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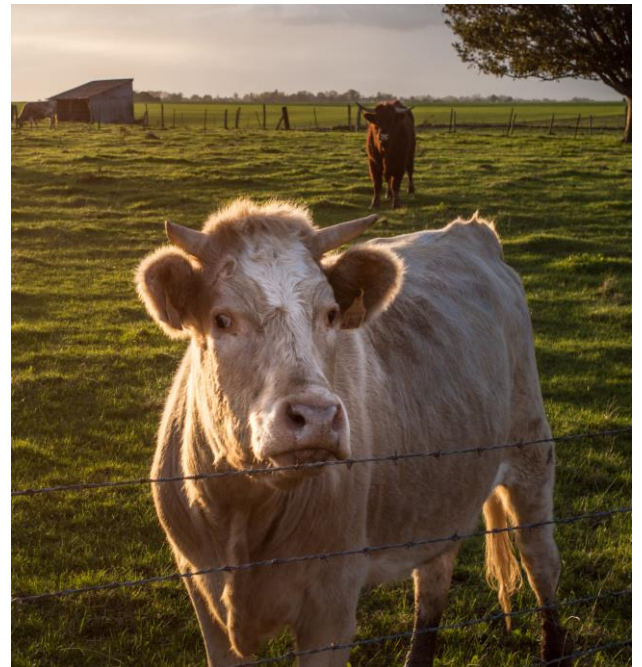
September 2019

CAP 2021-27: A comparative analysis of the environmental performance of the COMENVI and COMAGRI reports on the Commission's proposals

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Funded by:



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The report should be cited as follows: Bas-Defossez F and Meredith S (2019) CAP 2021-27: A comparative analysis of the environmental performance of the COMENVI and COMAGRI reports on the Commission's proposals, report for NABU by IEEP

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Acknowledgements:

We would like to thank in particular colleagues within IEEP for their very helpful inputs and comments into this report, including: Kaley Hart and Elisa Kollenda.

This report is part of a project by NABU, financially supported by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU).

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An opportunity to move away from the status quo not to be missed

The Commission's Common Agricultural Policy (CAP) proposals for the 2021-27 period, published in June 2018, present a renewed opportunity to put environmental and climate action at the heart of the next CAP. The proposals themselves highlight the fact that, despite greater political commitment to achieving environmental, biodiversity and climate objectives over the past two decades, greater ambition is required if Europe is to meet its global, EU and national targets for biodiversity, water quality, greenhouse gas emissions, air quality as well as long-term food security. This is backed up by a number of international flagship reports which show that the agriculture and forestry sector must play its part in tackling the global climate and biodiversity crisis.

A major feature of the proposals involves a fundamental change in the delivery approach towards one in which all CAP support (both Pillar 1 and Pillar 2) is focused on performance, delivering results against a set of EU objectives in light of national and regionally identified needs. If this ambition is to be realised, this could provide a real opportunity to scale up environmental and climate action in the agriculture and forestry sector to meet EU and national targets and priorities. However, for this ambition to be met, several amendments to the proposals are necessary or there is a great risk that what is proposed will allow Member States to get away with maintaining the status quo.

Both the agriculture and rural development committee and environment committee (which was given associated statute on several aspects of the proposals) have adopted their reports on the Commission's proposals prior to the elections in May 2019. The next step is now for the Plenary to ratify its overall position before proceeding to trilogues with the AGRI Council. However, the possibility for the report to be discussed again in the lead Committee (COMAGRI) before reaching plenary is also on the table.

Given the timing and the urgent need for greater ambition, it is important to understand to what extent both Committees' reports could manage or not to turn the Commission's ambitious rhetoric into reality and prevent the status quo from prevailing.

Focus of the report:

This report assesses the performance of the COMAGRI and the COMENVI reports against the recommendations made in recent IEEP reports assessing the Commission's proposals. Starting with some lessons learned from the CAP 2014-2020 and a short presentation of the Commission's proposals post 2020 the report focuses on the COMAGRI and COMENVI reports and their potential performance on environmental aspects, looking in particular at the following areas:

- Definitions and eligibility criteria
- Green architecture and Natura 2000
- Other area based payments
- Investment aids and risk management
- Governance and stakeholders engagement
- Advice and knowledge
- Design of strategic plans, monitoring and accountability

The report concludes with a summary of the parts of the COMAGRI and COMENVI reports that should be maintained to increase the environmental and climate performance of the next CAP. It also includes an overview of the gaps/elements within the two reports that would need to be addressed and/or amended by the Parliament to make the Commission's proposals fit for the environmental and climate challenges ahead.

Comparative assessment of the environmental and climate performance of COMAGRI and COMENVI reports

The comparative assessment is based on 25 identified actions to turn the Commission's ambitious rhetoric into reality, these 25 actions are split across seven specific areas set out in the report. The analysis concludes that there are several ways in which the Parliament's final position can help to enhance the Commission's CAP proposals and increase their environmental and climate ambition. However, the COMAGRI and COMENVI proposals differ starkly in terms of their appetite to maintain or increase the level of ambition.

Key findings from the COMAGRI report show:

- A large part of the report is made of amendments that have limited potential to increase the CAP's environmental and climate performance (being either too vague or not ambitious enough). As they stand, these amendments would not put forward the necessary elements to turn the Commission's proposals from rhetoric to concrete action and in many respects they risk maintaining a damaging status quo and in some cases going back on previous environmental and climate achievements;
- On governance, despite making the overall EU objectives more specific (e.g. *'reverse the decline'*, *'reduce greenhouse gas emissions'*), the COMAGRI amendments fail to make them measurable or result-orientated where possible. This therefore leaves open the risk that the targets set by Member States will not be specific and ambitious enough to address the significant environmental and climate challenges facing the EU agriculture and forestry sector;
- There are some particularly concerning changes to the Commission's proposals, that would reduce the next CAP's ambition for the environmental and climate action, notably concerning the green architecture and other area based payments. Not only does COMAGRI not clarify or strengthen the minimum threshold for the basic payments but it also deletes the proposed Farm Sustainability Tool for Nutrients and the standard relating to the minimum share of agricultural area devoted to non-productive features or areas from conditionality. As there currently is a requirement under greening to devote a minimum percentage of land to Ecological Focus Areas, such an amendment risks leading to a step backward on previous achievements;
- The report also proposes to ring fence 60% of Pillar 1 for basic payments and only allocates 20% for the eco-scheme. Moreover, under Pillar 2 payments for areas facing natural or other area-specific constraints (ANCs) could continue to make up a significant proportion of the environmental spend. This seriously risks further increasing the lack of coherence between the income support tools, and the environmental/climate interventions and accompanying needs, and hence overall the environmental and climate performance of the policy;
- At the same time, some of the Committee's amendments particularly on advice and knowledge are encouraging. These amendments adequately tackle some of the gaps in the

Commission's proposal by seeking to make clear links between farm extension and with the overall green architecture. The most notable feature is a stronger emphasis being placed on knowledge and advice services – under the CSP for the eco-scheme.

Key findings from the COMENVI report show:

- Overall the amendments present very encouraging changes that have the potential to turn the Commission's proposals into a new delivery approach in which all CAP support (both Pillar 1 and Pillar 2) is better focused on environmental performance, delivering results against a set of meaningful EU objectives in light of national and regionally identified needs;
- A number of conditionality standards and requirements are strengthened while their design based on environmental and climate needs is maintained with a stronger link made to EU environmental legislation and a greater emphasis on Commission oversight;
- The report also proposes to strengthen the coherence between the CAP objectives and the existing EU environmental and climate legislation.
- It proposes a number of very encouraging amendments on partnership and stakeholder involvement during the preparation and monitoring of the CSPs
- Importantly it ring fences 30% of Pillar 1 for the eco-scheme, while increasing the minimum spending in Pillar 2 for environment and climate from 30 to 40%. This includes the obligation for Member States to reserve a minimum amount of EAFRD for agri-environment-climate commitments and Natura 2000/WFD payments that contribute directly to the CAP's biodiversity and ecosystem services.
- The report, therefore sets the Commission's proposals on the right path to help improve the next CAP's performance in delivering environmental and climate outcomes and ultimately helping to secure stable agro-ecosystems and long-term food production.

Overall, this report highlights many areas where an ambitious Parliament's position could help to build on and strengthen the Commission's CAP proposals. Indeed, a number of the amendments proposed by COMENVI could go a long way to ensuring that a sound legal framework is put in place capable of mainstreaming environmental/climate action across the sector after 2020. At the same time, many amendments in the COMAGRI report demonstrate that there may be a temptation on by some MEPs to maintain business as usual. However, this would not only be a missed opportunity, but could seriously undermine the ability and legitimacy of the next CAP to deliver for the environment, EU citizens and the farming community.

Currently under discussion in the European Parliament and AGRI Council, the Commission's Common Agricultural Policy (CAP) Proposals¹ for the 2021-27 period, published in June 2018, present a renewed opportunity to put environmental and climate action at the heart of the next CAP. The evidence demonstrates that efforts to date to green the CAP have not been sufficient to outweigh the damage being done to biodiversity, water quality, soils and air quality.² Indeed, the proposals themselves highlight the fact that, despite greater political commitment to achieving environmental, biodiversity and climate objectives over the past two decades, greater ambition is required if we are to meet global, EU and national targets for biodiversity, water quality, greenhouse gas emissions, air quality as well as long-term food security. This is backed up by a number of international flagship reports which show that the agriculture and forestry sector must play its part in tackling the global climate and biodiversity crisis. Chief among these are:

- the IPCC report,³ published in October 2018, showing that the EU is not on track to meet the Paris Agreement's long-term aims, arguing that there is only 12 years in which humankind can take action to ensure temperatures do not exceed 1.5 degrees and that agriculture must play its part, especially since in the EU greenhouse gas emissions from agriculture have remained fairly stable since 2010 and started to increase again in some countries.
- the IPBES global assessment report on biodiversity and ecosystem services⁴ published in May 2019 which states that transformational change is needed to reverse unprecedented decline of biodiversity, and that land use change, with expansion and intensification of agriculture, is the most important factor of that decline.

The reform of the EU farm subsidies regime therefore represents an opportunity that cannot be missed.

Within the European Parliament, discussions on the position on the proposals for the CAP post 2020 are led by COMAGRI. It produced a draft report during the previous parliamentary cycle 2014-2019 that did not get tabled in Plenary. For the first time, the Committee on Environment, Public Health and Food Safety (COMENVI) has been granted associated status⁵ for the CAP Strategic Plans (CSPs) file concerning all elements related to the environment. This effectively means that both COMAGRI and COMENVI hold shared competency on the European Parliament's position on the environmental, biodiversity and climate content of the CAP post-2020 (see Table 1). With the Committee's positions established under the previous mandate, the next step is for the plenary to ratify its overall position before proceeding to trilogues with the Agriculture and Fisheries Council

¹ Proposal establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CSPs) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD), COM(2018) 392 final, Brussels, 1.06.2018

² Pe'er, G et al (2017) Is the CAP Fit for purpose? An evidence-based fitness-check assessment, Leipzig: Commissioned by Stichting BirdLife Europe and the European Environmental Bureau (EEB)

³ <https://www.ipcc.ch/sr15/>

⁴ https://www.ipbes.net/system/tdf/ipbes_7_10_add-1-_advance_0.pdf?file=1&type=node&id=35245

⁵ Rule 57 Associated committee procedure: http://www.europarl.europa.eu/doceo/document/lastrules/RULE-057_EN.html?redirect

(Ministers of agriculture). It is also a possibility for the leading Committee to decide to reopen its own report before it goes to Plenary.

As newly elected MEPs take up their mandate all eyes are now on how the Parliament will set out its stall on the future direction of the CAP. Ahead of a plenary vote this analysis therefore takes the opportunity to assess the performance of the positions emanating from the Committees (COMAGRI and COMENVI) in working to ensure that the next CAP has ambition and resources to address the key environmental and climate challenges facing the EU agriculture and forestry sector.

Table 1: Articles and themes falling under shared competency between COMAGRI and COMENVI

Article Number	Theme
Article 4 (1) b (III)	Permanent grasslands definition
Article 5(1)(b),	General objectives
Article 6(1)(d) - (f),	Specific objectives
Article 6(1)(h) - (i),	Specific objectives
Article 11,	Conditionality, principle and scope
Article 12,	Obligations of Member States relating to good agricultural and environmental condition
Article 28,	Scheme for the climate and environment (eco scheme)
Article 42(c) and (h),	Objectives in the fruit and vegetables sector
Article 42(d) - (e),	Objectives in the fruit and vegetables sector
Article 43,	Types of intervention in the fruit and vegetables sector
Article 51,	Objectives in the wine sector
Article 54(4),	Specific rules on Union financial assistance to the wine sector
Article 55(e) - (f),	Objectives and types of intervention in the hops sector
Article 56(c) - (d),	Objectives in the olive oil and table olives sector
Article 59(d) - (e),	Objectives in other sectors
Article 59(d) - (e),	Objectives in other sectors
Article 60,	Types of interventions
Article 64,	Rural development- types of interventions
Article 65,	Rural development- Environmental, climate and other management commitments (AECM)
Article 66,	Rural Development- Areas facing natural or other area-specific constraints (ANCs)
Article 67,	Rural Development- Area-specific disadvantages resulting from certain mandatory requirements
Article 71(8),	Cooperation
Article 86(2),	Rural Development- minimum and maximum financial allocations (ring fencing)
Article 87,	Tracking climate expenditure
Article 92,	Level of environmental ambition
Article 97(2)(a) - (b),	Intervention strategy
Articles 123 - 124,	Performance bonus
Annex I	Impact, result and output indicators
Annex II	WTO domestic support
Annex III	Rules on conditionality
Annex XI	EU legislation concerning the environment and climate to whose objectives member states' cap strategic plans should contribute

Source: European Parliament

Focus of the report

This report builds on previous studies carried out by IEEP on the Commission's proposals and their potential environmental and climate impacts.⁶ It analyses the amendments⁷ proposed by both the COMAGRI (23/05/2019)⁸ and the COMENVI (04/04/2019)⁹ of the European Parliament on the Commission's proposal and assesses their potential to support greater environmental and climate performance.

The study starts with some lessons learned from the CAP 2014-2020 and a short presentation of the Commission's proposals post 2020. It then focuses on the COMAGRI and COMENVI reports and their potential performance on environmental aspects, looking at the following areas specifically:

- Definitions and eligibility criteria
- Green architecture and Natura 2000
- Other area based payments
- Investment aids and risk management
- Governance and stakeholders engagement
- Advice and knowledge
- Design of strategic plans, monitoring and accountability

Each of the sections sets out what the Commission's proposals say, identifies the key positive elements and opportunities for the environment/climate (from the EC proposals) as well as some of the main risks and issues foreseen from the reports, building on the recommendations and actions identified by the previous IEEP reports outlined above.

The report concludes with a summary of the parts of the COMAGRI and COMENVI reports that could support greater environmental and climate performance, as well as the gaps/elements within the two reports that would need to be addressed and/or amended by the Parliament to make the Commission's proposals fit for the environmental and climate challenges ahead.

⁶ See Hart K and Bas-Defossez F (2018) CAP 2021-27: Proposals for increasing its environmental and climate ambition; Meredith S and Hart K (2019) CAP 2021-27: Using the eco-scheme to maximise environmental and climate benefits, report for IFOAM EU by IEEP

⁷ The analysis is limited to the amendments made on articles and does not analyse the amendments on recitals.

⁸ http://www.europarl.europa.eu/doceo/document/A-8-2019-0200_EN.html#title1

⁹ http://www.europarl.europa.eu/doceo/document/A-8-2019-0200_EN.html#title3

The Commission's CAP proposals post 2020 at glance and lessons learned from the implementation of the current policy

Before assessing the positions of the European Parliament's Agriculture and Environment committees, this chapter sets out the European Commission's proposals for the CAP post 2020 and reflects on some of the lessons learned from the implementation of the current CAP (operating since 2014) in relation to achieving environmental and climate objectives.

Overview of the CAP proposals post-2020

The proposals for CAP for the 2021-27 period were published by the European Commission and presented to the European Parliament and Council in June 2018. According to the proposals, a key priority of the reform is to enhance environment and climate ambition under the CAP in order to make a greater contribution towards key EU environmental and climate objectives. Other priorities specified include supporting farm incomes with a specific focus on small and medium-sized farmers as well as young farmers, encouraging innovation, responding to societal concerns about the quality of their food and the production methods used and to encourage greater growth and jobs in rural areas. Part of these priorities include finding new ways to simplify and modernise the policy. Under the Commission's proposals a new approach to the way the CAP would work in the future is set out, with Member States given more flexibility in the way they can use the policy to respond to the specific needs and priorities of their agriculture and forestry sectors. Two key structural changes have been made to enable this approach: reviewing and rebalancing the responsibilities between the EU and Member States and shifting the focus of payments and support away from compliance with detailed rules set at the EU level, towards a focus on performance.

The latest reform is underpinned by four general objectives for the new CAP which are:

- To foster a smart, resilient and diversified agricultural sector ensuring food security;
- To bolster environmental care and climate action and to contribute to the environmental- and climate-related objectives of the Union;
- To strengthen the socio-economic fabric of rural areas;

And one cross-cutting objective:

- To modernise the sector by fostering and sharing knowledge, innovation and digitalisation in agriculture and rural areas, and encouraging uptake.

Under these general objectives sit nine specific objectives, three of which focus directly on climate and the environment (see Figure 1).



