



# Reform of the CAP towards 2020: response to the EC Consultation Document

## Comments on the Consultation Document assessment

The headings used in this section are taken from the Consultation Document.

### 1. Context

EFNCP's main concerns are environmental and territorial. In principle we support the goal of driving all EU farming towards greater sustainability, and of supporting public-goods through farming.

However, public resources are limited and must be used efficiently, based on a strategic assessment of needs and priorities. Preventing the loss of **existing public goods should have priority** in the impact assessment. This means as a starting point identifying the EU farming types and situations that are **inherently most valuable in terms of public goods**, and assessing whether policies are designed in a way that ensures their maintenance.

It is a fact that certain types of farming using certain types of land are inherently of exceptional public-goods value. By contrast the "mainstream" of EU farming is more geared to producing private goods that are rewarded by the market.

This is the case for biodiversity, which is a major part of the public-goods value of EU farming. The farmland and farming systems that harbour most European biodiversity are permanent pastures/meadows, and traditional tree crops, when these are farmed at low intensity. These farmland types are inherently rich in biodiversity, and have been labelled High Nature Value farming.

High Nature Value (HNV) farming types are found mostly on poorer land. Often they face structural handicaps (small-scale structures) that limit their economic viability, but that are also inherent to their public-goods values. Small farms are not automatically of greater biodiversity value, but **landscapes of predominantly small farms** generally are, because of the complex matrix of land-cover types and diversity of practices.

The Consultation Document highlights that High Nature Value farming and farmland cover large areas of land (approximately 30% of EU farmland), and generally is under greater threat of irreversible decline than mainstream EU farming. These farming situations therefore need particular attention, in order to maintain the high public-goods values associated with them.

**As a policy priority, HNV farming is about addressing the socio-economic and agronomic challenges of the farming landscapes that are most valuable for biodiversity. The aim is to improve the socio-economic viability of farming systems and communities, while maintaining the high public-goods values they have created.**

Maintaining HNV farming on a landscape scale is essential for meeting the EU's biodiversity target for 2020. This was affirmed by the EU Stakeholder Consultation on the integration of biodiversity

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goals into other areas of EU policy (Malahide Declaration, 2004). HNV farming has also been flagged up repeatedly as a priority under the EU Biodiversity Strategy, by the Council of Europe and UNEP, and by the main environmental NGOs. The EEA, DG AGRI, the EENRD Help Desk and many Member States have made a lot of progress towards making the concept operational.

Several aspects of the current CAP, and of the options presented by the Commission, have great potential to support HNV farming, and specifically to maintain permanent pasture/meadows and traditional tree crops.

HNV farming is a priority highlighted in the current EAFRD strategic guidelines and is one of two biodiversity indicators under CMEF. This has already produced positive effects since 2005. Some Member States (e.g. Romania, Bulgaria) have introduced very beneficial measures based on the HNV farming approach. The HNV farming indicator is encouraging authorities to think more strategically about which types of farming landscapes should be among their environmental priorities, and how to monitor trends affecting them. The HNV farming concept is already becoming operational, with the indicator implemented in Germany and well-advanced in several countries.

The term High Nature Value farming is well-established, but the value of these systems goes beyond “nature” – they are also rich in other public goods, such as fire-resistant landscapes in otherwise high-risk areas, climate change adaptation, cultural values. The name is not of great importance, what matters is to differentiate these high-value situations and to ensure that policy addresses their particular circumstances and needs in order to maintain these values.

Although the Consultation Document recognises that there are important differences across EU farming, in terms of income, abandonment threat, public-goods values etc., we are concerned that the policy measures being considered are still primarily designed for mainstream farming, including the environmental issues concerning mainstream farming, to the detriment of existing farming situations that are of the very highest public-goods value but that are marginalised and under threat.

As an example, the Consultation Document states that responding to the challenges depends on EU agriculture being a “thriving and competitive sector”. This is a worthy goal for the mainstream of EU farming, operating highly rationalised systems on more fertile land. These types of farmland and farming are far better able to achieve positive incomes by producing food and fibre for the market.

But it must be recognised that some types of farmland and farming in Europe cannot be competitive in the conventional economic sense, but should be maintained for the exceptional public goods they deliver. Their future will depend to a large extent on public payments, along with appropriate adaptation to new socio-economic circumstances.

