New CAP unpacked... and unfit

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EXECUTIVE SUMMARY

The Common Agriculture Policy (CAP) regulation adopted in 2021 offers significant flexibility to member states to design their CAP Strategic Plans (CSPs) with higher environmental and climate ambitions. Yet, this new analysis of 17 CSPs shows that by and large, member states have not used this opportunity.

A superficial look at budget allocations for "green" measures, and sometimes high targets on result indicators may give the impression of a much greener CAP, indeed as claimed by many politicians. However, this first impression is quickly deflated by a more detailed assessment of the concrete design of conditionality rules and "green" schemes. Furthermore, the continuation of many business-as-usual, or even harmful, subsidies shows huge inertia in redirecting public money towards targeted and meaningful spending that would support the transition to sustainable food and farming systems.

The science is clear: if we do not change the way we produce food and continue to allow the natural resources on which farming depends to deteriorate, we will lose the ability to produce food in the long term. Maintaining the *status quo* is not an option anymore and to continue to devote most of CSPs to the productionist farming model, which will fuel the ongoing problems in agriculture, is a dangerous gamble with farmers' and citizens' futures.

"The science is clear: if we do not change the way we produce food and continue to allow the natural resources on which farming depends to deteriorate, we will lose the ability to produce food in the long term."

Key findings

The CAP budget will continue to support business as usual rather than driving the transition of the farming sector.

- **Most countries will not meaningfully shift funds from untargeted direct payments to the second pillar:** only nine countries transferred funds from Pillar 1 to Pillar 2; while the CAP regulation allowed transfers as high as 40% of direct payments, the highest transfer was 15% (the Netherlands in 2023). Two countries (Poland and Hungary) shifted money in the opposite direction and cut their rural development budget.
- **On average, 49% of the CSP budgets are still allocated to untargeted decoupled income support payments**, despite the fact that these types of payment are criticised for being unevenly distributed, leak toward land rents and non-farmers, distort land markets, and fail to maintain reasonable incomes or to halt rural employment decline.
- **On average, 30% of CSP budgets are allocated for environmental and climate objectives. This does not represent an increase in green spending** compared to the previous period, which was approximately at the same level. In addition, there are serious concerns about the quality of that spending and its actual delivery on the stated objectives.

Conditionality is implemented very weakly in a majority of cases, meaning that income support payments will continue to support harmful practices and that the baseline for green subsidies is extremely low.

- **Peatlands and wetlands will not be effectively protected** by GAEC 2, due to delays in its implementation in most member states and its weak rules, which in most cases will still allow for the maintenance and even renewal of drainage systems.
- GAEC 8 **falls short of creating adequate space for nature on farms** because it was set at the the bare minimum required by the legislation, and its actual delivery will be undermined by the inclusion of catch crops and nitrogen-fixing crops with limited value for biodiversity, the use of weighting factors inflating the real area and the extensive use of exemptions.
- The implementation of GAEC 1 and GAEC 9 is too weak to **protect permanent and biodiversity-rich grasslands from conversion or mismanagement**. This will undermine their key role in climate change mitigation and biodiversity conservation.
- The GAECs on tillage management (5), soil cover (6) and crop rotation (7) are **unlikely to end the continued degradation of most agricultural soils** due to weak and loosely defined rules and too many derogations.

Green schemes will not suffice to tip the needle of environmental degradation: high quality measures are often underfunded and too many "green measures" lack any meaningful ambition.

- **There is a mismatch between the scale and urgency of the climate crisis, and the low number and limited ambition of voluntary green schemes** relevant for tackling GHG emissions from agriculture. While most green schemes related to livestock, peatlands and wetlands are positive, they will mostly support existing good practices or reward either minor improvements, or improvements on a very small scale. This falls direly short of the large-scale transition that is needed in how land is used and livestock is reared. In this light, it seems highly unlikely that the CAP will deliver any substantial contribution to the 40% GHG emissions reduction target for 2030, set by the Effort Sharing Regulation.
- **Numerous good biodiversity schemes that could help reach their respective objectives were included in CSPs, but are often unlikely to realise their full potential**, be it for a lack of budget allocated to them or because they are uncompetitive and therefore unlikely to be taken up by farmers. In addition, the existence of good quality advisory systems will, to a large extent, determine whether the potential of good schemes will be realised.
- **Our long-term food security is threatened by the climate and biodiversity crises as well as by the rapid and continued deterioration of the natural resources** which form the foundation for food production: soils, water, and pollinators. These issues are further exacerbated by the intensive use of synthetic fertilisers and pesticides, which also make European food production vulnerable to price hikes and supply disruptions. Yet, **CSPs are unlikely to deliver any large-scale improvement in how we use natural resources or inputs**. There are several good measures targeted at water and soils, but they will not deliver the needed systemic change. Most measures for input reduction in draft plans were poorly designed and are unlikely to deliver substantial cuts. This means that CSPs appear well off the mark of the Farm to Fork Strategy's targets on pesticides and fertilisers, and will continue to jeopardise rather than safeguard our long-term food security.

Directly harmful subsidies will continue to be allocated, most notably to intensive livestock production and for investments in irrigation.

- **€17.4bn will go to the archaic "coupled income support", 70% of which has been allocated to the livestock sector**, most of which for intensive rearing and often in contradiction to the legal requirement to achieve good water status by 2027 and with the EU's and member states' commitment to phase out environmentally harmful subsidies.
- There is still **too much support for building new irrigation systems and modernising existing ones** without adequate safeguards, even in countries like Spain, which are already suffering from seriously depleted aquifers.

Recommendations for a better policy

For this CAP, throughout its implementation, member states should:

- Scale up well-designed and effective interventions that are likely to contribute to climate and environmental objectives by ensuring that they are competitive (attractive premia), and allocate a growing share of their total envelope to such schemes;
- Put in place interventions that will support the transition of the livestock sector and lead to a significant reduction in animal numbers, firstly in the areas with most intensive livestock rearing;
- Design the selection process for voluntary schemes and investment support (selection criteria and point systems) to ensure the highest environmental and climate delivery;
- Ensure that their advisory services are well-funded, independent, and well-trained to truly encourage and support farmers in joining commitments leading to high environmental and climate delivery;
- Put in place systematic and adequately funded monitoring of the effectiveness of the interventions, and feed their outcomes into the process of improving the design of the schemes throughout the CSP implementation. Scientists and NGOs should be effectively involved.

For this CAP, throughout its implementation, the European Commission should:

- Require member states to amend their CAP strategic plans where these are obviously inadequate and when revised EU legislation listed in Annex XIII enters into force, as per article 120 of the CAP regulation;
- Amend the CAP Strategic Plans regulation when relevant new legislation is adopted, to include it in Annex XIII;
- Monitor the actual implementation closely to identify shortcomings of the CSPs early on and take prompt action to rectify them, to avoid undermining the achievement of the EU's and the global 2030 targets;
- Step up the enforcement of existing environmental and climate legislation, and bring the CAP into compliance with it;
- Put forward guidance for the implementation, control, and enforcement of Statutory Management Requirements, with a view to enhancing the delivery of this mechanism for the environment and climate;
- Ensure that any data related to CAP implementation are made available to scientists and civic society organisations, allowing for independent assessments.

In its proposal for the post-2027 CAP, the European Commission should:

- Phase out all non-targeted subsidies (decoupled income support payments) and subsidies that support intensive systems (coupled income support);
- Redirect funding to reward land stewardship that genuinely contributes to climate-neutral and biodiversity-positive farming, and to support extensive High Nature Value (HNV) systems;
- Establish a robust performance framework which ties funding to the delivery of concrete results and creates strong accountability, public participation, and scrutiny mechanisms;
- Ensure full compliance and integration with relevant existing EU legislation on environment and climate (including the Nature Restoration Law and Sustainable Use of Pesticides Regulation) as well as with the forthcoming Framework Law for the sustainable food systems;
- Set a new system of governance in which the CAP is embedded in an overarching framework which addresses the food and farming system holistically;
- Ensure that any data related to CAP implementation are made available to scientists and civic society organisations, allowing for independent assessments.

List of abbreviations

A	
AECMs	Agri-environment-climate measures
ANC	Areas facing natural or other specific constraints
AT	Austria
AW	Animal welfare
B	
BE-FL	Belgium-Flanders
BE-WAL	Belgium-Wallonia
BISS	Basic income support for sustainability
C	
CAP	Common agricultural policy
CIS	Coupled income support
CSPs	CAP strategic plans
CRISS	Coupled redistributive income support for sustainability
CY	Cyprus
CZ	The Czech Republic
D	
DE	Germany
DK	Denmark
E	
EAGF	European agricultural guarantee fund
EAFRD	European agricultural fund for rural development
EC	European Commission
EEB	European Environmental Bureau
EP	European Parliament
EIP-AGRI	European Innovation Partnership of Agriculture Productivity and Sustainability
ES	Spain
EU	European Union
EUR	Euro(s)
F	
F2F	Farm to Fork
FI	Finland
FR	France

G	
GAEC	Good agricultural and environmental conditions
GHG	Greenhouse gases
GIS	Geographic information system
H	
ha	Hectare
HNV	High Natural Value
HU	Hungary
I	
IE	Ireland
IT	Italy
IUCN	International Union for the Conservation of Nature
L	
LSU	Livestock Unit
LV	Latvia
M	
MFF	Multiannual financial framework
MS	Member state
N	
NL	The Netherlands
P	
PL	Poland
S	
SE	Sweden
SK	Slovakia
SMRs	Statutory management requirements
SO	Strategic objective
SUR	Sustainable use of plant protection products regulation
U	
UAA	Utilised agricultural area
Y	
YF	Young farmers

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1

INTRODUCTION

The proposal for the reform of the Common Agricultural Policy (CAP) under the leadership of Commissioner Hogan in 2018 promised a fairer and simpler CAP with a higher environmental and climate ambition. Nevertheless, it was heavily criticised by the European Court of Auditors[1], Civil Society[2], and scientists[3] as inadequate to address the numerous challenges we are facing and to meet increasing societal demands for higher environmental performance.

Despite this criticism, the succeeding von der Leyen Commission decided to build on that proposal and "*work with the member states and stakeholders to ensure that from the outset, the national strategic plans for agriculture fully reflect the ambition of the Green Deal and the Farm to Fork (F2F) Strategy*."[4] This proved to be a challenging task, given the staunch resistance of member states to any integration of the F2F objectives in the CAP regulation. What emerged from the interinstitutional negotiations in June 2021 was weak CAP legislation lacking any binding provisions requiring member states to deliver on the Green Deal targets. And yet, the European Commission hailed the CAP reform[5] and the CAP strategic plans[6] for their supposed environmental and climate ambition.

Since the CAP proposal in 2018, the climate and biodiversity crises have intensified, and their impacts are increasingly felt by society, including farmers, be it through extreme weather (droughts, floods), loss of pollinators or plummeting soil fertility. There is an increasing body of evidence that the only way to address and face those crises and ensure our ability to produce food in the long term is to radically transform our food and farming systems. The CAP, with its budget and through its wide scope, should be the key force driving this transformation in the EU.

Instead, the 2014-2022 CAP has failed on many fronts. For example, the European Court of Auditors concluded that the CAP is not delivering for biodiversity[7], water[8] or climate change[9]. Separately, scientists found[10] that billions of CAP subsidies are misspent and do not support the CAP's stated social or environmental goals. Even worse, an investigation by New York Times from 2019 exposed CAP funds as going to oligarchs[11], populists[12] and polluters[13].

Will the new CAP be better? As this report goes to press, most CAP strategic plans (CSPs) have been adopted and it is clear how member states will spend their national envelopes. This report therefore aims to explore the extent to which the new CAP will represent the badly needed force driving the radical transformation of our food systems. In light of the crises we are facing, a small increase in environmental and climate ambition is no longer enough. Old policies which contributed to today's problems must be fundamentally overhauled and public funds must be channelled into supporting the entire farming sector in a just transition to agroecology.

1 ECA, 2018. Opinion No 7/2018: concerning Commission proposals for regulations relating to the Common Agricultural Policy for the post-2020 period

2 EEB, 2018: Commission's timid farm policy 'reform' ignores environmental crisis on Europe's farmland

3 Pe'er et al, 2019. A greener path for the EU Common Agricultural Policy

4 EC, 2019. COMMUNICATION FROM THE COMMISSION, The European Green Deal

5 https://twitter.com/EUAgri/status/1408435601012035588?s=20&t=xzih0pmIHKespzx0ffaLAw

6 https://twitter.com/jwojc/status/1564919723141234688?s=20&t=7wA5xTdpCu_CXiskhWW1Sw

7 ECA, 2020. Special Report 13/2020: Biodiversity on farmland: CAP contribution has not halted the decline

8 ECA, 2021. Special Report 20/2021: Sustainable water use in agriculture: CAP funds more likely to promote greater rather than more efficient water use

9 ECA, 2021. Special report 16/2021: Common Agricultural Policy and climate: Half of EU climate spending but farm emissions are not decreasing

10 Scown et al.2020. Billions in Misspent EU Agricultural Subsidies Could Support the Sustainable Development Goals

11 NYT, 2021. Who Keeps Europe's Farm Billions Flowing? Often, Those Who Benefit

12 NYT, 2021. Money Farmers: How Oligarchs and Populists Milk the E.U. for Millions

13 NYT, 2021. Killer Slime, Dead Birds and Expunged Map: The Dirty Secrets of European Farm Subsidies

Have member states used the flexibilities in the CAP budget to prioritise instruments that are best fit to deliver desired results? Have they put in place adequate measures to protect ecosystems and natural resources, and to deal with the largest sources of EU emissions in agriculture? Are farmers receiving the right signals through ambitiously designed and fairly remunerated interventions? What can we learn from the last four years of reform and programming to identify the building blocks of an effective policy that will drive the holistic transformation of the food and farming system? These are some of the questions this report tries to answer.

With the approval of CSPs by the EC, the first stage of CAP programming is coming to an end, but the doors to improvements remain open. This report presents ideas on how the CSPs could be better suited to what is needed and expected from CAP. In any case, the next test will be how intentions outlined in CSPs will be implemented on the ground. That will be for future reports to investigate.


Photo: Tatiana Nemcova

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METHODOLOGY

The analysis presented in this report is based on 17 CAP strategic plans from 16 countries, counting each Belgian region as one: Austria, Belgium-Flanders, Belgium-Wallonia, Cyprus, the Czech Republic, Denmark, Hungary, France, Germany, Ireland, Italy, Latvia, the Netherlands, Poland, Slovakia, Spain, Sweden. Five (**BE-WAL, BE-FL, CY, IT, NL**) of the analysed CSPs had not been adopted by the EC at the time of finalising this report, and it is therefore based on the latest available versions or those resubmitted to the EC[14].

The report was realised by BirdLife Europe, the European Environmental Bureau (EEB) and NABU in cooperation with agricultural experts from the analysed countries who are part of the BirdLife and EEB networks.

Section 3 (CAP budget) analyses the key instruments of CSPs budgets from the perspective of their potential to drive the transition to sustainability and to deliver on the environmental and climate objectives, and at the same time to identify elements of the CSP budgets that represent an obstruction to achieving those aims. Conditionality as a baseline for any payments from the CAP budget was also analysed in section 3 for its adequacy to provide basic protection of natural resources and to contribute to the achievement of the climate and environmental objectives of CAP. Financial data for this section were taken from section 6 of CAP strategic plans (financial plan). The analysis was based only on figures representing European Union resources and national co-financing was not considered. The sectoral support was also not taken into account. Information on the member states' choices in terms of implementing conditionality was provided by national experts through standardised forms per Good Agricultural and Environmental Condition (GAEC) standard. The information on the implementation of GAECs is also used in the following sections of the report. The experts were also asked to provide information on safeguards in relation to coupled income support and investments that would prevent these instruments from having a negative environmental impact.

Section 4 (Climate) looks into CSPs contribution to addressing the climate crisis, focusing on two areas that are paramount for achieving climate objectives: the protection and restoration of peatlands and wetlands as critical carbon sinks and bringing the livestock sector into a safe operating space to tackle pollution and GHG emissions from agriculture. The data on voluntary schemes (eco-schemes and AECM) and investments relevant for the analysed areas were provided by national experts through standardised forms that included basic information about interventions, relevant indicators and an expert qualitative assessment of the scheme's effectiveness.

In section 5 (Biodiversity) the analysis focuses on the contribution of CSPs to tackling the biodiversity crisis, with a focus on creating space for nature on farms and the scale and quality of interventions under strategic objective 6: Biodiversity. The values of selected indicators were taken from chapter 2.1.SO6.8 of CSPs. The data on interventions listed under SO6 were provided by national experts through standardised forms, that included basic information about interventions, relevant indicators, the budget and an expert assessment of their effectiveness in relation to the stated objective. The analysis does not consider sectoral support and cooperation measures.

Both sections 4 (Climate) and 5 (Biodiversity) focus specific attention on the contribution of CSP to the protection and sustainable management of grasslands for their critical role, both from a climate and biodiversity perspective, based mostly on the implementation of relevant GAECs.

Section 6 (Natural Resources) looks at the contribution of CSP to protecting natural resources with a focus on soil, water and pollinators, as their health or good status is crucial to ensure the provision of ecosystem services and to sustain agricultural production capacity in the medium and long term. Similarly to previous sections, the data on voluntary schemes (eco-schemes and AECMs) and investments relevant for the analysed areas were collected through standardised forms that included basic information about interventions, relevant indicators and an expert qualitative assessment of the schemes' effectiveness. This section also comments on the use of inputs in agriculture in relation to food security, building on previous reports and scientific literature. This aspect has not been specifically analysed within the framework of this report.

