CAP and Rural Development Policy reform deal for 2014–2020

Toolkit for implementing key measures towards a greener, fairer, local and a smarter CAP at national/regional levels

2nd version including

some key Member States decisions/orientations

December 2013

agricultural & rural convention

www.arc2020.eu

I - What is at stake after the CAP reform deal on 26th of June ? What still remains to be done?

A Deal Far From Our Hopes With Many Decisions Left To Member States..

The deal struck on between EU negotiators from national governments, the Commission and the European Parliament on the Common Agricultural Policy (CAP) was far from the initial reform ambitions and hopes of "public money for public goods" and a greener and fairer CAP.

Almost all of the contentious points have been finally resolved by leaving them as options for member states (MS) to implement[1].

The struggle is not over but primarily shifts to national/regional level now. There is still plenty to win or lose for small farmers, rural development, agro-ecology and the environment.

Implementation by national and regional authorities will in the end determine how green and fair this CAP reform will actually be in practice.

Objective Of This Document

This is a working document which provides information on the latest CAP-related developments and which provides specific proposals for how stakeholders can improve this CAP reform during the implementation stage, which lasts until mid-2014.

CAP Implementation at national and regional level must be approved by the Commission before the end of 2013 for Rural Development Programmes (Pillar 2) and by August 2014 for direct payments schemes (Pillar 1). Therefore in many MS and regions, decision makers are already organising consultations not only with farmers' organisations but also with other sectors of civil society.

This period presents a critical opportunity in the coming weeks and months for stakeholders to make targeted recommendations on the best ways implement this approved EU deal at national and regional level. These is also scope for campaigners to work on how the Delegated Acts will be written by the Commission, as we explain in the next section, section II.

II - Understanding the two Pillars of the CAP, where funding could be allocated and potential changes towards 2020.

a) Two pillars of the CAP

CAP funding has been supported by two pillars since 1999. This structure remains in place after the June agreement but the allocation of funding has changed.

Pillar 1 contains subsidies for income support to farmers ("direct payments", 73% of the CAP budget) and market measures ("common market organisations" 7% of the CAP budget). This expenditure is fully paid by the EU, mainly to support the income of farmers.

Under Pillar 1, the basic payment scheme and the new "greening" payment are paid per hectare on an annual basis. MS shall also allocate part of the overall basic payment fund to young farmers, small farmers and may also choose to keep some payments coupled to specific sectors.

The multi-annual Pillar 2 budget supports rural development programme (20% of CAP expenditures). It is part financed by the EU and subject to national co-funding of at least 50%. Pillar 2 is intended to support socio-structural and more targeted environmental measures as well as rural development for farmers and rural dwellers.

1 In November, the Multi-annual Financial Framework (MFF) was agreed. So the 2014 budget will be EUR142 billion. This budget gives less of the EU's overall money, but a bigger proportion of this budget, to the CAP. In 2013, the CAP aspect of the budget was 38.6%; for 2014 it will be 40.6%. In figures, this means that E58.7 billion went to CAP in 2013, whereas E57.7 billion will in 2014.

Broadly, Pillar 2 supports less favoured areas (LFAs, renamed Areas under Natural Constraints, or ANC), young farmers, knowledge transfer and advisory services, agri-environment schemes and organic farming, animal welfare, investments in agriculture infrastructure, cooperative approaches, innovation, marketing of food products and community-led development (CLLD).

Pillar 2 provides a catalogue of measures to help MS and regional authorities set up their 2014-2020 Rural Development programmes (RDP). In other words, **it's up to those national and/or regional levels and not the EU alone, to decide the objectives and the content of the Rural Development for their regions.** These RDPs are submitted to the Commission (DG for Agriculture and Rural Development), who assess them to ensure that the RDPs are balanced and all objectives are met. Preparations for the new RDP are already taking place and are expected to being approved on a rolling basis. As national and regional authorities are in different stages of the planning process the deadline for submission of RDPs is likely to be extended unofficially to May-June 2014.

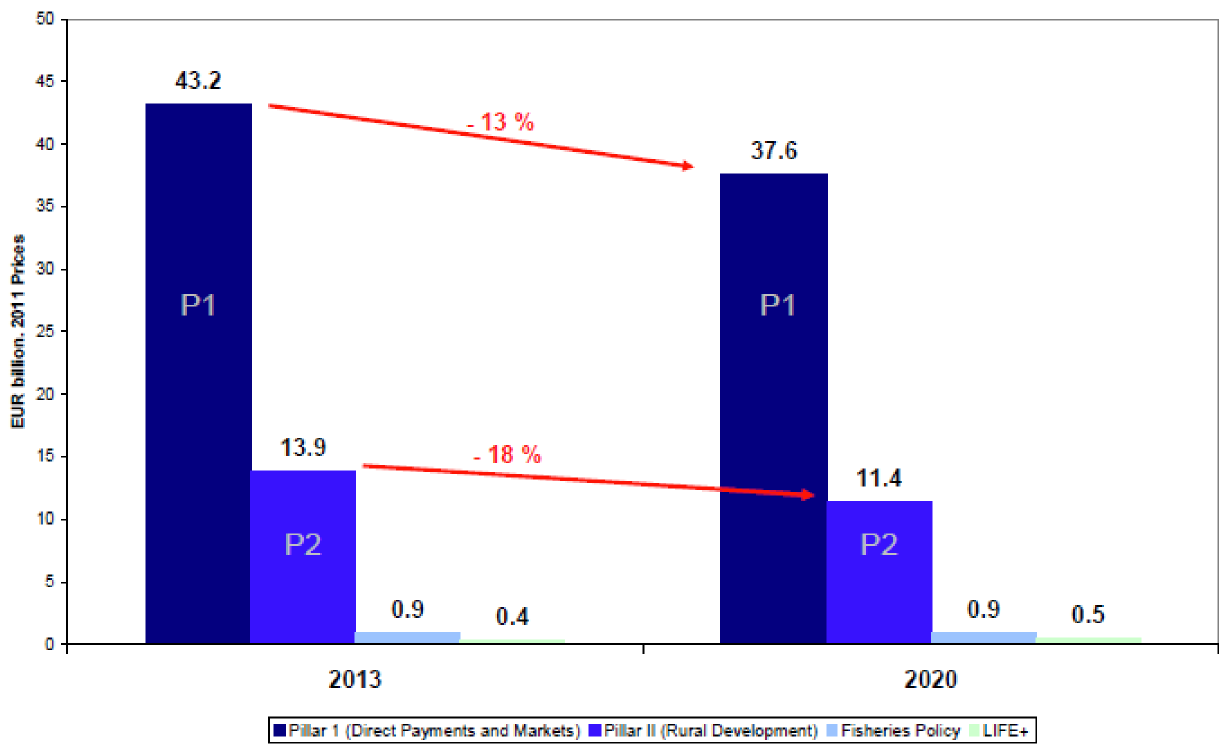
b) Financial perspectives for the CAP towards 2020