Figure 1: The nine objectives proposed for the CAP 2021-27

Source: European Commission

Member States are required to prepare a CAP Strategic Plan (CSPs) identifying their needs and priorities and setting out the types of interventions under Pillar 1 and 2 they will programme in order to address these needs and priorities and contribute to the CAP’s general and specific objectives. The broader move to a CAP-wide programming approach for all instruments and measures, closely resembling the design and implementation of rural development policy, is considered to constitute a shift towards a greater focus on performance;¹⁰ but several commentators, academics, institutions and organisations have identified many pitfalls and threats to the level of environmental performance in the texts proposed by the Commission and warned that if not rightly amended the *status quo* might prevail.¹¹

Lessons learned from the CAP 2014-2020

A desire to improve the legitimacy of direct payments by making environmental management and the delivery of public goods a more integral part of agricultural support was a key factor influencing

¹⁰ For a full analysis of the overall potential of the Commission’s proposals for increasing the CAP’s environmental and climate ambition see Hart, K and Bas-Defossez, F (2018) CAP 2021-27

¹¹ To name a few of them:

- European Court of Auditors (November 2018) (<https://www.eca.europa.eu/en/Pages/NewsItem.aspx?nid=11068>)
- Report of the Scientific Advisory Board on Agricultural Policy, Food and Consumer Health Protection of the Federal Ministry of Food and Agriculture (in German only, on the CAP proposal from July 2019) – translated “On the effective design of agrienvironment and climate policy as part of the CAP post 2020) (<https://www.bmel.de/SharedDocs/Downloads/Ministerium/Beiraete/Agrarpolitik/Stellungnahme-GAP-Effektivierung-AUK.html>)
- Pe’er, G et al (2019) *A greener path for the EU Common Agricultural Policy* (<https://science.sciencemag.org/content/365/6452/449.full>)

the 2013 CAP reform notably the enlargement of the CAP's so called 'green architecture' (see Box 1).

Box 1: Key changes related to environment and climate change under the CAP 2014-2020

From an environmental and climate perspective, a major change to the CAP for the 2014-2020 period was :

The inclusion of three measures providing 'payments for agricultural practices beneficial for the climate and the environment' under pillar 1.

Otherwise known as 'green direct payments' practices were mandatory for farmers in receipt of direct payments to apply¹² with Member States required to allocate 30 % of their national CAP budget to Pillar 1. The introduction of 'greening' meant that the cross-compliance framework was restructured and consolidated into a reduced list, as some of the previous standards had evolved into the greening measures.

Under Pillar 2 :

The compulsory agri-environment measure was extended to become 'agri-environment-climate' and a separate organic farming measure was introduced under the EU Rural Development Programmes (RDPs).

Within their RDPs. Member States were required to **dedicate at least 30%** of the budget to these and other measures, including payments contributing to the implementation of Natura 2000 and river basin management under the respective directives, sustainable forestry and support for areas facing natural or other area-specific constraints (ANCs).

Furthermore, a greater emphasis **was put on the strategic, programmed, multi-annual approach of the Rural Development Programmes (RDPs), underlining the importance of clear objectives, achieving maximum value added, making the RDPs more result-oriented and effective monitoring and evaluation.**

As part of this, the three 'axes' of the previous programming period were replaced by **six core priorities, one of which is related to the environment and the other to climate.**¹³ Under this new approach all priorities were required to contribute to the cross-cutting objectives of innovation, environment and climate change mitigation and adaptation. However, Member States could use RDP measures more flexibly to deliver against at least four of the six RD priorities if justified based on their SWOT analysis and the ex-ante evaluation.

Other factors also influenced the reform, including the need to make the distribution of direct payments more equitable, both between and within Member States and to continue the longstanding efforts to simplify the operation of the CAP¹⁴. As outlined above, these issues as well as others continue to dominate the agenda of the new reform. As a result, a number of lessons can

¹² The regulations set out the criteria determining when the three greening measures apply with a number of exemptions applying

¹³ Refers to 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 respectively. Priorities are also broken down into specific focus areas.

¹⁴ Swinnen J ed. (2015) *The Political Economy of the 2014-2020 Common Agricultural Policy: An Imperfect Storm*, Centre for European Policy Studies (CEPS), Brussels, Rowman and Littlefield International, London.

be drawn from the current implementation period, a number of which are addressed in the Commission's proposals, in order to increase the new CAP's environmental and climate ambition. These include¹⁵:

- Providing Member States with more flexibility to choose how to design and implement CAP measures does not necessarily lead to choices that enhance either the ambition or effectiveness in relation to the environmental and climate needs within that country. In fact, experience to date, particularly with the greening measures, but also in some cases with agri-environment-climate schemes has instead demonstrated risk averse decision making leading to an absence of environmental ambition in many countries.
- Having a specified level of the CAP budget allocated for environmental and climate purposes has been useful, but the lack of linking this to more specific environmental objectives has been a weakness which has made it easier for Member States to dilute their efforts. There should be a stronger emphasis on developing a robust, transparent intervention logic in the allocation of funds to different measures according to identified needs and the setting of quantified and meaningful targets, linking these to existing EU and national legal obligations to demonstrate the CAP's contribution to these.
- Objectives that are general in nature, combined with generic indicators can end up being no more than broad headings under which schemes are brigaded, rather than driving precision in designed well targeted schemes. This has led to a lot of generic schemes in place that may help blunt the environmentally damaging effects of intensification with fewer tailored interventions that aim to make a tangible difference.
- Finally, the introduction of greening measures in Pillar 1 has highlighted the importance of finding a coherent approach across the CAP to deliver environmental (and other) objectives. Currently, however, there are very few actual examples of where Member States have actively planned the implementation of Pillar 1 and Pillar 2 measures together. In the majority of cases efforts have been made to ensure that the measures do not overlap, rather than to proactively find ways of making them work together synergistically. This suggests that there is still considerable room for improvement in designing approaches that use measures across both Pillars in ways that are complementary and coherent to achieve environmental and climate outcomes.

¹⁵ Hart K and Bas-Defosse F (2018) CAP 2021-27

Definition and eligibility of support

From an environmental perspective, it is important to make sure that areas of land that are part of a farm and of environmental value are eligible for support. The definitions of agricultural land and the eligibility criteria on what sort of land can receive funding are therefore important to get right in the EU legislation as well as the way they are interpreted nationally and regionally. In the past, these definitions and eligibility criteria and the way that Member States have chosen to interpret them have led to large tracts of valuable land being excluded from support, leading to a loss of important environmental habitats either through intensification or abandonment (e.g. wooded pastures, such as *dehesas*, and other shrubby semi-natural grassland in Spain)¹⁶.

What the CAP proposals say?

In the current CAP the definitions for what constitutes agricultural activity and how different types of agricultural area should be defined are contained in the Direct Payments regulation (No 1307/2013) and apply similarly to all Member States. The same goes for the definition of 'active farmer' within which however the Member States have a certain room for manoeuvre ('*where applicable [...], Member States can define the minimum activity to be carried out on agricultural areas naturally kept in a state suitable for grazing or cultivation*'; they can also '*on the basis of objective and non-discriminatory criteria, decide to add to [that list of activities] any other similar non-agricultural businesses or activities, and may subsequently decide to withdraw any such additions*').

The proposals post 2020 provide more flexibility to define eligibility at the national level, albeit within the framework set in the new legislation. According to Article 4 indeed Member States shall provide in their CAP Strategic Plan (CSP) the definitions of agricultural activity, agricultural area, eligible hectare, genuine farmer and young farmer, although it is unclear how and on the basis of which criteria the European Commission will assess the sufficiency of these definitions. Box 2 sets out the proposed framework within which Member States should provide their definitions.

Box 2: Key definitions framework for the CAP 2021-27

Agricultural activity: shall be defined in a way that allows both the production of agricultural products and/or the maintenance of agricultural area 'in a state which makes it suitable for grazing or cultivation, without preparatory action going beyond usual agricultural methods and machineries', so that it can be notified to the WTO as 'Green Box' support which has no, or minimal trade-distorting effects or effects on production (article 4(a)). Unlike the current regulations, there is no requirement for Member States to specify 'minimum activity' that must take place on the area, thereby enabling Member States to broaden the definition should they wish to do so.

Definition of agricultural area: a framework definition for 'arable land', 'permanent grassland' and 'permanent crops' is set out but kept broad with the intention that Member States can 'further specify definitions according to their local conditions' (preamble 5 and article 4(b)).

- *Permanent grassland*: refers to both permanent grassland and permanent pasture defined as 'land not included in the crop rotation of the holding for five years or more, used to grow grasses or other herbaceous forage naturally (self-seeded) or through cultivation (sown). It may include other species such as shrubs and /or trees which can be grazed or produce animal feed' (article 4(b)(iii)). This definition allows Member States to specify further criteria applicable to their particular situation and allows the inclusion

¹⁶ See for example: <http://www.efnecp.org/download/brussels2011b/Wood-pastures-EP-booklet.pdf>

of species other than grasses or other herbaceous forage that can be grazed or that may produce animal feed, whether used for actual production or not (preamble 5).

- *Eligible hectare*: In order to receive direct payments under the EAGF, an eligible hectare is any hectare on the holding that is in the year for which support is requested:
 - a) Used for an agricultural activity
 - b) Where used for a non-agricultural activity, is predominantly used for agricultural activities and is at the farmer's disposal;
 - c) Where justified for environmental reasons, the area may be used for agricultural activity only every other year.

Also eligible are areas that were eligible for direct payments but which may no longer be eligible as a result of carrying out activities to ensure compliance with the Birds and Habitats Directives and the Water Framework Directive, which have been afforested under rural development programmes (for the duration of the commitment) and which has been set aside (taken out of agricultural production) using support from rural development programmes (for the duration of the commitment).

Genuine farmer: shall be defined in a way to ensure that no support is granted to those whose agricultural activity forms only an insignificant part of their overall economic activities or whose principal business activity is not agricultural, while not precluding from support pluri-active farmers. The definition shall allow to determine which farmers are not considered genuine farmers, based on conditions such as income tests, labour inputs on the farm, company object and/or inclusion in registers (Article 4(d)).

Source: Hart and Bas-Defossez (2018)

Assessment of the Commission's proposals and recommendations

Bearing in mind how important it is to make sure that areas of land that are part of a farm and of environmental value are eligible for support, the new flexibilities offered could allow Member States to broaden their definitions of agricultural area, particularly permanent grassland, to ensure that environmentally valuable areas, such as wooded pastures and other areas of shrubby land that can be used by animals for grazing (even if not used for production currently) are eligible for CAP Pillar 1 support.

However, the proposed future framework is such that there is a risk Member States could still choose to apply a restrictive interpretation of the EU framework, thereby excluding environmentally valuable areas from CAP Pillar 1 support. This is a particular concern in relation to the way Member States choose to define permanent pasture and whether or not they include wood pasture within their agricultural area, given that several Member States chose to restrict the areas eligible for support in the 2014-2020 period (like Spain) and may not be prepared to re-open this debate.

A narrow definition of what constitutes a genuine farmer would also be possible and could exclude local authorities or other bodies, such as NGOs, who manage land agriculturally, including for environmental purposes.

The actions identified in our previous report¹⁷ can be listed as follow:

- Member States should be required to justify in their CSPs the areas of land that are excluded from CAP support payments as a result of the definitions they have chosen to apply. As a

¹⁷ Hart, K and Bas-Defossez, F (2018) CAP 2021-27

minimum requirement, Member States should be required to demonstrate that environmentally valuable habitats are included by the definition. In particular, this should focus on the way in which the definitions address wooded pastures and meadows.

- Criteria should be put in place to be used by the Commission to check that environmentally valuable habitats that are used for agricultural purposes (e.g. grazing) are not excluded from CAP support.
- Criteria should be put in place to be used by the Commission to check that the genuine farmer definition does not discriminate against any farmers and land managers who make a measurable contribution to achieving environmental objectives including those in high nature value farmland areas.

And summarized in the following actions:

Action 1	Add safeguards to ensure eligible area definition (grasslands etc), does not discriminate against environmental habitats protection
Action 2	Add safeguards to ensure the genuine farmer's definition does not discriminate against environmental and climate objectives

Performance of the COMAGRI report against the actions identified

- Agriculture area:

The COMAGRI report includes *agroforestry systems* within 'agricultural area' and states that *landscape features shall be included as components of the area*. This is welcome in principle and can help include valuable elements in the eligible area that have until now been excluded and hence not always seen worth maintaining albeit providing essential ecosystem services to the holding.

The report also adds the possibility to include *silvoarable agroforestry systems* under arable land.

- Permanent grasslands:

As regards the permanent grasslands definition, the report allows for '*other species such as shrubs and/or trees which produce animal feed*' to be included ('*provided that the grasses and other herbaceous forage remain predominant*') and in doing so help avoid that valuable habitats are excluded from the definition. Unfortunately, though there is a big loophole in COMAGRI's amendments as the text leaves it entirely up to the Member States to decide whether or not to include such grassland habitats ('*It may (...) where Member States so decide*') and does not propose criteria against which such decisions/choices will be assessed by the European Commission.

Additionally, it amends the length of the period under which a grassland should not be in rotation to be defined as permanent grassland. It increases it from *five to seven years* ('*that has not been included in the crop rotation of the holding for seven years or more*') which might exclude valuable grasslands that currently are protected under the permanent grassland measure.

The report adds a positive new criterion which stipulates that permanent grassland can be land that '*has not been ploughed for five years or more*' but yet again it is left to the willingness of the Member States to add such a criterion or not.

- Genuine farmer:

On genuine farmer, the amendments, which notably propose to go back to the wording '*active farmer*', fall short in putting in place actual criteria that could be used by the European Commission to check that the genuine farmer definition does not discriminate against any farmers and land managers who make a measurable contribution to achieving environmental objectives. In fact, nothing is proposed by the Committee to avoid that Member States use the flexibility they are given in how they can set their own definition to exclude farmers and land managers who make a measurable contribution to achieving environmental objectives.

Performance of the COMENVI report against the actions identified

First, it is important to note that on definitions, COMENVI was granted shared competence only on article 41(b) (iii) and therefore only on the definition of permanent grasslands (see box 1). This did not prevent the Committee from tabling amendments on other elements falling outside the shared competence area but could justify the lack of focus in some of those.

- Agriculture area:

Similarly to the COMAGRI report, the COMENVI report refers to landscapes features under the definition of agricultural area. Instead of stating that these *'shall' be* included as components of the area, it says that they *'may so'*, leaving the choice to the Member states to include them or not (*'Landscape features may hereby be included as components of the agricultural area'*).

- Permanent grasslands:

As regards the definition of permanent grasslands, unlike COMAGRI, it provides actual safeguards related to the inclusion of valuable habitats. COMENVI's amendments indeed state that the definition of permanent grasslands *'shall'* include other species *'such as shrubs and/or trees which can be grazed and other species such as shrubs and/or trees which produce animal feed'*. Such a requirement significantly reduces the risk of exclusion of valuable habitats by Member states since not including them in their definitions could well be legally questioned and challenged by the Commission when approving the plans. It should be mentioned though that the additional provision stating *'provided that the grasses and other herbaceous forage remain predominant'* adds back some room for manoeuvre at national level to interpret *'predominant'* in a conservative way and reduces the possibility for the Commission to challenge a restrictive definition.

The COMENVI report makes some positive amendments to the permanent grasslands definition. It notably completes the definition by differentiating between *'permanent'* and *'temporary'* grasslands. Permanent grasslands are proposed to be not only land not included in the rotation for five or more consecutive years but also land that has not been ploughed for the same length or more. Both types of grasslands fall under the category of grasslands but it reads that temporary grasslands should not be counted *'towards carbon sinking or climate goals'* and it is true that a grassland that is ploughed frequently does not provide the same carbon sink as a piece of grasslands that is left unploughed for many years.

- Genuine farmer:

No amendment proposed.

Table 2: Definition and eligibility of support - Comparison of performance of COMAGRI and COMENVI reports against the actions¹⁸¹⁹

Definition and eligibility of support	COMAGRI	COMENVI
Action 1: Add safeguards to ensure eligible area definition (grasslands etc.) , does not discriminate against environmental habitats protection	<ul style="list-style-type: none"> Despite some positive additions, COMAGRI amendments fail to add criteria and safeguards to ensure valuable habitats are not excluded from MS definitions <p>(AM 87, 88, 89, 91)</p>	<ul style="list-style-type: none"> Concrete safeguards that will prevent MS from excluding valuable habitats are added to the definition of permanent grasslands <p>(AM 60)</p>
Action 2: Add safeguards to ensure the genuine farmer’s definition does not discriminate against environmental and climate objectives	<ul style="list-style-type: none"> No criteria to ensure that the genuine farmer definition does not discriminate against any farmers and land managers who make a measurable contribution to achieving environmental objectives <p>(AM 94)</p>	<ul style="list-style-type: none"> No amendment proposed as a result no criteria are added

¹⁸ Colour code: light green: good performance / orange: mixed performance

¹⁹ The amendments listed in the table are the ones that have been identified as the ones having the highest relevance to the analysis by the authors. It is therefore not an exhaustive list.

The green architecture makes up those instruments of both Pillars of the CAP that are meant to steer and support more sustainable agriculture and land management and to provide targeted financing (investments and incentives) for environmental objectives such as nature conservation. Originally comprising voluntary agri-environmental measures supporting through a combination of EU and national co-financing, new instruments have been added to the CAP over time. Despite some significant developments, efforts to mainstream environmental and climate benefits across the entire EU farmed landscape, including the development of the Natura 2000 network, have not come to fruition. While there are success stories at local and regional level, overall the implementation of agri-environmental instruments lack the ambition, spending and scale to adequately address the environmental and climate pressures in the agriculture and forestry sector.²⁰ Proposals to slightly overhaul the green architecture with the streamlining of existing instruments and introduction of an additional one (eco-scheme) might help to address the current obstacles of fully mainstreaming environmental and climate tools into the CAP. An overview of the payments addressed in this section are highlighted in green in figure 2.

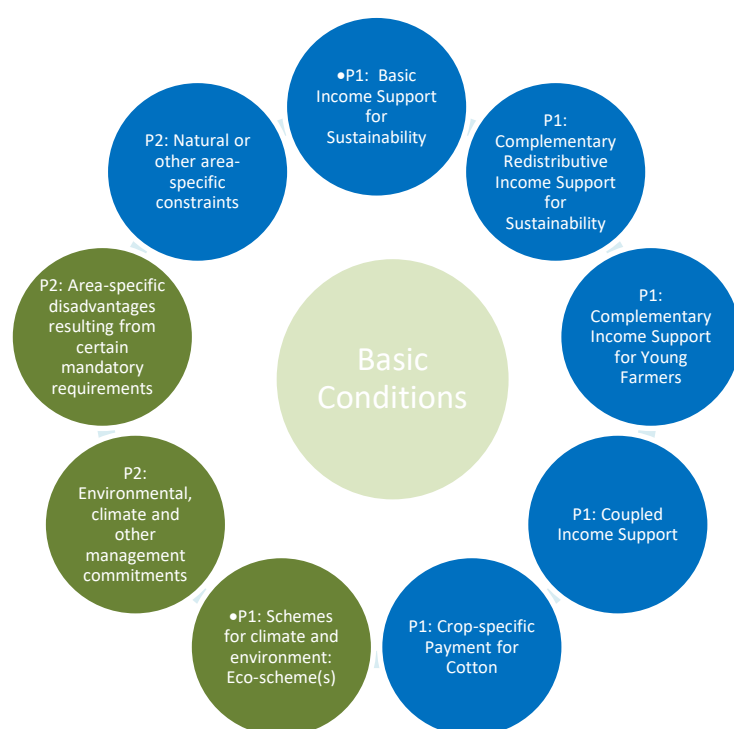


Figure 2: Green architecture instruments proposed for the CAP 2021-27

Legend:

Green: Refers to green architecture instruments covered in this chapter

Source: Own compilation based on the legislative proposals

²⁰ Pe'er, G et al (2017) Is the CAP Fit for purpose?

