

# aquacross



## Common Agricultural Policy

### Policy Review



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## Common Agricultural Policy

### Policy Review

#### Name/Type of the Legal Act or Policy

The Common Agricultural Policy (CAP) is built around two pillars: Pillar 1 includes the direct farm payments and market mechanisms whereas Pillar 2 is the rural development policy. The CAP is implemented in 7-year policy cycles, with the framework for the 2014 – 2020 period defined by four basic legislative acts (regulations):

- ▶ Rural Development: Regulation 1305/2013
- ▶ "Horizontal" issues such as financing, management and controls: Regulation 1306/2013
- ▶ Direct payments for farmers: Regulation 1307/2013
- ▶ Market measures: Regulation 1308/2013

In addition, the Regulation 1310/2013 lays down certain transitional provisions as regards the application of the four basic regulations in the year 2014. Beyond these, a number of other aspects form part of the CAP, each regulated in different ways (for example, there is a separate Regulation on organic farming, rules governing quality standards).

The CAP funding is fixed at maximum level for the 7 year period. Whereas the market mechanisms and direct payments (Pillar 1) are funded by EU budget alone, the rural development policy is implemented by multiannual programming and co-financed by Member States. The rules are set at EU level, but for the current programming period significant flexibility is built into the system so that the implementation can differ substantially across the Member States.

Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005 (hereinafter EAFRD Regulation).

Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009, Article 43. (hereafter the Horizontal Regulation)

Direct Payments: Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008. (Hereafter Direct Payments Regulation)

Common market organisation: Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007. (hereafter CMO Regulation)

Regulation (EU) No 1310/2013 of the European Parliament and of the Council of 17 December 2013 laying down certain transitional provisions on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), amending Regulation (EU) No 1305/2013 of the European Parliament and of the Council as regards resources and their distribution in respect of the year 2014 and amending Council Regulation (EC) No 73/2009 and Regulations (EU) No 1307/2013, (EU) No 1306/2013 and (EU) No 1308/2013 of the European Parliament and of the Council as regards their application in the year 2014.

Pillar 1 is defined by the Direct Payments and Market Measures Regulations, whereas the EAFRD Regulation defines the Pillar The Horizontal Regulation applies to both pillars. Since regulation 1310/2013 is about transitional provisions between 2007–2013 and 2014 – 2020 period, it is not dealt with in this template.

### Entry into force

The European Agricultural Guidance and Guarantee Fund (EAGGF), originally adopted in 1964, was replaced by the European Agricultural Fund for Rural Development (EAFRD) and the European Agricultural Guarantee Fund (EAGF) in 2007 as the funding mechanisms of the CAP. As mentioned above, the CAP is governed in 7-year programming cycles. The overall structure can, however, be adjusted also through mid-term reviews within these cycles as, for example, was the case with the Health Check in 2008. The CAP has gone through major reforms over the years. The last programming cycle was delayed due to the co-decision process, i.e. the inter-institutional negotiations between the Council and European Parliament on various aspects of the CAP reform proposal submitted by the European Commission.

### Departments/Units in charge

CAP at EU level is managed by a wide range of departments at DG Agriculture, each responsible for different aspects of the policy (see Organogram [http://ec.europa.eu/dgs/agriculture/who-is-who/org\\_en.pdf](http://ec.europa.eu/dgs/agriculture/who-is-who/org_en.pdf)). The most relevant for this project are Directorates F, G, and H (on rural development), and Directorate D (direct payments).

The key units are:

- ▶ H1 Consistency of rural development (HoU Martin Scheele)
- ▶ H4 Environment, forestry and climate change (HoU Mauro Poinelli)
- ▶ D2. Greening, cross-compliance and POSEI (HoU Richard Etievant)
- ▶ The project officers we have had contact with in the past (primarily through the DG Climate Action contracts) are Andreas Gumbert who is climate policy officer in H4, and Herwig Renner who is part of the climate negotiations team for DG Agriculture. We don't have previous contacts with biodiversity officers. If you would like to contact these officers, please check with Ana first to make sure we are not duplicating contacts at the same time. These are important units for us and we would like to manage the contacts well.

### Common Implementation strategy (CIS processes)

Are there any Working Groups at EU level involved in the implementation of the act or policy? Please name them and briefly introduce the core role of the group.

