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CAP 2021-27: Proposals for increasing its environmental and climate ambition

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Executive Summary

The status quo is no longer an option

The Common Agricultural Policy is the key EU funding mechanism to support environmental and climate action in the EU agricultural and forest sectors. The evidence demonstrates that efforts to date to green the CAP have not been sufficient to outweigh the damage being done to biodiversity, water quality, soils and air quality. Furthermore, the recent IPCC report shows that the EU is not on track to meet its contribution towards the Paris Agreement's long-term aim of limiting the Earth's temperature increase to 1.5°C above pre-industrial levels. It is increasingly urgent that the CAP provides the right set of signals to Member States and land managers that the status quo is no longer tenable and that a significant change in the way CAP support is designed and delivered in Member States is required to improve its performance in delivering environmental and climate outcomes and ultimately to secure long term food production.

The CAP Proposals for the 2021-27 period, published by the European Commission in June 2018, recognise that greater environmental and climate ambition is required and have made this an explicit requirement on Member States within the draft legislative text. A major feature of the proposals involves a fundamental change in the delivery approach towards one in which all CAP support (both Pillar 1 and Pillar 2) is focused on performance, delivering results against a set of EU objectives in light of national and regionally identified needs. If this ambition were to be realised, this could provide a real opportunity to scale up environmental and climate action across the agriculture and forest sectors to meet EU and national targets and priorities. However, initial reactions question whether the content of the proposals can turn this ambitious rhetoric into reality, with real fears that what is proposed will allow Member States to get away with maintaining the status quo.

Focus of the report

This report examines the CAP proposals from an environmental and climate perspective and identifies positive elements that must be retained as well as areas that must be strengthened.

Starting with a review of the lessons learned so far from the implementation of the 2014-2020 CAP (Chapter 2), against this background it then examines five specific areas of the proposals (Chapter 3): budgetary issues; governance and stakeholder engagement; the development, approval, monitoring and review of the CAP Strategic Plans; definitions and eligibility for support; and the key types of support / interventions.

Each of the sections in Chapter 3 is drafted in the form of an independent 'fiche', identifying what the proposals say, the positive elements for the environment/climate as well as key issues and risks and ending with a series of key actions and changes required to the legislative proposals to maximise the chances of the Member States moving away from the status quo and taking seriously the need to deliver increased environmental and climate ambition through their CAP Strategic Plans. These actions are summarised as one complete set in the concluding chapter.

Lessons from the 2014-2020 CAP

The 2013 CAP reform introduced a significant change in the structure of the CAP, mainly Pillar 1, most notably the introduction of environment and climate payments ('green direct payments'), but also some changes to Pillar 2. Chapter 2 sets out the key lessons identified from the 2014-2020 CAP relating to achieving environmental and climate outcomes, drawing on the evidence available to date. These include the following:

- Providing Member States with more flexibility to choose how to design and implement CAP measures does not necessarily lead to choices that enhance either the ambition or effectiveness in relation to the environmental and climate needs within that country, with Member States often preferring to maintain the status quo.
- Having a specified level of the CAP budget allocated for environmental and climate purposes has been useful, but the lack of a link to more specific environmental objectives has been a weakness which has made it easier for Member States to dilute their efforts.
- Objectives that are very general in nature, combined with very generic indicators can end up being no more than general headings under which schemes are brigaded, rather than driving precision in designed well targeted schemes that can make a tangible difference.
- Although the new suite of Pillar 1 measures did have the potential to deliver some widespread environmental benefits, a major driver for the design of Pillar 1 support has been to limit the impact of the changes on farmers' income and to maintain the balance between agricultural sectors or between regions.
- Given this, the funding available within Rural Development Programmes remains critical to address the serious environmental issues that continue to face the farmed environment.
- The introduction of greening measures in Pillar 1 has highlighted the importance of finding a coherent approach to delivering environmental (and other) objectives on agricultural land, using measures from both Pillar 1 and Pillar 2.
- Despite evidence showing the benefits of involving stakeholders in the design and subsequent implementation and monitoring of CAP measures, and the requirements to do so in the European code of conduct on partnership, engagement in many Member States remains patchy

Changes required to the CAP legislative proposals

The report identifies 30 changes or clarifications to the legislative proposals that are required to improve the chances that they will lead to a CAP that can deliver enhanced environmental and climate ambition in Member States. In summary, the report concludes that the CAP proposals must be revised to embody a genuine performance-based approach within which Member States are required to tailor the support they provide under both Pillars of the CAP towards meeting clear objectives and nationally identified needs and held accountable for doing this. Without strong accountability there is a risk that Member States will take the easy option and choose to continue with the status quo. This means that:

- The CAP regulations must make sure that Member States use the flexibility provided to them to take a step back and to rethink the way support is tailored and targeted to their needs, including environmental and climate needs. Pillar 1 and Pillar 2 support must be programmed together and work together coherently, avoiding perverse environmental

and climate effects. They will require support, guidance and capacity building and must engage stakeholders in the process.

- Sufficient funding is allocated to environmental and climate interventions with a minimum percentage of the Pillar 1 envelope ring-fenced for environmental purposes to mirror the 30% requirement in Pillar 2, or a minimum percentage set for environmental/climate purposes across the CAP as a whole.
- The CAP objectives should be articulated in more concrete, quantitative terms, linking them more clearly with EU legislation, and the indicators identified to measure progress against these should be made more specific to enable the quality of the action taken to be determined as well as the quantity.
- Changes are required to a number of specific articles relating to particular interventions as well as conditionality to maximise the opportunities for them to deliver enhanced outcomes.
- Rigorous approval and review processes at EU level are essential so that Member States are accountable to EU taxpayers for addressing the priorities and needs in their countries. Criteria should be established to demonstrate how the Commission will assess whether Member States have genuinely increased the environmental and climate ambition of their mix of CAP support. As part of this it will be important to consider how the full suite of interventions making up the green architecture have been used, making the most of the eco-schemes under Pillar 1 and the environmental and climate area payments under Pillar 2, in conjunction with non-productive investments, advice and the potential to deliver at the landscape scale using collaborative approaches. In addition, the Commission should be sure that environmentally valuable habitats that are used for agricultural purposes (e.g. grazing) are not excluded from CAP support and that the genuine farmer definition does not discriminate against any farmers and land managers who make a measurable contribution to achieving environmental objectives.

The actions identified in this report are intended as a positive contribution to the debates on the future CAP as the legislative proposals move through the negotiation process and provide some ways to strengthen the mainstreaming of environmental and climate concerns into the CAP that is so desperately required.

1 Introduction and purpose

1.1 Why increasing environmental and climate ambition is increasingly urgent

The Common Agricultural Policy (CAP) is now the key EU funding mechanism to support environmental and climate action in the EU agriculture and forest sectors. EU environmental policy has been progressively integrated in the CAP framework under successive reforms since the mid-1990s. It is therefore the policy that can make the most difference in shaping the environmental and climate impacts of land management activities and other rural sectors.

The CAP Proposals for the 2021-27 period were published in June 2018¹ and are currently subject to discussion and negotiation in the European Parliament and the Council of the EU. The proposals highlight the fact that, despite greater commitment to achieving environmental and climate objectives over the past two decades, greater ambition is required if we are to meet EU and national targets for biodiversity, water quality, greenhouse gas emissions, air quality as well as long term food security. This is in line with the findings of the Commission's public consultation on the CAP which reinforced the message that the CAP must do more to deliver for the environment and climate - 77% of respondents agreed with the statement that 'agricultural policy should deliver more benefits for environment and climate change'.

It is important that this rhetoric becomes a reality and that all Member States sign up to a significant strengthening of their environmental and climate commitments under the CAP. Putting off such action is no longer tenable. The IPCC report², published in October 2018, shows that the EU is not on track to meet the Paris Agreement's long-term aim of limiting the Earth's temperature increase to 1.5°C above pre-industrial levels, arguing that there is only 12 years in which the planet can take action to ensure temperatures do not exceed 1.5 degrees, beyond which even half a degree of warming would increase the risks of severe weather such as heatwaves, droughts and flooding. It flags that agriculture must play its part, especially since in the EU greenhouse gas emissions from agriculture have remained fairly stable since 2010 and started to increase again in some countries³. In 2017 a German study⁴ showed a 75% decline in flying insect biomass on nature reserves since 1990, with serious implications for pollinators which are essential for crop production. Add to this the issues of declining water availability and continuing problems with water quality, soil erosion and air

¹ COM(2018) 392 final, Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council, 1.06.2018

² IPCC, 2018, Global Warming of 1.5 °C, IPCC special report on the impacts of global warming of 1.5 °C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty

³ Figures on GHG emissions from agriculture can be found at: https://ec.europa.eu/agriculture/cap-indicators/context/2017/c45_en.pdf

⁴ Hallmann CA, Sorg M, Jongejans E, Siepel H, Hofland N, Schwan H, et al. (2017) More than 75 percent decline over 27 years in total flying insect biomass in protected areas. PLoS ONE 12(10): e0185809. <https://doi.org/10.1371/journal.pone.0185809>

quality. Agricultural and other land management practices are implicated as a source of many of these problems, but they also hold the key to many of the solutions.

The CAP plays an increasingly important and urgent role to provide the necessary funding and signals to land managers and other sectors in rural areas to turn this situation around.

It is critical therefore that the CAP regulations for 2021-27 are sufficiently robust to ensure that Member States refocus and redesign their CAP support measures to put environmental and climate dimensions at the heart of their CAP Strategic Plans, championing environmental and climate objectives as part of a package of measures for promoting an economically robust and sustainable agricultural sector as part of vibrant and innovative rural areas of the future.

So far, those analysing the proposals do not feel that the current proposals are adequate for this purpose. The European Court of Auditors⁵ have argued that although the shift towards a performance focus is a positive one, the CAP's environmental and climate objectives are not clearly defined, the targets are not sufficiently specific or quantified and that the processes in place for the Commission to ensure Member States are kept accountable are not strong enough. In addition, they note the continuing dominance of income payments compared with other types of intervention. These points about the weakness of the proposed accountability mechanisms for the CAP Strategic Plans and the need for more clarity around objectives, indicators and targets are points that have been echoed more widely by academics⁶ and NGOs⁷.

Given this, there remains work to do to strengthen the environmental and climate dimension of the CAP proposals and avoid any watering down as the negotiation processes between the co-legislators proceed.

1.2 Focus of the report

This report examines the CAP Proposals as put forward by the European Commission and highlights the positive elements that must be retained as well as areas that must be strengthened from an environmental and climate perspective.

The report starts with a review of some of the lessons learned from the implementation of the current CAP in achieving environmental and climate objectives. It then focuses in on the Commission's CAP Proposals on establishing rules for support for Member State Strategic Plans, looking at five specific areas:

- Budgetary issues
- Governance and Stakeholder engagement
- Strategic Plans: their development, approval, monitoring and review

⁵ [Opinion No 7/2018: concerning Commission proposals for regulations relating to the Common Agricultural Policy for the post-2020 period](#)

⁶ Erjavec, E. et al. 2018, Research for AGRI Committee – The CAP Strategic Plans beyond 2020: Assessing the architecture and governance issues in order to achieve the EU-wide objectives, European Parliament, Policy Department for Structural and Cohesion Policies, Brussels

⁷ See for example: BirdLife International, EEB, Greenpeace, WWF (2018), [Last Chance CAP](#)

- Definitions and eligibility for support
- The key types of support / interventions, with a focus on:
 - Area based payments and conditions (Pillar 1 and Pillar 2)
 - Investments
 - Cooperation and multi-actor approaches
 - Knowledge exchange and advice

Each of these sections sets out what the proposals say, identifies the key positive elements and opportunities for the environment/climate as well as some of the main risks and issues foreseen, building on the lessons learned from the 2014-2020 period. Each section ends with a series of recommendations and actions for how these risks can be avoided, either through changes to the legislative proposals themselves, or through support, guidance and capacity building.

The report concludes with a section summarising key recommendations and actions required to make the 2021-27 CAP the one that delivers the step change in environmental and climate ambition required.

2 Lessons learned from implementation of the current CAP

Before examining the current CAP proposals, this chapter reflects on some of the strengths and weaknesses and lessons learned from the implementation of the current CAP (operating since 2014) in relation to achieving environmental and climate objectives. These provide an important evidence base to inform the analysis of the risks and opportunities of the future CAP proposals which is the focus of Chapter 3.

A summary of the key lessons that emerge is provided first. These should be taken into account when considering the potential of the CAP proposals for 2021-2027 to deliver enhanced ambition for the environment and climate (see Box 1). This is followed by more detail on specific areas of CAP implementation.

Box 1: Summary of key lessons learned from the implementation of the 2014-2020 CAP

Reflecting on the implementation of the 2014-2020 CAP, some key lessons emerge as follows:

- **Providing Member States with more flexibility to choose how to design and implement CAP measures does not necessarily lead to choices that enhance either the ambition or effectiveness in relation to the environmental and climate needs within that country.** In fact, experience to date, particularly with the greening measures, but also in some cases with agri-environment-climate schemes has instead demonstrated risk averse decision making leading to an absence of environmental ambition in many countries. Some of the reasons for this identified are:
 - Political imperative to make schemes accessible to as wide a range of farmers as possible;
 - A preference for simple low-cost ways of allocating funding and implementing schemes to minimise administrative costs and avoid potential fines resulting from audit or compliance checks;
 - A lack of ownership of the environmental and climate issues that should be addressed by agriculture ministries, particularly in countries where environment and agriculture ministries are separate and working relations between the two ministries are not well developed;
 - The fact that Member States can still demonstrate that in formal terms they are meeting their targets linked to the CAP's environmental and climate objectives, but this is in name only, because the objectives are very vague and not quantified and the indicators against which targets are set are linked more to uptake of measures than linked to the quality of the management taking place or the outcomes achieved.
- **Having a specified level of the CAP budget allocated for environmental and climate purposes has been useful, but the lack of linking this to more specific environmental objectives has been a weakness** which has made it easier for Member States to dilute their efforts. There should be a stronger emphasis on developing a robust, transparent intervention logic in the allocation of funds to different measures according to identified needs and the setting of quantified and meaningful targets, linking these to existing EU and national legal obligations to demonstrate that CAP's contribution to these.
- **Objectives that are very general in nature, combined with very generic indicators can end up being no more than general headings under which schemes are brigaded, rather than driving precision in designed well targeted schemes.** This has led to a lot of generic schemes in place

that may help blunt the environmentally damaging effects of intensification with fewer tailored interventions that aim to make a tangible difference.

- **Although the new suite of Pillar 1 measures did have the potential to deliver some widespread environmental benefits**, achieving these was complicated by the requirements for Pillar 1 payments to be simple, annual and non-contractual, which makes it very difficult to attach more than very generic environmental conditionality. Attempts to stand back and review the way in which support is provided to farmers and how it is targeted is often thwarted by “historical factors”, meaning that **a major driver for the design of Pillar 1 support has been to limit the impact of the changes on farmers’ income and to maintain the balance between agricultural sectors or between regions**. As a result, the implementation choices made by the sampled Member States further reduced the potential environmental benefit of these measures, as most prioritised administrative simplicity and maintenance of the status quo ahead of environmental benefit in making their choices.
- This means that the **funding available within Rural Development Programmes remains critical to address the serious environmental issues that continue to face the farmed environment**. However, the reduced funding for Rural Development Programmes in many Member States and competing priorities means that they are likely to struggle to have enough funding to fully address all the environmental challenges that require attention.
- **The introduction of greening measures in Pillar 1 has highlighted the importance of finding a coherent approach to delivering environmental (and other) objectives on agricultural land, using measures from both Pillar 1 and Pillar 2**. However, very few actual examples of where Member States have actively planned the implementation of Pillar 1 and Pillar 2 measures together have been identified. In the majority of cases efforts have been made to ensure that the measures do not overlap, rather than to proactively find ways of making them work together synergistically. This suggests that there is still considerable room for improvement in designing approaches that use measures across both Pillars in ways that are complementary and coherent to achieve environmental and climate outcomes.
- Despite evidence showing the benefits of involving stakeholders in the design and subsequent implementation and monitoring of CAP measures, and the requirements to do so in the European code of conduct on partnership, **engagement with stakeholders in many Member States remains patchy**.