What the CAP proposals say?

Four different tools have a direct focus on achieving environmental/climate outcomes. These include:

- **Conditionality** consisting of basic environmental standards and requirements for all farmers and land managers in receipt of area based payments (Pillars 1 and 2);
- **Eco-Schemes**– mandatory for Member States to programme and voluntary for farmers (Pillar 1);
- **Environmental, climate and other management commitments**– mandatory for Member States to programme and voluntary for farmers and land managers (Pillar 2); and
- **Payments to compensate for implementing EU nature and water legislation** - voluntary for Member States to programme interventions targeting “area-specific disadvantages resulting from certain mandatory requirements”. These payments support the development and maintenance of the Natura 2000 network and/or apply to Water Framework Directive requirements (Pillar 2).

With the exception of the eco-schemes all these tools are already part of the current CAP in some form. The fulfilment of conditionality is a basic obligation for receiving all area-based payments both environmental and non-environmental. Conditionality sets out 16 Statutory Management Requirements (SMRs) related to the environment and climate, public, animal and plant health, animal welfare and plant protection and 10 standards of Good Agricultural and Environmental Condition (GAEC) related to climate, water, soil, biodiversity and landscapes. It effectively merges and modifies the existing cross-compliance (SMRs and GAECs) and current green direct payments and sets the baseline for other environmental and climate payments. Notably new standards have been introduced including the use of the farm sustainability tool for nutrients (GAEC 5), the appropriate protection of wetlands and peatlands (GAEC 2) and crop rotation (GAEC 8) which replaces the crop diversification measure under greening. This also includes new requirements related to the implementation of the Water Framework Directive – WFD (SMR 1) and the Sustainable Use of Pesticides Directive – SPUD (SMR 13).

The eco-scheme a is new instrument for the CAP presenting Member States with another way to tackle environmental and climate issues, but using direct payments which are 100% financed from the EAGF and requiring no additional national funds. The tool enables Member States to programme schemes according to their specific environmental and climate needs based on a ‘list of agricultural practices [deemed] beneficial for the climate change and the environment’. This is in contrast to green direct payments where Member States are required to implement a common set of practices prescribed at EU level. Payments can be granted either as a compensatory payment, covering all or part of the costs incurred and income forgone for introducing a practice, or as an incentive payment top-up to the basic income support, with the intention of remunerating the provision of public goods.

Although no EU-wide practices are set, certain management practices that could be supported are signposted in the proposals. They include enhanced management of permanent pasture and landscape features as well as organic farming. The proposals also suggest that entry-level commitments under the eco-scheme could be a condition for fulfilling more ambitious rural development interventions. However, despite these recommended pathways, the options open to Member States to design the eco-scheme remains wide and varied, with the possibility to develop either single or multi-objective schemes or a combination of both.

As is currently the case Member States can programme environmental, climate and other management commitments and payments to compensate for area with specific disadvantages under rural development measures using co-financing from the EAFRD and national funds. Under the former Member States can design schemes to address a wide range of environmental management and climate actions, whereas the latter supports farmers and foresters who have specific requirements imposed on them under the Birds and Habitats and Water Framework Directives. This legislation primarily facilitates the development and implementation of Natura 2000 and river basin management plans respectively. Payments for both of these tools can cover all or part of the income foregone and additional costs resulting from commitments going beyond mandatory standards and requirements established in Union and national law. Environmental, climate and other management commitments may also cover transaction costs.

Under the proposals, all elements of the green architecture must be designed and implemented in a complementary way based on a SWOT analysis and needs assessment set out in their CAP Strategic Plan (CSP) in order to actively contribute to CAP's environment and climate objectives.

Assessment of the Commission's proposals and recommendations

The proposed new green architecture presents a number of opportunities and risks for increasing the environmental and climate performance of the CAP. Reinforcing basic standards and requirements under conditionality and requiring all beneficiaries of area-based payments to meet these conditions should help to create a solid baseline to ensure basic environmental and climate compliance. However, there are some notable weaknesses and missed opportunities. For example, Good Agricultural and Environmental Condition (GAEC) 9 would require farmers to devote a minimum share of farmland to non-productive features (effectively replacing the current ecological focus area requirement under greening). However, there is no common EU requirement for farmers devote a certain percentage of their farmland to such features. This could undermine the need for all farms to make a basic contribution to biodiversity and habitat protection.

Elsewhere requirements concerning the WFD do not take account of pollution through priority substances which directly relate to agriculture (SMR 1), while Member States are not required to promote low pesticide-input pest management as set out in the SUPD (SMR 13).

At the same time, the introduction of mandatory eco-scheme using money from the EAGF presents a possible pathway for Member States to dedicate significant proportion of direct payments towards the uptake of more environmentally sustainable practices. This could facilitate the implementation of the principle of public money for public goods adapted to Member States' needs and circumstances. That eco-schemes are voluntary for farmers to take up should allow Member States to better tailor and target environment and climate needs to specific sectors and farmland types, rather applying a one-size-fits-all approach. Moreover, with public money only now go to farmers who make an active contribution to these needs. While the eco-scheme new opportunities to maximise environmental and climate benefits under the CAP there are still a number of caveats. Firstly, the eco-scheme does not require Member States to address multiple objectives which could promote a more widespread shift towards more sustainable farming systems across the EU. Secondly, the eco-scheme appears not to have flexibility to put in place long-term multi-annual contracts or to allow for the design of collective schemes. Finally, Member States are not required

to ring-fence part of their EGAF allocation to fund eco-schemes which means that sufficient resources may not be readily allocated to the new instrument.²¹

On the other hand Pillar 2 interventions remain largely unchanged and it is welcome that 30% of the EAFRD, is ring-fenced for environmental and climate management commitments (whilst, excluding areas of natural constraints measure).

Overall, the CSP requires Member States to consider combining all elements of the green architecture, including other types of CAP support, into a coherent strategy for delivering effective environmental outcomes taking account of national environment and climate planning tools such as the Priority Action Framework for Natura 2000 – PAFs. This in turn should help Member States to contribute more proactively to achieving EU environmental and climate objectives. However, this will very much depend on the readiness of Member States, including strong Commission oversight, to ensure that all elements of the green architecture are sufficiently demanding to address the issues identified and increase ambition compared to the current situation (for further information see section on ‘design of strategic plans, monitoring and accountability’).

The actions identified in the previous reports²² can be listed as follow - Under conditionality more detail is required regarding the minimum thresholds and rules associated with a number of the GAEC standards. This includes, for example, rules related to the maintenance of permanent grassland (GAEC 1), appropriate protection of wetland and peatland including the types of habitats to be protected (GAEC 2), the Farm Sustainability Tool for Nutrients (GAEC 5), crop rotation requirements (GAEC 8) and the types of non-productive features or areas including a minimum area of farmland (GAEC 9). The scope of some SMRs also needs further refinement, for example, the inclusion of basic measures under the WFD to eliminate pollution by priority substances under the WFD which directly relates to agriculture (SMR 1) and basic measures to promote low pesticide-input pest management as set under the SPUD (SMR 13);

- Eco-schemes place a strong focus on addressing multiple environmental and climate objectives to drive a shift towards more sustainable farming systems and have full territorial coverage. Collective approaches and results based schemes should also be permitted under eco-scheme(s) to allow Member States the possibility to target and tailor schemes to national or regional needs. It should also be possible for Member States to programme multi-annual agreements under the eco-scheme. Ring-fenced funding for the eco-scheme should mirror that of environment and climate interventions under the EAFRD and be at least as high as the current allocation to the greening measures in Pillar 1 (i.e. 30%);
- Member States should demonstrate in their CSP how the different environmental interventions, including the eco-scheme, interact in a positive way to maximise environmental/climate outcomes at EU and national/regional level, as well as importantly how they interact with the other area payments. These interventions should be properly reviewed during the approval process to ensure that they are designed to target the full suite of environmental and climate needs identified. To maximise these outcomes and promote a culture of continuous development entry-level type schemes could be a prerequisite for the uptake of more ambitious eco-scheme(s) and/or Pillar 2 agri-environment-climate commitments. Member States should be given sufficient time,

²¹ Meredith, S and Hart, K (2019) CAP 2021-2027

²² Hart K and Bas-Defosse, F (2018) CAP 2021-2027

training and guidance to enable them to plan effectively to fully utilise the eco-scheme and Pillar 2 agri-environmental commitments, building on basic conditionality.

And can be summarized as follow:

Action 3:	Secure good conditionality and high level of ambition of basic requirement
Action 4:	Secure good quality eco-scheme and high level of environmental and climate ambition
Action 5:	Secure good quality AECM

Performance of the COMAGRI report against the actions identified

The COMAGRI report affirms that all elements of the green architecture (conditionality, eco-schemes and environmental, climate and other management commitments) should contribute to the CAP environmental and climate objectives, now placing greater emphasis on biodiversity and high nature value farmland (for further information see section ‘Governance and stakeholder engagement’). The scope of the green architecture is broadened to include the policy’s new societal objective. This is welcome to address cross-cutting societal issues such as animal health and welfare, but could shift the focus away from pressing environmental and climate pressures.

- Conditionality:

Overall, there is no significant attempt to strengthen or clarify the minimum thresholds and the standards and requirements of conditionality to support a more robust baseline. Indeed, most amendments propose to change the environmental and climate related standards and requirements in order to reduce the ambition of conditionality. This includes for example, the deletion of the Farm Sustainability Tool for Nutrients (GAEC 5) and the deletion of the GAEC standard relating to the minimum share of agricultural area devoted to non-productive features or areas (GAEC 9). As an alternative, the COMAGRI proposes that these requirements would be mandatory for Member States to include under the eco-scheme (see below). In addition, the maintenance of wetlands and peatlands would only apply in sensitive areas of Natura 2000 only (GAEC 2). There is no clarification on what is meant by sensitive areas in this amendment; there is only a clarification later on within GAEC 10 that specifies that these areas have to be designated according to site specific management plans. The obligation for relevant farm types to rotate crops is broadened to include undefined ‘alternative practices’ (GAEC 7). The ban on converting or ploughing permanent grassland in Natura 2000 (GAEC 10) is also limited to ‘*appropriate protection...according to specific [Natura 2000] management plans*’. Furthermore, the requirement for Member States to incorporate a code of good agricultural practice for certain provisions under the WFD as well as the provision of necessary training and information for farmers is removed. Member States would also not be permitted to prescribe additional national standards in line with the CAP’s objectives. This reduces the flexibility for Member States to increase their baseline performance in duly justified cases.

The report proposes that Member States should have the option to deem relevant practices supported under Pillar 2 agri-environment-climate measures or national/regional certification

schemes as equivalent to the conditionality standards and requirements. This could be done where it can be justified that they deliver the same or a higher benefit for the environment and climate. The re-introduction of equivalency effectively seeks to maintain some kind of status quo similar to the mechanism available to Member States to fulfil Pillar 1 greening requirements. The experience of the implementation of greening suggests that re-introducing equivalency could add a greater burden to the planning and administration of the intervention, whilst doing little to support the overall effectiveness of conditionality. Indeed, only a few Member States have applied equivalency and in some cases it has been abandoned due to the complexity of applying the mechanism²³ (Alliance Environnement and Thünen-Institut, 2017). The rationale to reintroduce equivalency therefore appears unclear given that Member States would have greater flexibility to tailor and target conditionality to their own circumstances under the Commission's proposals. The report also proposes that organic farmers and farmers in outermost regions should be exempt from fulfilling certain GAEC, but with no clear justification.

- Eco-scheme:

The COMAGRI report calls for commitments to be based on individual practices or linked to certified schemes. Member States would have to programme schemes for a minimum share of agricultural area devoted to non-productive features or areas, the use of a farm tool for the sustainable management of nutrients and where applicable the maintenance of wetlands and peatlands (originally proposed by the Commission under conditionality). Other components of the eco-scheme would be derived from a catalogue of examples of beneficial practices established by the Commission as well as complementary national lists developed by the Member States. The establishment of an EU catalogue could be helpful to signpost beneficial practices and instil a more common approach and ensure certain safeguards. However, by shifting the emphasis back to a more prescriptive one-size-fits-all approach and transferring elements of conditionality to the eco-scheme, it could limit Member States' ability and creativity to target and tailor schemes to their national and regional needs and priorities.

At the same time, it is welcome that the report proposes to allow eco-schemes to be programmed for both individual as well as groups of farmers which would allow the development of interventions at landscape level including scheme focus on specific areas. The report also puts a strong emphasis on incentive-based payments that go beyond partial or full compensation for costs incurred and income forgone with payments varying according to the level of ambition. This can be interpreted to mean that as well as payments being calculated based on costs incurred and income forgone, calculations should also account for the opportunity costs associated with potential gains from choosing an unfavourable practice/production type over a practice beneficial for the environment. If implemented correctly this has the potential to contribute to increasing the attractiveness of commitment and encourage greater uptake of eco-schemes particularly amongst more intensive farmers by offering a greater financial incentive. Member States would have the options to make payments either on per hectare or a per farm basis. Such a proposal could support a whole farm approach to sustainability, but also runs the risk of shifting the focus away from interventions based on sustainable land management i.e. supporting non-land based farms.

²³ Alliance Environnement and Thünen-Institut (2017) Evaluation study of the payment for agricultural practices beneficial for the climate and the environment, A report for DG Agriculture and Rural Development

The report also requires at least 20% of the EAGF national envelope to ring-fenced for eco-scheme, however it falls short of certain spending levels assigned to the greening component. It also broadens the scope to include societal objectives such as animal and health and welfare, which could reduce the amount of public money going to environmental issues. While synergies exist where farming systems such as organic farming address multi cross-cutting objectives, this could also lead to the programming of broad-brush schemes that have a limited impact. More importantly, the ability for Member States to increase their spending for the eco-scheme is significantly limited by imposing a 60% minimum spend for basic income support and redistributive payments (for further information see section on 'Other area based payments'). This seriously undermines any prospect of Member States choosing to transform the majority of direct payments into genuine payments for ecosystem services in the medium to long-term.

- Environmental, climate and other management commitments and payments to compensate for areas with specific disadvantages:

Whereas significant changes are proposed for conditionality and the eco-scheme, the overall structure of the interventions related to other environmental, climate and other management commitments and development and implementation of Natura 2000 and the WFD largely in Pillar 2 remains the same. Under environmental, climate and other management commitments the most notable changes relate to the calculation of payments where, similar to the eco-scheme commitment, an incentive component is proposed. Indeed, it is already possible to take account of opportunity costs under Pillar 2 agri-environment-climate, however this is an option that does not appear to have been sufficiently taken up by Member States in the current or previous programming period. The report also increases the EU co-financing rate from 80% to 90% for both environmental, climate and other management commitments and Natura 2000 and the WFD payments as well as imposing upper limits. This has the potential to increase the attractiveness of programming environmental schemes particularly in Member States with limited national resources, but could undermine spending in Member States with large national budget dedicated to such interventions. A minimum spending for environment and climate schemes representing 30% of the EAFRD is also maintained, but with 40% of the ANC payments permitted to contribute to the ring-fencing. This is despite the cuts in the Pillar 2 budget and the fact the ANC payments only have an indirect impact on the environment and climate change. The report also calls for agri-environment-climate schemes to be supported by appropriate training, although the same is not done for Natura 2000/WFD payments. On the interaction between various elements of the green architecture the report states that commitments should either be different or complementary with different levels of ambition to avoid double funding. Beyond conditionality forming the baseline there is no amendment creating a definitive hierarchy of interventions i.e. agri-environment-climate schemes building on the eco-scheme.

Performance of the COMENVI report against the actions identified

The COMENVI report largely seeks to build on the Commission's proposal and attempts to strengthen the green architecture. Similarly to the COMAGRI report the scope of environmental interventions is broadened to incorporate the CAP's proposed societal objective.

- Conditionality:

In contrast to the COMAGRI report a number of the conditionality standards and requirements are strengthened. For example, the report calls for the Farm Sustainability Tool for Nutrients to be used also to support input reduction including pesticide and veterinary products (GAEC 5). A minimum of 4-year crop rotation including a leguminous crop would also be required (GAEC 8), while farmers would have to dedicate a minimum share of 7% of their agricultural area to non-productive features with no synthetic pesticides and fertilisers applied (GAEC 9). The report also references basic measures to prohibit the discharge of pollutants into groundwater and to eliminate pollution by priority substances that directly relate to agriculture (SMR 1). The overall approach to the design and implementation of conditionality is maintained, but with a renewed emphasis on coherence and complementary with EU environmental legislation (set out in an accompanying Annex) as well as Commission's oversight on the implementation of conditionality.

- Eco-scheme:

Under the eco-scheme the report calls for the eco-scheme to prioritise commitments which have co-benefits, promote synergies and a more integrated approach with due regard given to farming in Natura 2000 areas as well as HNV farmland areas. The report also calls for the possibility that eco-schemes could be designed for groups of farmers as well as individuals. Similarly to the COMAGRI, the report calls for the content of the eco-schemes to be derived from a Union list of beneficial practices established by the Commission, with Member States developing complementary national lists as well in consultation with environmental authorities and other experts. These national lists would be assessed by the Commission on a bi-annual basis taking account of the practices' (potential) contribution to the CAP's environmental, climate and societal objectives. As outlined above this approach could be helpful to signpost beneficial practices and instil a more common approach and certain safeguards. However, it could also limit Member State's ability and creativity in terms of targeting and tailoring schemes. At least 30% of the EAGF national envelope should be ring-fenced for the eco-scheme similar to the current green direct payments spending. The Commission's two proposed payment approaches to the eco-scheme are maintained (incentive or income forgone and additional costs).

