

**REPLIES OF THE EUROPEAN COMMISSION TO THE EUROPEAN COURT OF
AUDITORS SPECIAL REPORT:**

**“BIODIVERSITY ON FARMLAND: CAP CONTRIBUTION HAS NOT HALTED
THE DECLINE”**

EXECUTIVE SUMMARY

Common Commission reply to Paragraphs I – VII

The biodiversity strategy adopted by the Commission in 2011 includes six targets, including target 3 on the contribution of agriculture and forestry. Whereas the agriculture target is general, the related actions are more specific.

Concerning the agriculture target, improvement of biodiversity is measured against the quantified enhancement targets for the conservation status of species and habitats of EU interest in target 1 and the 15% restoration of degraded ecosystems under target 2.

The Commission considers the coordination between EU policies to be adequate and underlines that the measurement of genetic diversity is under the responsibility of Member States. The mid-term review of the Biodiversity Strategy concluded that the Common Agricultural Policies (CAP) design is fit for its objectives: the CAP reform for 2014-2020 provides a range of instruments that can contribute to supporting biodiversity. To achieve the target, these measures need now to be taken up by Member States on a sufficient scale. Local examples demonstrate successful sustainable agricultural practices. If implemented more broadly, they could put the EU back on track to achieve the target by end 2020.

The Commission’s methodology to track the CAP budget for biodiversity builds upon the internationally agreed Organisation for Economic Co-operation and Development (OECD) Rio Markers methodology. The Commission does therefore not consider its methodology as unreliable, even if the use of Rio markers are discussed.

As regards CAP instruments, the Commission considers that cross-compliance contributes to reaching ambitious biodiversity goals by linking some CAP payments with a set of basic legislative rules, serving as baseline for incentive measures supported by CAP funds.

Advice under the Farm Advisory System (FAS) is another important element to support farmers applying practices beneficial for biodiversity. Under direct payments, greening has a significant potential to improve the biodiversity situation.

The wide area coverage and the compulsory nature of cross-compliance and greening indeed allow a level-playing field between farmers. In this respect, the Commission has prioritised options with beneficial impact for biodiversity in the current CAP and even more in the proposal for a future CAP.

The Commission does not categorise the different agri-environmental commitments carried out in the Union between “light green” and “dark green” which is a simplified way of describing the very high number of practices supported in the Union. While it is true that more demanding agri-environment-climate measures have a lower participation rate, the Commission considers that the co-existence of different types of such measures, as well as action-based and result-based commitments provide additional public goods and contribute to biodiversity objectives.

The Commission proposal for the future CAP takes stock of the strengths and weaknesses of CAP instruments and includes a consistent and strengthened framework, including an enhanced conditionality, advisory services, eco-schemes in Pillar I and Pillar II measures. Member States will have a wide flexibility to mobilise these instruments in a consistent way for a higher biodiversity

ambition and set them in CAP Strategic Plans, which will be approved by the Commission. The results will be measured through dedicated common result indicators on an annual basis, whereof several concerning biodiversity specifically, and through impact indicators and evaluations.

VIII. The Commission accepts all recommendations. See detailed Commission replies in the section conclusions and recommendations.

INTRODUCTION

02. There are other causes of biodiversity loss in Europe than agriculture intensification. The State of the Environment report from the European Environment Agency (SOER report) stated that *“Europe’s biodiversity and ecosystems face cumulative pressures from land use change, climate change, extraction of natural resources, and invasive alien species”*. Furthermore, the report referred also explicitly to land abandonment and urban sprawl as one of the main causes of the biodiversity decline.

The SOER report stated also that *“the long-term trends in farmland, forest and all common bird and grassland butterfly populations demonstrate that Europe has experienced a major decline in biodiversity¹”*.

Furthermore, the report of the Commission on the mid-term review of the biodiversity strategy mentioned that *“while overall trends continue to be a cause for serious concern, there are many local improvements as a direct result of good agricultural practices and biodiversity measures under the CAP, in particular under the agri-environment measures and in Natura 2000 sites. Such successes carry an important message on the achievability of the 2020 biodiversity target, but would need to be spread wider to achieve measurable results at EU level”*.

The Commission considers that the German study did not analyse the richness of insect species. In addition, the article did not test the hypothesis of agriculture as the driver of biomass loss, but of other drivers, finding no clear causal links. Finally, the results of the study do not necessarily reflect the situation at EU level.

03. The common farmland bird indicator has been decreasing statistically significantly at EU level from 1990 to 2017 at a rate of 1.47% per year. The decreasing trend shows a levelling of the decline between 2009 and 2017.

Pressures on farmland bird populations are exercised by a combination of drivers, including land cover conversion (e.g. urbanisation), land abandonment, climate change, invasive alien species and agriculture.

04. The European Grassland Butterfly Index presents representativeness limitations. Currently the grassland butterfly index is based on monitoring in 14 Countries, with 75% of the monitoring sites only in three countries including United Kingdom, Netherlands and Germany. Even excluding the United Kingdom, EU Western countries account for 74% of transects. Northern (14%), Southern (11%) and Eastern Europe (1%) are under-represented².