14 Following versions of not yet adopted CSPs were used: Belgium-Wallonia - 28.10.2022; Belgium-Flanders - 11.03.2022; Cyprus - 02.09.2022; Italy - 29.09.2022; the Netherlands - 03.10.2022

3

DRIVER OR OBSTACLE FOR THE TRANSITION TO SUSTAINABILITY

The Common Agricultural Policy, with its €378.5 billion budget, represents almost a third of the EU's long-term expenditure and affects 86% of the EU's farmland (129 million ha)[15]. It is funded by two financial instruments: the European Agricultural Guarantee Fund (EAGF), also called Pillar 1 and the European Agricultural Fund for Rural Development (EAFRD), also called Pillar 2. If designed well and properly targeted, the CAP could be a policy with enormous transformative potential. The new CAP is supposed to adopt a performance-based and results-based approach, and to facilitate the transition to sustainability. Member states are given lots of flexibility around spending the CAP funds and contributing to their objectives. This chapter explores member states' budget choices, the implications of these and the potential of member states to deliver on these claims.

3.1. Transfers between pillars

The CAP Strategic Plans Regulation allows up to 25% of allocated funds per pillar to be transferred to the other pillar without further justification. The reallocation of direct payments to Pillar 2 may be increased by a further 15% if these funds contribute to the CAP environmental objectives (Article 103 of the CAP Strategic Plan Regulation).

Of the analysed CSPs, **Austria, Belgium-Wallonia, Cyprus, Ireland, Spain** and **Sweden** did not use this option. Only nine countries opted to shift money from Pillar 1 to Pillar 2, meaning from untargeted direct payments to the rural development pillar, which is much more fit to support the performance, delivery or restructuring of the sector. In general, the transfers were minimal with only the Netherlands and Germany transferring more than 10% of direct payments to the second pillar[16].

Two countries, **Poland** and **Hungary**, transferred funds in the opposite direction and boosted their direct payment budget at the expense of rural development. In the case of Poland, its Pillar 2 budget was cut by almost a third. This strongly contradicts efforts for more results, and the performance-based CAP.

Table 1: Member states' CAP allocation per pillar (original and after transfers) in descending order by the size of Pillar 1

	Original EU allocation		Transfers between pillars		EU Allocation after transfers	
	Pillar 1 (EAGF)	Pillar 2 (EAFRD)	From P1 to P2	From P2 to P1	pillar 1 (EAGF)	pillar 2 (EAFRD)
France	36,425,002,685.00	7,297,200,350.00	✓		33,682,200,185.00	10,039,187,350.00
Germany	24,578,477,295.00	5,461,798,690.00	✓		22,194,364,998.00	8,239,166,987.00
Spain	24,440,095,296.00	5,401,914,125.00			24,440,095,296.00	5,403,084,125.00
Italy	18,142,645,775.00	6,749,606,875.00	✓		17,613,504,601.00	7,260,148,043.00
Poland	15,742,737,762.00	6,600,007,695.00		✓	17,326,739,610.00	4,700,585,847.00
Hungary	6,215,925,825.00	2,084,345,745.00		✓	6,632,794,974.00	1,635,146,596.00
Ireland	5,931,409,980.00	1,558,203,140.00			5,931,409,980.00	1,558,204,140.00
Denmark	4,311,836,385.00	379,670,300.00	✓		4,118,666,116.00	652,888,569.00
Czech Republic	4,274,736,485.00	1,295,938,540.00	✓		4,117,668,072.85	1,410,646,952.15
Netherlands	3,586,911,635.00	366,341,845.00	✓		2,977,971,465.00	1,082,999,015.00
Sweden	3,432,713,183.00	1,059,448,705.00			3,432,713,183.00	1,059,448,705.00
Austria	3,387,909,230.00	2,600,123,760.00			3,387,909,230.00	2,600,123,760.00
Slovakia	2,048,213,033.00	1,295,389,545.00	✓		2,003,161,390.00	1,316,911,545.00
Latvia	1,791,903,803.00	587,475,865.00	✓		1,713,584,517.00	687,045,151.00
Belgium-Wallonia	1,328,133,715.00	198,101,140.00			1,328,133,715.00	198,101,140.00
Belgium-Flanders	1,146,495,905.00	215,903,330.00	✓		1,045,604,265.00	339,724,892.00
Cyprus	238,237,700.00	118,852,570.00			238,237,700.00	118,852,570.00

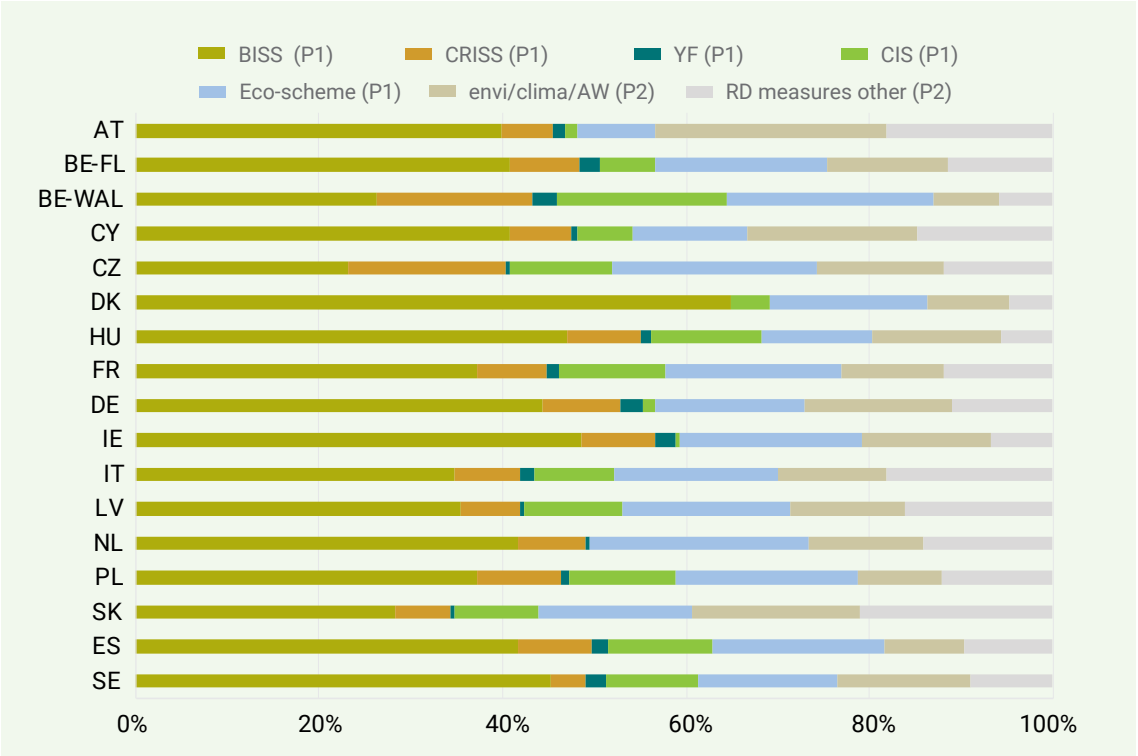
15 ECA, 2017. Special report 21/2017. Greening: a more complex income support scheme, not yet environmentally effective

16 The Netherlands starts with 15% modulation in 2023, with a 30% increase by 2027; Germany starts with 10% in 2023, with a 15% increase by 2026.

3.2. Broad allocation of CAP funds

Under Pillar 1, the key instruments offered by the CAP Strategic Plans Regulation are decoupled payments: basic income support for sustainability (BISS), complementary redistributive income support for sustainability (CRISS) and complementary income support for young farmers (YF). Under Pillar 1, CSPs also offer coupled income support (CIS), which is generally limited to 13% + 2% for protein crops (with a further exception set in Article 96 of the CAP Strategic Plans Regulation). The introduction of eco-schemes and the obligation to ringfence 25% of the Pillar 1 budget for this instrument (with some exceptions set in Article 97 of the CAP Strategic Plans Regulation) is one of the main novelties of the new CAP. The choice of instruments under Pillar 2 is broadly similar to the CAP 2014-2020, with an obligation to allocate 35% of Pillar 2 for environment-related and climate-related objectives. See Graph 1 for details on the share of selected budget categories per member state.

Graph 1: Share of the selected budget categories in the overall CSP budget (EU-resources only)



On average, 49% of the CSP budgets of the analysed countries are allocated to decoupled income support payments (basic income support, redistributive income support and coupled income support for young farmers). The countries with the highest share of decoupled income support payments are **Denmark** (65%), **Ireland** (59%), **Hungary** (56%) and **Germany** (55%), with **Denmark** also having the highest share of basic income support (BISS). From all the countries analysed, **the Czech Republic** and **Belgium-Wallonia** allocated the highest share of the CSP-budget to redistributive income support (CRISS) (17% each), aiming for a fairer distribution of subsidies amongst farmers. The fair distribution of CAP subsidies was not within the scope of this report, but the impact of unfair distribution for the environment and biodiversity is illustrated in the case study from **Spain** below.

There is evidence that hectare-based income support payments are ineffective for all dimensions of sustainability. They are unevenly distributed, leak toward land rents[17] and non-farmers, distort land markets, and fail to maintain reasonable incomes or to halt rural employment decline.[18] The fact that half of CSP budgets are allocated to these ineffective instruments calls into question the effectiveness of CAP as a whole to deliver on declared objectives and societal needs.

17 JRC, 2021. The capitalisation of CAP subsidies into land rents and land values in the EU

18 Pe'er et al., 2019. A greener path for the EU Common Agricultural Policy.

Box 1

SPAIN: The CAP continues to pay income support according to historical productivity, instead of supporting the agroecological transition

The largest share of CAP spending, "Basic Income Support for Sustainability" (>60% of direct payments), is intended to support farmers' income, especially that of small farms. However, in Spain it will be distributed according to a model of 20 payment regions that converge from the current 50, which will maintain the global amount of aid in each region, based on the productivity they had 20 years ago. This causes poor regions to converge with other poor regions, and rich regions with the rich, and is not based on the income needs of the farms or their current agricultural activity.

The result is that the more intensified regions receive a much higher level of income support than the most extensive ones, even though most of these form High Natural Value Systems and are in Natura 2000 areas. The most obvious example is that in one region more than €1,483/ha is paid for intensively irrigated herbaceous crops. In another region some €68/ha is paid to *dehesas*[19], where their socio-environmental values are lost due to abandonment and intensification.

These different levels of support for farms with such a different impact on nature involve a contradiction and a diminishment of the coherence of the CAP in its contribution to achieving the objectives of reversing the loss of biodiversity of the Birds and Habitats Directives.

The member states with the highest share of CSP budget ringfenced for the environment, the climate and animal welfare (both eco-schemes and second pillar) are **the Netherlands** (37%), **the Czech Republic** and **Slovakia** (both 36%), and **Ireland** (34%). The lowest share was allocated by **Hungary** and **Denmark** (both 26%).

The fact that, on average, 30% of CSP budgets are allocated for environmental and climate objectives does not represent an increase in environmental ambition compared to the previous period, which was approximately at the same level (30% for greening under Pillar 1, 30% for the environment and climate under Pillar 2). In addition, there are serious concerns about the quality of the related spending and the actual delivery in connection with the stated objectives. The assessment based on draft eco-schemes prepared by NGOs in November 2021[20] showed that only a small minority (19%) of eco-schemes were deemed qualitative and likely to deliver on their areas of action, given their current design. Some eco-schemes have been improved at the final plan stage, but according to the feedback from national experts involved in this report, there is little indication that the overall picture has changed. There is thus a risk that a large proportion of the budget allocated to eco-schemes will be spent on maintaining the status quo.

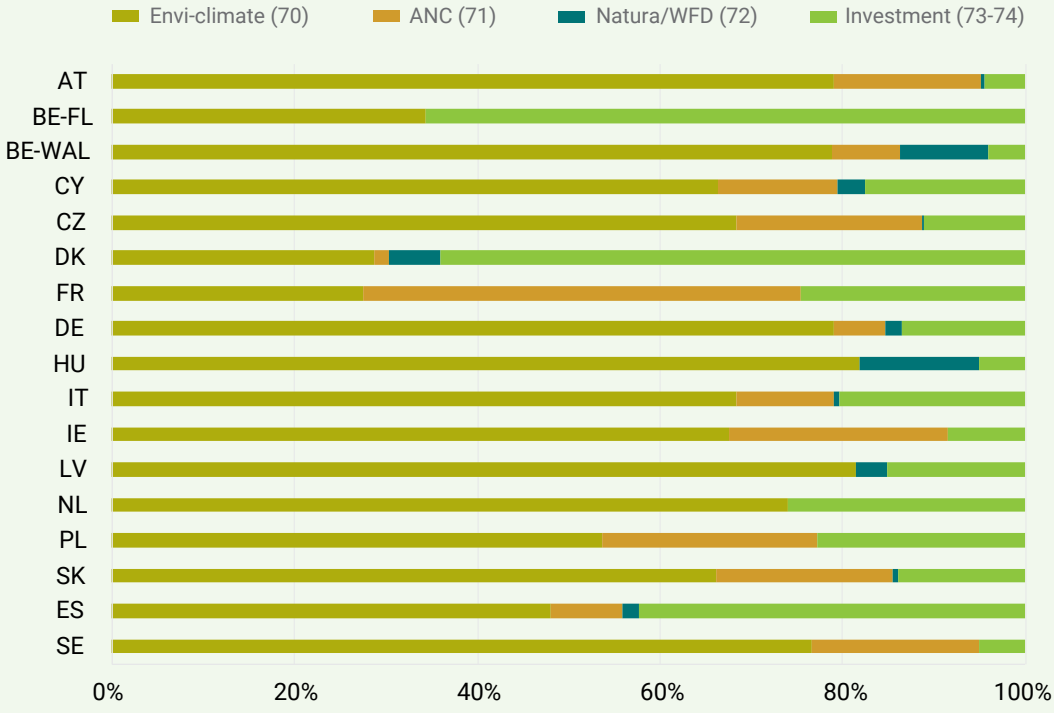
In most countries, the highest share of environment and climate spending in the second pillar (Article 93 of the CAP Strategic Plans Regulation) was allocated to agri-environment-climate measures (AECMs) (Article 70). In **Austria, Belgium-Wallonia, Germany** and **Hungary**, AECMs represent more than 75% of the rural development budget ringfenced for environment and climate. Up to 50% of the budget spent as support for areas with natural or other area-specific constraints (ANC) (Article 71) can also be counted as environmental-climate ringfencing. In some countries, such as **France**, this makes it a significant share of the "environmental spending". This is problematic as generally this support does not necessarily provide benefits for biodiversity or the climate, in part due to a lack of environmental safeguards, beyond conditionality. The payments may support agricultural intensification with consequent negative impacts on biodiversity and the environment, e.g. in **Ireland**.

19 Multifunctional, agrosilvopastoral systems and cultural landscapes of southern and central Spain and southern Portugal. The name comes from the Latin 'defensa' (fenced) referring to land that was fenced, and usually designated for pasture.

20 BirdLife, EEB, WWF. 2021, Will CAP eco-schemes be worth their name?

It should be acknowledged that in some cases, the support may improve the economic viability of High Natural Value (HNV) pastoral systems and contribute to preventing the abandonment of these systems and the consequential loss of habitats and species, e.g. in **Austria, Belgium-Wallonia, Slovakia**. However, as the environmental benefits of this tool are collateral and haphazard, it should not be part of the "environmental measures" toolbox. HNV systems should be supported by a specific instrument that is designed to maintain ecosystem services provided by those systems.

Graph 2: Shares of measures comprising environmental and climate ringfencing in Pillar 2



3.3. Coupled income support

Pe'er et al., in the paper *A greener path for the EU Common Agricultural Policy*, presents evidence that coupled income support distorts farmers' input decisions, reduces farm efficiency, and contradicts the objective of this instrument.[21] Garrone et al. found that it has no impact on reducing labour outflow from agriculture, i.e. on preserving jobs in agriculture.[22] It also perpetuates a complex support structure without providing beneficial outcomes for taxpayers and citizens.

Despite the problematic nature of this instrument, all analysed member states (except the **Netherlands**) plan to offer coupled income support. The percentage ranges from 0.6% for Ireland to 21.2% for **Wallonia**. See Table 2 for more details.

