



Agriculture has been identified as the main driver of biodiversity decline in Europe. The EU's Common Agricultural Policy (CAP) has not adequately either halted this decline or reversed these worrying trends. At the same time, and in far too many cases, it also undermines the protection of essential environmental resources such as water, soil, air and the global climate. Furthermore, the CAP fails farmers both at the social and economic level, so that many smaller farms disappear and generational renewal is at risk. Neither has the CAP done enough to address malnutrition, rural depopulation and poverty, both inside the EU and in developing countries. Last but not least, it puts tax payers' acceptance of support to farmers at risk. Modern society in Europe wants to see the production of high quality food in accordance with sound environmental and animal welfare standards. In short, the CAP has created a food and farming system that is failing on all fronts. Therefore, BirdLife Europe & Central Asia and its EU partners call upon decision makers to transform the current CAP into a new European Food and Land-Use Policy that would be designed to meet today's challenges as well as the global Sustainable Development Goals (SDGs). Our vision is of a policy that is fair, environmentally sustainable, healthy and globally responsible.

The only way to ensure generational renewal in rural areas, sustainable management of resources, restoration of biodiversity and improved market resilience with fair prices in the farming sector is a swift transition. We ask for the implementation of a set of principles that deliver such a transition not only in environmental, but also social and economic terms:

- 1. Open up the decision making process to all societal interests affected by this policy. In particular, decisions on environmental components of the policy must be taken by the relevant environmental authorities from EU to local level.
- 2. Ensure that the future policy helps the EU meet its global commitments under the Sustainable Development Goals (SDGs), in particular related to the establishment of sustainable agriculture by 2030, as well as halting biodiversity decline by 2020.

DEMANDS FOR THE NEW CAP

- 3. Ensure full coherence of the policy with established principles, strategies and legislation of the EU, such as the "the polluter pays" principle, the precautionary principle, the strict and effective enforcement of ambitious environmental and animal welfare regulation and the end of environmentally harmful subsidies.
- 4. Make agriculture payments effective and efficient by replacing the current "two-pillar system" with targeted support based upon the principle of "public money (only) for public goods". Any new payment system should be based on a programmatic approach as well as co-financing of Member States.
- 5. Invest in the transition to sustainable agricultural production, short supply chains, fair prices and consumers' demand for high quality and healthy food. Also invest in minimising food waste.
- 6. Establish a new "contract on nature conservation" between society and land users. Farmers must receive reliable and attractive income for specific nature conservation services through a dedicated EU funding instrument under the lead of environmental authorities.
- 7. Manage risks with tools that support farm diversification and knowledge transfer, rather than publicly financed "risk management" instruments for price volatility.

BirdLife Europe & Central Asia and its EU partners propose four main instruments for a new European Food and Land-Use Policy:

- Transition instrument for sustainable farming a temporary investment fund (limited to two financial periods of the EU) that should help farms switch to a high-quality, nature-and-animal-friendly and profitable economic model and invest in healthy, economically diverse rural areas. It should support the long term goal to make farming sustainable and independent from public subsidies.
- Sustainable Food instrument a set of investments to build up sustainable value chains, reduce food waste and increase the demand for healthy and environmentally sound food at fair prices.
- Nature and Biodiversity instrument the central EU fund for financing about 75% of the costs of
 implementation of the EU nature legislation (e.g. Natura 2000) and other key biodiversity action in
 Member States. In particular, the fund should reward specific biodiversity action undertaken by farmers,
 foresters and other land users with an earmarked minimum budget of 15 billion EUR per annum. The
 fund should be programmed under the lead of environmental authorities.
- "Space for Nature" instrument area-based entry level payment scheme, accessible for the vast majority of farmers, which dedicates a varying percentage of each farm to (strictly non-productive) natural elements, thereby fostering biodiversity and ecosystem services across the agricultural landscape. The scheme must be free of any exemptions, equivalences or weighting factors.
- These instruments should be complemented by a system to raise revenue from the polluters.

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Why Europe needs a new policy

Over the decades, the Common Agricultural Policy (CAP) has been subject to repeated reform to ensure that it addresses its original objectives (as enshrined in the Treaty of the EU) as well as changing political demands. In the light of current challenges, the "two pillar" system of agricultural support has proven not to be fit for purpose. It is neither effective nor efficient from the perspective of sustainable food production, rural development, environmental protection or supporting farmers.

