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Environmental integration and CAP reform: looking backwards, moving forward

David Baldock

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Overview

- What is integration?
- Integration in the CAP
- The Greening experience
- Lessons from Greening?
- Moving forwards?

Facets of environmental integration

- Formal adoption of objectives and mechanisms at EU level expressed through political and legal processes
- Adjustment and adoption of policy measures, including expenditure, at all relevant levels
- Adjustment of institutions and stakeholder roles at various levels
- Changes in practice and systems at farm level
- Changes in food chain and wider market and consumption patterns
- Re-conceptualising agriculture eg agri-ecology

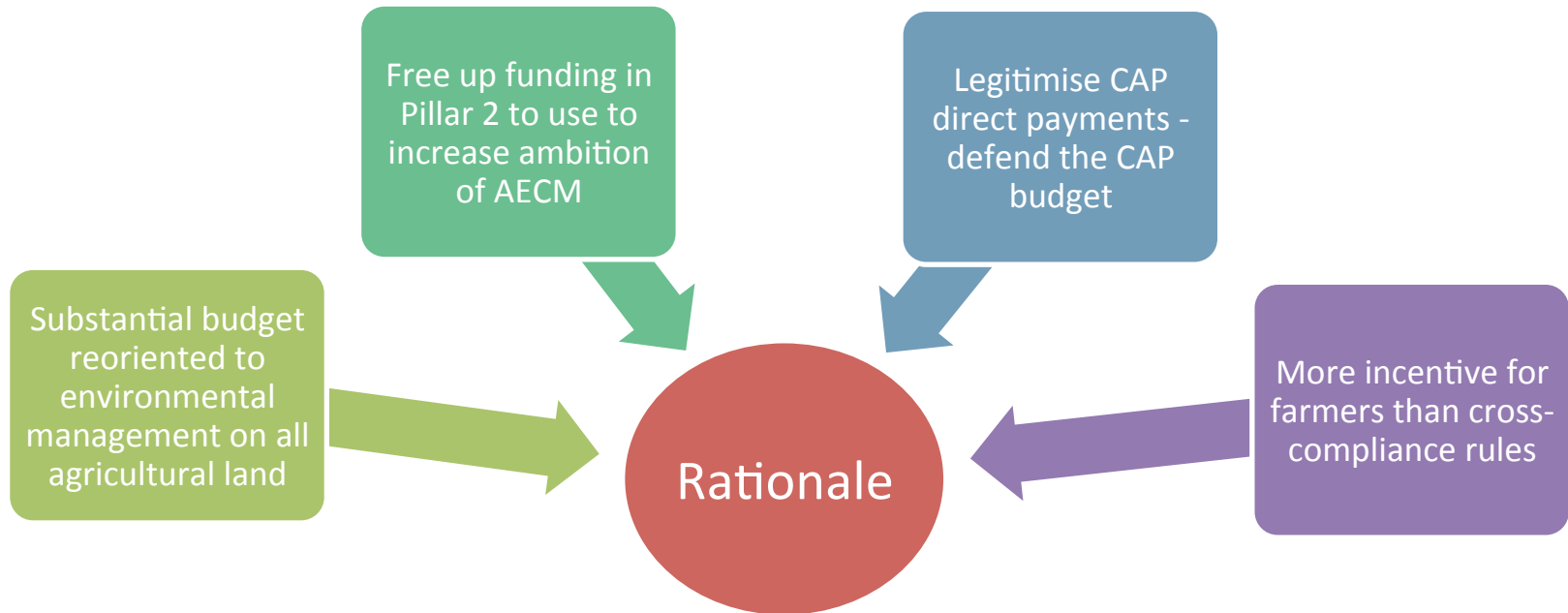
Environmental integration in the CAP

- The first seeds: less favoured areas
- The curious case of set-aside
- The adoption of agri-environment in the 1980s
- The Amsterdam Treaty 1997
- The deployment of cross-compliance
- The growth and role of Pillar II
- Decoupling and detachment
- Trade dimensions

Towards Greening

- A more synthetic and wide reaching approach?
- Reaching farmers and budgets beyond Pillar II
- Accepting the political vulnerability of the Pillar II budget
- A more consistent application of environmental measures on a European scale
- Underpinning more ambitious environmental schemes in Pillar II
- Building on aspects of scientific work but not holding on to them
- Building on French experience
- Justifying the Pillar I budget

Rationale for greening measures



Original greening measures proposed:

- **maintenance of permanent grassland at the farm level**
- **crop diversification** – applicable on arable land /open air horticulture
- **ecological focus areas (EFA) at seven per cent of the arable area** – applicable on arable land /open air horticulture / permanent crops

Final greening measures agreed



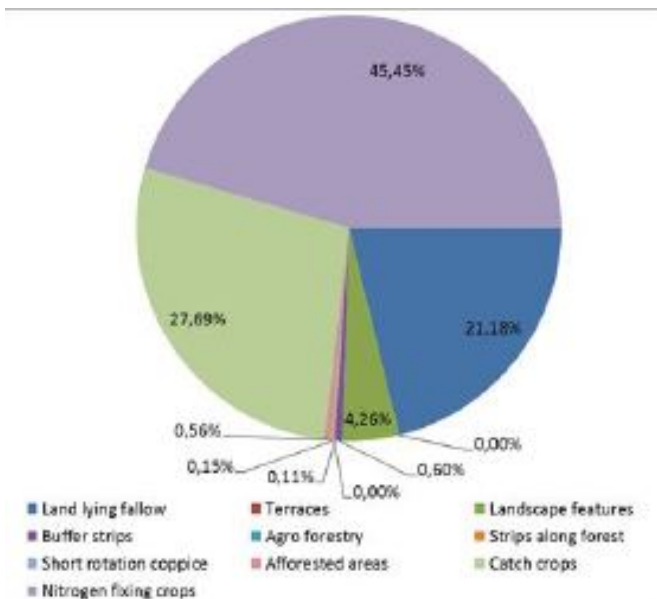
- Dilution in content:
 - EFA: percentage and “ecological” character of options
 - Permanent grassland: definitions and national level
- Dilution in coverage:
 - Exemptions
 - Lack of applicability to permanent crops
- Greater complexity



Generally considered to be a weakening of original proposals, although some amendments were important to avoid perverse environmental effects.

EFA implementation choices

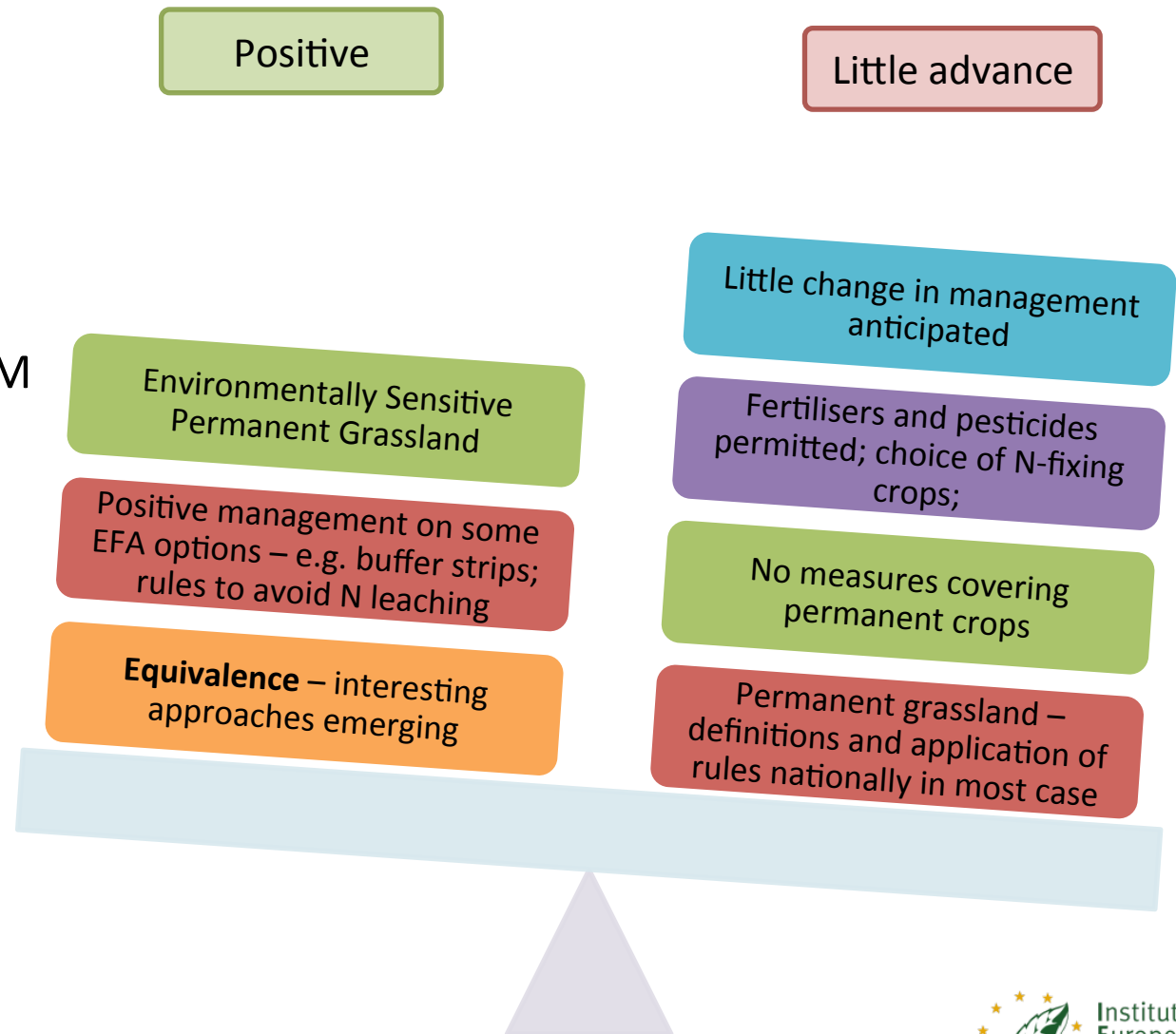
- EFA in 2015 was mostly
 - N-fixing crops
 - catch & cover crops
 - fallow
- Case study countries/regions