Table 2: Percentage of Coupled Income Support of direct payments in the analysed CSPs

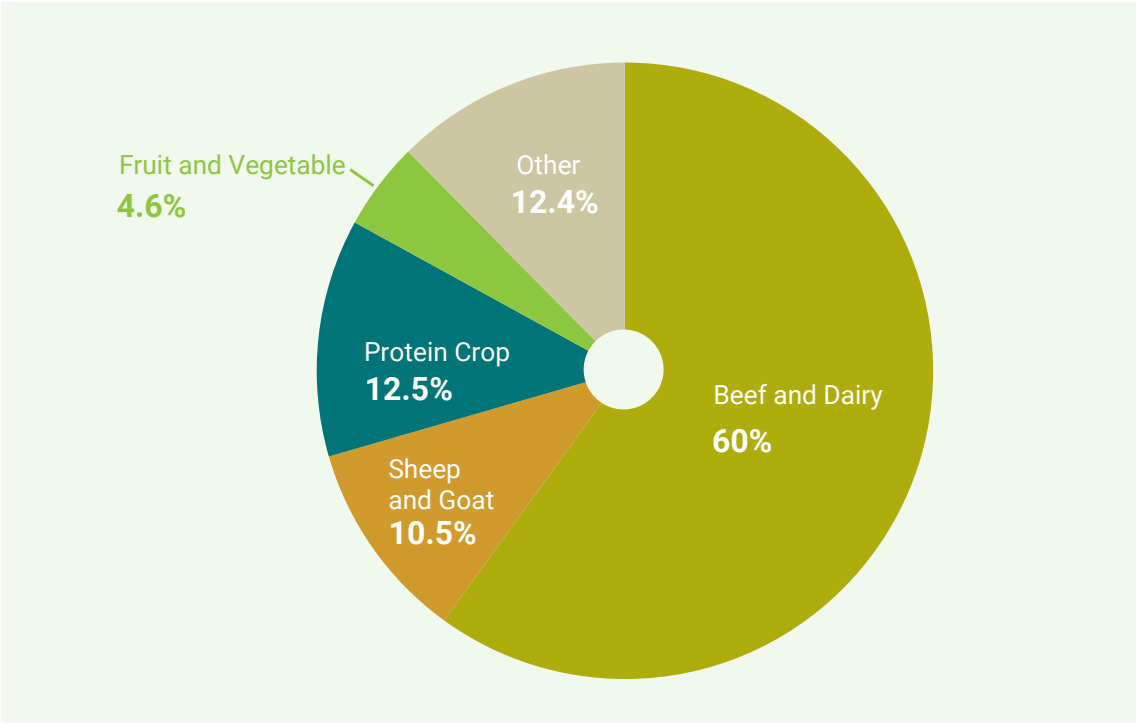
0	NL
<5%	AU, DK, DE, IE
<10%	BE-FL, CY
≤15%	CZ, HU, FR, IT, LV, PL, SK, ES, SE
>15%	BE-WAL

21 Pe'er et al., 2019, A greener path for the EU Common Agricultural Policy.

22 Garrone et al.2019. Jobs and agricultural policy: Impact of the common agricultural policy on EU agricultural employment

Coupled income support (CIS) for intensive livestock sector is particularly problematic. According to *A toolbox for reforming environmentally harmful subsidies in Europe*[23], a subsidy that lowers meat production costs is considered harmful to the environment as it may increase meat production and therefore also greenhouse gas (GHG) emissions, put pressure on land use and cause other environmental stressors. Despite that, all analysed CSPs (except the Netherlands and Ireland) offer coupled income support for livestock, which is in contradiction to EU and member states' commitments to phase out environmentally harmful subsidies. Overall, in the analysed CSPs, the share of support for livestock represents 70%, or €12 billion over the whole period. The support for protein crops is also basically a subsidy for livestock and often pays for intensive soy production (see Graph 2).

Graph 3: Overall share of selected categories of Coupled Income Support (17 analysed CSPs)

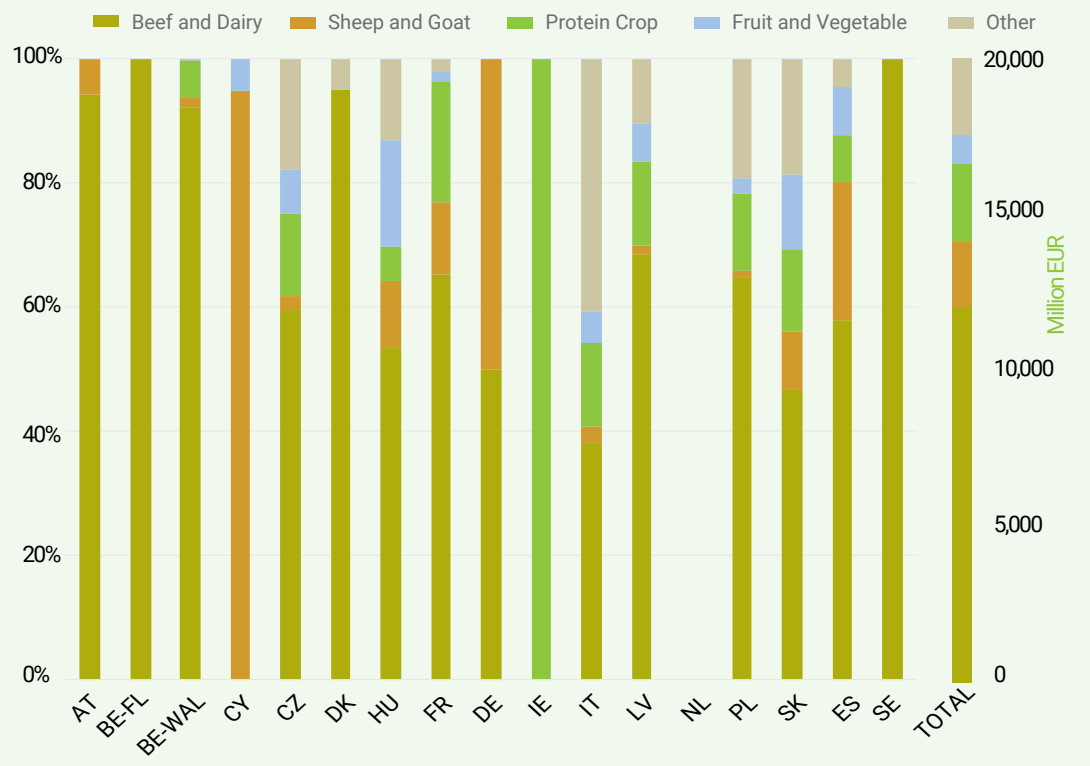


Coupled support may generate environmental benefits if and when it comes with robust environmental conditions, such as, in the case of livestock, maximum animal stocking rate per hectare, and is targeted specifically at maintaining extensive grazing and pastoralism. For example, although Germany did not offer CIS to farmers in the past, this has now been introduced, with a focus on supporting sheep, goat and suckler cow farmers. Supporting such low input systems can have a positive impact both from a social and an environmental perspective.

However, according to our analysis, in most cases efficient safeguards have not been put in place. See chapter 4.2. on livestock for more details. More details on selected categories of coupled income support per member state are set out in Graph 3.

23 European Commission, 2022, A toolbox for reforming environmentally harmful subsidies in Europe.

Graph 4: Share of selected categories of Coupled Income Support per member state



Note to the graph: *Couped income support in Germany is focused on supporting extensive systems only (sheep, goat and suckler cow)*

3.4. Conditionality

Conditionality is the baseline of the new CAP's green architecture and should ensure that farmers receiving direct support realise basic standards concerning the environment and climate.

The CAP Strategic Plans Regulation (in Annex 3) provides for nine Good Agricultural and Environmental Conditions (GAECs) standards based on cross-compliance and greening measures from the 2014-2022 CAP. The only completely new standard is GAEC 2 (protection of wetlands and peatlands).

The specific design of GAEC standards is the responsibility of member states, while the CAP Strategic Plans Regulation provides for various exemptions from the general rules (e.g. for small farms under 10 ha, or for farms with a large proportion (>75%) of grasslands. The CAP legislation also makes it possible for member states to set additional standards besides those listed in Annex 3 of the CAP Strategic Plans Regulation.

In general, member states have not used the flexibility provided by the legislation to raise the environmental and climate baseline of the CAP. On the contrary, in most cases GAEC standards do not go beyond the mandatory minimum and considerable use is made of the exemptions.. One additional standard (GAEC 10) which requires creating 1-metre buffer strips along dry trenches was introduced by **the Netherlands**. **Ireland** extended the GAEC 8 standard to all agricultural land, thus going beyond the legal minimum it was required to realise, on arable land alone. More details on the implementation of specific standards are provided in the following chapters.

Besides GAECs, the conditionality also includes a list of statutory management requirements (SMRs). These are cross-links to specific parts of legislation in the area of the environment, climate change, public health, plant health and animal welfare that farmers have to comply with. However, CAP strategic plans give very little detail on how SMRs will be implemented and controlled. In the past, the European Court of Auditors criticised the limited contribution of SMRs to biodiversity objectives[24]. Given the lack of EC guidance on the implementation and enforcement of SMRs, it is very unlikely that the potential of this instrument for the climate and environment will be realised in the new CAP.

The EC's decision in July 2022 to introduce a general derogation from GAEC 7 related to crop rotation, and the first GAEC 8 requirement, 'a minimum share of agricultural area devoted to non-productive areas or features'[25] for the year 2023, justified on the grounds of risks to food security resulting from the war in Ukraine, further undermine the effectiveness of conditionality. From the analysed countries, only **Denmark** did not make use of the option to derogate from GAEC 7, and only **Denmark, Ireland** and **Slovakia** did not make use of the option to derogate from GAEC 8

Verdict

Looking at the overall CSPs budgets it is clear that they are unlikely to support the transition to sustainability and to meaningfully contribute to environmental and climate objectives. Member states have failed to use the flexibility provided to shift funds between the pillars, transferring money from untargeted direct payments to the rural development budgets better suited to the achievement of specific objectives. Hectare-based income support constitutes, on average, almost half of CSPs' budgets. The fact that on average 30% of CSP budgets are allocated for environmental and climate objectives does not represent an increase in environmental ambition compared to the previous period.

Coupled income support is used by all member states except the Netherlands. 70% of the analysed CIS budgets go to the livestock sector, despite the fact that such subsidies are considered environmentally harmful and contradictory to the EU's climate objectives. Conditionality, the baseline of the CAPs' green architecture, is flawed and does not provide adequate protection for natural resources. The effectiveness of conditionality has been further undermined by the general EC derogation from GAEC 7 and GEAC 8 in 2023, applied by most member states.

24 European Court of Auditors, 2020, Special Report 13/2020, Biodiversity on farmland: the CAP contribution has not halted the decline.

25 Commission Implementing Regulation (EU) 2022/1317 of 27 July 2022, OJ L 199/1.

4

STEERING CLIMATE (IN)ACTION

European agriculture is responsible for at least 15% of the EU's total greenhouse gas (GHG) emissions[26]. This figure primarily includes methane and nitrous oxide emissions from livestock and fertiliser use, as well as carbon dioxide emissions from degraded agricultural soils, in particular those on drained peatlands. However, it does not include emissions from fuel use in machinery or heating or upstream emissions from the production of fertilisers or of livestock feed imported into the EU, which would bring the total closer to a whopping 30%. In sum, our intensive food production model is driving climate breakdown.

Yet, farmers have so far remained largely exempt from strict measures to cut agricultural GHG emissions, which have remained roughly stable over the last 15 years, despite over €100bn of CAP expenditure between 2014 and 2020 labelled as "climate spending"[27]. With climate impacts accelerating and higher emissions reduction targets for 2030, the pressure to cut agricultural GHG emissions is building, and the CAP is the best tool the EU has at its disposal to deliver progress. But will it be up to the task? In this section, we zoom in on some of the largest sources of agricultural emissions - livestock and drained peatlands - and touch briefly on grasslands, a key carbon sink. Measures tackling emissions from fertilisers could unfortunately not be assessed due to resource limitations, but are briefly addressed in section 6.

4.1. Peatlands and wetlands

Peatlands - a type of wetland with a thick, naturally accumulated peat layer on the surface - are valuable habitats and vital ecosystems with the ability to remove and sequester large amounts of carbon in the soil and biomass. Wetlands are not only important for carbon sequestration, but provide additional ecosystem services, such as increased water retention, which is particularly important today in agricultural landscapes facing droughts. They also significantly reduce the run-off of pollutants from agricultural areas into surface waters. However, the drainage and degradation of peatlands for agriculture, forestry, and peat extraction is common practice, causing vast GHG emissions and affecting their overall delivery of ecosystem services. Within the EU, the large-scale drainage and overexploitation of peatlands accounts for roughly 5% of the total EU GHG emissions, but these emissions could be reduced to zero by rewetting just 3% of EU agricultural land[28]. Restoring drained peatlands used in agriculture is easily the single measure that could have the greatest climate benefit and the lowest cost for policy-makers, while affecting the fewest farmers.

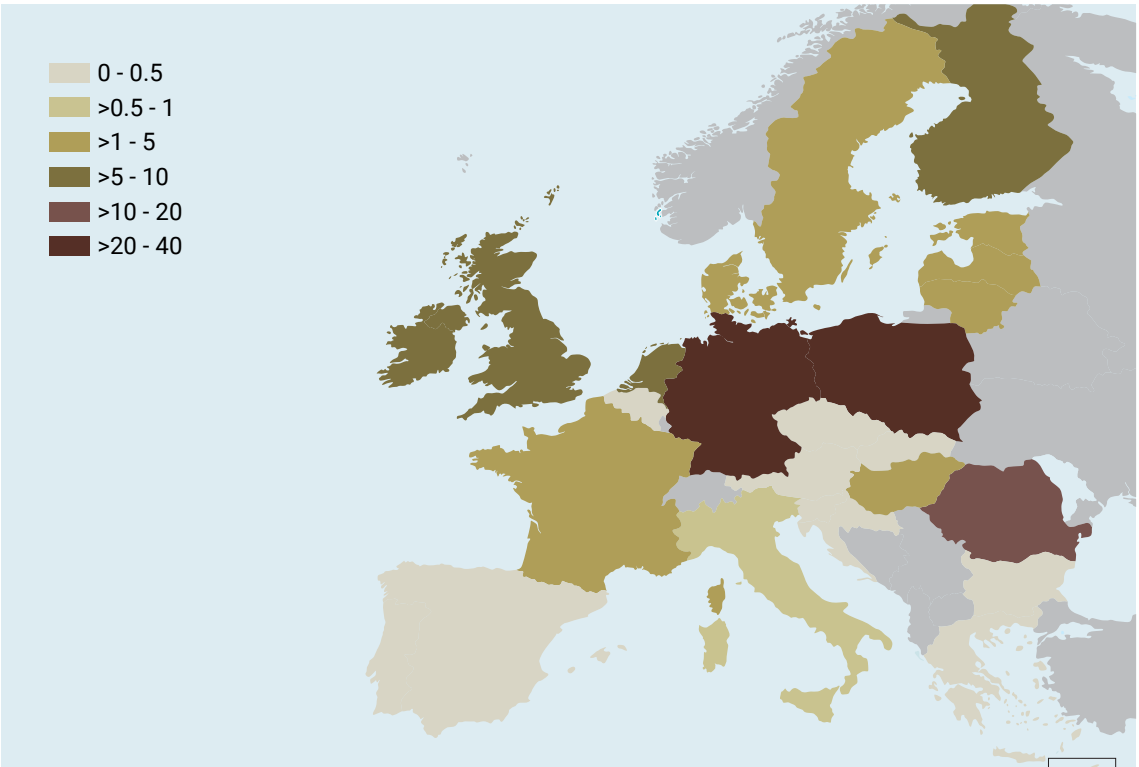
An effective way of avoiding damaging agricultural practices on carbon-rich peatlands, while simultaneously keeping the land in production, is paludiculture. In contrast to drainage-based agriculture, paludiculture is about making productive use of wet and rewetted peatlands in a way that preserves the peat soil and thereby minimises CO_2 emissions and subsidence. Through the cultivation of specific crops and the maintenance of high water levels, paludiculture is generally considered a viable and environmentally-friendly solution to keep accumulated carbon stored in the soil while retaining economic activity on the land. However, more research on its biodiversity implications in different contexts is needed.

26 EEB, 2020, A CAP for a climate neutral Europe

27 European Court of Auditors, 2021, Special Report 16/2021, Common Agricultural Policy and climate.

28 Greifswald Mire Centre, 2021, Opportunities for Peatlands and Paludiculture in the EU Common Agricultural Policy (2023- 2027) Recommendations for EU member states for their CAP Strategic Plans.

Figure 1: Map showing total greenhouse gas emissions from agriculture on peatlands in the EU member states. GHG Emissions agriculture on peatlands in Mt CO_2 eq per year



Source: Greifswald Mire Centre, National University of Ireland, Galway, and Wetlands International (2020) Peatlands in the EU Common Agricultural Policy after 2020

Eligibility rules

A major hurdle preventing the large-scale rewetting of drained peatlands is constituted by the counter-productive eligibility rules for direct payments: land that is rewilded or rewetted and used through paludiculture with any crop other than cotton loses its eligibility status for direct income support payments. This is a major issue, as it creates a completely perverse incentive for farmers to maintain the status quo. However, the new CAP gave member states some possibility to maintain direct payments for farmers who rewet a drained peatland, if that land is enrolled in a voluntary scheme for sustainable management. While this analysis did not look into this matter, the EC reported in a Civil Dialogue Group in November 2021 that five member states had decided to use this option. This is highly welcome, although the number remains too low. In Ireland, our national expert welcomed a new rule which will allow parcels containing up to 50% 'habitat' to remain eligible for basic income support.

Conditionality

One of the new GAEC standards in the new CAP is GAEC 2, which requires the protection of wetlands and peatlands. While GAEC 2 is intended to protect carbon rich soils, the actual requirements in the final CAP Strategic Plans vary among member states and remain weak: there is no obligation to halt or reverse degradation and member states can ask to delay the implementation of GAEC 2 until 2025.

Of 17 assessed CSPs, only seven (**AT, BE-WAL, BE-FL, DK, DE, IT, NL**) plan to apply the standard from 2023, while ten have requested a derogation (**CY, FR, IE, ES, SE** until 2024**, CZ, HU, LV, PL, SK** until 2025). The most common excuse for the delayed entry into force is insufficient data and the mapping of peatlands (CZ, IE, FR, SK, and three German federated states with a high surface area of peatland). Yet, all EU member states have been reporting emissions from croplands and grasslands on mineral vs. organic (peatland) soils separately for many years under climate legislation - although in many cases not entirely accurately[29]. Still, data largely exists and needs only to be integrated in agricultural parcels' mapping systems. That hardly seems to warrant such lengthy delays.

29 Martin/Couwenberg, 2021, Organic soils in national inventory submissions of EU countries. Proceedings of the Greifswald Mire Centre 05/2021.

