

Greening of CAP Pillar 1 payments – can it be done better and simpler?

A summary of the ENCA Seminar held at Scotland House in Brussels
20 April 2016

Foreword

We are at a critical and formative period for the future of agricultural policy, impacting in turn on the prospects for achieving European goals on biodiversity and climate change. Debates on the future of the Common Agricultural Policy (CAP) are expected to begin very shortly in both the Agriculture Council and the European Parliament. Budgetary issues, in the form of the impending discussions over the next Multiannual Financial Framework (MFF) are also looming large on the horizon. Debates have started on greening and the simplification of the CAP as well as on the need to improve both the maintenance and the enhancement of biodiversity across Europe's farmland.

The members of the Sustainable Land Use & Agriculture Interest Group of the European Nature Conservation Agencies (ENCA-net) seek to inform the debate through contributing to the development of the evidence base and therefore this seminar was intended to identify links and synergies between the various developments now taking place.

Together with the accompanying IEEP report¹ on « Learning the lessons of the greening of the CAP » the seminar was also designed to stimulate thinking among EU policy makers, stakeholders and civil society. We remain committed to continuing to offer an evidence-based contribution to these debates as they continue to develop.

This remainder of this paper has been structured in the same way as the seminar itself. It summarises the key points from each of the presentations (available on the [ENCA-net website](#)) along with the main areas of debate emerging during the subsequent panel discussion.

Setting the Scene

Rob Cooke, Director of Terrestrial Biodiversity from Natural England, welcomed participants to the seminar on behalf of ENCA-net. This was followed by an **opening address from Professor Peter H. Feindt, the facilitator**. The objective of the seminar was to gather evidence on how the CAP's new greening measures in Pillar 1 have been implemented, to reflect on their environmental added value and to explore whether there might be more effective approaches to delivering the environmental ambitions signalled by the original decision to adopt the greening measures.

The seminar was regarded as being well timed. Most Member States (MSs) have just reported to the European Commission (EC) on the uptake of the greening measures by their farmers and the EU executive's public consultation on the greening measures closed in March 2016. A summary of the consultation responses alongside the implementation figures from MSs is expected to be published in early June. The future of the CAP, including the greening measures, is to be the subject of discussions at an informal Agriculture Council meeting planned by the Dutch presidency at the end of May 2016.

Peter Feindt noted that Commissioner Hogan has now been in office for two years, but it remains to be seen whether he will propose significant changes to the current CAP Regulations, either in the immediate future (in relation to greening) or by the end of his term in office regarding the

¹ <http://cap2020.ieep.eu/2016/4/20/learning-the-lessons-from-cap-greening-2?s=1&selected=latest>

architecture of the CAP post 2020. What is clear is that the CAP faces the threat of significant budget cuts during the future negotiations on the Multi-annual Financial Framework (MFF). The strategic dilemma can perhaps be seen as: whether direct payments should become increasingly conditional on environmental measures, whether a more overtly environmental rationale should be adopted for the CAP as a whole, or whether entirely separate funds should be used to tackle environmental issues.

Kaley Hart, IEEP proceeded to present the findings of a report *Learning the lessons from CAP greening*. Commissioned by the UK Land Use Policy Group (LUPG) in collaboration with ENCA-net, the [report](#) was launched on the same day as the seminar. It reviews the original rationale for greening Pillar 1 and describes the alterations made to the proposals during the trilogue negotiation process involving the Commission, the Council and the European Parliament. The report then goes on to provide an overview of the potential environmental impacts of these measures whilst highlighting some of the challenges involved in determining their environmental additionality. Finally, it offers some preliminary thoughts on a number of possible future options for greening. The focus is on alternative means of delivering improved environmental management across the farmed countryside in the EU-28, considering the environmental, administrative and political pros and cons of each option. The aim of the report is to stimulate debate about possible ways of cost-effectively improving the level of environmental additionality from the current greening measures.

