

## Reform proposals for the Common Agricultural Policy

### Summary

- The proposals to reform the Common Agricultural Policy (CAP) are to a large extent a missed opportunity to put more sustainable farming at the heart of the policy. The co-decision process offers a vital opportunity to improve the proposals so that they deliver genuine benefits for the environment and farming sectors.
- Agri-environment schemes form the green backbone of the CAP and reward farmers who farm with wildlife and the wider environment in mind. These schemes must receive a much larger share of the Rural Development Budget.
- The CAP must address its failure to design and implement targeted support towards High Nature Value farming systems, which are environmentally rich but often economically marginalised.
- Natura 2000 sites, many of which depend upon sensitive farming methods, must receive targeted support at the Member State level, linked to sound management.
- New measures to 'green' Pillar I direct payments must be designed to bring meaningful and significant environment benefits, ensuring sustainability at the farm level.

In October 2011, the European Commission released its proposals for CAP reform. These proposals raise many risks and opportunities for nature conservation and this briefing outlines the issues relating to **4 key priority areas** that have been identified by BirdLife: Rural Development (Pillar II) funding & agri-environment schemes; High Nature Value farming; Natura 2000 and 'greening' of Direct Payments (Pillar I).

### 1. **Rural Development (Pillar II) funding & agri-environment schemes (AES)**

**Why is this a priority?** Increased resources for Rural Development and a re-focusing of support towards environmental and climate change objectives, if implemented soundly, would go a significant way to addressing issues of resource degradation and biodiversity loss. While Pillar I greening may bring some benefits for biodiversity and environmental quality (see below), a strong Pillar II with sufficient budget for AES is needed for more targeted conservation measures.

#### **A) Rural Development minimum spending requirement**

- Positively, a 25% minimum spend requirement for 'agri-environment-climate' measures has been included in the proposals. However, this requirement currently only features in the preamble and must also be explicitly stated within the articles<sup>1</sup> to ensure it remains mandatory.
- This 25% also includes "*payments to areas facing natural or other specific constraints*" (Less Favoured Areas). There are significant questions around the environmental benefit of this measure, as well as possible double payment issues due to a similar Pillar I Areas under Natural Constraints payment. Therefore BirdLife would support the removal of such payments from the 25% minimum spend unless they are specifically linked to environmental delivery in High Nature Value farming systems.

<sup>1</sup> "Member States should maintain the level of efforts made during the 2007-2013 programming period and have to spend a minimum of 25% of the total contribution from the EAFRD to each rural development programme for climate change mitigation and adaptation and land management, through the agri-environment-climate, organic farming and payments to areas facing natural or other specific constraints measures." (Paragraph 28)

## B) Rural Development structure

- The proposal intends to achieve three objectives (*competitiveness, sustainable management of natural resources and balanced regional development*) through a new system of six priorities<sup>2</sup>.
- Member States must submit an ex-ante evaluation of their Rural Development Programme(s) (RDPs) which, if executed properly, could be very positive. However, Annex IV, which outlines the basis for evaluation, is currently too vague and limited to do this adequately.
- Significant questions remain whether enough safeguards have been put in place to ensure climate change measures will also benefit the wider environment, as they could potentially undermine or even cause harm to other environmental objectives e.g. inappropriate development of anaerobic digesters which demand purpose grown maize crops and could lead to soil degradation and water pollution issues.

## C) Co-financing of Rural Development measures

- The maximum EAFRD contribution rate for RD measures has been set at 85% for less developed regions and 50% for all other regions. Higher co-financing rates are possible for measures such as knowledge transfer, producer groups, cooperation, young farmers and Leader.
- It is extremely disappointing that there is no mention of a higher co-financing rate for environmental measures as this would make some of the non-compulsory measures (e.g. Natura 2000) more attractive for Member States to implement. Higher rates must therefore be available for environmental measures.

## D) Agri-environment schemes (AES)

- In the proposal, these measures are re-branded as 'agri-environment-climate' measures and remain a compulsory part of RDPs. Well-designed, implemented and funded AES must form a key component of the CAP after 2013 as they have a crucial role in supporting farmers to introduce more sustainable and wildlife-friendly practices and have proven delivery for the environment. Their important role, and the need for further improvements across the EU, has been highlighted by the European Court of Auditors (2011)<sup>3</sup>.
- It remains to be seen what impact the greening of Pillar I will have on AES but it has significant potential to act as an improved baseline. The major issues are what changes will be needed to the design and payment rates of existing schemes and what transition arrangements will be made. This needs to be clarified as soon as possible to avoid a drop in scheme uptake and renewal in the remaining years of the current programming period.
- The re-branding as 'agri-environment-climate' means that ring-fenced money will be expected to deliver a broader suite of objectives and as such is unlikely to be an adequate amount. Ring fenced spending for AES should therefore be increased.