- Environmental, climate and other management commitments and payments to compensate for areas with specific disadvantages:

Under Pillar 2, the COMENVI report clarifies that both direct environmental/climate commitments as well as other management commitments should be beneficial for the environment by ensuring that the scope of the commitment has an environmental focus or at least that it causes no environmental harm. The report also proposes that Member States should have the option to include an incentive component in payments to increase participation. Natura 2000/WFD payments remain largely unchanged, however HNV farmland outside the Natura 2000 and relevant river basin management areas could also be eligible for such payments. In terms of the ring-fencing of spending for agri-environment-climate measures, the COMENVI report proposes to increase the ring-fencing of spending for agri-environment-climate commitments from 30% to 40% of the EAFRD national envelope. In addition, it is proposed that Member States must reserve a minimum amount of their EAFRD envelope for agri-environment-climate commitments and Natura 2000/WFD payments that contribute directly to CAP's biodiversity and ecosystem services with specific reference made to taking account of priority species and natural habitats set out in the

Member States' Prioritised Action Framework (PAF). Finally similarly to the COMAGRI, with the exception of the baseline, the COMENVI report does not attempt to create a definitive hierarchy of interventions, but rather calls for environmental commitments to either be different or complementary.

Table 3: Green architecture and Natura 2000 - Comparison of the performance of COMAGRI and COMENVI reports against the actions²⁴²⁵

Green architecture and Natura 2000	COMAGRI	COMENVI
<p>Action 3: Secure good conditionality and level of ambition of basic requirement</p>	<ul style="list-style-type: none"> Conditionality standards and requirements are watered-down with some elements transferred to the eco-scheme as voluntary commitments for Member State to programme An equivalency mechanism using Pillar 2 agri-environmental schemes or certification schemes to demonstrate compliance with conditionality is proposed <p>(AM 135, 136, 137, 140, 137, 138, 140, 229, 717)</p>	<p>A number of conditionality standards and requirements are strengthened</p> <ul style="list-style-type: none"> Design of conditionality standards and requirements based on environmental and climate needs is maintained with stronger link to EU environmental legislation and emphasis on EC oversight <p>(AM 68, 69, 190, 191, 192, 193)</p>
<p>Action 4: Secure good quality eco-scheme and high level of environmental and climate ambition</p>	<ul style="list-style-type: none"> Content of the eco-scheme is based on a combination of EU and national lists of beneficial practices that could instil a more common approach and ensure certain safeguards. However movement back to a more prescriptive one-size-fits-all approach could limit the targeting and tailoring schemes to specific and needs Strong emphasis on incentive-based payments that go beyond partial or full compensation for costs incurred and income forgone with payments varying according to the level of ambition Ring-fencing 20% of EAGF national envelope to ecoscheme falls short of the current spending levels assigned to the greening component. Broadening of scope to cover societal objectives risks undermining spending on the environment <p>(AM 227, 228, 229, 230, 234, 235, 548)</p>	<ul style="list-style-type: none"> Content of the eco-scheme is based on a combination of EU and national lists of beneficial practices that could instil a more common approach and ensure certain safeguards. However movement back to a more prescriptive one-size-fits-all approach could limit the targeting and tailoring schemes to specific and needs At least 30% of the EAGF national envelope should be ring-fenced for the eco-scheme similar to the current green direct payments Broadening of scope to cover societal objectives risks undermining spending on the environment Schemes which has co-benefits, promote synergies and a more integrated approach are prioritised Emphasis is placed on including Natura 2000 areas as well as HNV farmland areas

²⁴ Colour code: light green: good performance/ dark green: very good performance / orange: mixed performance / red: harmful/negative performance

²⁵ The amendments listed in the table are the ones that have been identified by the authors as the ones having the highest relevance to the analysis. It is therefore not an exhaustive list.

<p>Action 5: Secure good quality AECM</p>	<ul style="list-style-type: none"> • A strong emphasis is placed on incentive-based payments that go beyond partial or full compensation for costs incurred and income forgone with payments varying according to the level of ambition (although this is already possible under current programming) • Higher EU co-financing rates up to 90% possible for AECM, but imposing upper limits. • A minimum spend representing 30% of the EAFRD is maintained, but with 40% ANC payments permitted to make up the ring-fencing. <p>(AM 438, 442, 443, 541, 544, 725)</p>	<p>(AM 82, 136)</p> <ul style="list-style-type: none"> • 40% of the EAFRD national envelope for all interventions contributing to the CAP's environmental and climate objectives (excluding ANCs) with a minimum dedicated to biodiversity addressing the priority species and natural habitats set out in a Member State's PAF <p>(AM 126, 136)</p>
<p>Action 6: Secure good level of protection of Natura 2000 area</p>	<ul style="list-style-type: none"> • Higher EU co-financing rates up to 90%, but imposing upper limits. <p>(AM 457, 541, 725)</p>	<ul style="list-style-type: none"> • 40% of the EAFRD national envelope for all interventions contributing to the CAP's environmental and climate objectives (excluding ANCs). • Member State must reserve a minimum amount of EAFRD for agri-environment-climate commitments and Natura 2000/WFD payments that contribute directly CAP's biodiversity and ecosystem services. <p>(AM 136)</p>
<p>Action 7: strengthen the complementarity between the green commitments across pillars</p>	<ul style="list-style-type: none"> • Commitments should either be different or complementary with different levels of ambition to avoid double funding. However, no attempt to create a definitive hierarchy of interventions i.e. agri-environment-climate schemes building on the eco-scheme <p>(AM 232, 236, 441)</p>	<ul style="list-style-type: none"> • Commitments should either be different or complementary with different levels of ambition to avoid double funding. However, no attempt to create a definitive hierarchy of interventions i.e. agri-environment-climate schemes building on the eco-scheme <p>(AM 80, 126)</p>

Other area based payments

Direct support has long been a flagship component of the CAP as a means of stabilising farm income. While historically direct aid have been linked to the production of specific commodities, since the 2003 CAP reform they have been gradually decoupled from production overtime. At the same time, the option to couple some payments for vulnerable sectors has continued to some extent. Overall, direct payments are not focussed specifically on environmental and climate action although they do require farmers to fulfil basic requirements and standards under cross compliance. As direct payments make up the bulk of the CAP's total spending they have continued to be scrutinised due to their lack of socio-economic and environmental targeting and as a result their imbalance distribution and potential risk to negatively affect sustainable land use and management choices. During the 2013 CAP reform this resulted in efforts to justify the need to maintain direct payments as a flagship tool through the introduction of a new system of mandatory and voluntary components under Pillar 1 e.g. basic payments with greening requirements, redistributive payments and capping of direct payments. Income support is also offered to farmers in areas with specific constraints currently through either Pillar 1 or 2. An overview of the payments addressed in this section are highlighted in orange in figure 3.



Figure 3: Key decoupled payment instruments proposed for the CAP 2021-27

Legend:

Light orange: Refers to key decoupled payment instruments covered in this chapter

Source: Own compilation based on the legislative proposals

What the CAP proposals say?

Under the Commission's proposals, the types of interventions Member States can set under Direct Payments can take the form of decoupled and coupled direct payments.

According to article 29 of the Commission's Proposals, decoupled direct payments shall be the following:

- *the basic income support for sustainability;*
- *the complementary redistributive income support for sustainability;*
- *the complementary income support for young farmers;*
- *the schemes for the climate and the environment.*

While coupled direct payments shall be the following:

- *the coupled income support;*
- *the crop-specific payment for cotton.*

In addition, Member States can support areas facing natural or other area-specific constraints (ANCs) set out under Article 66. Unlike direct payments this measure is co-financed by the EAFRD with payments calculated on the basis of costs incurred and income foregone in respect of the natural handicaps compared to unaffected areas.

Looking more specifically at the instruments Member States shall provide for a basic income support for sustainability, in the form of an annual decoupled payment per eligible hectare (Article 17-25), such a support should be granted for each eligible hectare declared by a genuine farmer. The approach remains very similar to the current CAP basic payments, however under the new delivery model basic income support will have to be justified against needs (including taking environmental and climate ones) taking into account national targets drawing from the EU environmental and climate objectives. Choices made by the Member States will also have to be approved by the Commission as part of the CSP. Indeed, the fact that the future CSP will have to cover both Pillar 1 and 2 interventions potentially represents an opportunity for greater coherence between these basic payments and the green architecture.

Coupled income support will have a very similar scope to the ones of the current income support (Article 29-33). The list of sectors that may be granted support is the same with one addition: *other non-food crops, excluding trees, used for the production of products that have the potential to substitute fossil materials*. The support shall take the form of an annual payment per hectare or animal as it is the case for the current coupled payments. The reasons justifying the support can, as with the CAP 2014-2020, be economic, social or environmental. The Commission's proposals increase the financial allocation given to the coupled income from 8% in the CAP 2014-202 up to 10%.

ANC payments can no longer be supported under Pillar 1, but are maintained as an optional rural development measure under Pillar 2 and will be based on new delimitations based on the biophysical criteria currently being implemented under the CAP 2014-2020. It is proposed that ANC payments would not be part of the minimum environmental spending requirements under the EAFRD.

Assessment of the Commission's proposals and recommendations

It is misleading that the main decoupled payments, providing income support to farmers and which continue to be the mainstay of the EAGF, are now framed as 'sustainability' payments. Sustainability criteria are not reflected in the intervention logic for the payments themselves.²⁶ The only link to sustainability is the requirement to comply with the conditionality requirements and the future structure, governance and design mechanisms of the CSP. However, the future CAP structure and the approval mechanism of the strategic plans represents a certain form of safeguard for the overall environmental performance of the CAP to justify their coherence and complementarity with all CAP environmental and climate objectives.

The increased financial ceiling for coupled payments are of concerns given the negative environmental effects such payments can have and that they can be one of the drivers for environmentally damaging changes to farming systems, by stimulating overstocking and overproduction (currently, most of coupled payments support the livestock sector and a recent evaluation on the climate impact of the CAP found that this was likely to result in an overall net increase in greenhouse gas emissions since it leads to more livestock units being in place than would be the case under a counterfactual situation²⁷ and in many of the Member States that have made use of VCS, most of the support is directed to crops and livestock that require more intensive farming practices). At the same time the fact that Member States will be required in their CAP Strategic Plans (CSPs) to set out how all coupled support works together with other interventions coherently to achieve the overarching objectives and national targets and meet their needs is a potential safeguard.

While coupled support can help to maintain farms in High Nature Value (HNV) farmland, currently most of coupled payments support the livestock sector results in an overall net increase in emissions.²⁸ Therefore, any return to the widespread use of coupled payments therefore carries the risk of a repeat of the environmental damage caused by such payments in the past.

ANC payments can also help to prevent land abandonment, particularly in HNV farmland areas as well as create synergies with different green architecture instruments. However, their primary focus is not environmental delivery, but to act as a form of income support to address natural handicaps. Indeed in terms of supporting biodiversity, previous evaluations of the measure show that the degree to which benefits are achieved, largely depends on the way in which Member States choose to implement the payments²⁹. Therefore while ANC and agri-environmental payments can be used by Member States in a complementary way to maximise environmental

²⁶ Hart and Bas-Defosse, (2018) CAP 2021-27

²⁷ Alliance Environnement and Ricardo AEA. (2019) Evaluation of the impact of the CAP on climate change and greenhouse gas emissions. Evaluation produced for DG Agriculture and Rural Development;

²⁸ Baldock, D. and Mottershead, D.H. (2017) Towards an integrated approach to livestock farming, sustainable diets and the environment: challenges for the Common Agricultural Policy and the UK, Institute for European Environmental Policy, London.

²⁹ See Cooper, T et al (2006) An Evaluation of the Less Favoured Area Measure in the 25 Member States of the European Union, London: Institute for European Environmental Policy A report for DG Agriculture and Rural Development; Poláková, J et al (2011) Addressing biodiversity and habitat preservation through Measures applied under the Common Agricultural Policy, London: Institute for European Environmental Policy Report prepared for DG Agriculture and Rural Development

outcomes, given the primary focus of ANC payments it is logical that they are not considered as part of a Member State’s environmental spend. Moreover, it remains unclear why the option has been removed for Member States to fund ANC payments alongside other income support interventions using the EAGF.

The recommendations identified in previous report³⁰ can be listed as follow:

- It is essential that Member States demonstrate in their CSP how the different interventions interact with the green architecture in a positive way to maximise environmental and climate outcomes at EU and national/regional level. It is critical that Member States demonstrate how basic income support and coupled payments are coherent and how any potential conflicts and perverse effects have been avoided.
- Maintain the minimum spending for the environment in Pillar 2 targeted at measures that contain direct environmental and climate requirements, and given their primary focus to support farms with natural handicaps avoid funding ANC payments as part of the environmental spend.

And can be summarized in the following actions:

Action 8:	Ensure coherence between (decoupled) basic income support and the interventions underneath the green architecture
Action 9:	Ensure coherence between coupled support and the interventions underneath the green architecture
Action 10:	Ensure minimum spending in Pillar 2 is targeted at measures that contain environmental requirements

Performance of the COMAGRI report against the actions identified

Instead of strengthening the coherence between the green architecture and the other area based payments, the COMAGRI report proposes to set aside 60% of the Pillar 1 envelope for the basic income support and the redistributive payment. This risks threatening the coherence between the environmental intervention logic and the income driven one. It indeed goes against the future logic of the CAP and its performance and results focus. Regardless of upcoming identified needs (and in particular the environmental and climate ones) and national targets such a ring fencing already pre-empts the amount of resources Member States will have to spend for non-targeted basic income support.

Not only is this high ring fencing not based on any sound justification but it risks significantly reducing the environmental and climate potential of the future CAP as Member States will not be allowed to spend as much as they need to for the eco-scheme (see green architecture and Natura 2000 section).

³⁰ Hart K and Bas-Defossez F (2018) CAP 2021-27

As regards the coupled support, COMAGRI maintains the 10% allocation and makes it possible for Member States to decide to target or increase the coupled aid according to the beneficiary's commitment to improve its competitiveness, quality or the structuring of the sector. In its wording it insists on the need for coherence between the specific '*objectives listed in article 6*' and coupled support but does not specifically signpost the environmental and climate objectives. This lack of signposting leaves it open for Member States to focus on the objectives they want to and interpret that requirement as being valid for the socio-economic objectives only.

It proposes a stronger provision than the one of the EC on the justification to be given for coupled support and instead of referring to '*important social, economic or environmental reasons*', it lists three conditions, including a reference to '*clear environmental, or socioeconomic need or benefit*'; and the need for consistency with the Water Framework Directive (Directive 2000/60/EC) in the case of support for livestock production. The reference to '*clear need or benefit*' will in theory force Member States to demonstrate the added value of such supports in their CSP. However, Member States can still decide to only focus on the socioeconomic needs or benefits while undermining the environmental performance of the plan as there is no requirement to demonstrate there is no trade-off between one and the other. Supposedly the need will have to be demonstrated against the need assessment but the report remains silent on that. The reference to the Water Framework Directive is positive even if in theory such a requirement is already in place through the conditionality.

If on the surface the amendments proposed by COMAGRI might tackle the issue of coherence between the various types of supports under direct payments, they fall short adding a concrete mechanism and requirements that would oblige Member States to demonstrate how coupled payments and basic support are coherent with the green architecture and how any potential conflicts and perverse effects will be avoided. The proposed ring fencing for the basic income and the redistributive payments seriously risks further increasing the lack of coherence between the various tools.

On ANC payments, the COMAGRI report proposes that there should be an incentive component as part of the payment in addition to the costs incurred and income forgone. However, it is unclear how beneficiaries would be required to apply specific actions beneficial to the environment or climate action. In addition, the report proposes that up to 40% of the ANC expenditure could be considered as part of the minimum spending for the environment under the EAFRD (see section on Green architecture and Natura 2000).

Performance of the COMENVI report against the actions identified

The COMENVI report states that the basic income shall '*not under any circumstances benefit production systems with negative impact on the environment or on third countries or contravene compliance with the legislative acts referred to in Annex XI*'. Such a provision will allow the Commission to check, when approving the plans, the coherence between basic income and the green architecture but also more generally coherence with the EU environmental and climate legislation. This is an important additional safeguard that will eventually force Member States to justify their choices and rational towards basic income support against their environmental and climate targets.

As regards coupled support, the COMENVI report maintains the 10% allocation, but adds a list of requirements related to voluntary coupled support that the Commission should check when approving the CSP. First the coupled support should meet the *'do no harm'* principle, there should then be a *'clear environmental or social need or benefit'*, justified with empirical quantifiable and independently verifiable evidence (the reference to *'empirical quantifiable and independently verifiable evidence'* is an addition compared with the Commission's proposals and will oblige the Member states to demonstrate empirically (with facts and figures) that existing need or benefit). The list goes on with requirements preventing market distortion, trade impacts on third countries, focus on markets that are in crisis due to overproduction or oversupply. It continues limiting the support – in the case of livestock- to *'low population densities within limits of the ecological carrying capacities of the river basins concerned according to the Directive 2000/60/EC'*. Sufficient areas of fodder or grazing should also be maintained without external inputs as part of this requirement. This list of requirements that the Commission will be invited to check when approving the plans can help reduce the potential negative impacts of coupled support on the environment and climate. Moreover it can help prevent that coupled payments support to the livestock sector result in an overall net increase in emissions.

The COMENVI report adds an extra safeguard as regards the coherence between coupled support and the environmental and climate performance of the CSP; indeed, it adds under the eligibility section that beneficiaries shall only be eligible for coupled payments if their standards of production are *'higher than the relevant minimum environmental and animal welfare standards in force'*. This is an interesting addition but it remains unclear how this could work in practice. For instance, would these eligibility criteria mean that only farmers enrolled in eco schemes or AECM are eligible for coupled support or that only farms that have certified production standards e.g. organic) can access those? Or would it mean that both comply?