Committees: DG Agriculture works with various committees (17 in total), made up of MS representatives, which are established to guide the implementation of the CAP. They cover the different key aspects of CAP, and include for example:

- Rural Development Committee<sup>1</sup>
- Committee for direct payments<sup>2</sup>
- Regulatory Committee for the Common Organisation of Agricultural Markets<sup>3</sup>
- Management Committee for the Common Organisation of Agricultural Markets

In addition, formal expert groups are also established by DG Agriculture which have the function of: assisting the COM in preparing legislation, or in policy definition, coordinating with MS and exchanging views, monitoring development of policies and enforcement of legislation, preparation of delegated act, and providing expertise before COM submits drafts to a comitology committee. The following DG Agriculture expert groups are active at present<sup>4</sup>:

- E02260 Expert group EU School Fruit Scheme
- E02730 Expert Group for Agricultural Markets, in particular concerning aspects falling under the single CMO Regulation
- E02731 Expert Group for Direct Payments
- E02734 Expert Group for Horizontal Questions concerning the CAP
- E02789 Expert group for monitoring and evaluating the CAP
- E02732 Expert Group for Rural Development
- E02733 Expert Group for sustainability and quality of agriculture and rural development

DG Environment oversees the following expert groups:

Correspondence agriculture / environment (“informal communication between DG ENV and Member States on the whole range of issues relating to environment and agriculture, with a view to furthering environmental integration into agricultural policy”). Minutes are available online.<sup>5</sup>

Expert group on the implementation of the nitrates Directive (E03023): “The expert group for the implementation of the nitrates directive provides an informal forum of discussion between DG ENV and the Member States on technical aspects linked to the implementation

<sup>1</sup> [http://ec.europa.eu/agriculture/committees/rural-development\\_en.htm](http://ec.europa.eu/agriculture/committees/rural-development_en.htm)

<sup>2</sup> [http://ec.europa.eu/agriculture/committees/direct-payments\\_en.htm](http://ec.europa.eu/agriculture/committees/direct-payments_en.htm)

<sup>3</sup> [http://ec.europa.eu/agriculture/committees/cmo-regulatory\\_en.htm](http://ec.europa.eu/agriculture/committees/cmo-regulatory_en.htm)

<sup>4</sup> Can be found by searching:

<http://ec.europa.eu/transparency/regexpert/index.cfm?do=search.search&searchType=advanced&page=search&resetValues=1>

<sup>5</sup> <http://ec.europa.eu/environment/agriculture/index.htm>

of the nitrates directive and nutrients policy. Other Commission services, institutions and stakeholders may be associated to the work of the group on an ad-hoc basis. The group is created following the Lisbon treaty as a mean to continue the work in this area undertaken in the past by the Nitrates Committee.” [env-nitrates@ec.europa.eu](mailto:env-nitrates@ec.europa.eu)

Civil dialogue groups meet regularly, providing a dialogue forum for different aspects of the CAP implementation – they are stakeholder groups. The role of CDGs is to<sup>6</sup>:

- ▶ to hold a regular dialogue on all matters relating to the common agricultural policy, including rural development, and its implementation;
- ▶ to bring about an exchange of experience and good practice;
- ▶ to assist the Commission and advise on policy;
- ▶ to deliver an opinion on specific matters;
- ▶ to monitor policy developments.

Based on an open call for applications, the COM set up 13 CDGs for the 2014 – 2020 period: Animal products, Arable crops, CAP, *Direct payments and greening*, *Environment and climate change*, Forestry and cork, Horticulture, olives and spirits, International aspects of agriculture, Milk, Organic farming, Quality and promotion, *Rural development*, Wine European Rural Development Network (ENRD) – is a platform for the exchange on the RDP implementation, where various working groups discuss different aspects of the implementation (with individual experts, not official MS representatives), and best practices are gathered and disseminated. (<https://enrd.ec.europa.eu/en>)

#### **Administrative body handling implementation in MS**

Implementing authorities for the CAP:

- National Authorities: national Ministries for Agriculture;
- Managing Authorities (MA): MAs are designated by the Member State and it may be a public or private body in charge of the management of the rural development programmes at national or regional level. The MAs are responsible for ensuring that:
  - projects for funding are selected in accordance to the criteria applicable to the rural development programmes;
  - beneficiaries are aware of the obligations resulting from receiving the financial support;
  - an adequate monitoring system to record information of the rural development programmes’ implementation is in place;
  - the programme evaluations are undertaken according to the rules;
  - the Paying agency receives the necessary information to authorise payments

Furthermore the MAs lead the Monitoring Committee.

