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Environmental Policy

Is the Common Agricultural Policy Delivering on Biodiversity? A Mapping Approach

**Launch of the Report 'Funding for Farmland Biodiversity in the EU:
Gaining Evidence for the EU Budget Review'**

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**Brussels
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Objectives of the Study



- To initiate a transparent debate on the purpose, intensity and spatial distribution of expenditure on the CAP from the perspective of farmland biodiversity.
- To understand the volume of expenditure on Pillar 1 and Pillar 2, and the balance of spend between the two Pillars.
- To spatially represent the intensity of CAP expenditure through a series of maps.
- To suggest some ways in which the CAP and its budget might better serve farmland biodiversity objectives in the future.

Why is this important?



- The EU is committed to halting the loss of biodiversity by 2010.
- We are at a unique place in the policy cycle.
 - EU Budget Review
 - CAP Health Check
- There is an intrinsic relationship between farming and biodiversity.
 - Agriculture is the most dominant European land use.
 - Historic, low intensity management has resulted in rich biodiversity.
 - The current type and intensity of management can have negative and positive effects on habitats and species.
 - The High Nature Value (HNV) farming concept captures the link between low intensity land use and high biodiversity value.
- The CAP intervenes in land management, and the nature of policy intervention is critical to providing biodiversity benefits.
 - Pillar 1 direct payments are an income support, and untargeted at conservation efforts.
 - Pillar 2 rural development payments are delivered in a strategic approach, and include flagship environmental measures.



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Comparing Pillar 1 and Pillar 2

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Comparing Total Pillar 1 and Pillar 2 Funding (2007-2013)



	EU-15	EU-12	EU-27
Pillar 1 (after comp mod)	€246 bn	€40 bn	€286 bn
Pillar 2 (EAFRD only)	€50 bn	€37 bn	€87 bn
Total	€296 bn	€77 bn	€373 bn
Pillar 2 (EAFRD and national cofinancing)	€97 bn	€47 bn	€144 bn



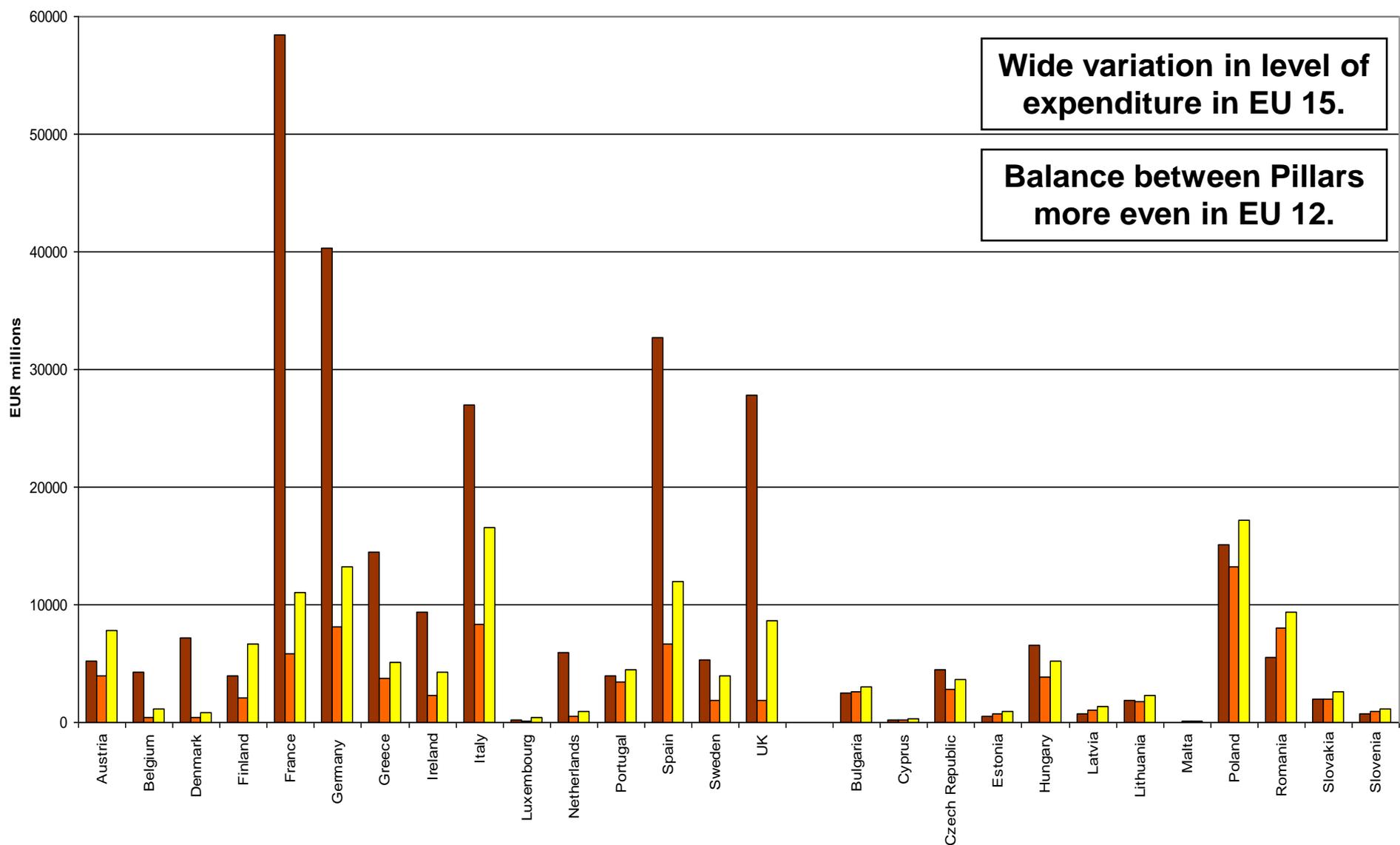
The Imbalance Between Pillar 1 and Pillar 2



■ Pillar I: Total 2007-2013 After Modulation
 ■ Pillar 2: EAFRD Contribution 2007-2013
 ■ Pillar 2: EAFRD and National Co-financing 2007-2013

Wide variation in level of expenditure in EU 15.