For countries where detailed implementation choices for GAEC 2 are known, the bar is extremely low. **Austria**'s requirements under GAEC 2 prohibit peat mining or burning, the installation of new drainage systems as well as deep ploughing (>30 cm), filling up or digging, but still allow for the renewal of existing drainage facilities, which should also be forbidden. A similar picture emerges for the majority of assessed CSPs, as member states set GAEC 2 standards which are not robust enough to protect carbon-rich soils and significantly decrease GHG emissions: in **Belgium-Flanders**, GAEC 2 only applies to Natura 2000 areas; in Latvia the renovation or installation of new drainage systems is possible (on the condition that it does not increase GHG emissions unless this is beneficial in another way, e.g. for water quality) and the ploughing of the wetlands will be permitted once in a five-year period; Spain does not set specific requirements regarding stocking densities or possibilities of drainage, and in **the Netherlands**, GAEC 2 only requires the temporary maintenance of agreed water levels in certain peatbog areas.

According to GAEC 2 in **Germany,** drained peatlands used as grasslands cannot be converted to cropland, and those used as cropland can still be ploughed, but no deeper than 30cm (which is still too deep). Interestingly, the use of paludiculture is possible, but changes in drainage (hydro-engineering) require approval and paludiculture is prohibited in permanent grasslands in certain protected areas (Habitats and Birds Directives & certain biotopes protected under German law) to protect biodiversity. New drainage systems can be established (with consent from environmental authorities) and the maintenance and repair of existing drainage systems is only allowed if the drainage level does not increase. In contrast, the renovation of drainage, ploughing (every fourth year on permanent grasslands) and fertilisation are allowed in Sweden, while new drainage is forbidden or needs permission.

Eco-schemes and AECMs

Despite the huge potential of restored and sustainably managed peatlands as carbon sinks, no more than a few member states have put in place voluntary measures that could unlock this potential.

Germany has put in place an AECM titled "Peatland soil conservation measures" supporting farming with high(er) water levels, winter water retention, paludiculture, and sheep on peatland. **Ireland** has put in place a co-operation measure, associated with an AECM aiming to support farmers to deliver actions on the ground for peatlands and other habitat types. Drain blocking and rewetting will be one of the actions undertaken. **Ireland** will also use the European Innovation Partnership to support innovative approaches to working on farmed peatlands, amongst other things. **Denmark** has introduced an eco-scheme which compensates farmers for growing and harvesting grass on drained peatlands to remove nutrients, so that it can later be flooded with lower emissions of nitrogen and methane. It will also offer a one-off payment compensation for including an area in wetland or climate projects. All these measures have been assessed by experts as likely to have a positive impact.

The creation of wetlands and the retention of higher water levels will be supported by several CSPs. **Hungary** will support farmers in temporarily maintaining a high water table in arable and grassland areas through an AECM, while the creation of wetlands is planned to be supported by non-productive investments. **Wallonia**, as part of a non-productive investment for the restoration of habitats and species, will support the creation of wetlands, amongst other things. These interventions are assessed as likely to have a positive impact. **Italy** has put in place an AECM supporting the creation of wetlands, but this is likely to have minor impact, as it has been activated by only a few regions (six in 21). Also, the commitments are quite onerous for a low budget so it is unlikely that it will be taken up by many farmers. **Sweden**, through investments, will also support water conservation measures, including wetlands. Also, **Latvia** will support the creation of wetlands, although its budget is rather limited. **Poland, Germany** and **the Netherlands** will also support water retention on grasslands.

The Czech Republic, Germany and Slovakia have introduced an AECM supporting the conversion of arable land to grasslands. In the Czech Republic, this measure principally targets "sensitive" areas, while in the case of Germany, this will be implemented along water bodies, peatland, sensitive areas, and flooding areas. The problem is that it will be realised only in some parts of Germany. Neverthe-

less, such measures are welcome and have been assessed as likely to have a positive impact. With a view to protecting water bodies and groundwater, other member states have put in place measures preventing a run off of pollutants. Such measures can be found, for example, in Austria and the Czech Republic, and also as part of more complex schemes in Hungary and the Netherlands.

Schemes supporting valuable habitats and species, including in Natura 2000, also support the management of wetland habitats. Such schemes can be found in **Poland, Wallonia, the Czech Republic, Ireland, Slovakia** and **Sweden**. All these schemes have been assessed as likely to have a positive impact, except one in Ireland for farmers in Natura 2000 sites and in Commonage, whose targeting and impact on stocking rates on sensitive peatlands is unclear.

The voluntary interventions supporting the restoration and sustainable management of peatlands and wetlands have been generally assessed as likely to have a positive impact. However, their scale is far from what is needed, in particular in terms of harnessing the potential of restored peatlands as carbon sinks. On the contrary, peatlands and wetlands are still continually under pressure from intensification.

Verdict

While GAEC 2 has been hailed by the EC as an important new rule for the CAP's climate ambition, our analysis shows that in practice it is highly unlikely to have any significant impact. Numerous member states are buying time by delaying implementation, but in any case all CSPs assessed showed extremely lax implementation, which will not force substantial changes in how these crucial but tiny areas are managed. On the other hand, several promising voluntary measures have been proposed by member states, and these should deliver some benefits for reduced GHG emissions and improvements for wetlands biodiversity. Without comprehensive data on uptake and budget allocations, however, it is impossible to say just how small or large these impacts will be. Finally, it is disappointing to see that only Germany is promoting paludiculture, despite the win-wins for production and the environment of this innovative land management technique.

4.2. Livestock

Intensive livestock rearing (of cattle and other animals) is a huge source of GHG emissions, and also drives unsustainable pressure on land use and huge nutrients pollution to the air, soil and water, which harm biodiversity and human health. Intensive livestock rearing systems are also driving antimicrobial resistance, and have been linked to a higher risk of zoonotic diseases[30]. It is clear that this 20th century model of animal production cannot continue, for our own and our planet's sake. On the other hand, many ecosystems in Europe and globally have developed alongside human management and extensive livestock rearing, but these pastoral systems are disappearing, leading to land abandonment which sometimes results in a loss of biodiversity and of rural jobs.

These complex challenges highlight the urgent need for bold policy action to maintain extensive rearing and mixed-farming systems which respect the carrying capacity of the environment, and to initiate a just transition for intensive livestock farms which will reduce overall animal numbers in Europe, especially in areas with the most intensive production, which are hotspots of pollution.

The new EU climate targets, most notably the new "Effort Sharing Regulation" target to reduce emissions from the building, transport, agriculture, small industries and waste sectors by 40% by 2030, will be very costly to achieve without tackling emissions from livestock. The Global Methane Pledge to cut methane emissions by 30% by 2030, on the other hand, would be simply impossible to reach in the EU without tackling agricultural methane, which makes up 55% of EU methane emissions. The CAP includes many instruments which have the potential to support or hinder the transition of the livestock sector: these range from Support for Areas with Natural or other area-specific con-straints (ANC) and Coupled Income Support (CIS), to eco-schemes and AECMs, investment support and other voluntary Pillar 2 schemes such as cooperation or advisory services.

30 Jones et al., 2013, Zoonosis emergence linked to agricultural intensification and environmental change.

Intensive livestock farming
Photo: Shutterstock

Eco-schemes and AECMs

Of the 17 CSPs assessed, 15 have relevant eco-schemes or AECMs (all but DK; no information for HU). In total, 50 schemes were reviewed, of which 28 AECMs, 13 eco-schemes and nine other voluntary schemes under Pillar 2 (other than investment support). Less than half of the schemes were judged to aim to support extensive livestock farming or HNV livestock rearing (23 of 50) and only eight of 50 were rated as 'positive' by national experts, while ten were deemed to support the status quo or use techno-fixes in intensive livestock farms.

Table 3: Expert ratings of livestock-related eco-schemes and AECMs matched to relevant result indicators

	Emissions R.13	Environmental Sustainability R.25	Antimicrobial use R.43	Animal welfare R.44
Status quo / techno-fix	0	2	3	5
Somewhat positive	4	7	9	19
Positive	1	3	2	2

The single most common focus area of the assessed voluntary schemes was animal welfare, with 14 eco-schemes and AECMs. This is reflected by the result indicators member states matched the measures with. Of the 50 schemes analysed, 27 were marked as contributing to indicator R.44 on animal welfare. AW schemes are largely targeted at improving conditions in intensive systems, e.g. by increasing space or providing outdoor access. Most were rated positively, as likely to improve practices, though only one eco-scheme in **Poland** was deemed likely to support more extensive rearing. Two schemes were criticised by national experts as lacking ambition: one eco-scheme in **Italy** and an AECM in **Latvia**, as well as "another voluntary scheme" in **Ireland** seeking to support the use of genomics to increase the proportion of beef male calves born from dairy cows instead of dairy male calves that are not valued by the market and thus generating concerns in relation to the welfare of these calves. Nevertheless, eco-schemes or AECMs paying for slight improvements to animal welfare without attaching stricter conditions, such as a reduction of animal numbers to below safe levels for air and water quality, is highly problematic and could become a "hidden" subsidy to highly polluting intensive livestock farms.

The second most common focus area is the rearing of rare and/or indigenous breeds (11 schemes). While several national experts have commented that these schemes tend to support more extensive systems, they also tend to be very marginal in terms of budget and number of animals covered and do not usually include any environmental safeguards. Yet, most were marked by member states as contributing to the improvement of the environmental sustainability of the livestock sector (R.25).

Only 16 schemes in 13 countries (all but **BE-FL and IT**) were matched to R.13 on reducing emissions from livestock and/or R.25 on improving the environmental sustainability of the livestock sector. Schemes under R.13 were mostly aimed at improving animal welfare or support for grazing, whereas the majority of schemes under R.25 were aimed at supporting rare domestic breeds, while the rest supported grazing.

In **Sweden**, an AECM supporting threatened domestic breeds is the only intervention connected to R.25 "Environmental sustainability of livestock sector", and even though the targeted breeds are usually bred more extensively, the scheme does not include any environmental criteria. In sum, these schemes appear to be beneficial for supporting some extensive rearing systems, but do not foster the transition of mainstream farms, and their impact will remain small.

The third most common focus area for livestock-related voluntary schemes was grazing, supported by ten schemes. These were generally deemed positive by national experts, with several experts welcoming them for helping to prevent abandonment or conversion into cropland. However, only four targeted extensive systems (**ES, IE, NL, SK**), only one of which, a Spanish eco-scheme with rules on grazing duration and stocking density, was deemed to support the extensification of livestock rearing.

Several other schemes supporting organic rearing and a small number of schemes supporting sustainable fodder production and increased fodder autonomy were mostly deemed positive. For example, **Wallonia** will continue to support farms to achieve or maintain fodder autonomy by keeping livestock below certain stocking thresholds linked to the fodder production area. This AECM was judged as highly positive, although national experts deplored the fact that the payment level was halved in the new CAP.

Finally, 2 AECMs in **Cyprus** and **the Czech Republic** targeted reductions in antimicrobial use but were both deemed inadequate by national experts as not targeting the root cause of too many animals in too small a space. However, as many as 16 schemes were marked as contributing to 'R.43 limiting antimicrobial use', covering a wide variety of schemes for organic farming, animal welfare, and in Wallonia, rare animal breeds.

Coupled support

Budget data show that of the 16 countries planning CIS, all except Italy and Ireland will spend the lion's share of it on livestock. Detailed data about 25 individual CIS options was provided for **AT, BE-FL, BE-WAL, DK, FR, DE, IE, and LV**. Of those, seven were aimed at fodder or protein crops production, 11 seemed rather to be aimed at extensive livestock rearing, while seven seemed to be aimed at intensive systems (**BE-WAL, DK, FR**).

In the past, CAP rules sought to address the potential perverse incentive that unlimited coupled support could provide for increasing livestock numbers. However, these restrictions were gradually weakened in the 2014-2022 CAP, and not introduced at all in the post-2023 CAP.[31] This makes the specific design of CIS interventions crucially important, especially limits on absolute livestock numbers and/or stocking density. Unfortunately, many member states have chosen to offer unbridled coupled support from 2023 onwards, with national experts from nine countries (**AT, CY, CZ, DK, HU, IT, LV, SK, SE**) reporting no cap on CIS for livestock in their country - although experts in Denmark and Cyprus did not express concerns that CIS would lead to an increase in numbers. Other environmental safeguards are absent too.

In **France**, the cap on eligible animals and a stocking density limit is expected to prevent CIS from incentivising further intensification. However, the CIS for cattle and calves, while being branded as

31 Matthews, 2020, Keep an eye on coupled income support.

supporting extensive grazing systems, was criticised by national experts as continuing to support intensive systems, with practices unfavorable to animal welfare and without outdoor access as a requirement.

A safeguard added by the European Parliament in the CAP Strategic Plans Regulation requires member states to ensure that any Coupled Income Support they put in place is consistent with the objectives of the Water Framework Directive. Member states planning relevant CIS (for livestock, or irrigated cultures) have therefore provided a justification, which was accepted by the EC during the approval process. Yet, very few national experts found their country/region's justification credible. There were no concerns in **Germany** and **Flanders**, due to the relatively small share of the livestock sector covered by the measure in the former, and to the targeting of extensive farms in the latter. In **Austria** only direct pollution was considered, not the cumulative impact of livestock on the river catchment, while in France no consideration was given to the risk of pollution by antibiotics. In all other countries for which we received input, experts were not convinced by their country's justification - due to a lack of details (e.g. **LV, SK**) or lazy explanations (**HU, IT**), or because subsidies that artificially maintain livestock numbers seemed inconsistent with the lack of progress towards the 2027 deadline for achieving good water status (**BE-WAL, DK**).

Other Pillar 2 measures: investments and ANC

While information on investment support was not collected systematically, eight national experts provided information about planned productive investments in the livestock sector (**AT, BE-WAL, CY, DE, ES, FR, NL, PL**). In the majority of countries, experts were concerned about the lock-in - or even intensification - effects of these investments. Investments aiming to improve animal welfare were generally viewed more positively, but investments aiming merely at increased competitiveness were criticised, and so were investment schemes in Poland and France aimed at "biosecurity". In **Wallonia**, investments for the industrial rearing of pigs and poultry are heavily subsidised, while bonuses for organic or agroecological investments are very low.

Support for Areas with Natural Constraints was deemed potentially beneficial by some experts from a socio-economic point of view (**BE-WAL**), as well as with a view to helping prevent abandonment (**SE**), but others raised concerns around the lack of environmental criteria, implying that ANC could support unsustainable practices such as overgrazing (**AT, IE, IT**). For the remaining countries that chose to implement ANC support (CY, DK, FR, DE, PO, SK, ES), experts deemed ANC rather neutral from an environmental point of view.

Box 2

BELGIUM (Wallonia): 14% of the CAP budget provides inadequate support to the livestock sector, harming climate and biodiversity

Despite the climate and biodiversity crisis and the structural economic crisis of the cattle sector, Wallonia maintains an archaic system of productivist subsidies that channels most funds to intensive farms. 14% of Wallonia's total CAP budget will therefore encourage intensification, up to 5 LSU/ha in 2023, 4.5 in 2026 and 4 in 2027. In comparison, the Walloon average livestock density is 2 LSU/ha, the European average is 1 LSU/ha, and the new ceiling for cattle subsidies in the French CAP is 1.4 LSU/ha. Moreover, the AECM scheme that encouraged farmers to reduce livestock density in the 2014-2022 CAP has been weakened the most: unit payments to go below 1.4 LSU/ha have been halved. Therefore, despite a new eco-scheme that might make up for the income loss, the incentive to reduce livestock density in favour of (OR: and work towards nature-friendly systems has been cut by half.

Verdict

This analysis shows a mismatch between the scale of the environmental challenges facing the livestock sector and the low number and ambition of voluntary green schemes put in place by member states. While most livestock-related green schemes appear positive, in nearly all cases national experts commented that they would only support systems that were already extensive, or would only slightly improve practices in intensive models. However, this falls badly short of the large-scale transition that is needed and will not support any significant reduction in animal numbers in the areas with most intensive livestock rearing where it is needed the most.

Additionally, the few positive green schemes are further undermined by the proportionally much higher amount of harmful subsidies provided by CIS and investment support. While a handful of CIS and investment support interventions for which data were provided were deemed somewhat positive, the vast majority were initiated to prop up intensive livestock production without any green strings attached. In the midst of a climate and biodiversity crisis, and when smaller and extensive livestock farms are disappearing year by year, artificially maintaining high livestock numbers and intensive production is unjustifiable.

It will also be very important to see what share of the budget goes to marginal improvements in intensive systems vs. support for extensive farms, although this is not within the scope of this report. In any case, with as much as €12bn expected to mostly go to intensive livestock farms through CIS, and some more from investment support, the scales are clearly tipped against extensive systems and in favour of the status quo in intensive livestock production.

4.3. Grasslands

Grasslands are a key candidate for tackling the climate crisis, as they function as major carbon sinks.[32] Although this cooling effect is essential for meeting the Green Deal targets, grasslands recently started to transition from a net cooling effect to a net warming effect on the climate.[33] Next to their key function in climate change mitigation, grasslands host a substantial share of biodiversity in Europe, including birds, butterflies and plant species. However, land use intensification, rural abandonment, and the conversion of grassland into arable land has put increasing pressure on grasslands.[34] While a thorough analysis of conditionality and voluntary schemes relevant for grasslands is not included in this report, a snapshot of member states' implementation choices with regards to GAEC 1 shows a rather underwhelming score. More details can be found in an earlier briefing by BirdLife and the EEB: Grasslands in the new CAP: bad news for biodiversity and climate.