As time is pressing – due to the multiple crises of environmental degradation, loss of economic opportunity in the farm sector and erosion of trust in the EU as a whole–, by 2021, at the latest, there must begin a major shift in the policy towards economic, social and environmental sustainability across the agriculture and food sector.

This requires a major reform and a new set of policy objectives and instruments.

BirdLife Europe & Central Asia and its EU partners call for a new European Food and Land-Use policy for Europe. It would be designed to meet today's challenges as set out in the Sustainable Development Goals (SDGs) that have been approved by all EU Heads of State and governments and adopted by the European Commission as the guiding principle in all its work. Special attention should be given to tackling climate change, improving public health, sustaining rural populations and restoring Europe's biodiversity.

Vision

BirdLife Europe & Central Asia and its EU partners' vision for a new policy centres on a healthy agriculture sector - diverse in terms of farming types, produce and demography – within a rural landscape where our natural resources are managed sustainably and where biodiversity thrives. To realise this vision, the new policy must have a major focus on transitioning the sector to sustainable food production.

The EU's new 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.



Governance structure

Relevance and inclusiveness

The EU's agriculture and food policy can no longer be decided solely by a handful of people with strong vested interests. For the benefit of society, and in line with **European Commission's President** Juncker's commitment to "breaking through silos", the decision making process needs to be expanded to properly integrate all the societal interests affected by this sector: environment, climate, development, health, animal welfare, consumer interests, etc. Effective policy design and delivery requires that key decisions are taken by or with the authorities that are actually competent. This means that:

▶ All consultations and advisory bodies for the new policy must be balanced and fairly represent all societal objectives with full implementation of the partnership principle.

➤ Decisions on the environmental components of the policy must, ultimately, be taken by environmental authorities.

Similarly, the health and nutrition and animal welfare components of the policy must be driven by the relevant authorities.

Principles

The only way to ensure that Europe benefits from generational renewal in rural areas, sustainable management of resources and improved market resilience in the farming sector is to transition to sustainable farming.

The current CAP does not sufficiently help those innovative farmers who wish to transition to sustainable farming methods. We recommend a set of principles that deliver a sustainable transition in not only environmental, but also social and economic terms.

The polluter pays

► A strong legal framework is the basis of this principle. The CAP system of cross compliance (SMR and GAEC¹) has proven to be wholly ineffective in ensuring the protection of the environment. It often creates a perverse incentive by causing farmers - and often those with the most ecologically sensitive land - to destroy habitats simply to retain eligibility for payments or in order to avoid additional obligations. The system should be replaced with a more meaningful set of checks and controls that, whilst not onerous, would ensure that the environment will be protected. This would also include genuine implementation of conditionality ensuring that beneficiaries of payments would, as a minimum, lose such funding if found to be contravening any environmental protection law. This means that Member States must fully implement all the EU's

1: SMR: Statutory Management Requirement and GAEC: Good Agriculture and Environmental Condition

"acquis communautaire" related to agriculture, including the following pieces of environmental legislation: Birds and Habitats Directive, Water Framework Directive, Nitrates Directive, Sustainable Use of Pesticide Directive (including the obligation to use integrated pest management). We also believe that the EU is lacking crucial legislation on the protection of soils which must be adopted as soon as possible. Conditionality should also apply to any relevant national level legislation.

- ► Ending environmentally harmful subsidies and incentives is essential. Land managers who pollute the environment should not be entitled to receive public money. Apart from certain transitionary periods, public money should not be used to simply pay (or compensate) for compliance with the law. This is especially the case with the basic safeguards for ecosystem functions related to water, soil, air and climate. Public incentives are needed in areas where society depends on the active intervention of farmers, particularly in the area of nature conservation.
- ► Create a real disincentive to pollute through the introduction of a levy on the products responsible, mainly artificial fertilizers and pesticides. This should be initiated at an EU level, however any lack of progress at this level should not prevent Member States from taking the initiative.

Making payments fit for purpose

The current CAP includes contradictory aims within both pillars and is both highly inefficient and complicated. In particular, the "Basic Payments Scheme" is not meeting its objectives and jeopardizes the long term via bility of the sector. The distribution of the Basic Payments Scheme results in over 80% of the funds going to less than 20% of farmers, severely failing the average farmer. For example, land prices can be pushed higher by the capitalization of payments into land values while policies that reinstate coupling and schemes to increase herd sizes also create long term structural problems for the farming sector. In addition, it is also unjustifiable to spend public money on farming systems that pollute the environment, leading to the degradation of water, air or soil quality, and in turn prompting biodiversity loss or exacerbating climate change.