Making all EU farming competitive, through the approaches of rationalisation and intensification used in the 1970s and 80s, would be physically possible with whole-sale restructuring of traditional landscapes and withdrawal from production of the poorest land. But this path is guaranteed to involve a massive loss of environmental and other public goods. A modern policy must find other paths to follow.

This fact must be explicitly recognised, as it leads to the conclusion that development paths will be different across the range of farming situations in the EU. Whereas competitiveness is appropriate in some situations, other goals (public-goods related) should be the priority in other situations.

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This response paper draws attention to the particular challenges to achieving the EU 2020 biodiversity targets in relation to HNV farming. If these challenges are not addressed, the Commission's proposals will fail on some fundamental aspects of sustainability.

Many aspects of present policies are poorly adapted to the needs of the farming systems of highest biodiversity value, and even biased against them; but the changes needed are clear and simple, and the Consultation Document presents definite opportunities.

## 2. Issues

What are the main environmental and specifically biodiversity issues, and how should they be addressed?

The Consultation Document correctly points out that pressure on environmental values comes from agricultural **intensification** and from **abandonment**, with the latter especially affecting **“extensive grasslands, mountain areas and areas with poor soil and water conditions”**. We agree with this analysis, and emphasise that **extensive tree crops (orchards, olives, almonds etc.)** are also highly threatened with abandonment and of particular public-goods value.

The Consultation Document refers to the estimated 30% of EU farmland that is under HNV farming. It is a fact that the vast majority of this HNV area (as identified by EEA) is under various types of permanent pasture/meadow and extensive tree crops.

The Consultation Document refers to the poor condition of Habitats Directive habitats, especially habitats types associated with agriculture. It is a fact that these habitat types consist entirely of permanent pastures of various sorts under low-intensity use. There are no Habitats Directive habitats consisting of crops or intensively managed grassland.

Permanent pastures/meadows under extensive use are therefore of exceptional biodiversity importance compared with other farmland. Since 2003, protection has been introduced through cross-compliance for permanent pasture, and also for landscape features. This protection is potentially very important for maintaining HNV farmland, but **there are known to be major weaknesses in the system which discredit the CAP and the EU's ability to design and implement effective policies**. Specific changes are needed to make these policies work.

For example, the permanent pastures highlighted by the Habitats Directive would be destroyed by reseeded. This means that **the CAP definition of permanent pasture (which allows for reseeding every five years) is incompatible with high-biodiversity grasslands**. The entire area of Habitats Directive grasslands could be destroyed by reseeded without the change being even registered by the existing permanent pasture controls, let alone prevented.

The data on total area of permanent pasture are fundamentally flawed for many Member States, making the current “10% reduction” rules meaningless. Considerable areas of permanent pasture, some of high biodiversity value, are known to have been ploughed up since the controls were introduced, e.g. in Basse Normandie (France).

Some of the most ecologically valuable permanent pastures are excluded from data in some countries, as well as from receiving CAP payments, e.g. pastures with scrub and trees. There are serious issues with the interpretation of Pillar 1 eligibility rules that must be addressed.



All of these facts must be taken into account when “greening” Pillar 1 to support permanent pasture, if this Commission option is to generate real environmental benefits (see below).

GAEC rules on “encroachment of unwanted vegetation” create many problems in the case of HNV grasslands, including excessive clearance resulting in biodiversity losses, and abandonment of land when the payments offered through the CAP are not sufficient for the farmer to justify clearance. These rules should be much more flexible.

Ecological landscape features are theoretically protected under cross-compliance, but enforcement is known to be weak and always will be, especially in regions where authorities have limited human resources on the ground. We know that it is easy to remove features without repercussions in many regions.

However, regulation and controls are only one approach to integrating environmental concerns into the CAP. The parallel processes of agricultural intensification and abandonment require differentiated policy responses. Intensification on more productive land and can be controlled to some extent by regulation, e.g. cross-compliance.

**But abandonment is a threat primarily on poorer land and cannot be prevented by cross-compliance because, as the Consultation Document explains, the driver is economic marginalisation.** Neither are agri-environment measures using the income-foregone approach, or Natura 2000 compensation payments, the most appropriate response to this essentially socio-economic situation, although they can and do contribute considerably in some situations.

The overall environmental response put forward in the Consultation Document is “appropriate baseline rules and sufficient incentives in the CAP for farmers to adopt sustainable practices” – this may be a sufficient response for more productive and intensive farming situations, but clearly is not sufficient where the environmental priority is to maintain an existing situation. **Here the priority is not to “adopt sustainable practices”, but to maintain an existing, economically-challenged system.**

The Consultation Document says that for the latter we need to “make efforts to preserve biodiversity, habitats and environmentally valuable landscapes, and ensure the provision of ecosystem services”. But what do these words mean in practice, in terms of concrete measures and policy governance? The answers are not clear from the Consultation Document.

