



ENRD workshop

'Preparing the CAP Strategic Plans: Designing Eco-Schemes'

Highlights report

The workshop presented and discussed possible approaches to designing eco-schemes under the EAGF (European Agriculture Guarantee Fund) of the CAP 2023-2027, in synergy with EAFRD (European Agriculture Fund for Rural Development) interventions in the CAP Strategic Plans (CSPs), to address key environmental, climate and animal welfare challenges.

This event attracted a large number of representatives from future CSP Managing Authorities, Paying Agencies and the European Commission. In particular, the workshop was attended by many national experts working on direct payments' interventions, who are a relatively new ENRD audience and will become an integral part of the future CAP Network supporting the CSP implementation.

Participants found presentations and exchanges useful on practical aspects of implementing the eco-schemes, focusing on the challenges encountered and sharing ideas for possible solutions.

Event Information

Date: 25 February 2021

Location: Online event

Organisers: ENRD Contact Point

Participants: Over 100 representatives from 27 MS' future CSP Managing Authorities and Paying Agencies and EU institutions.

Outcomes: Exchange of experiences and ideas regarding possible approaches to design eco-schemes, challenges encountered and solutions to overcome them.

Web page: https://enrd.ec.europa.eu/news-events/events/preparing-cap-strategic-plans-designing-eco-schemes_en

Key elements relevant to the designing of eco-schemes: the legal proposal perspective

[Maria Fuentes Merino and Emmanuel Petel](#) from the European Commission's DG AGRI opened the workshop presenting key issues regarding eco-scheme design from the perspective of the legal proposals and an update on the state of play of the ongoing CAP negotiations.

The eco-schemes present an opportunity to deliver better environmental and climate results, by engaging a wider number of farmers and hectares (ha) in sustainable farming practices under direct payments support of the CAP, contributing to the pursuit of the European Green Deal targets in synergy with EAFRD agri-environment-climate commitments (AECC).

Through CAP negotiations, the eco-schemes' scope has been extended to cover also animal welfare and anti-microbial resistance. In mid-January 2021 the Commission published an [indicative list of potential agricultural practices that could be supported through the eco-schemes](#), including a wide range of actions, covering: agronomic/cropping practices, transition to more sustainable farming systems, technological options that improve environmental performance, and environmental certification approaches. The list is not exhaustive and other practices – more suitable for the national/regional context and also targeted to specific areas – can be proposed by a Member State (MS). Each MS is expected to design a coherent strategy for the eco-schemes in response to the needs identified in the SWOT analysis (Strength, Weakness, Opportunity, Threat) and within the overall new 'green architecture' of the CAP.

Key factors that are important for maximizing the environmental and climate outcomes from eco-schemes are:

- Effective practices;
- Appropriate duration of the commitments (annual or multi-annual);
- Incentive payments according to level of ambition of the supported practices (in case of eco-schemes based on Art. 28(6)a));
- Wider coverage of farmland and farming systems with a sufficient range of management practices allowing a higher farmers' uptake;
- Appropriate targeting to specific areas/territories according to the SWOT;
- supporting tools such as advisory services and farm management tools; and
- Wider involvement of stakeholders.

The definition of area eligibility (such as permanent grassland) is also particularly important with regard to environmental and climate objectives.

Member State approaches and perspectives

The Irish experience



[Ted Massey](#) from the **Department of Agriculture, Food and the Marine** presented the Irish approach to the planning of eco-scheme proposals addressing key environmental priorities. The approach was developed as a result of a long consultation process started in 2019 with the setting up of a CAP consultative committee involving 27 stakeholder groups with a strong environmental ambition.

Ireland has set three main principles for designing eco-schemes:

- Attracting as many farmers as possible through a positive communication campaign;
- Providing a financial incentive. As far as possible, payment will be based on the incentive principle although Ireland proposes to offer farmers a possibility to combine measures under each payment calculation option in order to create a more attractive package; and
- Designing simple schemes with broad appeal, addressed to all farming systems and allowing farmers to select suitable measures for their farms.

More ambitious AECC will complement eco-schemes.

The Dutch experience



[Aard Mulders](#) from the **Ministry of Agriculture, Nature and Food Quality** explained the process that led to the development of the Dutch approach to designing eco-scheme proposals. Four possible models were explored associated with the following central features:

- Payment per action by ha;
- Payment per action by farm (which would allow to reward farmers that do more);
- Rating systems per farm; and
- Rating system per ha.

The Netherlands ultimately opted for designing eco-schemes as a menu of practices with an associated rating system per farm that gives insight in a farmers' sustainability profile. The goal is to strengthen the sustainability performance of farmers in a national system with regional differentiation. The payment will look like a top-up with a fixed maximum amount per ha, but farmers can achieve it only if they implement several practices corresponding to relevant needs.