The EU's budget, the Multiannual Financial Framework 2014-2020 (MFF). funds CAP.

Pillar 1 budget is expected to decrease from 43.2 to 37.6 EUR Billion (**-13%**) while Pillar 2 is set to be cut by a proportionately greater amount, from 13.9 to 11.4 EUR Billion (**-18%**). See the European Parliament figure below.

Given that Rural Development budget has already been cut in the MFF deal related to the CAP, **any further cuts by MS from Pillar 2 to add to Pillar 1 should be rejected** when implementing the CAP reform (see below).

Much of what is positive about Pillar 2 is outlined in more detail over the following pages: clearly, cuts to Pillar 2 or modulation from Pillar 2 to Pillar 1 would reduce the positive potential of Pillar 2. This is a key battleground in the coming months, both at national and EU level.



Source: Elaboration by EP Policy Department B. Source of data: http://register.consilium.europa.eu/pdf/en/13/st08/st08288.en13.pdf. The rural development allocation for 2013 only includes compulsory modulation.

c) What about delegated acts?

Delegated Acts is the stage where the Basic Acts agreed in the trilogue process, and voted on by the Parliament on November 20th, must get written into law by the EU Commission. This is supposed to be a mere formality, and no major changes are supposed to be made in this phase. It is however, a time to be vigilant, as changes can be made that are in fact significant.

Specifically, Basic Acts deal with "the objective, content, scope and duration" of an Act, while Delegated Acts "supplement or amend non-essential elements of the legislative act". They are thus subsidiary to the Basic Acts.

However, as reported on the ARC2020.eu website 23 member states are trying to use this phase as one to introduce pesticide use into Ecological Focus Areas. Thus campaigners must be aware of the possibility that their State or region may attempt to do this, and to put the appropriate pressure on their governmental Departments, MEPs or other regulators.

III- overview of the key measures for a fairer, a greener, a local and a smarter CAP implementation through Pillar 1

1. Towards a Fairer CAP

a) Active farmers

Reg.	Art.	Name	What does it allow?	Aim of legislation	Feature
DP	9	Active Farmer	Improve the targeting of direct payments to farmers who really farm (full time or part-time and pluri-active farmers)	Direct payments only granted to people who are farming. No funding granted to natural or legal persons, or to groups of natural or legal persons, where they operate airports, railway services, waterworks, real estate services, permanent sport and recreational grounds.	MS may add any other similar non-agricultural businesses or activities and may subsequently withdraw such additions.

ARC recommendation: MS complete the negative list of non-active farmers in order to exclude "sofa farmers" , i.e. beneficiaries whose principal activity or company objectives is not agricultural activity.

b) Transfer between Pillars

Reg.	Art.	Name	What does it allow?	Aim of legislation	Feature
DP	14	Flexibility	Modulation (I.e.transfer of funds) from Pillar 1 to Pillar 2 (good) or vice versa (bad)	Increase Pillar 1 or Pillar 2 budget	Optional measure for MS

ARC recommendation: There should be no transfers from Pillar 2 to Pillar 1 as Pillar 2 (RDPs) have a much lower budget and need more money. Transfers from Pillar 1 to Pillar 2 is welcome, but it still depends very much on which measures are targeted. In addition, any transfer of funds from **Pillar 1 going to Pillar 2 should not require co-financing** by the MS, because if co-financing was required to back up any modulation, then it would be a much less attractive to MS to shift money away from Pillar 1.[2]

2 The exact percentage of funds that can be transferred between Pillars is will be decided upon in the next round of negotiations on CAP budgetary elements linked to the agricultural budget affected by the MFF. For further information see Common Letter sent by ARC 2020 and other civil society groups http://tinyurl.com/mw62v5m. There may also be scope for clarification via delegated acts.

c) Value of payments and convergence (towards more uniform payments)

Reg	Art	Name	What does it allow?	Aim of legislation	Feature
DP	22	Internal convergence	Bridge the gap between smaller and larger beneficiaries of direct payments by 2019[3] and phase out unequal distribution per hectare between Member States[4]	Redistribute money from larger (mostly more intensive) farms to smaller (mostly extensive) farms	Mandatory but many ways to decrease the equalising effect and slow down the phasing out of historical subsidies

Since 1993, EU farmers receive annual subsidies to support their income, which were calculated per hectare of for whatever they produced. In many Member States (MS) those subsidies are still calculated according the 1992 level of production per animal or per hectare ("historical" payment reference) so that they mostly benefit to the most intensive and larger farmers, which tend not to need as much support.

The convergence measures aim to (i) reduce the gap between farmers who receive more than 400 € per hectare and those below 200 €, to reach a national or regional average between 200 and 400 €/ha by 2019 and (ii) to have fairer income support within each MS or region. However a MS may slow this "convergence" of direct aids, and in doing so protect the interests of intensive and larger farms. **That's why it's crucial to move towards full convergence of direct payments by 2019, as historical payments are no longer justified, and this is a pre-condition to make more agri-environment efforts.** Moreover new currently ineligible farming lands could become eligible for income support in certain MSs, including vineyards and other permanent crops, fruits and vegetables, even if it was not the case previously.

d) Redistributive payment

Reg	Art	Name	What does it allow?	Aim of legislation	Feature
DP	28g-28h	Redistributive payment (for first hectares)	Support small and medium sized farms	Employment on small and medium farms	Optional for Member States.