The Commission has launched a pilot project (Assessing Butter Flies in Europe – ABLE, <https://butterfly-monitoring.net/able>) to increase the number of monitored countries.

¹ “This has been primarily due to the loss, fragmentation and degradation of natural and semi-natural ecosystems, mainly caused by agricultural intensification (Donald et al., 2001; Van Dyck et al., 2009; Jeliazkov et al., 2016), intensive forest management (Virkkala, 2016; Fraixedas et al., 2015), land abandonment and urban sprawl (Chapters 5 and 13). For example, through habitat simplification (e.g. removal of hedgerows and treelines to make fields larger), loss and fragmentation, birds lose their nesting sites and food sources, which adds to population decline (Guerrero et al., 2012). Urban sprawl increases anthropogenic light levels as well as noise levels, which affects the behaviour of singing birds and impairs acoustic communication in birds (Chapter 11).

² In Southern countries, only Spain is partially represented; Portugal, Italy, Greece, Malta and Cyprus are not. In the Eastern countries the representation is marginal, with 12 and 8 transects in Romania and Slovenia, respectively; all other Eastern countries are not sampled. In Northern countries Denmark and Estonia are not represented, and most transects are in Sweden. (See van Sway et al 2017).

05. Natura 2000 is a coherent European ecological network of sites hosting protected natural habitats and habitats of species of EU importance. The most recent national reports under the 6-yearly reporting cycle 2013-2018 under the Habitats and Birds Directives on status and trends of species and habitats are not finalised and currently under evaluation. The figures presented by the Court show the sum of the relevant national data, while a more complex calculation has to be done for the EU. However, national data already indicate that the situation of grasslands habitats is hardly improving since the last reporting cycle and negative trends largely prevail. The European Environment Agency (EEA) stated that pressures and threats for all terrestrial species, habitats and ecosystems most frequently reported by Member States are associated with agriculture.

06. The Commission recognises the concerns due to the declining trends in agriculture-related biodiversity and mentioned by the ECA in the studies (low and intensive farming practices). It should be noticed that these studies do not reflect the entire diversity of the farming systems in the EU.

In addition, one of the studies (Sutcliffe et al) has some limitation on the disadvantages of the CAP due to lack of evidence.

07. The Commission's overall evaluation will also include an on line public consultation, whose results should come out later in 2020. A wider evaluation staff working document on natural resources is scheduled for publication over the first quarter of 2021.

The external evaluation study concluded that due to a lack of data, it was not possible to estimate the net combined impact of the CAP instruments and measures on biodiversity, even in semi-quantitative terms.

Furthermore, the study concluded that the Member States' reporting on sustainable management of natural resources and biodiversity protection was grouped under Priority 4. Therefore, for the future CAP it has been proposed to separate this reporting more clearly.

08. The Commission considers that the first study on the situation in Czech Republic is presenting results related to agriculture intensification and farmland bird abundance, but does not actually demonstrate any evidence of the influence of the CAP on farmland biodiversity.

Furthermore, as regards the German study (Seibold et al.) the authors mentioned that *"it remains unclear which land-use types and arthropod groups are affected, and whether the observed declines in biomass and diversity are linked to one another"*.

12. The CBD Conference of Parties (COP 15) will be postponed to the beginning of 2021. The concrete form of the follow-up action in 2021 is not yet determined.

OBSERVATIONS

19. The contribution of the Nature Directives for protected habitats and species related to agriculture, which provides key actions to tackle biodiversity loss on farmland, shall also be considered: the Action Plan for Nature, people and the economy contains several initiatives and in parallel the Commission launched infringement procedures directly addressing farmland habitats and species.

20. EU policies and strategies have not the same duration.

The EU biodiversity strategy to 2020 was adopted in May 2011 with the objective to halt the loss of biodiversity by 2020, which means for a nine year period.

The CAP reform for 2014-2020 provides a range of instruments that can contribute to supporting biodiversity. These opportunities need now to be taken up by Member States on a sufficient scale. Local examples demonstrate successful sustainable agricultural practices. If implemented more broadly, they could put the EU back on track to achieve the target by 2020 (see mid-term review of the Biodiversity Strategy, paragraph 2).

The future CAP post 2020 will put further emphasis on performance, with several result indicators linked to biodiversity being monitored every year against annual milestones set in the CAP Strategic Plans. These will be complemented by impact indicators and evaluations.

21. The 2015 mid-term review of the biodiversity strategy to 2020 while acknowledging the overall biodiversity loss, also points to many local improvements recognised with biodiversity measures under the CAP. The important message on the achievability of the 2020 biodiversity target on agriculture was that the successes and opportunities need to be taken up by Member States on a sufficient scale.