GAEC 1 is meant to protect permanent grasslands by preventing their conversion to other agricultural land uses, although up to 5% of conversion compared to the reference year 2018 is allowed at a national or regional level. Most of the EU member states stick to this threshold but a few have decided to lower it to 4% (**AT, DE**) or 4.5% (**PT**). Most analysed countries set this threshold at a national level but there are also exceptions where the threshold is set at a regional level (**BE, DE, ES, FR**). A smaller spatial scale is desirable from an environmental point of view, as it prevents potential grassland area gains in some regions from "offsetting" losses in other regions, which would have a net negative medium-term impact on biodiversity and climate. Additionally, wide variations within a country in the share of grasslands can make a national threshold meaningless. In Austria, for example, the distribution of grassland across federal states ranges from very low (Burgenland 6%, Lower Austria 19 %) to over 90% (Tyrol, Vorarlberg, Salzburg). While in regions with less than 10% grassland every hectare counts, in other regions more arable land may contribute to a more biodiverse landscape.

Verdict

Current ambitions defined in the CAP strategic plans under GAEC 1 will not be enough to protect grasslands and thereby their key role in climate change mitigation.

32 O'Mara, 2012, The role of grasslands in food security and climate change.

33 Chang et al., 2021, Climate warming from managed grasslands cancels the cooling effect of carbon sinks in sparsely grazed and natural grasslands.

34 https://ec.europa.eu/eu-grassland-watch/.

5

(IN)T(R)EPID SUPPORT FOR BIODIVERSITY

Eurasian Skylark (*Alauda arvensis*)
Photo: Yves Adams

Agriculture is one of the main causes of biodiversity decline in Europe[35]. The loss of natural habitats in the farmed landscape over the last decades has significant negative effects on species dependent on these habitats. The number of farmland birds has decreased by 52% since 1980[36] and studies show that insect populations are collapsing[37]. Scientists have concluded that the protection and restoration of landscape features and semi-natural areas, including high-nature value grasslands, will be decisive for the CAP's ability to address the biodiversity crisis and should be at the core of its green architecture.[38]

The EU has repeatedly committed to halting and restoring biodiversity, but has failed to fulfil its commitments. The renewed commitment to preserve and restore ecosystems and biodiversity is at the core of the European Green Deal, with specific targets set in the EU Biodiversity Strategy 2030. This includes the target to reach at least 10% of the EU's agricultural area under high-diversity landscape features, which is critical for maintaining biodiversity on farmland. In addition, in its long term budget, the EU also committed to spending 7.5% of its annual budget on biodiversity in 2024 and to increase this to 10% in 2026 and 2027.

The CAP has a critical role in fulfilling these obligations, and national strategies must aim to ensure that public funds meet various societal needs, such as averting biodiversity collapse and improving the health of ecosystems. This chapter focuses on the contributions of the CAP's Strategic Plans to address these issues.

The CAP Strategic Plans Regulation addresses biodiversity with its Specific Objective 6 (SO6), which is "*to contribute to halting and reversing biodiversity loss, enhancing ecosystem services and preserving habitats and landscapes*". In their CSPs, member states have included various voluntary schemes and kinds of investment support designed to contribute to SO6. These schemes build on the baseline conditions, with GAEC 8 (maintenance of non-productive features and areas) and GAEC 9 (protection of environmentally-sensitive permanent grasslands in Natura 2000 areas) specifically focusing on the protection of biodiversity and landscapes. Member states' ambition to address biodiversity issues is reflected in seven biodiversity related indicators[39].

35 EEA, 2020. State of Nature in the EU

36 PECBMS, 2022. Common farmland birds indicator

37 Seibold et al.2019. Arthropod decline in grasslands and forests is associated with landscape-level drivers

38 Pe'er et al., 2021, The Common Agricultural Policy post-2020: Views and recommendations from scientists to improve performance for biodiversity Volume 1 – Synthesis Report.

39 R.29 (development of organic agriculture), R.30 (supporting sustainable forest management), R.31 (preserving habitats and species), R.32 (investment related to biodiversity), R.33 (improving Natura 2000 management), R.34 (preserving landscape features), R.35 (preserving beehives).

5.1. Space for nature on farms

Conditionality

In the context of creating space for nature, GAEC 8 constitutes the conditionality requirement that aims to maintain non-productive features and areas to improve biodiversity and ecosystem services on farms. To implement this, member states can offer beneficiaries three options to choose from: (1) 4% non-productive features on arable land; (2) having at least 7% of arable land covered by an enhanced eco-scheme on top of GAEC 8, 3% of which must be land lying fallow or non-productive features; (3) including catch crops or nitrogen-fixing crops cultivated without pesticides on an overall area of at least 7% of arable land, 3% of which must be land lying fallow or non-productive features. More details about the importance of space for nature and the design of GAEC 8 can be found in this recent briefing by BirdLife and EEB:[40]

Table 4: Overview of options for the implementation of GAEC 8 in the CAP Strategic Plans

	Option 1 "Non-productive only"	Option 2 "Eco-scheme top-up"	Option 3 "Catch crops or nitrogen- fixing crops included"	All options
Number of CSPs (list of countries)	**16** (AT, BE-WAL, BE-FL, CY, CZ, DE, DK, ES, FR, IE, IT, LV, NL PL, SK, SW)	**6** (AT, BE-FL, BE-WAL, DK, ES, NL)	**10** (BE-WAL, CY, CZ, ES, FR, HU, LV, NL, PL, SK)	**3** (BE-WAL, ES, NL)

The CAP Strategic Plans Regulation allows for exemptions from GAEC 8, i.a. for small farms (<10ha) and farms whose eligible agricultural area consists of more than 75% grassland. Only the CAP Strategic Plans of **Belgium-Flanders, Denmark** and **Ireland** do not make use of these exemptions. In Ireland, the application of GAEC 8 is extended to the entire agriculture area. (i.e. not just arable land).

The implementation of GAEC 8 by the member states is unlikely to make a significant contribution to protect biodiversity on farms. No CAP Strategic Plan goes beyond the insufficiently low required minimum. All but four CAP Strategic Plans also include productive elements in GAEC 8 (options 2 and 3) that are not as beneficial for biodiversity as, for example, fallows or hedges. Based on the experience with greening in CAP 2014-2022, these options are expected to be the most popular among farmers. Besides this, the use of exemptions in all but three CAP Strategic Plans suggests that in member states with low average farm sizes or a large share of grasslands, the majority or a significant share of farmers will not actually be subject to the obligations of GAEC 8. A similar observation was made by the ECA concerning the previous CAP period, where due to extensive exemptions, most farmers (63%) were able to benefit from the green payment without actually being subject to greening obligations like crop diversification[41].

Furthermore, the use of weighting factors in 12 CAP Strategic Plans strongly undermines the effectiveness of GAEC 8. Weighting factors are supposed to reflect the assumed high ecological value of different areas. Where the weighting factor is higher than 1, the reported area is larger than the observed one. In **Spain** for example, for compliance with GAEC 8, a hectare of hedgerows on the ground is counted as two hectares. In Ireland and France, every metre of hedge is credited 10m^2 (using methodology from CAP 2014-2020 greening), whether the hedge is half a metre wide or 25m. This practice creates lots of space for nature on paper but not on Irish or French farms.

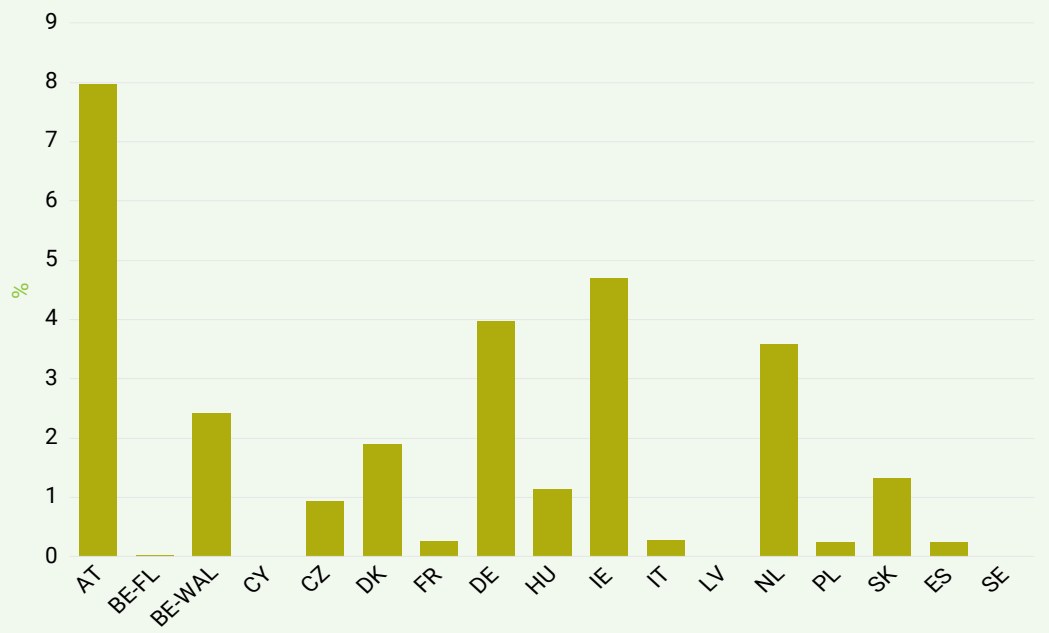
40 BirdLife, EEB, 2022. Space for nature on farms in the new CAP: not in this round

41 European Court of Auditors, 2017. Special Report 21/2017, Greening: a more complex income support scheme, not yet environmentally effective.

Targets on result indicators

Looking beyond GAEC 8, indicator R.34 provides information on the share of utilised agricultural area (UAA) under supported commitments (e.g. eco-schemes and AECMs) for managing landscape features and therefore on the ambition of member states' ambition to create space for nature on farms. Despite its importance, two CAP Strategic Plans (**Latvia and Sweden**) have not set a value for R.34 at all. Six CAP Strategic Plans have set a value below 1.

Graph 5: Result indicator R.34 Preserving landscape features



Note to the graph: *Vertical axis: Share of utilised agricultural area (UAA) with supported commitments to managing landscape features. Latvia and Sweden have not included indicator R.34 in their CSPs. The value for Cyprus is 0%, but that might not be the final value as the analysed version was made on 02.09.2021*

It is noteworthy that some of the CAP Strategic Plans had originally set very high values for indicator R.34 in their first CAP Strategic Plan submission, and then revised the figure downwards. This may be attributed to criticism from the EC in its Observation Letters pointing at unrealistically ambitious numbers that overestimated the actual contributions of some measures counted towards R.34. For example, the first draft of **France**'s CAP Strategic Plan had set the value at 20%[42] compared to 0.27% in the adopted version. As has been pointed out by NGOs and the scientific community, only a small proportion of the 20% were likely to genuinely support the management of non-productive landscape features. It had included among other things the area covered by eco-schemes (5,800,000 ha), including the "high environmental value" certification eco-scheme that has been widely criticised for its low environmental ambition.

Verdict

It is very unlikely that CSPs will contribute to create adequate space for nature on farms and meaningfully contribute to the Green Deal target to have at least 10% of the EU's agricultural area under high-diversity landscape features. This is due to the inadequate baseline set in the CAP strategic plan regulation and the unwillingness of member states to go beyond the bare minimum when setting the GAEC 8 standard. The actual delivery on the ground is further undermined by the inclusion of catch crops and nitrogen-fixing crops with limited value for biodiversity, the use of weighting factors inflating the real area, and the extensive use of exemptions. The ambition to support space for nature through voluntary measures varies amongst member states, but it is unlikely that any of the member states will reach 10%. For example in **Poland** the figure is likely to be in the 2.50- 3.26% range (conditionality + voluntary measures).

42 Version of 22 December 2021

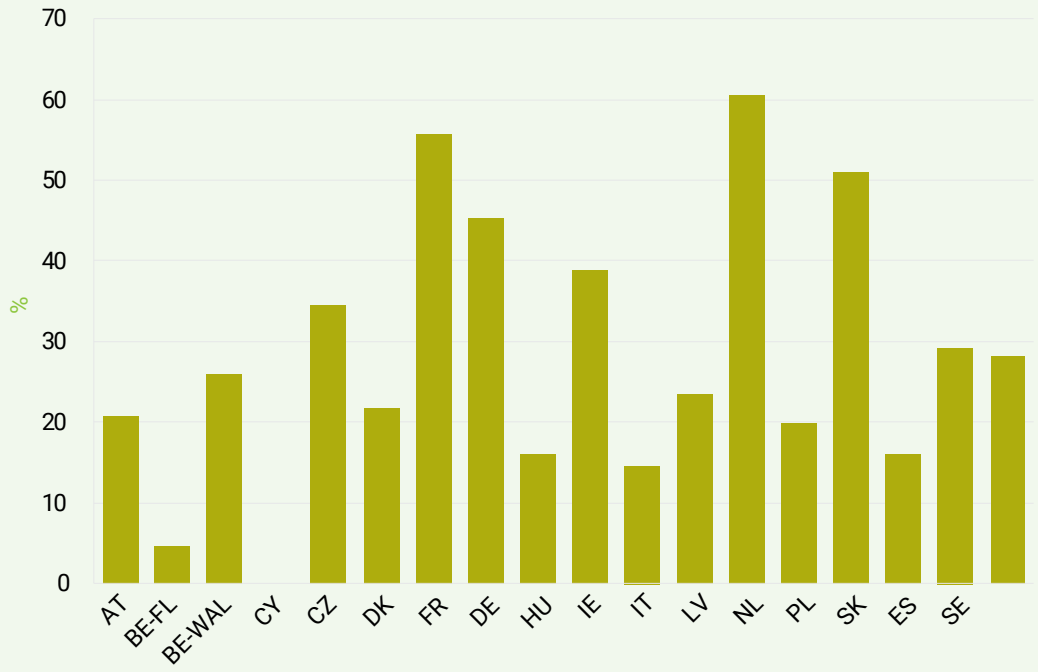
5.2. Interventions aiming to protect and restore biodiversity

Another key indicator is R.31, which shows the share of utilised agricultural area (UAA) under supported commitments to support biodiversity conservation or restoration including high-nature-value farming practices. While the average value is quite ambitious, as high as 30% (see below Graph 6 for details per member state), in many cases the intervention and the corresponding areas under this indicator are unlikely to deliver effective action for biodiversity. So in fact, the area for biodiversity conservation and the corresponding budget is highly inflated.

Several countries (**AT, BE-WAL, DK, DE, IT, LV, PL, ES, SK, SE**) included the area of organic schemes under this indicator. For example in the case of **Belgium-Wallonia**, after including the organic farming eco-scheme under indicator R31, its value increased from 4% to 25% between two versions of the CAP Strategic Plan, without planning for any new interventions on the ground. Organic farming has been shown to be beneficial for biodiversity, with studies showing that species richness on organic farms is higher than in conventional farming systems. However, the benefits of organic farming systems for biodiversity stem from a number of factors, including reduced management intensity and heterogeneity of the whole system - not required by the certification of organic production that is largely restricted to banning synthetic agrochemicals. Including large areas under this indicator can be extremely misleading. Organic farming can support in some member states extensive and biodiversity friendly systems in broad terms, but it does not include any provisions on improving the status of habitats and species and does not address key factors driving biodiversity loss neither on grasslands nor on arable land (e.g. grass harvest frequency and dates, semi-natural spaces, plot size).

Including organic under indicator R.31 is therefore very problematic as it significantly inflates the supposed ambition without genuine action supporting biodiversity conservation and restoration.

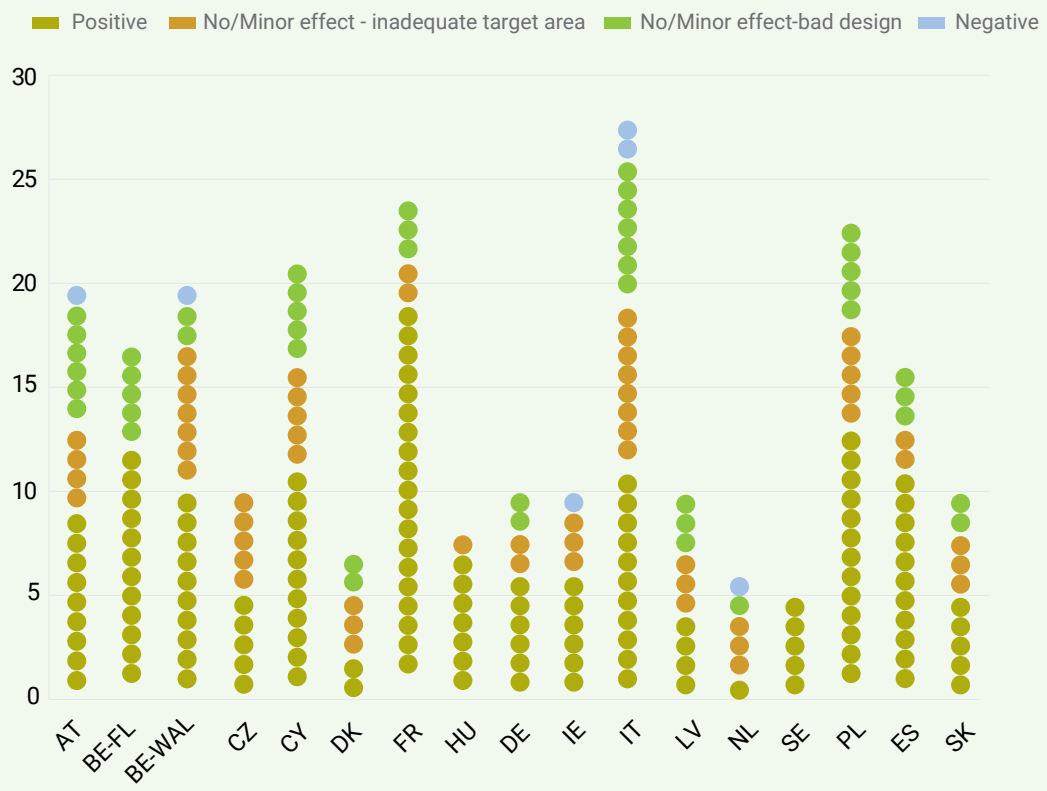
Graph 6: Result indicator R.31 Preserving habitats and species



Note to the graph: *Vertical axis: Share of utilised agricultural area (UAA) under supported commitments for supporting biodiversity conservation or restoration including high-nature-value farming practices. The value for Cyprus is 0%, but that might not be the final value as the analysed version was made on 02.09.2021*

The number and the design of measures indicated as contributing to SO6 vary greatly between the CAP Strategic Plans. The number of interventions ranges from five (SE) to 28 (IT). The interventions should be based on the identified needs, but in terms of their quality, i.e. the likelihood and magnitude of positive impacts for biodiversity, the CAP Strategic Plans Regulation leaves the member states a lot of freedom.