ARC recommendation: this measure can be considered as a substitute to capping and degressivity (that's reducing over time the level of direct payments), and more efficient than a 5% minimum degressivity above EUR 150,00 per beneficiary as proposed in the final deal.[5] The redistributive payment allows Member States to use up to 30% of the national envelope of direct payments to redistribute to farms up to 30 ha or the national average size, representing a maximum of 65% of the basic payment value per farm. In that case, the value of payments above the 30 ha or the national average could lower degressively. **This redistributive payment is clearly a very positive measure for a fairer CAP for small/medium sized farms. MSs should be encouraged to redistribute towards small/medium sized farms as much as possible.**

Towards a Greener CAP

a) Payment for climate and environment

Reg	Art.	Name	What does it allow?	Aim of legislation	Feature
DP	29-33	Payments for practices beneficial for climate and environment	30% of direct payments become conditional upon respecting 3 simple agronomic measures	"Greening" of direct payments	30% greening is mandatory but « equivalent » practices still an option for MS as well as collective implementation of Ecological Focus Areas (EFAs)

3 So-called "internal convergence"
4 So-called "external convergence"
5 These CAP budgetary elements are linked to the MFF and will be decided in the next round of negotiations, which started September 2013

ARC recommendation: While the initial concept of requiring farmers to fulfill additional "greening measures" in order to obtain 30% of the direct payments has formally been upheld, the content and ambition of these measures has been diluted step by step, from a starting point which was already rather weak. For example: 5% instead of 7% of arable land crop land (not pasture or permanent crops) per farm shall be designated as "ecological focus area" (EFA). In recognition of their environmental delivery and action on climate organic farmers automatically qualify for greening payments. Greening was billed as the main innovation of the reform, and indeed it is in principle mandatory for all farmers: however a whole host of thresholds, derogations and exclusions can apply, which mean that the "greening" effect (crop diversification intended to smash monocultures in art.30, maintaining permanent pastures intended to sink carbon and maintain biodiversity in art.31, and Ecological Focus Areas intended to provide agro-ecological buffers and refugia in art.32) is much more limited. However **there is still scope to influence the scope of the implementation of individual greening measures at national level** (see below)

b) Maintain permanent pasture

Reg	Art	Name	What does it allow?	Aim of legislation	Feature
DP	31	Maintain permanent grasslands and permanent pastures (PGL /PP)	Protect pastures and grasslands that provide environmental services for carbon storage and biodiversity	Prevent conversion of PP into arable. Protect rich carbon and semi-natural pastures	Mandatory protection of 95% of PP at national or regional level. MS option to better protect carbon rich soil and semi-natural PP at farm level.

ARC recommendation: the measure which aimed to prevent conversion from pasture to arable land already existed within cross compliance (good agricultural and environmental conditions), but up to 10% of PP could be converted before action had to be taken; this has been tightened up to 5%. **"Refreshing" pasture by ploughing and reseeding is still allowed,** so the carbon-sinking and biodiversity-saving value of the measure is still fundamentally flawed (no change). However, there is now explicit legal text to protect Natura 2000 pastures (no legal change as the Birds and Habitats directives still apply, but enforcement will likely improve). Also **MS have the option to better map and monitor carbon-rich pastures, wetland pastures and other semi-natural pastures which are most valuable for both climate and biodiversity.**

c) Ecological focus areas

Reg	Art	Name	What does it allow?	Aim of legislation	Feature
DP	32	Ecological Focus Areas (EFAs)	Recognition of value to agro-ecological infrastructures : landscape features, hedges, buffer strips, ponds, trees, terraces, fallow... Does not apply to permanent crops (except short rotation coppice) or pasture, or temporary grassland. Possible collective implementation at local level by max. 10 farmers (for adjacent EFAs).	Improve ecosystem services provided by on-farm and wild biodiversity	List of topographic elements to keep in place or to create ; weighting matrix to convert linear meters into hectares.

ARC recommendation: If NGOs pushed for a 10% minimum of EFAs, the final deal provided for upgrading from 5% in 2015 to 7% of EFAs in 2017 after a report from the Commission. EFA was intended to be applied on permanent crops like vineyards, olive groves or orchards, where there would be huge improvement possible for soil conservation and pollinators. **However, the key problem is the EFAs can now include a wide range of unsuitable crops, such as leguminous plants, short rotation coppice and arable crops, which still make around 60% of land use in EU-28.**

There is a huge loophole available in the form of Nitrogen fixing crops being grown on EFAs, especially as the principle should be that any use of the EFAs should not inhibit the provision of public good for which EFAs were intended.

EFAs need to be protected: we want pollinators and natural predators, so no pesticides; we want soil conservation, so no ploughing; we want no excess nutrients, so no fertilisers. Indeed, in extremis, the current legal text allows for GMO herbicide resistant soya using wide spectrum pesticide of EFAs. **There is scope for clarification of this loophole in the delegated acts to be drafted by the Commission: and as already stated, pressure is being applied the other way too, with 23 MS pushing to include pesticides in EFAs. Massive pressure is needed on the Commission and key Member States like Germany and France who pushed for Nitrogen-fixing crops to be included in EFAs in the first place, against the wishes of the civil society.**

d) Coupled payments

Reg.	Art	Name	What does it allow?	Aim of legislation	Feature
1 DP	38-41	Coupled payments	Support productions facing economic difficulties or maintaining levels of production under certain conditions	Farmers Leguminous plants	Facilitative 2% maximum of Direct Payments

ARC recommendation: With respect to the proteins deficit in the EU and the massive imports of unsustainable soya from the Americas, **coupled payments could be used in a way to support leguminous plants cultivation, as part of a rotation and used for livestock feed.** Leguminous grains as part of extended rotations can make European agriculture more sustainable, by reducing synthetic fertilizer inputs and increasing soil fertility.