Balance between Pillars more even in EU 12.



The Intensity of CAP Expenditure 2007-2013



Figures are annual average expenditure per ha of utilised agricultural area.

	EU-15	EU-12	EU-27
Pillar 1 (after comp mod)	€280	€122	€237
Pillar 2 (EAFRD only)	€56 ← →	€113	€72
Pillar 2 (EAFRD and national cofinancing)	€110	€143	€119

Reasons Behind Differences in Spend



- Pillar 1
 - Reflects historic production levels.
 - Potentially, an anachronism in a decoupled payment context.
- Pillar 2
 - Historic allocations.
 - Amounts reserved for Convergence regions.
 - ‘Particular situations based on objective criteria’
- Level of funding directed to CAP and Member States is a reflection of political negotiation.
- A fairer allocation might arise from:
 - An objective assessment of the needs of rural areas.
 - A consideration of the appropriate use of the CAP in responding to these needs.
 - A consideration of the amount of funding needed to meet these needs.



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Mapping the Spatial Intensity of Pillar 1 Expenditure (2001 – 2003)

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Rationale and Approach



- **There is a need to evaluate the purpose, intensity and spatial distribution of CAP expenditure, in order to consider:**
 - the extent to which public expenditure correlates with, or works against the provision of biodiversity benefits?
 - where public funding should be directed in the future in order to provide environmental benefits?
- **There are important caveats:**
 - Our understanding of the causality linking high or low levels of spend and presence or absence of biodiversity is incomplete.
 - Maps reflect regional sectoral concentration of production and mask local differences.
 - Direct payments may help support farm viability or be associated with the promotion of some structural change.
- **Data from the CAPRI (Common Agricultural Policy Regionalised Impact) model has been used.**
 - Maps show data for Pillar 1 premia for 172 NUTS 2 regions across the EU-15 for the 2001-2003 period.
 - The CAP has changed since this time, but this is the most up to date consistent data we could obtain.

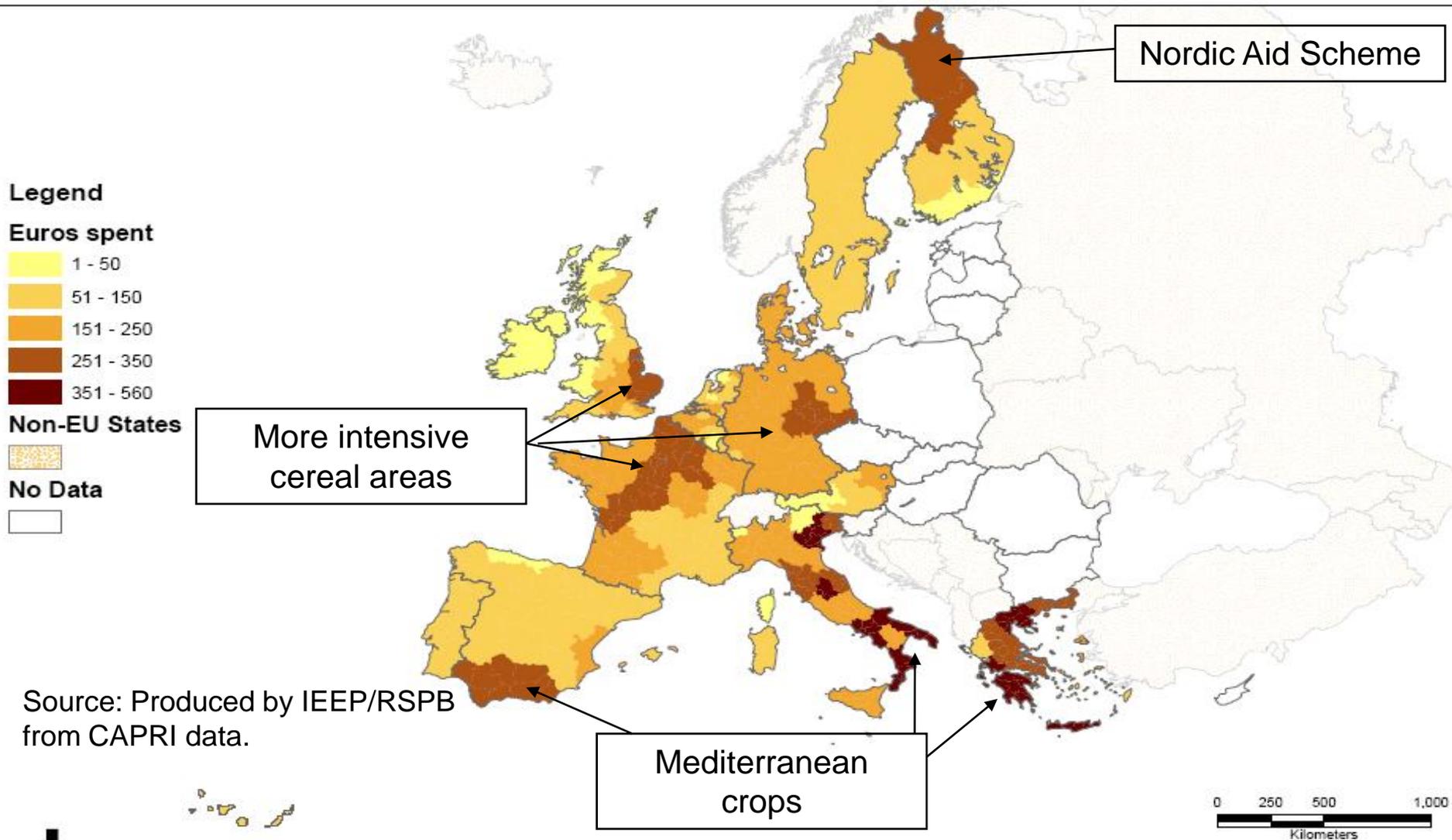
Spatial Intensity of Pillar 1 Expenditure