Graph 7: Assessment of the likely impact of interventions (numbers in the left) under SO6 on the specific objective.

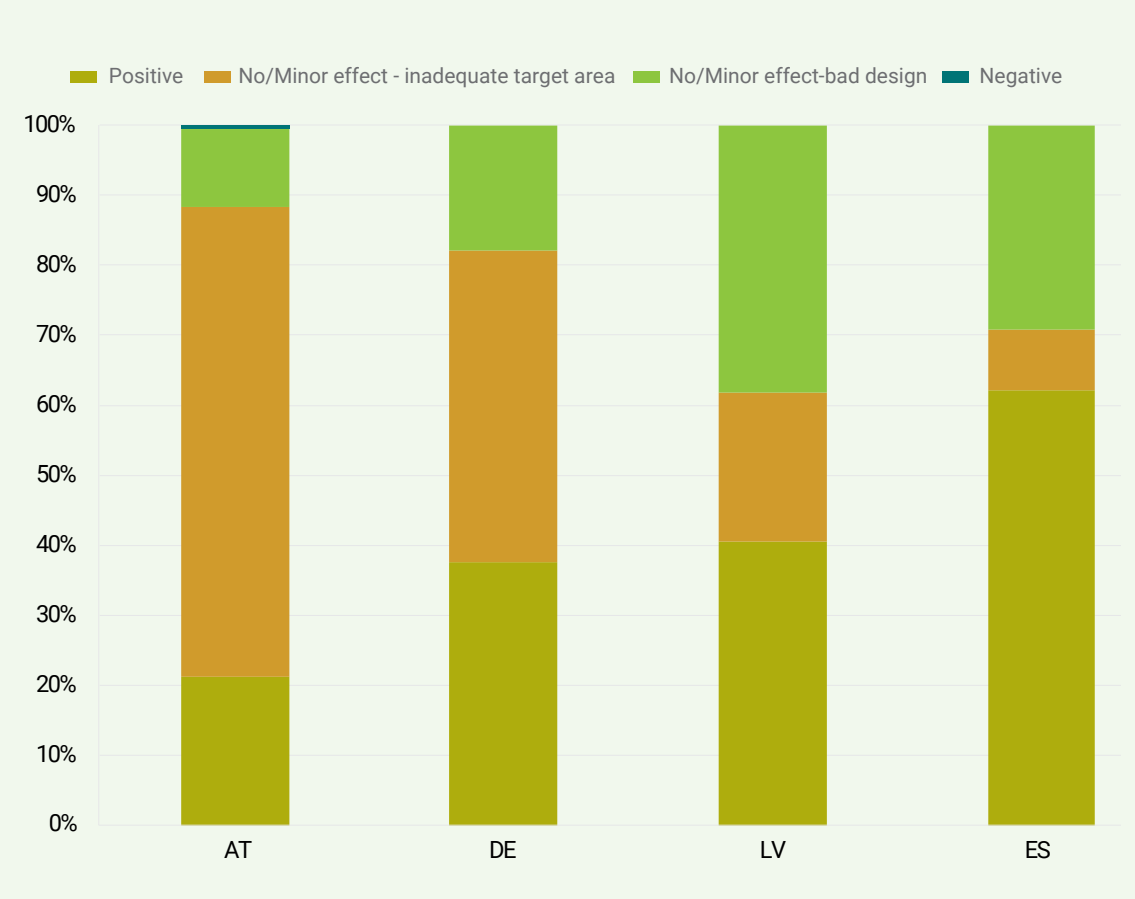


Note to the graph: *Vertical axis: Number of interventions planned for Strategic Objective 6 - Biodiversity; In the case of France, interventions for Corsica and Overseas Departments have not been included. For all countries, interventions related to sectoral support, cooperation and advisory have not been included.*

In all CAP Strategic Plans, with the exception of **Austria, Denmark**, Italy and **the Netherlands**, the interventions assessed as "likely to have a positive impact" constitute at least half of all proposed interventions under SO6. On the other hand, five CAP Strategic Plans contain one or two measures that were rated as having potentially negative effects.

All CAP Strategic Plans contain measures falling into the intermediate categories: "No/Minor effect - bad design" and "No/Minor effect - inadequate area". As illustrated by the graph 8 below covering four countries, intervention rated in these categories constitutes a significant proportion of the CSP's budgets allocated to objective SO6. Schemes in the "bad design" category are not ecologically worthwhile and/or establish low premium payments. Schemes with low premia are not attractive to farmers and therefore, sufficient uptake is unlikely. Accordingly, their contribution to SO6 will probably be minor. Schemes in the category "inadequate area" are well designed and have appropriate premium payments to incentivise farmers to adopt better practices, but have only been allocated a small overall budget, meaning that they will be implemented at too small a scale to make a difference.

Graph 8: Share of selected CSP budget allocated to intervention under SO6 - Biodiversity according to the qualitative assessment of its likely impact



In **Italy**, 28 biodiversity protection measures are supposed to contribute to the achievement of SO6. Of these, 11 were rated as positive, two as negative, eight as "bad design" and seven as "inadequate area". The last point is mainly due to the fact that in many cases the schemes are only activated in a limited number of regions, and thus not only is the overall area low, but some areas of Italy are almost completely without them. Thus, while on paper 28 schemes contribute to SO6, only 11 are likely to actually have a tangible positive impact. A similar picture, with a relatively large share of good schemes but an inadequate target area, emerges with regard to the CAP Strategic Plans from **Austria, Denmark, the Netherlands, Belgium-Wallonia, the Czech Republic, Germany** and **Poland**.

An AECM in **Slovakia** deserves a positive mention: it promotes the permanent conversion of arable land to grassland, aiming for the extensification of farming on some naturally wet areas in lowlands. The measure will be beneficial for Tawny pipit and other farmland birds associated with wetlands. **Ireland**'s CAP Strategic Plan also contains several promising measures to promote collaborative nature and species conservation amongst farms. One of them will scale up an already established European Innovation Partnership for Agriculture Productivity and Sustainability (EIP-AGRI) with proven biodiversity benefits, and target new areas for results-based actions. The only point of concern is the lack of funding, which should be increased to ensure this scheme reaches its maximum potential. Similarly, the conservation measure in **Austria** includes consulting farmers and very flexible, field-specific management requirements. This intervention has a large potential to maintain high nature value farming in areas of high ecological value. However, premiums would need to be higher to achieve any ecological improvements in intensively managed arable regions.

With regard to schemes supporting space for nature, a positive example represents a "top-up" of the whole-farm eco-scheme with a target of 7% in terms of reaching non-productive areas (land-

scape features, fallow, strips along water bodies) on arable land. This was added to the **Czech** CSP in the final stages of CSP preparation due to pressure from environmental NGOs and the EC. Other schemes missed their potential, such as the ecological networking eco-scheme contributing to the indicator R.34 in the Wallonian CAP Strategic Plan, which has no additionality because the target for landscape features is lower than what currently exists in the agriculture area (UAA) in **Wallonia**. Two **Italian** AECMs supporting the management of Natura 2000 areas and set-aside areas respectively are well-designed but only a single region has adopted the measure in its regional plan. The Spanish CAP Strategic Plan includes an eco-scheme to increase space for nature on arable land and permanent crops, with requirements for sustainable input management in irrigated areas. This is positive but lacks sufficient funding per hectare to be interesting in relation to the other eco-regimes, since they cannot be accumulable in the same field. Another negative example is an **Italian** eco-scheme for traditional olive groves which sets a lower ambition compared to the 2014-2022 CAP period and also supports intensive operations.

The interventions under SO6 also include investments related to biodiversity. These include some positive examples such as the improvement of ecological conditions of morphologically impaired small streams, banks and wetlands, the improvement of connectivity for fish in **Austria**, the restoration of grassland habitats in **Wallonia** or investments that promote land-use change and habitat restoration aiming to reduce agricultural intensity and to diversify land use in **Hungary** (see also the case study below). On the other hand, productive investments in the **Walloon** CAP Strategic Plan will result in no more than 15 farms benefiting from biodiversity-friendly investments. Another negative example is investments for upgrading animal husbandry infrastructure and irrigation under the **Cypriot** and **Spanish** CAP Strategic Plans. These do not benefit biodiversity, on the contrary, they are likely to cause harm.

Box 3

Agricultural desert, Hungary
Photo: Nagy

HUNGARY: Facilitating the land-use change of low-productivity arable lands

A well-known side-effect of area-based payment schemes is the forced intensive cultivation of low-productivity arable land and environmentally sensitive agroecosystems. This mismatch between agroecological conditions (drought and/or inland water sensitivity, risk of erosion and poor soil conditions) and land-use practices contributes to further erosion, the increased use of agro-chemicals and excessive GHG emissions. Using existing GIS data, BirdLife Hungary developed a methodology to delineate 'land-use change focus areas', accompanied by a set of management and regulatory recommendations to facilitate permanent land-use change. Recommendations were partially integrated in the new CAP Strategic Plan: some elements have been incorporated into conditionality and eco-schemes, but the most promising direction is support for the creation and also the long-term maintenance of non-productive investments of high ecological value.

Box 4

Extensively used meadows enhance biodiversity
Photo: Wiesław Król.

POLAND: Schemes important to nature not fully attractive to farmers

The status of farmland biodiversity in Poland is worsening. The main cause of this situation is the unfavourable conservation status of the majority of grassland habitats. This is also reflected in the negative trend of the Farmland Bird Index, which declined by 20% between 2000 and 2020. The most endangered groups of birds in Poland are waders, associated with wet meadows. Well-designed and adequately funded management schemes supporting extensive use are crucial for the protection of this valuable semi-natural habitat and its species. The Polish CAP Strategic Plan aims to cover 37% of Poland's permanent grasslands and pastures with this type of support through an AECM and an eco-scheme, with a budget of €523,305,672, representing ca. 2% of the total Polish CAP Strategic Plan budget.

It is positive that the scope of measures targeting the protection of endangered birds' breeding habitats, limited to Natura 2000 sites in the 2014-2022 period, will be extended to the whole country. As for support of Natura 2000 sites themselves – sadly, only slightly more than half of the area of habitats identified in the Prioritised Action Framework will be supported. Nevertheless, there is a big question mark to what extent the good schemes included in the Polish CAP Strategic Plan will be translated into action on the ground and benefit biodiversity – premia that are too low make the schemes unattractive to farmers. Also, in regions with high livestock populations, grasslands are being intensified as this is more profitable. In addition, lack of a landscape perspective of management and lack of educational and advisory activities limit the effectiveness of measures and farmers' interest in them.

Verdict

In conclusion, numerous measures have been declared to contribute to biodiversity protection. However, upon closer inspection, too many of these are unlikely to actually deliver. What emerges as a common thread is that some measures will even have negative effects and a significant number will fail to realise their potential because of insufficient funding or uncompetitive premia. Also, the experience of the current CAP shows the importance of good quality advisory and monitoring systems and national campaigns for increasing farmers' interest in biodiversity schemes. Much of the CAP's budget is therefore wasted. Rather than financing the needed improvements for biodiversity it will finance the status quo.

Wet meadow
Photo: Justyna Choroś

5.3. Grasslands

Grasslands are one of the habitats with extreme species richness in Europe. In terms of vascular plant species richness they even surpass tropical rainforests. 18.1% of Europe's endemic vascular plants are bound to grassland habitats. That is nearly twice as many as in forests.[43] Besides high densities of species richness, European grasslands are also associated with a rich genetic variability within plant species, host many threatened species and contribute to diverse landscape patterns.[44]

Over the past decades, grasslands became the most affected habitat in terms of extent and biodiversity in Europe and Eastern Asia.[45] Yet, the new CAP does not put in place the necessary measures to reverse this trend.

First, to meet GAEC 9 requirements, member states must designate environmentally sensitive grasslands in Natura 2000 areas and ensure their protection. However, the share of environmentally sensitive grasslands that are not protected may exceed 50% in some member states (for example, **Ireland** 96%, **Latvia**: 71%). In **Austria**, **Belgium** (Flanders and Wallonia), **Hungary, Italy, Spain** and **Sweden** significant areas of biodiversity rich grasslands are not protected as they are outside Natura 2000.

Second, although habitats are more likely to have a good conservation status if they belong to a Natura 2000 network, they may still be mismanaged, over-exploited or abandoned. Therefore, whether or not GAEC 9 will actually be successful is highly questionable. For instance, the newest Natura 2000 monitoring report for **Germany** showed that 18 *grassland habitats* are assessed as *unfavourable - bad*, 11 as *unfavourable - insufficient*, and only three as *favourable*. This is a further increase of the share of Natura 2000 grasslands under unfavourable conditions compared to the previous monitoring report.[46]

Third, interventions that address biodiversity in grasslands are often not suited for this purpose. Often, ecological requirements of habitats and species are not taken into account. For example, **Poland**'s AECMs include the explicit protection of valuable habitats and endangered species outside Natura 2000 areas, as well as the extensive use of meadows and pastures in Natura 2000 areas. While this protects habitats from being abandoned to some extent, it does not prevent the intensive use of such grasslands, and farmers may opt for intensification whenever profitable. A very prob-

43 Habel, et al., 2013, European grassland ecosystems: threatened hotspots of biodiversity.

44 Pärtel, 2005, Biodiversity in temperate European grasslands: origin and conservation.

45 IPBES, 2018, Summary for policymakers of the regional assessment report on biodiversity and ecosystem services for Europe and Central Asia.

46 BfN, 2020, Die Lage der Natur in Deutschland. Ergebnisse von EU-Vogelschutz- und FFH-Bericht.

Intensively managed grasslands have limited value for biodiversity -The Netherlands
Photo: Cees Witkamp

lematic AECM has been included in the **Austrian** CSP: the "haying schemes" is supposed to support management of grassland habitats, but it does not include any requirements related to biodiversity, and only mentions a small top-up for not using a particular damaging mowing technique.

Verdict

Biodiversity rich grasslands are not sufficiently protected by the CAP conditionality (GAEC 9), as in some countries only a share of grasslands in Natura 2000 have been designated as environmentally sensitive permanent grasslands. In other countries, valuable grasslands are not part of Natura 2000, so they are not protected either. The schemes that are supposed to support the sustainable management of grasslands are often problematic as they do not take the specific ecological needs of habitats and species into account or support intensification either.

Box 5

LATVIA: Protected grassland habitats destroyed due to insufficient support levels

The preliminary data from the "Nature Census" project confirms that 7% (4,201 ha) of the protected grassland habitats were destroyed between 2017 and 2021, with most of the areas ploughed up. This was despite the greening rules in the CAP 2014-2022 framework (protection of permanent grasslands, protection of environmentally sensitive permanent grasslands) that were supposed to protect grasslands and prevent their conversion. One of the problems was that organic farms were exempt from "greening", so the grasslands on organic farms could have been ploughed up legally. The other problem is that not all farmers managing grassland habitats apply for CAP subsidies, so there is no other legal way to prevent them from ploughing up their grasslands – 60% of grassland habitats are outside Natura 2000 areas, and only a minor part of the habitats in Natura 2000 territories is protected by national laws.

The Latvian Fund for Nature sees the insufficient support rates as one of the main reasons for habitat destruction and is afraid that the risk of losing grassland habitats will also remain in the new programming period, as there has been no significant increase in premia, despite the increased target area and additional national funding to cover this area. The rate between the "grassland habitat subsidy" and the "basic payment" has decreased from 7.11 in 2004 to as low as 1.36 or even 0.36 in 2022. This trend will continue in the future, as grassland habitats are not eligible for any of the eco-schemes. On the other hand, farmers on arable land can choose from several eco-schemes, which are not likely to result in any real change in farming practices, and represent income support.

6

SAVING OR SAPPING THE NATURAL FOUNDATIONS OF FOOD PRODUCTION

The Russian war in Ukraine has caused major shocks on global food and fertilisers markets, and led to a rise of opportunistic calls for delaying or even halting the implementation of the Green Deal's sustainability reforms in the agri-food sector in the name of "food security". Yet, as stressed by civil society[47], scientists[48], and politicians[49] alike, this crisis is yet another reminder of the crucial importance of ensuring the resilience of our food system. It in no way diminishes the pre-existent threats which climate change, biodiversity loss, and the erosion of our natural resources present to our ability to produce food. There can be no food security without a sustainable and resilient food system.

The EU must ensure that the resources our agriculture relies upon - healthy soils, clean water, and functional biodiversity - are preserved and restored. Not only for the sake of future generations, but even of our own, as environmental degradation[50] and climate change are worsening quickly[51] and already affecting agricultural production today. This chapter examines how the new CAP can be expected to address the existential threats to our ability to produce food, zooming in on soils, water, and pollinators, and touching on the question of our reliance on synthetic fertilisers and pesticides. These aspects fall mostly under the CAP's specific objective 5, which aims to "foster sustainable development and efficient management of natural resources such as water, soil and air, including by reducing chemical dependency."