National modalities of coupled payments are also linked to internal convergence (art. 22) since many livestock farmers who would loose under the new basic payment scheme could see coupled schemes as a compensatory measures under coupled payment (e.g. payments per suckler cow or dairy cow). **This means that there is an opportunity to argue at national level for some beneficial coupled payments, such as on farm leguminous grains, and to harness support from the mainstream farming sector to make this case.**

IV- Overview of the key measures for fairer, greener, local and smarter Rural Development programmes through Pillar 2

Towards a greener CAP

a) Structural Investment Supports in Physical Assets

Reg.	Art	Name	What does it allow?	Target	Feature
2 RD	18	Investments in physical asset	-improve the overall performance and sustainability of the agricultural holding; - concern the processing, marketing and/or development of agricultural products, except fishery products. -concern infrastructure related to the development, modernisation or adaptation of agriculture and forestry, including access to farm and forest land, land consolidation and improvement, the supply and saving of energy and water.	Farmers or groups of farmers	Non-productive investments linked to the achievement of agri-environment-climate objectives as pursued under this regulation, include biodiversity conservation status of species and habitat as well as enhancing the public amenity value of a Natura 2000 area or other high nature value systems to be defined in the programme.

ARC recommendation: this is a mainstream measure that focuses on farm modernisation and intensification. **However, the scope of the measure includes now climate and environmental concerns, including high nature value systems. It also includes increased support rates for investments linked to the organic farming, agri-environment-climate measures and the European Innovation Partnership.**

b) Agri-environmental-climate measures

Reg.	Art	Name	What does it allow?	Target	Feature
2 RD	29	Agri-Enviroment - Climate Measure (AECM)	Support AEC commitments Improve eco-systemic services provided by on-farm beyond greening and cross-compliance requirements Support for the conservation and the sustainable use and development of genetic resources	Farmers or group of farmers and land managers	Contractual measure, commitments to observe during 5 years

ARC recommendation: this measure already exists in all the RDP and is now extended to climate issues. **This is the key measure from Pillar 2 support farmers that could accompany a paradigm shift towards more sustainable in farming systems.** What is new here is **the possibility to contract collective AEC commitments among farmers and recognise more advanced sustainability practices that are already being applied.** AEC payments compensate for income foregone per for single commitment per area on the farm. For instance 'x' € per hectare to reduce fertilisers or pesticides or, 'y' € per hectare to introduce a more advanced cropping system, i.e. more crops than required under Pillar 1 by the greening measure. It's also possible to propose "systemic" AEC measures that engage the whole farming system e.g. in mixed farming (commitments for both livestock and crops), an/or in holistic approaches to farming where the farmers get paid for applying a number of agronomic practices in combination.

c) Organic farming

Reg.	Art	Name	What does it allow?	Target	Feature
2 RD	30	Organic farming	Support for certified organic farming	Farmers	Support both conversion and conversion maintenance up to 5-7 years.

ARC recommendation: An organic support schemes measure already exists in the majority of RDPs under agri-environment, but organic farming is now a measure in its own right. These schemes provide support on the basis of costs incurred and income forgone in meeting the minimum legal requirements for organic farming. By fulfilling requirements under the Organic Regulation organic farmers internalise negative externalities costs of farm production e.g. the use of synthetic pesticides and fertilisers or only fulfilling basic animal welfare criteria. The new measure also includes up to 20% of the premium paid for the commitments to support for transactions costs (i.e. hidden costs incurred by a farmer that are not taken into account in support payments). In addition **there are a number of options to prioritise organic farming under advisory services, quality schemes and investment support as well as to combine the organic measure with other measures such as agri-environment-climate, producer groups, cooperation and knowledge transfer and innovation. Can support both conversion period and ongoing maintenance.**

d) Animal welfare

Reg.	Art.	Name	What does it allow?	Target	Feature
2 RD	34	AW Animal Welfare	Improve ways of rising animals, including regulatory standards and practices that go beyond.	Farmers	Voluntary measure. Animal welfare payments under this measure shall be granted to farmers who undertake, on a voluntary basis, to carry out operations consisting of one or more animal welfare commitments (going beyond the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No HR/2012 and other relevant mandatory requirements). Definition of the areas in which animal welfare commitments shall provide upgraded standards of production methods will be fixed by the COM in delegated acts.

ARC recommendation: existing measure which is relevant to promote free-range livestock and not only new regulatory standards.

Towards a more local CAP

a) Quality schemes for agricultural products, and foodstuffs

Reg.	Art	Name	What does it allow?	Target	Feature
2 DPRD	17	Quality schemes for agricultural products, and foodstuffs	Support promotion and information actions related to official quality schemes quality[3]: protected designations of origin (PDO), organic farming, geographical indications (PGI), and also quality schemes, including farm certification schemes, for agricultural products, cotton or foodstuffs, recognised by the Member States.	Farmers or groups of farmers	Support under this measure may cover costs arising from information and promotion activities implemented by groups of producers in the internal market, concerning products covered by a quality scheme

ARC recommendation: existing measure important for high quality organic products and local food recognition under PGI/PDO schemes. **Support for both national and regional quality schemes must priortise higher sustainability standards in food production which have verifiable results for the environment.**

b) Rural Investments and Infrastructure: Basic services and village renewal in rural areas

Reg.	Art	Name	What does it allow?	Target	Feature
2 RD	21	Basic services and village renewal in rural areas	Opportunity to use funds for renewable energy and energy saving projects as well as for agro-tourism and investments on environmental awareness actions.	Communities	

ARC recommendation: existing measure which may be useful regarding energy savings.

c) LEADER (Liaisons entre actions de developpement de l'économie rurale; in English: 'Links between actions for the development of the rural economy').