2.1 Overview of the CAP 2014-2020 and changes introduced

The 2013 CAP reform introduced a significant change in the structure of the CAP, mainly Pillar 1, but also some changes to Pillar 2. The changes were influenced by a number of factors, namely the desire: a) to make the distribution of direct payments more equitable, both between and within Member States; b) to improve the legitimacy of direct payments by making environmental management and the delivery of public goods a more integral part of agricultural support; and c) to continue the longstanding efforts to simplify the operation of the CAP⁸.

⁸ Swinnen J ed. (2015) *The Political Economy of the 2014-2020 Common Agricultural Policy: An Imperfect Storm*, Centre for European Policy Studies (CEPS), Brussels, Rowman and Littlefield International, London.

The reform was set within the context of the negotiations on the Multi-annual Financial Framework (MFF), which agreed an overall reduction in the EU budget, with reductions to both Pillar 1 and Pillar 2 of the CAP⁹. This signalled a significant change in direction of the trajectory of the CAP, reversing the gradual growth in the rural development budget which had been the trend over the past two decades¹⁰.

Member States were given the option of transferring funds between the two pillars as follows:

- Pillar 1 to Pillar 2: All Member States permitted to transfer 15%
- Pillar 2 to Pillar 1: All Member States permitted to transfer 15%, and 12 Member States permitted to transfer up to 25%¹¹.

Member States were required to allocate 30% of the EAFRD envelope to measures that were intended to deliver environmental and climate benefits. Only a certain number of measures could be used for this purpose, although this list was broad and did not only include measures whose intervention logic was directly linked to environmental and climate objectives¹².

In terms of external convergence of payments between Member States, the final agreement led to some shifts in budget ceilings, with some increases in the Baltic countries, and reductions in some of the 'older' Member States. With respect to the convergence of payments within Member States, capping was introduced, with Member States required to reduce payments over €150,000 (minus labour costs) by five per cent, with further reductions optional. An additional voluntary redistributive payment was also introduced to allow Member States to provide additional payments for the 'first hectares' of farms, as an alternative to capping the payments of larger farms. The new architecture for Pillar 1 included:

- a compulsory basic payment scheme (decoupled area payments);
- a compulsory payment for young farmers;
- compulsory greening measures (see below);
- the option to introduce coupled support for a wide range of sectors; and
- payments for Areas with Natural Constraints (in addition to any payments to these areas in Pillar 2).

From an environmental perspective, the major change to the architecture of Pillar 1 of the CAP in the 2014-2020 period was the inclusion of three measures providing 'payments for agricultural practices beneficial for the climate and the environment, otherwise known as **'green direct payments'**, for which Member States must allocate 30 per cent of their

⁹ For Pillar 1, the overall budget was reduced from around €305 billion to €278 billion for 2014-2020 (a reduction of €27 billion or 8.8%). For Pillar 2 the reduction was smaller in absolute terms, but far greater proportionately (a 13% reduction) with the budget reduced from €98 billion to approximately €85 billion.

¹⁰ Mederova-Bergstrom *et al*, 2013 [A greener EU budget in the balance: the 2014-2020 MFF deal](#), IEEP policy briefing

¹¹ These countries are Bulgaria, Estonia, Spain, Latvia, Lithuania, Poland, Portugal, Romania, Slovakia, Finland, Sweden and the United Kingdom

¹² Article 59 of Regulation 1305/13 identified the measures used to count to the 30% as: investments in physical assets that are environment and climate related and the forest, agri-environment-climate, organic farming, Natura 2000 compensations payments, ANC and forest-environment.

national CAP Pillar 1 budget. These practices are mandatory for farmers to which they apply¹³ and are: crop diversification; the maintenance of permanent grassland; and Ecological Focus Areas (EFA). The introduction of 'greening' meant that the cross-compliance framework for standards of Good Agriculture and Environmental Condition (GAEC) was restructured and consolidated into a reduced list, since some of the previous standards had evolved into the greening measures.

EU FARMERS HAVE ACCESS TO:

Compulsory schemes (all MS):

- Basic payment
- Green' payment*
- Young farmers scheme

(+)

Voluntary schemes (MS choice):

- Coupled support
- Support in natural constraint areas
- Redistributive payment

All payments subject to cross compliance

OR

A simplified scheme for small farmers (voluntary for MS)

Source: European Commission¹⁴

Figure 1: The new design of CAP direct payments

Some changes were also introduced into the EAFRD (Pillar 2) for 2014-2020, both in terms of structure and content, with the aim of achieving a more integrated approach to the delivery of environmental, economic and social outcomes, responding more directly to the priorities and needs identified in different Member States and regions. Greater emphasis was put on the strategic, programmed, multi-annual approach of the Rural Development Programmes (RDPs), underlining the importance of clear objectives, achieving maximum value added, making the RDPs more result-oriented and effective monitoring and evaluation. As part of this, the three 'axes' of the previous programming period were replaced by six core priorities, one of which is environmental (Priority 4 - restoring, preserving and enhancing ecosystems related to agriculture and forestry) and one of which is climate related (Priority 5 - promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors).

The main changes to the EAFRD for 2014-2020 are set out in Box 2.

¹³ The regulations set out the criteria determining when the three greening measures apply,

¹⁴ European Commission, 2017, [CAP Explained: Direct Payments for farmers 2015-2020](#)

Box 2: Changes to the EAFRD introduced for the 2014-2020 programming period

The key changes introduced into the EAFRD under the 2013 reform relevant to addressing environment and climate objective were:

- **Increased flexibility** provided in the structure of RDPs to enable Member States to use measures more flexibly to deliver against any or all RD priorities (the previous three “Axes” were removed).
- The opportunity to include **thematic sub-programmes** in RDPs to address specific issues or particular areas that require specific attention that could not be given adequately otherwise. These can cover a range of topics, including climate mitigation and adaptation, and biodiversity.
- Greater emphasis on **community-led projects, cooperation and territorially focused approaches**, including a new emphasis on delivering agri-environment-climate actions at the landscape scale.
- Greater emphasis on the use of **Financial Instruments** for rural development to enhance the leverage effect of rural development funds;
- A renewed focus on **innovation**, on piloting new ideas (e.g. via the cooperation measure) and the setting up of European Innovation Partnership Operational Groups;
- A strengthening of **cooperation, networking and knowledge sharing** through National Rural Networks, the EIP Operational Groups and the inclusion of advice and information sharing as a cross-cutting priority.
- The introduction of revised or new measures:
 - o The compulsory agri-environment measure was extended to become ‘**agri-environment-climate**’;
 - o The introduction of a **separate organic farming measure**;
 - o Risk management (via crop, animal and plant insurance; mutual funds for adverse climatic events, animal and plant diseases, pest infestations and environmental incidents; and the income stabilisation tool);
 - o The measure for cooperation.
- Changes in the **rules and conditions** for certain measures, particularly to ensure the environmental sustainability of investments made under relevant measures (e.g. irrigation investments, rules to avoid double funding between first and second pillars, etc.).

From an environmental perspective, all Member States are obliged to implement cross-compliance (with flexibility to design GAEC standards to address their local situations), the Pillar 1 greening measures and the agri-environment-climate measure under Pillar 2. The choice to implement Pillar 1 coupled support and the other rural development measures is left to the countries and regions concerned, although as highlighted above, 30% of the EAFRD envelope must be allocated to measures that are intended to deliver environmental and climate benefits. On paper, therefore the 2014-2020 CAP looked set to be much greener than its predecessor, even though the final content of the Pillar 1 greening measures were far less ambitious than those originally proposed.

2.2 Environmental/climate strengths and weaknesses of the 2014-2020 CAP

2.2.1 Financing and transfers between Pillars

Despite the option to move funds from Pillar 2 to Pillar 1, in the end only five Member States chose to do so, although between them they transferred €3.4 billion over the six-year period.

More countries (11 in total) chose to transfer varying levels of funds from Pillar 1 to Pillar 2 amounting to €6.4 billion. The net result of the transfers¹⁵ shows an overall shift of € 3 billion from Pillar 1 to Pillar 2 over six years^{16,17} (see TableA1 in the Annex). However, even in countries where transfers are taking place, these are at a lower rate than the compulsory transfer level that applied in the 2007-13 period.

Despite the requirement for Member States to allocate at least 30% of their EAFRD envelope to environmental measures, in reality a large proportion of this funding (16.8%, including national contributions¹⁸) was allocated to the ANC measure, which is not directly focussed on delivering environmental or climate benefits. Although in some countries, this support is providing additional income to farming systems that are environmentally beneficial, particularly in mountainous areas, this is not always the case, with examples also of the payments going to more intensive management systems.

In addition, the Multi-annual Financial Framework stipulated that at least 20% of all EU funds should be focussed on climate measures, determined on the basis of a common, and rather formulaic, methodology (climate tracking). Although the CAP as a whole is classified as meeting this obligation formally, a recent assessment of the ESIF funds' performance for climate¹⁹ showed that under the EAFRD, measures classified as 'climate action' are mainly focussed on climate change adaptation, often foreseen as an integrated part of environmental management activities, with mitigation playing a less prominent role and that the climate tracking methodology results in an overgenerous estimate of the proportion of funding actually allocated to climate action.

2.2.2 Stakeholder engagement

The Common Provisions Regulations²⁰ for 2014-2020 stipulated that environmental stakeholders must be consulted during the preparation of the Rural Development Programmes (RDPs). These requirements were further detailed in the Delegated Regulation on the European code of conduct on partnership²¹. However, a 2016 analysis of RDPs

¹⁵ Figures from 2016

¹⁶ DG AGRI (2016). Direct payments 2015-2020, Decisions taken by Member States: State of play as at June 2016, Information note https://ec.europa.eu/agriculture/sites/agriculture/files/direct-support/direct-payments/docs/simplementation-decisions-ms-2016_en.pdf

¹⁷ Member States transferring funding from Pillar 1 to Pillar 2 were: FR, LV, UK, BE, CZ, DK, DE, EE, EL, NL, RO and those transferring funds from Pillar 2 to Pillar 1 were: HR, MT, PL, SK, HU.

¹⁸ €26 billion of the total €26.7 billion allocated to this measure was programmed against environmental and climate priorities out of a total of €154.4 billion programmed for RDPs for the EU-28 for the 2014-2020 period (EAFRD + national contributions)

¹⁹ COWI, 2016, Mainstreaming of climate action into ESI Funds, Final Report for the European Commission, DG Climate Action.

²⁰ Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006

²¹ Commission Delegated Regulation (EU) No 240/2014 of 7 January 2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds

observed that in the majority of cases the consultation carried out was very general and it was not clear if nature authorities and relevant organisations have actually been effectively involved or only consulted²² (N2K Group, 2016). Indeed, the general feedback from environmental NGOs has been that their involvement was limited during the period leading up to the adoption of the current RDPs. In some extreme cases (for example in Italy, Portugal and Spain) at first some regions did not accept that NGOs had a right to be part of the RDP development process. However, more often their involvement ranged from membership in expert groups, membership in general RDP stakeholder groups to submitting written contributions and comments. Despite this, there was a feeling that their views and proposals were not seriously considered. Added to this, there is very little transparency about which stakeholders are consulted with, how they are chosen, what their positions are and where proposals put forward are rejected, there is little information available on why this is the case.

2.2.3 Objectives and measuring performance

More specific objectives were introduced for the EAFRD in 2014 with the introduction of six EU priorities under which sat 19 more specific ‘focus areas’, with one environmental (divided into three sub-priorities/focus areas) and one climate (divided into five sub-priorities/focus areas). However, these objectives are not articulated in a way that links them to related EU or international commitments.

For example, the environmental priority is the *“restoration, preservation and enhancement of ecosystems related to agriculture and forestry”*²³. This is broken down into three focus areas related to biodiversity, water and soil. For biodiversity the priority is: *“to restore, preserve and enhance biodiversity, including in Natura 2000 areas, and in areas facing natural or other specific constraints, and high nature value farming, as well as the state of European landscapes.”* However, there is no direct reference to the EU legal obligation of reaching Favourable Conservation Status for Annex 1 habitats and species of community interest, set by the EU Birds and Habitats Directives and no reference to Target 3 of the Biodiversity Strategy.

The absence of any quantified ambition in the target leaves a lot of leeway for Member States to design schemes of variable focus and added value, since alignment with this objective could be achieved by deploying both ambitious and unambitious schemes, irrespective of the needs in the country. The lack of quantified targets also affects the way in which the CAP and RDPs in particular are monitored and evaluated. The CAP has a Common Framework in place for monitoring and evaluation (the CMEF) which sets out a common set of indicators against which Member States must set targets and report on progress towards meeting these on a regular basis. However, two issues arise in relation to measuring performance:

²² N2K Group (2016) Integration of Natura 2000 and biodiversity into EU funding (EAFRD, ERDF, CF, EMFF, ESF). Analysis of a selection of operational programmes approved for 2014-2020. European Commission, contract N° 070202/2014/692494/SER/B3 ‘Technical and scientific support in relation to the Habitats and Birds Directives’.

²³ Regulation (EU) No 1305/2013 of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005

- a) The CMEF 'result' indicators in reality measure 'outputs' rather than results (e.g. the % and number of hectares of the UAA under management for biodiversity / water/ soils/climate) and therefore do not provide information on the type, quality or location of the management carried out – this is a point that has also been raised by the European Court of Auditors²⁴;
- b) It is difficult to assess whether the targets that Member States set against these result indicators are sufficient to address the environmental or climate issues faced in their countries or make progress towards any related legal requirements. This is because:
 - a. the original objective is not quantified or linked to legal requirements
 - b. the distance away from achieving the objective is often not identified or quantified in the RDP
 - c. The area formally under management for biodiversity, soils, water, climate etc is not a good proxy for the precise action taken or for achieving beneficial outcomes on the ground, since it is the type, quality and location of the management, not the area covered that determine the success of the measures in delivering the necessary outcomes. For example, a Member State could have a high target under this indicator (e.g. large proportion of agricultural land) and be successful in meeting this target by putting in place and achieving a high level of scheme participation for broad and shallow AECM schemes which may or may not be effective in delivering environmental and climate outcomes. On the other hand, it could set a low target (small proportion of agricultural land) but could meet this through delivering highly targeted and effective AECM schemes. Concretely, this means that based on this indicator a Member State or region that has achieved significant biodiversity progress, for example in the conservation status of certain species, but on only a limited targeted area, on the surface could appear less successful than a Member State applying an ineffective biodiversity scheme on a large portion of UAA.

To rectify this situation, it is important that Member States set more detailed objectives at a national or regional level and then carry out more detailed monitoring on progress towards meeting these, using nationally available data. Many environmental datasets exist at the national or regional level but are still not integrated in the RDP monitoring system. A recent study identified a range of bottlenecks in providing sound data for the assessment of RDP impact, which included: the lack of a clear concept of what kind of data should be collected, data exist but are not integrated in the monitoring and are thus not accessible, lack of cooperation between data providers²⁵.

2.2.4 Eligibility for payments

The eligibility criteria for what constitutes agricultural area were broadened in the 2014-2020 period, in particular for permanent grassland to allow herbaceous forage other than grass as well as other shrubs and trees that are grazed to be included within the definition.

²⁴ European Court of Auditors (2017a) *Rural Development Programming: less complexity and more focus on results needed*. Special report No 16/2017, Publications Office of the European Union, Luxembourg.

²⁵ Underwood E., Grace M. (2017) The use of biodiversity data in rural development programming. Research Ideas and Outcomes 3: e20369

Subsequently this was broadened further to allow shrubs or trees which are not directly grazed by animals may nevertheless produce animal feed to be included in the definition. This was an advance environmentally and in response to problems that had arisen previously with the more restrictive definition that had led to large areas of environmentally important land falling outside the definition and therefore not being eligible for support under the CAP. In excluding certain habitats from being defined as agricultural means that they are not eligible for CAP support which often leads either to them being abandoned or intensified to ensure they can get support (both of which pathways leads to a loss of their environmental value). Many of these excluded areas were extensive semi-natural habitats with trees and shrubs²⁶.

