based on	Ensure thematic concentration on relevant objectives, linked to	Reinforced use of performance and monitoring for all the CFP and IMP	As Option 1	As Option 1 but performance indicators, monitoring and evaluation for ex-

the same indicators for MS	environment and innovation. Increase funding for local sustainable development	financial instruments		EFF part, data collection, control and CMOs integrated in the same framework under the shared management.
			Cross-compliance building on the existing links.	Full cross-compliance under the shared management

6. COST-EFFECTIVENESS AND EX ANTE EVALUATION

The MFF Communication sets both the 2014-2020 financial allocation for maritime and fisheries (€6.7 billion in 2011 prices for the EMFF, including market measures, FPA and the RFMOs) and big pillars on the EMFF will focus. However it leaves leeway for the measures to be eligible under the EMFF. This section looks at these measures from the point of view of their cost-effectiveness. The analysis is not complete though. Only these measures or categories of measures for which there are some (quantitative or qualitative) data are addressed below.

6.1. Environmental sustainability

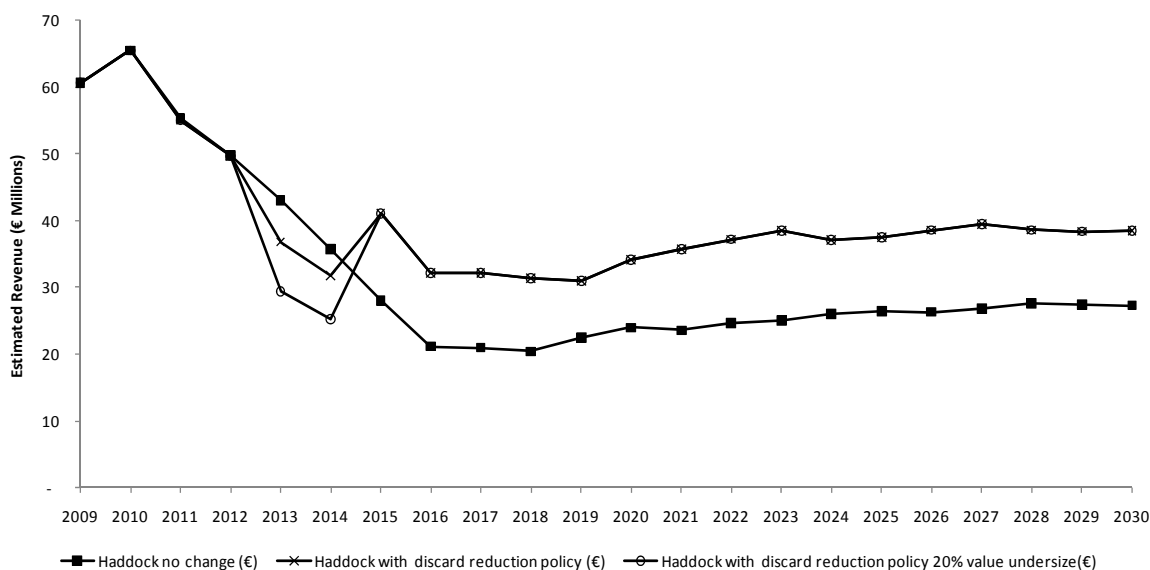
The problem description has shown that the contribution of the EMFF in the environmental sustainability area can be useful primarily in the reduction of discards and by catches, in the foregone income of aquaculture farms in Special Areas of Conservation under the Habitats Directive and Special Protection Areas under the Birds Directive (including Natura2000 sites), in scientific advice and data collection and in control.

Regarding the reduction of **discards**, the proposal for the reformed CFP includes discard ban. Such policy should induce a change in selectivity of gears and fishing techniques in particular from 2015 onwards. However, in the short term, until 2015, the move to catch quotas, the obligation to land all the catch as well as other technical (such as the closure of zones) and market measures (confiscation of income) could entail significant increased costs and reductions of fleets income (to be added to similar impacts resulting from the move to MSY and the discontinuation of fleet subsidies).

The combination of all these effects could bring about very serious short term difficulties for parts of the catching sector, with the risk that some of the fleets segments that discard most would become unviable in the short term. Such an evolution could jeopardise the success of the anti-discard policy and result in a high social costs for coastal communities.

In order to address these unwelcomed effects, a short term push to these fleets with inherent high discard rates will be justified thus facilitating the quick entry into force of the discard policy by supporting the adoption of selective gears. The possible evolution and the logic of such an intervention are shown in the graph below.

Figure 4 Expected revenues for haddock quota 2009 – 2030; changes with regard to a CFP reformed, no discard policy



Results of some pilot projects (in particular the South West England Project 50% to reduce discards of beam trawlers) show the use of selective gears could immediately reduce discards by 40 to 70%, without requiring any further changes in fishing behaviour⁵⁷.

Regarding cost, estimations show that the cost of gear replacement for the whole EU demersal and beam trawler fleets (excluding 250 UK vessels >12 m which have already acquired selective gears) would amount to circa €125 million for one gear's replacement per vessel of €250 million for two. In addition, some development costs may be experienced by the industry to develop efficient, selective gears. Estimations indicate that a maximum of €50 million for the whole of the financial period would be sufficient, as the experience of other countries (Norway) shows that in the mid term the implementation of a discard policy is sufficient in itself to foster the development of selective gears by the industry.

Regarding aquaculture farms in Special Areas of Conservation under the Habitats Directive and Special Protection Areas under the Birds Directive (including Natura2000 sites), they may provide environmental services, such as wildlife conservation and biodiversity and landscape effects, water quality, recreation and even archaeological benefit, which society does not pay for and which can limit their economic performance. These are difficult to measure and value in the absence of harmonised EU data.

In terms of cost and benefit only proxies can be used⁵⁸. The evaluation of an agri-environmental scheme in the UK show payments to farmers in the environmentally sensitive areas in the period 1994 to 2003 was around £212 million and that benefit estimates exceeded costs, sometimes by many times⁵⁹. On the basis of that, an estimation of €300 million could be a reasonable amount.

The CFP reform IA has already shown the crucial importance of **improving scientific advice and data collection** for the success of the reform and the risk that not doing so will carry out. Estimations in the CFP reform IA indicate that an extra €20 million per year will be required to have a reasonably guarantee that needs will be covered.

The costs of **data collection and scientific advice** amount at present to circa 0.66% of the GVA of the catching sector. This is comparable to the combined public and private sector costs of collecting all environmental data in the maritime sector within the EU.

Importantly, the EU expenditure influences the way the national money on data collections is spent and ensures a better coordination of the investments between MS and a better quality of data. It avoids duplication of work and increases the efficiency of the investments carried out by MS.

An efficient **control** is crucial for the success of the reformed CFP through the consolidation and modernisation of control rules, through the widespread use of new technologies and through laying down new control methodologies and procedures as well as effective and dissuasive sanctions. It is expected that some tools such as simplification of the CFP and the use of transferable fishing concessions would have a positive impact on compliance; however, other tool such as the discard policy would imply an increase in control activities at sea and at port, in particular in the short term.

The EMFF will ensure that new technologies are effectively put into operation to allow data validation and cross-checks. It should in particular help the equipment of fishing vessels and administrations with Vessel Monitoring System, Electronic Reporting System, databases that are essential for the correct functioning of the EU control system and contribute to smart growth by promoting innovation and knowledge transfer throughout the EU. This scheme is complementary with national budgets and actions as it reduces the administrative costs related to the collection of these data in MS. It will also result in fully automated reporting mechanisms, which will replace many of the current TAC and effort reporting obligations by MS.

Funding needs for control are estimated at €325 million for new technologies, €160 million for joint acquisitions and €15 million for other activities.

In terms of costs and benefits, the EU expenditure influences the way the money is spent by MS, avoids duplication and ensures a better coordination of the investments between MS (including the joint acquisition and use of patrol vessels and aircraft by the MS belonging to the same geographic area) and a better quality of data. Important efficiency gains will also stem from the increased quality of data. The interim evaluation of the Second Financial Instrument (Regulation 861/2006) pointed out that the execution rate of control projects was significantly higher for projects having benefited from an EU contribution than that of projects for which co-financing was rejected by the Commission, thus indicating that the EU financial contributions are relevant and induce MS to implement projects they would otherwise not consider.

Beyond these main areas, there are still some additional environmental measures which could be covered but which cannot be quantified at the moment, such as actions to reduce the environmental impacts of aquaculture (e.g. by assisting to extension, modernisation, construction of the aquaculture facilities with a view to substantially reduce the possible environmental impact in terms of water pollution, nature protection or improved energy efficiency; supporting conversion to some specific production processes, etc.) or incentives for the fishermen for contributing to the sustainable management of marine ecosystems (collecting lost fishing gear and other debris, monitoring and collecting data in Marine Protected Areas, assisting in gear replacement to reduce the impact on the sea bottom). Beyond these there are public concerns about the environmental impacts of the fisheries from a broader ecosystem perspective of maintaining biodiversity and the health of marine ecosystems.