Traditional policy approaches consisting mainly of site protection plus agri-environment “menus” are not sufficient, because they fail to address the socio-economic challenges of the most valuable farming systems. Also they are generally not adapted to achieve objectives at the landscape scale.

Across the EU it is increasingly recognised that halting biodiversity decline is not just about protection of individual sites and habitats, or promoting particular farming practices. **A new, more strategic, integrated and territorial approach is needed, in order to maintain landuses that favour biodiversity at the landscape scale.** This is the essence of the HNV farming concept.

The CAP is not stopping the decline of HNV farming at present. In fact decoupling of Pillar 1 payments has accelerated the abandonment of marginal land, as we have begun to witness through work at the local level.



The CAP will continue to fail for biodiversity at the EU scale without a new strategic approach and more robust governance. As a starting point, RDPs must present a rigorous analysis and identification of the farming situations that are most valuable in terms of public goods, and of the threats to these. They must propose quantified objectives commensurate with the challenges and with EU goals (including halting biodiversity decline), and an adequate policy response in order to achieve these objectives.

Current approaches to Pillar 2 implementation in the majority of Member States **fail completely to either assess or address these needs**. The standard SWOT analyses that are presented in many RDPs serve very little purpose. **New approaches to governance are therefore needed, to ensure that future RDPs are far more robust in their analysis and proposed responses.**

The most extreme situations, such as highly valuable and fragile areas, need a special approach. Existing measures consisting mainly of different top-down payment schemes to farmers are not sufficient. A much more pro-active, integrated and locally-adapted approach is needed.

## Challenges to the current policy tools

Under this heading in the Consultation Document there is no real assessment of the effectiveness of existing policy tools. This is a fundamental failing. How can effective new policies be designed without an honest look at what is working, and what is not working, at present?

EFNCP believes that **in theory** it is possible to use a combination of existing CAP instruments to promote most of the EU's environmental priorities effectively (although probably not efficiently in financial terms, due to massive over-spend on historic SPS to intensive farming).

However, it is abundantly clear that **in practice** the current package is failing to pursue environmental priorities consistently across the EU. There are regions that do a lot, and regions that do very little. There are very large gaps in coverage.

This has been clearly illustrated by the EEA report Distribution and targeting of the CAP budget from a biodiversity perspective (Technical Report 12/2009). The current system of governance seems incapable of addressing this fundamental problem. Changes are essential.

### Pillar 1

Pillar 1 has obvious problems. Some are recognised in the Consultation Document, others are not.

Decoupling has had some environmental benefits, but is also generating serious problems for economically marginal farming types that have less opportunity to be viable from the market, but that also tend to be high in public goods value that is not rewarded by the market. These problems are identified in recent studies such as the SAC (Scottish Agricultural College) report Farming's Retreat from the Hills. These proven realities should be recognised by the Commission.

The current highly imbalanced payment levels are a key concern. In terms of achieving outcomes on the ground, the **disparities between Member States are not the main concern, rather it is the disparities within the countries applying the historic system**. This system directs very high payments to intensive farming generally of low public-goods value, and the very low payments to HNV farming.



Although old Member States have the highest SPS payments in the case of more productive land, the most marginal farmland threatened with abandonment generally receives higher payments in the new Member States thanks to the flat-rate SAPS.

The rebalancing of Pillar 1 payments described in Scenario 1 of the Consultation Document is an essential accompaniment to the “greening” approach discussed in Scenario 2.

We support the proposal for a “greening” element to support Permanent Pasture, but this must not be tailored solely for intensive farming situations and pasture that is reseeded every five years (current CAP definition). See Recommendations below.

A key concern is the exclusion from Pillar 1 support of large areas of permanent pasture of exceptional public-goods value, due to currently confusing definitions and rules, and the way these are applied by Member States and Commission auditors. See Recommendations below.

Pillar 1 should contribute to supporting the key elements of HNV farmland. The term is not important, and does not need to be used under Pillar 1, the important thing is to improve the rules governing direct payments and to make the new “greening” proposals work effectively for the types of farmland that harbour the most valuable public goods.