She highlighted the fact that the final version of the greening measures were largely diluted in terms of content (reductions in the percentage of land devoted to Ecological Focus Areas (EFA) as well as the number of EFA options and changes to the implementation rules for permanent grassland) as well as in coverage (exemptions introduced for EFAs and crop diversification). The greater flexibility incorporated into the measures has led to greater complexity in terms of implementation, leading in turn to calls for administrative simplification, a topic now under discussion. Looking at the potential environmental outcomes, the first impressions (albeit based on Member State implementation choices rather than what farmers have chosen to do on the ground) are that greening may not be delivering as many positive environmental outcomes as had been intended. In many cases it looks as if the choices are intended to maintain the status quo rather than achieve additional environmental benefits. However, there are some positive examples of where Member States have tried to implement the greening measures in ways designed to leverage more positive environmental impacts. These kinds of approaches will be important to build on in future. It is important to remember, however, that trying to gauge the actual environmental impacts requires knowledge of what has changed on the ground. As a result, the IEEP report highlights a number of challenges involved in demonstrating the extent of the additionality resulting from greening, not least the availability of a robust baseline. Many of these challenges are not specific to greening – they are common to all measures aiming at delivering environmental goods and services.

The IEEP report concludes by suggesting a number of possible alternative approaches to the delivery of greening. The various options have not been worked up to operational level at this stage, rather they have been put forward as initial ideas to stimulate debate. The main options which have been identified are:

- Option A: Abolish green direct payments and revert to using cross compliance (particularly in Pillar 1) as the mechanism for delivering basic environmental management across the farmed countryside;
- 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, whereby the CAP is redesigned as a single integrated set of measures structured in a tiered hierarchy without the blurred distinctions of purpose, periodicity, funding and structures which characterise the current two-pillar structure.

Each of these options was assessed against the following criteria: a) Delivery of additional environmental benefit; b) administrative burden; and c) political feasibility.

Kaley Hart concluded that the introduction of greening in Pillar 1 has highlighted the importance of finding a coherent approach to delivering environmental objectives on agricultural land and at a sufficient scale. The current approach raises the challenge of delivering more substantial environmental outcomes, but uses a fairly inflexible approach to the design, verification and control of measures under Pillar 1. The outputs resulting from this approach suggest that alternative models for delivering environmental objectives on farmland are worthy of further consideration. Discussion on this issue needs to start now so that it can feed into the timeline for future CAP reform.

Pierre Bascou, DG AGRI Directorate D followed by presenting the Commission's latest figures on assessing the impact of the greening within the reformed CAP. He highlighted the timeliness and importance of the seminar in feeding into the Commission's ongoing review of the green measures. The presentation included some of the first information available about the implementation of greening across the EU and drew some preliminary conclusions.

Seminar participants were reminded of the rationale for greening: to support farmers in adapting their production systems to socio-economic, environmental and territorial challenges; and that economic and environmental sustainability are intertwined. The greening measures seek to achieve long-term sustainability as well as an improvement of the environmental impact of the agricultural sector.

Pierre Bascou stressed that 'greening' the CAP is not just about the green measures in Pillar 1, but signals the reorientation of a range of CAP policy instruments to address the joint provision of public and private goods. In particular, the greening measures should be seen as operating in combination with cross compliance, the Pillar 2 measures (not just the agri-environment and climate measure (AECM), but also investments and farm advice, etc.) as well as a closer link with research and innovation. Nonetheless, a significant budget has been allocated to the Pillar 1 greening measures in their own right. Since Pillar 1 covers the majority of EU farmers, it made sense to introduce the greening measures in a way that covered most farmers and most land. Such an approach was also designed to free up the Pillar 2 budget so that more of it could be used for more ambitious AECM/organic measures.

The presentation included some headline figures on the nature of greening implementation within Member States. The statistics covered almost all MSs except France and Scotland (within the UK) and still needed to be quality-checked. Some of the key figures presented showed that on average, a large part of the total EU agricultural area is subject to at least one greening obligation, although the figures vary significantly from one country to another. As regards the composition of EFAs, the most common features were nitrogen-fixing crops, fallow land, catch crops and landscape features.

In considering the effectiveness of the greening of direct payments, Pierre Bascou asserted that the implementation of greening within Pillar 1, taken in conjunction with Pillar 2 implementation, tended to show evidence of a significant reinforcement in the environmental ambition of the CAP. This view was based on the nature of the budgets allocated to the relevant Pillar 2 measures, in particular agri-environment-climate, investments programmed under Priorities 4 and 5 (environmental and climate) and the advisory measure. In addition, the substantial proportion of

Utilisable Agricultural Area (UAA) now subject to at least one greening obligation also signals a shift to greater greening within the CAP.

