

CAP Post-2013

Key issues from the Environmental Pillar

The Environmental Pillar is a coalition of 26 national environmental NGOs. The Pillar and its constituent organisations work on a range of policy issues including biodiversity conservation and management, climate change, water quality, agriculture, forestry, treecover, education & training, energy, transport and health. Agriculture Policy and the reform of the CAP is of particular interest as it has huge influence on the continuity of extensive farming and the health of the natural environment, on the sustainability of many rural communities, on biodiversity, water quality and climate change.

1. Context for 'Green' CAP reform

Meeting Market opportunities

Agriculture plays a key role in targets for economic recovery and future prosperity. There is a growing market demand across the EU and further afield for sustainably produced agricultural produce. This is a real opportunity for Ireland, an opportunity being pursued by industry leaders. However our green reputation is fragile. In order to operate in a truly sustainable agricultural sector, where claims of sustainability can be substantiated, we must do more to make sure CAP incentivises and supports sustainable farming practices in Ireland.

Delivering Public goods with Public money

Citizens & taxpayers across the EU are demanding that CAP funding (45% of EU Budget in 2012) is reformed to deliver greater 'public good' justification for the allocation. **The current reform must meet these demands otherwise we risk the future of CAP funding.** 'Traditional' distribution of CAP funding has delivered relatively few wider public gains – something identified by the European Court of Auditors. CAP now needs to play its role in reversing the trend of declining biodiversity observed in agricultural landscapes across Europe, including in Ireland.

CAP can allow for member states to develop their agricultural sectors, which in Ireland's case is laid out in the Food Harvest 2020 strategy. However CAP funding must provide sufficient support the types of farming which deliver public goods not rewarded by the market – a healthy natural environment and strong rural communities. Ireland's negotiations and discussion toward CAP needs to include more support for low intensity farming.

State of the Environment

CAP subsidies have promoted intensive agricultural practices. As two thirds of Ireland's land is farmed, CAP has been one of the main drivers of major water quality decline. Similarly, farmland birds have experienced some of the largest population declines and range contractions of any bird species in Ireland. Without successful CAP reform we will see continuing declines in farmland bird

populations and declines in a range of valuable wildlife and habitats. Birds are indicators of the health of countryside and losses often equate to losses in ecosystems services which are a valuable asset to Ireland. The decline in farmland bird populations is telling us that we need to do more to maintain a healthy balance of nature across Irish farmland. This objective is consistent with European targets and international agreements to halt biodiversity loss by 2020.

These and other environmental concerns can be addressed by the implementation of targeted, carefully designed and well implemented measures to maintain agricultural practices which **support farming to support nature**. There are win-win opportunities to address multiple challenges with CAP support in a way which benefits the natural environment as well as social and economic conditions of local communities. This requires the effective cooperation of farmers, who are the curators of the vast majority of Ireland's rural landscape.

2. CAP Funding

CAP funding is hugely important to Ireland and the Environmental Pillar wishes to see overall levels of support maintained provided that supports bring meaningful delivery of public goods and provided that harmful farming practices are not subsidised.

Pillar II (Rural Development) payments are targeted to deliver specific objectives and thus have greater potential to deliver public goods in return for payments. However Pillar II gets far less funding than Pillar I (direct payments) and pillar II is now facing disproportionately severe cuts. Cutting Pillar II disproportionately will do little to secure public confidence in the merit of overall CAP allocation as delivering public goods was a key argument for maintaining CAP budget in this round of negotiations. The MFF is being negotiated at the European Council now and while there is no formal proposal as yet on the division of rural development spending, now is the time to make a strong case for maximising the Rural Development budget.

2.1 Pillar II (Rural Development) Funding

Pillar II, which funds rural development measures, is the most effective and justifiable element of CAP: it supports and encourages sustainable farming, maintains and empowers local and rural communities and has potential to support farmers to protect and enhance ecosystems. However under current EU payment scenarios, it would appear that Ireland may lose out significantly on Pillar II payments (some estimate as much as 28% cut to Pillar 2 based on recent distribution proposal), depending which criteria are selected on which to base Member State funding allocations. Less money for Pillar II would require more effective targeting and leave insufficient funds to effectively deliver on Rural Development objectives and targets. **Pillar II funding must not be cut or the whole of CAP will fail to deliver on promised green reform and will not be supported in future.** Ireland should also seek to maximise Pillar II funding through modulation of Pillar I funds into Pillar II to support the widely beneficial actions that are delivered through Pillar II.