Pillar 1 Crop Premium Expenditure by Region (€/ha UAA)

2001-2003 weighted average based on CAPRI data

19th May 2008



Spatial Intensity of Pillar 1 Expenditure



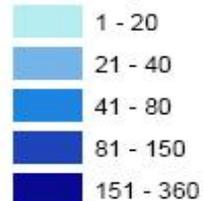
Pillar 1 Animal Premium Expenditure by Region (€/ha UAA)

2001-2003 weighted average based on CAPRI data

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Legend

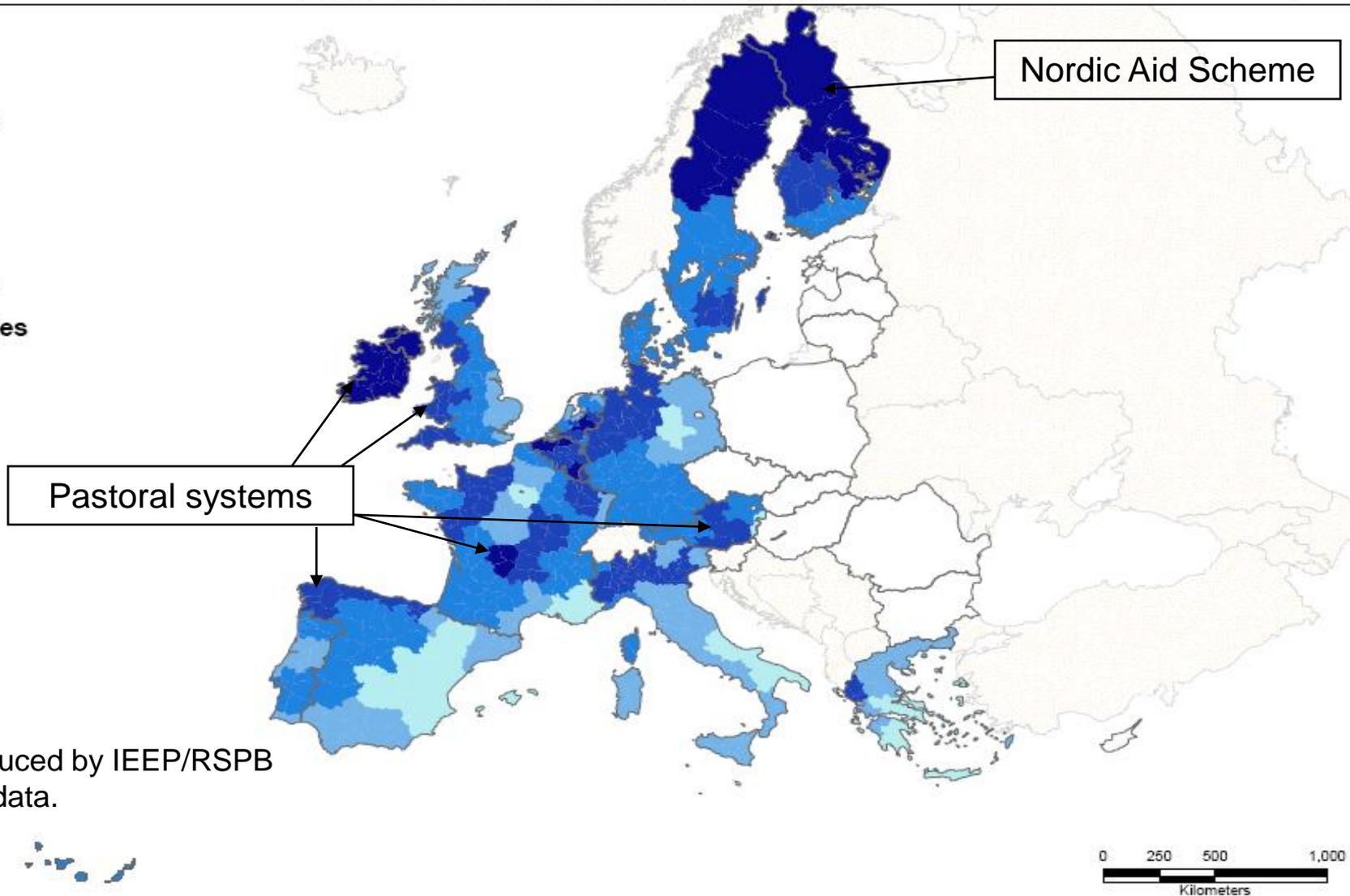
Euros spent



Non-EU States



No Data

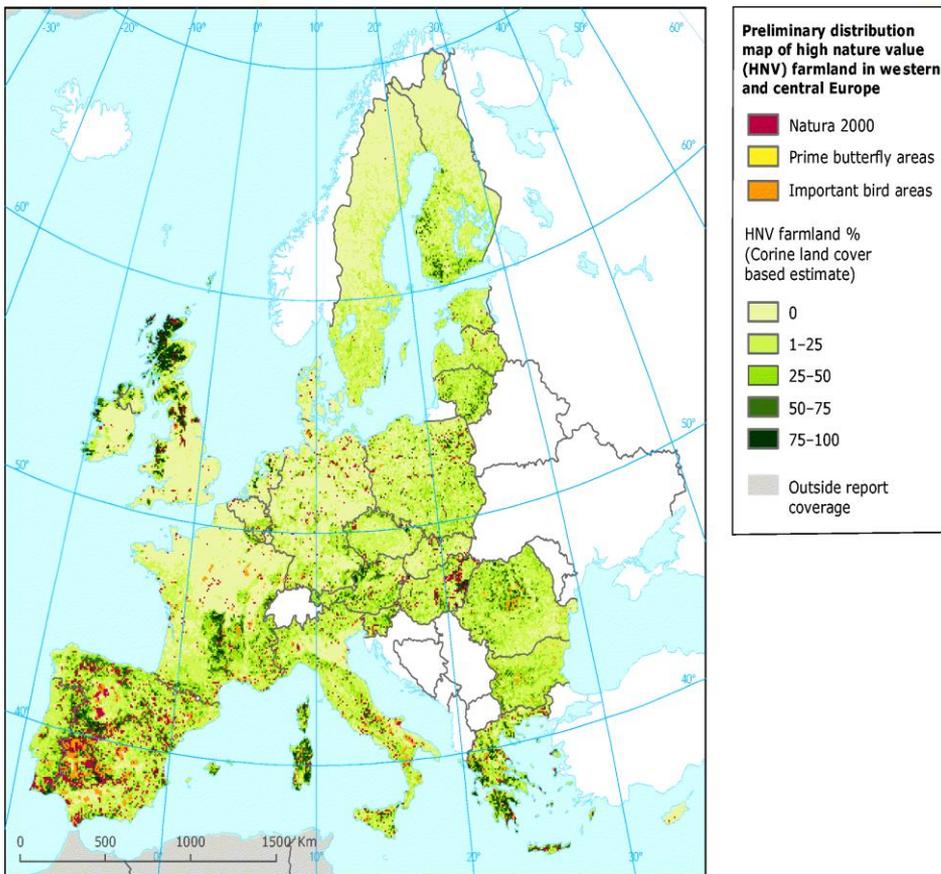


Nordic Aid Scheme

Pastoral systems

Source: Produced by IEEP/RSPB from CAPRI data.

Intensity of Expenditure and Biodiversity



EEA / DG JRC Map Showing the Preliminary Distribution of HNV Farmland in Western and Central Europe

The purpose of overlaying CAP expenditure maps with this map of HNV farmland is to:

- gain an idea of the current level of targeting of CAP expenditure at areas where there is a high level of biodiversity.
- to stimulate an analysis of the extent to which CAP payments support the provision of environmental benefits, and in particular, whether there is a relationship between the level of public support and biodiversity presence (using HNV farmland as an indicator of biodiversity presence)
- to facilitate debates about whether more targeted CAP measures might be a more effective way to target biodiversity conservation.
- to illustrate the redistribution of funding that could occur if the CAP was to become more centred on biodiversity.

Spatial Intensity of Pillar 1 Expenditure

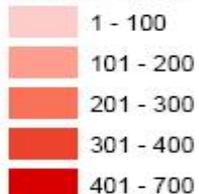


Combined Crop and Animal Premia Expenditure by Region (€/ha UAA)
Overlayed with High Nature Value Farmland
2001-2003 weighted average based on CAPRI data