Pierre Bascou made clear, however, that it is too early to assess the environmental impacts of the measures that have been adopted and hence whether greening has achieved all its objectives. The necessary information and data are still being gathered in order to evaluate the performance of greening. The complexity of the new approach is also acknowledged to be a major weakness and the administrative burden needs to be reduced. In particular, it is difficult to strike the right balance between flexibility and complexity. The European Commission committed to review the greening measures (EFAs) after the first year of implementation. This review, which included the recent public consultation, is part of the REFIT agenda for 2016 and will assess issues of level playing field, administrative burden, the potential for simplification and the effects on production. The Commission hopes to present a Staff Working Document on data and analysis by the end of June 2016 and this may be followed by proposals for amendments to the Implementing and Delegated Acts, which are intended to be adopted towards the end of the year. Following this, a report on EFAs to the Council and the Parliament (due by 31 March 2017) will assess whether it is appropriate to increase the EFA obligation from 5 to 7% of arable land. Evaluations commissioned to examine the effectiveness and efficiency of the CAP are expected to produce their first results by 2018.

Pierre Bascou concluded by stating that greening plays a key role in supporting farmers in the transition towards more sustainable agricultural models. He highlighted that improvements are being sought in particular with respect to flexibility at farm level and environmental performance.

In response to a question about being able to assess the level of environmental additionality from the Member State 2015 implementation figures, Pierre Bascou clarified that the objective for the Pillar 1 greening measures was not to instigate a drastic change of practices, but rather to reward good practices beneficial for environment and climate, whether they are already in place or not (this was already anticipated in the 2011 Impact Assessment). It is acknowledged that, for some farmers, greening will not change anything because they are already implementing the practices required. Similar issues arise with many policies. Ultimately the policy will be judged against the improvement in the quality of the natural resources in the longer term, an issue on which it is not possible to conclude today. He also highlighted that overall, approximately 50% of the CAP Pillar 2 budget is allocated to measures with environmental or climate objectives and that the content and impact of these measures will also need to be taken into account when addressing the effectiveness of the policy.

Regarding the Pillar 2 budget and the question as to whether Pillar 2 measures are more or less targeted as a result of greening, Pierre Bascou indicated that DG AGRI is still in the process of collecting information. He admitted there was a decline in the budget allocated to AECM, but considered that this was a natural consequence of the introduction of greening (which freed up budget for other very important measures within Pillar 2). He made it clear that the next steps will include the improvement of synergies with Pillar 2 and of the environmental performance of the current greening rules.

Approaches to greening the CAP

The second session examined the different ways in which greening had been implemented in Member States and included presentations from Poland, England (UK), the Netherlands and Austria, as well as one from Switzerland. The first two presentations looked at standard approaches, the second two looked at novel ways of implementing greening, whilst the final presentation showcased

the different approach used outside of the EU. A summary of each of the presentations is provided below, followed by key points from the discussions.

Dorota Metera, IFOAM EU, examined **the relevance of the greening measures for agriculture in Eastern Europe – the Polish case**. The basic data on Polish agriculture highlighted the significant proportion of small farms - 74.8% of farms are less than 10 ha and cover 28.3% of the agricultural area, whilst only 5% of farms are over 30 ha, but these cover 40.7% of the UAA. Some 57% of farms are exempt from greening (with 20% of farms 'green by definition'). In this context, the question of 'who greening is for' has generated some debate in PL, with some arguing that greening measures should also apply to small farms. In Poland, the greening payment is 71.8 EUR/ha, which is not considered to be very attractive for farmers in comparison to the other payments they receive (Single Area Payment Scheme is €107/ha; Young Farmer payment is €59.8/ha; and Small Farmer payment is €40.4/ha on holdings of less than 30ha).

The implementation figures for greening are close to the EU average: 43% of farmers/81% of UAA are subject to at least one greening obligation, while 83% of arable land and permanent grassland is subject to at least one greening obligation. Poland has set up an equivalent scheme to greening, the 'sustainable farming' scheme under the Rural Development Programme agri-environment-climate measure, which involves farming with limited fertiliser and pesticide use.