Reg.	Art	Name	What does it allow?	Target	Feature
2 RD	42-44	LEADER	Community Led Local Development projects	Local communities	5% minimum spending for each MS/Reg RDP Maximum EAFRD (European Agriculture fund for Rural Development) contribution is 80%

ARC recommendation: LEADER is a **bottom-up** (i.e. rural community engaged, or rural community derived) method for rural development in the EU. As it is a community-led local development method for mobilising and developing rural communities through local public-private partnerships ('Local Action Groups'), it helps rural people, groups and enterprises consider the potential of their area, while encouraging the implementation of integrated and innovative local development strategies. It is a key measure for RD networks and Community Led Local Development (CLLD) approach. **Cuts to Pillar 2 will mean cuts to rural development in this more community-orientated way, resulting in dis-empowered rural communities across Europe.**

Towards a smarter CAP

a) Knowledge transfer

Reg.	Art	Name	What does it allow?	Target	Feature
2 RD	15	Knowledge transfer and information actions	Provide knowledge transfer and information actions. C,): could be potentially used by NGOs who do trainings and knowledge transfer (which are not included in any advice services).	Farmers NGOs	Includes vocational training and skills acquisition actions may include training courses, workshops and coaching. Maximum EAFRD contribution is 80%

ARC recommendation: key measure for agro-ecological knowledges exchanges, came be used for same.

b) Advisory services

Reg.	Art	Name	What does it allow?	Target	Feature
2 RD	16	Advisory services, farm management and farm relief services ADVISORY	Support advise providers, including also issues like climate change mitigation and adaptation, biodiversity and protection of water, short food supply chains, organic farming, agro-ecological innovations...	Farmers Young farmers and land managers Advisors	Help farmers, young farmers, in rural areas benefit from the use of advisory services for the improvement of the economic and environmental performance as well as the climate friendliness and resilience of their holding, enterprise and/or investment; Promote the setting up of farm management, farm relief and farm advisory services, as well as forestry advisory services, Promote the training of advisors.

ARC recommendation: this existing measure now **includes other issues linked to the economic and environmental performance of the agricultural holding.** These include advice for the development of short supply chains, organic farming, delivery of agronomic practices and integrated pest management, ensure compliance with the water framework directive and the sustainable use directive and health aspects of animal husbandry.

c) Co-operation

Reg.	Art.	Name	What does it allow?	Target	Feature
2 RD	36	Co-operation	Support under this measure shall be granted in order to promote forms of co-operation involving at least two entities and in particular: could be used by co-operation approaches among different actors in the Union agriculture sector, and food chain and forestry sector and among other actors that contribute to achieving the objectives and priorities of rural development policy,	Producer groups, cooperatives, inter org, clusters, networks, EIP OP...	Co-operation relates in particular to the following: pilot projects; co-operation among small operators for the development and/or marketing of tourism services relating to rural tourism; co-operation among supply chain actors for the promotion of short supply chains and local markets; joint action undertaken with a view to mitigating or adapting to climate change;- joint approaches to environmental projects and ongoing environmental practices; including efficient water management, the use of renewable energy and the preservation of agricultural landscape; – diversification of farming activities into activities concerning health care, social integration, community-supported agriculture and education about the environment and food; etc. — Maximum EAFRD contribution is 80%

ARC recommendation: this new measure may be a key one to support joint projects in all fields among groups of farmers, NGOs and rural development movements. The potential for rural, environmental and civil society groups to work together, supported by this new measure, is significant.

d) European Innovation Partnership

Reg.	Art	Name	What does it allow?	Target	Feature
2 RD	53, 61-63	EIP	- exchange of expertise and good practices, establish a dialogue between farmers and the research community and facilitate the inclusion of all stakeholders in the knowledge exchange process; -promote a resource efficient, economically viable, productive, competitive, low emission, climate friendly and resilient agricultural and forestry sector, progressing towards agro-ecological production systems and working in harmony with the essential natural resources on which farming and forestry depend; -help deliver a steady and sustainable supply of food, feed and biomaterials, both existing and new ones; -improve processes to preserve the environment, adapt to climate change and mitigate it; -build bridges between cutting-edge research knowledge and technology and farmers, forest managers, rural communities, businesses, NGOs and advisory services. -creating added value by better linking research and farming practice and encouraging the wider use of available innovation measures; -promoting the faster and wider transposition of innovative solutions into practice; and -informing the scientific community about the research needs of farming practice.	Groups, NGOs, networks, clusters	European Innovation Partnership (EIP) operational groups (OG) shall form part of the EIP for agricultural productivity and sustainability. They shall be set up by interested actors such as farmers, researchers, advisors and businesses involved in the agriculture and food sector, who are relevant for achieving the objectives of the EIP. The Member States shall decide within the framework of their programmes to what extent they will support the OG. 80% EU funded

ARC recommendation: EIP operational groups are a **key instrument** to foster agro-ecological innovations among groups of farmers, researchers, SMEs, NGOs. **NGOs may convince their national or regional authorities to take this opportunity that favour an agro-ecological transition.** Art. 61 mentions the use of EIP for promoting agro-ecological production systems such as organic farming; NGOs are mentioned as one of the target groups.

V- How organise your national/regional advocacy/campaign for the CAP you want from the 26^{th} of June deal

Below some suggestions how to prepare your advocacy/campaigning activities to improve the CAP reform implementation:

- share (and complement it eventually) this toolkit among farmers' organisations and NGOs in order to have a joint position on key CAP/RD issues that you want for a fairer, greener, local and smart CAP.
- make or strengthen alliances with civil society, farming, environmental and other organisations based on specific targets in the above document, especially with regard to what is still to be agreed on the CAP at regional, national, and EU level.
- elaborate your concrete demands from this toolkit overview, adding specific national or regional elements and figures related to the challenges you want to address (data, especially including national level data, is necessary to convince policy makers).
- meet with your MS representatives (Agriculture minister, except possibly in the case of pesticides) to present your demands on Pillar 1 or Pillar 2 if it's a national RDP, or with your regional authorities representatives for RDP if they manage it.
- expose the fact you are aware that many flexibilities remains in the 26^{th} June EU deal both for the two Pillars of the CAP and that MS or regional authorities have the power to choose and implement the best ones.
- ask for the detailed agenda of the CAP implementation and the RD programming process to your MS or regional authority (if so for RDP)
- present your concrete proposals and rationales to your policy-makers representatives many times as necessary till you obtain satisfaction or compromises from your authorities
- send us a feed back on this ongoing process in order to feed an independent database on the way civil society is involved in the CAP reform implementation.