However, despite this potentially helpful change, the way in which the eligibility criteria for direct payments have been designed in some Member States appears to exclude some areas of semi-natural grassland with vegetative cover (e.g. trees and shrubs) that are very extensively grazed and have high biodiversity value. This is particularly the case in Spain where tens of thousands of hectares of grassland became ineligible for CAP support, with many areas of wooded pasture becoming redefined as forest.

The other main area that caused some environmental issues was the active farmer test. The concern was twofold. Firstly, that this might exclude NGOs who managed land for environmental purposes even though they were using agricultural management. Secondly there was an issue with the definition of a 'minimum level of activity'. The test was intended to ensure that decoupled payments were being made only to people that were actively farming the land. The main environmental implication of the active farmer test relates to land that is marginal to agriculture, where it can have a number of environmental impacts, both positive and negative:

- By requiring some sort of farming activity, it may have the effect of preventing land abandonment which may be, in the case of high nature value farming systems, environmentally beneficial.
- It may incentivise management that is unnecessary or even environmentally damaging.
- It may exclude from the Basic Payment Scheme some very extensively managed and environmentally important land, threatening the viability of the businesses that manage these areas.

The 2017 revisions to the regulation have since made the distinction between active and non-active farmers optional, allowing Member States to discontinue it.

2.2.5 Cross-compliance

As highlighted above, there are fewer cross-compliance GAEC standards for 2014-2020 than previously, but what is new is that all are mandatory for Member States to put in place, with flexibility to design them in keeping with local circumstances. In addition, for the first time, the 2014-2020 CAP included cross-compliance in the monitoring and evaluation framework, requiring Member States to report on their implementation. So far, however, limited analysis has been carried out to compare the way standards have been implemented between

²⁶ See for example: <http://www.efnecp.org/download/brussels2011b/Wood-pastures-EP-booklet.pdf>

countries or the number and nature of infringements taking place to check whether or not there is an environmental rationale behind the variation in standards.

In addition to the reduction in scope of cross-compliance, some of the other environmental and climate issues include:

- The fact that there remains no EU approval process for GAEC standards - Member States are required only to notify them to the European Commission. This means that the types of standards put in place vary enormously between Member States, more so that one would expect as a result of tailoring them to local specificities. This leads to very different baselines being in place for what is paid for under greening and agri-environment-climate, organic and the N2K/WFD measures under Pillar 2.
- The control and escalating penalty system in place can lead Member States to design GAEC standards that are easy to control by non-experts, rather than those that be more meaningful for the environment/climate.
- The WFD and SUPD remain excluded from the cross-compliance Statutory Management Requirements on the basis that Member States argued that insufficient progress with their implementation had been made in all 28 countries by 2014 for this to be meaningful. However, there was a political commitment that these would be introduced as SMRs in the future, once all Member States had fully implemented both Directives.
- In some cases, even the fact that a particular directive is included as an SMR is not preventing environmentally damaging activities taking place – for example there is still a decline in agricultural Annex 1 habitats taking place in some countries that should be protected under the Habitats Directive.

2.2.6 Pillar 1 payments

Green direct payments

The flexibility available to national authorities for implementing the greening measures, particularly the EFA measure, but also the permanent grassland measure, offers considerable opportunities to tailor the greening measures to address particular environmental priorities and needs within Member States. Despite limited targeting and environmental conditionality, the greening measures have the potential to provide a solid foundation on which agri-environment-climate schemes under Pillar 2 could build.

However, despite the opportunities available to Member States to use the new green direct payments under Pillar 1 to deliver increased ambition for the environment and climate, the evidence to date^{27,28} shows that in practice this has not happened apart from in a few isolated cases. The range of options open to Member States and farmers is wide and covers many types of management that are common practice on farmland already. As a result, in many cases, Member States have tended to put in place the measures that constitute normal farming practice or, in the case of protecting environmentally sensitive permanent grassland

²⁷ Alliance Environnement and the Thuenen Institute (2017) *Evaluation study of the payment for agricultural practices beneficial for the climate and the environment ('greening' of direct payments)*, Report for the European Commission, ISBN 978-92-79-65573-9, doi:10.2762/71725

²⁸ European Court of Auditors (2017) *Greening: a more complex income support scheme, not yet environmentally effective*. Special Report No 21/2017, Publications Office of the European Union, Luxembourg

(ESPG), they have designated only a proportion of sensitive (Annex I) grasslands, despite the fact that challenges remain to reach favourable conservation status of these valuable grasslands. This means that the greening measures have only delivered small changes in management practices, except in a few specific areas, and therefore their environmental and climate impacts have been limited.

Despite the environmental and climate objectives of these measures, addressing environmental priorities was not identified as a driving factor influencing Member States' decisions about how to implement the greening measures, apart from to a small extent in some countries²⁹. More prevalent was the priority to make sure that the measures were straightforward to implement, did not increase administrative burden and minimised any risk of having support disallowed through control and mapping errors. Even the advice for farmers that was put in place to support the implementation of the greening measures mainly covered administrative issues rather than how to make the best use of the measures to achieve environmental and climate outcomes³⁰. Where farmers had a choice about how to use the greening measures on their farms, they have tended to choose those that fitted best with their existing farm practices, were easy to implement and where possible fitted well with other CAP instruments or legislation to minimise any changes in practices or additional costs (e.g. using nitrogen fixing crops to meet the EFA requirements at the same time as the crop diversification requirements and also potentially to receive coupled support for protein crops if this is offered).

The rules in place in the legislation have also not helped the environmental ambition of the greening measures. For example, the EFA element with the potential to have the greatest net positive environmental and climate impact is land lying fallow, however at present the rules associated with its management (e.g. timing for removal) are not always compatible with achieving environmental benefits, particularly for biodiversity. In addition, until January 2018, pesticides were permitted on nitrogen fixing crops under the EFA measure (the banning of pesticides is extremely unpopular with many Member States) and there were no EU rules requiring Member States to put measures in place to avoid nitrogen leaching when harvesting these crops.

Finally, very few examples exist of Member States designing their greening measures to work coherently with environmental management schemes under Pillar 2, with the measures under the two pillars often designed in isolation. Nonetheless, some countries did make real efforts to join up greening and their agri-environment-climate measures, for example in Austria³⁰.

²⁹ Of the ten countries investigated in the evaluation of greening measures (see footnote 21), Austria, Scotland (UK) and the Czech Republic did attempt to design their greening measures to deliver added value for the environment.

³⁰ Alliance Environnement and the Thuenen Institute (2017) *Evaluation study of the payment for agricultural practices beneficial for the climate and the environment ('greening' of direct payments)*, Report for the European Commission, ISBN 978-92-79-65573-9, doi:10.2762/71725

Voluntary Coupled Support

Member States can choose to couple part of their Pillar 1 envelope³¹ to the production of certain crops and livestock. This measure is known as Voluntary Coupled Support (VCS). The sectors and types of production that can be supported are set out in Box 3. VCS is restricted to 'sectors or to those regions of a Member State where specific types of farming or specific agricultural sectors that are particularly important for economic, social or environmental reasons undergo certain difficulties.' Originally Member States were only allowed to grant VCS 'to the extent necessary to create an incentive to maintain current levels of production in the sectors or regions concerned', however this requirement was removed for 2018 onwards (revisions resulting from the agricultural elements of the 2017 Omnibus regulation).

Box 3: Implementation of VCS 2014-2020

The sectors and types of production which can be supported through VCS are:

Cereals	protein crops	Oilseeds
Flax	Hemp	Rice
starch potato	milk and milk products	Seeds
beef and veal	olive oil	Silkworms
Hops	sugar beet	grain legumes
Nuts	sheepmeat and goatmeat	fruit and vegetables
dried fodder	cane and chicory	short rotation coppice

All countries apart from Germany chose to implement VCS and, in the UK, only one region used VCS (Scotland). Implementation patterns are as follows³²:

- Across the EU approximately 10 per cent of the total amount available for direct payments is allocated to VCS annually. The total amount Member States planned to spend in 2015 was €4.1 billion, which has increased to €4.2 billion per year from 2017-2020.
- The most supported sectors are: beef and veal (41 per cent of total amount), dairy products (20 per cent), sheep and goat meat (12 per cent), protein crops (11 per cent) and fruit and vegetables (five per cent). Ten Member States have decided to support the sugar sector for a total of four per cent of the total envelope allocated to the scheme in the EU.
- No Member State chose to support cane and chicory, short rotation coppice or dried fodder through VCS.

In terms of its environmental effects:

- Across the sectors supported by VCS, the environmental impact of coupled support will depend in part on the impact it has on production and any resulting changes in management practices. There is evidence that coupled support in the past has been one of the drivers for environmentally damaging changes to farming systems, by stimulating overstocking and overproduction, except in situations where coupled

³¹ The basic limit for VCS is 8% of the national ceiling, but under certain circumstances up to 13 % can be used. A further 2% of the national ceiling can be used to support the growing of protein crops.

³² Based on Commission figures following the 2016 revisions, published in September 2017: https://ec.europa.eu/agriculture/sites/agriculture/files/direct-support/direct-payments/docs/voluntary-coupled-support-note-revised_en.pdf

support for extensive livestock or cropping systems has helped to maintain high nature value farming that is otherwise uneconomic³³.

- Currently, most of coupled payments support the livestock sector and a recent evaluation found that this was likely to result in an overall net increase in greenhouse gas emissions since it leads to more livestock units being in place than would be the case under a counterfactual situation³⁴
- Any return to the widespread use of coupled payments therefore carries the risk of a repeat of the environmental damage caused by such payments in the past.
- In many of the Member States that have made use of VCS, most of the support is directed to crops and livestock that require more intensive farming practices.
- The environmental impact of coupled support for crops will largely depend on the environmental footprint of the crop, and the extent to which that crop displaces other farming systems.
- Negative environmental effects can be mitigated to some extent by good husbandry, but there is no mechanism within Pillar 1 to impose such conditionality beyond the generic requirements of cross compliance.
- The environmental benefits that are claimed to arise from substituting home-grown protein crops for imported feed will only arise if this results in a reduction in environmentally damaging protein crop production in non-EU countries.

Overall, the continuation of coupled support in 27 out of 28 Member States is a cause for concern, especially where they result in increased average levels of production and livestock numbers relative to what otherwise would have happened in the supported sectors and particularly where they are not targeted to support high nature value farming systems.

Basic Payment Scheme

Other Pillar 1 measures also appear to have been largely implemented in ways that are primarily intended to maintain the status quo rather than to readjust payments to support farming systems important for the environment and which are at risk. Moving Direct Payments from an historical basis to an area basis had the potential to significantly shift the balance of support between different farming sectors, but most countries have chosen to try to avoid significant shifts of support as far as possible. Because payments were historically linked to production, this generally favours the more productive farmers operating more intensive farming systems.

However, some countries did make a conscious decision to adjust the balance of support. For example, France chose to favour livestock farmers at the expense of arable, and England (UK) chose to increase support for farmers in the uplands. Both these adjustments could benefit High Nature Value Farming, but the weak and generic environmental conditionality applied to Direct Payments means that it is uncertain whether this increased support will help to

³³ See for example: Oosterhuis F, Bachus K (2014) Agriculture Food and Water in Oosterhuis F, ten Brink P (eds.) Paying the Polluter – Environmentally harmful subsidies and their reform. Edward Elgar Publishing, Cheltenham, UK.

³⁴ Alliance Environnement and Ricardo AEA (forthcoming). Evaluation of the impact of the CAP on climate change and greenhouse gas emissions. Evaluation produced for DG Agriculture and Rural Development. ISBN 978-92-79-85797-3; Baldock, D. and Mottershead, D.H. (2017) Towards an integrated approach to livestock farming, sustainable diets and the environment: challenges for the Common Agricultural Policy and the UK, Institute for European Environmental Policy, London.

sustain High Nature Value Farming or hasten its demise by stimulating investment in more intensive, less wildlife-friendly farming systems.

2.2.7 Pillar 2 payments

Of the Pillar 2 measures it is the agri-environment-climate measure, the organic farming measure, the physical investments measure – both productive and non-productive investments and the forestry measures, particularly the forest-environment measure, that are most important for achieving environmental and climate outcomes, supported by knowledge transfer and cooperation.

Of these, by far the most important measure is the agri-environment-climate measure (AECM), which remains compulsory for all Member States to implement, although uptake by farmers of the schemes offered is voluntary. Payments encourage farmers or groups of farmers to change or maintain their agricultural practices to contribute to climate change mitigation and adaptation, protection and improvement of environment and landscape, natural resources, soil and genetic resources. Schemes and measures need to be adapted to national and regional specificities, but the key to their success lies in their design and the types of actions that are prioritised and how and where these are targeted and delivered³⁵. Agri-environment schemes that are not adapted to the conservation needs of the target species or habitat have a low likelihood of being effective. A recent study of agri-environment measures for the Corncrake in Europe³⁶ showed that these are not sufficient for the conservation of this highly sensitive bird species. The lack of effectiveness of the measure seems in part related to an inadequate targeting of the coverage of the measure to respond to the needs of the species.

In the 2014-2020 period, more effort has been made by Member States to improve the targeting of their AECM either through focussing the types of actions that can be funded or through limiting support to particular geographical areas (see Table 1 and Box A1 in the Annex for some examples). Many countries have adopted a tiered approach to their AECM design, where a broad and untargeted scheme provides support for basic environmental management, on top of which more targeted measures and schemes sit. The increased targeting of support should enhance the likelihood of achieving the outcomes desired. However, where there is no broad and shallow scheme underpinning these measures, there is a risk that large areas of land are left ineligible for funding which may also reduce the environmental and climate ambition that is achieved in these areas. Overall however, generic broad and shallow schemes continue to dominate, with far fewer schemes designed in a way that can bring about a demonstrable increase in environmental outcomes that does more than simply blunt the environmental and climate effects of widespread intensification of EU farmland.

³⁵ Batáry, P, Dicks, L V, Kleijn, D and Sutherland, W J (2015) The role of agri-environment schemes in conservation and environmental management. *Conservation Biology* No 29 (4), pp1006-1016

³⁶ Bellebaum, J. & K. Koffijberg (2018) Present agri-environment measures in Europe are not sufficient for the conservation of a highly sensitive bird species, the Corncrake *Crex crex*. *Agriculture, Ecosystems and Environment* 257 (2018) 30-37.