More recent evidence is provided in the support study on the evaluation of the impacts of the CAP on biodiversity, as well as in the preliminary reporting by the Member States under the Nature Directives (State of Nature 2020, EEA). The evaluation of the EU Biodiversity Strategy is still underway and preliminary study findings should be available from the support study in May – however for target 3a), these will also draw on State of Nature report 2020 and on the evaluation of the CAP on biodiversity.

22. The new EU Biodiversity Strategy for 2030³ (in combination with the Farm to Fork Strategy⁴), which was adopted by the Commission in May 2020, sets agriculture related targets. The Commission proposal for the CAP beyond 2020 explicitly requires Member States to take into account national environmental plans, and their targets, emanating from Union legislation, which include Birds and Habitats Directives.

23. Target 3 is a horizontal target split in two sub targets 3a) for agriculture and 3b) for forestry. The Commission considers that only target 3a) is relevant for farmland biodiversity. It is not in itself quantified. The strategy states that target 3a) aims to bring “*a measurable improvement in the conservation status of species and habitats that depend on or are affected by agriculture and in the provision of ecosystem services as compared to the EU 2010 Baseline*”.

Furthermore, the target has a quantifiable component in that it refers to the measurable improvement for the conservation status of species and habitats in relation to target 1 and the 15% restoration target 2. Interpreting and measuring target 2 has indeed been a challenge.

24. The EU Biodiversity Strategy to 2020 does not refer to the “Streamlined European Biodiversity Indicators“(SEBI) or to any other monitoring system.

Since its inception in 2005, the SEBI indicator set has been revised and adjusted to reflect the availability as well as gaps in biodiversity relevant information. Many indicators have been strengthened methodologically to provide more robust assessments of biodiversity. As a result, the current SEBI indicator set continues to offer a wide evidence base, which tracks the status and trends of biodiversity in the Europe, including agro-ecosystems.

Some indicators from the original set had to be discontinued due to the lack of established monitoring systems, which could provide new data and information, i.a. on genetic diversity or High Nature Value areas. In addition, in order to avoid the duplication of efforts, the set aimed to take into account the developments and modifications of other relevant indicator initiatives, like the Agri-Environmental or CAP indicators, as well as new processes like Mapping and Assessing Ecosystem Services (MAES) or SDGs.

The discontinuation of some indicators does not mean that the other SEBI indicators cannot be used to track biodiversity progress.

³ Communication from the Commission: “EU Biodiversity Strategy for 2030, Bringing nature back into our lives”, COM(2020) 380 final

⁴ Communication from the Commission: “A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system”, COM(2020) 381 final

25. The main indicators for monitoring the CAP are those in the common monitoring and evaluation framework (CMEF). Agri-environmental indicators are meant to track the integration of environmental concerns into the CAP. They are not the main indicators for monitoring the CAP overall.

As regards “high nature value” (HNV) concept the Commission distinguishes between:

(a) HNV farming and (b) HNV farmland.

The concept of HNV farming refers to the causality between certain types of farming activity and corresponding environmental outcomes, including high levels of biodiversity and the presence of environmentally valuable habitats and species.

The HNV farmland indicator is defined as the percentage of Utilised Agricultural Area under High Nature Value.

26. A wide variety of approaches and combinations of methods are currently being used across the EU to assess the extent of HNV farmland. Whilst good progress has been made in assessing the extent of HNV farmland, the assessment of its condition or quality still presents a considerable challenge. Due to the variation in data availability across the EU Member States and regions of the EU and the range of physical situations (territory size, farm structure and systems, predominant land and habitat types), it is not appropriate to impose a common methodology for the assessment of HNV farmland. Use of one single method would restrict the analysis to data available throughout the EU, which would exclude the richest and most relevant data sources, and preclude those Member States, which have developed more refined methods from using them, with a consequent reduction in the quality and accuracy of the assessment.

EEA and the Commission, which have estimated HNV farmland to occupy 33.5% of CORINE Land Cover (CLC) farmland across the EU-28 based on EU-level data sets in 2012, can supply an estimate of the share of HNV farmland at national level. However, they also recognize the difficulties and constraints to set up a common methodology if that is to rely on national data sets. Once a common, replicable methodology and sustainable datasets will be available, the EU level indicator on HNV farming could be reconsidered, to complement the existing EU-level work on HNV farmland.

29. The Commission recognises the concerns mentioned by the ECA, however considers that food production systems are diverse.

30. Both the CAP 2014-2020 and the CAP post 2020 include the conservation, sustainable use and development of genetic resources in agriculture as one of the eligible actions. Information under agri-environment-climate measures targeting local breeds can be found in the rural development programmes. Furthermore, the conservation of genetic resources is also supported under sub-measure 10.2 for which data exists at this sub-measure level. In addition, under Horizon 2020, the Commission is currently supporting the project GenResBridge, which aims amongst others at developing a wider genetic resources and agro-biodiversity strategy.

The Commission never received any request from Member States for establishing a new European strategy.

31. The Commission provides a rough estimate of how much it spends on biodiversity and considers that the overestimation is not clearly demonstrated for the reasons given below.