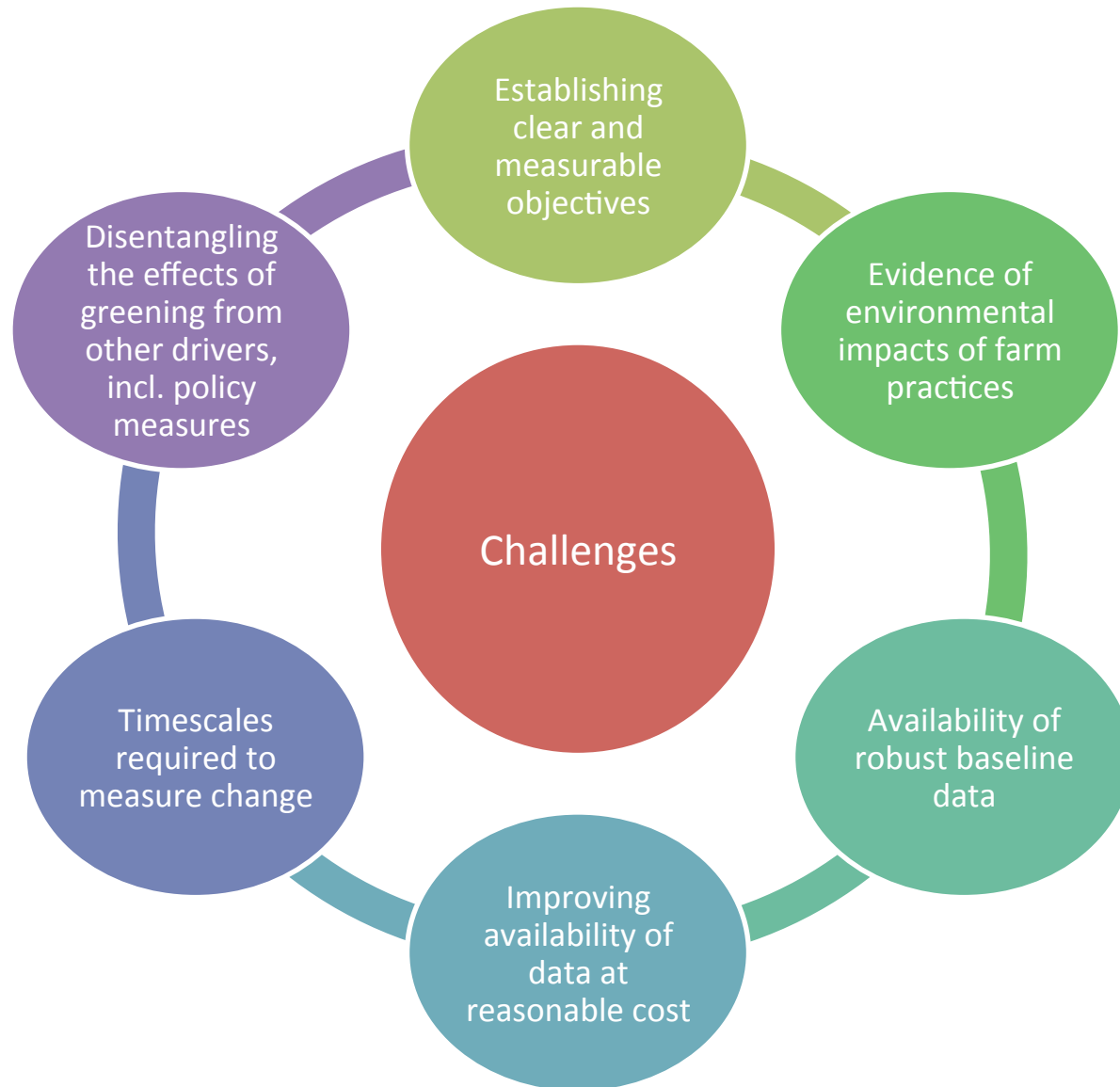
EFA element	Over 30% of area	Not eligible
N-fixing crops	IT, RO, PL, HU, UK(not Sc), ES	
Catch & cover crops	NL, BE, DE, PL, RO	ES, IT, UK-NI, UK-Wales
Fallow	ES (10-30% in HU, DE, IT, UK(not Sc))	NL, RO
EFA element	Less than 10% of area	Not eligible
Landscape features	UK(not Sc), DE, BE, IT, HU, NL, PL, RO	ES