Table 1: Targeting approaches taken for the AECM in the 2014-2020 RDPs

Degree of targeting	No of RDPs	Member States covered	
Low level of targeting or no targeting	34	Covering 13 MS but a predominant characteristic in 10 MS	AT, BG, CY, CZ, DE, DK, FI, HR, LT, SI
Narrow operation design, use of selection/eligibility criteria	42	Covering 13 MS but a predominant characteristic in 11 MS	ES, GR, HU, IT, LV, MT, PT, RO, SE, SK, LU
Targeted approach	29	5 MS	EE, FR, IE, NL, UK
A mix	4	3 MS but a predominant characteristic in 2 MS	BE, PL
Total	109	28 MS	

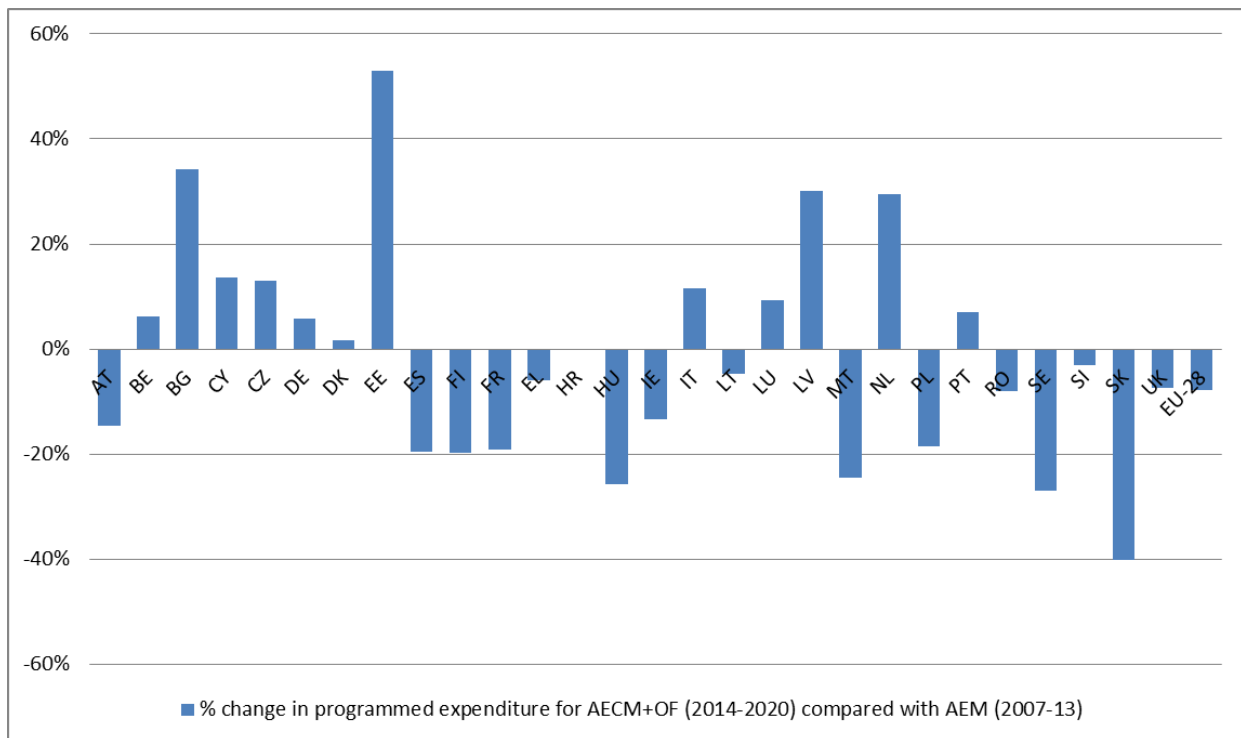
Source: AECM fiche prepared by the ENRD Contact Point
https://enrd.ec.europa.eu/sites/enrd/files/rdp_analysis_m10-1.pdf

The reduction in the EAFRD budget for the 2014-2020 period also saw an overall reduction in programmed expenditure for the agri-environment-climate and organic farming measures for the EU-28, with reductions in 14 Member States (see Source: own calculations based on RDP submissions for the 2014-2020 period

Figure 2). As a result, there have been concerns in a number of countries that the budget allocated to the AECM will be insufficient. For example in France the scheme was so popular that the budget ran out after the first year and Italy experienced applications for some operations 4-5 times the budget available in the first year. In Finland, because of the budget cuts, most of the funding was used to fund 5-year agreements to encourage the balanced use of nutrients, leaving no funding for more demanding biodiversity-focused agreements³⁷.

In most countries, a far greater level of funding nominally is available for climate and environmental purposes under the Pillar 1 greening measures than is available for the AECM and organic farming measures. In principle this could have been a major development, since the Pillar 1 funding is made available to all hectares of eligible land and could therefore have been used to deliver basic environmental management across the farmed countryside, as a firm foundation on which Pillar 2 measures can build. The fact that this has not happened reinforces the opportunities that have been missed to use this funding in as effective manner as possible.

³⁷ Ecorys, Wageningen Economic Research and IEEP, 2016, Mapping and Analysis of the Implementation of the CAP, European Commission Directorate General for Agriculture and Rural Development.



Source: own calculations based on RDP submissions for the 2014-2020 period

Figure 2: Change in programmed expenditure for the agri-environment-climate and organic farming measures between 2007-13 and 2014-2020 (%).

3 The CAP Proposals: actions required to improve environmental outcomes

Starting with a general overview of the rationale and structure of the CAP Proposals for 2021-27, this chapter is divided into a series of short sections, looking into more detail on specific aspects of legislation and their implications for the environment. Each of these sections is set out in the same way. First there is a short description of what we understand the current CAP proposals say. This is followed by a table setting out the opportunities and risks for the environment as identified, based on the legislative text. Finally, a series of actions are set out, both areas where the legislative texts are positive for the environment and must remain through the negotiations and areas where changes are required.

3.1 Overview of the CAP proposals

Within the context of a declining overall CAP budget, enhancing ambition on environment and climate to make a greater contribution towards key EU environmental and climate objectives and targets has been one of the key issues driving the thinking about the redesign of the CAP, on paper at least. Other priorities have been to find ways to simplify and modernise the policy, encourage innovation, respond to societal concerns about the quality of their food and the production methods used and to encourage greater growth and jobs in rural areas. Two key structural changes have been made to seek to enable this:

1. reviewing and rebalancing the responsibilities between the EU and Member States; and
2. shifting the focus of payments and support away from compliance with detailed rules set at the EU level, towards a focus on performance.

With this in mind the new CAP proposals provide a common framework within which the activities of Member States can sit. This framework sets out a series of EU-level objectives (general, specific) and general types of interventions, it provides a set of much simplified rules for the checks and control of expenditure by Member States (single audit, system checks, annual clearance), a set of common indicators for target setting and reporting and a set of interventions that can be tailored by Member States to meet their own needs, as long as these address the overall CAP objectives and the needs are well demonstrated. Member States are obliged to develop a Strategic Plan to cover all support they propose to offer under the CAP, which must be approved by the Commission before it can be implemented.

The four general objectives for the new CAP are:

- To foster a smart, resilient and diversified agricultural sector ensuring food security;
- To bolster environmental care and climate action and to contribute to the environmental-and climate-related objectives of the Union;
- To strengthen the socio-economic fabric of rural areas;

And one cross-cutting objective:

- To modernise the sector by fostering and sharing knowledge, innovation and digitalisation in agriculture and rural areas, and encouraging uptake.

Under these sit nine specific objectives, three of which focus directly on climate and the environment (see Figure 1). Member States must demonstrate they meet these through the activities they propose to fund under their Strategic Plans.



Source: European Commission

Figure 3: The nine objectives proposed for the CAP 2021-27

The new architecture for the green elements of the CAP is illustrated in Source: Commission slide

Figure 4.



Source: Commission slide

Figure 4: The proposed new green architecture for the CAP

3.2 Budgetary issues

3.2.1 What the CAP proposals say

Table 2 sets out the budget proposed for the 2021-27 CAP compared with that for the current period. This shows an overall four per cent decrease in the CAP budget, with the majority of that decrease proposed to come from the funding for rural development (Pillar 2). The Commission argue that in reality the total public budget for rural development will be almost stable between the two periods due to the proposed new requirement for increased Member States contributions to co-finance the interventions.

Table 2: CAP 2021-2027 budget (in current prices)

Billion € in current prices (without UK)	2014-2020	2021-2027	Difference (€ billion)	Difference (%)
CAP (Total)	380.7	365	-15.7	-4.12
Pillar 1 (EAGF)	287.6	286.2	-1.4	-0.16
Pillar 2 (EAFRD)	93.1	78.8	-14.3	-15.35

Source: European Commission presentation³⁸

Budget transfers are possible between the EAGF and EAFRD should Member States wish to do so and this time the same options apply to all Member States. The transfers can comprise:

- 15% between both funds;
- An additional 15% from EAGF to EAFRD for environment/climate interventions – no national co-financing would be required on the transferred funds;
- An additional 2% from EAGF to EAFRD for support to young farmers.

In addition, at least 30% of Member States' EAFRD contribution must be used to fund interventions contributing to the three specific CAP climate and environmental objectives. Any interventions can be used for this purpose, with the exception of interventions for natural or other area specific constraints under article 66. As previously, there is also a requirement that 5% of the EAFRD budget should be spent on Community Led Local Development (CLLD), sometimes referred to still as LEADER.

However, unlike in the current period, in which 30% of the budget is allocated to greening measures, there is no requirement for a minimum spend under the EAGF (Pillar 1) for environmental and climate action.

Under the proposals for the 2021-2027 MFF, a more ambitious target for climate mainstreaming across EU programmes has been proposed, increasing the proportion of EU funds that should contribute to climate objectives from 20% to 25%. The way in which the method for tracking climate expenditure is to be applied to the CAP is set out in Box 4.

³⁸ Presentation by DG AGRI to the ENRD Thematic Group on Soils and Water, June 2018

Box 4: Proposed proportion of funding to be identified as ‘climate action’ for the CAP

Article 87 of the CAP proposals sets out that the following proportions of expenditure will be counted as climate focussed:

- 40% of funding allocated to decoupled payments (apart from the eco-schemes)
- 100% of funding allocated to the eco-scheme(s)
- 100% of funding allocated to the EAFRD interventions used to meet the minimum 30% expenditure requirement for addressing environmental and climate issues³⁹
- 40% of funding allocated to the EAFRD intervention for areas with natural or other area-specific constraints.

3.2.2 Opportunities and risks

Box 5: Opportunities and risks related to the CAP budget and funding arrangements

Opportunities / Positives

- ✓ The ability to transfer over 30% of EAGF funding to the EAFRD, particularly the 15% that must be targeted to climate/environment interventions (all transfers will be 100% EU funded – no MS co-financing requirements). This means that Member States have the flexibility to increase substantially their budgets to tackle the environmental/climate challenges they face.
- ✓ The requirement to earmark at least 30% of Member States’ EAFRD EU allocation (this does not include any funds transferred from Pillar 1) for environmental /climate interventions is better targeted, as it no longer includes the budget allocated to ANC intervention, which is not directly targeted at environmental/climate objectives. This means that a greater proportion of EAFRD funding should be focussed on actions directly addressing environmental and climate objectives.

Risks / Problems

- ✗ The following are backwards steps from the positive commitments to green spending in the 2014-2020 CAP:
 - the disproportionate proposed reduction in the EAFRD budget,
 - the removal of ring fencing for environmental spend in Pillar 1 and
 - the ability for Member States to transfer 15% of their EAFRD budget to the EAGF,These send a negative political signal, implying that environmental and broader rural development concerns are not viewed as a priority, despite the rhetoric of the proposals. It also sends the wrong message to Member States, particularly as the shortfall is expected to be made up by greater contributions from national budgets, which may not be forthcoming. Given the vital role that the environment and climate plays in underpinning agricultural productivity and the vibrancy of rural areas, these elements risk undermining the future economic health of the countryside.
- ✗ No minimum spend for environmental / climate actions under the EAGF means that there is no incentive for Member States to allocate more than minimal funding for environmental/climate practices under Pillar 1 – this is a backward step from what is currently required (i.e. 30% for greening measures under Pillar 1).
- ✗ The proposed application of the climate tracking method to the CAP is likely to overestimate significantly the proportion of expenditure allocated to climate action in reality, perpetuating the criticisms of the 2014-2020 period.

³⁹ all EAFRD interventions apart from expenditure for areas with natural or other area-specific constraints

3.2.3 Action required

The opportunities and positives in the CAP Proposals must be maintained. To address the risks the following actions are required:

ACTION 1:	Although an issue for the Multi-annual Financial Framework discussions rather than the CAP Proposals, it is still important to flag that the budget for the EAFRD should not be reduced as is proposed. Its level should remain the same or grow in keeping with the important role that measures under the EAFRD play in maintaining, enhancing and restoring the environment, in supporting climate action, activities which help underpin economically and socially vibrant rural areas.
ACTION 2:	Either the possibility for Member States to shift money from their EAFRD envelope to the EAGF (Pillar 1) should be removed, or alternatively any transfers should be ring-fenced for the eco-scheme.
ACTION 3:	<p>The ringfencing of 30% of the EAFRD budget for the environment should remain and ideally be increased in keeping with the requirement for Member States to increase their environmental and climate ambition. It should continue to exclude ANC support since this intervention does not directly support activities focussed on achieving environmental objectives.</p> <ul style="list-style-type: none">a) Either there should be ring-fencing of funding for environmental purposes under the EAGF to mirror that in the EAFRD and this should be at least as high as the current allocation to the greening measures in Pillar 1 (i.e. 30%);b) OR a minimum expenditure requirement should be set for the environment/climate across the EAGF and the EAFRD (to be a greater amount than existing expenditure given the requirement to increase environmental/climate ambition) building on the 30% minimum spending clause under Pillar 2. Having a minimum spend across the whole CAP could help to increase total spending to meet environmental/climate objectives, whilst providing Member States with the flexibility to programme environmental and climate interventions in the way that suits them, mixing and matching measures in a flexible way

3.3 Governance and Stakeholder engagement

3.3.1 *What the CAP proposals say*

The new delivery model (NDM) encapsulates a new model of governance for the CAP, the key element of which is to move towards one that rewards performance against a common EU framework of objectives (see overview section above), rather than one focussed on ensuring compliance with detailed EU-wide rules. The new model would require national authorities to define in Strategic Plans how common objectives set at the EU level could be implemented on the ground, reflecting geographical and sectoral specificities as well as local needs. Annual and multi-annual reporting would be required against a common set of metrics (see section on monitoring below) and the Commission will be responsible for approving the Strategic Plans and monitoring progress towards meeting the objectives set.

In drawing up their Strategic Plans, Member States are required to **engage with a range of authorities and stakeholders** (article 94). This stipulates that the competent authorities for the environment and climate are effectively involved in the preparation of relevant aspects of the plan and that Member States should set up a partnership with relevant stakeholders to support the preparation of the plan, including civil society. However, although economic and social partners are specified, there is no explicit mention of environmental partners and the EU code of conduct on partnership⁴⁰ no longer applies to the CAP since in the future it will not be subject to the Common Provisions Regulation.

The proposals for **networking** are in line with the move towards the strategic planning of how all CAP interventions can address the range of CAP objectives. It will therefore broaden from their current focus on rural development to consider the CAP as a whole, including Pillar 1 for the first time. CAP networks will be set up by each Member State, with a single EU-level CAP network put in place to promote networking and knowledge exchange between the national networks as well as provide support, training and in-depth investigations into common issues.

⁴⁰ Commission Delegated Regulation (EU) No 240/2014 of 7 January 2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds



Source: European Commission slide

Figure 5: The proposed new governance model for the CAP

3.3.2 Opportunities and risks

Box 6: Opportunities and risks relating to governance and stakeholder engagement

Opportunities / Positives

- ✓ The nine EU specific objectives provide a common framework, intended to ensure that Member States are all working toward the same long-term goals (although there are issues regarding their specificity – see below).
- ✓ The New Delivery Mechanism provides Member States with much more flexibility to tailor CAP support to their specific environmental and climate needs.
- ✓ For the first time, all CAP interventions under Pillar 1 will also be subject to approval alongside those in Pillar 2, as part of the CAP Strategic Plan.
- ✓ The Strategic Plans require Member States to demonstrate a coherent and joined up approach to all CAP support offered, both Pillar 1 and Pillar 2.
- ✓ The principle of working in partnership is embedded in the procedural requirements for developing CAP Strategic Plans and there is a requirement that these procedures are made transparent and set out in Annex iii of the SP (Art. 94). This is an important aspect of SP development and can lead to better designed interventions and as a result, greater buy in to the final Plan and its contents, which in turn can lead to greater uptake and improved outcomes achieved on the ground.
- ✓ There is a requirement that the competent authorities responsible for environmental and climate issues are 'effectively involved' in the development of the SP.
- ✓ Expanding the national and EU networks beyond rural development to focus on all aspects of the CAP should encourage greater sharing of expertise and co-learning between a broader set of stakeholders and officers in national authorities as well as improve the coherence between the different CAP schemes and interventions.

Risks / Problems

- X The CAP specific objectives are written in very general terms and are not clearly linked to EU legislation which risks the targets set by Member States not being sufficiently specific to address the significant environmental and climate challenge facing the EU
- X With more flexibility comes the risk that some will choose to do more than others, irrespective of the need. Whether or not Member States are compelled to put in place a suitably ambitious Strategic Plan that delivers against their needs and the EU CAP objectives will depend on the support and guidance provided to Member States during the SP development phase and the rigour with which the Commission approaches the approval process to ensure that Member States are kept accountable.
- X There is no explicit mention of environmental partners in the list of minimum partners with whom Member States must liaise. It is unclear why only environmental and climate competent authorities are mentioned, but not more general environmental stakeholders. The lack of clarity on this point could risk environmental stakeholders being left out of the discussions on the development of the Strategic Plans and no requirement on the Commission to question their lack of involvement.
- X Annex 3 of the CAP Strategic Plan setting out how this stakeholder engagement process has been carried out is not subject to the approval process.
- X To work effectively, the new CAP networks will have to engage new participants who may not be familiar with networking within the context of the CAP and demonstrate the value added of investing in these ways of working.