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<sup>6</sup> [http://ec.europa.eu/agriculture/civil-dialogue-groups/index\\_en.htm](http://ec.europa.eu/agriculture/civil-dialogue-groups/index_en.htm)

- **Paying agencies:** The payment systems set up to distribute the direct payments have special requirements for MS, including to distinguish an accredited agency ('paying agency') to handle the financing in cooperation with the Commission.<sup>7</sup> Paying agencies are the departments or bodies of the Member States who, in respect of those payments made by them, provide sufficient guarantees that:
  - the eligibility of requests and the procedure for allocating aid, as well as their compliance with Community rules, are checked before payment is authorised;
  - accurate and exhaustive accounts are kept of the payments made;
  - ensure that checks laid down by Community legislation are made; and
  - that documents are presented within the stipulated time-limits and form, etc.
- **Farm advisory system:** The Member States must establish a farm advisory system, addressing the SMRs and GAECs under cross-compliance, environmental and climate beneficial agricultural practices, and increasing on-farm competitiveness, among others.<sup>8</sup>

CAP Implementation authorities in Germany:

- On the national level: the German Federal Ministry of Food, Agriculture and Consumer Protection;
- On the level of Federal States (Länder): in some Federal States there is a stand-alone Ministry of Agriculture and Forestry. Often these Ministries cover in combination 'Food' and 'Consumer Protection' or 'Rural Areas' issues (e.g. in Baden-Württemberg, Bavaria, Lower Saxony); otherwise the issues of agriculture are combined with other sectors, e.g. environmental protection and nature conservation, economics and transport or spatial planning.

### Main Objective

The aim of the CAP is threefold:

- ▶ To improve agricultural productivity and ensure a stable supply of affordable food
- ▶ Enable farmers to make a "reasonable living"
- ▶ Address climate change and sustainable management of natural resources

Under the Pillar 2: the EAFRD (Art. 4) aims to "Within the overall framework of the CAP, support for rural development, including for activities in the food and non-food sector and in forestry, shall contribute to achieving the following objectives: (a) fostering the competitiveness of agriculture; (b) ensuring the sustainable management of natural

<sup>7</sup> Regulation 1306/2013, Article 7.

<sup>8</sup> Regulation 1306/2013, Article 12.

resources, and climate action; (c) achieving a balanced territorial development of rural economies and communities including the creation and maintenance of employment”.<sup>9</sup>

Six strategic priorities have been determined for rural development in the EU (the MS must include at least 4 in their RDPs):<sup>10</sup>

- 1) fostering knowledge transfer and innovation in agriculture, forestry, and rural areas;
- 2) enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests;
- 3) promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture;
- 4) restoring, preserving and enhancing ecosystems related to agriculture and forestry;
- 5) promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors; and
- 6) promoting social inclusion, poverty reduction and economic development in rural areas.

### Principles

- Regulation 1305/2013: principle of subsidiarity (preamble 3), principle of proportionality (preamble 3, 38, Art. 49), polluter pays principle (preamble 5, 22),
- Regulation 1306/2013: principles of sound financial management, transparency and non-discrimination and budgetary principles (preamble 4), the audit principles (preamble 90), principle of proportionality (preamble 27, 72, 80, 106, Art. 40, Art. 41, Art. 42, Art. 46, Art. 65), principle of subsidiarity (preamble 106).
- Regulation 1307/2013: principle of subsidiarity (preamble 65), principle of proportionality (preamble 65). [Report](#) on the implementation of the Directive every six years (Art. 17), including assessment of the conservation status of species and habitats listed on the Annexes to the Directive.

### Other objectives/Key concepts/key elements of the legislation

- ▶ Cross-compliance: cross-compliance is a mechanism that links direct payments to compliance by farmers with basic standards – Statutory Management Requirements (SMR) concerning the environment, food safety, animal and plant health and animal welfare, as well as the requirement of maintaining land in good agricultural and environmental

<sup>9</sup> Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005, Article 4 (hereinafter EAFRD Regulation).