Cross-compliance is appropriate for preventing damaging actions, not for maintaining or encouraging positive actions. In many situations under current policy, SPS is too low to maintain income and cross-compliance is trying to maintain uneconomic activities, such as minimum grazing levels or scrub removal. The current policy logic breaks down in this situation.

Cross-compliance should be simplified, especially in the area of maintaining minimum management. The costs of this are very low in intensive, productive farmland, but high in marginal grazing situations. See Recommendations below.

## Pillar 2

Having HNV farming as a priority highlighted in the EAFRD strategic guidelines and as a CMEF indicator has already produced positive effects. Some Member States have introduced very positive measures based on of the HNV farming approach, and the HNV indicator is encouraging authorities to think more strategically about monitoring the biodiversity effects of RDPs.

But it is clear that taking the EU as a whole, current RDPs are failing to address EU environmental goals consistently, including the maintenance of HNV farming. RDPs in many Member States are failing to address the environmental challenges with an effectiveness or on a scale commensurate to the challenge. This applies to biodiversity, but also to water over-exploitation, soil degradation and fire prevention, especially in southern Europe.

There is a small number of RDPs with a strong focus on support for HNV farming, and many RDPs that offer very little, including in countries with vast land areas under these types of farming. There are very large gaps in coverage.

Agri-environment delivers in some specific cases, but almost never on a scale commensurate to the challenges on the ground. The income-foregone system is a major concern for many practitioners across the EU, although some Member States have managed to get around the problem.

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NH-LFA schemes are mostly very crude instruments with no targeting on farm types that are most threatened with abandonment, or that are most integrated with the environmental values of the designated area.

There is a very important role for local farmer-orientated projects, following the models of BurrenLife (Ireland) and ADEPT (Romania). But LEADER in its current form very often fails to address the challenges faced by farming.

With this patchy and inconsistent approach it is impossible to reach EU goals. There is no real advantage to having an EU policy if there is no consistency in pursuing goals.

In theory, RDPs are based on an analysis of strengths and weaknesses, although often this is very shallow, especially in the case of biodiversity, but also in terms of farming that is threatened with abandonment. There is no systematic identification of the broad farming types and farming landscapes that are most valuable, or of the challenges they face and the possible solutions.

We believe that RDPs should identify the main types of HNV farmland in the region, and the types of farming that maintain this land, and propose an integrated package of measures to address the challenges and deliver objectives.

Some basic quantification of the extent of environmental challenges is necessary – what are the problems and how big are they? How much can be put right? What needs to be done and with what resources?

If we take the example of crofting in the western isles of Scotland, this is clearly an HNV farming system, and one which faces many socio-economic challenges. Yet we see no real analysis or integrated policy response in the RDP, simply a menu of agri-environment measures for specific species and habitats. This approach does not address the socio-economic challenges of crofting as a farming system.

The same is true of traditional, low-intensity olive orchards that over large territories of Spain, or the many livestock systems in Spanish uplands and steppes. In these cases the RDPs show no analysis, no objectives, but also in some regions almost no agri-environment response either.

The result is that environmental measures are often completely divorced from economic measures. Agri-environment tries to influence certain farming practices, **ignoring the fact that the farming system and associated landscape may be in steady decline due to lack of socio-economic viability.**

Worryingly we see a tendency to think that agri-environment biodiversity goals need ever more tightly targeted. This can be very misleading. We believe that **many schemes are too tightly targeted, for example on protected areas, or on certain species.** Broad schemes, such as the Romanian scheme for HNV grasslands, are needed at present because they provide the necessary broad income support for the farming system. They do not require changes to farming practices, but they do help to prevent the overall system from collapsing.

However, some of the objectives of broad schemes can be achieved through targeting elements of Pillar 1 and NH-LFA, thus allowing for closer targeting of agri-environment.



## Objectives

The **objectives** proposed in the Consultation Document appear generally well-balanced. There are some aspects that **should be added**, as follows:

*Maintaining the agricultural production capacity throughout the EU*

- Preventing further marginalisation of the farmland and farming types that are most threatened with abandonment

*Ensuring the provision of environmental public goods such as the sustainable management of natural resources and the preservation of the countryside*

- Objectives should be on a scale commensurate with the environmental challenges and established EU goals for biodiversity, water, soils and climate change.

The **rethinking of CAP instruments** presented in the Consultation Document is also generally sound. An important addition is:

- Introduce a more robust system of governance to ensure that EU goals are pursued effectively through national implementation models.