BirdLife Europe & Central Asia and its EU partners do not see a justification for any unconditional basic payment or single area scheme and therefore proposes to replace the current system with an entirely new one. BirdLife and its EU partners propose moving away from the two pillar system and establishing the principle of "paying public money for public goods" which entails that those producers that are not managing land sustainability should not receive any public support. While transition periods may be required, it must be ensured that, from the next EU financial period,

public support should no longer pay for environmentally damaging farming practices. Otherwise, taxpayers' money would continue to be used to create costs for society that then have to, if at all feasibly, be paid by taxpayers again. In areas where there is a clear need for targeted payments from the state, such as biodiversity action, a contractual approach should be chosen, where farmers or foresters who chose to deliver certain services to society can earn income - as opposed to the current practice where only "income foregone" is reimbursed. Objectives must be evidence based, transparent to both recipients and tax payers alike, and results must be measurable at the relevant scale.

Ensuring sustainable rural development

Though managing to deliver some crucial environmental outcomes, the current Rural Development "pillar" still retains many environmentally harmful measures and must be reformed to facilitate the transition to a sustainable food and farming system. Many Member States are using Pillar II funds to finance measures that further intensify production beyond ecological boundaries. Recent crises clearly indicate that overproduction and regional specialisation lead to increased exposure to price fluctuations, creating more structural risk. There is also considerable underfunding for the positive measures within Rural Development programmes, and

^{2:} The Basic Payment Scheme capitalization is a large factor increasing land value, preventing new entrants and generational renewal. The scheme is also named the "Single Area Payment Scheme" in some Member States.

environmental authorities are quite notably marginalised from measures to conserve biodiversity as well as monitoring and enforcement. A future policy without the "two-pillar" structure must ensure that rural communities benefit from initiatives that meet sustainable criteria to ensure long term prosperity. BirdLife Europe & Central Asia and its EU partners recommend replacing the positive aspects of the Rural Development pillar with other tools, such as a transition instrument and a nature financing instrument. In the long term, regional development in rural areas could be addressed by the EU's regional policy.

Managing risk in sensible ways

BirdLife Europe & Central Asia and its EU partners oppose the introduction of publicly financed risk management instruments that insure against price volatility. BirdLife and its EU partners believe that the use of risk management tools for price volatility is counterproductive in many ways. It provides a further incentive for unsustainable intensification and specialisation. It also does not contribute to addressing any environmental challenges, and may very likely make them even worse, potentially creating the "moral hazard" of unsustainable practices. Furthermore, it will divert CAP funds away from land managers instead of being used to support land managers in the transition to sustainable land management by incentivising important biodiversity measures.

The principle of risk management should be promoted through farm diversification and knowledge transfer, rather than complex and costly financial instruments.

Establish a new model for funding nature conservation

In order to reverse biodiversity decline in Europe, there must be a renewed focus and emphasis on protecting and re-establishing nature across Europe. This requires a major new funding stream in the next policy. This also means that this part of the policy should be developed by decision makers with expertise in nature conservation, and should be comanaged by those at Member State level with responsibility for protecting the natural environment.

Creating a food policy for Europe

The next policy should dedicate due attention to sustainable and healthy consumption. With many diet related problems in Europe, we cannot create a new policy that turns a blind eye to food and health issues. This must include tools (educational, etc.) that 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. The next policy would put an end to public support for, and incentivise the replacement of, the production and trade of foodstuffs that harm public budgets through environmental or health costs such as industrial meat production.

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 the EU's commitments and objectives, at both a European and a global level, to the environment, health, animal welfare and climate. Coherence with EU renewable energy objectives needs to be ensured by limiting support to only sustainable forms of bioenergy. 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.



Objectives

According to BirdLife, the new policy must facilitate the transition of the EU's food and farming system to environmental, social and economic sustainability across all sectors, in particular by:

- ▶ Ensuring the sustainable production, processing, trade and consumption of food and other products without harm to the environment in the EU and elsewhere, in line with the Sustainable Development Goals.
- ▶ Providing adequate financial support for farmland, forest and other terrestrial biodiversity action in the EU, in particular by cofinancing the implementation of the EU Nature Directives.
- ► Creating conditions for healthy, transparent and informed consumption of food in the EU.
- ► Minimising food waste and developing the circular economy.