<sup>10</sup> The EAFRD Regulation, Art. 5.



condition (GAEC). Since 2005, all farmers receiving direct payments are subject to compulsory cross-compliance.<sup>11</sup>

- Greening measures: “Greening is one of the major novelties of the CAP reform finalised in 2013 aiming to enhance its environmental performance. The reform redesigned the structure of direct payments by incorporating a greening component. This rewards farmers for adopting and maintaining, as part of their everyday activities, a more sustainable use of agricultural land and caring for natural resources.” “Green direct payment accounts for 30 % of Member States' direct payment envelope. Farmers entitled to an area-based payment are required to observe on their agricultural land a set of greening practices beneficial for the environment and climate action. These practices take the form of simple, generalised, non-contractual and annual actions: crop diversification, the maintenance of permanent grassland, and dedicating 5 % of arable land to ecologically beneficial elements (Ecological Focus Areas, EFA).” Regulation 1307/2013 specifies the direct payments for farmers (dependent upon their compliance with the cross-compliance scheme) and includes the new greening requirements under the 2014–2020 programming period.
- Common Strategic Framework ('CSF'): In order to promote the harmonious, balanced and sustainable development of the European Union, a 'CSF' was established by Article 10 of the Regulation (EU) No 1303/2013<sup>12</sup>. “The CSF establishes strategic guiding principles to facilitate the programming process and the sectoral and territorial coordination of Union intervention under the 'European Structural and Investment Funds' (ESI Funds) and with other relevant Union policies and instruments, in line with the targets and objectives of the Union strategy for smart, sustainable and inclusive growth, taking into account the key territorial challenges of the various types of territories.”

### Terminology

The following are the key terms used in different CAP regulations:

- ▶ Rural development programme: the EAFRD Regulation defines rural development programmes as programmes to identify the needs of the area covered and describe a coherent strategy to meet those needs in the light of the Union priorities for rural development through a set of measures. Each Member State should prepare either a national rural development programme for its entire territory or a set of regional programmes or both a national programme and a set of regional programmes.

<sup>11</sup> Regulation 1306/2013 includes the rules for cross-compliance with the Annex II table laying out the SMRs and the GAECs.

<sup>12</sup> Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006.

- ▶ Rural development measure: is defined as a set of operations contributing to one or more of the Union priorities for rural development and corresponding to Articles 15 – 40 of the draft EAFRD Regulation<sup>13</sup>
- ▶ Rural development operation: The draft EAFRD Regulation defines an operation as referring “to a project, group of projects, contract, or arrangement or other action selected according to criteria for the rural development programme concerned and implemented by one or more beneficiaries allowing achievement of one or more of the Union priorities for rural development.”
- ▶ Direct payment: are defined as “payments granted directly to farmers under the support schemes listed in Annex I of the Regulation 1307/2013.”<sup>14</sup> These payments are sought to ensure a safety net for farmers and are mainly granted in the form of a basic income support, decoupled from production, stabilising their income stemming from sales on the markets, which are subject to volatility.<sup>15</sup>
- ▶ Statutory management requirements: is one of the two elements composing the cross-compliance mechanism. These requirements refer to 13 legislative standards in directives and regulations in the field of the environment, food safety, animal and plant health and animal welfare. These standards apply therefore also to farmers not receiving the CAP support covered by cross-compliance.
- ▶ GAECs (standards on good agricultural and environmental condition): is one of the two elements composing the cross-compliance mechanism. This obligation to keep land in good agricultural and environmental condition refers to a range of standards related to soil protection, maintenance of soil organic matter and structure, avoiding the deterioration of habitats, and water management.
- ▶ Greening measures: ‘Greening’ is a new component designed in the structure of direct payments established by the 2013 CAP reform (Regulation 1307/2013) aiming to enhance its environmental performance. It accounts for 30% of Member States’ direct payment envelope. Farmers entitled to an area-based payment are required to observe on their agricultural land a set of greening practices beneficial for the environment and climate action. These practices take the form of simple, generalised, non-contractual and annual actions, including: crop diversification, the maintenance of permanent grassland, and dedicating 5% of arable land to ecologically beneficial elements (Ecological Focus Areas, EFA).<sup>16</sup>

### Derogations

Derogations are not included explicitly; however, the principle of subsidiarity means that MS are given flexibility in how they define several aspects of the CAP at Member State level, including how they implement the greening measures and rural development programmes.

<sup>13</sup> COM(2011) 627 final/2.

<sup>14</sup> Horizontal Regulation (1307/2013), Art. 1.

