

BirdLife Europe & European Environmental Bureau Briefing

The CAP is no longer fit for purpose

We need the right ingredients and a recipe for a Living Land!

The CAP is no longer fit for purpose

A lot has changed since 1962, the year that the Common Agricultural Policy (CAP) was first introduced. While the CAP has tried to catch up with continuous changes in European food and farming through several rounds of reform, it has resoundingly failed to adapt to pressing challenges. Crises are hitting the farming sector every few months, population decline in rural areas continues unabated, the effects of climate change are becoming increasingly dramatic and biodiversity – our precious nature and wildlife – is disappearing before our very eyes. Civil society groups across Europe are now sounding the alarm bells out in chorus: reforms, to date, have not made the CAP fit for the future.

In 2015, world leaders officially endorsed the global Sustainable Development Goals (SDGs) and the European Commission has committed itself to making the SDGs the new guiding principle in all its work. This is the final warning for the CAP: only a new start, with fresh ingredients and an ambitious recipe for reform, will help us meet our globally-agreed objectives in the area of food, farming and the environment.

At the same time, the European Commission has committed itself to a “Better Regulation” agenda and carries out “Fitness Checks” on many pieces of EU law. It would not be credible if a policy accounting for almost 40% of the EU budget were exempted from this exercise. Even if the Commission has just started a process to modernise and simplify the CAP, the current reform process falls short of a proper Fitness Check. All stakeholder groups must be fully consulted, not just those with a vested interest in maintaining the status quo; and an in-depth, evidence-based analysis of the existing policy and all relevant alternatives should be carried out. The Commission should invest significant resources into upholding the high standards it has set over the years with Fitness Checks on a range of environmental policies, including the EU Birds and Habitats Directives.

Following a series of analyses¹ and countless calls from civil society for a Fitness Check², BirdLife Europe & Central Asia and the European Environmental Bureau have decided to get the ball rolling. We have commissioned a study that closely follows the Commission’s own Fitness Check methodology: “Is the CAP fit for purpose: A rapid assessment of the evidence” (for preliminary conclusions see below). The study has gathered together existing, peer-reviewed evidence and conducted a (rapid) assessment of these findings. We commissioned independent scientists to evaluate the policy’s performance against five criteria: effectiveness, efficiency, relevance, coherence, and EU added value. We also went a step further and inspected the CAP’s capacity to support the UN’s SDGs. While a full stakeholder consultation was not possible in this context, our conference ‘Who will fix the broken CAP?’ offers a platform to a smaller yet diverse group of stakeholders to address their concerns on the current system and their ideas for how to move forward.

¹ A summary of the work that BirdLife and EEB have done so far can be found [here](#).

² In March 2016 [115 environmental, social, and health NGOs](#), [a group of leading food experts](#), and [16 MEPs](#) called on the European Commission to conduct a major review of the CAP through a Fitness Check.

In September 2016, an EEB [proposal](#) for an in-depth review of EU farm policy through a Fitness Check was given the [stamp of approval](#) by the [Regulatory Fitness and Performance Programme \(REFIT\) platform](#), a key European Commission advisory group made up of representatives from business, social partners and civil society.

Is the CAP fit for purpose: A rapid assessment of the evidence*

The goal of the study is:

- To examine the peer-reviewed evidence regarding the CAP's impacts on our society, economy and the environment
- To assess whether the CAP fulfils
 - its own objectives
 - the UN's Sustainable Development Goals (SDG 1, 2, 3, 6, 7, 8, 10, 12, 13, 15)
- To offer a contribution to an evidence-based Fitness Check

Based on the Commission criteria, the key assessment criteria are:

- **Effectiveness:** Have the objectives been achieved? Which significant factors contributed to or inhibited progress towards meeting the objectives?
- **Efficiency:** Are the costs reasonable and in proportion to the benefits achieved? Also considering other, comparable mechanisms?
- **Internal Coherence:** Do the CAP instruments agree or conflict with each other in terms of objectives, institutions and/or effects?
- **External Coherence:** Do other policies agree or conflict with the CAP in terms of objectives, institutions and/or effects?
- **Relevance:** Is the CAP relevant to the challenges faced by EU citizens, farmers and policy makers? Is it using (and supporting) the most updated criteria, tools and knowledge?
- **EU Added Value:** Does the CAP address challenges better than national-, regional- or local-level solutions?