The Commission methodology to track budget in the Multiannual Financial Framework (MFF) – including the CAP – for biodiversity is built on the internationally agreed OECD Rio Markers methodology. This methodology applies the three following coefficients on biodiversity:

- 1) Predominant objective (100%),
- 2) Important objective (40%) and

3) No biodiversity target (0%)

The OECD methodology does not set the precise coefficients to apply to each CAP instrument and the Commission has therefore developed the application of this methodology to the CAP 2014-2020.

The Commission will revise its biodiversity budget tracking methodology to align it with new legislative changes, taking into account and backed by scientific evidence and adapting it to the next MFF 2021-2027 as well as other relevant developments.

This tracking methodology should be closely aligned with that of the OECD.

32. The support study for the evaluation of the impact of the CAP on habitats, biodiversity and landscapes did not provide evidence of CAP spending that systematically has a negative impact on farmland biodiversity.

The Commission also developed through a study in 2014 biodiversity proofing guidelines⁵ to ensure that the main EU funds would not have a harmful effect over biodiversity, including the European Agricultural Guarantee Fund (EAGF) and European Agricultural Fund for Rural Development (EAFRD).

33. In the case of Priority 4, focused on ecosystems services related to agriculture and forestry, the Commission considered in its current methodology that farming practices supported in view of supporting biodiversity contribute at the same time to improving the general environment including water and soil, and vice versa. This strong interconnectivity in terms of environmental impact of practices programmed under each of the three focus areas led the Commission to apply coefficient 100% for the contribution of each focus area of this priority, including water and soil.

34. The Commission applies the agreed method of 40% contribution of greening to biodiversity, which it considers a reasonable proxy for the contribution of the greening measures to the preservation of EU biodiversity. According to the Commission estimation in its current tracking methodology, greening payments contribute for biodiversity to 12% of direct payments. Taking into account the wide area covered by greening practices and the fact that greening has prevented deterioration of or improved biodiversity (particularly after 2018 when pesticides were banned for EFA), this figure was considered reasonable when developing the current methodology to track biodiversity expenditures in the CAP.

35. Using the Rio Markers approach, the Commission considered that it should take the medium factor (40%) to calculate the cross-compliance contribution when developing its current tracking methodology. Based on this estimation and with a weighting factor, cross-compliance was considered as contributing for biodiversity to less than 3% of direct payments. Taking into account the wide area covered by practices under cross-compliance (90% of the total agricultural area) and the fact that it includes basic but important practices for biodiversity, this figure was considered as reasonable.

37. See Commission reply to paragraph 31.

39. Direct payments granted to farmers under the Basic Payment Scheme and the Single Area Payment Scheme provide basic income support based on the number of hectares farmed. This is complemented by a series of other support schemes targeting specific objectives or types of farmers, amongst which a 'green' direct payment for agricultural practices beneficial for the climate and the environment.

40. The support study for the evaluation of the impact of the CAP on biodiversity, found no studies proving any negative impact on farmland biodiversity of voluntary coupled support.

⁵ https://ec.europa.eu/environment/nature/biodiversity/financing_en.htm and <https://ec.europa.eu/environment/nature/biodiversity/comm2006/pdf/cfbp%20-%20cap.pdf>

Voluntary coupled support does not aim at increasing the production. It is a production-limiting scheme, notified to World Trade Organization (WTO) under the blue box. It may only be granted by Member States to certain sectors in difficulty. Several mechanisms are in place to ensure the production-limiting character of the scheme, in particular the strict respect of the financial envelopes set for each support measure, and the payment, which is based on fixed (historical production level) areas and yields or fixed number of animals.

Voluntary coupled support offers the possibility to support some sectors/production, in particular to prevent the escalation of the difficulties they undergo and the related consequences (abandonment of production, desertification of rural areas...), e.g. sheep and goat production in areas (such as mountainous areas) where it would otherwise disappear, preventing therefore land abandonment.

The voluntary coupled support legal framework offers sufficient flexibility to Member States so that they can tailor-make eligibility conditions according to their specific needs, and take into consideration, for instance, environmental concerns (e.g. support targeted to autochthonous breeds etc.).

Common Commission reply to paragraphs 41 to 50:

Cross-compliance is a link between CAP payments and the respect of EU legislative rules, in particular for biodiversity. When a farmer does not comply with these rules, CAP payments received may be reduced in proportion of the severity of the infringement. This reduction may range from 1% to 100%. In practice, most infringements are non-intentional and not severe and cross-compliance sanctions applied are therefore in the range of 1% to 5%.

A number of rules are set in EU Directives and Regulations (Statutory management Requirements-SMRs). Cross-compliance helps raising farmers' awareness to respect provisions of these EU legislations.

Other rules are set in the CAP (Good Agricultural and Environmental Conditions-GAEC standards) and currently concern primarily soil and water management but also retention of landscape features. Member States must define national standards adapted to local conditions and needs.