Rural Development – Agri-environment Schemes

Agri-environment schemes are the green backbone of CAP. Agri-environment schemes have a crucial role in supporting farmers to introduce environmentally friendly practices and have a proven delivery for the environment. We are seeking a minimum spend of 50% of the Rural development budget on ‘agri –environment –climate’. Well designed and soundly implemented Agri-environment schemes can deliver targeted support to address known conservation problems, including declining farmland bird populations, as well as providing long term assistance and much needed income to rural communities.

Agri environment schemes need to be developed to ensure that they deliver over and above any baseline for Pillar 2, such as cross compliance and greening in pillar I. Measures must have clear objectives and specific targets toward achieving these objectives. Agri-environment schemes and measures must be properly monitored and evaluated to ensure that they are effective in achieving their aims. We are seeking that **50% of RD fund should go to targeted Agri-environment schemes and measures.**

Rural Development to support farming in Natura 2000 (SACs and SPAs)

Much of Ireland’s most special and unique wildlife is found in Natura 2000 sites (protected areas: Special Areas of Conservation and Special Protection Areas). Many of these sites need specific management to achieve favourable conservation status and appropriate farming practices must be supported. Apart from the environmental value, farming in these areas has cultural and language associations which are also hugely important. Natura 2000 can have significant benefits for local communities, which include farmers and broader society in terms of public goods such as water quality and biodiversity, as well as tourism and education potential. CAP needs to provide incentives and specific supports for positive management of farmed habitats in Natura 2000 in Ireland.

Ireland should seek higher co-financing for environmental measures under Pillar II. Higher co-financing rates are possible for measures such as knowledge transfer, producer groups, cooperation, young farmers and Leader. Higher co-financing (i.e. lower contribution from the exchequer required to finance measures) would enable Ireland to respond better to the challenges facing marginal agriculture and associated natural habitats.

High nature value farming

High nature value farming recognises how much of Europe’s biodiversity depends on the continuation of low-intensity farming systems. HNV farming systems often contain semi-natural grassland and other low intensity farmed habitats, often with valuable landscape features and a rich cultural heritage. High Nature Value farming systems tend to generate lower income from the market than other farming systems whilst also delivering higher public good benefits. There is huge pressure on various HNV farming systems in Ireland which need to be urgently addressed through CAP. HNV farming needs to be supported through a targeted Pillar 1 scheme as well as through specific supports as part of Pillar II.

Forestry and Agroforestry

CAP contains measures for member states to develop forestry in a sustainable direction. This can provide Ireland with an opportunity to evolve the approach to forestry, which is currently over dependent on plantation monocultures. Potentially strong supports are likely to be available to foster alternative approaches to forest management and tree cover systems which can deliver wide environmental and social benefits. These approaches have been shown to require higher inputs however deliver far higher returns over sustained periods.

Agroforestry is land management that combines trees and crops or livestock, using agricultural and forestry knowledge to create more diverse, productive, profitable, healthy, and sustainable land use systems. Agroforestry can help to meet climate change, biodiversity and economic objectives of land management whilst also providing fuel wood, shelter from animals and other benefits to the farmer. The Environmental Pillar is actively promoting a positive role for Agroforestry to increase Ireland's low tree cover. CAP should seek to support Agroforestry through the EFA component of Pillar 1 greening as well as through Rural Development Supports.

3. Pillar I (Direct Payments) Payment Models

Most of the CAP budget goes on direct payments to farmers. This is largely untargeted spending. At the EU level, the 30% Greening provides legitimacy for the Pillar I budget. The indicated approach to the division of Pillar I funds between countries (external convergence) suits Ireland reasonably well (funding is maintained at current levels). Ireland needs to not only support the principle of greening but also to ensure that greening measures deliver credible benefits which can stand up to scrutiny and which deliver real improvements to environmental quality.

The distribution of CAP funds within Ireland (i.e. to individual farmers) remains an area of debate. There have been criticisms of the proposed shift from the historical payment model to a flat-rate payment ('internal convergence'). However, studies have shown that a majority of farmers in Ireland would benefit from this approach, which gives equal treatment to intensive, extensive and low intensity farming. Under the current distribution of Pillar I payments, many extensive farms are, at best, operating marginally in terms of economic return, and the farm families and communities associated with them are at great risk of leaving farming altogether. The shift need not be front-loaded (beyond the 30% Greening Payment) as convergence has only to be reached in 2019, allowing plenty of time for farmers to plan their business structures and enterprises accordingly. Internal convergence is fairer, allowing more equitable distribution of supports to all farmers, and will be important in maintaining farm families in vulnerable, marginal farming systems.