<sup>15</sup> [http://ec.europa.eu/agriculture/direct-support/index\\_en.htm](http://ec.europa.eu/agriculture/direct-support/index_en.htm)

<sup>16</sup> [http://ec.europa.eu/agriculture/direct-support/greening/index\\_en.htm](http://ec.europa.eu/agriculture/direct-support/greening/index_en.htm)

## Types of management measures

The management measures include: direct payments<sup>17</sup>, cross-compliance, greening measures<sup>18</sup>, rural development programmes, GAECs, CMOs, various intervention measures for the CMOs

RDP measures of particular relevance to the priority 4 (“restoring, preserving and enhancing ecosystems related to agriculture and forestry”) and priority 5 (‘Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors’) include:

- Afforestation and creation of woodland, Establishment of agroforestry systems, Investments improving the resilience and environmental value as well as the mitigation of potential forest ecosystems (Art 21)
- Agri-environment-climate (Art 28)
- Organic farming (Art 29)
- Natura 2000 and Water framework directive payments (Art 30)
- Payments to areas facing natural or other specific constraints (Art 31)
- Forest-environmental and climate services and forest conservation (Art 34)
- Basic services and village renewal in rural areas (Art 20)
- LEADER (Art 42 – 44)

### Impact assessments:

CAP is a very complex policy field, in large part because of the scope of the topics, regulations and instruments that it includes. Each new proposal is accompanied by impact assessments, and for the rural development programmes Ex-post and Ex-ante evaluations are regularly scheduled. For the current 2014–2020 period, the COM has also commissioned various so-called ‘mapping studies’ to identify the structure of CAP in each MS – i.e. how the MS are using the flexibilities allowed under the EU rules. Moreover, specific topical studies are also planned to the three general objectives<sup>19</sup>:

- ▶ viable food production
- ▶ balanced territorial development
- ▶ sustainable management of natural resources and climate action

## Spatial coverage

Natural habitats and wild fauna and flora in the European territory of the Member States to which the Treaty applies. Most of CAP is focused on agricultural land (main land use types here being: grasslands, arable land, permanent crops) – i.e. Pillar 1 provides payments only

<sup>17</sup> [http://ec.europa.eu/agriculture/direct-support/direct-payments/docs/direct-payments-schemes\\_en.pdf](http://ec.europa.eu/agriculture/direct-support/direct-payments/docs/direct-payments-schemes_en.pdf)

<sup>18</sup> [http://ec.europa.eu/agriculture/direct-support/greening/index\\_en.htm](http://ec.europa.eu/agriculture/direct-support/greening/index_en.htm)

<sup>19</sup> [http://ec.europa.eu/agriculture/calls-for-tender/index\\_en.htm](http://ec.europa.eu/agriculture/calls-for-tender/index_en.htm)

for agricultural land, and forestry payments are not available. Under Pillar 2, RDP measures are available also for forest management, so forest land is also covered, but also for rural areas more broadly, since Agricultural and forestry land, rural areas.

### Reporting units – what are the specific transposition requirements

For Pillar 2, the reporting for RDPs is done at Programme level (so usually the NUTS2 level) and at MS level. The ex-post evaluations are done for each RDP. Syntheses reports for ex-post evaluations are also available. For Pillar 1, the reporting is done at MS level. However, the reporting is usually not public reporting – i.e. the reports and figures are not necessarily published by DG Agriculture. CAP governance has not been a focus of any recent Commission-funded studies, including not governance setting for reporting.

### Management unit

The overall implementation of RDPs is set either at national level, or NUTS2 level (regions). In federal states, such as Germany, this means federal states, in the UK, for example, England, Scotland, Wales and N Ireland, and in some smaller states NUT2 this is the national level (e.g. in Slovenia). Each NUTS2 region therefore has a Managing Authority and a Payment Agency that administer the payments. On the other hand, payments are administered to individual farm holdings, which are defined as “all the units used for agricultural activities and managed by a farmer situated within the territory of the same Member State”. (Art 4 Regulation 1307/2013). Farm holdings are the basic management unit.

### Key planning steps

- ▶ Reform proposal (usually in form of a communication from the Commission) and public consultation
- ▶ Impact assessment and legislative proposals
- ▶ Negotiations among the Council and European Parliament (co-decision process)
- ▶ Political agreement and formal adoption of legislative proposals
- ▶ Delegated acts by the Commission
- ▶ MS select options for Pillar 1, and draft RDPs – multiple stages of revision by the COM and the MS
- ▶ MS public national implementing regulations
- ▶ The policy is evaluated for its effects at the mid-term and end of the policy cycles, and these evaluations feed into the new reform proposal.