When, at the light of experience, Member States conclude that biodiversity benefits are not met, they have a wide flexibility to adjust the rules applied to farmers as SMRs or GAEC standards. Cross-compliance is also not the only driver for the state of biodiversity and the effect of cross-compliance cannot be specifically measured by results or impact indicators, which reflect multi-factorial trends. It is why the Commission relies on output indicators to measure the implementation of single instruments like cross-compliance.

The proposal for a future CAP strengthens the cross-compliance rules, among others for biodiversity and pesticides by introducing new SMRs and GAEC standards in an enhanced conditionality. However, GAEC standards and SMRs are basic compulsory practices, which constitute a baseline for more ambitious practices supported by CAP funds. The cross-compliance rules do not aim at reaching alone a high biodiversity ambition but only in association with support measures and financial incentives. In this respect advice under the Farm Advisory System (FAS) is an important element to help farmers applying practices beneficial for biodiversity among others.

The Commission therefore considers that cross-compliance, associated with other CAP instruments, has a beneficial impact on farmland biodiversity.

Box 1 - Destruction of hedges in the 20th century

The CAP cannot be held responsible alone for all destructions of hedges, which have many drivers and in particular intensification and land consolidation. Moreover, while it is true that certain CAP

mechanisms could have led to amplifying that trend in the past, no incentive that lead to destruction of hedges exist for already a number of years in the CAP.

Common Commission reply to paragraph 53 to 60:

Greening is a support scheme under direct payments aiming at remunerating farmers for the public goods provided by three measures: the protection of permanent grassland, including the most environmentally sensitive, crop diversification and maintain a percentage of arable land as Ecological Focus Area (EFA). The Commission assessment of the implementation of greening made in 2016 concluded that this instrument has a significant potential, in particular because of its wide area coverage (77% of the total agricultural area), but this potential was not fully exploited by Member states and farmers. This is why the Commission has introduced a number of improvements following this assessment, in particular by prohibiting the use of pesticides on EFA as from 2018.

When, at the light of experience, Member States conclude that biodiversity benefits are not met, they have a wide flexibility to adjust the rules applied to farmers under greening.

Greening is also not the only driver for the state of biodiversity and its effect cannot be specifically measured by results or impact indicators, which reflect multi-factorial trends. This is why the Commission relies on output indicators to measure the implementation of single instruments like greening.

The articulation between CAP instruments was assessed as perfectible for reaching environmental objectives and this is why the Commission has proposed for the future CAP that all instruments will be part of CAP Strategic Plans defined by Member States and approved by the Commission. In this respect the greening obligations are merged in a strengthened form with conditionality obligations, and a new scheme under direct payment is set for environmental purpose, the eco-schemes.

The Commission therefore considers that the potential of the current greening to improve biodiversity is not underdeveloped at EU level, but rather not fully exploited. The proposal for future CAP aims at addressing this shortcoming.

54. The full quote in the Commission evaluation Staff Working Document (executive summary) is: *“All greening measures have some relevance for environmental and climate needs/problems, but often limited by specific associated rules, crop diversification being least relevant (even for soil)”*.

63. Although support for agri-environment-climate actions and organic farming as well as Natura 2000 payments are indeed the main rural development measures contributing to biodiversity objectives and targets, the potential of other relevant rural development measures should not be underestimated. In this context, the role of non-productive investments in establishing and/or restoring landscape features such as hedgerows, stonewalls, wetlands etc. should be underlined. Training and provision of farm advice also play a significant role in promoting biodiversity relevant farming practices and approaches.

65. The Commission does not categorise the different agri-environmental commitments carried out in the Union between “light green” and “dark green” which is a simplified way of describing the very high number of practices supported in the Union. The characteristics of different agri-environment-climate measures (AECM) is far more complex (see also reply to paragraph 67).

66. Not only “dark green” commitments have a true potential to deliver for biodiversity objectives. While it is clear that more targeted/focused commitments have higher potential to address the specific territorial needs, it is also clear that some (less demanding) commitments play a significant role in promoting environmentally friendly farming practices as well. They also serve the educational purpose (e.g. to convince farmers to apply for more demanding actions in a next stage) and ensure a large territorial coverage by sustainable methods of land management. For these reasons, the co-existence of both approaches of commitments, which both must go beyond the mandatory legal obligations and thus provide additional public goods, has its important benefits.

The new green architecture, as proposed by the Commission for the period post 2020, enables Member States to maintain and broaden this approach by using different instruments such as conditionality and eco-schemes in addition to agri-environment-climate commitments.

67. By their very nature, targeted commitments, which require more ambitious changes compared to the usual farming practices, are proposed on limited areas to address the environmental issues specific to those areas. This is the reason for a lower participation rate in this type of commitments, which, as a result, gather less farms and a lower acreage. On the other hand, some commitments may be less demanding (even if relevant and beneficial for the environment) and they are often from where farmers start their implementation of agri-environment-climate (AEC) approaches. These reasons have an impact on the participation rates without however questioning the environmental value added of such commitments.