In terms of exemptions, some intensive crops (e.g. asparagus, rhubarb) are considered to be permanent crops and are therefore exempt from the greening measures. For permanent grassland, it is possible to go below the 95% threshold (compared to 2015) on condition that the quality of grassland is enhanced in overall terms at the regional level, but there are issues for farmers in terms of knowing what the regional figures are and hence whether or not it will be possible to plough individual land parcels. The use of both pesticides and fertilisers is permitted on EFAs in Poland, with the exception of short rotation coppices. Nitrogen-fixing crops and catch crops are the main EFA measures being used. For landscape features, the most popular choices are ditches and groups of trees. Dorota Metera also highlighted the limited level of environmental ambition under Pillar 2, citing the example of the transfer of 25% of the EAFRD budget to Pillar 1. On a positive note, it was thought that the increase in the area of leguminous plants under the EFA measure may result in an improvement in soil quality.

In conclusion, there are many ways in which the greening measures could be improved, but to achieve a real implementation of 'public money for public goods' there may also be a need to rethink the CAP in more fundamental ways.

Katherine Merrett – Defra, UK provided a quick overview of the approach to greening in England, Scotland, Wales and Northern Ireland. For example, all four of the UK countries chose fallow land and nitrogen-fixing crops as one of their EFA measures. The remainder of the presentation was focussed on the **implementation of the greening measures within England**.

The 2014/15 Farm Business Survey (which covers the 2014 harvest) was used to establish a baseline of those EFA features present on a representative sample of farms prior to the implementation of the greening rules. This baseline data will allow for an assessment of the impact of the greening requirements. It covers all of the EFA features described in the EU Regulations (i.e. not just those EFA features chosen for use within England). All information was collected via face-to-face interviews with farmers. An analysis of the baseline data was launched in early April 2016 and a link to this can be found in the copy of the Defra [presentation](#).

Survey results showed that in 2014/15, 20% of English farms with an arable area would have been exempt from the greening requirements; these farms accounted for around 2% of the arable area. The results also showed that 62% of farms with an arable area would not have needed to implement any changes in order to meet their EFA requirement, while 18% may have needed to implement changes. The results were also broken down by farm type – for example 85% of cereal farms would not have needed to implement any changes, whereas farms in the dairy sector were the most likely (about 30%) to have to implement some changes.

Data is also available on the area of land covered by the various EFA features. For example, the area of fallow land in England in 2014/15 was estimated to be 185,000 ha, but the area declared as part of the EFA requirement in 2015/16 was 125,000 ha. By contrast, the area of nitrogen-fixing crops in 2014/15 was estimated to be 133,000 ha, but the figure declared within EFAs was 152,000 ha.

As part of the survey farmers were also asked whether they had to do something different for the 2015 harvest in order to meet the EFA and crop diversification rules:

- Crop diversification: 60% of farms did not anticipate having to change their practices, 28% anticipated either limited or significant change, whilst 12% were exempt;
- EFA: 56% of farms anticipated making no changes, 32% expected to make changes and 12% were exempt.

All of the results are available on the Defra [website](#) and the EFA module is being repeated within the 2015/16 Farm Business Survey for England.

Paul Terwan, research and consultancy Netherlands then looked at potential innovative ways of implementing greening, focussing specifically on **collective approaches**. The CAP 2014–2020 offers interesting new options for « green cooperation ». The Netherlands already has a long history (c.20–25 years) of engaging in collective approaches to rural development. These include using the option for group applications under the agri-environment-climate measures within Pillar 2 and the small-scale (up to 10 farmers) option for joint implementation of greening measures within Pillar 1.

As part of the current Rural Development Plan for the Netherlands, only co-operatives are now allowed to submit applications under the agri-environment-climate measure (AECM). A total of 40 co-operatives have now been certified for this purpose and it is their responsibility to identify the individual beneficiaries, liaise with Government officials over the fine-tuning of the management prescriptions, carry out on-the-spot checks and apply any penalties that may be necessary.

There are a number of benefits associated with collective approaches including improved regional tailoring of schemes (with potentially greater environmental effectiveness) as well as less paperwork for farmers and simpler scheme design for the authorities. For example, the number of applications has decreased significantly – from 13,500 individual farms to 40 applications from co-operatives – together with a decrease in administrative costs. However, 0.07 million ha covered by the AECM in the Netherlands is very limited by comparison with the 1.6 million ha covered under the Pillar 1 greening measures.