## EFNCP recommendations

Maintaining High Nature Value farming (and associated farming communities) should continue to be a strategic environmental priority for EU rural development policy. This priority has already driven significant policy benefits in Member States (e.g. Romania, Bulgaria) since its introduction in 2006.

As a policy priority, HNV farming is about addressing the socio-economic, agronomic and environmental challenges of the farming systems and landscapes that are most valuable for biodiversity. The aim is to improve the socio-economic viability of farming systems and communities, while maintaining the high public-goods values of the landscapes they have created.

The great majority of HNV farming in Europe is characterised by the low-intensity use of:

- permanent pastures/meadows that are not reseeded
- traditional tree crops such as fruit orchards, olives, almonds

These farmland types are exceptionally rich in a range of environmental and cultural public goods. The farming systems and communities that maintain them are on the verge of socio-economic collapse in many regions, resulting in abandonment, major biodiversity losses and high fire risks. The post 2013 CAP should give special attention to this challenge.

Through the HNV farmland indicator (Common Monitoring and Evaluation Framework - CMEF), Member States are identifying the extent of the farmland types of most biodiversity value, and putting in place systems to monitor trends in this farmland and in the farming systems essential to its maintenance.

### Pillar 1

#### *Degressive payments*

To support high-public-goods small-scale farming systems, Pillar 1 payments should be degressive, starting with a minimum farm payment of e.g. €500. This would promote maintenance of small-scale farming systems of proven public goods value, while reducing the administrative burden in Member States with many small holdings.

#### *Payment eligibility rules and GAEC – revision and simplification*

The current rules are working against public goods in some cases, and are excessively complex for governments and farmers.

As we move to universal payments per hectare, it is essential to have a sufficiently robust system of eligibility rules and accompanying LPIS (Land Parcel Information System), in line with the priority of supporting public goods. Old concepts and definitions of “eligible farmland” need to change.

Current rules aim to restrict CAP support to what was viewed in the past as “productive” farmland. These rules are applied in different ways across the EU, in some cases **excluding** large areas of rough



grazing from receiving Pillar 1 payments (e.g. Bulgaria, Estonia) and in some cases **excluding** landscape features on farmland from eligibility (e.g. Northern Ireland).

These situations entail considerable dangers of perverse environmental effects, including **abandonment of marginal land and removal of landscape features**. Such effects are occurring at present in several Member States.

Some countries apply the EU rules on Pillar 1 eligibility in a way that is more practical and adapted to the different realities of farming systems, including marginal grazing systems, and that reflects a multi-objective policy. For example, the rules applied in England take a broadly “inclusive” and flexible approach.

**EU policy and funds should support public goods on farmland consistently, not only in some Member States.** Pillar 1 eligibility rules must be revised, and crucially the **governance at EU level improved**, to ensure that farmland and landscape features of highest biodiversity and public-goods value are **universally included** in the main Pillar 1 support schemes.

As a new starting point, **all farmland under a minimum level of maintenance, including landscape features on farmland, should be presumed eligible for Pillar 1**, unless there are concrete reasons why it should not be. This is in line with the European Parliament’s recommendation to maintain farming at its current extent across the EU. Minimum maintenance rules should be established where necessary by Member States (see below).

The 50 tree guidance for Pillar 1 eligibility should be removed. Shrubs and trees (not only grass) are legitimate forage and have been used as such by active farmers for centuries, and continue to be used as such. Scrubby and woody pastures are amongst the most valuable for public goods, coinciding in many cases with Habitats Directive habitats that require grazing for their maintenance. There is no justification for excluding such land from CAP support.

Landscape features should be defined as universally eligible for Pillar 1, with Member States having the option to determine specific exclusions where necessary. Current rules allow some flexibility, but do not encourage a harmonised approach to including such features in Pillar 1 eligibility.

The concept of “unwanted vegetation encroachment” under GAEC should be revised, as it is causing wholesale clearance of scrubby habitats in some cases, and exclusion of pastures with scrub from Pillar 1 (and subsequent abandonment) in other cases. Generally it causes major administrative complications for government and for farmers.

The mere **presence** of certain types of vegetation should not be counted as “unwanted vegetation” and therefore a breach of GAEC. EU regulations should merely give Member States the **option** to introduce rules on the **spread or increase** of unwanted vegetation, if such rules are necessary and appropriate for environmental reasons.

As already contemplated under GAEC, there should be a minimum management requirement to be determined by Member States (minimum LU/ha, mowing etc.), as appropriate for different types of farmland and features. This should be the main approach to maintaining farmland in good condition.