As already referred to in paragraph 65, the Commission does not categorise the different agri-environmental commitments carried out in the Union between “light green” and “dark green”. The Commission therefore has no statistics related to this classification.

First indent. The design of agri-environment-climate commitments, their financial allocation and targeting to specific areas need to be seen in a larger context of contributing to relevant objectives and targets as well as addressing the identified environmental needs. Member States enjoy quite some flexibility in their programming to achieve the objectives.

In the programming period 2014-2020, Member States can also decide to compensate all or part of the income losses and costs incurred due to the agri-environment-climate commitments. Nevertheless, the partial compensation and the geographical coverage of environmental commitments (including uptake level) must be seen and decided in the context of its possible impact on the realisation of the targets to which those commitments contribute.

Second indent. The principle of calculating payments on the basis of income loss and additional costs provides for important flexibility while ensuring its respect.

First, in case of commitments aimed at maintaining environmentally beneficial farming practices which are at proved risk of disappearance, the opportunity costs can be taken into account and income losses can be calculated against the environmentally less beneficial practices which risks taking over.

Second, the calculation of income loss and costs incurred should also reflect the targets to which the commitments are expected to contribute. To ensure a successful contribution, the uptake of the commitments needs to be adequate and to ensure such uptake, the support level must compensate costs and income losses of every farmer and farmland which are needed to achieve the targets.

Finally, Member States may add transaction costs up to a value of 20% of the premium paid for the agri-environment-climate commitments, if such costs are necessary to implement the commitments.

68. The Commission considers that in recent decades, an indicator demonstrates that there is stability in EU with some tendency towards extensification⁶.

The design of agri-environment-climate commitments depends on Member States choices, which are driven by the analysis of their environmental situations, identification of needs and priorities to be addressed. The focus on a particular type of farming such as grassland or permanent crops in the design of agri-environment-climate commitments can be a result of such analysis.

Support under the agri-environment-climate measure is one instrument of rural development and the overall CAP architecture. The analysis of Member States’ responses to their identified environmental

⁶ https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/farming/documents/cap-indicators-doc-c33_2018_en.pdf

needs has to be done by applying a holistic and synergistic approach. For instance, the environmental needs specific to one type of farming can be addressed by one instrument e.g. cross-compliance while responses to other problems and needs typical to another type of farming can be provided in the framework of another instrument e.g. agri-environment-climate measure.

69. The number of application for agri-environment-climate commitments counted per type of agricultural area (arable, grassland, permanent crops) should not be used as a main criterion to illustrate the overall contribution of agri-environment-climate measure to the objectives and needs identified in the rural development programme. Considering the cross-sectorial impact of farming on the environment, it is more relevant to look holistically on the result of the whole measure (and programme) in addressing the environmental issues identified in a programme.

70. The Commission has been promoting the result-based approach in the implementation of agri-environment-climate measure. The Commission proposal for the CAP post 2020 explicitly refers to result-based approaches and encourages Member States to support them together with other innovative approaches to deliver a significant enhancement of the environment.

While the result-based approach seems to be more demanding in the design phase, its monitoring and administration can be considered as less burdensome than the action-based (e.g. no need to check the compliance with pre-established requirements and a good selection of indicators to assess results helps simplifying the process of monitoring).

However, result-based approaches should not be seen as the only method of implementing agri-environment-climate commitments and achieving environmental objectives. Furthermore, it has to be taken into account that these approaches are not necessarily applicable on all types of land and may need specific natural conditions to be effective (e.g. the occurrence of a certain number of reference plant species).

71. The CMEF includes two impact indicators to assess the impact of the CAP on biodiversity: I.08 The Farmland Bird Index and I.09 High nature value (HNV) farming.

In the CAP proposal for post-2020, which will be strongly performance oriented, several result indicators will be dedicated to monitor interventions related to the protection of biodiversity, on a yearly basis. These indicators will be compared to pre-established annual milestones allowing prompt detection of deviations from the planned expected implementation.

This is the case in particular of:

- Protecting forest ecosystems (share of forest land under management commitments for supporting landscapes, biodiversity and ecosystems services, R 26)
- Preserving habitats and species (share of agricultural land under management commitments supporting biodiversity conservation or restoration, R. 27)
- Supporting Natura 2000 (area in Natura 2000 sites under commitments for protection, maintenance and restoration, R.28)
- Preserving landscape features (share of agriculture land under commitments for managing landscape features, including hedgerows, R.29).

Besides, there will also be impact indicators related to biodiversity:

- Increasing farmland bird populations (farmland bird index)
- Enhanced biodiversity protection (percentage of species and habitats of Community interest related to agriculture with stable or increasing trends)
- Enhanced provision of ecosystem services: share of UAA covered with landscape features

72. Programme specific result indicators for focus area 4A 'biodiversity' have been set by five Member States (Denmark, Spain, France, Greece and Italy, in a total of 19 Rural Development Programmes), mainly to cover measures not covered by the existing indicators, as non-productive

investments and Natura 2000 payments in forests, prevention from forest fires and restoration of forests after fires.