Paul Terwan pointed out that the greening measures have been implemented in a very ‘light touch’ way within the Netherlands e.g. 90% of EFAs comprise catch crops and whilst there are some arable field margins, these have often been located at random, with limited benefits for farmland birds, etc. In addition, there are no linkages/synergies between the measures adopted under Pillar 1 and Pillar 2. This results in a serious imbalance within the Dutch ‘greening pyramid’.

In the context of the greening of Pillar 1, it was felt that adopting a co-operative approach could help encourage farmers to make better environmental choices from within the menu of available options. Furthermore, improving the provision of ecological guidance and advice would help to ensure the most suitable measures were adopted in the right locations. The key is to create a more appealing approach to the joint implementation of Pillar 1 greening than the ones which are currently in place. For example, there are limitations to small-scale ('kitchen table') implementation model currently being used to promote a co-operative approach to greening in the Netherlands, with only a small number of applications submitted, all of which had been rejected on administrative grounds. Paul Terwan considered that the simplest ways to improve farmer co-operation over the greening measures would be to consider shifting some of the budget to Pillar 2 or to create a new integrated single Pillar CAP. A co-operative approach would not necessarily be feasible in all Member States, but then it is not necessary to have a one-size-fits-all approach throughout the EU. In support of this argument there is an increasing use of LEADER-type approaches to investigate new opportunities across the EU, while the Groupe de Bruges has launched a network of cooperation initiatives, which is also proving popular.

In response to a question about how to facilitate collective approaches under Pillar 1, Paul Terwan felt that it would be easy to make some improvements and these could have potentially significant environmental impacts. For example, simplifying administrative burdens for each group, increasing the capacity for co-operatives to provide guidance on greening to individual farmers and removing existing barriers /providing new incentives that would help to promote collective approaches under Pillar 1. The regional model for joint implementation is currently regarded as too much of a 'top-down' method, but it could be made easier to introduce and this would have a greater impact on environmental quality. The make-up of the various co-operatives in the Netherlands was queried and it was noted that this continues to be an issue. For example, there have been many discussions on whether or not the nature conservation agencies/NGOs need be part of co-operatives, with many co-operatives choosing not to go down this route.

Elisabeth Schwaiger from the Umweltbundesamt explained how greening was being implemented through **equivalence approaches in Austria**. There are 166,000 farms of which 55% are part-time. Farm size is quite small (19 ha on average) with 120,000 farms receiving CAP payments covering 96% of UAA. Some 75% of the area is located in Areas of Natural Constraint (ANC) and 77% are engaged in AECMs. CAP payments account for a comparatively high share of farm income in Austria, with 45% of the support payments coming from Pillar 2 (which is larger in Austria by comparison with the EU average).

Austria's greening implementation choices involve setting the grassland maintenance ratio at a national level, although 269,000 ha of environmentally sensitive permanent grassland within Natura 2000 sites is designated at farm level. In 2015, some 9,600 farmers were applying EFAs with the main choices being nitrogen-fixing crops and catch crops, followed by land lying fallow and landscape features.

Austria has also designed a programme of measures within the framework of the AECM called the environmentally friendly and biodiversity promoting management scheme² (or EBM in English). This is recognised as an equivalent scheme for the purposes of Pillar 1 greening. It has more constraints than the EU Regulations and requires all beneficiaries to undergo compulsory training. Those measures that are broadly equivalent to the 5% EFA requirement specify that « biodiversity areas » must be put in place. These are ecological set-aside (as permitted by Annex IX of Regulation (EU) No

² 'Umweltgerechte und biodiversitätsfördernde Bewirtschaftung' (UBB) – Environmentally friendly and biodiversity promoting management (EBM)

1307/2013), e.g. flowering crops suitable for bees. These require seeding with pollinator mixes, no use of pesticides or fertilisers and ploughing is only allowed at specific times of the year. The EBM also differs from the Regulations in that crop rotation must be implemented in place of crop diversification. Payments under the EBM are set at levels which take account of the greening requirements under Pillar 1.

In 2015, 53,000 Austrian farmers participated in EBM. 11,800 of them were subject to the greening requirements. The total area comes to 600,000 ha. In response to questions from the floor, it was explained that entry level AEEM have been in place since Austria's accession to the EU, but the environmental requirements have been raised as part of the approach to equivalence. Training courses are important for the farmers to understand and appropriately implement the measures. In addition, it is still too early to be able to determine the impacts of the EBM on the environment and biodiversity.