19th May 2008

Legend

Euros spent



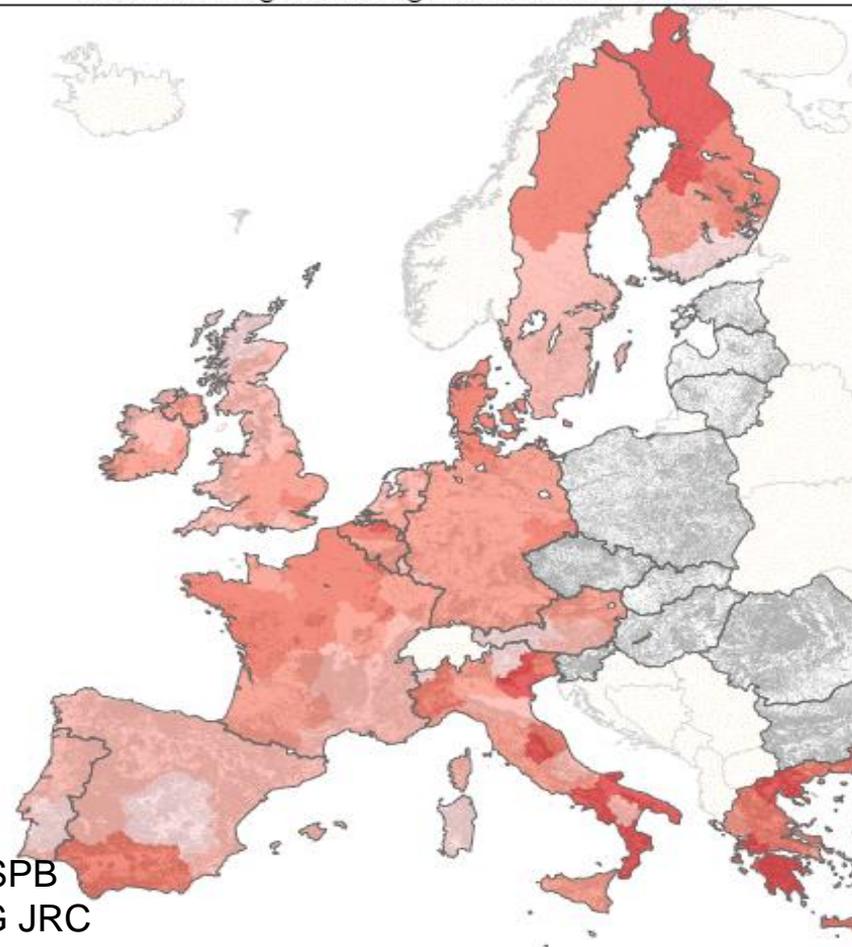
HNV



Non-EU States



No Data



Relationship between intensity of expenditure and conservation interest complex and unclear.

Direct payments may support systems with extensive or HNV characteristics.

Contextual information required on relationship between payment intensity, management choices and conservation status.

Source: Produced by IEEP/RSPB from CAPRI data and EEA/DG JRC HNV data.



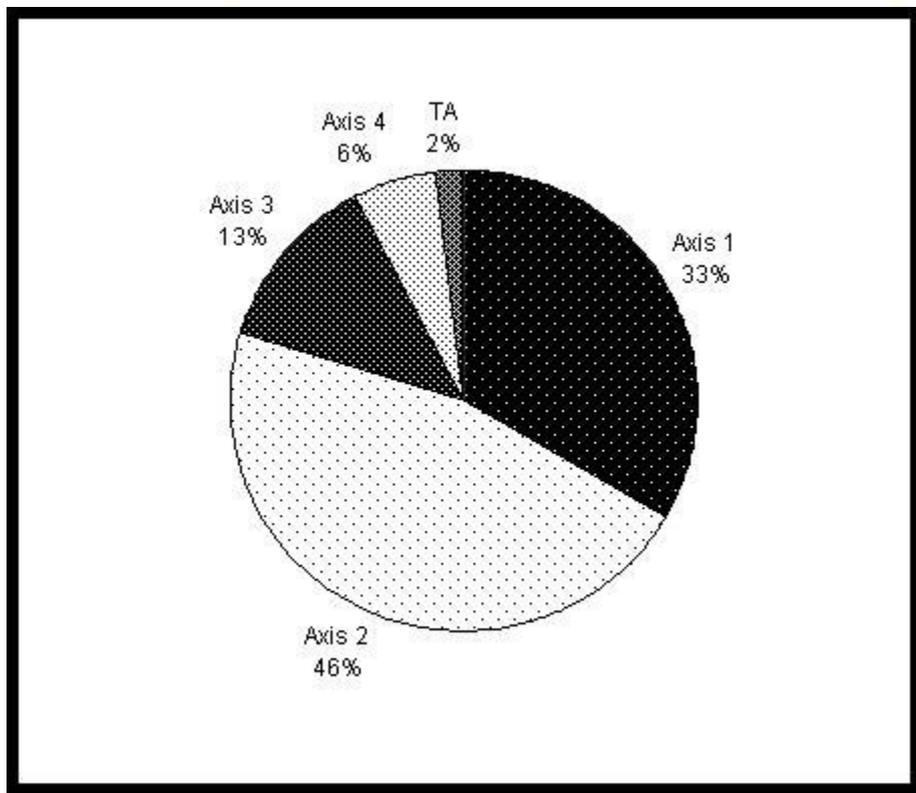


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Pillar 2 Expenditure (2007 – 2013)