### Timelines

In the second half of the previous programming period, a reform / structure proposal is published together with an impact assessment, which then goes through political negotiations before legislative acts are adopted<sup>20</sup>. For the 2014 – 2020 period, the COM published the Communication “The CAP towards 2020: Meeting the food, natural resources

<sup>20</sup> See [http://ec.europa.eu/agriculture/policy-perspectives/impact-assessment/index\\_en.htm](http://ec.europa.eu/agriculture/policy-perspectives/impact-assessment/index_en.htm)

and territorial challenges of the future" in 2010<sup>21</sup> which outlines policy options for the 2014 – 2020 period, and providing the basis for a public consultation process. The stakeholder inputs from this consultation were integrated in the impact assessment which accompanied the legislative proposals published in October 2011<sup>22</sup>. Following these proposals, the Parliament and Council were both involved in the negotiations process to agree on the final set of legislative documents, the so called co-decision process, which extended over nearly two years. The political agreement was reached in June 2013, and the formal legislative documents, four basic Regulations, were formally adopted by the Commission in June 2013. Following this, the Commission prepares implementing rules, or delegated acts, for several aspects of the policy, or also working documents to guide the implementation of instruments (for example, see [http://enrd.ec.europa.eu/enrd-static/policy-in-action/cap-towards-2020/rdp-programming-2014-2020/legislation-and-guideline/en/legislation-and-guideline\\_en.html](http://enrd.ec.europa.eu/enrd-static/policy-in-action/cap-towards-2020/rdp-programming-2014-2020/legislation-and-guideline/en/legislation-and-guideline_en.html)).

MS began submitting their RDPs to the COM mostly in 2014; after which the RDPs go through inter-institutional consultation and possibly several rounds of revisions and resubmission. Useful website for RDPs: <http://enrd.ec.europa.eu/en/policy-in-action/cap-towards-2020/rdp-programming-2014-2020>

#### **Integration/coordination issues with other related pieces of legislation**

The cross-compliance mechanism is the main way in which compliance with other legislative acts is ensured. The Statutory Management Requirements list all legislative acts & their provisions which need to be respected in order to receive CAP payments.

CAP remains the main funding mechanism for WFD, in particular through the RDPs. However, RDPs have in the past also been used to support investments, in particular for irrigation, that may not automatically have positive effects on achieving WFD objectives.

#### **Coordination issues with the EU Biodiversity Strategy**

Agriculture is a key sector for the EU Biodiversity Strategy. Target 3 of the Biodiversity Strategy focuses on increasing the contribution of agriculture (and forestry) to maintain and enhance biodiversity and ecosystem services. This target is set to maximize areas under agriculture across grasslands, arable land and permanent crops that are covered by biodiversity-related measures under the CAP in order to ensure the “conservation of biodiversity and bring about a measurable improvement in the conservation status of species and habitats linked to agriculture, and in the provision of ecosystem services.” Actions foreseen to contribute to the achievement of this target are enhancing direct payments for environmental public goods under CAP, better targeting of rural development to biodiversity conservation, and increasing the uptake of practices under the agri-environmental-climate measure to support agricultural diversity and sustainable management.

DG Environment runs an expert group on Agriculture and environment, where issues of agriculture and biodiversity are discussed.

<sup>21</sup> [http://ec.europa.eu/agriculture/cap-post-2013/communication/index\\_en.htm](http://ec.europa.eu/agriculture/cap-post-2013/communication/index_en.htm)

<sup>22</sup> [http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/index\\_en.htm](http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/index_en.htm)

## Relevance to ecosystems/habitats?

*Ecosystems/habitats addressed explicitly by the legal act/policy:* The EAFRD Regulation addresses explicitly the broad category of ‘ecosystems that are related to agriculture and forestry’. It sets 6 strategic priorities, of which the most important is Priority Nr 4: “restore, preserve and enhance ecosystems related to agriculture and forestry, with a focus on the following areas: (a) restoring, preserving and enhancing biodiversity, including in Natura 2000 areas, and in areas facing natural or other specific constraints, and high nature value farming, as well as the state of European landscapes; (b) improving water management, including fertiliser and pesticide management; and (c) preventing soil erosion and improving soil management. “

So the three focus points are:

- ▶ Restoring and preserving biodiversity (including in NATURA 2000 areas and areas of High Nature Value farming) and the state of European landscapes.
- ▶ Improving water management.
- ▶ Improving soil management.

‘European Innovation Partnership network’ foresees one task of the EIP network to “facilitate the setting up of cluster initiatives and pilot or demonstration projects which may relate, inter alia, to [...] (iii) biodiversity, ecosystem services, soil functionality and sustainable water management (art 53)

Under the Direct Payments Regulation, the Art. 12 foresees that the farm advisory system may also cover (among others) the information related to climate change mitigation and adaptation, biodiversity and protection of water. The information on biodiversity include: information on the positive correlation between biodiversity and agro–ecosystem resilience, and information on how to best prevent the spread of alien invasive species and why this is important for the effective functioning of the ecosystem and for its resilience to climate change.