Regula Benz, from the Swiss Federal Office for the Environment (FOEN), concluded the suite of case-study presentations with a summary of the **Swiss case – greening through different approaches outside the CAP in Europe**. The agricultural sector consists of c.54,000 farms, with an average size of 19.5 ha. The majority of farms are devoted to livestock (73%) and 11% are organic.

The Swiss approach to greening began some 25 years ago with the introduction of a Federal constitutional requirement for farming to be both multifunctional and sustainable. This triggered a shift in agricultural policy.

Since 1999, all direct payments have been based on 'Proof of ecological performance'. The 'Proof of ecological performance' (PER) is compulsory for all farmers and is equivalent to the EU system of cross compliance. It also involves compliance with regulatory requirements on water, environment and landscape protection.

The system of direct payments (income support) is based on the five themed objectives fixed in the Federal Constitution (ensuring food supplies, conserving natural resources, taking care of the landscape, encouraging decentralised settlement and animal welfare). An evaluation in 2009 showed that the system could be developed according to the level of implementation of the fixed target, resulting in the new concept of 2014, which included seven categories of direct payments:

- Payments for ensuring supplies
- Biodiversity payments
- Payments for landscape quality
- Payments for production systems
- Payments for efficient use of resources
- Transitional payments.

'Proof of ecological performance' is still the base requirement of the structure, which every Swiss farmer who wants to receive direct payments needs to fulfil.

Within the 'PER', payments are conditional on, among others, the creation of areas for the promotion of biodiversity (APB). These have different requirements. For example, at a minimum level, 7% of the utilisable agricultural area per farm must be devoted to the promotion of biodiversity, although this figure drops to 3.5% in the case of permanent crops such as orchards and vines, with the same figure also applying to horticulture. Under 'Biodiversity payments Quality Level 1', conditions for the use of fertilisers and pesticides, and some exploitation models, like for example

the date of first mowing of meadows, are established (APB are extensive areas, where utilisation of fertilisers and pesticides is forbidden in most cases).

In 2001, new instruments have been created to give an additional incentive for Swiss farmers to increase ecological quality of APB. Farmers can commit for an eight-year period to more demanding requirements ('Biodiversity payments Quality Level 2') based on botanical criteria and vegetation structure, etc. Another incentive tool, included in the 'conserving natural resources' themed objective are ecological networking projects aiming at raising the spatial location of APB (ensuring ecological functionality). This project also helps to enhance farmers' awareness and understanding of ways to protect key and characteristic species.

Despite the introduction of these measures and locally positive impacts where implementation is of high ecological quality, biodiversity overall has continued to decline in Switzerland. Therefore, the recommendations to reverse this trend are as follows:

- Improving the implementation and quality of the outcomes arising from areas of promotion of biodiversity (APB), in particular by linking these to the biodiversity targets set for different agricultural zones across Switzerland (which in some cases promote increasing the coverage of particular habitats by a factor of three).
- Improving the coverage and the quality of the advisory services available to farmers. It has been shown that the quality of the advice provided on biodiversity-related topics has the potential to increase ecological performance, but without impacting on yields and farmer income. High-quality advice increases the incentive for farmers to carry out environmental management because it helps them understand why it is needed, but at the same time the advisory services need to be equipped to provide guidance on how best to achieve multiple objectives in a single location.
- With the last reform of agriculture policy (2014), direct payments have been better specified for their purpose. Currently the distribution of financial resources should continue to evolve according to specific objectives.

In conclusion, direct payments to farmers can be used to enhance biodiversity, but after many years, the Swiss experience is that improved quality of implementation (better targeting to objectives and the needs of biodiversity) and better advisory services are still needed. Financial resources should also be provided to establish good advice services for farmers.

Panel Discussion – Lessons learnt and proposals for further improvements for the environmental delivery of CAP

The final session comprised a panel discussion involving the following participants:

- Humberto Delgado Rosa, Director for Natural Capital in DG ENV;
- Lars Hoelgaard, Senior Fellow at Farm Europe;
- Faustine Bas-Defosse, Senior Agriculture Policy Officer at the European Environmental Bureau (EEB); and
- Alan Jagoe, President of the European Council of Young Farmers (CEJA).

Peter Feindt encouraged each panel member to set out their thoughts in relation to the key question posed by the seminar, '*Can greening be done better and simpler?*'. This was followed by a general question and answer discussion involving all seminar participants. These two elements have been combined under each member of the panel below.