Agenda

- Dec 16^{th}: CAP regulations to be adopted vy Council (no debate).
- From 1^{st} Jan. 2014: new Rural Development programmes enter in force
- End of February: delegated acts to be approved by Council and Parliament
- Before July 2014: Member States and Regions can send their Rural Development programmes to the EC
- Before 1^{st} Aug. 2014: Member States shall notify their choices to the EC for the implementation of the direct payments
- From 1^{st} Jan. 2015: Direct payments regulation enter in force

VI- State of play of CAP reform implementation by Member States of the EU

Most Member States (MS) intend to decide Pillar 1 flexibilities before the end of 2013. However this timeline may be tight for MS who have had political changes (Germany, Austria) and for those who still have ongoing consultations with their regional parliaments and constituencies (Spain, Italy, Germany, UK).

Internal convergence of direct payments

Some MS like Finland have already achieved a 100% internal convergence and others like Germany (convergence achieved within länders) and the Netherlands intend to achieve it by 2019. On the other hand, some MS are looking for a lower internal convergence as well as a proportional green payment: Spain, Ireland, Denmark and France. Spain will define regional areas by to income per hectare, historical payments and land use (e.g irrigated, permanent pastures) and fix a convergence towards the average payment in each area.UK (in this case England) has already converged its direct payments

Top-up on first hectares or degressivity

France and Germany will use this; Poland and Romania have ongoing discussions while Spain, Finland, Ireland, Denmark and Netherlands will not choose it. Spain could use the degressivity with a 300,000€ threshold. The UK is unlikely to apply degressivity threshold or top up first hectares.

Coupled payments

France and Spain: 15% mainly towards livestock ; Finland, 15% too. Romania and Poland keep their current rates; Denmark between 5 and 10%; Ireland 3% towards livestock with quality criteria; Greece: 10%. No coupled payment in Germany and Netherlands.

UK opposes coupled payments and there are very few in England, although Scotland has coupled payments for beef production.

Transfers between Pillars

From Pillar 1 towards Pillar 2: Germany (4,5%), UK (DEFRA likely to transfer 15%), Denmark (around 5%) and likely France (around 3%). Ireland (between 3 and 15%) and Netherlands (between 0 and 15%)

From Pillar 2 towards Pillar 1: Poland (25%)

No transfer: Finland.

VII- CAP implementation: what have member states done so far?

1. CAP implementation à la française: livestock and employment as key directions

On October 2nd, decisions on Pillar 1 have been taken by President Hollande after a consultation with farmers organisations and NGOs. France will optimise coupled aids, maintain the current ones and add new ones for dairy cows, veal and vegetal proteins (+250 mio €), reaching a total 1,125 billion €. France will also upgrade LFAs Pillar 2 envelope which will receive 200 mio € of what was grassland premium to reach a total of 1,100 billion in 2020 for LFAs payments.

Having first proposed a top up on first hectares in the EU talks last year through the European Parliament, France will use 20% of direct payments for the top-up on first hectares (1,5 billion € in 2019) and will choose a 70% convergence of direct aids towards 2019.

If CAP implementation will benefit more grassland systems and small and medium farmholdings, it will be in a very limited way: less than 500 mio € are to be switched from larger farms above 100 hectares to those under 100 hectares.

Other decisions : proportional green payment ; Young farmers : 1% Pillar 1 top up (75 mio €) + 25 mio € from Pillar 2 ; Modernising livestock buildings: 200 mio € (EU & national, Pillar 2); Risk instruments: 85 mio € (Pillar 2). French authorities are also assessing a 2-3% money transfer from Pillar 1 to Pillar 2 to finance risk management tools and livestock buildings modernisation.

Detailed discussions among ministry and farmers organisations are still on-going in thematical working groups till mid-December.

Source: Samuel Féret. More here.

2. Germany decisions towards family farming and environment

On 4th November, German agricultural ministers (16 Bundesländer and Bundesregierung) and federal secretary of agriculture found a political agreement to the CAP reform implementation.

From 2015, 4,5% of Pillar 1 will be switched over to Pillar 2 for agri-environment and climate measures, ecological agriculture, animal welfare, disadvantage areas. That are €225 mio per annum or 20 % of the EU-money dedicated to Pillar 2 (1,2 Billion p.a.).

Top-up on first hectares will be implemented as follow: from 2014: €50 /hectar for the first 30 hectares and €30/hectar for additional 16 hectares (up to 46 hectares). For this 6,9 % of the national ceilings for direct payments (Pillar 1 will be used (€345 mio p.a.).

Payment for young farmers (Pillar 1) will be used: €50/hectar for max. 90 hectares of a young farmer.

Regarding internal convergence, Germany has already an equally payment per hectare at regional level (lander) since 2013. Now they'll move towards a nationally equal payment till 2019 (in 3 equal steps: 2017, 2018, 2019).

While the federal government wanted it for some grass-fed animals in sensitive environment areas, no coupled payments will be used. Finally, a decision was taken to introduce the small farmer scheme EU-limited to € 1,250 per farm. In Germany 75.000 beneficiaries got less than €1,250 direct payments in 2011.

German NGOs have mixed reactions to this 'new farm deal'. IFOAM members are quite happy with the beginning of transfer from Pillar 1 to Pillar 2. With these measures the missing monies from the MFF deal can be compensated. BUND (Friends of the Earth) has regretted that all the positive opportunities haven't been used. AbL (Via Campesina member) stated that it's a soft entry in a new CAP and that more money shall be shifted towards the top-up on first hectares and Pillar 2 subsequent years. Source : Uli Jasper. More here.

3. Poland: First decisions of 2014-2020 Rural Development Plans

Even before the 26 June political deal at EU level, it seems that Polish politicians have decided to shift 25 % from Pillar 2 to Pillar 1, forgetting about priorities as rural development, organic farming and agri-environmental and climatic measures.

Why such a massive and full 25% money transfer from Pillar 2 towards Pillar 1? To bring a top-up to the lower Pillar 1 directs aids per hectare compared to western farmers. Such a method has been criticized by the chambers of agricultural regretting the slow down for modernisation and competitiveness measures.

The public consultation of the proposal of new Rural Development Plan has finished in Poland in September 2013. Despite much criticism by farmers' organisations and environmental NGOs, many changes will be introduced in 2014.