A scoring system would rate farms as 'gold', 'silver', or 'bronze' and reward them according to their environmental ambition. Working with the rating system should be easy and flexible for farmers and the practices foreseen should be easy to monitor. Main challenges are: finding a good balance between practices required and supported; ensuring the complementarity within eco-schemes and AECC and avoiding double funding; calculating a compensatory payment – which can be a lengthy process; and dealing with the 'fear' of unspent funds.

The Spanish experience



[Lorena Andrés Sancho](#) from the **Spanish Ministry of Agriculture, Fisheries and Food** presented 9 eco-scheme proposals, (developed in cooperation with regional authorities, farmers and environmental organisations) that respond to environmental priorities reflecting country recommendations provided by the Commission.

The proposals are designed to address the heterogeneity of Spain's diverse agricultural production systems. They aim to be simple to encourage farmers' participation and are mostly based on annual commitments.

The proposals support the following carbon farming and agro-ecology practices:

- Extensive livestock farming, pasture management;
- Crop rotation with improved species;
- Rational fertilisation;
- Composting and energy recovery from plant biomass;
- Living plant covers in permanent crops;
- Direct seeding;
- Establishing multifunctional margins and islands of biodiversity; and
- Maintenance of crop areas for bird's shelters and feeding.

In most cases the proposals are based on a compensatory payment – this choice was made also to more easily comply with WTO rules. Incentive payments could also be developed for eco-schemes targeting biodiversity and emissions reduction in all farmland types.

Main outcomes of group discussions

Group 1: Eco-scheme design

- **Germany** is developing a menu of about 10 annual uniform eco-schemes, at the national level, among which farmers can choose, and covering essentially non-productive actions with incentive payments and production practices with compensatory payments.
- **Communicating** with farmers and other key parties involved is essential for the development and acceptance of new eco-schemes. Farmers should be convinced - particularly as the schemes are annual - and supported to implement them. This includes raising awareness of eco-schemes' potential environmental and societal benefits. NL is using an EIP project to help farmers test innovative approaches.
- It can be wise to involve the agri-food industry for two reasons: mainly to increase the credibility of the schemes; and to gain market rewards by aligning the standard requirements of eco-schemes with industrial requirements.
- A key MS challenge relates to **setting the right balance between enhanced conditionality, the eco-schemes and the AECC**. This task is seen as complex as MS mostly intend to design eco-schemes at a national level, but AECC will be targeted to the regional level in several MS. It was highlighted that coordination within national administrations levels needs to be reinforced.
- The greater MS **subsidiarity** provided by the future CAP, including for definitions of eligible area, will give them the opportunity to define and support also interventions of agroforestry and paludiculture to suit their needs and context.

Group 2: Payment model

- Some eco-schemes are being proposed as a payment top-up that can work as **incentives** for farmers to address environmental issues at the overall farm-level. When opting for a top-up approach, a key question is how to justify the payment in terms of the environmental outcome. No calculation is requested, however each MS is expected to provide a justification and a rationale that will be assessed by the Commission.
- To ensure that eco-schemes comply with the **WTO 'green box' rules**, several MS are developing their payment model based on income foregone and additional costs incurred. The setting of incentive payments needs to avoid linking the payment to a particular land type. Eco-schemes were seen to be applicable to all land types.
- Examples of **annual or multiannual payments** and practices and additional guidance on how to opt for one or the other was noted to be very useful for MS support; especially since multiannual payments are a novelty within direct payments' support.
- Transaction costs can be eligible under the eco-schemes. Each MS can formulate proposals and appropriate justifications in their CSP to support transaction costs.
- **Results-based eco-schemes** were advocated. Calculating appropriate payments for specific results remains a challenge.

Group 3: Types of practices

- Difficulties in planning eco-schemes were noted while CAP negotiations are still on-going, particularly due to current **uncertainty** about financial and ring-fencing arrangements.
- Area-based payments, among other practices, are proposed for conservation agriculture and **animal welfare**. For some MS, additional guidance could be useful to develop a list of relevant best practices (e.g. regarding the improvement of animal housing conditions, the suppression of painful practices, animal health prevention, etc.).
- Some practices could be supported under both eco-schemes and EAFRD measures, provided that double funding is avoided. A solution could be using eco-schemes and AECC to support different 'actions' related to a same area. Systems for outcome tracking and payment balancing would be needed here.
- **Targeting** eco-schemes can prove to be particularly difficult for large countries that need to address a variety of regional and local differences. As an example, a national scheme with a bundle of practices suited to regional specificities, such as the NL proposal, can offer useful opportunities and flexible solutions.
- The **controllability** of eco-schemes represents an additional challenge, especially for those practices requiring satellite imagery controls, which can be expensive.