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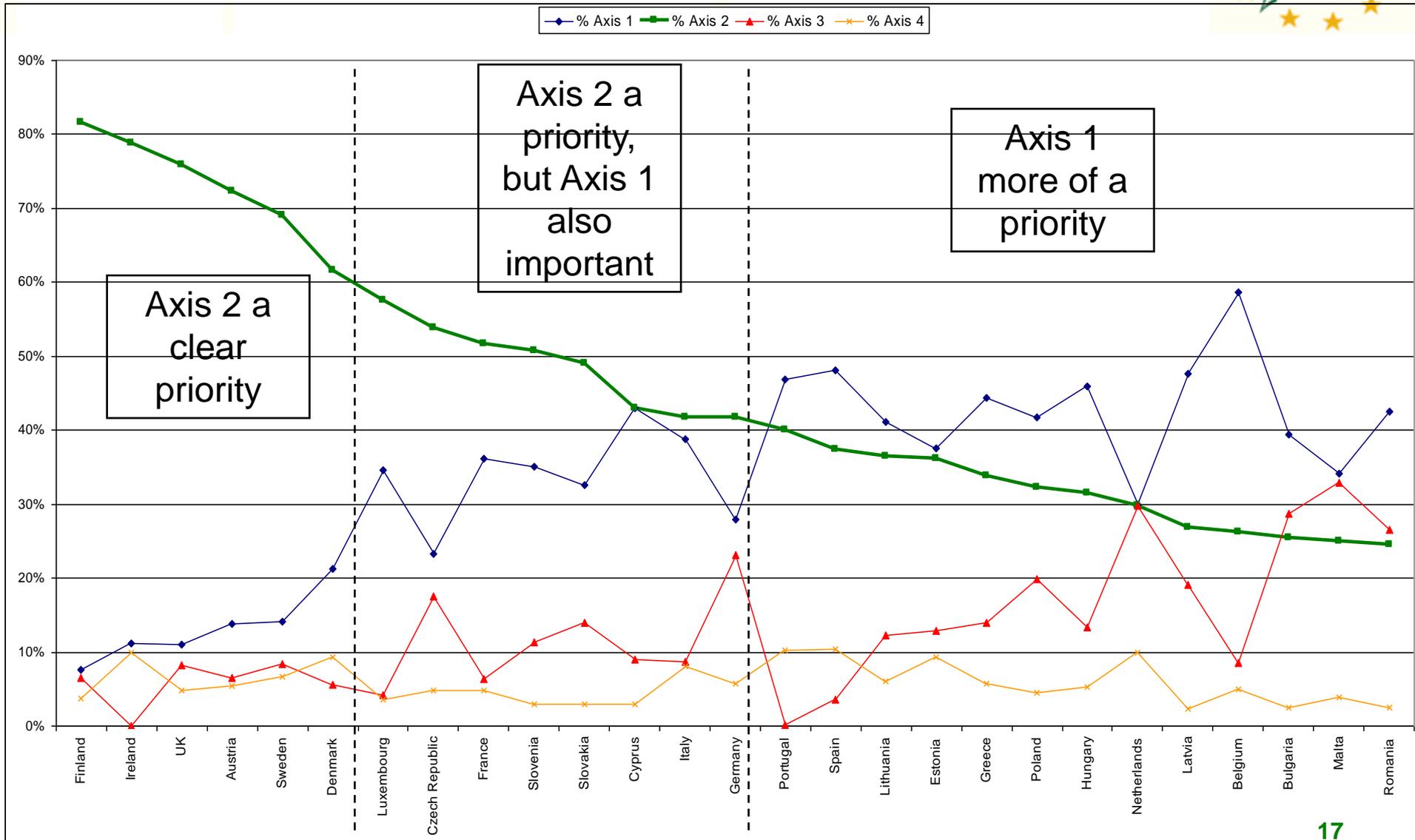
Pillar 2 Spending Priorities 2007-2013



Proportion of Total Public Expenditure allocated to each Rural Development Axis over the 2007 – 2013 Programme Period.

- Based on an analysis of 76 RDPs.
- Pillar 2 responsible for delivering against a range of EU priorities for the environment, as well as social and economic cohesion.
- Axis 2 represents 16% of total CAP financing for 2007-2013.