HEALTHY SOILS

Fertile and healthy soils deliver essential ecosystem services, including the provision of food and feed, nutrient cycling, water regulations and purification, supporting all terrestrial biodiversity and mitigating climate change by carbon sequestration. Yet, destructive human activities are causing soils to suffer from sealing, erosion, compaction, pollution, salinisation and carbon loss worldwide - a trend which has been accelerated by the spread of intensive agricultural practices, deforestation, overgrazing and improper land-use changes and management.

Photo: BirdLife Europe

47 Joint open letter (2022) EU food supply and solidarity response to the war in Ukraine

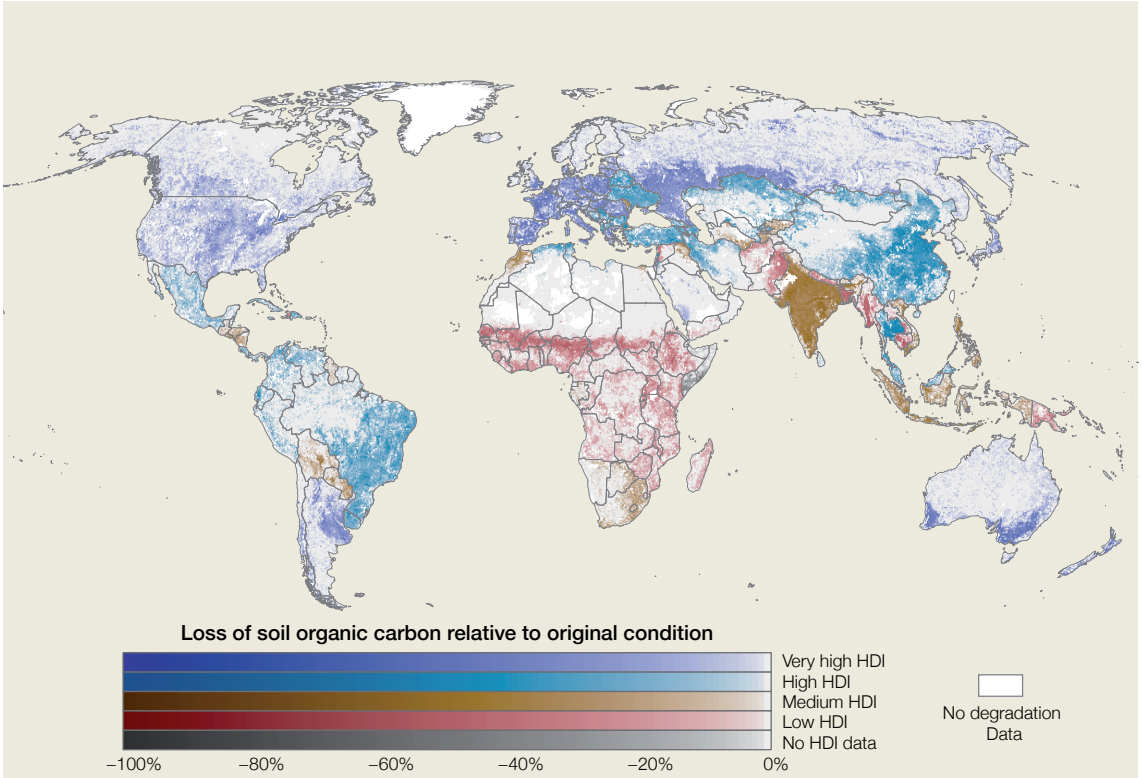
48 Pörtner, L. et al (2022) We need a food system transformation - in the face of the Ukraine war, now more than ever.

49 Remarks EVP Timmermans in the ENVI Committee

50 European Court of Auditors (2018) Special Report: Combating desertification in the EU: a growing threat in need of more action

51 Armada Bras, T. et al (2021) Severity of drought and heatwave crop losses tripled over the last five decades in Europe

Figure 2: Land degradation affects countries of all income levels and at all levels of human development.



Source: *IPBES, 2018, Summary for policymakers of the assessment report on land degradation and restoration of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.*

Land degradation, understood as a reduced ability for soils to deliver their normal functions, has already diminished the productivity of the global terrestrial area by 23%[52]. Land degradation is a global dynamic that affects all parts of the world, but the most degraded ones are observed in Western Europe and parts of Australia, as shown in the map above. This poses a serious threat to our future ability to produce nutritious food in each region of the world and impairs water security through a reduction in the reliability, quantity and quality of water flows.

Furthermore, the excessive use of synthetic fertilisers, pesticides and manure in agricultural settings, combined with ploughing and reduced crop diversity, negatively affect soil microbial functions and biochemical processes and ultimately damage soil fertility. As a consequence, farmers are forced to use ever more pesticides and fertilisers to keep yields constant, which locks them into a vicious cycle of dependency on external inputs[53].

The CAP remains the single largest funding mechanism available to date to support more sustainable soil management practices in the agricultural (and forestry) sectors. Besides the basic requirements established in conditionality, voluntary measures such as AECMs, eco-schemes and investment support are most relevant for the future of the EU's soil, and assessed in this section.

Conditionality

The new CAP includes three relevant GAECs for soil protection and quality:

- GAEC 5: Tillage management, reducing the risk of soil degradation and erosion, including consideration of the slope gradient;
- GAEC 6: Minimum soil cover to avoid bare soil in periods that are most sensitive;
- GAEC 7: Crop rotation in arable land, except for crops growing under water.

52 IPBES, 2018, Summary for policymakers of the assessment report on land degradation and restoration of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.

53 Foodwatch, 2022, Locked-in pesticides. The European Union's dependency on harmful pesticides and how to overcome it.

GAEC 5 is operationalised through at least one or more of the following conditions: limits on the dates of ploughing; requirements to establish green cover after ploughing; and limits on ploughing on sloped land. While around half of the assessed CAP strategic plans include no limits on the dates of ploughing under GAEC 5, some of the member states have defined sensitive periods when ploughing is prohibited, although in many cases the timespan is too narrow. For instance, both **Germany and France** only prohibit ploughing in areas threatened by water erosion (e.g. flooded or waterlogged soils) from 1 December to 15 February. **Sweden** prohibits ploughing in areas with more than 15% inclination to water from 15 September to 15 February. In **Ireland**, ploughing of grasslands is only prohibited between 16 October and 30 November and green cover must be ensured after the land is ploughed.

Limits on ploughing on sloped land based on the slope gradient also tend to be unsatisfactory. Only **Slovakia** applies restrictions for slopes below 10% (3%), yet the conditions are deemed too weak for soils prone to water erosion. **Austria, Cyprus, France, Italy,** and **Spain** have set standards on tillage management for slopes of 10% or higher, Poland 14%, and **Ireland** 20%. All are too high, as parcels with a substantially lower gradient can be at risk of soil erosion already. Additionally, derogations are sometimes included, as in **Spain** where exemptions for ploughing on steep slopes are allowed instead of making no-till farming (and without herbicides) obligatory. In **Italy**, GAEC 5 requirements have not improved compared to the previous CAP period and instead fail to impose measures for the lowland areas, increase the distance between furrows and introduce grassed strips, not as a standard but only as an alternative to water furrows (which in many situations are ineffective and more deleterious than beneficial).

Hungary and the Czech Republic seem to be more ambitious, as the former banned maize, sunflower and oilseed rape growing on slopes steeper than 12%, while the latter defined several erosion risk categories and allows farmers to implement a soil protection technology adapted to the crop, shape of the plot and location (e.g. underseeding, strip-till, etc). However, some of the technologies included are not effective enough and additional requirements are missing to ensure genuine soil protection. But overall, only **Germany** and **Wallonia** seem to provide strong enough protection through GAEC 5, through granular systems which match requirements with the level of erosion risk.

GAEC 6 leaves member states to define the "sensitive period" of application and the specific conditions of soil cover. Our analysis reveals that the majority of the member states or regions assessed have defined inadequately short time spans: **Austria and Wallonia** (15 September to 1 January), **Cyprus** (six weeks in the rainy season), **France** (2 months for arable crops in long intercropping) and Ireland (16 October to 30 November). **Hungary** defines "sensitive periods" as the periods after the summer and autumn harvests, excluding the winter months. Italy mandates soil cover from 15 September to 15 May, but only for at least 60 days (an incomprehensibly short period) and allows stubble as cover for some types of crops, which does not guarantee soil conservation.

Covering soil during sensitive periods is important for its health-
Photo: Tatiana Nemcova

GAEC 6 also tends to lack appropriate conditions to ensure that all land use types are adequately covered. In Flanders, stricter conditions only apply to parcels with the highest slopes, leaving most land weakly protected. In Latvia, requirements do not specifically call for living/green plant cover, meaning that herbicides may be used long before the next crop. Hungary lacks rules on permanent crop areas.To address these shortcomings, it appears that during the negotiation process, the EC asked all member states to add an additional safeguard requiring that 80% of non-winter crop land is covered between 15 September to 15 November. In Wallonia, this was deemed arbitrary and redundant, given the complex and differentiated plan proposed by the authorities.

However, a few countries have put in place requirements which experts judge will make a significant contribution to soil protection. In **the Czech Republic**, at least 80% of the standard arable land must be covered after harvest and until 31 October by sowing a winter crop or perennial forage crop, leaving the stubble of the harvested crop and not ploughing it in, or other practices. In **Denmark**, "sensitive periods" are differentiated based on soil type and crop, and minimum soil cover is required on 70%, 50%, 40% or 30% of the land depending on the region, starting after harvest and lasting until 1 October for heavy clay soils, 20 October for lighter clay soils and sandy soils, and 1 February for sandy soils. Germany requires a minimum soil cover on at least 80% of cropland (similar to **AT, BE-WAL, CZ, NL** and **PL**) and forbids fruit tree cultures and vineyards from removing existing vegetation between the rows between mid-November and mid-January on 100% of the area. An additional special provision to protect birds is highly welcome: cropland and grassland not used for production must be greened (self-greening or seeding) and mowing is prohibited between 1 April -15 August.

GAEC 7 requires crop rotation, except in regions where "farming methods and agro-climatic conditions" justify crop diversification instead. It also defines crop rotation very weakly, as "a change of crop at least once a year at parcel level [...], including the appropriately managed secondary crops". Of the 17 assessed countries, nine member states plan to implement GAEC 7 as crop rotation only, while the other eight member states propose combining practices on crop rotation and crop diversification under this GAEC (see table below). However, all except **Denmark** have chosen to apply the derogation from GAEC 7 allowed by the EC for 2023. Suspending this environmental obligation is intended to help farmers ramp up production in the short term, but will likely have detrimental long-term effects on soil health and biodiversity protection.

GAEC 7 implemented as crop rotation only	GAEC 7 implemented as both crop rotation and diversification
BE-FL, CZ, DK, FR, DE, IT, LV, SK, SE	**AT, BE-WAL, CY, HU, IE, NL, PL, ES**

Assessed CSPs define crop rotation and crop diversification practices in a diversity of ways. A recurrent approach is to oblige the rotation of the main crop annually on a certain percentage of arable land, e.g., in **Austria** on 30% of arable land; in **Germany and Sweden** on at least 33%; in **Wallonia, France and Latvia** on at least 35% and in **the Czech Republic** and **Poland** on at least 40%. **Ireland** defines crop rotation as a rotation of either primary or secondary crops (catch crops) on a 4-year cycle at parcel and holding level, meaning that by the 4th year, there must have been a change of the main crop in each parcel of the holding (excluding secondary crops).

In most cases, crop diversification is defined following the old greening rules:

- 10 to 30 ha of arable land: at least two arable crops must be grown and the main crop must not be more than 70-75% of the arable land.
- > 30 ha of arable land: at least three arable crops must be grown and the main crop must not be more than 65-75% and the two main crops together not more than 90-95% of the arable land.

Yet, this approach has been criticised by scientists as completely missing the point of "diversification", which is only beneficial to biodiversity if it involves a higher diversity of crops in a given landscape and smaller parcels.

Only experts in **Austria, Hungary** and **Poland** were positive about the potential of GAEC 7 to provide significant improvements. The majority of countries consider the rules on crop rotation and diversification to be too weak, with the numerous exemptions included in the legislation weakening them further. In **Wallonia**, for instance, experts deem GAEC 7 useless because it still allows for corn monocropping (as long as a cover crop is planted between each harvest), while in **Cyprus**, too many exceptions make the rule ineffective. In **France** and **Spain**, our experts deemed that the crop rotation rule still does not comply with the regulation; in the former because it applies only to 35% of the land and does not guarantee a change of crop year by year; in the latter because it only requires a change of crop after three years. Moreover, summer and winter varieties of the same genus should be considered as the same crop, not as different crops.

Eco-schemes & AECMs

A wide range of practices can slow and ultimately reverse soil degradation, such as no or limited tillage, reduced and balanced use of fertilisers (synthetic and organic), use of compost, and long and diverse crop rotations with nitrogen-fixing crops, which can bring back and enhance a diverse micro and meso soil fauna - in sum, agroecological practices. Several meta-analyses and reviews conclude that agroecological practices have positive outcomes on food security through improved nutritional content and stronger resilience and stability against climate disturbances.[54] However, these measures need to be implemented in conjunction, as part of a holistic approach to truly deliver. Instead, in most CSPs, we observe that these measures tend to be proposed on their own, scattered in schemes tackling only one part of the problem.

98 voluntary measures were assessed, including 60 eco-schemes and 38 AECMS. As many as 43 eco-schemes and AECMs were deemed by our national experts to be likely to have no or only a minor impact on soil health, and in some cases even potentially a negative impact. Barely more (55) were judged likely to improve soil quality. While this does not give a complete picture without information about the budget attached to the different categories, it does give a rather bleak picture of the ambition of CSPs with regards to protecting soils.

Among the schemes likely to have positive impact on soil health, an AECM in **the Czech Republic** supports the use of intercrops to improve soil structure and soil consolidation, with a ban on fertilisers and plant protection products in the area with intercrops, and no chemical or mechanical treatment during the growth of the crops. The same requirements apply to crops used to avoid soil compaction, with only the seed mixture differing. The **Hungarian** CSP has planned two measures under investment interventions that enable farmers to initiate a systematic shift of practices, which would not only have a positive effect on soil quality and erosion but also on carbon sequestration, biodiversity, pollination, pest and disease control and water retention. The first measure provides payment to encourage agroecological land-use change and the other is dedicated to non-productive agroecological investments.

Unfortunately, ambitious schemes are not found in every CSP and many measures are unlikely to significantly improve soil health, or could even lead to negative trade-offs. Examples are schemes promoting zero or minimum tillage (**ES, IT, LV**) or the use of organic fertiliser (**IT**). While these techniques can be beneficial as part of a more holistic package of agroecological practices, on their own they are unlikely to deliver substantial benefits. Further, the lack of safeguards could lead to perverse effects such as a higher use of chemical weed control or excessive manure applications. In many other cases, measures are well designed but are not allocated an adequate budget, as for example a French AECM for soil quality and soil protection This is a good measure but offers low payment as it only narrowly compensates for costs incurred and income foregone, which is not competitive with business as usual.

54 Liquete et al., 2022, Scientific evidence showing the impacts of nature restoration actions on food productivity

Other CAP measures

While this report does not provide a comprehensive assessment of other CAP measures, it is worth noting that many other interventions are likely to impact soil health - positively or negatively. For example, investment support can be highly beneficial if it supports non-productive investments in agroforestry (as proposed in **Poland**) or agroecology (**HU)**; but has also been highlighted by soil experts as potentially negative, for example when supporting the purchase of heavy machinery. In **Wallonia**, investment support for heavy machinery was called into doubt by our national expert as carrying a substantial risk of causing or worsening soil compaction, while it could even benefit from 5% extra support if it is deemed to contribute to "green objectives" (including no-till and precision farming equipment for example).

Income support payments are also highly relevant. Some national experts expressed strong criticism of BISS in the context of soil health (e.g. **HU**), as it contributes to maintaining (intensive) agriculture irrespective of soil conditions, which can have negative impacts on soil structure and quality. CIS also has a mixed track record: support for protein crops tends to be deemed positive for soil health when it concerns nitrogen-fixing crops (e.g. **BE-WAL**), but on the other hand strongly risks incentivising a simple switch from one intensive crop to another, without tackling the environmental issues linked with intensive land use. Soy may be a nitrogen-fixing crop, but its intensive production causes major soil degradation in South America[55]; it would be unwise to replicate this unsustainable production model in Europe.

Verdict

This analysis shows that with a few exceptions on specific GAECs or voluntary schemes, the overall picture is one of low ambition which will likely lead to the continuation of the status quo in most of Europe. While the new crop rotation rule is often mentioned as an example of the "enhanced conditionality" and higher ambition of the CAP, its implementation by member states risks rendering the rule meaningless. The other two baseline requirements for soil protection - soil cover and tillage management - are also operationalised very weakly. Overall, the value of conditionality is massively undermined by derogations, exemptions and loosely defined rules.

With such a low baseline, many voluntary measures also direly lack ambition. Nearly half of supposed green measures (eco-schemes and AECMs) are not expected to deliver any substantial benefit for soil health. Even if the rest do deliver improvements, the prevailing fragmented approach will not be sufficient to counter decades of continuous soil degradation in intensive systems, nor the continued harmful impact of many economic subsidies.