6.2. Economic sustainability: innovation gap

There is a deficit in innovation activities between the fisheries sector and the rest of the economy. A rough estimation of such "innovation gap", calculated by comparing labour productivity (measured in gross value added/ employee) in the EU fisheries sector

(catching and aquaculture) with the EU average, would be around 25.7%. This is shown in the following table (using OCDE data).

Table 5 – Estimation of innovation gap: Differences between GVA/employee total and in fisheries (catching and aquaculture) in 2007

Member State	GAV/employee total	GVA/employee fish	Difference €	Diff % over total
DE	52831	48000	4831	9,14%
F	66033	54250	11783	17,84%
BE ⁶⁰	68169	105714	-37545	-55,08%
DK	498771	502112	-3341	-0,67%
SF	57784	48000	9784	16,93%
ESP	45756	32822	12934	28,27%
NL	58596	63425	-4829	-8,24%
GR	42495	30672	11823	27,82%
HU	5577912	1494030	4083882	73,22%
IRE	79701	36241	43460	54,53%
IT	54902	26573	28329	51,60%
UK	39528	32860	6668	16,87%
SWE	604463	456667	147797	24,45%
PT	25956	22111	3845	14,81%
PL	67842	25143	42699	62,94%
Slowakia	25487	35388	-9901	-38,85%
Slovenia	31531	12491	19040	60,38%
Austria	59148	23339	35810	60,54%
Czech	608367	343798	264569	43,49%
Estonia	325770	148779	176991	54,33%
EU				25,72%
Iceland	6181526	10463881	-4282355	-69,28%
Norway	793436	854214	-60779	-7,66%

Source: STAN database for structural analysis. OECD (values in national currency)

By applying that result to the EUROSTAT figure of labour productivity for the EU economy (€2,000/year/employee), the gap could be estimated at some €13,300/year/employee for the catching and aquaculture sectors together. The fact that labour productivity in the sector in landlocked countries (where most of the activity is in

the aquaculture field) is also significantly below national averages (e.g.: Austria or the Czech Republic) demonstrate that the innovation gap in the aquaculture sector is also significant.

It is interesting to note that in countries where transferable fishing concessions already exist (Denmark and the Netherlands together with Iceland and Norway), labour productivity in the sector is actually above national averages. For that reason, it is expected that the introduction of these concessions for industrial fleets would significantly contribute to closing the innovation gap. However these rights are not expected to be fully operational before 2017. In addition, they will not apply to the SSCF.

According to the CFP reform IA report, under Option 1, GVA/employee will increase by 147% by 2022 when compared to 2012. However, the increase for the SSCF will be just 65%. The increase for all industrial vessels together would be 165%. Hence, there is a risk that the SSCF lags behind in terms of innovation. It is estimated that the SSCF account for circa 65% of total employment (around 40% in full time equivalent employments) in the catching sector or 93,000 employees. That leaves a maximum gap to fill in the region of €1,236 million for these fleets in the period 2014-2020 (assuming that the productivity of the rest of the economy remains stable).

A similar result would be for the aquaculture sector which employs ca 55,000 people (2007). The cost of introducing innovative production processes and products in the aquaculture sector is particularly high. For example, intelligent fish tanks, allowing for cost reduction through control and water quality in each tank, amount to €40,000 per plant. Another example of innovation in the commercialisation phase - Modified Atmosphere Packaging keeping the products fresh and of better quality for longer period of time, costs ca €30,000 per plant. The cost of marketing and promotion campaigns oscillates between €50,000 and 200,000.

Furthermore, the contribution of the EU to some of the associated costs (e.g. Environment Impact Assessments for start-ups) and to create effective advisory services would help in restoring some form of level playing field.

A very significant part of the required innovation rest with **marketing related measures**. The reformed CFP puts an enhanced emphasis on collective actions which so far have proven to be quite useful; POs in so far as market measures are concerned. The 238 existing Pos represent ca 50% value of the first sale of fishery products, that is ca €4 billion per year. If all the POs adopt marketing and production plans they would be entitled to receive, in line with the recently adopted new CMO regulation, financial assistance equal to 4% of this value, €160 million. With the co-financing level at 50% this would mean €80 million annually or €560 million for the whole of the period 2014-2020. This amount does not take into account the new POs which may be created in fisheries and aquaculture in the coming years.

The current level of funding should be maintained for market intervention measures (€15 million/year), even if the current six market intervention mechanisms will be simplified to one single storage aid mechanism. It is expected that this mechanism will be widely used and that the participation of new MS in the scheme will significantly increase. The compensation scheme for outermost regions should also continue (€15 million/year).

In addition, it is foreseen to create a European Market Observatory for Fishery and Aquaculture Products which would provide a global overview of the European markets for fisheries products through harmonised economic information, data and analysis all along the supply chain. This would make possible to better plan producers' supplies

(fishing), production (aquaculture) and sales with a view to increase income. The cost of such service has been estimated at €5 million a year. Finally, in order to amplify the expected positive effects of the observatory it should be complemented by other actions in the field of fisheries markets such as seminars, publications, external assessments, studies, evaluations of market policy and EU-level communication campaigns.

6.3. Social sustainability: territorial development of coastal areas

According to estimations done on the basis of the Leader programme and experience with the EFF until now, the above amount could allow creating some 12,500 jobs by 2022 plus 4,500 extra jobs in processing and marketing. These should compensate for at least most of the job losses in the catching and ancillary services sectors resulting from Option 1 in the CFP reform Impact assessment.

For the period 2007-13 the EFF budget for Axis 4 is €67.4 million with ca 260 local action groups created (€2.2 million EFF per local action group). As this was a new measure some MS made very limited use of this axis (France €5 million, Ireland – €1.5 million). Taking account of predicted needs and assuming the establishment of 310 partnerships an amount of the order of €1,057 million would be needed. This means an average budget per FLAG of €3.4 million.

6.4. Allocation between green sustainable fisheries, green sustainable aquaculture and inclusive territorial development pillars.

The lacking elements of the ex-ante calculations and the fact that ultimately the allocation of the money between pillars will be the matter of the negotiations between the Commission and the MS, make very difficult such an estimate. Indicatively, the local development pillar, in line with the calculation above should account for ca 25% of the ex EFF envelope.

For aquaculture, the allocation under EFF amounts to 11% of the overall allocation – taking into account the needs for financing, in particular linked to environment and innovation, this allocation should increase to ca 25%. This increase should be possible through (i) broader and focused measures targeting environment and innovation and removing spending items such as scrapping and (ii) the introduction of the ex ante conditionality linked to the aquaculture strategy defined in the new CFP regulation, with the focus on the removal of bottlenecks impeding investments in the aquaculture. The adoption of guidelines for aquaculture and Natura2000 may further clarify the rules for aquaculture farmers and public authorities and may be also helpful in that respect⁶¹. Sustainable fisheries would account for the remaining 50%.

6.5. IMP, RFMO and governance

IMP: Sustained and increased funding for the IMP is necessary to fully implement it. The estimate of the financing needs for cross-cutting instruments is that these activities would require roughly €60 million to €120 million over 7 years.

By 2013, only a limited part of the marine knowledge architecture will have been set up. The EU spends more than €1 billion a year on collecting public marine data. Yet professionals who require the data are confronted with barriers when they try to find and get permission to use existing public data. By assembling standards, nomenclatures, classifications and formats from different sectors and Member States, EMODNET makes marine data accessible and enhance knowledge and innovation for industries that exploit marine resources. In Ireland, an expenditure of €70 million on marine mapping has been

shown to result in benefits of €15 million to the fisheries, aquaculture, biodiversity, renewable energy, energy exploration and aggregate industries– a return of a factor of six⁶². The IA for EMODNet concluded that the full implementation of the programme, at a cost of €20 to €30 million per year, would result on a minimum annual benefit of €60 to €200 million in increased competition and in reduced operational costs of €300 million per year⁶³. For instance, a 25% reduction in uncertainty in sea-level rise would result in €100 million of direct savings in coastal defence infrastructure for public authorities.

The purpose of funding of the IMS is to remove sectoral policy barriers and to overcome the current lack of interoperability between sectoral, national and Community surveillance systems, the limited capacity to face transnational threats and to avoid duplication. Sharing surveillance information across sectors of activities and Member States will lead to significant saving as it will reduce directly the operational costs of the Member States. The current estimate is that an expenditure of €15 million per year for the establishment of the CISE will maximise the efficient use of existing data and avoid costly duplication⁶⁴. It will generate a better situational awareness of activities at sea, impacting on maritime safety and security, border control, maritime pollution and marine environment, fisheries control, general law enforcement, defence as well as the economic interests of the EU, so as to facilitate sound decision making.