Priority Given to Axis 2 Measures

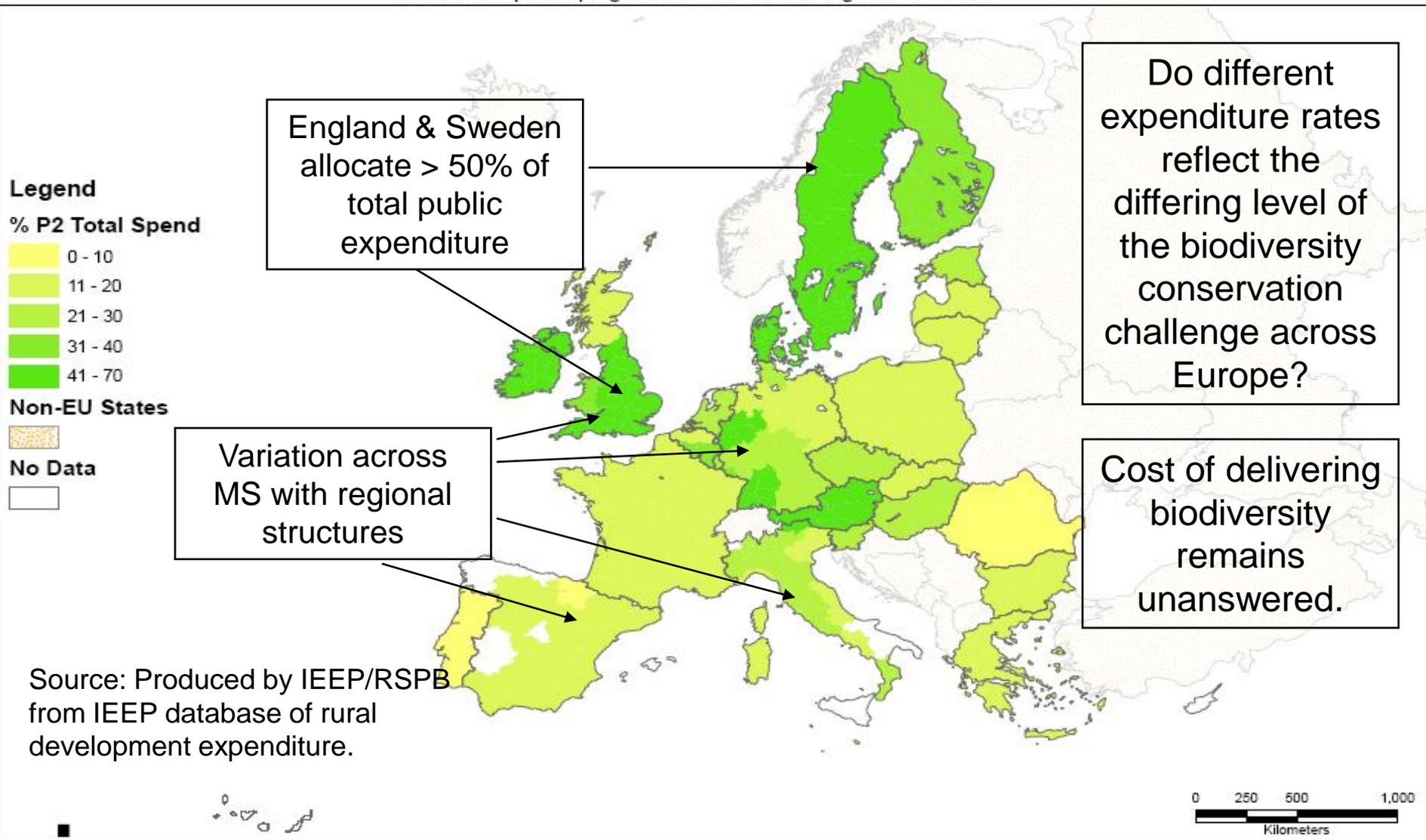


Emphasis on the Agri-Environment Measure



**Agri-Environment Expenditure as a Percentage of Pillar 2 Total Expenditure
(EAFRD and Co-Financing) by Programme**
Rural development programmes - allocated budget 2007 - 2013

19th May 2008

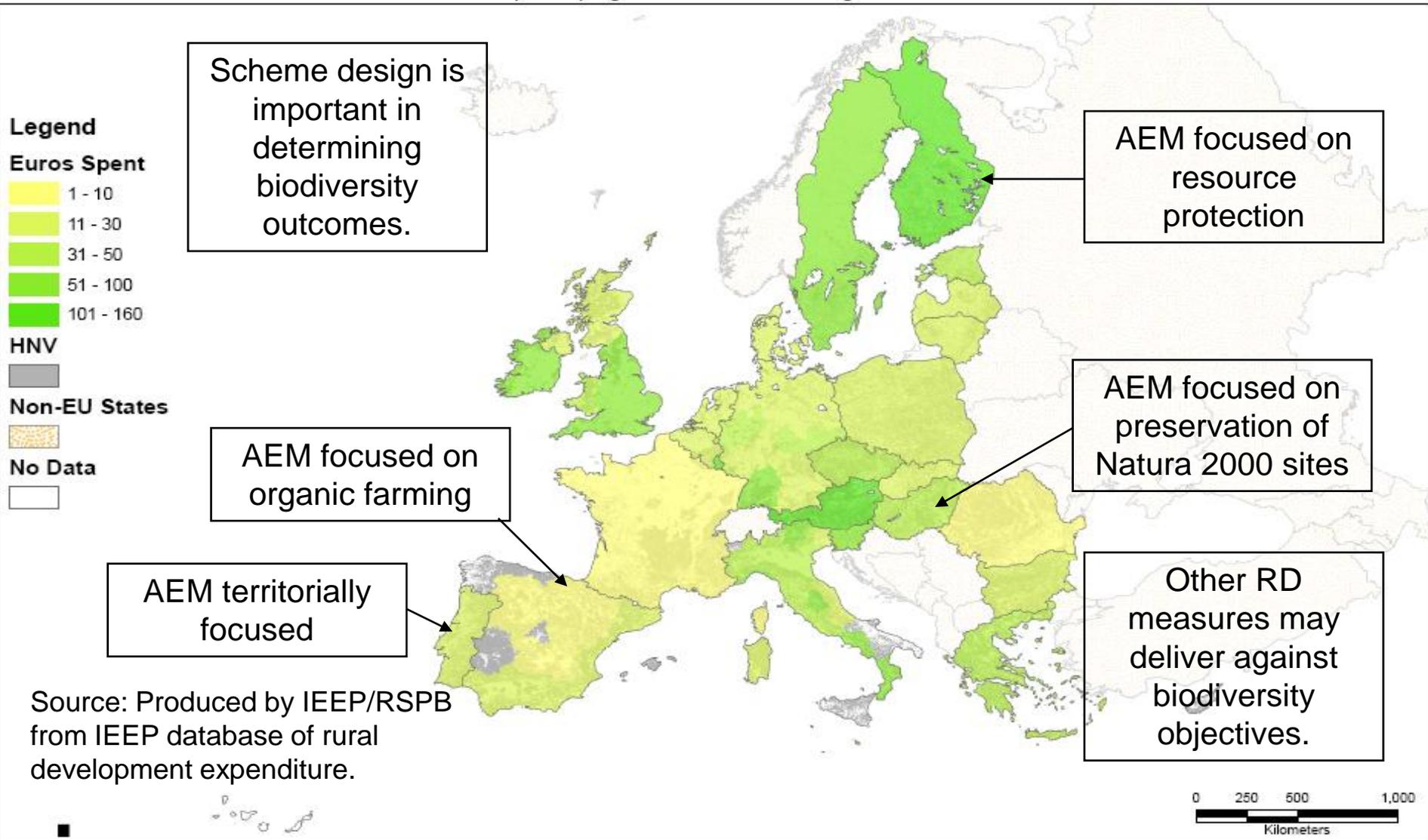


Agri-Environment Measure and Environmental Need



**Agri-Environment Expenditure by Programme (EAFRD and Co-Financing)
Overlaid with High Nature Value Farmland (€/ha UAA/year)**
Rural development programmes - allocated budget 2007 - 2013