The Horizontal Regulation does not mention ‘ecosystems’ in the text.

*Ecosystems affected by relevant policies:* Agricultural management has influence on nearly all EU ecosystems, including aquatic ecosystems. It is the key driver of negative environmental impacts on biodiversity. Various studies have been published by DG Env which examine the influence of CAP on the environment, and in particular biodiversity.

See: <http://ec.europa.eu/environment/agriculture/studies.htm>

*Links to Aquatic Biodiversity and Ecosystem Services:* There are many and both positive and negative links. See the link to the studies commissioned by DG environment: <http://ec.europa.eu/environment/agriculture/studies.htm> DG Agriculture also commissioned the study: "Provision of public goods through agriculture in the European Union" carried out by IEEP which examines the links to ecosystem services in more detail. [http://ec.europa.eu/agriculture/analysis/external/public-goods/index\\_en.htm](http://ec.europa.eu/agriculture/analysis/external/public-goods/index_en.htm)

Biodiversity and ecosystem services are mentioned in the Regulations; and direct links are made. The WFD CIS also has a working group on agriculture and WFD which looks at these links directly.

In principle, the direct payments should not be a direct driver for intensification of production because they are largely decoupled from what farmers produce (type and amount of what they produce), however their distribution is largely still based on historical distribution and larger and more intensive farms tend to be encouraged. Other perverse incentives, for example, are provided under the RDP payments for irrigation or for biogas production (which encourages maize monoculture). The key issue is that the Pillar 1 payments do not have sufficiently strict cross-compliance requirements, and that they are not linked to the provision of public goods / ecosystem services, but tend to function more as income support, which in turn is perverse in itself since the payments are skewed towards larger producers. The RDP payments are targeted, but the distribution of funds is skewed in favour of Pillar 1, and the RDPs are often also designed in such a way that there is a bias toward production-focused incentives and farm restructuring, rather than the support for agri-environment-climate or other environment-focused measures.

## Drivers

*Definition of Drivers:* Agriculture and forestry are the two key drivers which are the focus of the policy.

*Drivers addressed in legal text :* Agriculture and Forestry.

*Indicators :* The Common Monitoring and Evaluation Framework (CMEF) is core part of the official evaluation system for CAP. The framework sets out four broad types of indicators<sup>23</sup>:

- ▶ Output indicators report on the degree of activity of a policy measure (e.g., the number of projects funded); they are linked to individual policy interventions.
- ▶ Result indicators measure the direct, immediate effect of the policy measure (e.g., the number of jobs created), in relation to the specific policy objectives.
- ▶ Impact indicators look at the effect in the longer term (e.g. rural unemployment rate). Overall, impact indicators are linked to the general objectives of the CAP.
- ▶ Context indicators reflect relevant aspects of the general contextual trends in the economy, environment and society that are likely to have an influence on the implementation, achievements and performance of the CAP.

These indicators are used primarily in the RDP programming process; Implementing regulation for CMEF is <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0834&from=en>

Other relevant docs:

[http://ec.europa.eu/agriculture/cap-2014-2020/monitoring-evaluation/leaflet-monitoring-evaluation-framework-cap-2014-2020\\_en.pdf](http://ec.europa.eu/agriculture/cap-2014-2020/monitoring-evaluation/leaflet-monitoring-evaluation-framework-cap-2014-2020_en.pdf)

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<sup>23</sup> [http://ec.europa.eu/agriculture/cap-indicators/index\\_en.htm](http://ec.europa.eu/agriculture/cap-indicators/index_en.htm)

[http://ec.europa.eu/agriculture/cap-indicators/output/working-document-rd-monitoring-implementation-report-tables\\_en.pdf](http://ec.europa.eu/agriculture/cap-indicators/output/working-document-rd-monitoring-implementation-report-tables_en.pdf)

[http://ec.europa.eu/agriculture/cap-post-2013/monitoring-evaluation/index\\_en.htm](http://ec.europa.eu/agriculture/cap-post-2013/monitoring-evaluation/index_en.htm)

The Commission and EEA have been working on developing IRENA agri-environment indicators to “analysing the relationship between agriculture and the environment and identifying trends in this evolving interaction”

[http://ec.europa.eu/agriculture/envir/indicators/index\\_en.htm](http://ec.europa.eu/agriculture/envir/indicators/index_en.htm)

### Pressures

*Definition Pressures:* There are no clear, single definitions available.