The COMENVI report also adds additional safeguards related to coupled support for livestock including that:

- Member States shall demonstrate in their plans that it is the only option remaining, notably relating to *'pastoral systems where environmental schemes or decoupled payments can be difficult to deliver due to grazed commons or transhumance'*;
- When coupled income support concerns bovine animals or sheep and goats, support *'may only be granted for animals raised in a grass-fed, pasture based grazing system and with significantly higher environmental or animal welfare results'*; and
- The CSP shall contain provisions to ensure that by the end of the strategic plan programming period, *'the total livestock stocking density per Member State does not exceed 0.7 livestock units per hectare'*.

The report then states that support shall not be awarded to *'intensive animal production'* and provides power to the Commission to adopt delegated acts to define types of intensive animal production systems ineligible for coupled support, effectively excluding from support dairy, bovine animals or sheep and goats where there is an imbalance between number of animals and land holding capacity. This new provision might help reduce potential conflicts between coupled support impacts and environmental/climate objectives and avoid perverse effects. However, this will depend on the definition that is given to intensive animal production and might not be enough as such to ensure that Voluntary support that could lead to an increased in GHG emissions are not permitted.

On ANC payments, the COMENVI report proposes to fund the measure 100% using the EAGF rather than the EAFRD. This is an interesting amendment as it recognises that the ANC measure is a form of income support for farms facing natural handicaps and while it may provide positive environmental benefits indirectly it is not an agri-environmental payment. Indeed, financing the measure through the EAGF together with other forms of income support should not only ensure greater coherence between the different income support instruments, but also help to better target EAFRD spending at more advanced agri-environmental commitments. At the same time synergies between relevant instruments are critical in order to support low-intensity farming and prevent land abandonment particularly in HNV farmland areas.

Overall COMENVI’s amendments are more concrete than COMAGRI’s ones in establishing requirements and mechanisms that will help ensure coherence between the decoupled and coupled payments and the environmental/climate objectives, national targets and related interventions.

Table 4: Other area based payments - Comparison of performance of COMAGRI and COMENVI reports against the actions³¹³²

Other area based payments	COMAGRI	COMENVI
Action 8: Ensure coherence between (decoupled) basic income support and the interventions underneath the green architecture	<ul style="list-style-type: none"> No concrete suggestions for mechanisms to ensure coherence between the basic income and the green architecture The proposed ring fencing of 60% for the basic income and the redistributive payments seriously risks further increasing the lack of coherence between the income driven tools and the environmental/climate needs, interventions, targets and objectives (AM 546)	<ul style="list-style-type: none"> The report adds a strong safeguard that will eventually force MS to justify their choices and rational towards basic income support against their environmental and climate targets (AM 75)
Action 9: Ensure coherence between coupled support and the interventions underneath the green architecture	<ul style="list-style-type: none"> Reference made to coherence between coupled support and the specific objectives is too vague to avoid potential conflicts and perverse effects between those payments and their impacts and the environmental and climate needs, interventions, targets and objectives 	<ul style="list-style-type: none"> Adds that beneficiaries shall only be eligible for coupled payments if their standards of production are higher than the relevant minimum environmental and animal welfare standards in force. Adds a series of additional safeguards related to coupled support for livestock

³¹ Colour code: light green: good performance/ dark green: very good performance / orange: mixed performance / red: harmful/negative performance

³² The amendments listed in the table are the ones that have been identified by the authors as the ones having the highest relevance to the analysis. It is therefore not an exhaustive list.

	(AM 242, 243, 244)	(AM 85, 86)
<p>Action 10:</p> <ul style="list-style-type: none"> Ensure minimum spending in Pillar 2 is targeted at measures that contain environmental requirements 	<ul style="list-style-type: none"> Up to 40% of the ANC payment spend could be counted under the minimum spend on the environment <p>(AM 543)</p>	<ul style="list-style-type: none"> It is proposed to fund the ANC payment under EAGF similar to other decoupled payments <p>(AM 83)</p>

Investment aid can play an important role in supporting the infrastructural development that support the environment and climate change e.g. habitat restoration. At the same there is a risk that certain infrastructural investments may have negative impacts on the sustainable development of the agriculture and forestry sector if they are not sufficiently environmentally and climate proofed. Market volatility and the prevalence of extreme weather means that there is now greater focus on risk management at farm level. However policy interventions to date has so far tended to focus on so-called 'end of pipe' solutions rather than preventative management to reduce market and climate-related risks³³.

What the CAP proposals say?

Member States can give support for both investments (Article 68) and risk management (Article 70), using funding from the EAFRD. Investment support covers both investments in productive and non-productive infrastructure concerning the development, modernisation and improvements on farm as well as off-farm activities. Under the measure Member States need to meet certain conditions. For instance, investments must contribute to one of the CAP's nine specific objectives. Those that support the forest sector must be based on a forest management plan or equivalent. CAP Strategic Plans (CSP) must also include a list of ineligible investment types and expenditure categories with a minimum set of ineligible items, relevant to the environment. These are set out in the regulation e.g. investments in irrigation which are not consistent with the Water Framework Directive. While some ineligible items are permitted if funded using financial instruments, those with environmental or climate conditions remain ineligible via that route. Land purchase for environmental conservation purposes is also permitted, but not for other types of land purchase. The use of investments, particularly those that are non-productive in nature, are important to enable the achievement of environmental and climate objectives.

Support is available for up to 75% of the eligible costs. A higher rate of public support may be made available for afforestation and non-productive investments for environmental and climate purposes, investments in basic services in rural areas as well as for restoring agricultural and forestry potential following natural disasters or catastrophic events. Selection criteria for determining which investment projects to fund must be set out in Member States' Strategic Plans, although this is not compulsory for investments that clearly target environmental purposes.

Support for risk management tools that assist farmers in managing production and income risk may be granted in the form of financial contributions to premiums for insurance schemes and mutual funds, including the administrative costs of establishing such schemes. This includes risks related to production losses as well as income stabilisation tools that may be generic or sector specific. Member States must also meet certain conditions under this measure including establishing eligibility conditions for the types and coverage of eligible insurance schemes and mutual funds and the methodology for calculating losses and triggering compensation.

Support is available for up to 70% of the eligible costs. However Member States must ensure support is granted only to losses representing at least 20% of the average annual production or the

³³ Bureau, J-C and Mahé, L-P (2016) The future of market measures and risk management tools

income of the farmer over a three-year period and must avoid overcompensation by combining the tools with other public or private risk management schemes. The establishment of a permanent EU-level platform on risk management to support capacity-building amongst farmers is also proposed although no concrete details are set out.

Assessment of the Commission's proposals and recommendations

Support for investments that are beneficial for the environmental and the climate action are valuable to enable a transition towards more modern, innovative and sustainable farming, forestry and rural sectors. Investments in the fields of climate mitigation, adaptation and the efficient use of natural resources, such as soils and water, allow sustainable solutions to be funded as part of a forward looking and innovative agenda. Furthermore, non-productive investments remain an important focus of this intervention type as these are essential to support the implementation of agri-environment-climate interventions. It is therefore positive that Member States must create a list of ineligible investments, which includes those that may be damaging from an environmental or climate perspective. However, a degree of control has disappeared now that the rules on what constitutes an ineligible investment that is damaging to the environment and climate have been devolved to Member States. It is unclear how the approval process or the Annual Review process will pick up whether damaging investments are proposed or taking place.

There is certainly a strong demand for a better approach to risk management from farmers due to climate and market related uncertainties that can make it difficult to determine optimal production and investment decisions. This includes climatic variation, extreme weather events resulting in droughts or floods as well as the impact of pests. At the same time risk management tools may encourage greater specialisation and act as a disincentive for farmers to take a more risk averse approach, for example by diversifying their production or income streams. Indeed, no specific safeguards are put in place to avoid such developments, nor is any emphasis placed on risk prevention. Furthermore, no links are made between relevant CAP instruments and measures which could support a more integrated approach to both risk prevention and management, for example the use of the eco-scheme and agri-environment-climate measures alongside risk management tools to form overarching risk management strategies for farmers. It is unclear how the approval process or the Annual Review process will ensure that risk management tools do not have a perverse effect on the environment and climate.

The recommendations identified building on our previous report³⁴ can be set out as follows:

- Certain minimum safeguards should be covered by legislation at the EU level, either in the main regulation or in the delegated or implementing regulations. In the case of investments this should cover, as a minimum, rules on irrigation investments so that they do not lead to abstraction of water beyond the renewal capacity of the water sources used. In the case of risk management tools the emphasis should be placed on both risk prevention and management to ensure that such tools do not lead to contradictory incentives resulting in perverse effects for the environment and climate

³⁴ Hart K and Bas-Defossez F (2018) CAP 2021-27

- Checks will be required through the approval and Annual Review Process to make sure that environmental and climate damaging investments and risk management tools cannot be supported using CAP funds.
- Through the Strategic Plan approval process, the Commission should make sure that Member States make full use of the options to fund non-productive investments to support the implementation of environment/climate focussed interventions in Pillar 1 as well as Pillar 2 and ensure that both pillars are used effectively to support risk prevention as a first resort.

And can be summarized in the following actions:

Action 11:	Get rid of environmentally/climate damaging investments and risk management tools
Action 12:	Secure minimum safeguards for investments and risk management
Action 13:	Ensure full use of the options to fund non-productive investments to support the implementation of environment/climate focussed interventions

Performance of the COMAGRI report against the actions identified

- Investment aids:

The COMAGRI report proposes that investment support should include an assessment of the environmental impacts where it is likely to have a negative effect on the environment. In terms of ineligible investments bio-energy products that do not meet the EU sustainability criteria under the Directive on the use of energy from renewable sources would not be permitted. Specifically on investments in irrigation a new article is introduced setting more detailed eligibility rules to protect ground and surface waters. This includes for example, that the Commission has to be notified of the River Basin Management plans and accompanying measures for the area where the investment is taking place, water metering is put in place, that investments start with at least of 5-25% savings on water use, and that the investment ensures at least 50% water saving potential over the lifetime of the investment. The report proposes that support for standard investments would cover 55% of the eligible costs, and 75% for irrigation investments. At the same time there is considerable flexibility to increase these rates covering innovative production techniques and systems addressing multiple CAP specific objectives and investments in outermost regions and ANCs.

- Risk management tools:

On risk management tools the COMAGRI report refers to both risk prevention and management and proposes that risk mitigation strategies should be encouraged to increase farm resilience to climate risks and income stability. However, it falls short of making risk prevention a pre-requisite for receiving compensation. The report also signposts that the focus of risk management tools should be on losses caused by adverse climatic events, natural disasters or catastrophic events emanating from animal and plant disease, contamination of organic crops and the eradication of plant and disease.

Performance of the COMENVI report against the actions identified

- Investment aids:

While investments are not officially part of the committee’s shared competencies the COMENVI report calls for support to be only granted where it can be demonstrated that the investment causes no harm to the environment. Investments in irrigation that lead to a net increase in water use for irrigation in the catchment water area should be ineligible as well as investments in bio-energy products that do not meet the EU sustainability criteria under the Directive on the use of energy from renewable sources and in concentrated animal feeding operations that do not comply with good animal welfare. The latter has no focus on environmental or climate safeguards. The report also proposed that Member State dedicate a certain percentage of EAFRD spending for priority species and natural habitats set out in their PAF and that could be used to support for environmental and climate related investments (as well as environmental and climate commitments and Natura 2000 payments).

- Risk management tools:

On risk management tools, the COMENVI report makes no specific changes to the measures. In a recital it proposes that risk management tools should be financed by the EAGF, rather than the EAFRD. However, no legally binding amendment is proposed.

Table 5: Investment aids and risk management - Comparison of performance of COMAGRI and COMENVI reports against the actions³⁵³⁶

Investment aids and risk management	COMAGRI	COMENVI
Action 11: Ensure no environmentally/climate damaging investments and risk management tools	<ul style="list-style-type: none"> • An environmental impact assessment would need to be conducted where the investments are deemed to have a negative effect on the environment impact (although unclear how this would be determined) • No specific rules to avoid risk management tools lead to perverse environmental effects is proposed <p>(AM 458)</p>	<ul style="list-style-type: none"> • Support only where it can be demonstrated the investment cause no harm to the environment • No specific rules to avoid risk management tools leading perverse environmental effects is proposed <p>(AMD 129)</p>
Action 12: Ensure minimum safeguards for investments and risk management	<ul style="list-style-type: none"> • A new article setting out more specific rules on irrigation investments is proposed • Bio-energy products that do not meet the EU sustainability 	<ul style="list-style-type: none"> • Bio-energy products that do not meet the EU sustainability criteria and concentrated in animal feeding operations that do not comply with good animal welfare are classified as ineligible

³⁵ Colour code: light green: good performance/ dark green: very good performance / orange: mixed performance / red: harmful/negative performance

³⁶ The amendments listed in the table are the ones that have been identified by the authors as the ones having the highest relevance to the analysis. It is therefore not an exhaustive list.

	<p>criteria and farms that do not meet basic animal health and welfare legislation are classified as ineligible for investments</p> <ul style="list-style-type: none"> • While the encouragement of risk prevention strategies should be encouraged it is not proposed as a pre-requisite before compensation is granted <p>(AM 466, 475, 487, 488, 489, 490, 491, 493)</p>	<p>investments. However the latter is not environmentally and climate proofed</p> <ul style="list-style-type: none"> • No minimum safeguards proposed for risk management <p>(AM 129)</p>
<p>Action 13: Ensure full use of the options to fund non-productive investments to support the implementation of environment/climate focussed interventions</p>	<ul style="list-style-type: none"> • No proposals are made 	<ul style="list-style-type: none"> • Support for environmental and climate related investments as part of a minimum spend for biodiversity based on the priorities set out in the PAFs • No other significant proposals are made <p>(AM 136)</p>

With the increasing environmental and climate challenges, enhancing the CAP's ambition on environment and climate and setting up the efforts of the policy to make a greater contribution towards key EU environmental and climate objectives and targets has been one of the key issues in driving the thinking about the redesign of the CAP. Other priorities have been to find ways to simplify and modernise the policy, encourage innovation, respond to societal concerns about the quality of their food and the production methods used and to encourage greater growth and jobs in rural areas. This foresees the CAP having greater focus on good governance and stakeholder engagement, both in terms of the overall design and implementation across all interventions. Key structural changes have been made enable:

- Reviewing and rebalancing the responsibilities between the EU and Member States which focus on common strategic planning for all CAP interventions; and
- Shifting the focus of payments and support away from compliance with detailed rules set at the EU level, towards a focus on performance.

What the CAP proposals say?

The Commission's proposals redefine many of the responsibilities between the EU and Member States for the design and implementation of the CAP under a 'new delivery model' (NDM). This will require Member States to demonstrate, based on a needs assessment, how they will use different policy interventions from both pillars to address identified national and regional needs in keeping with the CAP objectives. This would be set out within a CAP Strategic Plan (CSP) for each Member State. This essentially extends, for the first time, the Pillar 2 rural development programming approach to Pillar 1. As part of this, more flexibility is proposed for Member States, with a focus on performance against the CAP's EU nine specific objectives (three of which relate to environment and climate). The Commission also places a strong focus on the fact that funding available under both Pillars should be used in a way that delivers a higher level of environmental and climate ambition. Annual and multi-annual reporting would be required against a common set of metrics (and the Commission will be responsible for approving the Strategic Plans and monitoring progress towards meeting the objectives set (see section 'Development of Strategic Plans, monitoring and accountability' below)).

In drawing up their CSPs, Member States are required to engage with a range of authorities and stakeholders (Article 94). This stipulates that the competent authorities for the environment and climate are effectively involved in the preparation of relevant aspects of the plan (Article 94(2)) and that Member States should set up a partnership with relevant stakeholders to support the preparation of the plan, including civil society. However, although economic and social partners are specified, there is no explicit mention of environmental partners and the EU code of conduct on partnership³⁷ no longer applies to the CAP since in the future it will not be subject to the Common Provisions Regulation.

³⁷ Commission Delegated Regulation (EU) No 240/2014 of 7 January 2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds

The proposals for networking are in line with the move towards the common strategic approach planning setting out how all interventions can address the range of CAP objectives. It will therefore broaden from their current focus on rural development to consider the CAP as a whole, including Pillar 1 for the first time. CAP networks will have to be set up by each Member State (Art 113(1)), with a single EU-level CAP network 'European CAP network' (Article 113(2)) put in place to promote networking and knowledge exchange between the national networks as well as provide support, training and in-depth investigations into common issues.



Figure 4: The proposed new governance model for the CAP 2021-27

Source: European Commission

Assessment of the Commission’s proposals and recommendations:

The proposed NDM and governance model come with a range of opportunities and risks. For the first time, all CAP interventions under Pillar 1 will be subject to approval alongside those in Pillar 2, as part of the CSP; this represents a strong opportunity to increase the coherence of the interventions across both pillars. Additionally, the requirement to expand the current European Network for Rural Development (ENRD) and National Rural Development network to an EU CAP network and national CAP networks covering both pillars should encourage greater sharing of expertise and co-learning between a broader set of stakeholders and officers in national authorities as well as improve the coherence between the different CAP schemes and interventions.

It is welcome that the NDM provides Member States with much more flexibility to tailor CAP support to their specific environmental and climate needs. However, with more flexibility comes the risk that some will choose to do more than others, irrespective of the need. Whether or not Member States are compelled to put in place a suitably ambitious CSP that delivers against their

needs and the CAP objectives will depend on the support and guidance provided to Member States during the CSP development phase and the rigour with which the Commission approaches the approval process to ensure that Member States are kept accountable. Co-legislators should therefore strengthen the accountability mechanisms and capacity building aspects. The nine EU specific objectives provide a common framework, intended to ensure that Member States are all working toward the same long-term goals. However, they are written in very general terms and do not clearly refer to key pieces of EU environmental and climate legislation. This means that targets set by Member States may not be specific enough to address the significant environmental and climate challenges facing the EU.

There is a requirement that the competent authorities responsible for environmental and climate issues are '*effectively involved*' in the development of the CSP. It is essential to make full use of this expertise to ensure overall sustainability and effectiveness of the CSP to support the long-term sustainable development of the agriculture and forestry sector. It is however unclear why only environmental and climate competent authorities are mentioned, but not other environmental stakeholders. The lack of clarity on this point could risk environmental stakeholders being left out of the discussions on the development of the Strategic Plans and no requirement (nor legal means) on the Commission to question their lack of involvement.