Given that there are two common result indicators in the CMEF related to biodiversity (on the share of agricultural land and forestry area under commitments to protect biodiversity), it is logical that only few Member States developed specific ones. It should be kept in mind that the indicator set provided by the Commission for the current period had been developed to strike the right balance and not exceed the administrative burden of too complex indicator systems.

For the CAP-post 2020, the system has been further reinforced (see also Commission reply to paragraph 71).

CONCLUSIONS AND RECOMMENDATIONS

74. The Commission should assess whether the conditions are in place for supporting the biodiversity targets (i.e. maximise areas under agriculture across grasslands, arable land and permanent crops that are covered by biodiversity-related measures under the CAP so as to ensure the conservation of biodiversity), but it cannot guarantee results, as the conservation status will depend on the management measures implemented at each Natura 2000 site for each habitat and species. Many drivers affect the conservation status of habitats and species (target 1), and it should be avoided to impute to CAP the absence of significant progress in conservation status (which has been reported for all habitats and species, both agricultural or non-agricultural).

75. The agriculture target is not in itself quantified, but has a quantifiable component as it refers to the measurable improvement for the conservation status of species and habitats related to target 1 and the 15% restoration of degraded ecosystems related to target 2. See also Commission reply to paragraph 23.

76. The Commission methodology to track CAP budget for biodiversity builds upon the internationally agreed OECD Rio Markers methodology. This methodology applies three coefficients, but does not set which to apply to the various components of the CAP budget. The Commission had therefore to develop the methodology for the CAP 2014-2020 on the basis of their estimated contribution to biodiversity.

Recommendation 1 – Improve coordination and design for the post-2020 EU biodiversity strategy and track expenditure more accurately

a) The Commission accepts this recommendation. The EU Biodiversity Strategy for 2030 and the Farm to Fork Strategy, which were adopted by the Commission in May 2020, include a number of objectives and targets for agriculture.

Member States were involved in the preliminary discussions for the preparation of the new Biodiversity Strategy through the dedicated Expert Group “Co-ordination Group for Biodiversity and Nature” and provided political guidance through Council conclusions in December 2019 and some sub-national authorities in the Member States provided further feedback on the roadmap for the “EU Biodiversity Strategy to 2030” in January 2020. National authorities will be fully involved in the implementation of the new Biodiversity Strategy, notably in the development of the national measures to implement its targets, including the possible support under the CAP.

b) The Commission accepts this recommendation.

These issues are addressed in the EU Biodiversity Strategy for 2030. Examples of such synergies between agriculture and biodiversity measures exist already at national level, however a lot depends on Member States’ choices in spending of CAP funds, notably under the new delivery model of the future CAP.

Member States will discuss the proposals by the Commission in the new Biodiversity Strategy and adopt Council conclusions on them. They will have the opportunity also to discuss them in detail and create further synergies with national initiatives in the context of the dedicated Expert Group “Co-ordination Group for Biodiversity and Nature”.

c) The Commission accepts this recommendation.

The Commission will initiate the revision of its methodology to track biodiversity budget in the MFF, including taking into account the changes to the CAP that will be agreed upon by the co-legislators. Against this background, the Commission cannot commit itself on the results of this revision. The Commission agrees that the revision will aim at more closely aligning the Commission’s methodology with new legislative changes, taking into account and backed by scientific evidence. This tracking methodology should be closely aligned with that of the OECD.

Common Commission reply to 77 and 78:

Cross-compliance provides a tool to link CAP payments to EU legislative rules, in particular for biodiversity. These rules serve as baseline for more ambitious incentive measures and advisory systems help farmers to apply these rules.

Direct payments do not aim as such at improving biodiversity, except their greening elements, but their wide uptake by farmers allows raising awareness to environmental rules thanks to cross-compliance. Under direct payments greening has a significant potential to improve the biodiversity situation because of its wide area coverage, but improvements were needed and were brought as from 2018. There is furthermore no evidence that the current voluntary coupled payments have negative effects on biodiversity.

The Commission proposal for a future CAP takes stock of the strengths and weaknesses of CAP instruments and includes a consistent and strengthened framework of CAP instruments, including an enhanced conditionality, advisory services, eco-schemes in Pillar I and Pillar II measures. Member States will have a wide flexibility to mobilise these instruments for biodiversity in a consistent way and set them in CAP Strategic Plans, which will be approved by the Commission.

Recommendation 2 – Enhance the contribution of direct payments to farmland biodiversity

The Commission accepts this recommendation.

The Commission will ensure that the set of all CAP instruments acting together in synergy and consistency, including conditionality, eco-schemes, pillar II interventions, market interventions as well as cross-cutting instruments such as advisory services, will be more ambitious than in the current period.