3.3.3 Action required

The opportunities and positives in the CAP Proposals must be maintained. To address the risks the following actions are required:

ACTION 4:	The CAP specific objectives should be articulated in more concrete, quantitative terms, referring to targets set in EU legislation where relevant.
ACTION 5:	Article 94 – Environmental partners must be added under Article 94(3)(b) alongside economic and social partners or the full text of article 4 from the EU code of conduct on partnership should be transposed into the legislative text – this specifies environmental stakeholders as part of civil society.
ACTION 6:	If insufficient engagement with partners has taken place / is set out in Annex III of the Strategic Plan, Member States should be required to improve this and demonstrate how they will improve their engagement and involvement of stakeholders and environmental authorities. These commitments should be followed up by the Commission to check that they are taking place. This means that either the governance and coordination section of the Plan should be required to set out how stakeholders and environmental authorities have been involved in developing the plan and how they will be involved in its implementation and review during the programming period or Annex III of the SP should be included in the approval assessment process under Article 106(5) (currently it is excluded).

3.4 Development of Strategic Plans, monitoring and accountability

3.4.1 What the CAP proposals say

Member States are required to develop CAP Strategic Plans which set out how they are going to use the tools and interventions available under the EAGF and EAFRD to achieve the nine specific EU objectives set out in the legislation.

The contents of the Strategic Plan (see Source: own compilation based on the legislative proposals Figure 6) must be developed according to several principles. They must be:

- Strategic: based on territorial and sectorial SWOT and needs assessment.
- Streamlined: to avoid the very lengthy Rural Development Programmes of the past, the aim is that these plans should focus on the necessary information. This includes Member State decisions related to definitions, targets, interventions, and fund allocations.
- Sufficient: Provide the Commission with the information required to assess and approve the plans.

In addition, article 92 of the CAP proposals makes it clear that Member States must ensure that their CAP Strategic Plans demonstrate greater overall ambition for achieving the CAP's environmental and climate objectives than in the previous period. The plans must explain how a greater contribution is to be achieved. This includes activities under both Pillar 1 and Pillar 2.

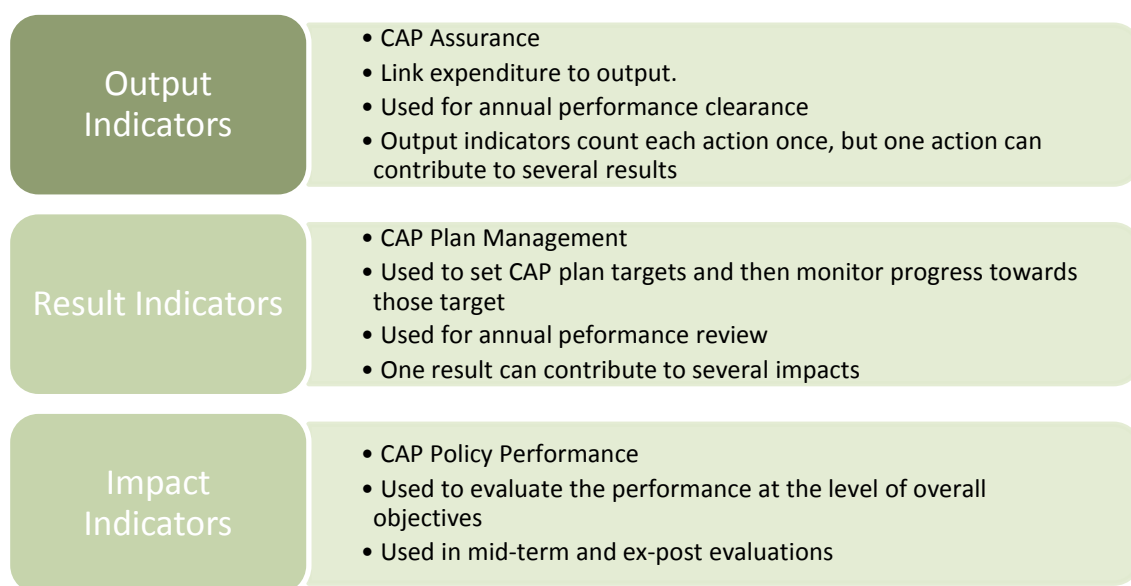
Assessment of needs	<ul style="list-style-type: none"> • Analysis of sectoral and territorial needs • Prioritisation and ranking of needs, with justification for choices made
Intervention Strategy	<ul style="list-style-type: none"> • Defines results and targets (values duly justified) • Sets out the interventions to be used, how they will address the targets and their coherence and compatibility • Allocation of financial resources
Interventions	<ul style="list-style-type: none"> • Provides information on the design of all interventions - direct payments, sectoral and rural development • Provides a description of conditions and eligibility rules
Target and financial plans	<ul style="list-style-type: none"> • Summary of targets, including breakdown into annual milestones • Breakdown of financial allocations
Governance and coordination	<ul style="list-style-type: none"> • Identifies the governance, delegated and intermediate bodies • Information on controls and penalties and the competent bodies responsible for checks • Provides a description of the monitoring and reporting structure • Information on the CAP Network
Modernisation and simplification	<ul style="list-style-type: none"> • A description of the elements of the plan that ensure modernisation, simplification and reduced administrative burden
Annexes	<ul style="list-style-type: none"> • Annex 1: Ex Ante Assessment and Strategic Environmental Assessment • Annex 2: SWOT analysis • Annex 3: consultation with partners • Annex 4: Crop specific payment for Cotton • Annex V: Additional national financing

Source: own compilation based on the legislative proposals

Figure 6: Proposed contents of a Strategic Plan (articles 95-103)

Indicators: A set of common indicators is set out in Annex 1 to the legislation which Member States must use to demonstrate progress towards achieving the CAP's common objectives. Three types of indicators are provided – output, result and impact indicators. The purpose of each type of indicator is set out in Source: own compilation based on the legislative proposals

Figure 7. For example, an output indicator could be the number of hectares or number of farmers under an eco-scheme or an agri-environment-climate agreement. In contrast. The result indicators in CAP parlance have a lot of similarities with output indicators as they also measure the area under agreement, but instead of focussing on one intervention type, they look at the area under multiple interventions that have a specific purpose, for example 'area under successful management for biodiversity'. The result and impact indicators relevant for the environment and climate are provided in Annex 1 of this document.



Source: own compilation based on the legislative proposals

Figure 7: CAP indicator types and their purpose

Approval Process: All Strategic Plans are subject to approval by the European Commission. The assessment by the Commission will pay particular attention to 'adequacy of the strategy of the CAP Strategic Plan, the corresponding specific objectives, targets, interventions and the allocation of budgetary resource to meet the specific CAP Strategic Plan objectives through the proposed set of interventions based on the SWOT analysis and the ex-ante evaluation' (Article 106(2)). The Commission may require further information or amendments to the plan from the Member State and will only approve the plan once it is satisfied that it meets the requirements of EU law and is in keeping with the provisions of the relevant CAP regulations.

However, approval does not cover the Annexes of the Strategic Plans (which includes information on the stakeholder engagement process as well as the way in which Member States have addressed issues raised in their ex ante evaluation and their Strategic Environmental Assessments) or the detailed penalty systems in place in each country.

Approval must take place within eight months of its submission by a Member State. However, a Member State may ask for only part of its Strategic Plan to be approved if not all

elements are available for approval at a suitable time. This is to ensure that there is no hiatus in the ability of Member States to provide direct payments to farmers and, in the case of federal Member States that issues in relation to one region does not hold up implementation in the others. A request for partial approval must be justified and the parts that are missing identified. However, at the time of submission indicative targets and financial plans must be provided for the entire Strategic Plan (including the missing parts) to enable the Commission to make a judgement on overall consistency and coherence of what is proposed.

Amendments to the Strategic Plan can be submitted no more than once a year and any amendment must make it clear what the impact of these changes will be on achieving the overarching EU objectives. These will be subject to approval by the Commission within three months following the request for amendment. It is not clear how stakeholders will be involved in discussions surrounding proposals for amendments.

Reporting requirements and accountability: Annual performance reports must be submitted by 15 February each year, starting in 2023, reporting on the implementation of the CAP Strategic Plan in the preceding year. The first report in 2023 covers the first two years of implementation. These will include information on performance against output and result indicators as well as financial resources used. Where there is a deviation of more than 50% from the planned output: expenditure ratio, this must be justified. The Commission will carry out an annual performance review based on this information. These reports will be made publicly available, including a summary accessible to citizens.

In the case where targets are not met, the Commission can take action. In the case where one or more result indicator values shows a gap of 25% or more than was set as a milestone, the Commission can request an action plan to be put in place setting out the remedial actions to be taken and the timescale for these.

A performance bonus may be provided to Member States in 2026 to 'reward satisfactory performance in relation to the environmental and climate targets' amounting to 5% of the country's EAFRD budget for 2027 (which is withheld until performance has been checked). To receive the bonus, Member States' will have to ensure that their environmental and climate result indicators achieve at least 90% of their target value in 2025 (articles 123-4).

In addition, Member States must set out a multi-annual plan for the evaluation of their CAP strategic plans during the implementation period and ex post. A comprehensive ex post evaluation must have been carried out by 31 December 2031.

3.4.2 Opportunities and risks

Box 7: Opportunities and risks relating to Strategic Plans

Opportunities / Positives

- ✓ The greater focus on performance against objectives rather than compliance with detailed rules of specific measures is generally positive, requiring a change in mindset in approaching the way in which all CAP support is designed and tailored to address needs.
- ✓ The article 92 requirement for Member States to demonstrate greater ambition to address climate and environmental objectives than currently and to set out clearly how this is proposed to be achieved should lead to improved outcomes if enforced.
- ✓ The Treaty on the Functioning of the European Union (TFEU) sets out an obligation to integrate environmental concerns into other policies (Article 11). This is highlighted in the preamble to the Proposals (preamble 16) which states that Article 11 TFEU should for this purpose (i.e. action to be taken for environment/climate), be considered as an “obligation of result”.
- ✓ The principle of the CAP Strategic Plan, covering all aspects of the CAP and the whole of the relevant territory is a positive one and will require Member States to think through the way that different forms of support provided to agriculture, forestry and rural areas interact, to identify potential perverse effects and design a more coherent set of interventions.
- ✓ The performance bonus is a positive element of the proposals, something that currently only applies to the EAFRD. This will hopefully incentivise Member States to make every effort to meet their targets.

Risks / Problems

- ✗ It is unclear how the requirement for Member States to demonstrate increased environmental and climate ambition will be measured to ensure that this happens in practice.
- ✗ The absence of a link between the CAP specific objectives and the related EU legislation is a missed opportunity and there is a risk that it will not be possible to identify how the targets and actions identified in the CAP Strategic Plan contribute to achieving these wider objectives and targets.
- ✗ The result indicators remain very general and demonstrate the area of agricultural land under some form of agreement for biodiversity, soils, water, carbon etc. This will not allow an assessment of the quality of the management and therefore the real contribution that the CAP makes towards achieving the EU objectives without more detailed information about what management is actually taking place on the ground. There is an urgent need to gather data on sub-indicators that relate to the management carried out, e.g. via LPIS and IACS. Without such information it will be almost impossible to assess potential environmental and climate results.
- ✗ Despite the new delivery model and the emphasis on strategic planning there is a risk that Member States will not take a step back to do this, rather sticking with what they know and are comfortable with. Close attention will need to be paid by the Commission during the approval process to check whether or not this is an appropriate response to the needs identified and it is as yet unclear whether sufficient capacity, expertise, trainings and guidance are being put in place (in Member States and in the Commission) to facilitate a shift to a performance focus.
- ✗ The potential for a partial approval process risks this part of the plan being developed separately to the other elements resulting in inconsistencies and a lack of coherence between the different elements of the plan – going against the very rationale behind the new proposals. This is despite the requirement that indicative targets and financial plans are submitted for all aspects even under a request for partial approval.
- ✗ Member States’ explanations on how the findings of the ex ante evaluation and the Strategic Environmental Assessment (SEA) have been taken into account are not subject to approval since Annex 1 of the CAP Strategic Plan is excluded from the approval process.
- ✗ The performance bonus threshold is fairly low. Nonetheless, it is hoped that Member States will not deliberately set low targets in order to ensure they will be able to qualify to receive the performance bonus.

3.4.3 Action required

The opportunities and positives in the CAP Proposals must be maintained. To address the risks the following actions are required:

ACTION 7:	Article 92 requiring increased environmental/climate ambition from Member States (e.g. ‘no backsliding’) must have teeth. Criteria should be put in place to be used by Member States and the European Commission to determine that increased ambition is proposed (e.g. share of Pillar 2 budget allocated to AECM). The EC should not approve CAP Strategic Plans (or partial plans) unless proposals on how contributions to increase efforts to achieve these objectives are clearly set out and it is clear how these proposals will be realised in practice.
ACTION 8:	Measurement of the current result and impact indicators alone will not be sufficient to judge performance against meeting EU objectives and targets. To improve accountability, detailed data will be required to support the monitoring process on what management is actually taking place on the ground. These would be output indicators but could be combined in a transparent way to inform the proposed result indicators. Member States should be required to provide this via LPIS and IACS, as well as by drawing on qualitative and quantitative assessments by recognised experts. The technical assistance budget could be used for this purpose.
ACTION 9:	Achieving ambitious CAP delivery requires Strategic Plans to be subject to a rigorous approval process – more detailed criteria for this process should be set out either in the main regulation or in the delegated or implementing regulations.
ACTION 10:	The Commission should only agree to approve a partial Strategic Plan in exceptional circumstances, with Member States required to bear the burden of proof in demonstrating that there was an exceptional circumstance. This should not become the norm, or this will undo the positive aspects of these proposals requiring strategic planning across both the EAGF and EAFRD with the aim of bringing about greater coherence between the support provided under the CAP.
ACTION 11:	The governance and coordination section of the Plan should be required to set out how stakeholders have been involved in developing the plan and how they will be involved in its implementation and review during the programming period. If not, then Annex 3 setting out how this stakeholder engagement process has been carried out should be made subject to the approval process.
ACTION 12:	Member States should be required to explain in their Strategic Plans how they have addressed any issues raised in the ex-ante evaluation and the SEA and any justification for not doing so. If not, then Annex 1, which currently sets this out should be made subject to the approval process.
ACTION 13:	Member States must be encouraged to make the most of the opportunities and flexibilities that the new CAP proposals offer them to deliver against all objectives and demonstrate how environmental and climate action can underpin economic and social resilience in the agricultural, forestry and wider rural areas. A real shift to a performance-based approach requires a change in mindset and therefore sufficient capacity building, knowledge exchange opportunities and guidance must be provided early in the process to enable this.
ACTION 14:	Where amendment to the CAP Strategic Plans are proposed, Member States should be required to consult adequately with stakeholders and there should be safeguards in place to ensure that there is no watering down of environmental and climate ambition in keeping with the article 92 requirements.

3.5 Definitions and eligibility for support

From an environmental perspective, it is important to make sure that areas of land that are part of a farm and of environmental value are eligible for support. The definitions of agricultural land and the eligibility criteria on what sort of land can receive funding are therefore important to get right in the EU legislation as well as the way they are interpreted nationally and regionally. In the past, these definitions and eligibility criteria and the way that Member States have chosen to interpret them have led to large tracts of valuable land being excluded from support, leading to a loss of important environmental habitats either through intensification or abandonment (e.g. wooded pastures, such as *dehesas* and *montado*, and other shrubby semi-natural grassland)⁴¹.

3.5.1 What the CAP proposals say

In the current CAP the definitions for what constitutes agricultural activity and how different types of agricultural area should be defined are contained in the Direct Payments regulation and apply similarly to all Member States. As the responsibility for controls on eligibility moves to the Member States, it looks as if they will be provided with more flexibility to define eligibility at the national level, albeit within the framework set in the new legislation. Member States are obliged to set out these definitions within their CAP Strategic Plans, although it is unclear on what basis the European Commission will assess the sufficiency of these definitions. Box 8 sets out the proposed framework definitions in the CAP Proposals.