19th May 2008



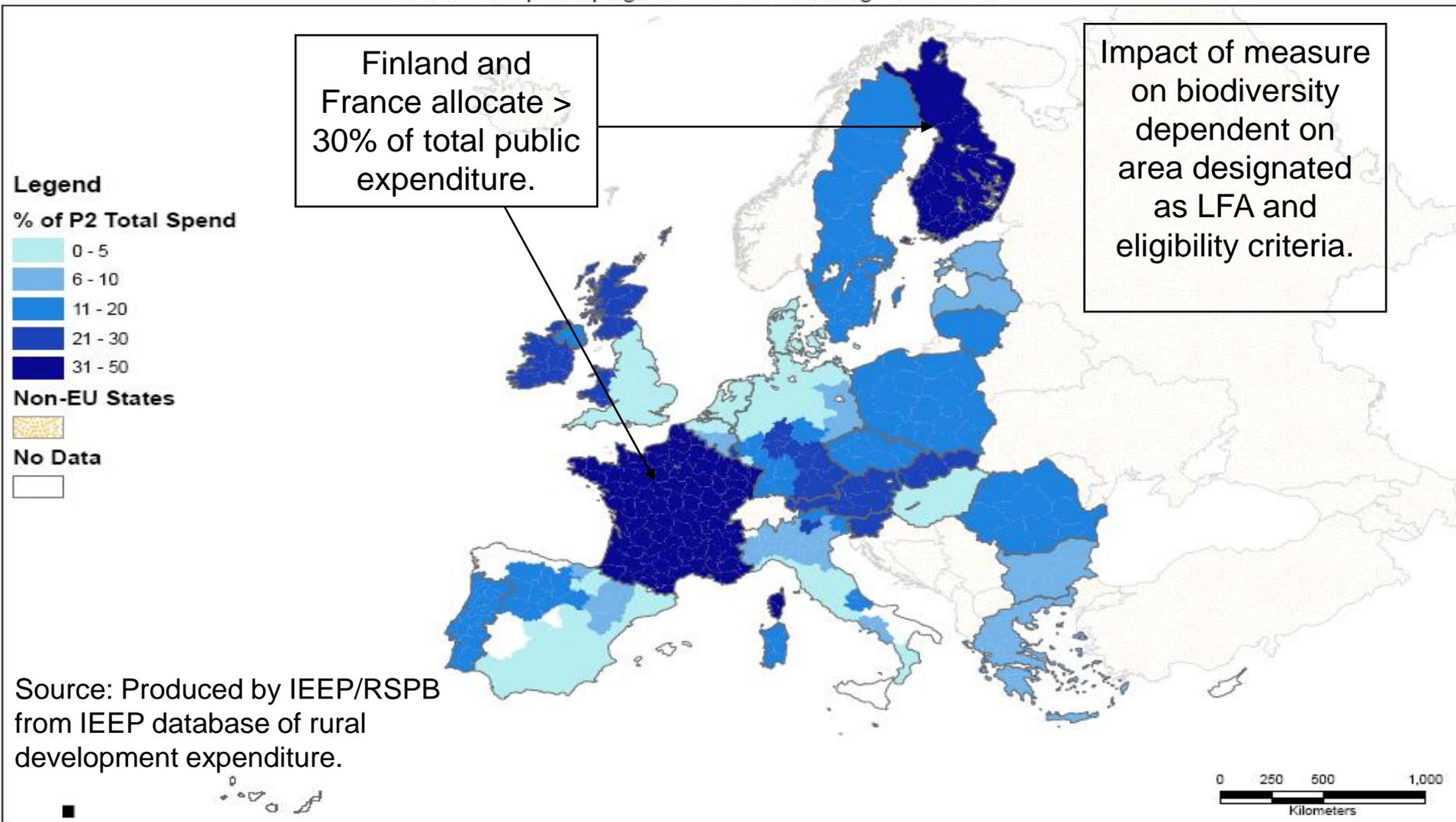
Emphasis on the LFA Measure



LFA Expenditure as a Percentage of Pillar 2 Total Expenditure (EAFRD and Co-Financing) by Programme

Rural development programmes - allocated budget 2007 - 2013

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Key Findings and Issues for the Policy Debate

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Key Findings



- A preliminary step has been taken to providing evidence about the nature of the relationship between the distribution and intensity of CAP expenditure and the geographic incidence of farmland biodiversity.
- The maps and accompanying analysis underline that the majority of CAP spending is not being directed to farmers managing biodiversity rich farmland.

In order to meet biodiversity objectives, there is evidence to show that:

- CAP funding could be better distributed between the two Pillars, between Member States and within Member States.
- the allocation of funds to and use of different rural development measures could be improved.
- more public expenditure could be used to generate outcomes that are beneficial to society at large.



- How much does biodiversity cost to deliver?
- Should the level of payment received by the farmer be calibrated to the level of biodiversity (or other environmental) benefit provided?
- How can budget allocation criteria better reflect the scale and diversity of the environmental challenge that exists throughout the EU?
- Given reformulating budget allocation criteria might be politically insurmountable, what is the comparative advantage of increasing Pillar 2 expenditure over and above 'greening' Pillar 1?
- How can an agriculture policy evolve to ensure that those that provide the highest level of biodiversity benefit are suitably rewarded whilst at the same time providing highly profitable enterprises with sufficient incentive to remain in the payment system?
- What is the best way to approach the design of a more biodiversity centred CAP?