The recommendations identified in our previous report³⁸ can be listed as follow:

- The CAP specific objectives should be articulated in more concrete, quantitative terms, referring to targets set in EU legislation where relevant. Article 94 – Environmental partners must be added under Article 94(3)(b) alongside economic and social partners or the full text of article 4 from the EU code of conduct on partnership should be transposed into the legislative text – this specifies environmental stakeholders as part of civil society.
- If insufficient engagement with partners has taken place or is set out in Annex III of the CSP, Member States should be required to address this and demonstrate how they will improve their engagement and involvement of stakeholders and environmental authorities. These commitments should be followed up by the Commission to check that they are taking place. This means that either the governance and coordination section of the CSP should set out how stakeholders and environmental authorities have been involved in developing the CSP and how they will be involved in its implementation and review during the programming period. Annex III of the CSP should be included in the approval assessment process under Article 106(5) (currently it is excluded).

And can be summarized in the following actions:

Action 14:	Make EU Objectives more concrete and relevant to EU environmental and climate legislation
Action 15:	Ensure a good quality partnership and good level of environmental stakeholders involvement
Action 16:	Strengthen the approval assessment process and consultation with partners
Action 17:	Increase transparency in approval of the SP

³⁸ Hart K and Bas-Defosse F (2018) CAP 2021-27; Meredith S and Hart K (2019) CAP 2021-27

Performance of the COMAGRI report against the actions identified:

The COMAGRI report partially addresses the need for making the general CAP objectives more concrete. Within the general objective related to *environmental care* (Article 5(1)b) for instance, it highlights biodiversity protection while the original proposal only refers to '*bolstering environmental care*'. As regards the three specific objectives for the environment and climate (Article 6(1) d,e,f)), it details them further than it is proposed by the Commission. On climate, it refers to the need for the agriculture and food sector to reduce its greenhouse gas emissions whereas the initial proposals only refers to climate adaption and mitigation in generic terms. On the sustainable development and efficient use of natural resources objective, it specifies the objective further by referring to '*the reduction of chemical dependency with the aim of reaching the goals provided for in the relevant legislative instruments*'. On biodiversity protection and enhancement of ecosystems services, COMAGRI is more specific than the Commission proposals by identifying the need to reverse the decline of biodiversity (including by protecting beneficial fauna, including pollinator species) and it signposts High Nature Value systems (HNV) and the need to support them.

Even if the COMAGRI's amendments to the Commission's proposals contribute to making the objectives sound more concrete, they barely refer to targets set out in relevant EU environmental and climate legislation and when they do so the reference remains vague and does not specify the piece of legislation concerned nor its targets. Despite making the objectives more specific (e.g. '*reverse the decline*' '*reduce greenhouse gas emissions*'), the COMAGRI amendments fail to make them more measurable and results-orientated where possible. This leaves open the risk that the targets set by Member States will not be specific or ambitious enough to address the significant environmental and climate challenges facing the sector.

As regards the design of the CSP and the partnership, it is regrettable that AGRI amendments do not add environmental partners but only insist on the representatives of the agricultural sector and the local groups (LEADER). It also does not refer to Article 4 from the EU code of conduct on partnership from the European structural and investment funds which '*specifies environmental stakeholders as part of civil society*' but instead refers to a generic code of conduct that can be set out to support Member States in the organisation of the partnership and that the Commission is empowered to adopt via a delegated act.

It maintains the obligation for the body of the Member States responsible for drawing up the CAP Strategic Plan to involve the competent authorities for the environment and climate which is welcome. However, it removes the obligation for that involvement to be 'effective' and instead refers to a 'full' involvement. This could potentially lead to a situation where the Managing Authority 'involves' the competent environmental authorities throughout the process but does not 'effectively' take into account their views.

The COMAGRI report makes the consultation of the partners (Annex III of the CSP) part of the approval assessment process which is positive. By extension it also makes the *ex-ante* assessment, the Strategic Environmental Assessment and the SWOT analysis part of the approval assessment process which will help the Commission to assess the coherence between the environmental needs and the interventions chosen by the Member State under its CSP. However, regrettably it does not signpost environmental partners in the list of partners to be involved. This makes it difficult for the Commission to be able to legally question why Member States would decide not to involve them.

More broadly it slightly increases transparency by requiring the Commission to submit a summary report of the national CSPs within six months after their approval to the European Parliament and to the Council. The report would be accompanied by clearly described evaluations providing information on the decisions taken by the Member States to tackle the specific objectives set out in Article 6(1). Additionally it requires the Commission to translate all CSPs in English and publish them.

Performance of COMENVI report against the actions identified:

The COMENVI report makes the overall and specific objectives more concrete. On the general objectives (Article 5), it strengthens the wording (e.g. re-words the *'bolster environmental care [...]'* objective to *'supporting and improving environmental protection, biodiversity and climate action'*) and adds a requirement for them to be coherent with the Union's environmental and climate objectives. On the specific objectives (Article 6), it also strengthens the wording and makes them all more specific. On the climate objective, it refers to the need to *'reduce greenhouse gas emissions from the food and farming sector'*; on the sustainable management of natural resources one, for water, soil and water it details out further what sustainable management entails (*'protection and improvement of the quality of air and water, while reducing pesticide and antibiotic use'*, etc.); on the biodiversity protection objective, it highlights the need *'to halt and reverse biodiversity loss, including pollinators'* and also the need for *'preserving and enhancing High Nature Value systems'*. Additionally, it stresses that the general and specific objectives, support measures and national target *shall be coherent with and complementary to the legislation set out in Annex XI'* and that the Commission *'shall ensure that the interventions and respective contributions planned by Members States are sufficient to allow the achievement of the Union objectives in the relevant legislation set out in Annex XI'*. Such a requirement should help strengthen coherence between the CAP instruments and EU environmental and climate legislation.

As regards the procedural requirements related to the consultation with partners, the COMENVI report adds environmental actors in the list of partners to be included. This should prevent that environmental stakeholders are being left out of the discussions on the development of the CSPs. Moreover, if this were to happen it provides the Commission with legal means to question their lack of involvement. The partnership requirements go further in the COMENVI's amendments and also stipulate that all partners must have equal and balanced representation. It would have been sensible to further clarify the meaning of *'balanced representation'*, this additional requirement could prevent cases where economic interests are overrepresented *vis-à-vis* non-economic interests and will allow the Commission to question these situations should they occur. The fact that the report makes the Annex III on consultation an official part of the approval assessment process gives even more legal power to the Commission to question unbalanced partnerships or the lack of involvement of environmental partners during the process. The COMENVI report also strengthens the involvement of the competent authorities for the environment and climate by stipulating that not only have they to be effectively involved but involved in an inclusive way. Again such a requirement should support the Commission's oversight function during the approval process where the environmental elements of the CSP looks weak and not effective.

The COMENVI report strengthens transparency much further than what COMAGRI does by requiring that the Member States not only publish their CSP but also their drafts before their approval. COMENVI also adds that the Commission shall *'communicate the evaluation of the plans*

to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions'. It also proposes for the Commission to communicate a comparative report of all the CSPs and their interventions to the Parliament and the Council no later than six months after the approval of all of the CSPs. Such a requirement, in a context of high flexibility and room of manoeuvre given to the Member States, might help avoid a race to the bottom and instead trigger a race to the top. The question that remains though is the methodology that the Commission will use to do such a comparison.

It is also interesting to note that it deletes the exceptional possibility for Member States to request the Commission to approve a CAP Strategic Plan which does not contain all elements (partial approval).

Table 6: Governance and involvement of stakeholders - Comparison of the performance of COMAGRI and COMENVI reports against the actions³⁹⁴⁰

Governance and involvement of stakeholders	COMAGRI	COMENVI
Action 14: Make EU Objectives more concrete and relevant to EU environmental and climate legislation	<ul style="list-style-type: none"> Despite making the objectives more specific (e.g. 'reverse the decline' 'reduce greenhouse gas emissions'), it fails to quantify them when possible and therefore leaves open the risk that the targets set by Member States are not sufficiently specific and ambitious to address the significant environmental and climate challenges facing the EU. <p>(AM 102, 103, 105, 106, 108, 109, 110, 111, 113, 114, 716)</p>	<ul style="list-style-type: none"> ENVI amendments make the Commission's proposed objectives more specific in their wording. The report stresses that general and specific objectives, support measures and national target shall be coherent with and complementary to the legislation set out in Annex XI and that the Commission shall ensure that the interventions and respective contributions planned by Members States are sufficient to allow the achievement of the Union objectives in the relevant legislation set out in Annex XI. <p>(AM 61, 62)</p>
Action 15: Ensure a good quality partnership and good level of environmental stakeholders involvement	<ul style="list-style-type: none"> It does not add environmental partners alongside economic and social partners and instead insist on representatives of the agricultural sector and the local groups (LEADER) It maintains the requirement to involve the environmental authorities, but it changes the obligation for that involvement from 'effective' to a 'full' involvement which 	<ul style="list-style-type: none"> It explicitly adds environmental partners in the list of partners to be consulted. It adds some references for the consultation and partnership to have a balanced representation of the different interests) Strengthens the involvement of the competent authorities for the environment and climate by stipulating that not only they have to be 'effectively' involved but also 'inclusively'.

³⁹ Colour code: light green: good performance/ dark green: very good performance / orange: mixed performance / red: harmful/negative performance

⁴⁰ The amendments listed in the table are the ones that have been identified by the authors as the ones having the highest relevance to the analysis. It is therefore not an exhaustive list.

	<p>makes it seem a bit more ambiguous</p> <p>(AM 571, 572, 573, 574, 575, 577)</p>	(AM 143)
<p>Action 16: Strengthen the approval assessment process and consultation with partners</p>	<ul style="list-style-type: none"> Makes Annex III on the consultation with the partners an element of the approval assessment process <p>(AM 620)</p>	<ul style="list-style-type: none"> Makes Annex III on the consultation with the partners an element of the approval assessment process <p>(AM 157)</p>
<p>Action 17: Increase transparency in approval of the SP</p>	<ul style="list-style-type: none"> It slightly increases the transparency by requiring the Commission to submit to the EP and to the Council a summary report of the national CSPs within six months after their approval, accompanied by clearly described evaluations in order to provide information on the decisions taken by the MS to tackle the specific objectives. Publish in EN all the approved plans <p>(AM 621, 622)</p>	<ul style="list-style-type: none"> It requires that the Member States publish their CSPs but also their drafts before they are approved It requires that the Commission communicates the evaluation of the plans to the EP, the Council, the European Economic and Social Committee and the Committee of the Regions. It also adds that the Commission should communicate a comparative report of all the plans and their interventions to the Parliament and the Council no later than six months after the approval of the last CSP. <p>(AM 159, 160, 161)</p>

Both advice and knowledge sharing should not be underestimated in terms of supporting farmers to implement environmental and climate actions. Good advice and knowledge can positively influence farmers' attitudes and behaviour and encourage the uptake of management practices that are beneficial for the climate and the environment. Overall, this can help to increase farmers' understanding of why environmental and climate actions are necessary as well as how they should be applied to deliver optimal outcomes.

What the CAP proposals say?

Fostering and sharing knowledge is part of the cross-cutting CAP objective to modernise the sector (Article 5), while it is clearly stated that one of the objectives of the Farm Advisory Services (FAS) is to improve sustainable management. Member States are required to programme the FAS to focus on both land and farm management for all CAP beneficiaries as part of their knowledge exchange and information interventions (Articles 13, 72).

Even if the text states that the FAS should in reality cover all requirements, conditions and management commitments applying to farmers and other beneficiaries set in the CSP, there appears to be a much stronger focus placed on binding requirements and standards compared to voluntary commitments such as the eco-scheme. In fact, the entire green architecture is not clearly singled out as a priority area for the FAS (unlike risk management and innovation support).

The funding for such services continues to come from the EAFRD, with no funding possibilities under the EAGF. Under the EAFRD, costs of *'any relevant action to promote innovation, access to training and advice and exchange and dissemination of knowledge and information which contribute to achieving the specific objectives'* can be covered (Article 72). Support is limited to 75% of eligible costs.

The CAP proposals also require that FAS should be integrated into a Member State's wider Agricultural Knowledge and Information System (AKIS) in order to better connect the FAS with other interrelated services such as research and innovation (Article 13(2)).

Assessment of the Commission's proposals and recommendations

It is welcome that there is a greater emphasis on the importance and value of advice and knowledge exchange, this should help raise the attention given to advisory services within the CSP. The stronger emphasis on environmental considerations should in principle support better implementation of environmental and climate interventions and increase farmers' and other land managers' awareness and understanding of the environmental outcomes that schemes are seeking to achieve.

Embedding farming advisory services into the Member State's AKIS should also encourage greater interaction between farm advisers, researchers and other stakeholders to help the transfer of technological and scientific information to farmer and land managers.

However, it is unfortunate the emphasis in the legislation for the FAS is more on advice relating to conditionality than all environmental and climate dimensions of the CAP and this could lead to decisions to design FAS with a narrow focus rather than covering the interaction between all environmental and climate interventions. Additionally, in order to understand the implications of their management actions more fully, farmers should be given advisory services that support the whole implementation cycle of all relevant CAP commitments and should not be limited to providing basic information about scheme conditions.

Using the FAS to facilitate sustainability planning at farm level, for instance, could help to promote the shift towards a culture of continuous development on the environment and climate action. It should be made explicit that Member States should offer advice and training for eco-scheme commitments under the FAS as well as through knowledge exchange and information actions under Article 72 where appropriate (i.e. in addition to conditionality and Pillar 2 environmental and climate commitments). The design of the FAS must also take into account existing national planning tools emanating from EU environmental and climate legislation, as set out under Annex XI.

Despite covering key Pillar 1 and 2 instruments, the FAS is proposed to be funded solely from the EAFRD budget. This requires Member States to co-finance all information and exchange knowledge interventions. It is therefore necessary to put in place a hybrid-funding model that allows the use of both the EAGF and the EAFRD to support FAS- to make it more attractive.

The recommendations identified in the previous report⁴¹ can be listed as follow:

- Member States’ CSP should include a cross-cutting section demonstrating how the FAS and information actions and knowledge exchange more generally will be put in place to support all aspects of CAP implementation and, in particular, all elements of the new green architecture.
- The design of farm advisory services should be required to be as wide ranging as possible, multi-disciplinary and take account of all relevant national and regional environmental and climate plans (e.g. River Basin Management Plans, Prioritised Action Frameworks for Natura 2000, National Emission Ceiling Plans, climate plans etc.) where the agriculture sector is expected to make a meaningful contribution, whether or not they emanate from EU legislation.
- The Farm Advisory Services should fall under a hybrid-funding model that allows the use of both the EAGF and the EAFRD

And can be summarized in the following actions:

Action 18:	Ensure the FAS covers the whole of the green architecture
Action 19:	Secure a FAS of good quality for the environment and climate– focusing not just on the how but also the why
Action 20	Provides enough financial support to the FAS

⁴¹ Hart K and Bas-Defossez F (2018) CAP 2021-27; Meredith S and Hart K (2019) CAP 2021-27

Performance of the COMAGRI report against the actions identified

The COMAGRI report insists on the need for a ‘high quality’ FAS to be available to farmers. Later in the report it continues stating that ‘*Member states shall ensure by means of appropriate public procedure that advisors working within the FAS are suitably qualified and regularly trained*’. It refers to a system providing quality and independent services for advising farmers and adds a requirement for Member States to ensure that farm advisory services are equipped to provide advice on ‘*both production and the provision of public goods*’. Such a requirement can help farmers understand the implications of their management actions more fully instead of receiving basic information about scheme conditions.

Additionally, it increases the scope of the FAS and signposts eco-schemes as measures to be covered by the FAS. More specifically advice should be able to address sustainable management of nutrients; all agricultural practices which would make it possible to reduce the use of fertilisers and plant protection products through the promotion of natural methods of soil fertility improvement and pest control; improvements to resilience and adaptation to climate change including agro-ecological and agroforestry practices. Advice on risk management should also focus on prevention according to the report.

Overall, the report improves the scope and targeting of the FAS. As such, the amendments proposed could help strengthen the quality of the services towards environmental and climate commitments. It however fails to refer to all relevant national and regional environmental and climate planning tools (e.g. River Basin Management Plans, Prioritised Action Frameworks, National Emission Ceiling Plans, climate plans etc.) where the agriculture sector is expected to make a meaningful contribution. This risks the FAS do not take in account the EU environmental and climate legislation set out under Annex XI. Under the COMAGRI report the FAS would be only funded through the EAFRD.

Performance of the COMENVI report against the actions identified

The COMENVI report starts by requesting that Member States not only set up the FAS but also *ensure access to it*. The Commission would have to define minimum standards for the FAS, in terms of the quality and territorial coverage of the advice provided, but also have to accredit all farm advisory services prior to the entry into force of the final CAP regulation. This is an interesting provision and can help ensure the quality of the FAS supporting the implementation of the CAP. It would require criteria to be well designed and potentially co-constructed with stakeholders but also that the Commission has enough capacity to accredit all the proposed FAS. The report also calls for farm advice to be impartial, that advisors should have no conflict of interest, and the FAS should be adapted to the diversity of farms and production modes.

Besides covering economic, environmental and social dimensions, it stresses that the FAS should facilitate the acquisition of skills and knowledge needed for sustainable and low input production. Such a provision should help to ensure that the FAS focuses on the whole implementation cycle for all relevant CAP commitments affecting farmers and is not only limited to providing basic information about scheme conditions.

As regards the minimum scope of the FAS, it adds a series of directives and regulations relating to animal welfare and the transition to and maintaining agro-ecological practices, including agroforestry; as well as the Farm Sustainability Tool for Nutrients and Input Reduction referred to under Article 12(3). It unfortunately does not signpost the eco-scheme in the added elements.

As regards funding, like with the COMAGRI report, it does not amend the proposed funding mechanism to allow the EAGF to be used to support the FAS. As a result, the FAS will be dependent solely on co-funding from Member States which risks that broadened scope and additional level of ambition it proposed FAS may not possible to deliver in all Member States.