The CAP proposals also provide a framework definition of ‘genuine farmer’ as a means of limiting income support to those who are defined as such (Article 4(d)). Preamble 9 makes it clear that in applying these criteria, Member States must not lead to a situation where support is not available to “pluri-active farmers, who are actively farming but who are also engaged in non-agricultural activities outside their farm, as their multiple activities often strengthen the socio-economic fabric of rural areas”.

Box 8: Definitions for agricultural activity, area and genuine farmer in the CAP Proposals

Agricultural activity: defined to allow both the production of agricultural products and/or the maintenance of agricultural area ‘in a state which makes it suitable for grazing or cultivation, without preparatory action going beyond usual agricultural methods and machineries’, so that it can be notified to the WTO as ‘Green Box’ support which has no, or minimal trade-distorting effects or effects on production (article 4(a)). Unlike the current regulations, there is no requirement for Member States to specify ‘minimum activity’ that must take place on the area, thereby enabling Member States to broaden the definition should they wish to do so.

Definition of agricultural area: a framework definition for ‘arable land’, ‘permanent grassland’ and ‘permanent crops’ is set out but kept broad with the intention to Member States can ‘further specify definitions according to their local conditions’ (preamble 5 and article 4(b)).

- *Arable land:* ‘land cultivated for crop production or areas available for crop production but lying fallow, and include areas set aside [as supported under rural development programmes past and present]’ (article 4(b)(i)). This is intended to allow Member States to cover different production forms, including agroforestry, arable areas with shrubs and trees and fallow land (preamble 5).
- *Permanent crops:* ‘non-rotational crops other than permanent grassland and permanent pasture that occupy the land for five years or more, which yield repeated harvests, including nurseries and

⁴¹ See for example: <http://www.efnecp.org/download/brussels2011b/Wood-pastures-EP-booklet.pdf>

short rotation coppice' (article 4(b)(ii)). This include areas used for production and those that are not as well as nurseries and short rotation coppice as defined by Member States (preamble 5).

- *Permanent grassland*: refers to both permanent grassland and permanent pasture defined as 'land not included in the crop rotation of the holding for five years or more, used to grow grasses or other herbaceous forage naturally (self-seeded) or through cultivation (sown). It may include other species such as shrubs and /or trees which can be grazed or produce animal feed' (article 4(b)(iii)). This definition allows Member States to specify further criteria applicable to their particular situation and allows the inclusion of species other than grasses or other herbaceous forage that can be grazed or that may produce animal feed, whether used for actual production or not (preamble 5).

Eligible hectare: In order to receive direct payments under the EAGF, an eligible hectare is any hectare on the holding that is in the year for which support is requested:

- a) Used for an agricultural activity
- b) Where used for a non-agricultural activity, is predominantly used for agricultural activities and is at the farmer's disposal;
- c) Where justified for environmental reasons, the area may be used for agricultural activity only every other year.

Also eligible are areas that were eligible for direct payments but which may no longer be eligible as a result of carrying out activities to ensure compliance with the Birds and Habitats Directives and the Water Framework Directive, which have been afforested under rural development programmes (for the duration of the commitment) and which has been set aside (taken out of agricultural production) using support from rural development programmes (for the duration of the commitment).

Genuine farmer: shall be defined in a way to ensure that no support is granted to those whose agricultural activity forms only an insignificant part of their overall economic activities or whose principal business activity is not agricultural, while not precluding from support pluri-active farmers. The definition shall allow to determine which farmers are not considered genuine farmers, based on conditions such as income tests, labour inputs on the farm, company object and/or inclusion in registers (Article 4(d)).

3.5.2 Opportunities and risks

Box 9: Opportunities and risks identified in relation to eligibility criteria

Opportunities / Positives

- ✓ The new flexibilities would allow Member States to broaden their definitions of agricultural area, particularly permanent grassland, to ensure that environmentally valuable areas, such as wooded pastures and other areas of shrubby land that can be used by animals for grazing (even if not used for production currently) are eligible for CAP Pillar 1 support. The exclusion of these areas in some countries has led to environmental damage in the past, either through their abandonment or through their intensification to become eligible.

Risks / Problems

- ✗ Member States could still choose to apply a restrictive interpretation of the EU framework, thereby excluding environmentally valuable areas from CAP Pillar 1 support. This is a particular concern in relation to the way Member States choose to define permanent pasture and whether or not they include wood pasture within their agricultural area, given that many Member States chose to restrict the areas eligible for support in the 2014-2020 period and may not be prepared to re-open this debate.
- ✗ A narrow definition of genuine farmer could exclude local authorities or other bodies, such as NGOs, who manage land agriculturally, including for environmental purposes.

3.5.3 Action required

The opportunities and positives in the CAP Proposals must be maintained. To address the risks the following actions are required:

ACTION 15:	Member States should be required to justify in their CAP Strategic Plans what areas of land are excluded from CAP support payments as a result of the definitions that they have chosen to apply. As a minimum requirement, Member States should be required to demonstrate that environmentally valuable habitats are included by the definition. In particular this should focus on the way in which the definitions address wooded pastures and meadows.
ACTION 16:	Criteria should be put in place to be used by the Commission to check that environmentally valuable habitats that are used for agricultural purposes (e.g. grazing) are not excluded from CAP support.
ACTION 17:	Criteria should be put in place to be used by the Commission to check that the genuine farmer definition does not discriminate against any farmers and land managers who make a measurable contribution to achieving environmental objectives including those in high nature value farmland areas.

3.6 Area based payments (Pillar 1 and 2)

3.6.1 What the CAP proposals say

The majority of support available within the CAP proposals focusses on agricultural areas of land. There are nine types of support proposed, only three of which have environmental and climate objectives (see Box 10 and Figure 7). Direct payments to farmers remain a dominant element of the architecture. The minimum spend for 'green' direct payments under the EAGF has been removed, meaning Member States could change the orientation of their payments significantly both back towards a focus on income support and coupled payments or towards support more oriented towards environmentally sustainable management. All agricultural area payments are underpinned by 'conditionality', a series of basic standards with which farmers must comply in order to receive payments.

Box 10: Support for agricultural areas proposed for 2021-27

Environmental/climate support: The three types of support with a direct focus on achieving environmental/climate outcomes are:

- The **eco-scheme(s)** under the EAGF – mandatory for Member States to put in place, but with no ring-fenced funding;
- **Environmental, climate and other management commitments** under the EAFRD – it is mandatory for Member States to offer agri-environment-climate commitments; and
- **Payments to compensate for area specific disadvantages** resulting from the implementation of Natura 2000 and/or Water Framework Directive requirements.

Other types of support to agricultural land: Under the EAGF, a similar set of decoupled and coupled payments exist to previously, albeit rebranded. This includes:

- **Decoupled payments** consisting of: income support for sustainability, complemented by two types of support - redistributive support for sustainability and support for young farmers;
- **Coupled payments** consisting of: coupled income support (it is proposed to increase the proportion of the EAGF envelope allocated to these from 8% to 10%) and a crop specific payment for cotton.
- Under the EAFRD, a compensatory payment is also available to farmers in areas that are designated as being subject to **natural or other specific constraints**. This payment acts as an additional payment per hectare in these areas.

Conditionality: All agricultural area payments, environmental and non-environmental, are conditional on adherence to a series of requirements which comprise:

- Statutory Management Requirements relating to climate and environment; public health, animal health and plant health; animal welfare - these include some elements of the Water Framework Directive (WFD) and the Sustainable Use of Pesticides Directive (SUPD) which were out of scope of cross compliance in the 2014-2020 period; **AND**
- 10 standards of good agricultural and environmental condition (GAEC) related to climate, water, soil, biodiversity and landscapes. These include the reintroduction of some elements that were GAEC standards (some voluntary) prior to 2014 but which became 'greening' measures in the 2014-2020 period. Completely new standards are: GAEC 2 (appropriate protection of wetland and peatland) and GAEC 5 (use of farm sustainability tool for nutrients).

Unlike the current CAP, small farmers are not exempt from compliance with the conditions. All GAEC standards are mandatory for Member States to put in place, however they can define the precise rules for the standards to take account of 'the specific characteristics of the areas concerned, including soil and climatic conditions, existing farming systems, land use, crop rotation, farming practices and farm structures. Conditionality applies to all payments relating to agricultural land.

Payments for environmental management under the EAFRD can cover all or part of the income foregone and additional costs resulting from commitments going beyond mandatory standards and requirements established in Union and national law, as well as conditionality, as set out in the CAP Strategic Plan. Transaction costs may also be covered (Article 65). Under the EAGF, there is a choice and payments for eco-schemes can either be provided in line with the payment rates for other Pillar 1 income support or based on an income foregone and additional costs basis (Article 28).



Legend:

- Green: environmentally/climate focussed
- Brown: Pillar 1 area payments or coupled payments with no direct environmental/climate focus (Pillar 1)
- Orange: Pillar 2 area payments with a focus on compensation for disadvantage and no direct environmental/climate focus (Pillar 2)

Source: own compilation based on the legislative proposals

Figure 8: Range of support focussed on agricultural areas proposed in the EAGF and EAFRD

3.6.2 Opportunities and risks

Box 11: Opportunities and risks associated with area-based support

Opportunities / Positives

Conditionality:

- ✓ It is positive that all decoupled payments remain conditional on meeting basic conditions, that small farmers are no longer exempt and that these have been reinforced to include crop rotation, the protection of wetland and peatland, a new Farm Sustainability Tool for Nutrients which could help increase awareness of an action towards sustainable nutrient use (depending on the final design of the tool) and that the SMRs now include the WFD and the SUPD.
- ✓ For the first time, the detail of the GAEC standards applied in Member States will be subject to approval by the Commission as part of the Strategic Plan (previously these were notified only). This will mean that Member States will need to demonstrate how these interact with the CAP support provided and that in theory refinements/changes can be required if the package of conditions plus support is deemed insufficient to address the needs identified.

Environmental types of support:

- ✓ The requirement to put in place one or more eco-scheme(s) using money from the EAGF presents a possible pathway for MS to tailor and target a significant proportion of direct payments towards the uptake of more environmentally sustainable practices based on the principle of public money for public goods, adapted to MS needs and circumstances.
- ✓ It is positive to see that under the EAFRD intervention 'environmental, climate and other management commitments', that agri-environment-climate commitments remain mandatory for Member States to put in place and that collective and results-based payment schemes can be promoted.
- ✓ The Strategic Plan process should enable Member States to consider combining eco-scheme(s) with other environmental interventions as part of a coherent strategy for delivering effective environmental outcomes. This in turn should help MS to contribute more proactively to achieving EU environmental and climate objectives.

Other types of support:

- ✓ It is to be welcomed that Member States will be required in their Strategic Plans to set out how all the different types of CAP support work together coherently to achieve the overarching objectives. If Member States take the time to rethink and rebalance the support provided to agricultural (and forest) areas to maximise synergies and avoid perverse effects, then this could lead to greater opportunities for delivering environmental and climate outcomes.

Risks / Problems

Conditionality:

- ✗ There are some backwards steps in relation to the standards of good agricultural and environmental condition. The most important of these are:
 - the lack of a minimum proportion set for the share of agricultural area to be devoted to non-productive features;
 - the omission of the types of landscape features to be maintained; and
 - In addition, some of the GAEC standards could be further specified while still giving Member States considerable flexibility (e.g. what is meant by a 'sensitive period' under GAEC 7 on soil, how is crop rotation defined, specify those wetland areas that must be protected as a minimum under GAEC 2, rules related to the maintenance of permanent grassland etc). This would make a minimum baseline more reliable. If not in the legislative texts, these minimums should be set out in the delegated or implementing regulations.

Environmental types of support:

- X There is insufficient guidance on what eco-scheme(s) might cover and no specific budget ring-fenced for these schemes. The proposals say they can be designed to address 'one or more' of the nine EU specific objectives. However, it would be more beneficial for achieving environmental/climate outcomes if schemes were required to address multiple objectives to promote a widespread shift towards more sustainable farming systems across the farmed countryside of the EU.
- X There is no requirement that the environmental, climate and other management commitments under the EAFRD should build on those set out under the Eco-schemes under the EAGF. This may not be an issue as long as Member States ensure that the full suite of payments proposed are sufficiently demanding to address the environmental and climate issues identified, that they increase environmental and climate ambition compared to what is currently in place and avoid double funding.

Other types of support:

- X It is highly misleading that the main decoupled payments, providing income support to farmers and which continue to be the mainstay of the EAGF, are now framed as sustainability payments. Sustainability criteria are not reflected in the intervention logic for the payments. The only link to sustainability is the requirement to comply with the conditionality requirements.
- X Continuation of coupled payments freezes structural change. Currently, most of coupled payments support the livestock sector and this was found to result in an overall net increase in emissions. Although in some cases this support will help maintain High Nature Value farming systems, this is not an efficient or effective means of supporting these types of systems.

3.6.3 Action required

The opportunities and positives in the CAP Proposals must be maintained. To address the risks the following actions are required:

ACTION 18:	<p>Conditionality: There are some questions that arise relating to the coverage of the SMRs on the WFD and the SUPD and more detail regarding the minimum thresholds and rules associated with the GAEC standards is required as follows:</p> <ul style="list-style-type: none">a. Measures included under SMR 1 (the WFD): it is unclear why only articles 11(3)(e) and 11(3)(h) are included under the SMR as other articles, for example article 11(3)(k) on pollution through priority substances also directly relates to agriculture.b. Measures included under SMR 13 (the SUPD): It is unclear why article 14 of the SUPD that requires Member States to promote low pesticide-input pest management is not included in the SMR.c. GAEC 1: the rules related to the maintenance of permanent grassland should be set out clearly, either here or in the main regulation.d. GAEC 2: 'appropriate protection of wetland and peatland' should be tightened up, to provide a definition of what is meant by 'appropriate' and/or to provide a minimum list of types of wetland and peatland habitats that should be protectede. The details of what is proposed for the Farm Sustainability Tool for Nutrients should be further specified.f. The term 'sensitive period' under GAEC 7 should be made more specific.g. More detail on minimum standards for crop rotation should be added.h. under GAEC 9, the types of landscape features to be maintained should be itemised as is currently the case and a minimum percentage should be set for the share of agricultural area to be devoted to non-productive
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	features.
ACTION 19:	The legislation should require eco-schemes to address multiple environmental objectives to drive a shift towards more sustainable farming systems (correctly the text reads 'one or more' objectives).
ACTION 20:	With so many area based payment options available to Member States, it will be essential that Member States demonstrate in their CAP Strategic Plans how the different environmental interventions, including the eco-scheme, interact in positive way to maximise environmental/climate outcomes at EU and national/regional level, as well as importantly how they interact with the other area payments (e.g. decoupled and coupled support), which will dominate in many cases, demonstrating how they are coherent and how any potential conflicts and perverse effects have been avoided.
ACTION 21:	Collective approaches should be permitted under Pillar 1 as well as Pillar 2, so that the eco-scheme(s) could also be designed in a way that allowed for implementation by groups of farmers.
ACTION 22:	To maximise these outcomes and promote a culture of continuous development in MS and amongst farmers, more basic, entry-level type schemes could be a prerequisite for the uptake of more ambitious eco-scheme(s) and/or Pillar 2 agri-environment-climate commitments, providing that sufficient resources remained for much-needed ambitious environmental and climate actions on farmland.
ACTION 23:	Member States should be given sufficient time, training and guidance to enable them to plan effectively to fully utilise the eco-scheme(s) and Pillar 2 agri-environmental commitments, building on basic conditionality. These also should be properly reviewed during the approval process to ensure that these are designed to target the full suite of environmental and climate needs identified.

3.7 Investment aid

3.7.1 What the CAP proposals say

Member States can give support to investments, using funding from the EAFRD, as long as they meet certain conditions set out under Article 68 of the proposals and are specified clearly in their Strategic Plans (see Box 12). The use of investments, particularly those that are non-productive in nature, are important to enable the achievement of agri-environment-climate objectives. This measure can support, for example, the creation of landscape features, habitat restoration activities, control of non-native species, hydrological measures or the protection of semi-natural habitats from damage (e.g. from large carnivores).