Comments that high subsidies need to be paid to large and more intensive farmers to increase production are unfounded; indeed some expert commentators would suggest that production in Ireland is more likely to increase if the subsidies are directed towards the smaller (part-time) farmers as these subsidies would increase the value of the farming enterprise to overall household income, and fund investment in developing such farming activities. From an environmental perspective, internal convergence is expected to reduce land abandonment, a significant problem in many parts

of Ireland, and also support more extensive farming systems that would not have attracted high subsidy payments in the historic reference years for the current payment model.

These extensive farming systems often deliver goods that are not rewarded by the market -public goods such as landscape and high quality natural environment rich in biodiversity -and it is these public goods that underpin rural communities and economies in areas of Ireland that often struggle to attract outside investment. Extensive farming systems in Ireland are generally not able to match the yields of intensive farming. They need to be supported in order to maintain the farming activities.

4. Training and Advisory Services

Managing land for wildlife is challenging and requires skill and knowledge of wildlife needs, agricultural operations and the site-specific circumstances. The recent Mid-term Evaluation of Ireland's Rural Development Programme 2007-2013 recommends that there should be *"a more focused structure to support delivery of proactive environmentally friendly farm practices, including provision of guidance on best practice"* introduced to agri-environment programmes in Ireland.

Evidence from the UK has shown the crucial role of providing ongoing advice to farmers in the recovery of farmland bird species. The provision of one to one, ongoing habitat management advice to the farmers delivering these schemes and measures has been crucial to their success.

A focused and tailored training and advisory system must be incorporated in the RDP to maximise the extent to which participating farmers are meeting objectives. The systems should provide a range of training opportunities at various levels such as examples of best practice. Advisory services need to contain expertise from agricultural scientists, environmental expertise, and peer – to peer farmer advice. These services should be funded centrally in a manner that ensures that advice focuses on achieving the objectives of targeted supports, as poor quality advice can compromise successful delivery of objectives and the future of such schemes.

Other areas of Rural Development would also benefit from provision of training and advice, such as sustainable forest management and tree cover management regimes which allow for more economic and environmental benefits than provided current prevailing management systems. Teagasc has identified a lack of knowledge and training as being a factor in failed farm forestry enterprises.

5. Consultation

It is becoming increasingly urgent for us all to address issues of biodiversity loss and climate change. Accordingly, environmental objectives are increasingly being incorporated in to the CAP. It is thus imperative that the agricultural sector works in partnership with the environmental sector to ensure meaningful cooperation and to ensure that effective measures are in place to address these challenges.

This partnership approach should be reflected in the preparation and monitoring of the national strategy plan and the preparation, implementation, monitoring and evaluation of the rural development programmes.

Closing statement

The environmental Pillar and its constituent organisations are calling for CAP reform to bring real public benefits to society. It is these public good benefits which will assure future spending on CAP by European taxpayers. We must do more to reward those who deliver the environmental benefits that society values so highly.

Key Recommendations on CAP reform

Rural Development spending and Agri-Environment schemes

There is an inconsistency between high level of ambition for increasing the value of agricultural outputs, much of which is dependent on Ireland's 'green' reputation, and the low level of ambition on meaningful delivery of environmental measures such as those supported by rural development spending. It is in Ireland's interest to address this inconsistency and seek to ensure that **Pillar II funding is not cut.**

50% of RD fund should go to targeted Agri-environment schemes and measures. These have proven delivery to address known environmental issues -we need to make sure that these are strongly supported in the next CAP. Ireland should investigate opportunities for modulation of Pillar I funds into Pillar II to support the widely beneficial actions that are delivered through Pillar II.

Support farming in Natura 2000 areas and High Nature Value Farming

Farming within Natura 2000 needs to be given targeted support as farmers in these areas face special challenges and need to be incentivised to meet these challenges successfully. Many of the species and habitats in these sites depend on sensitive farm management. CAP must ensure that sufficient funding and resources are allocated to delivering targeted support.

There is huge pressure on various high nature value farming systems in Ireland which need to be urgently addressed through CAP. High nature value farming needs to be supported through a targeted Pillar 1 scheme as well as through specific supports as part of Pillar II.

Ireland should seek higher co-financing for environmental measures under Pillar II to support marginal farming and associated natural habitats.

This briefing has been compiled by Anja Murray and Alex Copland of Birdwatch Ireland on behalf of the Environmental Pillar for presentation to the Joint Oireachtas Committee on Food, Agriculture and the Marine.

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