IMP funding will also be necessary to support the implementation of MSP in MS and the development of a common approach to MSP in the EU. For instance, a reduction of 1% in transaction costs is estimated to lead to positive economic effects ranging from €170 million up to €1.3 billion by 2020. Especially, accelerating investments in wind-farm and aqua-farm activity would generate up to €600 million by 2020⁶⁵.

A major component of a common framework on MSP will be cross border co-operation. It is therefore essential that EU action (possibly including legislation) on MSP will be accompanied by cross-border projects in the different sea basins in the EU where MS can test in practice the implementation of MSP in shared sea areas in order to build up expertise based on practical experience. Based on the expected costs for similar MSP projects already launched and those planned to be launched for period until 2014, there would be a need for around €5.5 million for the period 2014-2020.

Also other forms of supporting capacity-building and exchange of best practices would be necessary for an effective implementation of MSP within a common framework, such as setting up expert networks and organising stakeholder events. The financial requirements for such activities are currently estimated at around €0.5 million. Further work on developing MSP should include, inter alia, studies and projects on how to address MSP in the high seas and on data use for MSP implementation. These projects are estimated to require around €1 million during the period 2014-2020.

In order for the IMP to deliver fully on the objectives of Europe 2020 untapped sources of sustainable growth derived from marine living and non-living resources (Blue Growth) need to be identified and a policy framework at EU level conducive to growth, innovation and employment needs to be devised. In that respect, some €10 million per year would be devoted to:

- Calls for proposals for projects on maritime innovation. Projects should be of a cross-cutting nature, involving at least two maritime sectors.
- Awareness building: workshops, conferences and other dissemination actions.
- Support for maritime cluster development.

- Other specific measures to be identified on the basis of the findings of the "Blue Growth" study, the key elements from the Europe2020 flagship projects and feedback from Member States and economic stakeholders, including analysis of regulation.

Finally, there will be a need for financial support to the sea-basin approach of the IMP. It is very difficult at present to obtain reliable facts and figures that would make it possible to assess the status and changes of the economic, environmental and social conditions in Europe's sea basins. Identifying the strengths of the maritime activities within a sea basin would facilitate the development of sea-basin specific maritime policy in an integrated manner and would be of high relevance to the Europe 2020 objectives. The activities to be financed would include studies and stakeholder activities, including the building-up of sea-basin specific stakeholder platforms, awareness raising, information dissemination, communication activities and tools. Financial needs are currently estimated at around €30 million during the period 2014-2020.

Non obligatory contributions to Regional Fisheries Management Organisations (RFMOs): There should be an increase in the contributions made to these organisations: €1 million are programmed for 2013 and an increase by €2 million per year is foreseen in the following years. The increase will support scientific research and enhance control and compliance, notably by developing countries, through projects in cooperation with these partners, either bilaterally or regionally. This increase is necessary to enhance the environmental sustainability aspects of the new CFP in external waters.

Governance (including RACs): No significant increase of expenditure is expected with regard to that under the current period (€50 – 60 million for the whole period).

6.6. Intended allocation of EMFF funds per area of activity

The above discussion would justify an allocation of funds per area as that shown in the table below:

Table 6 – Areas of expenditure EMFF

Areas of expenditure	Approximate % of total EMFF allocation 2014-2020 (without allocations to FPAs and obligatory contribution to RFMOs)
Ex - EFF part (out of which)	67 - 70%
- Fisheries	30 – 35%
- Aquaculture	15-17,5%
- Local development	15-17,5%
Voluntary contribution to international organisations including RFMOs	1,5 -2,0%
Data collection and scientific advice	7 -8%
Control - contribution MS	10 - 11%
Market Policy including compensation to outermost regions	2,5 – 3%
Governance	0,8-1%
IMP	6 – 7%

7. METHODOLOGICAL APPROACH FOR THE ANALYSIS OF IMPACTS OF THE DIFFERENT OPTIONS

The analysis of impacts below is based on a methodology which to the extent possible builds on the one developed for the CFP reform IA. However, the impacts of subsidies were not systematically analysed there because it was not possible to separate their impact in terms of income or contribution to profitability.

These difficulties remain in the current IA. In view of that, 3 indicators were selected to deal with differential impacts which are then assessed from a qualitative point of view:

Table 7 - Indicators

Impact	Main impacts	Indicator
Environmental impact	Reduction of impact of fisheries on the environment	Evolution of discards
Economic impact	Closure of the innovation gap in fisheries and aquaculture	GVA per employee in the fishing and aquaculture sectors
Social impact	Creation of jobs outside the fisheries sector in communities dependent on fisheries	Number of jobs created in fisheries-dependant areas

8. ANALYSIS OF IMPACTS

8.1. Option Status Quo: Continuation of the current policy (including the current EFF)

As stated in the CFP reform IA report, the SQ option results in modest, insufficient progress towards achieving the objectives.

Environmental sustainability is not achieved. Environmental indicators improve slowly over the period 2013-2020 and targets are not met as a consequence of discarding, poorly assessed stocks and unaddressed overcapacity. Fish stocks will experience even more modest improvements if the control regulation is less effective at reducing unreported catches than what it is assumed in the option. Relatively high levels of departure from scientific advice are likely to continue. The absence of an active discard policy and of actions intended to facilitate the transition to more selective fishing practices allow concluding that the level of discards would not get reduced significantly.

Regarding overcapacity, modeled fleets will reduce in size (in number of vessels) by only 6.6% in 2017 and by 15.1% by 2022 (compared with estimated number of vessels in 2012). Fleet size reduction would be larger for those MS that decide to adopt TFCs.

Economic sustainability: There would be a small, gradual improvement in economic performance, associated with the improvement in fish stock status and the reduction in fleet size; however the economic viability of many fleets would remain under threat.

GVA per employee will see a modest grow of 31.3% by 2022 (all vessel categories together). Looking at fleets sizes, GVA/ employee for the SSCF will increase by just 18% in 2022. That of industrial vessels (>12 meter) will grow by 30.3% These figures are sufficiently low to argue that most likely there would not be any significant progress in closing the innovation gap in the fisheries, in particular as regards the SSCF; on the contrary, the gap might become wider. It is not possible to make any calculation regarding aquaculture. However, as tools do not change it is expected than the current problems will remain.

Social sustainability: Employment in the catching sector is predicted to decline by 10%, allowing that crew wage per FTE would increase by negligible 3% in 2017 and 6% in 2022. Crew wages are expected to remain below national averages, so that *ceteris paribus* the attractiveness of the sector would remain constant or continue to decline. Employment trends in ancillary services are negative in view of the expected fleet size reductions. Many coastal communities would continue to suffer from the decline in the importance of fisheries, although some might benefit from an incremental improvement in the status of some fisheries. In the light of the experience so far it is likely that the current Axis 4 of the EFF would allow creating some employment alternatives in coastal communities. This impact, however, will be limited by the small overall size of Axis 4 and insufficient budgets allocated to many FLAGs.

The generalized failure to achieve objectives allows concluding that maintaining the current EFF would not be cost-effective.

8.2. Option 1 “EFF +”

To a large extent, impacts of EFF+ are largely the same as those of options 1 and 1a described and analysed on the CFP reform IA report. Emphasis will be put here on additional positive impacts that could reasonably be attributed to a) the content of the EMFF reflecting the strong link to CFP objectives implying concentration on green, smart investment and local development and more synergies with IMP b) better coordination of the different financing tools of the CFP.

In terms of **environmental sustainability**, the financial support to the transition towards selective gears should speed up the entry into force and effects of the discard policy. Pilot projects show that reductions in the region of 40 to 70% of discards can be immediately achieved by introducing selective gears in beam and demersal trawler fleets, at the costs referred to in Section 6 above.

As regards **economic sustainability**, section 6 above explains already the gains expected from options 1 and 1a) in GVA per employee in fisheries. It is reasonable to expect that the introduction of TFC for industrial fleets would close the innovation gap for such fleets, at the latest towards the end of the period. The increase in GVA per employee for the SSCF (+65% for the period 2012-2022) does not appear to be high enough to ensure closing entirely the innovation gap for this fleet segment. However, the support to innovation, in particular in processes and products closer to the market, including in marketing and commercialisation activities, should allow reductions in production cost and increases in income that should accelerate the pace at which the SSCF closes the innovation gap. According to rough estimations reductions of over 20% in productions costs and similar increases in income could be achieved.

Regarding aquaculture, strengthened support to environmental-friendly aquaculture, to the development of new production techniques and to product and market innovation will contribute to an increase in GVA and productivity. The lack of reliable and complete statistics on aquaculture does not enable impacts to be accurately quantified, however it is realistic to consider they would be in the same range as those obtained in fishing, i.e. a reduction of 20% of production costs in 2022 and an increase of + 25% in income.