The biggest changes will be made in Polish agri-environmental programmes, because the budget for those measures will be cut by half. Measures such as "sustainable agriculture" would be limited to 20ha per farm, and the measure for "protection of water and soil" would be paid 100% for the first 10ha per farm, then only 50% for the next 10ha. Organic farmers are more "fortunate", because farms will get 100% payment up to 20 ha, with the next 10 ha only receiving 50% of payment. Still, nothing over 30 ha will be covered.

This approach will limit the number of beneficiaries to those with the smallest farm holdings (clearly no farmer will maintain conditions on a whole medium-large intensive farm while only being paid for 10 or 20 ha).

The minimal limit of income for farms applying for "modernisation" is 15,000 €/year, so small farms will never have a chance to modernise. In the "restructuring small farms" measure, the condition is to increase income from 2 to 15,000 € per farm holding, but the proposed support of 15,000 € will not allow for a real and long term restructuring of a farm.

Indeed the biggest changes will be made in agri-environmental programmes, because the budget is cut by half. Most of the measures, as "sustainable agriculture" and "protection of water and soil" would be limited to 10 ha per farm, which will limit the number of beneficiaries to the group of smallest farms.

Sources: Dorota Metera. More here.

4. Spain: lack of participation of stakeholders

It is only recently that farmers organisations in Spain met with the Agriculture Minister, Arias Cañete and asked him for transparency and openness with regards the implementation of the CAP. According to COAG, one of the main farmers organisations in Spain, the Ministry of Agriculture and the regional governments have been negotiating the implementation of the Common Agriculture Policy (CAP) behind closed doors: without the involvement of farmers' organisations.

The same feeling is shared by the main environmental organisations which are working on CAP actively in Spain, such as SEO/Birdlife and WWF. Many decisions have already been taken by the Spanish government and others are about to be decided in "high level groups" but without the participation of the farmers or the environmental organisations.

The Spanish government together with the regional governments had set up eight working groups of high level that were treating several issues such as the direct payments, limiting the surfaces, the coupled payments, the definition of active farmer, rural development and so on.

Measures already decided

According to the government announcements and comments from talks with COAG

The implementation of the CAP in Spain will have a national character and aim to preserve the status quo without changing the current picture. The direct payments will be estimated on the basis of the amount the farmers are receiving currently in the regions combined with some other aids to barely arrive at a convergence in 2019.

It will not use the 30% of the direct payments to top up the first hectares.

It will not implement the aid under the first Pillar for the disadvantaged areas.

There will not be transfers of money between the two Pillars.

The aid to the young farmers will be incorporated in the first Pillar.

The meaning of "active farmer" nor "active farming" have not yet been defined. Instead, there is already a black list of those who will not receive aid.

Which sectors will receive coupled aid has not yet been defined.

The maximum threshold for receiving subsidies will be 300.000 €. On the other hand the minimum threshold that one can receive aid will be at 300 € from 2015.

The small farmers scheme will apply automatically for all the farmers who were receiving less than 1250

€. This measure aims to simplify the process for the beneficiaries, who will be exempted from controls, applying the greening and convergence. However, the obvious risk that COAG sees with this measure is that the government wants to withdraw the small farmers from the CAP and is calling for the removal of this measure.

Although the organisations are very disappointed and are talking about a missed opportunity of this CAP reform to lead to a more sustainable model, they will continue to fight for it. They will certainly try to work with the regions and put forward their proposals for the rural development and the second Pillar.

Source: Myrto Pispini. More here.

5. UK and DEFRA's plan for England: business, as usual.

Introduction

The UK environment agency DEFRA has published its final consultation documents, which have been attached with this introduction. As ever, the official line bangs the drum for a "...competitive farming industry..." that is faced with "...less red tape...". Such a farming industry should able to take "...advantage of export opportunities..." and be "...less reliant on public subsidy."

Where the UK government can control how CAP money is spent, it will: "...need to make sure it is spent efficiently, in the right places and where it adds greatest public value." It regards Pillar II as: "...the best mechanism to fund environmental outcomes..." and "...to make a significant contribution to rural economic growth..." which helps to explain why DEFRA was keen to encourage a full 25% financial transfer from Pillar I to Pillar II in the early negotiations. The end of the DEFRA consultation is scheduled on Nov 30 so decisions will be taken jsut after.

Green values?

This appears to have faltered recently, however. Having made environmental options available during policy discussions, the UK has not been keen to adopt them in practice. According to a RSPB representative: "It's no different to what they did for the CAP health check: there's a track record." A number of NGOs are keen to see money transfer, in the hope that it will fund rural development and ambitious greening, even though the English political climate is not warming to the idea of greening yet.

Single payments

For administrative expediency, the DEFRA ministers are not minded to change the administrative regions for single payments. However the Ministry is consulting stakeholders on: "...options which could see the proportion of the Basic Payment Scheme (BPS)'s share of direct payments increased so that the BPS rate would be similar to that in lowland England, and with the possibility of an uplift to the moorland rate."

The same administrative expediency is cited as a reason for not implementing degressivity in large claims, while redistributive payments, if paid, will be made with an ill grace: the UK government disapproves of both measures. "The Government opposes these measures because they add administrative complexity for farmers and paying agencies and runs counter to the development of a competitive agriculture sector by providing an incentive for farms to remain small. We are consulting on options for reductions, but also explore the alternative of redistributive payments."

Citing a risk of trade distortion, the UK government is set against reintroducing any coupled payments; similarly doctrinaire reasons are given for a decision to raise the minimum holding size to 5 hectares as well as a two-part active farmer test. The first part will be minimum activity criteria (that are being canvassed during the consultation) and the other part will be a negative list of activities that will not qualify for single payments, such as leisure facilities (eg off-road driving circuits, paintball or wargaming installations).

Young farmers

DEFRA concedes that it must implement a young farmers scheme (YFS) and find additional payments for the first five years of farming on their holding. Needless to say, the ministry is keen to attach conditions (red tape) to make sure that the money goes to the right people: "Ministers are consulting on how we set a limit on the number of entitlements or hectares for which the additional payment can be made, which must be between 25 and 90. Ministers are also consulting on the option to set criteria which would require the young farmers applying to demonstrate that they have particular skills or training requirements in order to qualify."