Box 12: Minimum set of conditions for the type of investment aid under EAFRD

Article 68 of the CAP proposals states that:

1. Investments can be for tangible and/or intangible investments as long as they contribute to the CAP's nine specific objectives
2. Support to the forest sector must be based on a forest management plan or equivalent
3. A list of ineligible investment types and expenditure categories must be set out in the Strategic Plan. There is a list in the draft regulation which identifies a minimum set of ineligible items, some of which are relevant to the environment, e.g.:
 - a. Investments in irrigation which are not consistent with the achievement of good status of water bodies under Article 4(1) of the Water Framework Directive, including the expansion of irrigation affecting water bodies whose status has been defined as less than good in the relevant River Basin Management Plan (RBMP).
 - b. Investments in afforestation which are not consistent with climate and environmental objectives in line with sustainable forest management principles.Whereas some of the ineligible items are permitted if funded using financial instruments, those with environmental / climate conditions attached are also ineligible via that route.
4. Land purchase for environmental conservation purposes is permitted while other forms of land purchase are not⁴².

Some of the types of investment that would be permissible are highlighted in the preamble as 'infrastructure related to the development, modernisation or adaptation to climate change of agriculture and forestry, including:

- Access to farm and forest land;
- Land consolidation and improvement;
- Agro-forestry practices;
- Supply and saving of energy and water.

Support is available for up to 75% of the eligible costs. A higher rate of public support may be made available for afforestation and non-productive investments for environmental and climate purposes, investments in basic services in rural areas as well as for restoring agricultural and forestry potential following natural disasters or catastrophic events as for supporting measures to prevent such events in forests and the rural environment.

⁴² One further exception is the purchase of land by young farmers using financial instruments.

Selection criteria for determining which investment projects to fund must be set out in Member States' Strategic Plans, although this is not compulsory for investments that clearly target environmental purposes.

3.7.2 Opportunities and risks

Box 13: Opportunities and risks relating to support for investments

Opportunities / Positives	
✓	Support for investments that are beneficial also environmentally and for the climate is valuable to enable a transition towards more modern, innovative and sustainable farming, forestry and rural sectors. Investments in the fields of climate mitigation, adaptation and the efficient use of natural resources, such as soils and water, allow sustainable solutions to be funded as part of a forward looking and innovative agenda.
✓	Non-productive investments remain an important focus of this intervention type as these are essential to support the implementation of agri-environment-climate interventions.
✓	It is positive that Member States must create a list of ineligible investments, which includes those that may be damaging from an environmental or climate perspective.
Risks / Problems	
✗	A degree of control has disappeared now that the rules have been devolved to Member States on what constitutes an ineligible investment on the grounds that it is environmentally/climate damaging. It is unclear how the approval process or the Annual Review process will pick up whether environmentally/climate damaging investments are permitted.

3.7.3 Action required

The opportunities and positives in the CAP Proposals must be maintained. To address the risks the following actions are required:

ACTION 24:	Checks will be required through the approval and Annual Review Process to make sure that environmentally/climate damaging investments cannot be supported using CAP funds.
ACTION 25:	Certain minimum safeguards should be covered by legislation at the EU level, either in the main regulation or in the delegated or implementing regulations. This should cover, as a minimum, rules on irrigation investments so that they do not lead to abstraction of water beyond the renewal capacity of the water sources used.
ACTION 26:	Through the Strategic Plan approval process, the Commission should make sure that Member States make full use of the options to fund non-productive investments to support the implementation of environment/climate focussed interventions in Pillar 1 as well as Pillar 2.

3.8 Cooperation, multi-actor engagement and CLLD

3.8.1 What the CAP proposals say

Cooperation is one of the types of intervention under the EAFRD (article 71). The type of cooperation that can be funded is fairly broad as long as it involves ‘at least two entities’ and contributes to achieving the CAP specific objectives.

Amongst the types of cooperation identified in the legislation are: preparation and implementation of Operational Group projects as part of the European Innovation Partnership (EIP) for agricultural productivity and sustainability; cooperation as part of Community Led Local Development/LEADER; promotion of quality schemes; cooperation within producer organisations and groups; and ‘other forms of cooperation’. Preamble 45 provides some examples of these ‘other forms of cooperation’, including: collective and multi-actor approaches for environmental and climate action, developing forest management plans, promoting short supply chains and local markets, community supported agriculture etc. The option for Member States to promote collective action for environmental and climate purposes is highlighted also under article 65(7) on environmental, climate and other management commitments. Selection criteria for determining which cooperation projects to fund must be set out in Member States’ Strategic Plans.

The article allows Member States to cover either the cost of cooperation and the cost of the projects and actions implemented or just the costs of cooperation, using other funds to pay for implementation (which can be via EAFRD interventions or using other EU or national funding). Cooperation can be supported for a maximum of seven years, although a longer period is possible (where justified in the Strategic Plans) where it relates to environmental and climate action.

3.8.2 Opportunities and risks

Box 14: Opportunities and risks relating to cooperation

Opportunities / Positives

- ✓ Cooperation between actors for the delivery of environmental and climate benefits has been shown to be beneficial in helping to achieve outcomes at scale, as well as promoting discussion and co-learning between land managers.

Risks / Problems

- ✗ There is no mention of cooperation and collective action being possible under Pillar 1. Collective delivery of eco-scheme(s) could be an effective and efficient means of delivering environmental and climate benefits and would enable greater coherence with Pillar 2 funding where these approaches are permitted.

3.8.3 Action required

The opportunities and positives in the CAP Proposals must be maintained. To address the risks the following actions are required:

ACTION 27:	Cooperation and collective action should be permitted under the EAGF as well as the EAFRD, in particular in relation to the eco-scheme(s), to enable a coherent approach to be taken with environmental action under the EAFRD.
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3.9 Advice and knowledge exchange

3.9.1 *What the CAP proposals say*

Fostering and sharing knowledge is part of the cross-cutting CAP objective to modernise the sector (article 5) and as such has greater prominence in the proposals. The requirement for all Member States to put in place Farm Advisory Services remains. Its purpose is to improve ‘the sustainable management and overall management of agricultural holdings and rural businesses, covering economic, environmental and social dimensions, and to identify the necessary improvements as regards all measures at farm level provided for in the CAP Strategic Plans’ (preamble 24). As before one of the main areas of focus of farm advisory services is to provide information on the standards (including those for environment and climate) which must be adhered to in order to receive CAP funding. However, in addition they must also cover advice on all types of management commitments provided for within the Strategic Plan (article 13).

In terms of the environmental and climate legislation that must be covered (Article 13(4)), this has been broadened beyond the Statutory Management Requirements (SMRs) compliance with which are conditions for receipt of funding, to cover: The Birds and Habitats Directives, the Water Framework Directive, the Air Quality Directive, the National Emissions Ceilings Directive, the Sustainable Use of Pesticides Directive and Article 55 of the plant protection products regulation. It is strange that the Nitrates Directive is not listed here and unclear whether this is a deliberate omission or not.

The funding for such services continues to come from the EAFRD, with no funding possibilities under the EAGF. Under the EAFRD, costs can be covered of ‘any relevant action to promote innovation, access to training and advice and exchange and dissemination of knowledge and information which contribute to achieving the specific objectives’ (Article 72). Support is limited to 75% of eligible costs.

Member States are required to integrate advisors within their overall Agricultural Knowledge and Innovation Systems (AKIS) to strengthen the farm advisory dimension of AKIS, enabling interaction with other actors and stakeholders involved in AKIS which in turn should help ensure that they deliver up to date technological and scientific information developed through research and innovation (preamble 24 and 46; articles 13 and 72).

3.9.2 *Opportunities and risks*

Box 15: Opportunities and risk relating to advice and knowledge exchange

Opportunities / Positives

- ✓ Greater emphasis on the importance and value of advice and knowledge exchange is welcome and should help raise the attention given to advisory services within the CAP Strategic Plans.
- ✓ Better integration of environmental considerations into the farm advisory services (FAS) compared to the current programming period should in principle support better implementation of environmental / climate interventions and increase farmers’ and other land managers’ awareness and understanding of the environmental outcomes that support is seeking to achieve.
- ✓ Embedding farming advisory services into the AKIS systems in place in Member States should encourage greater interaction of farm advisers with other stakeholders and researchers and help the transfer of technological and scientific information to land managers.

Risks / Problems

- X The emphasis in the legislation for the FAS is more on advice relating to conditionality than all environmental and climate dimensions of the CAP and this could lead to decisions to design FAS with a narrow focus rather than covering the interaction between all environmental/climate interventions.
- X Member States see advice and knowledge exchange as an administrative cost, rather than recognising its true value as a means of fully integrating environmental considerations into farm management and achieve more effective and sustainable outcomes.
- X The omission of the Nitrates Directive from the list of environmental legislation that must be covered by the FAS

3.9.3 Action required

The opportunities and positives in the CAP Proposals must be maintained. To address the risks the following actions are required:

ACTION 28:	Member States' Strategic Plans should include a cross-cutting section demonstrating how farm advisory services and knowledge exchange more generally will be put in place to support all aspects of CAP implementation and, in particular, all elements of the new green architecture.
ACTION 29:	The design of farm advisory services should be required to be as wide ranging as possible, multi-disciplinary and take account of all relevant national and regional environmental and climate plans (e.g. River Basin Management Plans, Prioritised Action Frameworks, National Emission Ceiling Plans, climate plans etc) where the agriculture sector is expected to make a meaningful contribution, whether or not they emanate from EU legislation.
ACTION 30:	The Nitrates Directive should be added to the list of legislative requirements to be covered by the FAS in Article 13(4)(b).

4 Conclusions and summary of recommendations

Based on our analysis of the CAP Proposals on CAP Strategic Plans for 2021-2027, the greatest opportunity for increasing environment and climate ambition would be if the current proposals were to lead to a genuine performance-based approach with Member States tailoring their CAP support towards meeting clear objectives. However, as currently formulated the proposals do not contain enough provisions to ensure that this will happen.

In particular, the objectives set are not sufficiently detailed or quantified, the indicators to measure performance remain very broad and, most importantly, there are insufficient provisions within the proposals to be confident that the Strategic Plan approval process will ensure that Member States are accountable and deliver what is required to address the environmental and climate targets and needs identified in their country.

The following more specific observations can be made:

- **The revised focus, challenge and flexibility provided to Member States** under the new CAP delivery model to design the support provided under both Pillars of the CAP based on the needs identified in relation to nine overarching objectives is a positive move. It **provides opportunities for Member States to take a step back and to rethink the way support is tailored and targeted to their needs**, including environmental and climate needs. If done thoroughly, this should help increase the focus on achieving environmental and climate outcomes, given the significant challenges faced.
- However, **a rigorous approval and review process at EU level is essential so that Member States are accountable to EU taxpayers for addressing the needs in their countries**. Criteria should be established to demonstrate how the Commission will assess whether Member States have genuinely increased the environmental and climate ambition of their mix of CAP support and to ensure no perverse environmentally damaging effects are foreseen. Without strong accountability there is a risk that Member States will take the easy option and choose to continue with the status quo to avoid difficult discussions about winners and losers in any redistribution of support, particularly within Pillar 1. If real change is to be achieved in tailoring Pillar 1 support to identified needs in the future, then historical patterns of support cannot be expected to continue indefinitely. In a worst-case scenario, with weak approval processes, this new approach risks stimulating a ‘race to the bottom’.
- The interventions (i.e. policy measures) available to Member States are not substantially different from those available currently under the 2014-2020 CAP (although they have been restructured) except for the redesign of the new conditionality underpinning area payments and the replacement of the greening measures with the eco-scheme(s). **Despite the prominence of the need to encourage greater environmental and climate ambition and focus money on delivering public goods, still non-specific area payments for income support remain a fundamental plank of the CAP framework**, renamed income support for ‘sustainability’ simply by

virtue of being conditional on basic standards of good agricultural and environmental condition. Income support will have to be well targeted to needs, eligibility for support must include all environmentally valuable habitats under some form of agricultural management, and conditionality will need to be robust and really deliver for the environment and climate in all Member States if income support payments are genuinely to be considered to be delivering sustainability.

- **Despite high level statements recognising the value of EAFRD to stimulate environmental and climate action and underpinning economically and socially vibrant rural areas, once again the proposals for the CAP budget under the MFF see a disproportionate cut in the rural development budget** and the ability to transfer 15% of this smaller budget to Pillar 1 compounds this funding squeeze on Pillar 2. On the other hand, it is positive that Member States are able to transfer up to 30% of their Pillar 1 budget to Pillar 2 and that 15% of this must be allocated to environmental and climate interventions. It is hoped that Member States will take full advantage of the opportunity to reinforce their Pillar 2 budgets and if money is transferred to Pillar 1, that this is ring-fenced for funding activities under the eco-scheme.

The report has highlighted a number of key areas where the CAP proposals need strengthening to provide a framework that will give Member States sufficient flexibility to design their CAP support, but in a way that ensures they place greater emphasis on environmental/climate action and remain accountable to the European Commission and ultimately the European taxpayer. Most fundamentally, it is critical that Member States take the opportunity to step back to re-assess their needs and design a package of CAP supports to deliver against economic, social and environmental and climate objectives in a coherent way. Continuing with the status quo will be a missed opportunity and in the long run could seriously threaten the future of the whole policy. Time, capacity, support and guidance will be necessary to make the most of these opportunities.

The key actions required to ensure enhanced environmental and climate ambition are achieved in practice, brought together from Chapter 3, are summarised in the Box below.

Box 16: Summary of the actions required to strengthen the environmental /climate ambition of the CAP proposals

Action required: Budgetary Issues	
ACTION 1:	Although an issue for the Multi-annual Financial Framework discussions rather than the CAP Proposals, it is still important to flag that the budget for the EAFRD should not be reduced as is proposed. Its level should remain the same or grow in keeping with the important role that measures under the EAFRD play in maintaining, enhancing and restoring the environment, in supporting climate action, activities which help underpin economically and socially vibrant rural areas.
ACTION 2:	Either the possibility for Member States to shift money from their EAFRD envelope to the EAGF (Pillar 1) should be removed, or alternatively any transfers should be ring-fenced for the eco-scheme.

ACTION 3:	<p>The ringfencing of 30% of the EAFRD budget for the environment should remain and ideally be increased in keeping with the requirement for Member States to increase their environmental and climate ambition. It should continue to exclude ANC support since this intervention does not directly support activities focussed on achieving environmental objectives.</p> <p>a) Either there should be ring-fencing of funding for environmental purposes under the EAGF to mirror that in the EAFRD and this should be at least as high as the current allocation to the greening measures in Pillar 1 (i.e. 30%);</p> <p>b) OR a minimum expenditure requirement should be set for the environment/climate across the EAGF and the EAFRD (to be a greater amount than existing expenditure given the requirement to increase environmental/climate ambition) building on the 30% minimum spending clause under Pillar 2. Having a minimum spend across the whole CAP could help to increase total spending to meet environmental/climate objectives, whilst providing Member States with the flexibility to programme environmental and climate interventions in the way that suits them, mixing and matching measures in a flexible way</p>
Action required: Governance and stakeholder engagement	
ACTION 4:	The CAP specific objectives should be articulated in more concrete, quantitative terms, referring to targets set in EU legislation where relevant.
ACTION 5:	Article 94 – Environmental partners must be added under Article 94(3)(b) alongside economic and social partners or the full text of article 4 from the EU code of conduct on partnership should be transposed into the legislative text – this specifies environmental stakeholders as part of civil society.
ACTION 6:	If insufficient engagement with partners has taken place / is set out in Annex III of the Strategic Plan, Member States should be required to improve this and demonstrate how they will improve their engagement and involvement of stakeholders and environmental authorities. These commitments should be followed up by the Commission to check that they are taking place. This means that either the governance and coordination section of the Plan should be required to set out how stakeholders and environmental authorities have been involved in developing the plan and how they will be involved in its implementation and review during the programming period or Annex III of the SP should be included in the approval assessment process under Article 106(5) (currently it is excluded).
Actions required: Development of Strategic Plans, monitoring and accountability	
ACTION 7:	Article 92 requiring increased environmental/climate ambition from Member States (e.g. ‘no backsliding’) must have teeth. Criteria should be put in place to be used by Member States and the European Commission to determine that increased ambition is proposed (e.g. share of Pillar 2 budget allocated to AECM). The EC should not approve CAP Strategic Plans (or partial plans) unless proposals on how contributions to increase efforts to achieve these objectives are clearly set out and it is clear how these proposals will be realised in practice.
ACTION 8:	Measurement of the current result and impact indicators alone will not be sufficient to judge performance against meeting EU objectives and targets. To improve accountability, detailed data will be required to support the monitoring process on what management is actually taking place on the ground. These would be output indicators but could be combined in a transparent way to inform the proposed result indicators. Member States should be required to provide this via LPIS and IACS, as well as by drawing on qualitative and quantitative assessments by recognised experts. The technical assistance budget could be used for this purpose.