As regards **social sustainability**, options 1 and 1a of the CFP reform IA resulted in a contraction of the catching employment in the modelled fleets of close to 24% in the period 2012 to 2022 (slightly over 14,000 jobs) plus an additional reduction of 17% (1,500 jobs) in ancillary services. Employment in processing was expected to increase by 4% (1,200 jobs)⁶⁶.

The increased focus on value added within the equivalent to the current Axis 4 will allow creating alternative job opportunities for fisheries communities and developing new activities in areas dependent on fisheries (main opportunities are in other sectors of maritime economy, tourism, processing and marketing, ancillary industry). It should also support fishermen to access these new sources of employment thus mitigating the negative impact on the social situation in communities dependent on fisheries by promoting diversification and supporting the creation of alternative jobs. It is estimated that the territorial pillar will create around 12,500 new jobs together with an additional 4,500 jobs in the marketing and processing sector thanks to the marketing measures under the green fisheries pillar. This is expected to compensate for most of the losses in the catching and ancillary services segments, taking also into account that a part of the employment reduction in the fisheries will result from demographic processes.

Management costs should remain similar to those related to the current EFF 2007-2013, although some minor “investment costs” might not occur again. Indeed the shift in 2007 towards producing a single OP and strengthening the MCS brought new costs, some of which were “one off” costs (need to modify the management system and rules, need to recruit and train new staff, misunderstandings and misinterpretation of new rules in relation to audit requirements, etc.). Given the current estimated costs and gains due to increased experience and potential further simplification, it could be expected that the administrative costs (calculated as the share of technical assistance out of the total budget) would represent around 3% of future EFF+ budget. This amounts to a small saving over the current EFF (around 3.72% of the EFF budget).

The reduction might be limited if new actions are launched requiring some new skills and adaptations of existing management systems. For example, an increased focus on innovation might lead to the need for a strong technical assistance and high-level expertise within the management structures at MS level (which will have to assist beneficiaries in developing relevant projects).

At EU level, the administrative costs would also remain at a similar level to the EFF, after the 2007 simplification of programming structure (27 OPs at the level of the MS instead of 60 OPs at the regional level).

Regarding the co-ordination of CFP and IMP financial instruments some piecemeal progress could be achieved due to the fact that all these instruments enter into force on January 1st, 2014, following the entry into force of a new basic regulation. In practice however, as all these financial instruments would be negotiated and adopted separately – sometimes as part of the negotiations of a much more important envelope, as in the case of the CMO for fisheries and aquaculture products funded under EAGF, they would have a clear tendency to follow their own logic and possible gains of initial co-ordination could hence be watered down.

The use of the Common Strategic Framework (CSF) and the Partnership contracts (which will replace the NSP) will address the lack of **strategic approach** and allow for a refocus on EU2020 objectives. The CSF will replace the current approach of establishing separate sets of strategic guidelines and define specific objectives and performance indicators for the funds covered. The Partnership Contracts will quantify these commitments for the MS; Operational Programmes can then focus on how to translate the strategic directions contained in CSF and on the quantified commitments made in the Partnership Contracts into the concrete financial allocation and use of specific measures. Such an approach will bring programming into the same timeline thus avoiding current problem of MS focusing first on the adoption of OP under larger funds, to the detriment of EFF Operational Programmes.

The CSF and the Partnership contracts are expected to radically enhance the **coordination between funds**. The "demarcation line" currently used to define the scope of each fund would be replaced by a strong co-ordination mechanism. The potential for such a co-ordination can be demonstrated on two examples.

Firstly, the future funding should seek to further develop the use of the financial engineering. However, for a relatively small amount of funding and taking into account the financial mechanisms developed for regional and rural development policy, it does not make much sense to set up new mechanisms for the purposes of fisheries or aquaculture. Instead, the existing ones should be used, in particular under the rural development policy where lending to agriculture and fisheries sector (aquaculture in particular) is quite similar.

Secondly, Local Development strands of the EMFF will be aligned with similar strands foreseen within the EAFRD (Leader), the ERDF and the ESF. A common "Community-based" approach will be defined for the 4 Funds and the local partnerships will be offered the possibility to utilise all the four funds in a complementary way in the framework of an integrated local strategy. When appropriate, a "lead fund" could be established, linked to the main policy domain(s) of the programme. The lead fund's interventions would be complemented through specific priority axes by interventions from the other fund. This would allow the local partners to develop an integrated strategy for their area where the role of each fund would be specified. The EMFF intervention would remain focused on fisheries and maritime-related projects, but in the framework of a larger strategy, ensuring a better coordination of the different interventions at local level.

A much stronger **focus on results and performance** would be built into programme design and implementation. Programmes would contain a clear articulation of the change sought, on how this would contribute to the CFP objectives and the EU 2020 goals, and how spending the resources on particular interventions will contribute to change. It will also include critical milestones towards the achievement of objectives. These milestones would be agreed between the Commission and the Member States in the context of the negotiation of the Partnership Contracts and Operational Programmes and provide rationale for the use of conditionalities.

These milestones could be established on the basis of a number of indicators related to the CFP objectives and the EU2020 goals. The progress towards milestones should provide robust information on delivery. The existence of such a performance framework within the partnership contract or the OPs could form the basis for a number of different incentive/sanction mechanisms which should allow for better enforcing conditionalities for the use of the fund:

- It could provide the basis for a peer review process in the context of a political debate.
- Satisfactory progress could be linked to disbursement at EU or national level. Where progress was unsatisfactory, resources could be held back and, in severe cases, reallocated between priorities or programmes.
- It could form the basis for the allocation of a possible national or EU reserve. In this case, the main objective of the reserve would be to ensure that additional available resources are not allocated to poorly performing programmes.

In view of the above, there would be a significant cost-effectiveness.

8.3. Option 2: EFF+ “Integration”

Given that the content of this option is very similar to that of Option 1, the environmental, economic and social impacts of Option 2 would in principle be equivalent. However, the strategic integration of the structural and market instruments should ensure better synergies, reduce the potential for duplication and trigger additional leverage effects. These effects are not quantifiable but are not expected to be very substantial. It is also possible that these positive additional effects could liberate funds that could be invested in increasing the financial support with regard to discard reduction, accelerating the pace at which the innovation gap will be closed as regards the SSCF and aquaculture and for territorial development. This will be possible if the integration allows for an increased efficiency of the policy as far as delivery is concerned (achieving the same results with less funds).

Regarding the better co-ordination of CFP and IMP financial instruments some more progress could be achieved due to the fact that all CFP instruments would be grouped in one fund adopted and negotiated with MS at the same time. Furthermore, these instruments would be covered by the CSF, which would allow for better exploiting synergies with the other EU funds. However, the potential for such a co-ordination would be limited, as centrally managed funds would be covered only to a very little extent in the Partnership Contracts. Moreover, the major potential for such a co-ordination concerns IMP, which would remain outside the scope of the future fund.

The merging of the current EFF with other financial instruments in the fisheries sector might lead to a slight reduction of administrative costs. Under this option, implementation and management modes will remain unchanged. Each instrument will continue to be managed separately and under the same budgetary methods of implementation: data collection, control and CMO measures will still be managed centrally at EU level (direct management) whilst EFF measures will be managed by MS (shared management).

Assuming that a saving of 3% could be achieved in managing the additional funding brought within the EFF after merging, it could be expected that the administrative costs (calculated as the share of technical assistance out of the total budget) would represent around 2,91% of the future budget.

Overall, this Option should bring about high cost-effectiveness.

8.4. Option 3: EMFF “Convergence”

The extension of shared management to the non-EFF instruments, adds a significant additional potential for policy co-ordination, simplification and reduction of administrative burden. In particular, for **environmental sustainability**, the integration of the IMP into the future fund would help to improve management of natural resources, notably through the development of the cross-cutting tools of the IMS and MSP. Better situational awareness in real time would improve fisheries control and enforcement: by providing financial assistance for fisheries control and enforcement, that allows for cross-sectoral data exchange, it would be possible to enhance the use of (i) these data for other surveillance purposes and (ii) of surveillance data from other sectors for the benefit of fisheries control and enforcement. Data collection activities should also profit from this integrated approach, simplifying and reducing administration costs for MS and the Commission, while at the same time allowing the latter to easily check implementation of data collection provisions.

Moreover, MSP will facilitate the interactions of the fisheries sector with other sectors using the same maritime space and enhance the sustainable deployment of activities

For economic and social sustainability, the integration of the CFP funding with the IMP might help fisheries communities to increasingly benefit from new opportunities generated in other maritime related activities, in particular those related to emerging maritime sectors. In particular fishermen and fish farmers are expected to increase involvement in data collection, in ecosystem monitoring or in activities aiming at restoring the quality of marine and aquatic environment (such as collecting waste at sea and lost fishing gears). Although it is impossible to quantify these in quantitative terms, closer integration will facilitate funding for a diversification of employment prospects in fisheries areas.