Potential environmental outcomes

- Increasing environmental ambition in Pillar 2?
- Significant decreases in AECM expenditure in some MSs is concerning.



Challenges in demonstrating additionality of greening



Some early lessons for public goods delivery

- Importance of structuring measures and choices for MS and farmers; flexibility and tailoring where appropriate
- Challenge of parallel policies bridging two Pillars
- Dangers of complexity and high transaction costs
- Lack of appeal of possibly “abstract” measures, no correspondence to market requirements
- Lack of focus on results

Need for enhanced support and advice at farm level

- Importance of operational, participation and control culture

Conclusions of recent EFA/Biodiversity study

- Farmer uptake of EFA options with most biodiversity benefits has been weak and needs to increase
- Encourage farmers to sow species-rich seed mixes that benefit wildlife on fallow, field margins and buffer strips
- Change management rules of fallow and crop options by avoiding pesticide and fertiliser use, increasing / adjusting cropping periods to match wildlife breeding seasons, limit cutting and other disturbance during breeding season (Underwood and Tucker 2016)
- But disagreements on pesticide use persist amongst Member States

Some Broader conclusions?

- The importance of sharper objectives and clear logic for the measures involved
- Underlining again the central need for engagement with farmers and adequate incentives to utilise measures
- Value of programmed and multi-annual approaches: the constraints of Pillar I rules
- The underlying weaknesses of the Pillar I regime remain

Longer term Thinking on Public Goods Delivery

- The need for a strategic approach and route map for agriculture and the environment in Europe, especially if the EU adopts more demanding climate mitigation requirements for agriculture; should address trade-offs and synergies.
- Framing and incentivising the sustainability transition required over the decades to 2030 and 2030
- More clarity about the challenge of complying with rising environmental standards (e.g. current Phosphate , pest control, water and climate debates) and addressing the decline of nature
- As well as delivery of environmental and social public goods in a more synergistic and often localised way

Four poles of intervention

- A reformed CAP, with focus of support progressively tied to objectives and delivery obligations, not generic compensation.
- Regulation and targets; the baseline
- Advice, training, engagement, research and development, innovation, institutional capacity building
- Enhanced contribution from the private sector outside the CAP, including more internalisation of full production costs in output prices

Address at least four dimensions of the CAP

- Selecting appropriate policy tools; especially more targeted and tailored but streamlined too; new balance needed
- Generally adopting a programmed approach with defined objectives rather than Pillar I rules
- Securing sufficient budget and acceptable but different distribution between farms/MS where this is the outcome of new objectives
- More attuned, effective modes of consultation, implementation, delivery, cooperation, controls etc.; a new culture required, including goals, process and technology. And trust.

Design of measures: starting points?

- Stronger scientific and technical base: data sources, ecosystem and agronomic analysis, more quantified trade-offs, monitoring, remote sensing etc.
- Ecosystem mapping and planning
- Building a more rigorous compendium of farm practices and systems
- Participative approaches and enhanced interface with private sector and the supply chain
- Joint initiatives and pilot projects

Starting Points (2)

- Initiatives across a range of scales: farm/ landscape/territorial/ vertical/European
- Reduced reliance on compensation/profit foregone formula payments
- Investment in capacity for targeting, engagement, measuring results, engagement, support
- Control and re-distribution of admin and transaction costs
- Room to fail

Programming

- Important for clarifying objectives, strengthening coherence, monitoring, accountability
- Framing an expanded menu of measures in more complex governance arrangements
- Linking EU and national/local objectives and mechanisms
- Planning and controlling expenditure
- Co-ordinating actors and stakeholders

(Newer) Measures: Scope and Scale?