The next policy must replace the outmoded two pillar system, using sustainable development as a future framework for the policy. The main focus of the next policy should be on transition with a significant amount spent on one off temporary investments. The underlying principle should be that those farmers who deliver high levels of public goods are those that could receive public money to improve their income. The reform should apply the "contractual" approach to all funding between farmers, land managers and society. Any new payments system should build upon existing programmatic approaches to payments, with explicit objectives at a national or regional level, which would be assessed by the European Commission to ensure that all payments have a clear public interest, and that environmentally harmful practices do not receive public funding. The partnership principle, giving stakeholders a say in the implementation of the

policy, should also be respected.

The European Food and Land-Use Policy's funding structure

The future policy must, once the current EU financial period ends, replace the CAP's current two pillar system with a new set of funds that serve the principle of an EU "budget for results". While a transition period will be required, the new structure must be determined from the very start of the next financial period, with a clear timetable to its completion. The four instruments of the future policy are:

➤ "Space for Nature instrument". An area-based entry level payment scheme for dedicating a varying percentage of each farm to non-productive use only, thereby fostering biodiversity and ecosystem services.

- instrument". This instrument establishes a central mechanism for financing from the EU budget to cover 75% of costs for implementing the EU nature legislation and key other biodiversity measures on land. This fund must contain at least 15 billion EUR per annum and provide attractive income generating payments for public services ensured by farmers and land managers.
- ▶ "Transition instrument for sustainable farming". With the long term goal to make farming sustainable and independent from public subsidies, this temporary investment fund (limited to two financial periods of the EU) should help farms switch to a high-quality, nature-and-animal-friendly and profitable economic model and invest in healthy, economically diverse rural areas.
- ▶ "Sustainable Food instrument". Given the importance of food and health for the European population, specific investments are needed to build up sustainable value chains, reduce food waste and promote the healthy and environmentally sound consumption of food.

A public goods payment "Space for Nature instrument"

In light of the major failure of current "greening" requirements

within the basic payment system, and the need for simplification, BirdLife proposes a simpler and more effective voluntary system to ensure actual biodiversity conservation across the agricultural landscape, entitled the Space for Nature instrument.

The aim is to ensure that natural vegetation can be found across the rural landscape, such as fallow land, flower strips or and landscape features. The payment is considered to be an "entry level" measure, allowing easy accessibility for the vast majority of farmers and contributing, together with legislation and targeted schemes, to the health of larger ecosystems in rural areas. There should also be the option to have multiannual agreements to create long term habitats in the agricultural landscape.

The Space for Nature scheme consists of a contractual payment for dedicating an area of land to non-productive use and biodiversity conservation. The payment is established at farm level, where a payment is proportional to the amount of actual area dedicated as a "Space for Nature". The scheme would apply to both rotational and permanent crops as well as grassland systems. The agreements would also involve a ban of the use of chemical inputs, any tillage or cropping in the dedicated nature areas that is not

strictly needed for the achievement of biodiversity goals. The entry requirement for the scheme would be based on a minimum measurable size, set at national level.

This measure would be beneficial to a multitude of ecosystem services as it would likely host much functional biodiversity such as pollinators and pest predators, which are necessary for the long term viability of our agricultural production as well as other farmland biodiversity, but also serve the preservation of other natural resources such as water and soil.

Nature and Biodiversity Instrument

So far, despite legal requirements and global commitments, the EU has failed to provide adequate cofunding for the implementation of its biodiversity strategy and nature conservation legislation3. At the same time the CAP has been found to severely undermine the objectives of the EU's biodiversity policy⁴. As a consequence, a new European Food and Land-Use Policy must have a significant strategic focus on tackling the biodiversity crisis. The policy should contain the central EU financing tool to pay for biodiversity action undertaken by farmers and other land managers, following a contractual, incomegenerating approach such as

^{3:} The European Commission concluded from its Fitness Check of the Birds and Habitats Directives: "The evidence strongly indicates that achievement of the objectives of the Directives requires a significant effort, both in terms of better use of available funding at EU and national level (leading to improved capacity to absorb and apply the funds in a targeted and cost-effective manner, including through result based payments) and increase total resources allocated to it..." (European Commission 2016: Staff Working Document "FITNESS CHECK of the EU Nature Legislation (Birds and Habitats Directives)" SWD(2016) 472 final).