This option allows for supporting the interoperability of data gathered for the CFP with other marine data through the IMP European Marine Observation and data Network. Using the same protocols and standards for fisheries data as for other marine data allows them to be processed using the same procedures. The two types of data can then be combined in a way that allows the impact of fisheries on other activities and vice versa to be determined more easily. This integration would reduce the costs of nearly all industries operating offshore and could make other activities such as cabling or pipeline tendering more economically viable.

In terms of simplification, the increased integration of the CFP financial instruments under shared management is expected to: (a) allow for a reduction of the number of spending procedures and management and control systems and (b) facilitate investments the programming on a multi-annual basis, thus reducing the need for annual programming exercises for both the MS and the EU. For example, for market measures shared management means no need for annual decisions of the Commission for each market intervention tool.

In the mid term this new management methods should lead to a significant reduction in **administrative costs**. Nevertheless this reduction might not be visible in the short term due to potential new “one off costs” necessary to implement new management and control systems that cover the new scope of measures. After such an adaptation period, the shift from separate management (each instrument having its own management and MCS) towards unified management and processes should result in a decrease of management costs. These benefits can be obtained only if processes are effectively harmonised.

The move to shared management should alleviate the administrative burden for the institutes responsible for data collection and scientific advice as financial administration for the whole OP will be done by a centralised managing authority. The possibility to pre-finance part of the total allocated budget for data collection will allow MS to better plan and carry out their activities at the start of the OP because of difficulties to co-finance the national contribution (in particular in the face of budgetary restrictions).

Assuming that a saving of 10% could be achieved through full integration of all funding instruments, it could be expected that the administrative costs (calculated as the share of technical assistance out of the total budget) would represent some 2.70% of the budget.

In terms of **monitoring and evaluation**, bringing data collection and control under shared management would allow for using a single monitoring and evaluation framework, allowing for a much simpler creation of conditionalities linked to the compliance with these two policies.

In the end the cost-effectiveness of this Option should be very high.

9. COMPARING THE OPTIONS: CONTRIBUTION TO THE EUROPE 2020 STRATEGY

9.1. Comparison of impacts

The comparison of the three reform options (EFF+, EMFF integration and EMFF convergence) shows that in all cases positive impacts exceed those of the SQ Option.

For **environmental sustainability**, Option 3 could bring additional small to medium improvements in terms of scientific advice and data coverage and quality compared to the other two options. One reason for this would be the integration between IMP, control and DCF databases. Most of the impact however, would come from the strongest conditionality covering the ex EFF part, data collection and control.

In **economic sustainability** terms, any option will imply a significant improvement in closing the innovation gap in fishing (particularly as regards the SSCF) and in the aquaculture sector with regard to the SQ Option. However models do not allow isolating these impacts from improvements due to the transition to MSY and the introduction of transferable fishing rights. Option 3 could perform better in that respect, as the better integration of CFP into IMP might open up some exchange between fishing and technologies used in other maritime fields.

In **social sustainability** terms, under all three options a focus on territorial development should compensate for at least most of the employment lost in the catching and ancillary services sectors. Option 3 has the highest potential in that respect due to the stronger synergies between different policy strands. For example, in cases of projects conducted in a given area by Producers Organizations on the one hand and Fisheries Local Action Groups on the other, the integration of financing should give more opportunities for both bodies to work together and ensure the consistency of their marketing strategies and generate additional employment sources. The same effect might be expected with regard to the outermost regions, where currently three instruments (CMO, the scheme to compensate for the additional costs incurred in the marketing of certain fishery products and EFF) operate independently.

Yet another example is a closer integration with the IMP under the local development pillar. It should better help fishing communities located in coastal areas to spot and benefit from additional income and/or new job opportunities, particularly in other maritime related activities. In general terms, integration will bring about better coherence with other policies and instruments.

Finally Option 3 performs significantly better than the two other reform options in terms of **simplification and reduction of administrative costs and burden**. This is due to the fact that the implementation method would be radically modified as the data collection, control and market measures will be managed together with EFF measures under shared management covering 90% of the expenditure (65% under the two other options). In the mid term this approach should significantly reduce administrative costs and burden due to the unified approach in terms of management and control, including reporting, monitoring and evaluation.

In terms of cost-effectiveness, all reform options will be cost-effective, but Option 3 will exceed the other two.

9.2. Contribution to the Europe 2020 strategy

In so far as the new financial instrument would contribute to achieve the objectives of the reformed CFP and a better integration of the IMP and the CFP, it will also contribute to achieving the objectives of the Europe 2020 strategy.

The contribution would mainly focus on three flagship initiatives: i) a resource efficient Europe, ii) an innovation union and iii) the agenda for new skills and jobs.

Regarding the first initiative, the transition to sustainable fisheries (where the contribution of the new financial instrument will mainly focus in the reduction of discards) and aquaculture production, the reduction of the impact of fisheries (including fuel consumption) and aquaculture on the ecosystems, the improvement of scientific advice and data collection, a more effective control and an increased coordination between fishing, aquaculture and other maritime activities would improve resource efficiency.

Regarding the second initiative, the focus on innovation at all levels of the production, marketing and distribution chain in fisheries and aquaculture, if successful would certainly contribute to closing the innovation gap in the EU. The improved availability, coverage and quality of data, resulting both from the focus on scientific advice and economic data and from the coordination between IMP (marine knowledge, IMS) and the CFP would improve the foundations for that.

Regarding the third initiative, an increased attractiveness of the fishing sector, together with actions in the field of diversification of skills and jobs in coastal areas, helped by actions in the IMP field (in particular in the area of MSP), should help to the agenda for new skills and jobs.

The above description of impacts shows that three reform options would positively contribute to the Europe 2020 strategy. However, the additional positive impacts of Option 3 support the view that the contribution of Option 3 would exceed that of the other two.

10. THE PREFERRED OPTION

On this basis Option 3 seems to perform much better than the Status Quo and offer some advantages over the other two reform options so that, in the end, it is to be considered the preferred option. Although this result is to some extent anticipated in the Maritime and Fisheries Policy annex to the MFF Communication, the analysis carried out in this IAR confirms that view.

Table 8 - Comparison of options 2

Indicator	Level of achievement of target value under each option			
	Status Quo	EFF+	EFF+ Integration	EMFF convergence
Environmental sustainability				
Reduction of discards (%)	0	2	2	2
Economic				
GVA/employee in the fishing sector (index), including aquaculture	0	2	2	3

Social				
Number of jobs created in fisheries-dependent areas (% of compensation / jobs reduction in the catching sector)	0	2	3	3
Effectiveness and efficiency of delivery				
Reduction of management costs: share of Technical assistance (in % of total budget)	0	0	1	2
Strategic fit, focus on results, simplification	0	2	2	3
Cost effectiveness	0	1	2	3
TOTAL SCORING	0	9	12	16

Legend

3	Performance targets met and/ or very significant improvements of the situation
2	Performance targets substantially met and/ or significant improvements of the situation
1	Performance targets not met, but little change in the situation and small improvements
0	Performance targets not met and/or worsening of the situation

11. MONITORING AND EVALUATION

As stated in section 2.3.1 above, the weak monitoring and evaluation system has contributed to the lack of focus on results and performance which explains the deficiencies of the current public financial support.

Hence the EMFF should have a strong monitoring and evaluation system, based on common performance indicators allowing assessing the extent to which its objectives are being achieved. The system would be based on following components:

- A framework of common indicators:
 - o linked to the structure of the policy framework;
 - o allowing to assess policy implementation against priorities and targets;
 - o leaving the possibility for MS to define their own custom indicators in addition to those made compulsory by the Commission.
- A set of agreed targets between EU and MS:
 - o These targets will define the expected results on a specific set of results indicators;
 - o They will be defined at the level of the EU in the Common Strategic Framework;
 - o The translation of EU targets at national level will be defined in the partnership contracts and/or the operational programme.

- Annual implementation reports including reporting information on progress made towards objectives measured by the indicators. These reports will be used to verify the conditionalities
- Annual examination of programme implementation by the Commission.
- Ongoing evaluation
- Assessment of the quality of the national monitoring systems to be performed to assure the reliability of reported data on common indicators.
- Capacity building, to support implementation and evaluation of the fisheries and maritime policy.
- Reinforced monitoring and evaluation at the level of Fisheries Local Action Groups, in line with the provisions made by the other funds, including a reinforced use of self-evaluation techniques.

The result (performance) indicators related to key EMFF priorities should be included in the EMFF Regulation, whilst the output indicators could be discussed with the MS in meetings with a sub-group of the existing EFF Committee before their inclusion in the Implementing Regulation.