The key relevant pressures caused by agriculture, and addressed by Pillar 1 (greening, cross-compliance) and Pillar 2 (RDPs):<sup>24</sup>

- ▶ emissions from agriculture
- ▶ water abstraction in agriculture (million m<sup>3</sup>/year)
- ▶ soil erosion by water (Tonnes/ha/year)

### Assessment of Environmental State

Environmental state is not addressed by CAP in any detail, except with reference to the impact indicators – i.e. broadly areas where CAP is expected to have an impact

### Assessment of Status

The CMEF impact indicators for environment include<sup>25</sup>:

- ▶ farmland bird index
- ▶ high nature value (HNV) farming
- ▶ water quality (increased nutrient loads (N, P), pesticide loads )
- ▶ soil organic matter in arable land
- ▶ Those indicators listed in Implementing Regulation for CMEF include:
- ▶ farmland bird index
- ▶ high nature value (HNV) farming
- ▶ water quality (increased nutrient loads (N, P), pesticide loads )
- ▶ soil organic matter in arable land

### Data

There is no single collection point at EU level; DG Agriculture receives all the information about RDPs, and Pillar 1 implementation. The RDPs are available through their website:

<sup>24</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0834&from=en>

<sup>25</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0834&from=en>



[http://ec.europa.eu/agriculture/rural-development-2014-2020/country-files/index\\_en.htm](http://ec.europa.eu/agriculture/rural-development-2014-2020/country-files/index_en.htm)

### **Funding**

The European Agricultural Guidance and Guarantee Fund (EAGGF), originally adopted in 1964, was replaced by the European Agricultural Fund for Rural Development (EAFRD) and the European Agricultural Guarantee Fund (EAGF) in 2007 as the funding mechanisms of the Common Agricultural Policy (CAP). The CAP is a funding mechanism in itself.

## About AQUACROSS

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Knowledge, Assessment, and Management for AQUATIC Biodiversity and Ecosystem Services across EU policies (AQUACROSS) aims to support EU efforts to protect aquatic biodiversity and ensure the provision of aquatic ecosystem services. Funded by Europe's Horizon 2020 research programme, AQUACROSS seeks to advance knowledge and application of ecosystem-based management (EBM) for aquatic ecosystems to support the timely achievement of the EU 2020 Biodiversity Strategy targets.

Aquatic ecosystems are rich in biodiversity and home to a diverse array of species and habitats, providing numerous economic and societal benefits to Europe. Many of these valuable ecosystems are at risk of being irreversibly damaged by human activities and pressures, including pollution, contamination, invasive species, overfishing and climate change. These pressures threaten the sustainability of these ecosystems, their provision of ecosystem services and ultimately human well-being.

AQUACROSS responds to pressing societal and economic needs, tackling policy challenges from an integrated perspective and adding value to the use of available knowledge. Through advancing science and knowledge; connecting science, policy and business; and supporting the achievement of EU and international biodiversity targets, AQUACROSS aims to improve ecosystem-based management of aquatic ecosystems across Europe.

The project consortium is made up of sixteen partners from across Europe and led by Ecologic Institute in Berlin, Germany.

## AQUACROSS PARTNERS

Ecologic Institute (ECOLOGIC) | Germany

Leibniz Institute of Freshwater Ecology and Inland Fisheries (FVB-IGB) | Germany

Intergovernmental Oceanographic Commission of the United Nations Educational, Scientific and Cultural Organization (IOC-UNESCO) | France

Wageningen Marine Research (WMR) | Netherlands

University of Natural Resources & Life Sciences, Institute of Hydrobiology and Aquatic Ecosystem Management Austria

Fundación IMDEA Agua (IMDEA) | Spain

Universidade de Aveiro (UAVER) | Portugal

ACTeon – Innovation, Policy, Environment (ACTeon) | France

University of Liverpool (ULIV) | United Kingdom

University College Cork, National University of Ireland (UCC) | Ireland

Royal Belgian Institute of Natural Sciences (RBINS) | Belgium

Stockholm University, Stockholm Resilience Centre (SU-SRC) | Sweden

Danube Delta National Institute for Research & Development (INCDDD) | Romania

Eawag – Swiss Federal Institute of Aquatic Science and Technology (EAWAG) | Switzerland

International Union for Conservation of Nature (IUCN) | Belgium

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<https://goo.gl/lcdtZC>