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What is the fate of environmental ambition in the proposed EU agricultural policy?

Key changes to the CAP architecture from an environmental and climate perspective

ISSUE	CURRENT APPROACH	PROPOSED APPROACH
Objectives and targets	CAP is evaluated against its general objectives which cover both Pillar 1 (direct payments and market measures) and Pillar 2 (rural development), but MS not required to actively contribute to these. Instead, MS must comply with detailed spending rules and target their P2 spending at key priority areas. No specific objectives have to be met by MS for P1 expenditure.	MS to draw up single CAP strategic plans covering both P1 and P2 to deliver agreed contributions linked to CAP specific objectives based on a needs assessment, SWOT and MS milestones and targets. Three of the specific objectives are targeted at the environment and climate actions although they are not formulated in a results-orientated way.
Key instruments for the environment and climate	P1 and certain P2 instruments are required to fulfil basic EU requirements for keeping farmland in good agricultural and environmental condition and complying with EU law (cross compliance). Farmers are required to apply basic greening practices to receive 30% of P1 (however many exemptions and loopholes exist). Under P2 more advanced environmental actions can be voluntarily applied programmed by MS.	Pillar 1 and certain Pillar 2 instruments are required to fulfill an enhanced conditionality effectively merging cross compliance and greening together with some additional requirements. Additional environmental actions can be voluntarily applied through a new eco-scheme under P1 and more advanced environmental actions under P2 programmed by MS.
Design of measures	All measures in both pillars are designed in detail at EU level although many offer choices to MS.	The EC will define the range of other acceptable "intervention types" but MS would design and choose the specific measures.
Scope for Member States to select and vary policy instruments	MS choose policy options within P1 (e.g. basic payments calculation, which if any sectors to offer coupled payments to). They both choose and target measure types within P2 with a minimum spend of 30% applying to environmental and climate measures. Some flexibility to shift funds between pillars is allowed.	MS would need to justify their choice of interventions to the EC, but would have a free choice to determine the details of each intervention. While minimum spend for P2 applies to environmental and climate measures, there is no minimum spend for the new eco-scheme in P1. 15% shift between funds between Pillars is allowed.



Today the Commission launched its long awaited [legislative proposal on the next Common Agricultural Policy \(CAP\) after 2020](#). This comes less than a month after the tabling of the EU's [Multiannual Financial Framework 2021-2027](#) which could see disproportionate cuts to Pillar 2 compared to Pillar 1.

The legislative proposals reaffirm the Commission's stated intentions for next CAP to place greater

challenges facing the sector and society. As the journey towards the adoption of the legislative texts is only beginning, there are still opportunities for the co-legislators to set the reformed CAP on a more sustainable track. Below we highlight some of the opportunities and risks in the proposal based on an initial assessment of the legislative text.

The proposed new delivery model is potentially a bold move to deliver more coherent, creative and innovative approaches to a performance based CAP that meets the needs of farmers, citizens and the environment. However, for the Member States to deliver a higher level of ambition for the environment and climate, CAP funds must be spent in a very different way. A recent [evaluation](#) on the greening of the CAP, conducted by IEEP on behalf of the Commission, shows that Member States tend not to be very ambitious of their own accord. Similar [findings](#) are echoed by the European Court of Auditors. They also found that weak greening choices under Pillar 1 stifled investment in more advanced environmental interventions under Pillar 2.

In terms of key instruments, the continued focus on direct payments, even with the redistribution proposed, leaves the bulk of CAP spending potentially unaligned to the ambitious delivery of public goods. The emphasis placed on these instruments appears not to fit with the logic of a results-orientated delivery model and continues a system that has been shown to be an inefficient, ineffective and inequitable way of supporting policy goals, including farmers' incomes. Although the new "enhanced conditionality" decoupled payments introduces some welcomed additional components such as crop rotation and a farm nutrient management tool, it largely maintains the existing requirements and leaves a lot of discretion for the Member States to set the level of ambition. Additionally such a tool does not signal the urgent need to lift the environmental performance of the CAP on a progressive basis as it remains largely based on static requirements.

On the other hand the mandatory proposed eco-scheme has the potential to reward and incentivise those farmers who wish to integrate and make a measurable contribution to meeting EU environmental and climate objectives and national targets as part of their farm enterprise. Unlike conditionality, support can address a wide range of environmental objectives based on continuous development with payments proportional to the level of ambition achieved. This could present a unique opportunity to pay farmers for the achievement of environmental and climate outcomes not fully remunerated by the majority market channels on a truly progressive basis – the more achieved, the more one could receive. However, for such an instrument to be effective it must be clearly targeted and adequately financed – with at least 30% of decoupled support ring-fenced for interventions that will enhance public goods delivery. It is also critical this measure does not turn into a substitute for higher levels of environmental ambition under Pillar 2 – especially at a time when spending on rural development programmes is expected to see sizeable cuts.

In the end for the new delivery model to increase environmental ambition and not go back on what has already been achieved, a concrete set of results-orientated objectives grounded on meeting EU targets and international commitments and based around a common framework as well as ring-fenced spending for the environmental action in both Pillar 1 and 2 is critical. This must also be backed by strong

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concerns. All eyes will now on the co-legislators to make these new proposals meet the pressing environmental challenges facing the farming sector and society at large.

This initial assessment draws on a number of IEEP reports including:

- Evaluation study for the European Commission on the payment for agricultural practices beneficial for the climate and the environment ("greening" of direct payments) – report of the evaluator ([Link](#))
- Report for WWF on ideas for defining environmental objectives and monitoring systems for a results-oriented CAP post 2020 ([Link](#))
- Draft report for the European Parliament's Agriculture and Rural Development Committee assessing the Commission's plans for CAP reform as set out in November 2017 and the extent to which it address the CAP's performance against its objectives – ([Link](#))

Update 03 August 2018: A slightly updated IEEP assessment of the CAP legal proposal, submitted to the European Commission during its [feedback period](#), is available to download below.

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