The following table presents some potential indicators which may provide performance framework for the EMFF Regulation. Annual reporting on these indicators will provide an indication of the performance of each Operational Programme and an input to the Annual Activity Statement.

Table 10 – Monitoring indicators

General Objective	Specific objective	Result indicators	Current situation	Target
Achieve Environmental sustainability	Reduce the environmental impacts of fisheries	<p>Linked to the evolution of discards rate.</p> <p>Source: National monitoring system or Data Collection Framework</p>	<p>Unknown, data will be available in 2012, with the next data call.</p> <p>Info available at the level of pilot projects shows that the use of selective gears allow decreasing discards by up to 50%,</p>	
	Reduce environmental impacts of aquaculture	<p>Linked to the energy consumption per ton produced. Seriously limited use, as it does not capture the fact that some environmentally friendly types of aquaculture require increased energy supply.</p> <p>Source: National monitoring system or Data Collection Framework</p>	<p>Unknown, data will be available in November 2011.</p>	
	Improve scientific knowledge	<p>Number of assessed stocks divided by total exploited stocks.</p> <p>Source: ICES</p>	<p>Scientific advice exists for 45% of commercial stocks; trend decreasing or stable.</p>	<p>As close to 100% as possible for commercial stocks</p>
Achieve economic sustainability	Reduce the innovation gap in fisheries (SSCF)	<p>GVA/FTE in fishing sector divided by average GVA/FTE national economy.</p> <p>Source: Annual Economic Report for EU fleets</p>	<p>Partly incomplete data for GVA/FTE in the fishing fleets exist. Data for aquaculture available November 2011.</p>	
	Reduce the innovation gap in fisheries (industrial fleets)	<p>GVA/FTE in fishing sector divided by average GVA/FTE national economy.</p> <p>Source: Annual Economic Report for EU fishing Fleets</p>		
	Reduce the innovation gap in aquaculture	<p>GVA/FTE in aquaculture sector divided by average GVA/FTE national economy.</p>		
	Increase energy efficiency in fishing	<p>Fuel consumption in volume divided by volume of landings</p> <p>Source: Annual Economic Report for EU fishing Fleets.</p>	<p>670 litres per one ton of fish in 2008.</p>	

Achieve social sustainability	Improve market organisation	<i>Number of POs / Number of associated fishermen and aquaculture farmers</i> <i>Source: National monitoring system.</i>	
	Promote viability of fisheries areas	<i>Number of jobs created by local partnerships (result indicator)</i> <i>Source: National monitoring system</i>	
Improve Compliance	Improvement of data quality	<i>Degree of compliance with data calls from secondary users under the DCF as assessed annually by STEFC</i>	100% compliance
	Improve control	<i>Serious infringements divided by n° of inspections</i>	

LIST OF ANNEXES:

1. List of meetings with stakeholders
2. List of studies.
3. INTERIM EVALUATION OF THE EUROPEAN FISHERIES FUND (2007-2013)
FINAL REPORT
FEBRUARY 2011 Interim evaluation of the EFF (2007-2013).
4. Repartition of the EFF per Axis and MS (2007-2013)

LIST OF ACRONYMS

Acronym	Description
ACFA	Advisory Committee on Fisheries and Aquaculture
CFP	Common Fisheries Policy
CISE	Common Information Sharing Environment
CMO	Common Market Organisation
DCF	Data Collection Framework
EAFRD	European Agriculture Fund for Rural Development
EAGF	European Agriculture Guarantee Fund
EC	European Commission
ECA	European Court of Auditors
EFF	European Fisheries Fund
EMFF	European Maritime and Fisheries Fund
EP	European Parliament
FAS	Fleet Adaptation Schemes
FEAP	Fishing Effort Adjustment Plan
FIFG	Financial instruments for fisheries guidance
FPA	Fisheries Partnership Agreements
GVA	Gross Value Added
IA	Impact Assessment
IMP	Integrated Maritime Policy
IMS	Integrated Maritime Surveillance
ITQ	Individual Transferable Quotas
IUU	Illegal, Unreported and Unregulated fishing
MA	Managing Authority
MC	Monitoring Committee
MCS	Management and Control System
MS	Member State
MSFD	Marine Strategy Framework Directive
MSP	Maritime Spatial Planning
MSY	Maximum Sustainable Yield
NSP	National Strategic Plan
OP	Operational Plan
PO	Producer Organisations
POSEI	Programme d'Options Spécifiques à l'Éloignement et l'Insularité
RAC	Regional Advisory Council
RFMO	Regional Fisheries Management Organisation
TAC	Total Allowed Catch
TFC	Transferable Fishing Concession
TFEU	Treaty of the Functioning of the EU

ANNEX 1
MEETING WITH STAKEHOLDERS

**COMBINED IMPACT ASSESSMENT AND EX-ANTE EVALUATION REPORT CONCERNING
THE COMMISSION'S PROPOSAL FOR A FUTURE FINANCIAL INSTRUMENT FOR FISHERIES
AND MARITIME POLICIES (2014-2020)**

Draft 27 June 2011

Conferences organised by the Commission

- Conference on the future of local development in fisheries dependent areas, April 12-13, 2011, Brussels.
- Conference on the CFP Reform 16 November 2010, Brussels.
- Conference MARE/REGIO on innovation in the fisheries and aquaculture sectors, 19 October 2010, Vigo.
- Seminar with the stakeholders, Member States and other Institutions on EFF and future financial Perspectives, 13 April 2010, Brussels
- Meeting with the stakeholders, Member States and other institutions on future EFF, Brussels, 19-20th January 2010.
- Seminar with European Transport Federation, Split, November 4-5th 2009, on the future of the EFF.
- THE FUTURE OF LOCAL DEVELOPMENT IN FISHERIES AREAS (POST-2013) - "HOW TO IMPROVE THE IMPACT OF EU INTERVENTIONS AT LOCAL LEVEL": BRUSSELS, 12-13 APRIL 2011

Co-organised with the Presidencies

- Under Spanish Presidency: Conference on the CFP Reform 2/3 May La Coruña, Spain (including Individual Transferable Rights as an alternative way of managing capacity, replacing scrapping, and support to small scale fleet)
- Under BE Presidency, meeting of Directors- General responsible for Fisheries in the MS, on EFF implementation (including critical assessment of the implementation, best practices in line with Europe 2020, need for synergy with other EU funds and discussion on the future funding, 12-14 September, Gent.
- Under BE Presidency: Improved Fisheries and Science Partnerships as Policy Drivers 9/10 November Ostend.

MS Fisheries Administrations

- The issue of future financial instrument has been discussed in all official meetings organised with the MS in the framework of the partnership (Monitoring Committees, Annual Review meetings) and EFF Committee.
- The future of Axis 4 (Local Development) has been discussed with the Managing Authorities in charge of Axis 4 in the meetings organised regularly by the FARNET Support Unit.

Others:

- Seminar organized by European Transport Federation "Enhancing social dialogue in the fisheries sector of new EU member states", Split, Croatia, 4 - 5 November 2009.
- Informal exchanges and meetings with representatives of environmental NGOs (PEW, Seas At Risk, Greenpeace, WWF and Birdlife)

For IMP

- A public consultation on the development of an IMP approach for the Mediterranean was conducted in 2008, whose results were taken on board in the Commission Communication "Towards an Integrated Maritime Policy for better governance in the Mediterranean" COM (2009)466 of 11.09.2009. This work is followed by WG on IMP the Mediterranean.
- The EU strategy for the Baltic Sea region is based on consultations (109 replies from authorities, institutions or individuals), as well as an internet consultation held between November and December 2008.
- A two-month public consultation on Marine Knowledge in 2009¹ received 300 replies.
- Five stakeholder workshops (MS, regions, NGOs and industry) on the further development of Maritime Spatial Planning at EU level took place in 2009.
- The Annual Forum on the EU Strategy for the Baltic Sea Region was held 14-15 October 2010, Tallinn
- Towards an Integrated Maritime Policy at the level of the Mediterranean Coastal Regions, 16/17 December 2010, Rome
- The Annual European Maritime Day Stakeholder Conference took place in Brussels, 19-20 May 2008 in Rome, 19 & 20 May 2009 and in Gijon, 18-21 May 2010)
- DG MARE has established a Technical Advisory Group consisting of stakeholders (representatives of various 'user communities') for the development of an Integrated Maritime Surveillance.

