

Only 3 steps lead to more biodiversity, climate and environmental protection in a public-goods oriented CAP after 2020

The situation is favourable:

The 2019 European elections have led to a new constellation of the EU Parliament and its Committees. The EU Commission will also be newly appointed and will launch a new work programme in November. This allows the opportunity to think further about a new CAP support system that no longer bases the calculation of direct payments on historical criteria and flat-rate land use as a "unit amount per hectare". A new attempt can be made to better support those farmers with public funds who produce public environmental goods beyond the legal requirements.

The current proposal of the EU Commission (Strategic Plan Regulation) provides a good basis for a rethink on the modern-day design of the CAP support system after 2020, as it provides for a shift in the focus of the CAP orientation from compliance to the recognition of actual performance and ecological effects of the measures (interventions). This requires uniform criteria based on the actual contribution of farmers to the provision of public environmental goods. To evaluate these services and impacts, the COM can draw on its own evaluations and experience with the designation of Ecological Focus Areas (EFAs) in the current funding period. A study carried out by COM's own Joint Research Centre (JRC), for example, uses an "EFA calculator" to provide information here¹. In Germany, the DVL (German Association for Landcare), among others, has submitted a corresponding proposal based on many years of practical tests with the concept of the "*Gemeinwohlprämie*" (public goods bonus).

A prerequisite for the success of efforts to increase biodiversity, environmental and climate protection is a clear commitment by all decision-makers to a common EU agricultural policy that makes public environmental goods and services a central concern of the CAP objectives and measures and thus accessible to all farmers and their earning potential. However, as will be explained below, three key provisions in the draft Strategic Plan Regulation still need to be amended, without which the COM will not achieve this shift in focus and its own objectives. (Note: It is well known that there is a need for further changes to the details of the COM proposal, but these are essentially systematically derived from these 3 steps).

¹ <https://ec.europa.eu/transparency/regdoc/rep/1/2017/DE/COM-2017-152-F1-DE-MAIN-PART-1.PDF>

The 3 steps...

Step 1: More comprehensive definitions

Farmers in the EU are the most important managers of the natural environment, as they influence the development of natural resources such as soil, water, air and biodiversity on 48% of the EU's land, and even up to 70% in Germany.

The COM proposal on the definition of "agricultural activity" (Art. 4) should be complemented by *"the provision of public goods and ecosystem services from agriculture"*. As a consequence, this also leads to an extension of the traditional job description of "farmer" to include this "market segment". This contribution by farmers to the environmental and climate objectives must be transparent and measurable in order to serve as the basis for payments for specific public goods and services.

Step 2: Optimising eco-schemes

Even decades after their introduction, the effectiveness and efficiency of area-linked agricultural support payments in terms of an improvement of the income situation of farm owners still cannot be demonstrated^{2,3,4}. The current system for calculating direct payments under Pillar 1 must therefore be modernised – presumably initially gradually – and replaced by a more performance and results-oriented method.

Within the Green Architecture, the eco-schemes are a new and sensible addition to Pillar 1 in order to close gaps in the range of measures between the extended conditionality and the AECM of Pillar 2. They can be developed into a central instrument of the new CAP orientation and, as a first step, into a Pillar 1 oriented towards public goods. One of their main advantages is that they offer the option of making money from the production of public environmental goods. The catalogue of measures for the eco-schemes, which is to be defined at national level, must therefore include a range of simple and broadly effective agricultural cultivation methods that are adapted to the operational processes and the respective natural environment and can be used by as many farmers as possible, adapted to their operational processes.

To this end, the Commission must bindingly set clear minimum parameters and categories of measures in the Regulation which ensure a high ecological added value for the EU and by which the own aspiration to more ambitious environmental and climate protection through agriculture as set out in Art. 92 is measured. Without these ambitious minimum parameters, the implementation of the CAP in the Member States may be very unambitious and may lead to a "race to the bottom".

² https://www.eca.europa.eu/Lists/ECADocuments/SR18_10/SR_BPS_DE.pdf

³ https://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Publikationen/GrauePublikationen/EZ_Reflection_Paper_3.pdf

⁴ https://www.thuenen.de/media/publikationen/thuenen-workingpaper/ThuenenWorkingPaper_96.pdf

The COM proposal must therefore be amended in Art. 28 (6) sentence 1 as follows: "*Support for eco-schemes is granted on the basis of a point rating system in accordance with Annex YY and shall take the form of an annual payment for the eligible hectares covered by the eco-schemes*"

Step 3: Aligning financial management with the defined environmental objectives and intervention categories

The major decentralisation and result-orientation stemming from the new implementation model of the CAP prompted the COM in return to link the allocation of CAP funds in future to a comprehensively functioning administration and coordination system in the Member States. This includes very detailed resource planning and management on the basis of "unit amounts" (cf. Art. 88). Accordingly, the Member States must estimate in advance the rates of support and outputs in their CAP strategic plan for each financial year of the funding period and for each planned measure. If different bonus rates (unit amounts) are planned within a measure, planning must even be carried out separately for each bonus level and each output indicator.

Such detailed pre-planning makes a result-oriented approach almost impossible.

This situation concerning the detailed determination of the unit amounts in advance and the associated risk of selecting unambitious environmental and climate protection interventions can be resolved by deleting Art. 88 (Indicative Financial Allocations) without replacing it. Instead, indicative financial planning and management must be based solely on budget approaches that are geared to the specific objectives and the level of the intervention categories of the Strategic Plan Regulation.

Alternatively, Art. 88 should be amended to the effect that the wording "per eligible hectare" using the example of the eco-schemes is deleted as the assessment basis for the unit amount in Art. 28 (6) or replaced by "*for the eligible hectares covered by the eco-schemes*".

... and one condition

The COM proposal can be significantly more effective with these changes as it removes the main obstacles to achieving its own "more ambitious environmental and climate-related objectives". However, it will only develop its full impact if the Member States take up its approaches and targets and incorporate them into their national Strategic Plans. When approving these plans in accordance with Art. 106, the COM is responsible for ensuring that these requirements are consistently adhered to.

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