In situations where removal of scrub/trees is desirable for environmental reasons, this should be managed through agri-environment schemes and non-productive investment grants. It should not be driven by blanket, untargeted mechanisms such as GAEC.



Overall, GAEC rules should be reviewed to ensure that they focus exclusively on real problems and only where these problems have a high chance of occurring. **The approach should be proportionate to the environmental problems inherent in different farming types.** Extensive livestock farms are inherently less likely to impact on the environment, yet the current system “loads” them with additional GAEC burdens (clearing scrub, grazing, mowing, complex livestock identification systems) that are more to do with maintaining a system rather than limiting the impacts of a system. These “maintenance” burdens do not affect more intensive farm types.

Finally, an important gap in cross-compliance SMRs is the EIA Directive. This Directive includes a mechanism for preventing the intensification and conversion of semi-natural farmland which is poorly implemented in most Member States. The Commission is currently reviewing the EIA Directive to improve its biodiversity proofing. **The EIA Directive should be included in the legislation that farmers should comply with under cross-compliance.**

### ***Permanent pasture definition***

The definition of permanent pasture should be revised. The policy focus should be on maintaining permanent pasture of all vegetative types that is genuinely permanent (not reseeded every few years), as these are the types of most environmental value. The current implicit exclusion of non-herbaceous pasture (for example scrubby and woody pasture) has no agronomic or environmental justification.

We propose a **simplification of the current definition** that allows all the most extensive types of pasture with scrub and trees to be included:

**“Permanent pasture shall mean land under permanent vegetation and used as forage for domestic livestock or other sustainable agricultural use”.** [For current definition see <sup>1</sup>]

The currently defined PP (with the “5 year rule”) should be renamed as **“semi-permanent pasture”** and continue with the present rules.

### ***Permanent Pasture Premium***

We support the proposal for a “greening” element in Pillar 1 to support permanent pasture. This should consist of a Premium for permanent pasture (PP) that is **genuinely permanent and therefore of high environmental value.**

The new Permanent Pasture Premium should be only for PP that is not reseeded after 2010. Reseeding is the principal indicator of intensification and consequent loss of environmental value, and is simple to verify by inspection and aerial photography.

A farmer can claim the PP Premium each year, but if he chooses to reseed some PP, he loses all the premia he has claimed on this PP from when he first claimed. In practice, it is the less productive and less-intensively managed permanent pasture that is likely to be entered in the scheme, so that farmers are likely to want to stay in the scheme so long as payments are available.

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<sup>1</sup> ‘Permanent pasture’: shall mean land used to grow grasses or other herbaceous forage naturally (self-seeded) or through cultivation (sown) and that has not been included in the crop rotation of the holding for five years or longer... Regulation 796/2004



**Grasslands under the current PP definition (5 year rule) should be renamed “semi-permanent pasture” (SPP)** and should continue to be controlled, with revised rules: maintenance of existing proportion at the farm-level, longer age requirement e.g. 10 years. A smaller Premium should be payable on this SPP.

Effectively the scheme would create a new category of “Premium” PP that is genuinely permanent and inherently of higher environmental value. It should be recorded as Premium PP on LPIS. Because we propose a 2010 baseline, there should be a clause allowing farmers to apply to have currently excluded land (e.g. with trees and bushes) added to the system.

The area of this “Premium PP” would be monitored alongside the current semi-permanent pasture (5 year rule), and would provide an extremely valuable biodiversity indicator at EU level.

In future this new category of PP would be incorporated as a CORINE category, making this data base much more useful for biodiversity monitoring.

It would also make implementation of the EIA and Biofuels Directives a practical possibility, as the grasslands of biodiversity value would all be within this new category (with certain exceptions that are already on inventories, mainly intensive grassland used by birds).

### ***Ecological Infrastructure Premium***

The proposed “set-aside” greening element under Pillar 1 should reward all land on the farm that can be considered “ecological infrastructure” (including hedges, stone terraces, patches of semi-natural habitat). Payment of the premium should be in proportion to the area of land under these features, above the 10% threshold.

We recommend against the term “ecological set-aside” as this has negative connotations on inactivity and implies that only land taken out of production can be eligible.

### ***LPIS and other data sets – make them useful, efficient and harmonised***

LPIS represents a major investment of public resources. It is an extremely valuable tool and essential for efficient and effective implementation of the CAP. A re-focusing of policy on public goods cannot be achieved without an effective LPIS.