Table 7: Advice and Knowledge exchange - Comparison of the performance of COMAGRI and COMENVI reports against the actions⁴²⁴³

Advice and Knowledge exchange	COMAGRI	COMENVI
Action 18: Ensure the FAS covers the whole of the green architecture	<ul style="list-style-type: none"> Explicitly refers to the eco-scheme in the list of elements that the FAS should cover (AM 146, 147,148, 156,157)	<ul style="list-style-type: none"> Adds a series of directives and regulations related to animal welfare and the transition to and maintaining agro-ecological practices, including agroforestry; as well as the Farm Sustainability Tool for Nutrients Stresses that the FAS should facilitate the acquisition of skills and knowledge needed for sustainable and low input production. Unfortunately it does not sign-post eco-scheme (AM 70)
Action 19: Secure a FAS of good quality for the environment and climate—focusing not just on the how but also the why	<ul style="list-style-type: none"> It refers to the need for a ‘high quality’ FAS to be provided to farmers. It states that MS shall ensure by means of appropriate public procedure that advisors are suitably qualified and regularly trained. It refers to a system providing quality and independent services for advising farmers and adds a requirement for MS to ensure that farm advisory services are equipped to provide advice on <i>both production and the provision of public goods</i>. It is however not clear how the EC will be able to control those provisions 	<ul style="list-style-type: none"> Sets a mechanism within which the EC has to define minimum standards for farm advisory services, in terms of the quality and territorial coverage of the advice provided Farm advice has to be impartial and adapted to the diversity of farms and production modes. (AM 70)

⁴² Colour code: light green: good performance/ dark green: very good performance / orange: mixed performance / red: harmful/negative performance

⁴³ The amendments listed in the table are the ones that have been identified by the authors as the ones having the highest relevance to the analysis. It is therefore not an exhaustive list.

	(AM 105, 144, 151, 152, 154)	
Action 20: Provides enough financial support to the FAS	<ul style="list-style-type: none"> No change- the FAS would only be funded from the EAFRD 	<ul style="list-style-type: none"> No change- the FAS would only be funded from the EAFRD

Common planning through the development and implementation of CAP Strategic Plans (CSPs) can play an important role in ensuring that future agriculture and forestry policy choices at Member State level are fit for purpose. It is essential that these choices not only reflect the national and regional environmental and climate needs, but are capable of actively contributing to the relevant global and EU objectives. Moreover, in order to deliver on these objectives and accompanying targets and ensure the overall legitimacy of policy, the development and implementation of the new policy must be backed by rigorous oversight at EU level. Indeed, facilitating a real shift to a more results/performance-based CAP will require a serious mind-set and cultural change from both Member States and the Commission.

What the CAP proposals say?

Member States are required to develop CSPs which set out how they are going to use the tools and interventions available under the EAGF and EAFRD to achieve the nine specific EU objectives set out in the legislation. In terms of environmental and climate delivery, CSP must demonstrate greater overall ambition for achieving the CAP's environmental and climate objectives than in the previous period and explain how this will be achieved under both Pillar 1 and 2 (Article 92).

More broadly, the contents of the Strategic Plan must be developed according to several principles (Articles 95-109, 111). Firstly, they must be strategically based on territorial and sectorial SWOT and needs assessment. Secondly, they must be streamlined and contain the necessary information including Member State decisions related to definitions, targets, interventions, and fund allocations. Finally, the plans should be sufficient to provide the Commission with the information required to assess and approve the plans.

All CSPs are subject to approval by the Commission with assessments paying particular attention to adequacy of the strategy of the plan, the corresponding specific objectives, targets, interventions and the allocation of budgetary resources to meet the specific CAP Strategic Plan objectives through the proposed set of interventions. A plan can only be approved once the Commission is satisfied that it meet the EU requirements of EU law and is in line with the provisions of the relevant CAP regulations. The approval, however, does not cover all the Annexes (which includes information on the stakeholder engagement process as well as the way Member States have addressed issues raised in their *ex-ante* evaluation and their Strategic Environmental Assessments) or the detailed penalty systems in place in each country. The approval must take place within eight months of its submission by a Member State. However, a Member State may ask for only part of its Strategic Plan to be approved if not all elements are available for approval at a suitable time. This must be justified and the parts that are missing identified with indicative targets and financial plans provided for the entire plan. Amendments to the CSP can be submitted no more than once a year and any amendment must make clear what the impact of these changes will be on achieving the overarching EU objectives. These will be subject to approval by the Commission within three months following the request for amendments. It is not clear how stakeholders will be involved in discussions surrounding proposals for amendments.

Under a new Performance, Monitoring and Evaluation Framework – PMEF (Articles 115-210) annual reviews on the CSP implementation will take place between the Commission and the Member States with reports submitted by 15 February each year, starting from 2023 (Articles 121-

122). These annual performance reports will include information on performance against output and result indicators as well as financial resources used. Where there is a deviation of more than 50% from the planned output of the expenditure ratio, this must be justified. The Commission will carry out an annual performance review based on this information. These reports will be made publicly available, including a summary accessible to citizens. In the case where targets are not met, the Commission can take action. In the case where one or more result indicator values shows a gap of 25% or more than was set as a milestone, the Commission can request an action plan to be put in place to address these issues within a given timescale.

Common indicators set out in Annex I of the legislation are the main means of monitoring the planning and implementation of the plans with Member States using their indicators to demonstrate progress towards achieving the CAP's specific objectives. Three types of indicators are provided:

- output indicators (used to link expenditure to output as part of the annual performance clearance);
- result indicators (used to set targets and then monitor progress as part of the annual performance review) and;
- impact indicators (used to evaluate the performance at the level of overall objectives as part of mid-term and ex-post evaluations).

A performance bonus may be provided to Member States in 2026 to 'reward satisfactory performance in relation to the environmental and climate targets' amounting to 5% of the country's EAFRD budget for 2027 (which is withheld until performance has been checked). To receive the bonus, Member States will have to ensure that their environmental and climate result indicators achieve at least 90% of their target value in 2025 (Articles 123-124).

Additionally, on the basis of the information provided by Member States the Commission evaluates the contribution of the policy to the climate change objectives using a simple and common methodology based on a predefined weighting relating to specific measures (Article 87)

These weighting are as follow:

- 40% for the expenditure under the Basic Income Support for Sustainability and the Complementary Income Support referred to in Title III, Chapter II, section II, subsections 2 and 3;
- 100% for expenditure under the schemes for the climate and the environment referred to in Title III, Chapter II, section II, subsection 4;
- 100% for expenditure for the interventions referred to in the first subparagraph of Article 86(2);
- And 40% for expenditure for natural or other area-specific constraints referred to in Article 66.

Assessment of the Commission's proposals and recommendations

The CAP strategic planning process puts greater focus on performance against objectives rather than compliance with detailed rules of specific measures. This is generally positive, but will require a change in mind-set in how all CAP support is designed and tailored in a coherent way to address Member States' needs. In particular, it requires Member States to think through the way that different forms of support provided to agriculture, forestry and rural areas interact, to identify

potential perverse effects and design a more coherent set of interventions. However, there is a risk that Member States will stick with what they know and are comfortable with. Therefore, to facilitate a shift to a performance focus, close attention will need to be paid by the Commission during the approval process to determine an appropriate response to the needs identified. At the same time there are also some weaknesses in the proposed approval process, in particular the potential for a partial approval process that increases the risk that part of the plan is developed separately to the other elements. This partial approval process would result in inconsistencies and a lack of coherence between the different elements of the plan. Furthermore, Member States' explanations on how the findings of the *ex-ante* evaluation and the Strategic Environmental Assessment (SEA) have been taken into account are not subject to approval since Annex 1 of the CAP Strategic Plan is excluded from the approval process. The Article 92 requirement for Member States to demonstrate greater ambition to address climate and environmental objectives than currently and to set out clearly how this is proposed to be achieved should lead to improved outcomes. However, currently it remains unclear how the requirement for Member States to demonstrate increased environmental and climate ambition will be measured to ensure that this happens in practice. Finally, the performance bonus is a positive element of the proposals and will hopefully incentivise Member States to make every effort to meet their targets. However, the performance bonus only applies to the EAFRD and the threshold is fairly low. Nonetheless, it is hoped that Member States will not deliberately set low targets in order to ensure they will be able to qualify to receive the performance bonus.

As regards the evaluation of the contribution of the CAP to climate change objectives, it proposes a methodology that is not based on the actual benefits of the measures towards climate mitigation and risks overestimating the CAP's performance towards climate objectives while not allowing for a proper assessment of the actual CSPs and individual measures. As proposed by the European Court of Auditors, instead of using the weighting of 40% for all direct payment support, a more reliable way to estimate the contribution would be to use this weighting only for direct payment support for areas where farmers actually apply practices to mitigate climate change (for example, protecting carbon rich soils such as wetland and peatland).

The recommendations identified in the previous reports⁴⁴ can be listed as follow:

- Ensure that the increased environmental/climate ambition from Member States (e.g. 'no backsliding') has teeth with criteria put in place to determine that increased ambition is proposed (e.g. share of Pillar 2 budget allocated to AECM). The Commission should not approve CSPs (or partial plans) unless proposals on how contributions to increase efforts to achieve these objectives are clearly set out and it is clear how these proposals will be realised in practice.
- The approval process needs more detailed criteria to be set out either in the main regulation or in the delegated or implementing regulations. Plans should also clearly explain how any issues raised in the *ex-ante* evaluation and the SEA have not been addressed including any justification for not doing so. Partial approvals should only occur in exceptional circumstances. Where amendments are proposed, Member States should be required to consult adequately with stakeholders and there should be safeguards in place to ensure that there is no watering down of environmental and climate ambition in keeping with the article 92 requirements.

⁴⁴ Hart K and Bas-Defossez F (2018) CAP 2021-27; Meredith S and Hart K (2019) CAP 2021-27

- Member States must be encouraged to make the most of the opportunities and flexibilities that the new CAP proposals offer them to deliver against all objectives and demonstrate how environmental and climate action can underpin economic and social resilience in the agricultural, forestry and wider rural areas. A real shift to a performance-based approach requires a change in mind-set and therefore sufficient capacity building, knowledge exchange opportunities and guidance must be provided early in the process to enable this.
- Improve accountability of the strategic plan through more detailed data requirements to support the monitoring process in terms of what management is actually taking place on the ground. To this end, Member States should be required to provide this via LPIS and IACS, as well as by drawing on qualitative and quantitative assessments by recognised experts to inform and complement the output and results indicators.
- Improve the evaluation methodology for the contribution of the policy to climate change objectives in order to align it to actual results.

And can be summarized in the following actions:

Action 21:	Secure robust CSPs' design and approval process
Action 22:	Ensure the environmental/climate ambition of the future CAP is higher than the one of the current CAP
Action 23:	Secure enough capacity-building for Member States to allow for a change in mind set
Action 24:	Ensure that the monitoring of CSP performance is of good quality
Action 25 :	Improve the climate monitoring methodology to make it more actual

Performance of the COMAGRI report against the actions identified

The COMAGRI report endorses the overall approach to the strategic plan design and implementation. However, it also seeks to maintain regionalised options whereby Member States could opt to so-called Regional Intervention Programmes which would sit under the national strategic plans and follow a similar design, implementation and monitoring procedures. This in effect maintains the current approach applied by Member States' with federalised or regional powers. The report proposes that for target setting, milestones could be developed on a multi-annual basis with partial breakdown by region where necessary. Specifically on the environmental and climate issues the report weakens the link between the CSPs and EU environmental and climate objectives by removing a legal reference to interventions set out in environmental planning instruments being used to support the indicators relating to environment- and climate-specific objectives. At the same time the report does try to build on the indicators set out in Annex I notably with the introduction of an impact indicator on reducing pollinator decline.

Increased environmental and climate ambition would be determined based on the share of the budget allocated to the CAP's environmental and climate objectives. This would be compared with the budget allocated to the EAGF and EAFRD to the sustainable management of natural resources and climate action general objective of the current CAP. The demonstration of greater ambition

would also take account of the relevant results of the *ex-ante* evaluation and the SEA of the Member States' CSPs in addition to the SWOT analysis.

The approval process would take into account all Annexes accompanying the CSP with the Commission required to submit a summary report of each plan and the approval process occurring within 6 months of the plan being adopted. At the same time the report states that the approval process should not cause any delay in the allocation payments.

In terms of monitoring the COMAGRI report supports the new Performance, Monitoring and Evaluation Framework (PMEF). Although, it removes most references to the annual nature of the performance review, it maintains the principle of an annual performance review which would come into effect two years after the date of the regulation's application - up to 2030 (as set out in the CAP horizontal regulation). It also endorses the principle that the PMEF should be used to support a common learning process for further developing more relevant and accurate indicators.

As regards the evaluation of the contribution of the CAP to climate change objectives, the COMAGRI report does not propose a more reliable way to estimate the actual contribution made by the measures. It also proposes to scrap the performance bonus.

Performance of the COMENVI report against the actions identified

The COMENVI report largely endorses the overall approach to the CSP design and implementation. However, it wants plan targets to be based on both results and impact indicators and more clearly aligned with the long-term targets and interventions set out in Member States' national planning tools derived from the EU environmental and climate legislation. Member States would be required to determine not only increased environmental and climate action, but also in the area of animal welfare. This includes taking account of relevant animal health and welfare legislation which is set out in a new Annex. Unlike COMAGRI, the COMENVI report proposes that greater ambition should be measured against the current status of Member States impact indicators. Indeed, the report proposes a number of new impact indicators related to the environment including increasing reduction of pesticide leakage to grounds and surface water and reducing pollinator decline. Member States should also indicate where sufficient contextual information is not available to inform target setting and how the plan will address these gaps. At the same time, similarly to the COMAGRI report, the explanation for greater ambition should take account of the relevant results of the *ex-ante* evaluation and the SEA of the Member States' CSPs in addition to the SWOT analysis. It also proposes that Member States should ensure that there is no back sliding in terms of support for conversion to and maintenance of organic farming compared to the current period.

For the approval the Commission would be required to assess the plans based on clear and objective criteria. The process should place a greater focus on coherence and compliance with EU environmental legislation, taking account of all elements of the plan including the Annexes. The approval process would be reduced from 8 to 6 months. It is proposed that there should be no exception for plans to be partially approved in order to reduce the risk of watering down the level of ambition. The approval process should be more open and transparent with regard to the development of the CSPs with plans and related Annexes publically available during the drafting phase and after the final approval. The report also supports the new PMEF. However, it proposes that the annual performance reports and reviews should be conducted on a biennial basis. It also calls for the review to be used to assess the contribution of the CSP targets against the relevant data emanating from the CAP impact indicators. Summaries of the annual review meetings would

also be made public. The PMEF would be used to support a common learning whereby more relevant and accurate indicators can be developed. Finally while the report supports the Commission’s concept of a performance bonus, it does not make any proposals to enhance it.

As regards the climate monitoring it slightly improves the wording by referring to the tracking of ‘*environmental and climate expenditures*’ and to the use of not only a ‘simple’ methodology but also an ‘*appropriate and accurate*’ one. It however remains vague on the methodology itself and only proposes to reduce the contribution of direct payments to this accounting process to 30% instead of 40%.

Table 8: Development of Strategic Plans, monitoring and accountability - Comparison of the performance of COMAGRI and COMENVI reports against the actions⁴⁵⁴⁶

Development of Strategic Plans, monitoring and accountability	COMAGRI	COMENVI
Action 21: Secure robust CSPs’ design and approval process	<ul style="list-style-type: none"> Links between the CAP and the national environmental planning tools are watered down It is proposed that the approval process would take account of all components of the CSP <p>(AM 117, 620)</p>	<ul style="list-style-type: none"> Targets in the CSPS have to be set against both the results and impact indicators It is proposed that the approval process would take account of all components of the CSP. There would be no possibility to partially approve plans <p>(AM 63, 157, 158, 169)</p>
Action 22: Ensure the environmental/climate ambition of the future CAP is higher than the one of the current CAP	<ul style="list-style-type: none"> Greater ambition will be determined by increasing spending levels for the environment and climate across the two pillars compared to the current programming period. It will also take into account both the results of the SWOT analysis and the ex-ante evaluation and SEA <p>(AM 567, 568)</p>	<ul style="list-style-type: none"> Greater ambition will be determined through the use of impact indicator as the baseline for further progress to be made taking into account both the results of the SWOT analysis and the ex-ante evaluation and SEA There should be no back-sliding in terms of investment support for organic farming compared to the current CAP. <p>(AM 142)</p>
Action 23: Secure enough capacity-building for Member States to allow for a change in mind set	<ul style="list-style-type: none"> No creative ways to increase Member States capacities to embrace the NDM are clearly proposed 	<ul style="list-style-type: none"> No creative ways to increase Member States capacities to embrace the NDM are clearly proposed
Action 24: Ensure that the monitoring of the CSPs performance is of good quality	<ul style="list-style-type: none"> Efforts are made to downgrade the yearly nature of the annual performance, review although it appears to remain (based on what is set 	<ul style="list-style-type: none"> Efforts are made to create stronger links between the plans and actual environmental and climate impacts A biennial approach to the performance review could be more

⁴⁵ Colour code: light green: good performance/ dark green: very good performance / orange: mixed performance / red: harmful/negative performance

⁴⁶ The amendments listed in the table are the ones that have been identified by the authors as the ones having the highest relevance to the analysis. It is therefore not an exhaustive list.

	<p>out in the CAP's horizontal regulation).</p> <ul style="list-style-type: none"> It is proposed that more relevant indicators are developed during the lifetime of the plan which is welcome <p>(AM 674, 675, 676, 676, 680, 681, 686, 687)</p>	<p>practical for Member States, but at the same time reduce accountability.</p> <ul style="list-style-type: none"> It is proposed that more relevant indicators are developed during the lifetime of the plan which is welcome <p>(AM 167, 168)</p>
<p>Action 25 : Improve the climate monitoring methodology to make it more actual</p>	<ul style="list-style-type: none"> No significant amendment made to the accounting methodology 	<ul style="list-style-type: none"> Reference to an <i>appropriate and accurate</i> methodology Reduction of the basic income contribution to the climate tracking from 40% to 30% <p>(AM 137)</p>

Conclusions and summary of recommendations

The Commission's Common Agricultural Policy (CAP) proposals for the 2021-27 period, published in June 2018, presents a renewed opportunity to put environmental and climate action at the heart of the next CAP. Our analysis shows that there are several ways in which the Parliament's final position can help to enhance the Commission's CAP proposals and increase the CAP's environmental and climate ambition. However, the COMAGRI and COMENVI proposals differ starkly in terms of their appetite to maintain or increase the level of ambition.