<sup>2</sup> 1. fostering knowledge transfer and innovation in agriculture, forestry, and rural areas  
2. enhancing competitiveness of all types of agriculture and enhancing farm viability  
3. promoting food chain organisation and risk management in agriculture  
4. restoring, preserving and enhancing ecosystems dependent on agriculture and forestry  
5. promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors  
6. promoting social inclusion poverty reduction and economic development in rural areas

<sup>3</sup> <http://eca.europa.eu/portal/pls/portal/docs/1/8760788.PDF>

- Attention should be paid to ensure that new climate change measures do not undermine, or even cause harm to, other environmental and biodiversity objectives.
- In addition to farmers, other land managers must be able to access AES.

## 2. **High Nature Value (HNV) farming**

**Why is this a priority?** HNV farming systems are inherently high in wildlife value and produce other environmental benefits including carbon storage, clean water and landscapes that help wildlife adapt to climate change. However, they often receive little or no current CAP support and urgent solutions are needed to support the economic viability of these environmentally beneficial and culturally-rich farming systems to ensure their continued existence.

- Although HNV is mentioned several times in the proposals<sup>4</sup>, the regulation is virtually silent on the issue of support for HNV farms or measures for HNV farming. Less Favoured Area (LFA) funding remains the main, but deeply inadequate, means of support. Changes to the way Pillar I payments are distributed within Member States and a new payment for areas with specific natural constraints may provide an important source of new funding to these areas, which are often synonymous with HNV farming, but only if they are utilised in a targeted way.
- A thematic sub-program on HNV should be established and made mandatory in Member States RDPs to ensure coherent support and protection for HNV systems.

## 3. **Natura 2000**

**Why is this a priority?** The Natura 2000 network is designed to protect Europe's species and their habitats, and is the EU's most far-reaching effort to halt biodiversity decline yet. A retargeting of support towards environmental objectives needs to be directed towards Natura 2000 sites, many of which depend on sensitive farming methods.

- Natura 2000 is explicitly mentioned in the Rural Development priorities and there is a "*Natura 2000 and Water Framework Directive payment*" measure. However this is not compulsory and not included in the 25% minimum spend requirement. Other measures ("*investment in physical assets*" and "*basic services and village renewal*") also contain provisions for Natura 2000 areas.
- Support for Natura 2000 should be made compulsory for Member States. Member States should use the National financial plans for Natura 2000 (prioritised action frameworks) to design and finance the measures to achieve the Natura 2000 objectives.
- The approach to Natura 2000 remains negative, based on compensation for disadvantages (article 31) rather than the public goods that management of Natura 2000 land can provide. There is still no link to Natura Management Plans or any specific management prescriptions and this must be rectified.
- Natura 2000 maximum payments have been set to 500 EUR for the first 5 years and 200 EUR after that, which is well below what is required to undertake any meaningful and effective management. Natura 2000 payments must not be lower than other payments. Both farmers within and adjacent to Natura 2000 sites should be eligible for this payment.

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<sup>4</sup> In the priorities of the proposal article 5.4a "*for restoring and preserving biodiversity*"; in the measure article 18 "*investment in physical assets*" (which includes tangible or non-tangible investments for HNV) and in article 21 "*basic services and village renewal in the rural areas*" (which covers Natura 2000 management plans, protection and other HNV areas).

#### 4. 'Greening' of Direct Payments (Pillar I)

**Why is this a priority?** 'Greening' the CAP is essential to contribute to EU environmental targets and to help maintain the productive capacity of agricultural land and long-term food security. If executed well, greening provides an opportunity to improve agri-environment delivery by acting as an enhanced baseline upon which such schemes operate.

The extent to which the greening proposals, which will allocate 30% of the Pillar I budget to "agricultural practices beneficial for the climate and the environment", will improve the status quo is mixed. Some of the measures do not go far enough and might water down previous requirements set under cross compliance (Member State dependent). Each of the proposed "beneficial practices" must be designed so that they deliver genuine environmental benefits:

- Crop diversity<sup>5</sup>: This measure will not deliver the proven benefits of agronomically sound crop rotation but could provide protection against large monocultures. This measure should be replaced by a real crop rotation requirement.
- Ecological Focus Areas (EFAs) EFAs have significant potential both to recognise and reward those farmers who have retained environmentally and agronomically useful features on their farm and to drive those who do not have such areas to incorporate them on their land. EFAs must not be confused with the old set aside rule, which was set up to control production surpluses. All landscape elements that are part of the farm – including those currently not in the system – should be eligible to count towards the EFA measure. Positive management of EFAs must be encouraged through agri-environment schemes. BirdLife is in favour of 10% EFA at farm level.
- Permanent pastures of high environmental value urgently need proper protection and support. However, the proposed reference year of 2014 could actually incentivise their destruction by encouraging landowners to cultivate their pasture before this date. The current definition of permanent pasture fails to distinguish between intensive grass crops and extensively managed grasslands of the highest environmental value. BirdLife would prefer a Pillar 1 premium to provide support for extensively managed and environmentally valuable permanent pasture and the retention of the current cross compliance requirement to protect permanent pasture, managed at the Member State level.

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<sup>5</sup> Article 29(1) (a) to have three different crops on their arable land where the arable land of the farmer covers more than 3 hectares and is not entirely used for grass production (sown or natural), entirely left fallow or entirely cultivated with crops under water for a significant part of the year.