



WWF

POSITION
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TOWARDS A COMMON AGRICULTURAL POLICY THAT WORKS FOR PEOPLE AND NATURE

CAP post-2020 reform orientation and future policy instruments

WWF is determined to support the development of a new Common Agricultural Policy (CAP) that helps to build sustainable food systems and safeguards the planet's natural environment and resources.

A new CAP should serve sustainable farmers and rural communities, who are the prime caretakers of Europe's landscapes.

OVERVIEW

Agriculture and nature are inseparably linked. Agriculture relies on healthy nature and ecosystem services, which underpin farmers' livelihoods and people's wellbeing. At the same time, unsustainable farming practices are an important driver of biodiversity loss and environmental degradation. A transition is needed towards truly sustainable food and farming systems that work for people and nature.

EU institutions and national governments should address today's environmental and societal challenges responsibly. They must deliver on national, European and international commitments such as the Agenda 2030 for Sustainable Development and the Paris Agreement.

The current Common Agricultural Policy (CAP) is not fit for this purpose. WWF therefore calls for the CAP to be re-designed in order to support the necessary transition in agricultural practices, and asks for:

1. Programmed and targeted schemes to become the core of this policy;
2. Coherence with other EU and global policies and a widened governance structure.

WWF calls upon European institutions to engage in the reform for a sustainable CAP post-2020, with the following orientation:

- A. The next CAP should establish a new contract between farmers and society;
- B. The CAP should be made coherent with, and help fully implement other EU policies and international agreements;
- C. A fair and sustainable alternative to direct payments should be implemented to deliver on environmental challenges, nature and societal demands;
- D. Cross-compliance and greening requirements should be revised and restructured;
- E. Rural development and environmental measures should be reinforced in the next CAP.

INTRODUCTION

Agriculture is part of the solution

Farmers' core business is to produce food, fibre and other essential products. These activities have largely shaped European nature and rural landscapes. Sustainable agriculture is the key to producing food within the capacity of the planet while maintaining the ecosystem services it depends upon, like healthy soils, clean water and pollinating insects. These ecosystem services are essential for good quality and healthy food and underpin the development of strong rural economies and local communities. Nevertheless, currently most markets do not pay enough to ensure a viable income from sustainable production. Fair markets and supply chains, together with a reformed agricultural policy, are necessary to mainstream more sustainable farming practices, and offer an attractive and promising future for farmers.

A different CAP is needed to support the necessary change

A reformed CAP is essential for a transition to a sustainable European agriculture model, in which the EU fosters diversified, climate- and market-resilient farm businesses. These businesses can then provide healthy food, protect natural capital, address climate change and safeguard ecosystem services for future generations. The CAP should reward farmers and land managers that preserve water, soil and biodiversity, and contribute to building resilient rural landscapes. At the same time, it should guarantee that animal welfare is respected and avoid the negative impacts of our agriculture outside Europe. A fair, effective and efficient policy can ensure that sustainable farming gets adequate support and that existing negative market incentives are corrected. This requires the polluter pays principle to be reinforced, and using public money to pay for public goods.

The current CAP is not fit for purpose

The current CAP is largely a result of policy priorities and instruments developed for the challenges of the last century. It has strengthened resource intensive farming, increasing pressure on nature and depleting the natural resources that agriculture itself relies upon. At the same time, other farming systems that provide more public goods have been marginalised by this policy. At present, approximately 80% of the money used for direct payments goes to 20% of the farmers in Europe. This CAP is not fit for today's societal and environmental challenges. A reform is necessary to meet the needs of farmers and citizens, preserve our planet and secure sustainable food production for the future.

WWF in the field: supporting High Nature Value (HNV) farmers for improved marketing of products

In collaboration with agricultural producers and public partners, WWF has implemented successful initiatives aimed at increasing the income for High Nature Value farmers in Bulgaria. Through the use of local labels for organic food and honey, and the promotion of traditional breeds of sheep, adapted to these areas, producers have obtained market access and recognition. The producers acknowledge the value and take active care of the ecosystem services they depend on for their livelihoods.



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KEY POLICY CHANGES FOR THE CAP POST-2020

1. Programmed and targeted schemes at the core of the Common Agricultural Policy

Programmed and targeted schemes must become the core of a modernised CAP. It must be **clear what any payment or policy measure is trying to achieve** and results should be quantifiable and measurable against robust baselines. The objectives of these schemes should reflect the EU goals for nature and climate and the ecological and socio-economic needs of rural areas, while also taking into account the impacts of our food and farming system outside Europe.