Greening

Greening will be implemented as: "… set out in the direct payments Regulation. We have looked at the option to implement greening through a National Certification Scheme (NCS) containing additional, equivalent measures and have concluded that the additional potential benefits that could be derived are likely to be outweighed by additional delivery risks and complexity for both farmers and enforcement agencies. This overall approach to greening is consistent with our view that it is Pillar 2 of the CAP which provides the optimum mechanism to fund the majority of outcomes from English farmland."

Source: Peter Crosskey. More here.

6. Greece : CAP Monologues

"CAP monologues" is not a new theatrical piece but rather the reality of the absence of a real dialogue and debate on CAP in Greece. Due to the current economic crisis not many players left on the ground. Only the positions of the Ministry of Agriculture and the Greek Farmers Cooperatives are prominent in the media.

Recently, Greek co-operatives organisation PASEGES' position lies between correcting the errors of the past and moving forward having as main objectives the internal regional convergence, the active farmers receiving aid, food security for Greece, support for the animal production which is very weak as well as the rural development and less favourable regions. In fact, the controversial personal opinion of the President of PASEGES Gianetos Karamichas expressed in one of his speeches was that *if we want to develop greek agriculture we need to put all the funds in the Pillar 2. In the past the second Pillar has not received the respected attention.*

The Greek Association of Animal Farmers and member of PASEGES is also active in the CAP debate especially as the sector going through a severe economic crisis (17.000 of animal farmers have left the profession the last years). The President of the Association Mr. Peveretos in one of his speeches accused the government that i**t is the first time that a CAP reform happens and the Ministry has not been in dialogue with the farmers.** Similarly, the Pan-Hellenic Union of Animal Farmers denounce that the announced direct payments for the pastures are very low and they will mean the end of the animal farming. (11-12 € per 1000 square meters)

Therefore we could say that the Ministry of Agriculture is holding the future of agriculture in greece in terms of forming the policy and distributing the money. And as far as the implementation of the new CAP is concerned the measures are under development by the ministry. However, when the proposed measures will be ready there will be shared with the "relevant" stakeholders for comments. It remains to be seen who are the relevant stakeholders. Contacting the Ministry of Agriculture they reassured me that will respond to me by the end of November.

The most recent information on the position of the Greek Government with regards the new CAP is described in the speeches of the leaders of the Ministry of Agriculture during the visit of the Commissioner of Agriculture, Dacian Ciolos in Athens in the mid of October:

- dividing Greece in two peripheries one for arable and tree plantations and one for pastures;
- so far Greece was giving 19% of direct aids to animal farmers and 81% to the others and they want progressively to correct this one… to 25-75%.
- most of greek farmers are exempted from the greening measures for reasons that their small farms are under the threshold

- coupled payments will concern the 10% of direct aidss including the 2% of the protein plants and animal production without the use of pastures.

- Greece is proud to say that they influenced the measures for the small -farmers, having now the 1250 € aid for its 350,000 aprox small farmers, i.e. half of the Greek farmers

- Young farmers : they are thinking to give 25% on top for the first 5 years, under 40 years old. Greece wanted to add to the young farmers scheme the new comers but Ciolos told them that it is not possible!

Source: Myrto Pispini. More here.

7. Ireland

Ireland held the EU presidency for a crucial phase of the CAP negotiations. During this time Ireland pushed hard for an alternative to flat rate payments. It is thus highly likely that Ireland will adopt the slowest, longest most indirect route towards flat payments. CAP debate in Ireland was dominated by the 'active farmer': this was in part a way of describing a farmer who produced large amounts of commodities, but usually did so with advantages of location. While some specifically non-farming elements, such as golf courses, were written out as inactive, this was an argument against redistribution to the poorer, disadvantaged west.

There is debate and disagreement between the main farmer organisation, the IFA (Irish Farmers' Association) and the Minister Simon Coveney on Pillar transfers. The IFA want no more than 3% transferred, while Coveney is reported as preferring some transfers from Pillar 1 to 2 as the latter is more targeted.

Pillar 2 payments may be especially targeted in Ireland. "An upland management scheme aimed primarily at commonages is one example that has already being touted. This would also see funds flow back to disadvantaged areas but it would have the added benefit of ensuring that all farmers actively keep land eligible for payment"reported the main farming newspaper in Ireland, the Farmer's Journal.

A cap (in this case ceiling, or upper limit) on payments to very high earners may be imposed. This populist exercise, coming as it did on day one of the National Ploughing Championships, a massive agricultural trade show, would only affect 60 bigger farmers and agri-food businesses in Ireland. However, a point of equity would be made with such a move.

The selection of non-mandatory options under Pillar 1 is unlikely: again the whole emphasis is on maintaining direct payments to farmers. Pillar 1 options draw from the Pillar 1 overall pool, so, in the words of Pillar 1 expert Dr. Kevin Hanrahan, from the Irish state agri-food research organisation Teagasc, at the recent National Organic Conference held in Ireland "No options are more likely than lots of options". However ,on 28th November, a Department representative did concede that in terms of optional schemes, voluntary couple support, payment for natural constraints and a special scheme for small farmers are under review. More recently again, momentum seems to have coalesced around young farmer payments as an option, with a Department representative referring to young farmer payments as an Irish proposal "to encourage generational renewal in the agriculture sector."

Maximising co-funding cash from Europe may prove to be attractive, as the Irish Exchequer is still in a difficult position. Agri-environmental schemes with 75% payments are an example. EIP - the European Innovation Partnership – has higher rates of payment for organic farming and other similar initiatives. Nevertheless, this might been seen as damaging 'brand Ireland' and the "Origin Green" initiative, by sending mixed signals to the consumer. This might reduce the likelihood of Ireland choosing these options, though this point is still debatable.

Consultations are now closed in Ireland for submissions on the CAP reform options for Ireland. Teagasc, provided this submission. Because of a balance between income redistribution towards a larger number of smaller farmers on the one hand, and agri-output on the other, the body failed to make strong recommendations in their submission. So instead, they outline scenarios.

Source: Oliver Moore. More here.

... and more national feedback to come.