WATER

Agriculture essentially depends on the availability of water. Extreme weather events related to climate change such as floods and droughts, as well as changes in mean temperatures and precipitation, are already influencing the ability to produce food in Europe and this is likely to be intensified. The extreme droughts that Europe experienced in 2022 which stretched from May to October 2022 caused substantial yield reduction, especially of the main summer crops. According to the August 2022 edition of the JRC MARS Bulletin on Crop Monitoring in Europe, the EU yield forecasts for grain maize, soybean, and sunflowers are the most affected, with reductions (with respect to the last five years average) estimated to be, respectively: -16%, -15%, -12%[56]. It is essential that public policies support farmers to transition from "water-thirsty and water-wasting" systems to sustainable water use and resilient cropping systems. Enhancing the water retention capacity of soils and adopting nature-based climate adaptation solutions (e.g. agroforestry or wetlands restoration) is also crucial.

The CAP 2014-2022 offered tools to improve sustainable water use, such as water retention measures, wastewater treatment equipment and projects improving the efficiency of irrigation systems. However, these options have not brought about positive results on the ground. In its special report

55 Goñi, U. (2018) When nature says 'Enough!': the river that appeared overnight in Argentina

20/2021 on sustainable water use in agriculture[57], the European Court of Auditors found that "*these are less common than projects likely to increase the pressure on water resources, such as new irrigation projects.*" The auditors also found that systems for authorising water abstraction and water pricing mechanisms contain many exemptions for agricultural water use, and too few CAP schemes link payments to strong sustainable water use requirements.

The new CAP names the sustainable management of natural resources, including water, as one of its specific objectives and offers several tools relevant for water management. These include AECMs, investments contributing to environmental objectives, but also investments for irrigation (article 74). Other instruments, such as coupled support, can also impact water use, for example when provided for water-thirsty crops. Hence, while there are instruments available to solve water pressure, other measures risk further exacerbating unsustainable water use despite the safeguards built into the CAP regulation, such as minimum water saving, no negative effect on water bodies in case of investment in irrigation, and the required compliance with the Water Framework Directive for both interventions. See for example a case study from Spain below.

Targets on result indicators

Result indicator 23 (R.23) on sustainable water use gives an indication of member states' ambition in this area. From 17 analysed CSPs, only 10 (CZ, CY, FR, DE, HU, IT, NE, PL) include this indicator under the relevant specific objective (SO5). The value, which reflects the share of utilised agricultural area under supported commitments to improve water balance, ranges from **0.11% for the Netherlands to 2.19% for Hungary, to 25.58% for Poland**. However, judging the real ambition behind these targets is difficult without a thorough analysis of the schemes counting towards these figures, which would provide information on the quality of the measures

Voluntary measures

Italy has put in place an AECM supporting sustainable water use, but this is likely to have a minor impact as it does not include any real obligations to change the farm system. France has introduced a complex AECM encouraging farmers to implement practices with a positive effect both on water quality (lower use of phytosanitary products, fertilisation management, soil cover, crop diversification, low-impact crops in rotations) and water quantity (reduced irrigations). While it appears positive, its impact will depend on how it is implemented regionally.

Cyprus and **Flanders** support investment in water re-use and more efficient irrigation systems, which should have a positive impact on water use. **Spain** also plans to invest in the modernisation and improvement of irrigation to increase sustainability by an improved capacity for the regulation, storage and control of irrigation water, the use of reclaimed waters, installations to improve measurement as well as control systems. It is unclear to what extent these technological solutions might help to address the enormous problem with water scarcity in Spain or potentially worsen it, especially in the absence of strong safeguards.

Some member states also support measures aiming to retain water on agricultural land, such as an eco-scheme for the retention of water on permanent grasslands in **Poland** or an AECM aiming to retain temporary wetlands in **Hungary**. On a positive note, **Sweden** will support investments in building irrigation ponds, which are intended to collect water during wet seasons and use it during the growing season. They are also meant to protect groundwater and excessive use from watercourses. **Slovakia** will also support the building of water retention measures outside farms. **Flanders** will support farmers in transforming simple drainage systems to controlled systems. This measure is likely to have a limited impact though, unless the water management of larger areas (polder) is adapted.

Pond-building and the revitalisation of water courses and storage water reservoirs, amongst other things, are part of complex and comprehensive land consolidation schemes planned in **the Czech Republic.**

56 Toreti et al., 2022, Drought in Europe, GDO Analytical Report, European Commission

57 European Court of Auditors, 2021, Special Report 20/2021,Sustainable water use in agriculture

Various schemes (both eco-schemes and AECMs) aiming to improve soil health (PL, HU, CZ, SK) are likely to have some positive impact with regards to enhancing the water retention capacity of soils.

New irrigations are planned in **Austria, Cyprus, Hungary, Slovakia** and **Spain**. Safeguards have been included to comply with the provisions in line with the CAP regulation. The level of ambition on required saving differs amongst countries. **Austria**, for example, requires 15% water saving but **Spain** only 7% in "potential savings", as opposed to effective savings. This distinction between potential and effective savings has proven crucial, as in the past, theoretical savings have largely failed to materialise (see the case study below).

Verdict

Member states have put in place various measures that aim to support sustainable water use and to enhance land water retention capacity. However, those measures are unlikely to bring about the radical change we need in the way we use and manage water resources. Support for building new irrigation systems continues, even in countries which already suffer from seriously depleted aquifers, such as Spain. Most CSPs include safeguards, but there are concerns that these will only remain on paper.

Dry Marshland in Doñana
Photo: SEO_BirdLife

Intensive strawberry crops near Doñana
Photo: SEO_BirdLife

Box 6

SPAIN: The false water saving of the modernisation of irrigation with environmental objectives

In Spain, 80% of water is consumed by irrigated agriculture, the surface of which has not stopped increasing in recent decades, while 44% of water bodies are in poor condition (25% due to overexploitation and 35% due to contamination). The new CSP, like the previous ones, has a line of "aid for investments in irrigation infrastructure with environmental objectives" requiring at least 7% of potential water savings. Additionally, in water bodies with a poor quantitative status, an actual reduction in consumption of at least 50% of potential savings will now be required at the scale of the investment.

In theory, modernising irrigation systems reduces water inputs and increases the efficiency of irrigation (the "potential savings"). However, these investments often lead to further intensification through the planting of more water-demanding crops and/or a doubling of harvesting. As a consequence, they actually increase water use and reduce the water returned to nature, which translates into a negative water balance for the hydrographic basin. Therefore, the new requirement for an actual saving of 50% of potential savings will not prevent an overall increase in water consumption and a greater water deficit.

Under these conditions, this CAP aid does not contribute to good water status and should not be financed by public funds, and certainly not labelled as having an environmental purpose. Such investments must be considered as an increase in pressure due to extraction according to the article 4.7 of the Water Framework Directive.

Alcon Blue (*Phengaris alcon*)
Photo: Aleksandra Pępkowska-Król

POLLINATORS

The annual market value of global crop production depending on animal pollination is estimated to be up to 524 billion euros[58,59]. Scientists show that 15 to 30% of global food production is fertilised by pollinators, including honey bees, birds, and bats. In Europe alone, 84% of crop species and nearly 4,000 vegetable species are pollinated by bees[60]. While the volume of agricultural production depending on animal pollination is ever-increasing[61], global pollinator populations are dwindling at an alarming rate. Major drivers of this decline include climate change, misuse of chemicals, diseases, and monocultures. For instance, according to the IUCN Red List of Threatened Species, 37% of all hoverfly species, an essential pollinator group in Europe, are threatened[62].

Non-productive elements such as fallow land or flower strips are important features on agricultural landscapes with a view to maintaining and restoring biodiversity. Under GAEC 8, member states were supposed to ensure a minimum share of space for nature on farms. The assessment in section 5 shows, however, that exemptions and accounting tricks, combined with percentages set as low as 3 or 4% of arable land area, mean GAEC 8 is unlikely to make a difference for biodiversity. Limiting GAEC 8 to arable land excludes large areas of grassland that host substantial shares of biodiversity including pollinators.

Only a few AECMs and eco-schemes address the issue around pollinators directly or indirectly and are assessed as well designed. This includes, for example, support for organic farming (e.g. **DK, HU, PL**), reduction of herbicides and pesticides (e.g. **AT, BE-WAL**), or the payment per beehive for organic beekeeping (**CY**). The latter can actually be counterproductive for biodiversity as there is evidence that domestic bees compete with wild pollinators and hence aggravate their decline[63]. **The Czech Republic** has introduced several schemes specifically aimed at pollinators: an eco-scheme supporting fallow land for pollinators and an AECM called “pollinator biobelts” which supports strips of plant mixture beneficial for pollinators. Further, several more general measures include provisions for pollinators, for example an AECM for the protection of Lapwings and an AECM for delayed mowing.

Verdict

There are several promising schemes for pollinators, but they are few and far between and many voluntary measures to support biodiversity-rich features and areas are underfunded. As is concluded in section 5 on biodiversity, the big picture shows a lack of urgency and ambition, which means that pollinators will most likely continue on a declining trend until at least 2027.

58 European Court of Auditors, 2021, Special Report 20/2021, Sustainable water use in agriculture.
59 IUCN, 2022, Long-term sustainability of food systems at stake
60 Nath et al., 2022, Insect pollinators decline: an emerging concern of Anthropocene epoch
61 Peixoto et al., 2022, The Significance of Pollination for Global Food Production and the Guarantee of Nutritional Security: A Literature Review
62 IUCN, 2022, Over one third of hoverflies threatened with extinction in Europe - IUCN Red List.
63 Valildo et al, 2019. Honeybees disrupt the structure and functionality of plant-pollinator networks

SYNTHETIC PESTICIDES AND FERTILISERS

The intensive use of synthetic fertilisers and pesticides in conventional agriculture is not only a major contributor to harmful impacts on biodiversity, the climate and the wider environment, but also exposes farmers to volatile markets and supply chain disruptions. The increasingly unstable geopolitical landscape and severe shocks to global supply chains experienced in recent years point to the need to secure the EU's strategic autonomy in the energy and agri-food sectors. In the latter, this requires moving away from the high-input model of agriculture, which relies on global supply chains for feed, fertilisers, and other raw materials, and supporting a transition to agroecology.

While this report does not analyse the extent to which final CSPs deliver or do not deliver[64] on this issue, previous analyses of draft CSPs by the EEB and BirdLife Europe have highlighted a dire lack of action on cutting synthetic fertiliser and pesticide use.

An assessment of draft eco-schemes from November 2021 found that of the 21 assessed CSPs, only 13 had at least one qualitative eco-scheme aimed at reducing fertiliser use, and six at reducing pesticide use. Indeed, the majority (56%) of the 38 draft eco-schemes aimed at fertiliser and nutrient management were rated poorly by national experts as they tended to promote techno-fixes and to lack clear limits on fertiliser use or benchmarks to ensure more efficient nutrient use. The assessment was similarly negative for the mere 14 draft eco-schemes targeting a reduction in pesticides, with only half rated positively by national experts.

A subsequent in-depth analysis of eight CSPs focusing on pesticide reduction[65] concluded that the assessed draft CSPs did not sufficiently pursue pesticide use reduction on European farms, with relevant conditionality requirements implemented too weakly by member states, and serious reduction targets and timetables missing in the plans. Eco-schemes and Pillar 2 measures in the eight draft plans were not fit to ensure a shift to agroecological practices or the good implementation of integrated pest management, as required by EU law, in order to lower pesticide use.

Measures to boost organic farming can also help the EU reduce its dependency on synthetic inputs. However, assessments by IFOAM Organics Europe found that the ambition of draft CSPs fell short of the Green Deal's 25% organic land target: achieving this target requires tripling the organic land area between 2019 and 2030, which IFOAM estimates[66] would require a three to fivefold increase in CAP expenditure on organic farming. Yet, in November 2021, IFOAM concluded[67] that national measures and budgets to support organic farming are insufficient to significantly develop organic land in many countries. National targets do not add up to the EU's Green Deal target, and in any case, in most countries, the funding allocated to organic farming is insufficient to reach national targets.

Verdict

These assessments were based on draft plans and some improvements may have been made through the 'structured dialogue' between the EC and member states during the approval process. However, the limited improvements observed in other areas and the scale of the shortcomings identified in draft plans with regards to reducing input use make it highly unlikely that the final plans would be significantly more ambitious. In other words, CAP plans appear well off the mark of the Farm to Fork Strategy's targets for halving pesticide use and reducing fertiliser use by 20%. This means that European food production will remain dependent on external inputs and vulnerable to price hikes and supply disruptions.

64 BirdLife et al., 2021, Will CAP eco-schemes be worth their name?

65 EEB, 2022, Pesticides in the new CAP: business as usual puts nature and human health at risk

66 IFOAM, 2021, Prospects & developments for organic farming in national CAP Strategic Plans

67 IFOAM, 2021, THE AMBITION GAP Assessing organic farming support measures in current draft national CAP Strategic Plans for the Common Agricultural Policy 2023-2027

Box 7

GERMANY: Eco-scheme supporting pesticides-free farming

The use of pesticides is seen as standard practice despite its negative impacts, especially on soil health, water, and pollinators. Sales of active substances in Germany have remained constant at a high level over the last 40 years. An eco-scheme in Germany's CSP could have a positive impact in this regard. It will prohibit the application of chemical-synthetic pesticides on legumes, corn, summer cereals, summer canola, vegetables, sugar beet and potatoes between January and harvest, at least until 31 August. Moreover, applications of pesticides for permanent crops will not be allowed from 1 January until 15 November. To further increase the effectiveness of the eco-scheme, its scope should be extended to winter cereals. With a premium of 130-169€ (in the first year), its competitiveness remains unclear and will depend i.a. on the time of sowing, the crops planted and the soil quality. The uptake is therefore likely to vary among different regions. The income forgone will probably be higher than the eco-scheme payment where pesticides use is high.

7

CONCLUSIONS AND RECOMMENDATIONS

This analysis of 17 CAP Strategic Plans shows that the last CAP reform falls short of the promises made to citizens. Some CSPs will have greater environmental and climate ambition compared to the previous CAP, and eco-schemes are likely to be an improvement compared to greening, but the overall picture is rather grim. A large proportion of CSPs budgets are still going to untargeted payments and even to harmful subsidies.

On average, a third of CSPs budgets have a green label, but a closer look reveals that they are often spent on interventions with limited added value or in the worst cases, even undermine climate and environmental objectives. Many good schemes exist, but they are often underfunded or not deployed on the scale that would trigger systematic change in how farming manages natural resources and treats ecosystems.

There is very little hope that failures of previous CAP which have been well documented in various authoritative reports (see introduction) will be adequately addressed by this new CAP. This CAP will not be the tool driving the transformation of the food and farming systems towards sustainability. This is bad news for taxpayers, wider society, and first and foremost, farmers.

Some improvements can still be achieved during the implementation phase and through amendments to CSPs, and we put forward some recommendations in that regard. Furthermore, as discussions about the future agricultural policy (post-2027) are starting, we also put forward some key principles for the future policy. These are based on the lessons we have learnt throughout these past four years of political and technical negotiations on the framework of the new CAP, and then on its national implementation. To avoid stumbling upon the same stone yet another time, deep changes are needed both in the design of the policy and in its governance.

"This analysis of 17 CAP Strategic Plans shows that the last CAP reform falls short of the promises made to citizens.(...) A large proportion of CSPs budgets are still going to untargeted payments and even to harmful subsidies."

Recommendations for a better policy

For this CAP, throughout its implementation, member states should:

- Scale up well-designed and effective interventions that are likely to contribute to climate and environmental objectives by ensuring that they are competitive (attractive premia), and allocating a growing share of their total envelope to such schemes;
- Put in place interventions that will support the transition of the livestock sector and lead to a significant reduction in animal numbers, firstly in the areas with most intensive livestock rearing;
- Design the selection process for voluntary schemes and investment support (selection criteria and point systems) to ensure the highest environmental and climate delivery;
- Ensure that their advisory services are well-funded, independent, and well-trained to truly encourage and support farmers in joining commitments leading to high environmental and climate delivery;
- Put in place systematic and adequately funded monitoring of the effectiveness of the interventions, and feed their outcomes into the process of improving the design of the schemes throughout the CSP implementation. Scientists and NGOs should be effectively involved.

For this CAP, throughout its implementation, the European Commission should:

- Require member states to amend their CAP Strategic Plans where these are obviously inadequate and when revised EU legislation listed in Annex XIII enters into force, as per article 120 of the CAP regulation;
- Amend the CAP Strategic Plans regulation when relevant new legislation is adopted, to include it in Annex XIII;
- Monitor the actual implementation closely to identify shortcomings of the CSPs early on and take prompt action to rectify them, to avoid undermining the achievement of the EU's and the global 2030 targets;
- Step up the enforcement of existing environmental and climate legislation, and bring the CAP into compliance with it;
- Put forward guidance for the implementation, control, and enforcement of Statutory Management Requirements, with a view to enhancing the delivery of this mechanism for the environment and climate;
- Ensure that any data related to CAP implementation are made available to scientists and civic society organisations, allowing for independent assessments.

In its proposal for the post-2027 CAP, the European Commission should:

- Phase out all non-targeted subsidies (decoupled income support payments) and subsidies that support intensive systems (coupled income support);
- Redirect funding to reward land stewardship that genuinely contributes to climate-neutral and biodiversity-positive farming, and to support extensive High Nature Value (HNV) systems;
- Establish a robust performance framework which ties funding to the delivery of concrete results and creates strong accountability, public participation, and scrutiny mechanisms;
- Ensure full compliance and integration with relevant existing EU legislation on environment and climate (including the Nature Restoration Law and Sustainable Use of Pesticides Regulation) as well as with the forthcoming Framework law for the sustainable food systems;
- Set a new system of governance in which the CAP is embedded in an overarching framework which addresses the food and farming system holistically.

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