Methods: Rapid scoping and evidence assessment

- Desk study January-April 2017
- Scoping and study design (scoping committee; delineation of methods and working protocol, database construction)
- Literature screening: peer-reviewed scientific literature from 2006 onwards, only if directly assessing the CAP and/or specific instruments therein
- Evidence gathering into the database found here: <https://idata.idiv.de> (primarily peer-reviewed publications)
- Call for evidence via an online survey
 - ✓ 587 relevant „candidate“ publications enlisted
 - ✓ 275 publications scanned and inserted into the database
- Analysis of the outcomes

Preliminary outcomes:

Effectiveness:

- ✓ **Environment:** Specific instruments show local successes on biodiversity, ecosystem services, soil and water quality, but these do not counteract agricultural intensification, abandonment, environmental degradation and biodiversity decline. The CAP shows very limited effectiveness on climate change, due to poor consideration of GHG emissions relating e.g. to livestock farming and land-use change outside the EU e.g. for imported feedstock. Global effects of the CAP due to EU's footprint are negative as well. The impacts of non-designated instruments, such as Direct Payments effects on biodiversity, are poorly studied.
- ✓ **Socio-economy:** The CAP has some positive effects in terms of income support through direct payments. Reforms have reduced distortive effects of the CAP on markets. Direct payments increase productivity, but reduce technical efficiency of farms. Pillar II payments contribute to balanced territorial development. Direct payments reduce farm efficiency and farmers are dependent on subsidies. Green growth is supported in the form of organic farming. Some successes at the global levels in reducing market distortions were found. At the same time, farmers have to face market risks. Liberalized markets and trade can also induce negative environmental side-effects.

Efficiency:

- ✓ **Environment:** The CAP is inefficient due to the low budgets assigned to the most effective instruments compared to less effective ones, and conflicts with other non-designated sectors – meaning that effective instruments are not implemented broadly enough or are cancelled by the latter. Administrative burdens and competition between instruments, where farmers can obtain somewhat the same support with or without adhering to environmental standards, yield very low efficiency. The focus on farm rather than landscape level reduces the efficiency of environmental interventions too.

- ✓ **Socio-economy:** Low efficiency was found also in the socio-economic aspects assessed. Ineffective allocation of income support, which poorly reflects rural development disparities especially in new Member States, emerges from high inequity in direct payments where 1.5% of beneficiaries receive 32% of payments. Budgets also leak away from farmers to land owners through e.g. increased land rents. The EU Commission does not provide enough justifications and indicators, why farmers need income support. Productivity support through direct payments is inefficient.

Internal Coherence:

- ✓ Studies indicate a potential to align environmental and economic objectives, and some case studies demonstrate good implementation and good practice. However, internal coherence is impeded by the lack of clear overarching targets; multiple instruments with differing target; contradictory incentives; conflicts (of interests) in implementation; and ineffective implementation by Member States or regions. The lack of a coherent system of objectives and instruments also leads to political conflicts resulting in the watering down of proposals for improvement.

External Coherence:

- ✓ The CAP has achieved improved levels of coherence with trade policy and reduced global market distortions, but with the price of exporting its environmental footprint (climate balance, consumption of land and biomass). Mechanisms have been installed to improve coherence e.g. with the Nitrate, Birds and Habitats Directives, albeit with limited overall successes. The CAP as a whole shows better coherence with Cohesion Policy but poor coherence with the UN's Conventions for Biological Diversity and Climate Change. Some remaining losers are the CAP's own standards

Relevance:

- ✓ The CAP can be considered relevant in terms of the support of technology and modernisation; and by adopting advanced instruments to monitor and control farmers. However, societal acceptance continuously diminishes and has reached exceptionally low levels. A range of studies also indicate that the CAP objectives do not meet current challenges, and/or those challenges that are relevant are poorly fulfilled. Moreover, the CAP has shown limited uptake of advance knowledge, concepts and tools, and is underdeveloped in regard to integrated landscape management – thereby diminishing effectiveness, efficiency and acceptance.