ACTION 9:	Achieving ambitious CAP delivery requires Strategic Plans to be subject to a rigorous approval process – more detailed criteria for this process should be set out either in the main regulation or in the delegated or implementing regulations.
ACTION 10:	The Commission should only agree to approve a partial Strategic Plan in exceptional circumstances, with Member States required to bear the burden of proof in demonstrating that there was an exceptional circumstance. This should not become the norm, or this will undo the positive aspects of these proposals requiring strategic planning across both the EAGF and EAFRD with the aim of bringing about greater coherence between the support provided under the CAP.
ACTION 11:	The governance and coordination section of the Plan should be required to set out how stakeholders have been involved in developing the plan and how they will be involved in its implementation and review during the programming period. If not, then Annex 3 setting out how this stakeholder engagement process has been carried out should be made subject to the approval process.
ACTION 12:	Member States should be required to explain in their Strategic Plans how they have addressed any issues raised in the ex-ante evaluation and the SEA and any justification for not doing so. If not, then Annex 1, which currently sets this out should be made subject to the approval process.
ACTION 13:	Member States must be encouraged to make the most of the opportunities and flexibilities that the new CAP proposals offer them to deliver against all objectives and demonstrate how environmental and climate action can underpin economic and social resilience in the agricultural, forestry and wider rural areas. A real shift to a performance-based approach requires a change in mindset and therefore sufficient capacity building, knowledge exchange opportunities and guidance must be provided early in the process to enable this.
ACTION 14:	Where amendment to the CAP Strategic Plans are proposed, Member States should be required to consult adequately with stakeholders and there should be safeguards in place to ensure that there is no watering down of environmental and climate ambition in keeping with the article 92 requirements.
Action required: Definitions and eligibility for support	
ACTION 15:	Member States should be required to justify in their CAP Strategic Plans what areas of land are excluded from CAP support payments as a result of the definitions that they have chosen to apply. As a minimum requirement, Member States should be required to demonstrate that environmentally valuable habitats are included by the definition. In particular this should focus on the way in which the definitions address wooded pastures and meadows.
ACTION 16:	Criteria should be put in place to be used by the Commission to check that environmentally valuable habitats that are used for agricultural purposes (e.g. grazing) are not excluded from CAP support.
ACTION 17:	Criteria should be put in place to be used by the Commission to check that the genuine farmer definition does not discriminate against any farmers and land managers who make a measurable contribution to achieving environmental objectives including those in high nature value farmland areas.

Action required: Area based payments (Pillar 1 and Pillar 2)	
ACTION 18:	<p>Conditionality: There are some questions that arise relating to the coverage of the SMRs on the WFD and the SUPD and more detail regarding the minimum thresholds and rules associated with the GAEC standards is required as follows:</p> <ul style="list-style-type: none"> a. Measures included under SMR 1 (the WFD): it is unclear why only articles 11(3)(e) and 11(3)(h) are included under the SMR as other articles, for example article 11(3)(k) on pollution through priority substances also directly relates to agriculture. b. Measures included under SMR 13 (the SUPD): It is unclear why article 14 of the SUPD that requires Member States to promote low pesticide-input pest management is not included in the SMR. c. GAEC 1: the rules related to the maintenance of permanent grassland should be set out clearly, either here or in the main regulation. d. GAEC 2: ‘appropriate protection of wetland and peatland’ should be tightened up, to provide a definition of what is meant by ‘appropriate’ and/or to provide a minimum list of types of wetland and peatland habitats that should be protected e. The details of what is proposed for the Farm Sustainability Tool for Nutrients should be further specified. f. the term ‘sensitive period’ under GAEC 7 should be made more specific. g. More detail on minimum standards for crop rotation should be added. h. under GAEC 9, the types of landscape features to be maintained should be itemised as is currently the case and a minimum percentage should be set for the share of agricultural area to be devoted to non-productive features.
ACTION 19:	The legislation should require eco-schemes to address multiple environmental objectives to drive a shift towards more sustainable farming systems (correctly the text reads ‘one or more’ objectives).
ACTION 20:	With so many area based payment options available to Member States, it will be essential that Member States demonstrate in their CAP Strategic Plans how the different environmental interventions, including the eco-scheme, interact in positive way to maximise environmental/climate outcomes at EU and national/regional level, as well as importantly how they interact with the other area payments (e.g. decoupled and coupled support), which will dominate in many cases, demonstrating how they are coherent and how any potential conflicts and perverse effects have been avoided.
ACTION 21:	Collective approaches should be permitted under Pillar 1 as well as Pillar 2, so that the eco-scheme(s) could also be designed in a way that allowed for implementation by groups of farmers.
ACTION 22:	To maximise these outcomes and promote a culture of continuous development in MS and amongst farmers, more basic, entry-level type schemes could be a prerequisite for the uptake of more ambitious eco-scheme(s) and/or Pillar 2 agri-environment-climate commitments, providing that sufficient resources remained for much-needed ambitious environmental and climate actions on farmland.
ACTION 23:	Member States should be given sufficient time, training and guidance to enable them to plan effectively to fully utilise the eco-scheme(s) and Pillar 2 agri-environmental commitments, building on basic conditionality. These also should be properly reviewed during the approval process to ensure that these are designed to target the full suite of environmental and climate needs identified.

Action required: Investment Aid	
ACTION 24:	Checks will be required through the approval and Annual Review Process to make sure that environmentally/climate damaging investments cannot be supported using CAP funds.
ACTION 25:	Certain minimum safeguards should be covered by legislation at the EU level, either in the main regulation or in the delegated or implementing regulations. This should cover, as a minimum, rules on irrigation investments so that they do not lead to abstraction of water beyond the renewal capacity of the water sources used.
ACTION 26:	Through the Strategic Plan approval process, the Commission should make sure that Member States make full use of the options to fund non-productive investments to support the implementation of environment/climate focussed interventions in Pillar 1 as well as Pillar 2.
Action required: Cooperation and multi-actor engagement	
ACTION 27:	Cooperation and collective action should be permitted under the EAGF as well as the EAFRD, in particular in relation to the eco-scheme(s), to enable a coherent approach to be taken with environmental action under the EAFRD.
Action required: Advice and Knowledge exchange	
ACTION 28:	Member States' Strategic Plans should include a cross-cutting section demonstrating how farm advisory services and knowledge exchange more generally will be put in place to support all aspects of CAP implementation and in particular all elements of the new green architecture.
ACTION 29:	The design of farm advisory services should be required to be as wide ranging as possible, multi-disciplinary and take account of all relevant national and regional environmental and climate plans (e.g. River Basin Management Plans, Prioritised Action Frameworks, National Emission Ceiling Plans, climate plans etc) where the agriculture sector is expected to make a meaningful contribution, whether or not they emanate from EU legislation.
ACTION 30:	The Nitrates Directive should be added to the list of legislative requirements to be covered by the FAS in Article 13(4)(b).

Annex 1 Ancillary information

As highlighted in Chapter 2, the transfers between CAP Pillars for the 2015-2020 period notified to the Commission are set out below.

Table A1: Transfers notified to the Commission by selected countries 2015-2020

	From P1 to P2 in % of national ceilings (max percentage 15%)					
Financial year	2015	2016	2017	2018	2019	2020
Claim year	2014	2015	2016	2017	2018	2019
FR	3.0%	3.3%	3.3%	3.3%	3.3%	3.3%
LV	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
UK	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%
BE	-	2.3%	3.5%	3.5%	4.6%	4.6%
CZ	-	3.4%	3.4%	3.4%	1.3%	1.3%
DK	-	5.0%	6.0%	7.0%	7.0%	7.0%
DE	-	4.5%	4.5%	4.5%	4.5%	4.5%
EE	-	6.1%	14.3%	15%	14.9%	15.0%
EL	-	5.0%	5.0%	5.0%	5.0%	5.0%
NL	-	4.0%	4.1%	4.2%	4.2%	4.3%
RO	-	1.8%	2.3%	2.2%	0.0%	0.0%
	From P2 to P1 in % of national ceilings (max percentage 15% or 25% for some MS)					
Financial year	2015	2016	2017	2018	2019	2020
Claim year	2014	2015	2016	2017	2018	2019
HR	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
MT	0.0%	0.8%	1.6%	2.4%	3.1%	3.8%
PL	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
SK	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%
HU		15.0%	15.0%	15.0%	15.0%	15.0%

Source: European Commission, 2016

Some examples of how the agri-environment-climate measure has been targeted in selected Member States in the 2014-2020 programming period are provided in the box below.

Box A1: Examples of targeted approaches taken to implement the AECM in selected Member States⁴³ in the 2014-2020 period

In **Bulgaria**, the agri-environment-climate programme is available to farmers with permanent grassland for applying extensive traditional practices for maintenance, restoration and management of grasslands of high nature value, with a budget of slightly more than 7% (167.5 million Euros) of the RDP envelope. Non-productive investments are also made available under M4.4. to provide funding for creation and restoration of semi-natural pastures and grassland landscapes, wetlands, habitat management, and control of soil erosion.

In **France**, which has adopted a regional approach to Pillar 2 implementation for the first time in 2014-2020, the National Framework sets out a menu of operations from which the regions must select the most regionally relevant measures to address their specific needs. The National Framework also defines a range of eligibility and selection criteria from which regions must choose. The regions are given flexibility in the designation of the zones within which the selected operations will be focussed and must provide a justification as to how the choice of operations and zones selected respond to the local needs. The AECM operations available include a mix of individual operations (divided into different categories: e.g. COUVER operations aim at improving land cover, HERBE at maintaining/improving grassland condition, LINEA at maintaining/improving topographic elements, MILIEU at improving specific habitats' status, OUVERT at preventing landscape abandonment, IRRIG at improving irrigation systems and wetlands, PHYTO at reducing the use of chemical agricultural inputs) and a "system operations" for grassland, arable and mixed farms which involve a package of commitments to which beneficiaries must adhere on the whole farm. The grassland 'system' operations apply different payment rates depending on the identified risk of abandonment/conversion of grassland – for example, if the risk of conversion is high, the payment per ha is also higher.

In the **Netherlands**, whereas in the previous programming period findings were disappointing in terms of the effectiveness of agri-environment measures for biodiversity conservation (specifically with regard to farmland birds), the new AEC programme has increased geographical targeting and target species have been selected based upon the Birds and Habitats Directives and criteria of international relevance, trends and how rare the species is at national level. However, the AECM scheme is now solely operated via 40 certified cooperatives, who deal with all issues with individual farmers: contract, acquisition, inspection, penalties, payment etc, but which cover only a small proportion of the agricultural area (0.07 million hectares, or 3.5% of UAA – Terwan, 2016).

Poland has introduced stronger targeting criteria (compared to the previous programming period) to focus M10.1 support on specific, geographically diverse needs and environmental pressures.

In **Slovenia**, previous criticism that the character of the AECM was more akin to income support has led to the introduction of a more targeted approach. Previously the AECM consisted of 24 submeasures each with specific and binding requirements. This has now been replaced with an option based system, where farmers may voluntarily opt for a number of environmentally sustainable practices on each unit of land use (eg arable land, permanent grassland, orchard, vineyards). The measure is also targeting at particular watersheds which is expected to have a positive effect on water quality. The range of supported activities to address specific habitat needs has widened, and the level of payments for these actions has increased. The environmental requirements have also been tightened, particularly in plant production (horticulture, arable, orchards, vineyards), with abolition of certain measures such as integrated production. For example, the newly established agri-environment option for 'Special grassland habitats' is targeted to the Natura 2000 network in Slovenia (covering about 25% of UAA), and sets stringent demands of late mowing in order to maintain nesting bird populations in these areas. However, it is anticipated that fewer holdings will enter into agreements under this measure now,

⁴³ Source: Ecorys, Wageningen Economic Research and IEEP, 2016, Mapping and Analysis of the Implementation of the CAP, European Commission Directorate General for Agriculture and Rural Development.

as the environmental requirements have generally increased, the payment levels are regarded by farmers' representatives as inadequate and there is a greater administrative burden for beneficiaries. This has already been seen in relation to the 'special grassland habitats' option, where there is very low interest among farmers.

In the **UK-Scotland**, the agri-environment-climate scheme is spatially targeted using target maps and applications are allocated funding on a competitive basis. This is designed to deliver the most efficient outcomes in the right place, but there is also the risk that some options will be oversubscribed or undersubscribed because applications do not match with target areas. There are a number of options that are targeted at conservation priority species (Chough, Corncrake, Hen Harrier) and habitats (degraded raised bog, blanket bog, heaths, dunes, Machair) are expected to have a significant positive impact on biodiversity, as are the predator control options to protect nesting birds. Options also exist that target more common biodiversity in arable farmland and these are expected to benefit abundance of farmland birds, insects including pollinators, arable weeds, and wildlife in hedgerows. The scheme is complemented with non-productive investments, funded under M4.4, of which many could be used to benefit EU protected habitats and species as prioritised in the Scottish PAF, such as deer management, control of non-native species, bracken control, improvement of burning management, restoration of natural hydrology of bogs and wetlands, scrub/tree removal, and development and application of sympathetic flood control schemes. In addition, a small unit management option has been introduced to try and make the scheme attractive to small farmers and crofters who manage a large proportion of High Nature Value farmland in the north west of the country. Agri-environment-climate options are also available on land that is not eligible for direct payments, provided it is agriculturally managed, which may help reach land of high biodiversity value, also providing important carbon stores (e.g. to maintain very extensive grazing and encourage wetland management (Jones, 2016)).

The result indicators relating to climate, natural resources and ecosystems, as proposed in the CAP legislative proposals for 2021-27 are set out in the following table:

Table A2: Proposed result and impact indicators proposed for climate, natural resources and ecosystems (2021-27)

Result Indicators		Impact Indicators	
Cross-cutting			
R.23	Environment-/climate-related performance through investment		
R.24	Environmental/climate performance through knowledge		
Climate			
R.12	Adaptation to climate change	I.9	Improving farm resilience
R.13	Reducing emissions in the livestock sector	I.10	Contribute to climate change mitigation (reducing GHG emissions from agriculture)
R.14	Carbon storage in soils and biomass	I.11	Enhancing carbon sequestration (increase soil organic carbon)
R.15	Green energy from agriculture and forestry	I.12	Increase sustainable energy in agriculture (production of renewable energy from agriculture and forestry)
R.16	Enhance energy efficiency		
R.17	Afforested land		
Natural Resources			
R.18	Improving soils	1.13	Reducing soil erosion (% land in moderate and severe soil erosion on agricultural land)
R.19	Improving air quality	1.14	Improving air quality (reduce ammonia emissions from agricultural land)
R.20	Protecting water quality	1.15	Improving water quality (gross nutrient

			balance on agricultural land)
R.21	Sustainable nutrient management	1.16	Reducing nutrient leakage (nitrate in ground water - % of ground water stations with N concentration over 50mg/l as per the N Directive)
R.22	Sustainable water use	1.17	Reducing pressure on water (water exploitation index plus: WEI+)
Habitats and Eco-systems			
R.25	Supporting sustainable forest management	1.18	Increasing farmland bird populations (Farmland Bird Index)
R.26	Protecting forest ecosystems	1.19	Enhanced biodiversity protection (% of species and habitats of Community interest related to agriculture with stable or increasing trends)
R.27	Preserving habitats and species	1.20	Enhanced provision of ecosystem services (share of UAA covered with landscape features)
R.28	Supporting Natura 2000		
R.29	Preserving landscape features		

Source: own compilation based on the legislative proposals