79. In the framework of rural development, there are several measures with an important potential to deliver for biodiversity objectives. These include, among others, agri-environment-climate, organic farming and Natura 2000 payments measures, but also the support for non-productive investments, e.g. for establishing and/or restoring landscape features such as hedgerows, stonewalls and wetlands. Training and provision of farm advice also play a significant role in promoting biodiversity relevant farming practices and approaches (see also replies to paragraphs 62 to 64).

80. In the Commission’s view, the co-existence of different typologies of agri-environment-climate measures, while all providing additional environmental public goods, has its important benefits. The new green architecture proposed by the Commission for the CAP post 2020 enables Member States to broaden this approach.

The design of agri-environment-climate commitments depends on Member States choices, based on their environmental situations and specific needs. The focus on a particular type of land use such as grassland, arable land or permanent crops results from such needs. Furthermore, agri-environment-climate measure is only one of several CAP instruments used to respond to environmental needs.

In the context of this measure, the Commission has been promoting the result-based approach and its proposal for the CAP post 2020 explicitly encourages Member States to support this approach together with other innovative approaches to enhance the quality of the environment.

However, the Commission does not agree that action-based schemes are less effective. It is the design and relevance of commitments, which determine their effectiveness in addressing environmental needs.

Result-based approaches should not be considered as the only method of achieving environmental objectives (see replies to paragraphs 65 to 70).

Recommendation 3 – Increase the contribution of rural development to farmland biodiversity

a) The Commission accepts this recommendation.

The Commission Proposal for the CAP post 2020 (in Art.85(3)) already provides for a higher co-financing rate (maximum 80%) in case of management commitments referred to in Article 65 (including agri-environment-climate), support for Natura 2000 payments (Article 67) and non-productive investments (Article 68), which in the majority of cases are aimed at supporting environmental objectives.

b) The Commission accepts this recommendation.

While the Commission agrees that the future CAP Plans must deliver more efficiently on various environmental and climate-related objectives and targets including those on biodiversity, the new delivery model proposed provides Member States with more flexibility as for the methods to implement the policy and achieve the objectives of the new CAP. It is therefore important to underline that the set of all CAP instruments acting together in synergy and consistency will have to be more ambitious than in the current period.

Moreover, Member States are expected to build their CAP Plans on their specific needs, which will directly impact Member States' choices concerning the selection of CAP interventions and their design. These factors will impact the approaches proposed by Member States to implement support for agri-environment-climate interventions such as action-based and/or result-based payments, the targeting on the most relevant types of farming and land use as well as the balance between different kind of interventions.

The Commission will ensure that the schemes, their design and the methods of their implementation serve the overall purpose of guaranteeing the increased environmental ambition of the future CAP Plans, including in respect of biodiversity objectives.

81. The output indicator referred to does not measure the degree of farmland biodiversity but the number of hectares of endangered plants as well as the number of livestock units of endangered breeds supported with the CAP. There are additional output indicators related to biodiversity typically on Ecological Focus Areas, Natura 2000 support.

There are reliable indicators in the CMEF related to biodiversity: the two result indicators on the share of agricultural land and forestry area under commitments to protect biodiversity measure Member States progress towards their targets for rural development support to biodiversity. In addition, there are three result indicators related to direct payments: Crop diversity (R.11), the share of EFA in arable land (R.13), and the share of area under Greening practices (R.14).

Measuring biodiversity and thus select appropriate impact indicators is not an easy task. For the future CAP, the lessons learnt from the current CMEF led the EC to remove the indicator on HNV. Despite the drawbacks of the Farmland Bird Index it was kept as it is a good proxy for the biodiversity status and it is an SDG indicator. Finally, two new impact indicators on landscape features and the species and habitats status were added.

In addition, in the future CAP it is proposed to keep the reporting on biodiversity separated (while currently Member States report expenditure on Priority 4 – sustainable management of natural resources and biodiversity all together).

82. The currently published document is a study contracted by the Commission in support of a formal evaluation. The Commission's overall evaluation is expected to come out in the first quarter of 2021, as part of a wider evaluation staff working document on the impact of the CAP on natural resources.

The Commission underlines that the evaluation support study from the contractor also concluded that the Member States could have used a wider range of CAP instruments and measures to support the co-existence of agriculture with biodiversity.

Recommendation 4 – Show the impact of CAP measures on farmland biodiversity

The Commission accepts this recommendation.

To establish the 2020 baseline for the post-2020 CAP the indicators included in the current legal proposal will be used (C.35 - I.18 Farmland bird index, C.36 - I.19 Percentage of species and habitats of Community interest related to agriculture with stable or increasing trends, C.21 – I.20 Agricultural land covered with landscape features). The two latter are new and are currently under development. The effective baseline for each indicator will depend on the dates when the specific data needed for each indicator will be available.

Different works are ongoing on biodiversity monitoring and indicators by different Commission services and other bodies. EU funded research is also expected to contribute to the development of robust indicators by supporting biodiversity monitoring initiatives.