Humberto Delgado Rosa (DG ENV) explained that the State of Environment report shows that significant environmental pressures continue to arise from agriculture and these are offsetting the

improvements that have been made in some areas. In his view, the integration of environmental issues within agricultural policy is the way ahead. On greening, the EC proposals were ambitious, but the final measures agreed are such that the agricultural sector points at their complexity whilst the environmental NGOs say they fail to go far enough. It is too early to make judgements on the impact of greening (not least as some of the impacts will only become apparent in a number of years) and we need to wait for the results of the 2018 CAP evaluation exercise. Nevertheless, the actual implementation choices by Member States and farmers provide an insight into what is going to happen. In terms of the mid-term review, there are a number of areas where changes could be proposed and we need to strengthen greening when we can e.g. ensuring that crop diversification delivers more, banning the use of pesticides within EFAs and placing greater emphasis on non-productive elements such as introducing flower mixes for pollinators. These are things that society as a whole, including farmers, would understand as being important, although we also need to simplify the rules at the same time. The current greening measures are a first step on a necessary path and they should become more ambitious over time. However, there is a need for pragmatism. While there is plenty of potential for improvements in environmental policy, we should accept that there is no big revolution ahead of us. Current intensive agriculture is not sustainable, but there are ways to ensure that farming works more closely with nature – we need to apply the ecosystems services approach to increase both production and environmental quality. In this sense, agroecology would seem to be the best way of moving forward.

Lars Hoelgaard (Farm Europe – although speaking in a personal capacity during the panel discussion). Worked at DG AGRI until 2011 (the start of the most recent CAP reform) after which he became adviser to the Climate Commissioner. To him, the greening of Pillar 1 was a trick which was used as a rationale for maintaining the size of the CAP budget in the MFF negotiations. Alongside the Climate Commissioner, his aim was to make EU agricultural policy greener, but they failed miserably as the CAP ended up less green than before. To achieve environmental objectives, he thought it would have been easier to strengthen the cross-compliance requirements, but this was not the choice made by DG AGRI who were focusing on the budgetary situation. Farm Europe is currently pushing for a fundamental review of the CAP, but there is significant ‘reform fatigue’ at the moment and little incentive for further reform given other more pressing issues such as immigration, Brexit and declining agricultural prices as well as broader growth and economic stability issues across the entire EU. The need for fundamental reform has never been greater, but the climate for facilitating such changes has never been worse. However, the climate change challenges now facing the agricultural sector, and the fact that ways will have to be found to address agricultural emissions in light of the outcomes of COP21 in Paris last December, might provide a hook for more reform. Nevertheless, unless the Commissioner is forced to react to an outcry for something more fundamental, any changes may well be constrained to mere fine-tuning.

In contrast to the suggestion that it is now too early to look at CAP reform, he considered it might now actually be too late. This view is based on it having taken three years to conclude negotiations during the last reform. There is also little incentive for the Commissioner to initiate a new round of reform if he cannot then influence the outcome before his mandate ends in 2019.

In terms of what a future CAP might look like, Lars Hoelgaard advocated going back to basics, first discussing the substance of what we want the policy to do and secondly determining how much money is needed to achieve those objectives. We should not forget that there is a significant income problem facing agriculture and more efficient ways need to be found to address this. A larger budget would be the logical move needed to accommodate the two parallel economic and environmental objectives. If budgetary issues are a constraint, there may be ways to target a new system of payments on the basis of various criteria, e.g. demographics, income, environmental priorities, etc.

For instance, direct payments cannot be justified when prices are high, but farmers need support when they are low.

The current two-pillar structure no longer makes sense following the introduction of greening. There is a need for a new integrated model, multi-annual, targeted and with counter-cyclical payments and insurance covering for market failure and disease, but primarily the aim should be to target improved environmental performance through the agri-environment-climate measure. We should be mindful that widespread uptake of the Pillar 2 measures requires a big economic incentive and making the wrong design choices could destroy the social structure of farming. The new model needs to be multi-annual to enable it to cope with cyclical changes in agricultural prices.