Drawn up by the lead committee, the COMAGRI report generally supports the overall direction of the Commission proposals. However, it also seeks to maintain the status quo with some backward steps that could seriously undermine the new environmental and climate role of CAP post-2020 proposed by the Commission. Indeed, a large part of the COMAGRI report is made of amendments that have limited potential to increase the CAP's environmental and climate performance (being either too vague or not ambitious enough). In particular, on governance, despite making the overall EU objectives more specific the COMAGRI amendments fail to make them measurable and results-orientated where possible leaving open the risk that the targets set by Member States will not be sufficiently specific and ambitious to address the significant environmental and climate challenges facing the EU agriculture and forestry sector. The COMAGRI report places a renewed emphasis on protecting basic income support rather than shifting towards incentivising farmers to make a greater contribution to environmental and climate action under Pillar 1. While the COMAGRI report puts forward some encouraging changes to make better links between advice and training and environmental investment, such proposals are simply insufficient to address the scale of the environmental and climate challenges faced by the sector.

On the other hand, the COMENVI report, seeks to build on the Commission's proposals with the aim of setting the CAP on the right path to significantly changing the way EU farm subsidies are designed and delivered in Member States. In particular the COMENVI amendments seek to strengthen the green architecture and to ensure other area based payments, notably decoupled payments are coherent with environmental and climate needs. Furthermore in terms of governance it seeks to create a greater role for environmental partners in the design and monitoring of the CSPs. The COMENVI proposals for the Commission to define minimum standards for farm advisory services, in terms of the quality and territorial coverage of the advice provided, can also go a long way to support farmers in delivering greater environmental and climate ambition. Finally, the COMENVI report places a greater emphasis on measurable performance by proposing that national targets in a Member States' CSP should be closely aligned with the CAP impact indicators with current contextual trends related to the environment used as the baseline to measure progress made.

Overall our report highlights that there are a number of key areas where an ambitious Parliament's position can help to build on and strengthen the Commission's CAP proposals. Indeed a number of the amendments could go a long way to ensuring that a sound legal framework is put in place, capable of mainstreaming environmental/climate action across the sector after 2020. There may be temptation on the part of some MEPs to maintain the business as usual. However, this would not only be a missed opportunity, but could seriously undermine the ability and legitimacy of the next CAP to deliver for the environment, EU citizens and the farming community.

Key actions identified to support enhanced environmental and climate ambition under the CAP post-2020 as well as a summary of key amendments from the COMAGRI and COMENVI reports set out in Chapter 3 are collated in the table below.

Table 9: Overview of key actions for greater environmental /climate ambition under the next CAP proposals and key amendments from the COMAGRI and COMENVI reports⁴⁷

	COMAGRI	COMENVI
Definition and eligibility of support		
Action 1: Add safeguards to ensure eligible area definition (grasslands etc.) , does not discriminate against environmental habitats protection	<ul style="list-style-type: none"> Despite some positive additions, COMAGRI amendments fail to add criteria and safeguards to ensure valuable habitats are not excluded from MS definitions (AM 87, 88, 89, 91)	<ul style="list-style-type: none"> Concrete safeguards that will prevent MS from excluding valuable habitats are added to the definition of permanent grasslands (AM 60)
Action 2: Add safeguards to ensure the genuine farmer’s definition does not discriminate against environmental and climate objectives	<ul style="list-style-type: none"> No criteria to ensure that the genuine farmer definition does not discriminate against any farmers and land managers who make a measurable contribution to achieving environmental objectives (AM 94)	<ul style="list-style-type: none"> No amendment proposed = no criteria added
Green architecture and Natura 2000		
Action 3: Secure good conditionality and level of ambition of basic requirement	<ul style="list-style-type: none"> Conditionality standards and requirements are watered-down with some elements transferred to the eco-scheme as voluntary commitments for Member State to programme An equivalency mechanism using Pillar 2 agri-environmental schemes or certification schemes to demonstrate compliance with conditionality is proposed (AM 135, 136, 137, 140, 137, 138, 140, 229, 717)	<ul style="list-style-type: none"> A number of conditionality standards and requirements are strengthened Design of conditionality standards and requirements based on environmental and climate needs is maintained with stronger link to EU environmental legislation and emphasis on EC oversight (AM 68, 69, 190, 191, 192, 193)
Action 4: Secure good quality eco-scheme and high level of environmental and climate ambition	<ul style="list-style-type: none"> Content of the eco-scheme is based on a combination of EU and national lists of beneficial practices that could instil a more common approach and ensure certain safeguards. However movement back to a more prescriptive one-size-fits-all approach could limit the targeting and tailoring schemes to specific and needs Strong emphasis on incentive-based payments that go beyond partial or 	<ul style="list-style-type: none"> Content of the eco-scheme is based on a combination of EU and national lists of beneficial practices that could instil a more common approach and ensure certain safeguards. However movement back to a more prescriptive one-size-fits-all approach could limit the targeting and tailoring schemes to specific and needs At least 30% of the EAGF national envelope should be ring-fenced for the eco-scheme similar to the current

⁴⁷ The amendments listed in the table are the ones that have been identified by the authors as the ones having the highest relevance to the analysis. It is therefore not an exhaustive list.

	<p>full compensation for costs incurred and income forgone with payments varying according to the level of ambition</p> <ul style="list-style-type: none"> • Ring-fencing 20% of EAGF national envelope to ecoscheme falls short of the current spending levels assigned to the greening component. Broadening of scope to cover societal objectives risks undermining spending on the environment <p>(AM 227, 228, 229, 230, 234, 235, 548)</p>	<p>green direct payments Broadening of scope to cover societal objectives risks undermining spending on the environment</p> <ul style="list-style-type: none"> • Schemes which has co-benefits, promote synergies and a more integrated approach are prioritised • Emphasis is placed on including Natura 2000 areas as well as HNV farmland areas <p>(AM 82, 136)</p>
<p>Action 5: Secure good quality AECM</p>	<ul style="list-style-type: none"> • A strong emphasis is placed on incentive-based payments that go beyond partial or full compensation for costs incurred and income forgone with payments varying according to the level of ambition (although this is already possible under current programming) • Higher EU co-financing rates up to 90% possible for AECM, but imposing upper limits. • A minimum spend representing 30% of the EAFRD is maintained, but with 40% ANC payments permitted to make up the ring-fencing. <p>(AM 438, 442, 443, 541, 544, 725)</p>	<ul style="list-style-type: none"> • 40% of the EAFRD national envelope for all interventions contributing to the CAP's environmental and climate objectives (excluding ANCs) with a minimum dedicated to biodiversity addressing the priority species and natural habitats set out in a Member State's PAF <p>(AM 126, 136)</p>
<p>Action 6: Secure good level of protection of Natura 2000 area</p>	<ul style="list-style-type: none"> • Higher EU co-financing rates up to 90%, but imposing upper limits. <p>(AM 457, 541, 725)</p>	<ul style="list-style-type: none"> • 40% of the EAFRD national envelope for all interventions contributing to the CAP's environmental and climate objectives (excluding ANCs). • Member State must reserve a minimum amount of EAFRD for agri-environment-climate commitments and Natura 2000/WFD payments that contribute directly CAP's biodiversity and ecosystem services. <p>(AM 136)</p>
<p>Action 7: strengthen the complementarity between the green commitments across pillars</p>	<ul style="list-style-type: none"> • Commitments should either be different or complementary with different levels of ambition to avoid double funding. However, no attempt to create a definitive hierarchy of interventions i.e. agri-environment-climate schemes building on the eco-scheme. <p>(AM 232, 236, 441)</p>	<ul style="list-style-type: none"> • Commitments should either be different or complementary with different levels of ambition to avoid double funding. However, no attempt to create a definitive hierarchy of interventions i.e. agri-environment-climate schemes building on the eco-scheme. <p>(AM 80, 126)</p>

Other area based payments		
<p>Action 8: Ensure coherence between (decoupled) basic income support and the interventions underneath the green architecture</p>	<ul style="list-style-type: none"> No concrete suggestions for mechanisms to ensure coherence between the basic income and the green architecture The proposed ring fencing of 60% for the basic income and the redistributive payments seriously risks further increasing the lack of coherence between the income driven tools and the environmental/climate needs, interventions, targets and objectives <p>(AM 546)</p>	<ul style="list-style-type: none"> The report adds a strong safeguard that will eventually force MS to justify their choices and rational towards basic income support against their environmental and climate targets <p>(AM 75)</p>
<p>Action 9: Ensure coherence between coupled support and the interventions underneath the green architecture</p>	<ul style="list-style-type: none"> Reference made to coherence between coupled support and the specific objectives is too vague to avoid potential conflicts and perverse effects between those payments and their impacts and the environmental and climate needs, interventions, targets and objectives <p>(AM 242, 243, 244)</p>	<ul style="list-style-type: none"> Adds that beneficiaries shall only be eligible for coupled payments if their standards of production are higher than the relevant minimum environmental and animal welfare standards in force. The report adds a series of additional safeguards related to coupled support for livestock <p>(AM 85,86)</p>
<p>Action 10:</p> <ul style="list-style-type: none"> Ensure minimum spending in Pillar 2 is targeted at measures that contain environmental requirements 	<ul style="list-style-type: none"> Up to 40% of the ANC payment spend could be counted under the minimum spend on the environment <p>(AM 543)</p>	<ul style="list-style-type: none"> It is proposed to fund the ANC payment under EAGF similar to other decoupled payments <p>(AM 83)</p>
Investment aids and risk management		
<p>Action 11: Ensure no environmentally/climate damaging investments and risk management tools</p>	<ul style="list-style-type: none"> An environmental impact assessment would need to be conducted where the investments are deemed to have a negative effect on the environment impact (although unclear how this would be determined) No specific rules to avoid risk management tools lead to perverse environmental effects is proposed <p>(AM 458)</p>	<ul style="list-style-type: none"> Support only where it can be demonstrated the investment causes no harm to the environment No specific rules to avoid risk management tools leading to perverse environmental effects is proposed <p>(AMD 129)</p>
<p>Action 12: Ensure minimum safeguards for investments and risk management</p>	<ul style="list-style-type: none"> A new article setting out more specific rules on irrigation investments is proposed Bio-energy products that do not meet the EU sustainability criteria and farms that do not meet basic animal health and welfare legislation are classified as ineligible for investments 	<ul style="list-style-type: none"> Bio-energy products that do not meet the EU sustainability criteria and concentrated in animal feeding operations that do not comply with good animal welfare are classified as ineligible investments. However the latter is not environmentally and climate proofed

	<ul style="list-style-type: none"> While the encouragement of risk prevention strategies should be encouraged it is not proposed as a pre-requisite before compensation is granted <p>(AM 466, 475, 487, 488, 489, 490, 491, 493)</p>	<ul style="list-style-type: none"> No minimum safeguards proposed for risk management <p>(AM 129)</p>
<p>Action 13: Ensure full use of the options to fund non-productive investments to support the implementation of environment/climate focussed interventions</p>	<ul style="list-style-type: none"> No proposals are made 	<ul style="list-style-type: none"> Support for environmental and climate related investments as part of a minimum spend for biodiversity based on the priorities set out in the PAFs No other significant proposals are made <p>(AM 136)</p>
<p>Governance and involvement of stakeholders</p>		
<p>Action 14: Make EU Objectives more concrete and relevant to EU environmental and climate legislation</p>	<ul style="list-style-type: none"> Despite making the objectives more specific (e.g. 'reverse the decline' 'reduce greenhouse gas emissions'), it fails to quantify them when possible and therefore leaves open the risk that the targets set by Member States are not sufficiently specific and ambitious to address the significant environmental and climate challenges facing the EU. <p>(AM 102, 103, 105, 106, 108, 109, 110, 111, 113, 114, 716)</p>	<ul style="list-style-type: none"> ENVI amendments make the Commission's proposed objectives more specific in their wording. The report stresses that general and specific objectives, support measures and national target shall be coherent with and complementary to the legislation set out in Annex XI and that the Commission shall ensure that the interventions and respective contributions planned by Members States are sufficient to allow the achievement of the Union objectives in the relevant legislation set out in Annex XI. <p>(AM 61, 62)</p>
<p>Action 15: Ensure a good quality partnership and good level of environmental stakeholders involvement</p>	<ul style="list-style-type: none"> It does not add environmental partners alongside economic and social partners and instead insist on representatives of the agricultural sector and the local groups (LEADER) It maintains the requirement to involve the environmental authorities, but it changes the obligation for that involvement from 'effective' to a 'full' involvement which makes it seem a bit more ambiguous <p>(AM 571, 572, 573, 574, 575, 577)</p>	<ul style="list-style-type: none"> It explicitly adds environmental partners in the list of partners to be consulted. It adds some references for the consultation and partnership to have a balanced representation of the different interests) Strengthens the involvement of the competent authorities for the environment and climate by stipulating that not only they have to be '<i>effectively</i>' involved but also '<i>inclusively</i>'. <p>(AM 143)</p>
<p>Action 16:</p>	<ul style="list-style-type: none"> Makes Annex III on the consultation with the partners an element of the approval assessment process 	<ul style="list-style-type: none"> Makes Annex III on the consultation with the partners an element of the approval assessment process

Strengthen the approval assessment process and consultation with partners	(AM 620)	(AM 157)
Action 17: Increase transparency in approval of the SP	<ul style="list-style-type: none"> It slightly increases the transparency by requiring the Commission to submit to the EP and to the Council a summary report of the national CSPs within six months after their approval, accompanied by clearly described evaluations in order to provide information on the decisions taken by the MS to tackle the specific objectives. Publish in EN all the approved plans <p>(AM 621, 622)</p>	<ul style="list-style-type: none"> It requires that the Member States publish their CSPs but also their drafts before they are approved It requires that the Commission communicates the evaluation of the plans to the EP, the Council, the European Economic and Social Committee and the Committee of the Regions. It also adds that the Commission should communicate a comparative report of all the plans and their interventions to the Parliament and the Council no later than six months after the approval of the last CSP. <p>(AM 159, 160, 161)</p>
Advice and Knowledge exchange		
Action 18: Ensure the FAS covers the whole of the green architecture	<ul style="list-style-type: none"> Explicitly refers to the eco-scheme in the list of elements that the FAS should cover <p>(AM 146, 147,148, 156,157)</p>	<ul style="list-style-type: none"> Adds a series of directives and regulations related to animal welfare and the transition to and maintaining agro-ecological practices, including agroforestry; as well as the Farm Sustainability Tool for Nutrients Stresses that the FAS should facilitate the acquisition of skills and knowledge needed for sustainable and low input production. Unfortunately it does not sign-post eco-scheme <p>(AM 70)</p>
Action 19: Secure a FAS of good quality for the environment and climate– focusing not just on the how but also the why	<ul style="list-style-type: none"> It refers to the need for a ‘high quality’ FAS to be provided to farmers. It states that MS shall ensure by means of appropriate public procedure that advisors are suitably qualified and regularly trained. It refers to a system providing quality and independent services for advising farmers and adds a requirement for MS to ensure that farm advisory services are equipped to provide advice on <i>both production and the provision of public goods</i>. It is however not clear how the EC will be able to control those provisions <p>(AM 105, 144, 151, 152, 154)</p>	<ul style="list-style-type: none"> Sets a mechanism within which the EC has to define minimum standards for farm advisory services, in terms of the quality and territorial coverage of the advice provided Farm advice has to be impartial and adapted to the diversity of farms and production modes. <p>(AM 70)</p>

Action 20: Provides enough financial support to the FAS	<ul style="list-style-type: none"> The FAS would only be funded from the EAFRD 	<ul style="list-style-type: none"> The FAS would only be funded from the EAFRD
Development of Strategic Plans, monitoring and accountability		
Action 21: Secure robust CSPs' design and approval process	<ul style="list-style-type: none"> Links between the CAP and the national environmental planning tools are watered down It is proposed that the approval process would take account of all components of the CSP <p>(AM 117, 620)</p>	<ul style="list-style-type: none"> Targets in the CSPs have to be set against both the results and impact indicators It is proposed that the approval process would take account of all components of the CSP. There would be no possibility to partially approve plans <p>(AM 63, 157, 158, 169)</p>
Action 22: Ensure the environmental/climate ambition of the future CAP is higher than the one of the current CAP	<ul style="list-style-type: none"> Greater ambition determined by increasing spending levels for the environment and climate across the two pillars compared to the current programming period. It will also take into account both the results of the SWOT analysis and the ex-ante evaluation and SEA <p>(AM 567, 568)</p>	<ul style="list-style-type: none"> Greater ambition determined through the use of impact indicator as the baseline for further progress to be made taking into account both the results of the SWOT analysis and the ex-ante evaluation and SEA There should be no back-sliding in terms of investment support for organic farming compared to the current CAP. <p>(AM 142)</p>
Action 23: Secure enough capacity-building for Member States to allow for a change in mind set	<ul style="list-style-type: none"> No creative ways to increase Member States capacities to embrace the NDM are clearly proposed 	<ul style="list-style-type: none"> No creative ways to increase Member States capacities to embrace the NDM are clearly proposed
Action 24: Ensure that the monitoring of the CSPs performance is of good quality	<ul style="list-style-type: none"> Efforts are made to downgrade the yearly nature of the annual performance, review although it appears to remain (based on what is set out in the CAP's horizontal regulation). It is proposed that more relevant indicators are developed during the lifetime of the plan which is welcome <p>(AM 674, 675, 676, 676, 680, 681, 686, 687)</p>	<ul style="list-style-type: none"> Efforts are made to create stronger links between the plans and actual environmental and climate impacts A biennial approach to the performance review could be more practical for Member States, but at the same time reduce accountability. It is proposed that more relevant indicators are developed during the lifetime of the plan which is welcome <p>(AM 167, 168)</p>
Action 25 : Improve the climate monitoring methodology to make it more actual	<ul style="list-style-type: none"> No significant amendment are made to the accounting methodology 	<ul style="list-style-type: none"> Reference to an <i>appropriate and accurate</i> methodology Reduction of the basic income contribution to the climate tracking from 40% to 30% <p>(AM 137)</p>