¹ "Marine Data Infrastructure Outcome of Public Consultation", Commission Staff Working Document, 22.1.2010, SEC(2010)73 final

ANNEX 2
LIST OF STUDIES USED IN IA

**COMBINED IMPACT ASSESSMENT AND EX-ANTE EVALUATION REPORT CONCERNING
THE COMMISSION'S PROPOSAL FOR A FUTURE FINANCIAL INSTRUMENT FOR FISHERIES
AND MARITIME POLICIES (2014-2020)**

- Report from the Commission - Second Annual Report on Implementation of the European Fisheries Fund (2008), 21.12.2009, COM (2009) 696 final
- Report from the Commission - Third Annual Report on Implementation of the European Fisheries Fund (2009), 07.02.2011, COM (2011) 0037 final
- Studies undertaken for the Impact Assessment of CFP reform including four regional studies.
- Regional social and economic impacts of change in fisheries-dependent communities, main report and 24 case studies. Study published 15/03/2011 on the Fisheries web site:
http://ec.europa.eu/fisheries/documentation/studies/regional_social_economic_impacts/index_en.htm
- Interim evaluation of the European Fisheries Fund (2007-2013), Final report, Published in February 2011 on the Fisheries web site:
http://ec.europa.eu/fisheries/documentation/studies/eff_interim_evaluation_en.pdf
- Report from the Commission to the Council and European parliament on the implementation of Council regulation on the Common Organisation of the Markets in fishery and aquaculture products
- Interim evaluation on establishing EU financial measures for the implementation of the CFP and in the area of the Law of the sea 2007-2013 – August 2010
- Impact Assessment Studies related to the CFP available at http://ec.europa.eu/fisheries/reform/impact_assessments_en.htm
- Synthesis of the Consultation on the Reform of the Common Fisheries Policy – April 2010
- Ex-Post evaluation of FIFG (2000-2006)- March 2010
- A Diagnosis of the EU fisheries sector, Commission Staff Working Document – April 2009
- Impact Assessment for an Integrated Maritime Policy for the European Union, SEC(2007) 1279, 10.10.2007.
- Progress report on the EU's integrated maritime policy, COM(2009)540 final, 15.10.2009.
- Ex-Ante Evaluation for establishing a Programme to support further development towards an Integrated Maritime Policy, SEC(2010) 1097 final of 29.09.2010.
- Impact Assessment for a European Marine Observation and Data Network SEC(2010) 998 final, 8.9.2010.
- Report on Integrated Maritime Policy - Evaluation of progress made and new challenges (2010/2040(INI)), European Parliament, Committee on Transport and Tourism, 21.10.2010
- Evaluation of the Common Organisation of the Markets in Fishery and Aquaculture Products, December 2008
- Monitoring and Evaluation system. By Ernst & Young. Draft June 2011.

ANNEX 3
INTERIM EVALUATION OF THE EUROPEAN FISHERIES FUND (2007-2013)
FINAL REPORT
FEBRUARY 2011

Not included. Available at:

http://ec.europa.eu/fisheries/documentation/studies/eff_interim_evaluation_en.pdf

ANNEX 4

EFF BROKEN-DOWN BY PRIORITY AXIS AND BY MEMBER STATE

PUBLIC AMOUNTS PROGRAMMED IN THE LAST DECISION INTO FORCE

Member State	Priorityaxis1		Priorityaxis2		Priorityaxis3		Priorityaxis4		Priorityaxis5		TotalPublic	
	EFF	% ¹	EFF	% ¹	EFF	% ¹	EFF	% ¹	EFF	% ¹	EFF	%oftotalEFF
AT Austria	-	-	5.164.318	98,19	50.000	0,95	-	-	45.000	0,86	5.259.318	0,12%
BE Belgium	11.561.648	44,02	3.500.000	13,33	7.988.352	30,42	1.900.000	7,23	1.311.648	4,99	26.261.648	0,61%
BG Bulgaria	8.000.970	10,00	36.004.371	45,00	20.002.426	25,00	12.001.456	15,00	4.000.485	5,00	80.009.708	1,86%
CY Cyprus	5.200.000	26,36	3.250.000	16,48	9.924.418	50,32	1.000.000	5,07	350.000	1,77	19.724.418	0,46%
CZ Czech Republic	-	-	11.926.937	44,00	13.824.404	51,00	-	-	1.355.334	5,00	27.106.675	0,63%
DK Denmark	40.365.342	30,20	37.649.524	28,16	36.515.266	27,32	12.461.279	9,32	6.683.758	5,00	133.675.169	3,11%
EE Estonia	15.264.531	18,05	24.583.929	29,07	21.209.664	25,08	19.281.513	22,80	4.228.402	5,00	84.568.039	1,96%
FI Finland	3.445.000	8,73	16.990.000	43,07	14.783.827	37,48	3.606.000	9,14	624.000	1,58	39.448.827	0,92%
FR France	65.621.494	30,37	59.029.212	27,32	83.049.416	38,44	5.699.644	2,64	2.653.318	1,23	216.053.084	5,02%
DE Germany	8.145.000	5,23	57.560.225	36,93	68.687.844	44,07	19.438.000	12,47	2.034.348	1,31	155.865.417	3,62%
GR Greece	77.272.459	37,18	59.689.538	28,72	32.320.240	15,55	33.300.000	16,02	5.250.000	2,53	207.832.237	4,83%
HU Hungary	-	-	24.163.925	69,34	8.944.392	25,66	-	-	1.742.543	5,00	34.850.860	0,81%
IRL Ireland	34.766.000	82,25	-	-	6.000.000	14,20	1.500.603	3,55	-	-	42.266.603	0,98%
IT Italia	161.250.284	38,00	106.085.713	25,00	106.085.713	25,00	16.973.714	4,00	33.947.430	8,00	424.342.854	9,86%
LV Latvia	26.196.710	20,95	49.330.211	39,46	27.354.461	21,88	17.172.786	13,74	4.961.395	3,97	125.015.563	2,90%
LT Lithuania	13.667.647	24,98	22.431.005	41,00	9.249.241	16,90	6.693.770	12,23	2.671.745	4,88	54.713.408	1,27%
MT Malta	2.175.000	25,98	1.707.750	20,40	4.095.079	48,91	-	-	394.500	4,71	8.372.329	0,19%
NL Netherlands	16.913.233	34,82	7.379.398	15,19	16.903.461	34,80	4.987.125	10,27	2.395.200	4,93	48.578.417	1,13%
PL Poland	168.841.292	23,00	146.818.515	20,00	146.818.515	20,00	234.909.624	32,00	36.704.628	5,00	734.092.574	17,05%
PT Portugal	62.865.134	25,50	74.187.067	30,10	83.407.876	33,84	17.403.406	7,06	8.621.766	3,50	246.485.249	5,73%
RO Romania	9.975.000	4,32	105.000.000	45,51	30.000.000	13,00	75.000.000	32,51	10.739.207	4,65	230.714.207	5,36%
SK Slovakia	-	-	10.467.810	76,47	2.536.292	18,53	-	-	684.426	5,00	13.688.528	0,32%
SI Slovenia	2.164.029	10,00	7.141.293	33,00	7.574.097	35,00	2.164.029	10,00	2.596.835	12,00	21.640.283	0,50%
ES Spain	439.496.235	38,83	307.065.764	27,13	314.439.940	27,78	50.753.929	4,48	20.135.044	1,78	1.131.890.912	26,29%
SE Sweden	13.666.201	25,00	10.932.961	20,00	19.132.681	35,00	8.199.720	15,00	2.733.240	5,00	54.664.803	1,27%
UK United Kingdom	39.634.805	28,76	33.589.711	24,37	49.620.896	36,00	11.598.450	8,42	3.384.027	2,46	137.827.889	3,20%
Total	1.226.488.014	28,49%	1.221.649.177	28,38%	1.140.518.501	26,49%	556.045.048	12,92%	160.248.279	3,72%	4.304.949.019	1

For ease of reference, please refer to the legend below:

Priority axis 1: measures for the adaptation of the Community fishing fleet

Priority axis 2: aquaculture, inland fishing, processing and marketing of fishery and aquaculture products

Priority axis 3: measures of common interest

Priority axis 4: sustainable development of fisheries areas

Priority axis 5: technical assistance

ENDNOTES

¹ The expressions "future fund", "Future funding instrument" or "EMFF" are used in the present IA. They have to be considered as synonymous.

² COM(2010) 494 final of 29 September 2010, Proposal for a regulation of the European Parliament and of the Council establishing a Programme to support the further development of an Integrated Maritime Policy.

³ COUNCIL REGULATION (EC) No 861/2006 of 22 May 2006 establishing Community financial measures for the implementation of the common fisheries policy and in the area of the Law of the Sea

⁴ COM(2011) 500 final, 29 June 2011.

⁵ [SEC\(2011\) 891](#) - Impact assessment concerning the Commission's proposal for the 2012 reform of the Common Fisheries Policy and [SEC\(2011\) 892](#) - Summary of the Impact assessment, both published 13 July 2011.

⁶ Impact assessment accompanying the document Regulation of the European Parliament and of the Council on the Common Organisation of the Markets in Fishery and Aquaculture Products SEC(2011)883.