^{4:} Milieu, IEEP and ICF (2016) Evaluation Study to support the Fitness Check of the Birds and Habitats Directives.; Pe'er, G., L. V. Dicks, P. Visconti, R. Arlettaz, András Báldi, T. G. Benton, S. Collins et al. "EU agricultural reform fails on biodiversity." Science 344, no. 6188 (2014): 1090-1092.

through targeted agrienvironment measures. To this end, it is necessary to establish a distinct financing instrument within the new policy.

The new Nature and Biodiversity Instrument must be a distinct funding stream, programmed and steered by environmental authorities. Based on existing needs assessments, the tool requires at least 15 billion EUR per annum, with an additional average financing from Member States of 5 billion EUR per annum⁵. Financing from the Nature instrument must be clearly earmarked without any possibilities to use this funding for other purposes than nature conservation and biodiversity.

Beneficiaries of the Nature instrument would be all who implement the eligible measures, in particular "farmers, forest holders and other land managers" (e.g. arable or permanent crop farmers, shepherds or farmers with livestock, land and forest owners, managers of fishponds, etc.), but also public bodies, foundations and environmental organisations.

The priorities of the instrument are to support Member States in:

- ► Restoring and maintaining species and habitats of EU importance to a favourable conservation status.
- ► Completing and managing the terrestrial Natura 2000 network according to legal requirements.

► The undertaking of other key targeted biodiversity measures, as well as monitoring and communication activities that underpin the achievement of EU biodiversity policy.

In addition to this tool, targeted and priority nature conservation projects must be supported by a significantly strengthened LIFE programme (managed by the European Commission), with a least 1 billion EUR per annum for biodiversity ⁶. Landscape scale ecosystem functions and sustainable regional development should be funded, in selected transboundary areas through a new funding option under the "Connecting Europe Facility" in the form of Priority Trans-**Boundary Green Corridors (TEN-G**) 7 .

While the "Space for Nature Instrument" and the "Nature and Biodiversity Instrument" have separate aims, there is the possibility for the latter to complement the former by adding additional management requirements, and also better results, to the same area in return for higher levels of public support.

Transition Instrument for Sustainable Farming

The most effective way to ensure Europe benefits from generational renewal in rural areas, sustainable management of resources and better market resilience in the farming sector is a transition to sustainable farming, both economically, socially and environmentally. A key element of the new policy should, therefore, be an investment stream for the transition to sustainable farming, allowing farmers to access the required finances to change their farm structure, management practices and infrastructure. As an outcome, farmers should be able to meet ambitious legal requirements as well as to generate an adequate income, without permanent basic subsidies.

The investment instrument should include an improved system of advisory services for farmers, which will include training, information provision for innovation, cooperation and association promotion, capital investment grants as well as support for land management planning. The instrument would allow the policy to reorient its focus towards: a new rural economy, higher environmental and animal welfare standards, support for switching to organic farming, the objective of a circular economy and sustainable bioeconomy, as well as farm business diversification and short supply chains. The instrument should take a "whole farm approach", ensuring that the entire farm holding transitions and not simply aspects of it. It would also be designed for specific sectors, with recommendations and requirement for each system, such as dairy farming. The investments would focus on a farmer's ability to "add value" rather than increase

^{5:} Based on studies undertaken at EU and national levels in the last years, BirdLife roughly estimates the needs for implementation of the EU Nature Directives and key other biodiversity action at around 20 billion EUR annually.

^{6:} Biodiversity action in coastal and marine areas should benefit from a further reformed European Marine and Fisheries Fund.

^{7:} BirdLife EU Birds and Habitats Directive Taskforce (2016) BirdLife Position on the Trans-European Network of Green Infrastructure.

production and illustrate that the total environmental impact is being reduced across the farm.

This instrument, programmed by Member States, should take the form of multi-annual payments for projects, but each measure or programme should have a clear set of objectives which can be checked against its social, economic and environmental impacts as well as strong monitoring and evaluation, providing safeguards to ensure genuine sustainability. It should, by its very nature, be time-limited to one or two EU financial periods. However, several features of the current rural development pillar should continue as part of the investment fund; during the transition period, the latter would ensure the sustainability of rural communities, through the existing systems of grants and financing, such as the LEADER Programme. In the long term, this objective could be taken over by the EU's Cohesion Policy.