EU Added Value:

- ✓ The CAP has some clear positive contributions on supporting farmers' fair standards of living and supporting territorial development, but it could do much better in adjusting to local contexts, particularly in the New Member States. There were mixed results for the environment and markets, and no indications of an economic added value. It is likely that the CAP also offers some added value in terms of overarching standards and regulations and showing global leadership, but these were not assessed.

Does the CAP support SDGs?

- ✓ Local successes obtained through specific instruments aiming to fulfil environmental targets, demonstrate an unfulfilled potential to address SDGs 6 (clean water), 13 (climate action) and 15 (life on land). SDG 1 (no poverty) and 2 (zero hunger) could be considered as being partially addressed, but food security is clearly not a major issue in the EU. The CAP supports organic farming, thereby contributing to green growth (SDG 8), but is also supports other, unsustainable farming systems. SDG 10 (reduced inequalities) is not addressed adequately due to the highly unequal allocation of payments. The largest identified gaps relate to SDG 12 (responsible consumption and production) and 3 (good health and wellbeing): the CAP poorly addresses the challenges of unhealthy diets, obesity and related diseases; while animal products are over-proportionally subsidised. It also does not address overall wellbeing of farmers (beyond farm economy) and other citizens, as well as the externalities and waste emerging from over-consumption.

Preliminary conclusions:

- The CAP has some successes but it is highly inefficient, some of its objectives are not relevant, and its acceptance by farmers and the public is exceptionally low.
- The CAP urgently needs clear, coherent, overarching objectives
- Monitoring and indicators are weak or missing to support policy outcome.
- There is much knowledge especially on Agri-Environment Measures and means to reduce environmental impacts in the EU and globally, but little uptake of it, for instance in the design and implementation of the greening measures.

Key emerging lessons:

- Addressing sustainability is critical from both socioeconomic and environmental perspectives
- The impacts on, and response of, small farmers to the CAP is key to many of the successes or failures of the

- CAP, both socioeconomically and in terms of environmental impacts.
- Incentive-based approaches may improve effectiveness, efficiency and acceptance
- Upscaling from the farm to landscape and community levels is needed

Issues omitted:

The study did not address a range of key issues such as impacts of forestry or the impacts on health. Many of the studies are highly specific or local, and a robust (meta-)analysis is still required.

Next steps:

The breadth of literature indicates a need, but also the potential, of a broader evidence-based evaluation of the CAP and the gathering of recommendations, lessons learned and tools for optimization and conflict resolution.

* This study has been commissioned by: the European Environmental Bureau (EEB) and BirdLife Europe to **Guy Pe'er and Sebastian Lakner**, and performed with Gioele Passoni, Clémentine Azam, Jurij Berger, Lars Hartmann, Stefan Schüler, Robert Müller, Marie von Meyer-Höver, and Yves Zinngrebe. It was accompanied by an interdisciplinary scoping committee: Tim Benton, Peter Bezak, Aletta Bonn, Lynn Dicks, Neal Haddaway, Bernd Hansjürgens, Kaley Hart, Jennifer Hauck, Felix Herzog, Francisco Moreira, Amanda Sahrbacher, Christian Schleyer, Clelia Sirami, and William Sutherland. Over 30 additional scientists contributed publications to the database. The project has been supported by Naturschutzbund Deutschland (NABU), German Centre for Integrative Biodiversity Research (iDiv) Jena-Leipzig-Halle, Helmholtz Centre for Environmental Research – UFZ, and the University of Göttingen. The project ran from January until May 2017. The results are preliminary and the analysis is still ongoing. We are fully aware that the study has various limitations including the fact that the analysis would not need to be limited to just peer reviewed evidence but include expert knowledge, case studies, grey literature etc. The database is available via <https://idata.idiv.de> as of 15.5.2017. The authors welcome further contributions of relevant evidence via the online survey which will remain open until 15.7.2017 and available at www.surveymonkey.de/r/RapidCapAssessment. The authors shall strive to release the full report in autumn 2017.