Overall, the core of the policy should shift from the current subsidy entitlements towards fair contracts between farmers and society. Through **careful national and regional programming** of the schemes and a common monitoring of their implementation and results, the agreed EU priorities can be adapted for each territory appropriately. By including all schemes a farm is engaged in under a single multi-annual contract, effectiveness would increase, control would be simplified, and the internal coherence of CAP payments would improve. In the design and implementation of the schemes on the ground, locally-led and participatory approaches should be required, involving farmers and all relevant stakeholders (local authorities, NGOs, etc.) in all phases of the process.

“EU subsidies should be linked to activities that promote reaching more diverse and healthy soils and less pesticide use. Nature and agriculture must work together.”

Olivier Mehuys,
young Belgian farmer,
May 2017

The existing direct payment system needs to be replaced by **a fair alternative system to reward public goods and support the transition** to sustainable agriculture. An alternative scheme for farm sustainability could be based on simple agro-ecological principles that maintain and enhance key ecosystem services for agriculture, such as soil fertility, water availability and retention, pollination and natural pest management. This scheme should also seek to minimise the use of non-renewable natural resources and contribute to mitigating and adapting to climate change. While most farmers should be able to access these basic sustainability payments, higher levels of ambition and **sustainability must be better rewarded** to provide the right incentives under a coherent framework. Such changes in direct payments constitute an important evolution in farming and policy, as pure agronomic productivity would no longer be the only indicator for success.

An appropriate policy framework involves not only paying to encourage certain farming practices, but also giving **support to investments, training and advisory systems that will assist in the transition to sustainability**. Support for High Nature Value and Natura 2000 farming must be ensured in the system, based on the ecological, social and environmental benefits they produce, such as protecting and enhancing specific biodiversity, or maintaining food production and livelihoods in remote rural areas. Specific result-based schemes (see box on page 6) will be needed to support farming that produces very high levels of public goods, like those targeting complex ecological outcomes.



WWF in the field: developing a new revenue model for biodiversity in agriculture

In partnership with a dairy cooperative and a bank, and support from a research institute, WWF is developing a farm-level scheme based on Key Performance Indicators in the Netherlands to quantify biodiversity results in an integrated and holistic way.

This biodiversity monitor can be used to reward dairy farmers through supply chain partners. Farmers participating in this results-based scheme will be rewarded through a premium on top of the milk price, and can access low interest rate financing conditions for their businesses. Potentially, the biodiversity monitor could also be used for results-based agri-environment schemes, including under the CAP.

2. Coherence with other EU and global policies and a widened governance structure

The CAP must be coherent with other European policies, and synergies with structural and cohesion funds must be increased to secure living rural areas. The CAP must **contribute to the full implementation and enforcement of existing legislation** on biodiversity, health and the environment, including the Birds and Habitats Directives, the Water Framework Directive and Nitrates Directive, the Sustainable Use of Pesticides Directive and National Emission Ceilings Directive. Such key environmental legislation must be better integrated into the CAP to **prevent perverse subsidies**. Farmers must be provided with the necessary support and advisory services to fully comply with existing legislation and, with adequate incentives, to take bigger steps towards sustainability.

“The necessary integration and coherence of CAP proposals will only be achieved if they are initiated by the joint inputs of several DGs within the Commission and then negotiated by joint agricultural and environmental Parliament Committees and Councils.”

Franz Fischler, former EU Commissioner for Agriculture, and Cees Veerman, former Dutch Minister of Agriculture, June 2017

A major objective of the CAP must be **to contribute to international agreements signed by the EU**. It must help meet the relevant Sustainable Development Goals, such as implementing resilient agricultural practices, the sustainable management and efficient use of natural resources, reducing water pollution and increasing water-use efficiency, halting land degradation and biodiversity loss. Taking urgent action on climate change, as pledged in the Paris Agreement, should also be among the primary objectives of a modernised CAP.

Due to the interrelation of agriculture with many other areas (nature and environment, water, food, health, climate, regional cohesion, international trade and development, etc.), the CAP should have a widened governance system which goes beyond the usual agricultural stakeholders. **The CAP needs to be designed, agreed, implemented and monitored jointly with other relevant authorities and policy makers.** Most notably, CAP funds should be managed closely with environment authorities, who should also have a greater responsibility in policy design. Furthermore, open and transparent public participation in the CAP decision-making process is needed, not only at the EU level, but also at national and regional levels.

REFORM ORIENTATION AND POLICY INSTRUMENTS

The Common Agricultural Policy is at a crossroads: taking the right direction now is essential for this policy to **regain its legitimacy towards EU citizens and taxpayers**. The Public Consultation on Modernising and Simplifying the CAP launched in February 2017 showed clearly that continued public support is needed to ensure a fair remuneration for farmers, and what society is demanding in exchange for this support: **stepping up efforts to preserve our environment**, enhance biodiversity and tackle climate change.