The system needs some further development. The new category of Premium Permanent Pasture proposed above should be recorded and monitored alongside the current “semi-permanent” pasture. Ecological infrastructure should also be recorded (this is essential already in order to implement GAEC requirements, and is being recorded in some Member States).

LPIS categories should be harmonised across the EU, and with other data sets such as FSS, in order to establish a harmonised and efficient data collection and monitoring system.

## **Pillar 2**

### ***RDП priorities and quantified objectives***



In order to be approved by the Commission, RDP texts for the period 2014-2020 should demonstrate how they will contribute to the delivery of EU goals, including environmental goals for biodiversity, water, soil and climate change.

The old system of SWOT analysis should be replaced with a requirement to show a **robust assessment of challenges in the context of specific EU goals**. This assessment should lead to the establishment of **quantified objectives** for the programme area commensurate to the scale of the challenges and to the established EU goals. This approach should apply explicitly to environmental themes including biodiversity, water, soil and climate change.

This means that a Member States with large areas of farmland of high biodiversity value (including Natura 2000 sites and HNV landscapes), with documented challenges such as over-exploitation of water resources or severe soil degradation, **must demonstrate a policy response that is commensurate to the scale of these challenges**.

For this approach to work, EU-level governance will have to be greatly improved. Currently the Commission seems not to have the capacity or the power to oblige Member States to make significant changes to their proposed RDPs. A more open system would be beneficial - **draft RDPs should be made publicly available on the Commission website** for a period of time sufficient to allow independent experts to send comments to the Commission services.

In order to make the aim of supporting public goods operational, RDPs should be required to assess and identify the farming types and landscapes in the programme area that are inherently most valuable in terms of public goods delivery, for example High Nature Value farming systems, and to assess the threats and challenges facing them at the farm and landscape scale.

This should provide the rational basis for prioritising and targeting the use of resources, and for the design of **measures to support farming systems of high public-goods value at the landscape scale**.

The assessment should include:

- Analysis of what are the main types of farming retaining high public-goods value at the landscape-territorial scale; what values do they support; what extent of land do they cover; what socio-economic challenges do these farming types face?
- Simple maps indicating the location of different farming systems **can be helpful** as a strategic tool for planning and illustrating policy, **but these should not be confused with systems for monitoring or targeting payments**.
- Setting clear and quantified objectives – which types of farmland should be priorities, how much of this farmland should be maintained?
- Effective measures with sufficient resources for the scale of the problem – what measures are most effective, based on European experience? This should include consideration of integrated packages of measures (agri-environment, investment aid, pro-active farm advisory services) especially through locally targeted projects.
- What scale of resources is needed to make these measures operational in a way that will achieve the objectives?
- Monitoring – how will changes to HNV farmland and to HNV farming systems be monitored, in order to feedback into improved policies?

## **Agri-environment**

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The use of agri-environment measures to support farming systems of high public-goods value should be obligatory, in combination with other measures such as aid for productive and non-productive investments. Despite having been in existence for almost 25 years, several member States and regions make only limited use of the agri-environment measure, especially when considered in proportion to the scale of environmental challenges on the farmland in their territories.

### ***Natural Handicap – Less Favoured Areas (NH-LFA)***

The use of the NH-LFA measure is also extremely weak in relation to the public goods agenda, and even in some cases in relation to the original objective of maintaining farming in the designated areas.

We propose that Member States should be required to divide their NH-LFA area into broadly homogenous zones, and to establish sustainability objectives for each zone. Support payments then should be targeted at farm types that best match with the established objectives. **The combination of clear objectives and robust but simple farm-level eligibility criteria are the keys to a more effective and efficient NH-LFA scheme.**

### ***Farming and Environment Local Integrated Projects***

EU goals cannot be met solely by top-down payment schemes to farmers, plus cross-compliance. This is especially true in more extreme situations, for example areas with extreme environmental challenges, with extreme marginality, etc.

Local, integrated projects that work pro-actively with farmers can have outstandingly positive results. In areas of HNV farming they should address a range of socio-economic issues, leading to greater social recognition and motivation of farmers, and ensuring a critical mass of activity, farmer succession and improved living conditions.

Local projects working with farmers to tackle environmental challenges already exist, but they are just **small hotspots of positive action, usually funded from non-RDP sources** such as LIFE, NGOs and private funds. The very fact of their existence shows that **RDPs are failing to provide what is needed**. Local people wanting positive change are forced to turn to other, far more limited sources of funds to provide what is really needed on the ground.