BirdLife and EEB policy recommendations based on the study:

While results are still partial and preliminary, BirdLife and the EEB believe the following conclusions for policy are emerging:

- The CAP is deeply flawed even if it does offer some limited instruments that work, they are too local to be effective as a whole.
- The CAP is extremely inefficient in how budgets are spent. In times of austerity and budget constraints, it makes sense to build and expand on what works instead of spending so much money in an untargeted way on Direct Payments and then rectify the outcomes by small solutions.
- The CAP can be far more relevant to society if it really addressed current challenges as delineated by SGDs. We should leave behind last century objectives and focus on today's challenges such as climate change, ecosystem collapse, over-consumption, waste, obesity and overweight, a constant loss of rural population and cultures, loss of aesthetic values and, above all, a demand of the public to receive both public goods and healthy, diverse food.
- There is a lack of systematic assessment and proper evidence on many of the CAP objectives and mechanisms, and especially the effects of non-designated mechanisms such as the effects of Direct Payments on biodiversity. This results not only from the indirect impacts of such policy instruments, but also from the outdated and contradictory nature of the CAP objectives itself. This shows we need a much more linear policy where tools clearly match well defined objectives alongside indicators and independent assessments to monitor their effects to support continuous improvement.
- The most intensely studied area is the environment, with a wealth of scientific evidence that should allow learning from experience and designing much more robust (agri-)environmental tools. It is clear that it is the lack of political will or capacity, rather than lack of knowledge, that is failing our environment.

- We therefore call upon the European Commission to:
 - use the studies and analysis offered for the impact assessment of the next CAP
 - put the needed resources into completing and deepening this analysis, including through a comprehensive evidence gathering among all relevant stakeholders, thus delivering a full-fledged Fitness Check living up to EU “Better Regulation” standards
 - ensure that CAP reform proposals are rooted in actual facts, and using the best available tools
 - come up with an overhaul of the policy and a move away from the old two pillar approach towards a bold reform proposal that can deliver on all relevant SDGs with tools that clearly match well defined objectives and where appropriate independent assessments allow for continued improvement

The right ingredients for a living land

BirdLife, EEB and WWF have been mobilising civil society and the private sector to engage with the Commission’s CAP consultation on “modernising and simplifying” the CAP via www.living-land.org. This has included a massive mobilisation of so far more than 600 organisations and businesses to support our “LivingLand vision” and respond to the consultation. In addition, the LivingLand platform facilitated simplified participation to the consultation, supporting general statements in line with the LivingLand vision. Almost 260,000 citizens took part, about 80% of all participants.

As the more than 600 supporters of the Living Land vision, BirdLife and EEB agree that the EU’s Common Agricultural Policy (CAP) is broken and that it can and must be fixed.

A smarter food and farming system in Europe would not only be more sustainable, it would be healthier and fairer for all – greatly benefiting people, including farmers, and nature alike by ensuring both our short and long-term future.

With this vision in mind, we all agree that the EU’s new agricultural policy must be:

- **Fair** – for farmers and rural communities.
- **Environmentally Sustainable** – for clean air and water, healthy soil, and thriving plant and animal life.
- **Healthy** – for good food and the well-being of all people.
- **Globally Responsible** – for the planet’s climate and sustainable development around the world.

The right recipe for a living land

In order to ensure the future of our food and farming system is made sustainable, we need a complete rethink of the CAP and several new instruments to be combined:

Change the decision making system

The CAP can no longer be decided by a handful of people with strong vested interests. For the benefit of society, and in line with President Junckers’ commitment to breaking through silos, the decision making needs to be enlarged to properly involve all the societal interest that this sector affects. This should include environment, but also climate, development, health, animal welfare, consumer interests, etc. The number of citizens having taken part in the public consultation and the variety of organisations having signed the Living Land vision show that the CAP is of interest to all. We therefore ask for joint political ownership of the next policy, from the EU level (involving several European Parliament committees, EU Council formations and Commission DGs services) to the national and regional levels where the policy is finally tailored and implemented.