Faustine Bas-Defossez (EEB) reminded participants that the environmental NGOs had played a constructive role in the previous CAP reform process, uniting behind the concept of « public money for public goods ». However, she highlighted the current poor state of natural resources, species and habitats and the resulting threats to food security. For example, the costs of tackling water pollution from agriculture is said to amount to 1 billion EUR in France alone. If the initial Commission's proposal could have been seen as a step in the right direction, the subsequent CAP reform negotiations succeeded in lowering the level of ambition within the greening measures. In particular, the CAP's various environmental measures are not delivered in a coherent way, with some Member States starting on the design of their AECM before looking at greening or cross compliance when they should have been working the other way round (which in itself was felt to be a leveraging down of the level of ambition). There were three levels of greening watering down: within the Basic Acts, within the Delegated Acts and then within the MS implementation. For example, half of the UAA in the EU is not covered by EFAs, mainly because permanent crops are excluded. Member States have used the flexibility available to them to choose the less environmentally ambitious options, as shown by another [IEEP study](#) carried out on behalf of the EEB, e.g. France is using greening equivalence for crop diversification to support maize monocultures. It is surprising that not all permanent grassland in Natura 2000 had been designated as environmentally sensitive as this should be the case by definition (in some MSs it is even less than 5% of those grasslands). She also flagged that important environmental legislation (such as the Water Framework Directive), was still not part of the cross-compliance requirements. In summary, she felt that the available information about the implementation of greening shows that it is going in the wrong direction. The environmental NGOs had been fooled once in relation to the CAP budget being justified on the basis of greening, but this would not happen again. Whilst the Agriculture Committee remains so dominant in the European Parliament (and Agriculture Ministers similarly so in determining Council's position), it will be impossible to achieve progress, regardless of the quality of any Commission proposal.

Faustine Bas-Defossez also called for a 'Fitness Check' of the CAP to ensure it was coherent with other policies, e.g. not just environmental policy, but also territorial development and the health of European citizens (consumption and diets are another important issue). In her view, the current food and farming system is broken. The CAP cannot fix everything on its own, but both the CAP and the whole approach to greening must be re-designed. We need to start looking at the agricultural policy as a whole, ask ourselves the right questions (i.e. is it coherent, efficient, effective, relevant and what is its added value), put food at the centre and ensure that consumers also take part in the debate. It will be important to address these fundamental questions before starting to look at the various models which have been identified in the IEEP report.

Alan Jagoe (CEJA) highlighted his role in representing the people who are implementing the greening measures on the ground. He welcomed the concept of greening, but stressed the

difficulties involved in trying to identify the results so soon after implementation. He also felt it important to remember that the CAP was already green before the last reform with farmers obliged to comply with a range of environmental policies (including WFD requirements) irrespective of whether or not they form part of the cross compliance system. Farmers work with natural systems and are affected by the seasons and the weather (neither of which they can control) on a daily basis.

Young farmers are now highly educated and environmentally aware; a generational shift is needed to enable green agriculture to become more mainstream. If farming is not economically viable, however, this generational shift is not going to happen. He made a plea that the administrative burden needs to be simplified for farmers – the current approach to greening is too ‘top down’ and more thought needs to be given to the use of equivalence measures. There are many opportunities to do things better, but policy makers also need to listen to the farmers who are trying to implement things on the ground.

By the end of 2016, CEJA expects to have carried out a thorough review of the CAP from a young farmer’s perspective. This work will include looking at the Swiss, Australian and US agricultural models, but the emphasis needs to be on creating a CAP that is better targeted on the most productive farmers and the production of quality food which contributes to a healthy population.

Closing Remarks

In concluding the event, [Karin Robinet](#) (**Bundesamt für Naturschutz**) thanked all of the seminar participants on behalf of ENCA. Farming impacts significantly on biodiversity in a variety of ways (both positive and negative) and this explains why so much of ENCA’s activity is focused on agriculture. This work has included collaborating with the UK Land Use Policy Group (LUPG) on the recent IEEP report as well as contributing to the Commission’s recent consultation on greening. Demonstrating the additionality of greening remains a significant challenge and it was interesting to hear that the UK has taken steps to establish a baseline level of performance. It would be useful to know whether similar work has been carried out in other countries as this could provide useful evidence as part of the forthcoming process of policy evaluation. There remain serious doubts about whether greening in its existing form can halt the ongoing declines in Europe’s biodiversity. In this context, the panel discussion around the feasibility of achieving a more fundamental reform of the CAP had been particularly useful.