- Expanded ecosystem service payments outside the CAP
- Simplified farm system payments alongside current certification schemes
- Greener rules of origin and local labels
- Enhanced results based approach (RBPS)
- Collective farm PG delivery contracts
- Farm level nutrient management and low carbon plans

Possible alternative options for greening?

Option A: Abolish green direct payments and revert to using cross compliance

Option B: Retain the greening measures in Pillar 1, but amend the rules to strengthen the environmental value added

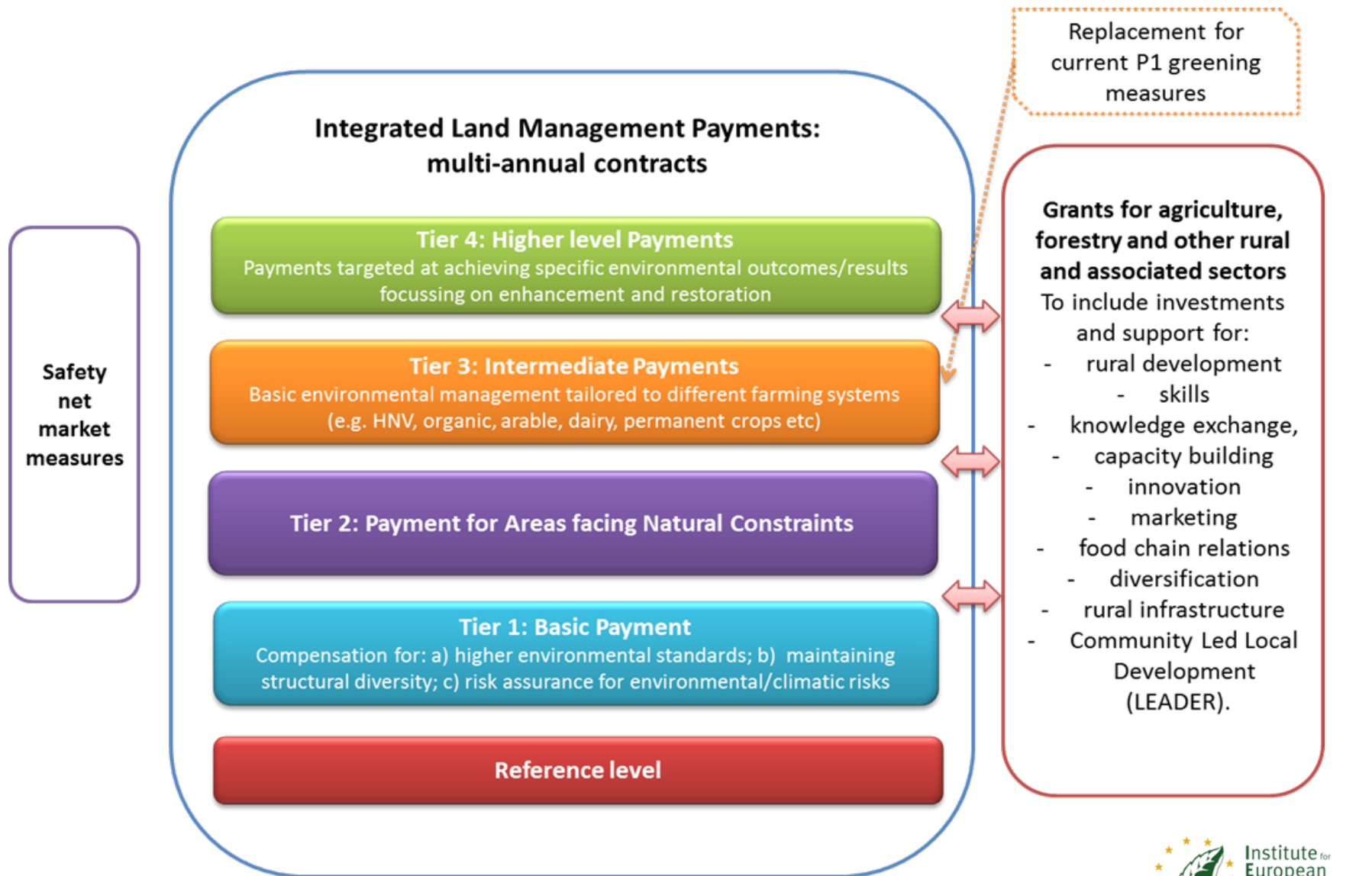
Option C: Shift the greening measures from Pillar 1 to Pillar 2

Option D: An integrated option - the CAP is redesigned as a single integrated set of measures structured in a tiered hierarchy

Each option is assessed against three criteria:

- a) Delivery of additional environmental benefit;
- b) Administrative burden; and
- c) Political feasibility.