Sustainable Food Instrument

Tackling issues in the food system should be a key priority of the next policy. The new European Food and Land-Use Policy must be more coherent with the consequences of the production, trade and consumption patterns it supports. Europe needs a holistic approach to ensure that its food system is sustainable enough to tackle issues such as our environmental footprint, nutrition and health (including food waste and dietary changes). This requires changes to both existing legislation and to the implementation of existing

legislation (e.g. food and hygiene and public procurement legislation). However, there is a role for limited and targeted use of public funds within the new policy.

Primarily, it must only support the production of sustainable foods, including the climate impact as well as tackling the 30% food wasted in Europe. Secondarily, it should also support sustainable and healthy value chains, trade and diets. For the latter, a dedicated funding instrument should be established. This next instrument should:

- 1. Establish and fund active waste reduction programmes. Alongside climate change, the largest threat to food security is food waste. An estimated 30% of food is wasted in Europe, and a Europe-wide strategic approach is required. The new policy should include binding national action plans, which look at the whole value chain and put a special focus on eliminating food waste in public institutions. The funding instrument should support pilot projects in these areas, as well as data gathering and research on, for example, the impact of EU food product standards on food waste.
- 2. Create new investments in the establishment and facilitation of sustainable, transparent and short supply chains, for example through regional marketing strategies and labelling along the whole value chain. Tackling issues in the food system should become a major priority in the next policy. The current system is disempowering both the producer

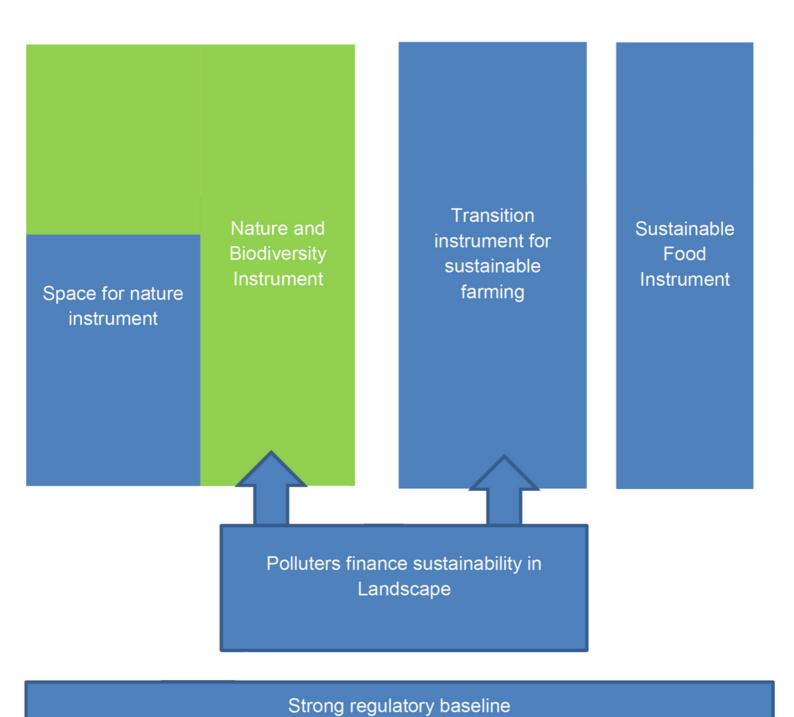
and the consumer in price and knowledge respectively.

- 3. Develop information campaigns and facilitate knowledge transfer and innovation grants and establish a coherent approach to Europe-wide public information on healthy, environmentally sound and sustainable diets for consumers.
- 4. Increase spending on school and childhood nutrition programmes. The budget for the fruit and vegetables component of the existing School Scheme should be increased and provide higher co-finance rates for schools in socially deprived areas.

Raising Revenue from polluters

The next policy should establish a system of revenue raising measures to further disincentivise irresponsible or unsustainable land management practices. In particular, BirdLife Europe & Central Asia and its EU partners call for the progressive taxation of pesticides and synthetic fertilisers. The proceeds from this taxation system can be fed back into the agricultural sector by funding other parts of the policy, such as the Transition and the Nature instruments.

ANNEX 1



BIRDLIFE'S EU PARTNERS





























































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