The next CAP must put Europe's food and farming systems **on track towards real sustainability**, ensuring that planetary boundaries are respected, society's expectations are met and the European nature and biodiversity objectives are achieved. WWF calls upon European institutions to engage in an in-depth debate about the future of the CAP, taking the following reform orientation into consideration.

A. The next Common Agricultural Policy should establish a new contract between farmers and society

Overall, the next CAP should offer an effective and coherent policy framework, combining different levels of co-funding and subsidiarity in a simple way, and making the distinction between the current pillars irrelevant.

All schemes a farm is engaged in should be included under a **single multi-annual contract** for the farm business, offering stability to farmers and detailing clearly the commitments undertaken, targets to be achieved and measures to implement. These should be directly **related to improved sustainability performance** of farms and to enhancing biodiversity and environmental quality.

The largest share of the CAP budget should be shifted progressively to programmed and well targeted schemes, following the best existing examples of Rural Development policy implementation. This should offer Member States sufficient flexibility to **achieve the objectives and priorities agreed** at the EU level while responding to their regional specificities. Overall, CAP payments should be based on the principle of 'public money for public goods', and avoid any public support for practices with negative environmental impacts.



**More than 258,000 citizens and 600 organisations
and businesses joined the #LivingLand call
for an overhaul of the CAP**

www.wwf.eu/living_land

B. The CAP should be made coherent with, and help fully implement other EU policies and international agreements

“The biggest challenge our generation and our kids' generation face is that we now have to decrease the burden we put on Mother Earth.”

Frans Timmermans, First Vicepresident of the European Commission, June 2017

Agriculture is closely connected to many other policy areas, so achieving policy coherence should become a central objective of the next CAP. In this regard, it will be particularly important that **environmental authorities play a key role** in the future CAP design and implementation. Indeed, they should **co-manage the CAP instruments related to their area of work**, such as the current cross-compliance, greening, agri-environment, climate and forestry measures, Water Framework Directive and Natura 2000 payments or investments related to those schemes.

Payments to farmers and land managers to achieve environmental and nature conservation outcomes would continue to be managed within the existing agencies, but their **design and content would need to follow the existing planning instruments** (like the River basin or Natura 2000 management plans). In any case, such schemes would have to be formally approved by the relevant environmental authority, which will also monitor the results and work closely with the agricultural authority managing the rest of the CAP.

Further, environmental authorities should be empowered to demand a revision or removal of **CAP instruments identified as environmentally perverse**: i.e., undermining the achievement of targets set by the EU environmental policy and international agreements like the UN Convention on Biological Diversity.

WWF in the field: promoting biodiversity in organic farms

With the “Agriculture for Biodiversity” project, WWF is working closely with more than 70 organic producers in Germany. Farmers receive tailored advice to increase the diversity of species on their farmland using a large variety of measures, which have been designed with the scientific support of a research institute. If a minimum score is achieved, their products can be labelled distinctly when sold by the major retailer supporting the project.



C. A fair and sustainable alternative to direct payments should be implemented to deliver on environmental challenges, nature and societal demands

A large body of evidence shows that decoupled payments, which have played an important role as a transition period since the 2003 Fischler reform of the CAP, now **need to be fully restructured into a more effective system**, which will be fairer for farmers and respond better to societal demands and environmental challenges. Therefore, the next CAP must shift away from basic payments which are based on entitlements or on a flat rate. The new system should take into account the sustainability needs and public goods generated in different farming systems.

An alternative “basic farm sustainability scheme” should be implemented for active farmers, avoiding the use of past payment reference levels or the income foregone approach. This scheme should be **designed to assist in the transition to more sustainable agriculture** and reward the provision of public goods. Farm labour and the creation of employment, particularly for young people and women, should also be a factor to consider in the system to ensure a more sustainable future for our rural areas.

“The necessary transition is not limited to agriculture and not only to the European Union. It involves all economic sectors, all society, and all nations.”

Janez Potočnik, Chairman of the Rise Foundation, former EU Commissioner, 2017

Payments in this scheme must favour continuous improvements in farm management and the adoption of practices that **protect the natural capital agriculture depends upon, and deliver benefits** such as higher levels of soil fertility and carbon storage, preserved water resources and higher water quality, or optimised use of inputs and non-renewable natural resources. In this basic farm sustainability scheme, higher commitments to sustainability must be **better rewarded to provide the right incentives** to farmers willing to do more.

Overall, the next CAP should prioritise support to farms with the potential to produce more public goods (e.g., agroecological, organic, low-input, HNV farming), including those located in Natura 2000 sites and remote or mountainous areas. Indeed, the current system of **‘support for producers’ should evolve towards ‘support for production methods’**, which calls for instruments that can sustain specific management practices within a sector.