Option D: Integrated land management payments

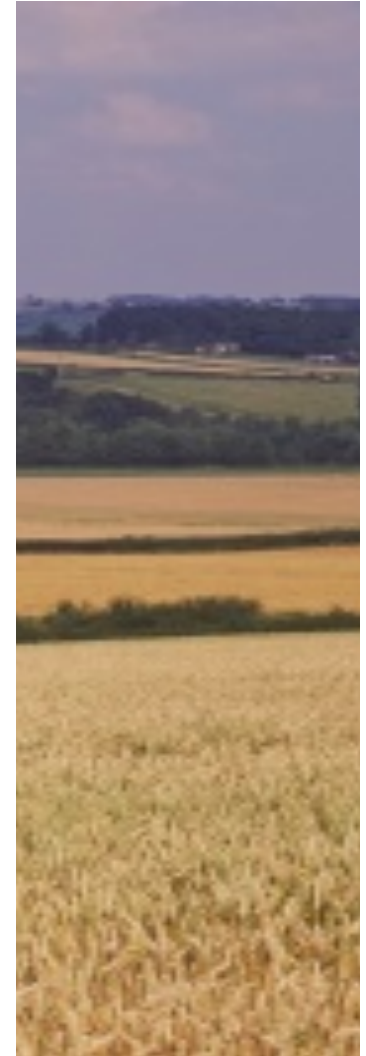


Transition

- Critical to manage change, building up capacity to implement new approaches and achieve a fair level of buy-in from farmers and other stakeholders
- Lower tier, more generic, payments are phased out over a period
- Higher tier, more targeted payments and accompanying support are built up to become core to the policy

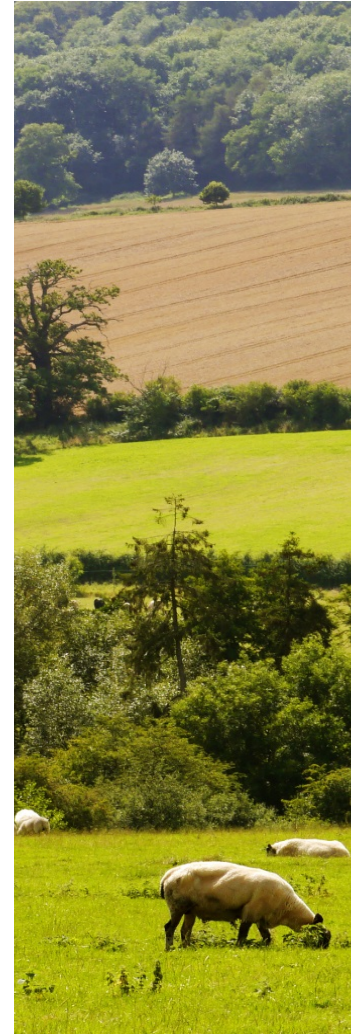
Conclusions

- The introduction of greening measures in Pillar 1 has highlighted the importance of:
 - a) finding a coherent approach to delivering environmental (and other) objectives on agricultural land; and
 - b) doing this on a sufficient scale to ensure real value is added but without too much administrative complexity.
- Current measures underline the challenge of delivering environmental outcomes using a fairly inflexible approach to measures and the way they are designed, verified and controlled under Pillar 1 rules
- Alternative models are possible for delivering environmental objectives on farmland now and in the future and are worth serious consideration.



For the future...

- A multi-tiered architecture of more contractual payments could support more sustainable management in a synergistic and streamlined way, balancing general and targeted approaches
- All options will require:
 - An improved evidence base
 - Better data collection and processing
 - More public goods attuned control and verification systems -more outcome focussed; departure from risk averse culture
 - The investment of sufficient resources to meet such transition costs
 - Collaboration between policy makers, farmers and stakeholders





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Thank you for your attention

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For more information please contact David Baldock
dbaldock@ieep.eu

www.ieep.eu



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