There are several outstanding examples around the EU. But they are not widespread enough, and when the funds run out, the projects cease. Mainstreaming and continuity of the approach is needed urgently. Only the CAP has the funds and coverage to achieve this. A new specific measure in the EU regulations is needed to make it operational.

The new regulation for RDPs should provide explicitly for Member States to allocate grants to local projects run by NGOs and farmers. Initially these could be pilot projects for specific areas of high priority for addressing environmental and/or territorial challenges, e.g. localities with exceptional biodiversity, water or soil challenges, localities with very severe depopulation. A pilot phase is especially valuable to assess the situation and challenges, and to establish objectives.

This approach is essential for the effective implementation of Natura 2000, the Water Framework Directive and Soils Strategy.



In order to receive an RDP grant, a local project group should present a programme that demonstrates how the project will contribute at the local level to environmental and/or territorial objectives already quantified in the RDP.

### ***Indicators and monitoring***

Robust evaluation and monitoring is essential to check that EU goals are being achieved and ensure that the CAP budget is well spent in accordance with its objectives. Currently for the CAP as a whole, evaluation and monitoring of results and effects are extremely weak.

The system should be revised, including CMEF. But it must not be “dumbed down” in the name of simplicity. It should be made **more efficient, more effective and more useful for informing policy improvement.**

Indicators should be designed to provide meaningful information about what is happening on the ground in response to measures funded by the CAP. This requires clear quantitative and qualitative baselines to be established in relation to EU goals, including biodiversity, water, soils and climate change.

Given the failure of the EU to meet its target for halting biodiversity decline by 2010, **improved monitoring of the effects of the CAP on biodiversity is required urgently**, in order to enable improved design of measures.

For monitoring biodiversity, the current Farmland Birds Indicator should be complemented by new biodiversity indicators, especially for habitats for which birds are not the most appropriate indicator species, such as grasslands. Specifically, an indicator for farmland butterflies is now well developed and should be used.

A permanent pastures/meadows indicator should also be added, using the definitions for permanent pasture proposed above. Several aspects of EU policy are concerned with maintaining permanent pastures/meadows of biodiversity value, including the CAP, EIA Directive, Renewable Energy Directive as well as the target for halting biodiversity decline. A common data set and indicator is needed to monitor trends in this land-cover type, and to evaluate the role of the CAP in this context.

Several Member States are developing a suitable data set already. Estonia, Slovakia and Wales have recently developed comprehensive GIS data-bases of semi-natural grasslands. All Member States have the capacity to do the same and the cost is not excessive - existing resources from the Technical Assistance budget of RDPs provide more than enough funds for this work.

**It is essential not only to monitor biodiversity, but also the trends in farming that are contributing to biodiversity trends. Without an understanding of how farming is changing, it is impossible to respond with appropriate policy measures.**

**The High Nature Value farming indicator is the only CMEF indicator which currently considers trends in farming systems. Considerable progress has been made by Member States in applying this indicator over the past three years.**

Germany has set up a simple, low-cost system for the HNV farmland indicator, which effectively monitors the extent and condition of HNV farmland. The UK has a monitoring system in operation for several decades (Countryside Survey) with a very similar approach to the German HNV monitoring system.

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UK government agencies responsible for biodiversity are currently supporting local projects on HNV farming, to clarify the concept and feed into national policy development.

The Spanish Ministry of Agriculture is undertaking a major exercise to identify the distribution of HNV farmland. The agriculture authorities in Navarra are well advanced in the development of a comprehensive model for identifying and monitoring HNV farming systems.

The CMEF HNV farming indicator should be reviewed and clarified. Current wording is inconsistent and confusing. A clear distinction should be made between monitoring HNV *farmland* (i.e. types of land-cover, such as extensive permanent pastures/meadows) and monitoring HNV farming *systems* (i.e. farm practices, socio-economic situation of farm types). Both approaches are needed. For farming systems in particular, sample surveys are the most practical monitoring option.

Finally, there is an important distinction between Result Indicators, such as number of hectares participating in a scheme; and Impact Indicators, such as trends in particular types of farmland or farming practice. Result Indicators tell us only a small part of the story, they do not help to inform policy development. Impact Indicators are essential for monitoring trends in farming and the environment, for assessing the effects CAP measures, and for informing policy improvement.

EFNCP, 25<sup>th</sup> January 2011