Risk management tools should be carefully deployed, paying particular attention to **fostering lower-risk diversified production at farm level**, with the adequate training and support from advisory services. Further tools to address market risks should not incentivise farmers to engage in inappropriate investments and farming practices, and should avoid any undesirable environmental and social consequences, both within and outside the EU.

WWF in the field: working to restore semi-natural pastures and their active management

In Sweden, over 30,000 ha of pastures have been restored and livestock infrastructure renewed or installed, as part of the efforts to bring back biodiversity-rich semi-natural pastures in nationally important cultural landscapes. WWF has facilitated contact between private stakeholders and regional and local organisations which has led to the involvement of 700 farmers in the programme. These farmers are obtaining additional income for the restored grazing activities.



D. Cross-compliance and greening requirements should be revised and restructured

All public payments should be underpinned by **a strong regulatory floor**. Several of the current straight-forward requirements for greening payments should be consolidated in the future CAP into cross-compliance, as they are basic standards for good environmental and farming management in Europe. Furthermore, given the relevance of the water and agriculture nexus, **key obligations of the Water Framework Directive** should also be integrated into the cross-compliance system, covering requirements related to both water quantity (e.g., water metering for irrigation) and quality (e.g., pollution by phosphates and pesticides). Equally, the Sustainable Use of Pesticides Directive should also be reflected as a basic standard to receive public support, and specific elements of cross compliance should also be set for forest related measures.

In order to improve farming practices appropriately, and deliver the expected environmental benefits, **greening and other direct payments should be replaced by the aforementioned 'basic farm sustainability scheme'**. Ideally, this scheme should be designed with a programming approach: Member States should propose nationally or regionally adapted measures targeting strong and clearly defined EU objectives for their evaluation and approval by the European Commission. Member States would have to use a common framework of indicators to measure their baseline level on the EU objectives, and monitor the progress made towards those objectives with their choices.



WWF in the field: contributing to the sustainable management of HNV farms

WWF is working with landowners, farmers, shepherds and other experts to implement a sustainable management model for dehesas and montados, a High Nature Value livestock farming system found in Spain and Portugal. This has led to more than 3,500 ha being managed with best farming practices through agreements with key farmers, owners and managers. An Iberian Alliance for dehesas and montados will also be launched, with the co-lead of farm owners and managers.

E. Rural development and environmental measures should be reinforced in the next CAP

“Policies must incentivise the delivery of environmental public goods, including the preservation of Europe’s natural and cultural heritage.”

Cork 2.0 Declaration: A better life in rural areas, 2016

Rural development policy should be further reinforced in the next CAP, in the spirit of the **Cork 2.0 conference and declaration**. There are strong calls to fully integrate and better address challenges related to the environment and climate change with CAP funds, so expenditure earmarked to these areas should also be significantly raised.

Achieving **healthier and more sustainable consumption patterns** in Europe should be a new policy objective supported in the next CAP, with an integrated “field to fork” approach so that planetary boundaries are no longer transgressed by our food and farming systems.

In the design and implementation of rural development schemes, locally-led and **participatory approaches should be favoured**, involving all relevant stakeholders. When appropriate, schemes may include a combination of prescriptive (with a high likelihood of achieving expected outcomes) and results-based measures (where the farmer or land manager decides on the specific pathway to achieve the desired result).

Collective action and cooperation by groups of farmers should also be incentivised, so as to achieve results at the landscape level. Packages of measures comprising the different tools available (e.g., support to investments, capacity building, agri-environment) should be prioritised to address the different aspects of sustainability jointly and coherently.



WWF in the field: supporting carbon storage in farm soils

Together with Austrian farmers and a major food retailer, WWF is engaged in the “Healthy Soil for Healthy Food” project to foster soil conservation farming methods such as fertilization with compost rather than commercial fertilizer, minimum tillage, permanent green cover and crop rotation. WWF provides expertise and knowledge regarding soil issues, while the food retailer buys the agricultural produce and pays a bonus of 30€ per stored ton of CO₂ in soil to the farmers involved in the project. The farmers produce mainly vegetables (cabbage, tomatoes, onions, carrots and three different kinds of salads) on 1,000 ha of land, and the produce is sold locally.

60%

Food systems are responsible for 60% of terrestrial biodiversity loss

50kg/ha

Nitrogen surplus in EU farms is 50kg per hectare, causing water pollution



80%

Livestock accounts for 80% of greenhouse gas emissions from agriculture

258,708

258,708 citizens asked the EU to overhaul its Common Agricultural Policy



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Why we are here

To stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature.

www.wwf.eu

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