Establish the polluter pays principle as the basis through a strong legal framework

Public money must not be used to pay or compensate for compliance with the law. This goes especially for basic safeguards to ecosystem functions related to water, soil, air and climate but also for elements on animal welfare and public health.

Making payments fit for purpose

Public incentives are however needed in areas where society depends on active intervention of farmers or land managers. We should move away from the two pillar system and fully implement the principle of '*paying public money for public goods*' which entails that those producers that are not managing land sustainably should not receive any public support. We do not see a justification for any unconditional basic payment or single area scheme and therefore propose to replace the current one with an entirely new system. This system should be based on a contractual approach, objectives must be transparent to both recipients and tax payers and results must be measurable. While transition periods might be required it must be ensured that from the next financial period of the EU no public support should be paid any more for damaging farming practices.

Create a new model for funding biodiversity and ecosystems

In order to properly reverse the trends of biodiversity decline and restore our ecosystems in Europe, there must be a renewed focus and emphasis on protecting and re-establishing nature and ecosystems across Europe. This requires a major new funding stream. The fund must be developed, programmed and monitored by the competent environmental authorities. This fund can be a new and reliable source of income for farmers and forest owners who want to provide nature conservation services to society.

Transition to sustainable farming and invest in systemic change

Many farmers are locked into an unhealthy system: chasing ever increasing production that delivers them ever lower returns while ignoring real world consumption and demand that leads to monocultures and breeds systemic risks. The current subsidy dependence which stifles innovation, inhibits the necessary diversification measures that are required to make our food system more sustainable. The new policy should therefore urgently focus on how to transition farming practices and farm business out of the downward spiral of ever more debt to the banks and to nature. It needs to contain the tools tailored for farmers to transit from an inherently unsustainable model to a sustainable one. We want to move farmers and business to become resource efficient, low carbon, ecologically sound, sustainable and resilient undertakings whereby the private and public goods can be achieved together— aiming at a far greater independence from the taxpayer than today.

Therefore we need to create the enabling factors that make a system change possible. This includes the need for a combination of one off investments, knowledge transfers, innovation and advice all based on a whole farm approach. Supporting local supply chains, encouraging collective approaches, building the immaterial infrastructures such as IT services, virtual markets, etc. This should result in enabling healthy farm systems that can become drivers of a circular, low carbon, and ecologically resilient economy.

Ensuring sustainable rural development

A coherent approach to rural development should remain key in the next policy. The new policy should help investments in creating an ecologically, socially and economically sustainable future for the rural areas of Europe that are rich in culture and nature alike.

Avoid incentivising excessive risk taking

We are strictly against the introduction of publicly financed risk management instruments that insure only private benefits. The emphasis should be on building resilient business that can deal with risk and the unavoidable volatility that comes with an uncertain climate and market.

Creating a food policy for Europe

The next policy should be dedicating due attention to sustainable and healthy consumption. With many diet related problems in Europe, we cannot be creating a new policy that is turning a blind eye to food and health issues. This will need to include attention to educational and other tools to focus on health and diet, in particular meat and dairy consumption. We need to improve transparency and consumer awareness related to environmental, social and health issues. We also must urgently invest in the reduction of food waste.

Ensuring coherence with other policies

The next policy should ensure policy outcomes cohere with the other objectives of the European Union that in turn have to be fully in line with SDGs. The new policy must be fully coherent with all environmental, health, animal welfare, climate objectives and commitments of the EU at European and global level. Coherence with EU renewable energy objectives needs to be ensured by limiting support to only sustainable forms of bio-energy. SDG coherence also includes the economic, social and environmental impact of the EU agriculture policy on developing countries translated in the principle of policy coherence for development.