⁷ SEC (2007) 1279, of 10.10.2007.

⁸ Commission Progress Report on the EU's Integrated Maritime Policy – COM (2009) 540 final of 15.10.2009.

⁹ COM(2011) 500 final of 29 June 2011 on A Budget For Europe 2020 - Part II - Policy Fiches , pp. 80-82; SEC(2011) 868 final chapter 10: Fisheries and Maritime Affairs.

¹⁰ 22/9/2010, 13/12/2010, 17/1/2011, 11/2/2011 and 30/6/2011

¹¹ COM(2009)163 final, Brussels, 22.4.2009. Green Paper Reform of the Common Fisheries Policy

¹² "Marine Data Infrastructure Outcome of Public Consultation", Commission Staff Working Document, 22.1.2010, SEC(2010)73 final.

¹³ [http://ec.europa.eu/fisheries/reform/sec\(2010\)0428_en.pdf](http://ec.europa.eu/fisheries/reform/sec(2010)0428_en.pdf).

¹⁴ COM(2007) 574 final of 10.10.2007.

¹⁵ Ares(2011)971305 of 13 September 2011.

¹⁶ SEC(2011) 891.

¹⁷ 'Safe biological limits' are defined by a minimum safe stock size and a maximum exploitation rate. These are known as reference points. The stock size is measured in terms of 'spawning stock biomass (SSB)' which represents the total weight of spawning fish each year. The exploitation rate is called the 'fishing mortality (F)' which measures the rate at which fish are removed from the stock by fishing. If the stock is either below the minimum safe SSB or above the maximum safe F, the stock is said to be outside safe biological limits.

¹⁸ Council Regulation (EC) n° 1198/2006 of 27 July 2006 on the European Fisheries Fund. OJ L223/1 of 15.8.2006. Article 4.

¹⁹ SEC(2011) 891. Section 2.4.

²⁰ Ex-Post evaluation of FIFG (2000-2006)- March 2010.

²¹ Interim evaluation of the European Fisheries Fund (2007-2013), Final report, February 2011.

²² A list of potential result and impact indicators was suggested in a working paper "Indicators for monitoring and evaluation: a practical guide for the EFF". However, these indicators were not used by all MS, whereas their characteristics were not sufficiently detailed to ensure common use and interpretation within the national monitoring systems (some indicators being focused either on assessing trends or on measuring absolute figures, which makes it difficult to aggregate or consolidate the data provided) (see list in annex).

²³ An ECA report on overcapacity is in preparation, raising the question of the way this condition was made operational in the MS. Its publication is expected for October 2011.

²⁴ Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the common organisation of the markets in fishery and aquaculture products. COM(2011)416 final of 13 July 2011.

²⁵ [SEC\(2011\) 891](#). Section 2.1.1.

²⁶ Overcapacity is a biological and economic problem. It means that too many vessels catch existing fishing resources, but also that there are too many vessels for the available fishing rights.

²⁷ The existence of a possible scrapping premium is factored in the investment decisions made by vessels owners. They might decide to build a new vessel even if its cost can not be covered by the income generated only by fishing.

²⁸ ECA SPECIAL REPORT No 7/2007 on the control, inspection and sanction systems relating to the rules on conservation of Community fisheries resources.

²⁹ See for example: http://www.euraquaculture.info/files/consensus_brochure_web.pdf mentions the positive impacts of pond fish farming.

³⁰ Dhepherd J.: Linkage between farmed and wild fish. <http://www.oecd.org/dataoecd/20/62/45035118.pdf>.

³¹ Several research projects have been financed under FP5 – FP7 such as RAFOA, PEPPA, AQUAMAX, PUFAFEED.

³² Birdlife International, BirdLife Europe: Support for environmental friendly aquaculture practices from European Fisheries Fund (April 2011).

³³ [SEC\(2011\) 891](#) Section 2.1.5.

³⁴ COM(2010)241 final of 17 May 2010, In addition, for a further 42 stocks no scientific advice was available. As for the Mediterranean, there are some data for 16 species out of 102. These 16 species correspond to 60 stocks. The status of 18 out of these 60 was unknown in 2010 due to poor data.

³⁵ SEC(2010) 998 final COMMISSION STAFF WORKING DOCUMENT European Marine Observation and Data Network IMPACT ASSESSMENT.

³⁶ COM(2010)461.

³⁷ Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive)

³⁸ For an estimation of the gap, see Section 6 below.

³⁹ [SEC\(2011\) 891](#).

⁴⁰ See Section 6.2 below for an estimation of the innovation gap.

⁴¹ Investments not related to innovation and environment (i.e. port facilities, extension of production facilities in aquaculture, processing industry).

⁴² The FARNET Support Unit has gathered information on Good Practice projects which are presented on their web site, see <https://webgate.ec.europa.eu/fpfis/cms/farnet/content/project-examples>.

⁴³ Regarding aquaculture, its fuel consumption is very small. However, as stated above some forms of aquaculture (e.g. recirculation systems) are quite electricity consumption intensive. The development of these production methods could increase the amount of electricity consume but not to levels considered problematic.

⁴⁴ See in particular "Regional social and economic impacts of change in fisheries-dependent communities". Study published by DG MARE 15/03/2011. http://ec.europa.eu/fisheries/documentation/studies/regional_social_economic_impacts/index_en.htm

⁴⁵ The modelled fleets represent 80% of the global EU gross value added (GVA) of the catching sector and 70+% of employment.

⁴⁶ 2003 figures (EU-25), sum of full time and part time employment, not Full Time Equivalent posts; (female involvement in catching sector: 4%; aquaculture: 31%; processing: > 55%). source: Salz, P., Employment in the fisheries sector, current situation, study commissioned by DG MARE, FISH/2004/4, 2006.

⁴⁷ In cases where the actions envisaged fall under more than one Article of the Treaty, it is constant jurisprudence of the Court of Justice: (a) to opt for one single Article choosing that which reflects the main or preponderant objective, purpose or component of the envisaged measures. See Case C-178/03 (att 42) Commission vs EP and Council; Case C-36/98 Spain v Council [2001] ECR I-779, paragraph 59; Case C-211/01 Commission v Council [2003] ECR I 8913, paragraph 39; and Case C-338/01 Commission v Council [2004] ECR I 4829, paragraph 55 or (b) exceptionally to accept that two or more Articles are used as legal basis (multiple bases) under the condition that the objectives pursued are intrinsically linked without one being secondary and indirect in relation to the others. See C-211/01 (att 40) Commission v Council Case C-336/00 Huber [2002] ECR I-7699, paragraph 31; Case C-281/01 Commission v Council [2002] ECR I-2049, paragraph 35, and Opinion 2/00 [2001] ECR I-9713, paragraph 23).

⁴⁸ <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P7-TA-2010-0243>.

⁴⁹ See Section 9.2 below.

⁵⁰ SEC(2011) 891. Sections 5.4 and 7.3.

⁵¹ COM(2011)425 final of 13 July 2011.

⁵² See Section 6 below.

⁵³ Council Conclusions of 16 November 2009, 14 June 2010 and 23 May 2011.

⁵⁴ Report on Integrated Maritime Policy - Evaluation of progress made and new challenges (2010/2040(INI)), European Parliament, 21.10.2010

⁵⁵ SEC(2011) 891. Sections 5.4 and 7.1.

⁵⁶ SEC(2011) 891. Sections 5.4 and 7.2.

⁵⁷ See Impact Assessment of discard reducing policies, available at http://ec.europa.eu/fisheries/documentation/studies/discards/index_en.htm.

⁵⁸ The projects related to Natura2000 are usually costly. For example, environmental studies necessary to select optimal location of cages and minimization of impact with Natura2000 sites cost ca €20,000 per year and plant.

⁵⁹ Case study of agri-environmental payments: the United Kingdom. T.L. Dobbs, J. Pretty, available at www.sciencedirect.com.

⁶⁰ The results regarding Belgium are probably related to the very small active fleet and fishermen.

⁶¹ This calculation can be further improved with the availability, for the first time, of aquaculture data. The first EU-wide report is scheduled for the publication in the autumn 2011.

⁶² Price Waterhouse Cooper, INFOMAR Marine Mapping Survey Options Appraisal Report June 2008.

⁶³ European Marine Observation and Data Network Impact Assessment, SEC(2010) 998 final of 8.9.2010.

⁶⁴ Further analysis of the corresponding savings will be provided within the framework of the Impact Assessment exercise which is currently being launched. Nevertheless, a considerable savings have been proved in studies at national level, in particular reduced human resources needs.

⁶⁵ Study on the economic effects of Maritime Spatial Planning, Policy Research Corporation on behalf of DG MARE, 2011. http://ec.europa.eu/maritimeaffairs/study_msp_en.html.

⁶⁶ Calculations in the CFP reform IA regarding processing and ancillary services 15 EU MS.