

CAP Fitness Check: Is the CAP capable to deliver for society and sustainability?

Guy Pe'er, Sebastian Lakner, Gioele Passoni, Clémentine Azam, Jurij Berger, Peter Bezak, Vasileios Bontzorlos, Dagmar Clough, Bernd Hansjürgens, Lars Hartmann, Angela Lomba, Stefan Schüler, Robert Müller, Francisco Moreira, Christian Schleyer, Clélia Sirami, Jenny Schmidt, Yves Zinngrebe

18th of October 2017

CAP review: green solutions for a fair food and agricultural policy



The Greens | European Free Alliance
in the European Parliament



synthesis centre of



Why do we need a Fitness Check of the CAP

The CAP's objectives (1957 → Treaty of Lisbon 2009):

1. Increase agricultural **productivity**
2. Thus ensure a fair **standard of living** for the agricultural community
3. **Stabilise markets**
4. Assure the **availability of supplies**
5. Ensure that supplies reach consumers at **reasonable prices**.

New objectives 2010:

6. Viable food production
7. **Sustainable** management of natural resources and climate action
8. Balanced territorial development

Does the CAP support these objectives?

Does the CAP support countries in meeting the Sustainable Development Goals? (SDGs)?




Methods: Rapid scoping and evidence assessment

Desk study January-October 2017

- Scoping and study design, construct database
- Literature: mostly peer-reviewed scientific literature, 2006-2017
- Evidence gathering into database by team + online survey
 - > **750 papers listed**; >**350 assessed**
- Presentation of preliminary outcomes May 2017 in Brussels
- Presentation of final report → 21/11/2017 in Brussels

Rapid assessment of the Common Agricultural Policy: Evidence gathering

2. Evidence provision (paper 1)

2 / 4  50%

In each of the coming pages you would be able to insert one publication. Please only insert papers which you are fully familiar with, as a reader, reviewer or (co-)author.

* 1 Paper 1 details:

First author	<input type="text"/>
Year	<input type="text"/>

Fitness Check criteria

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

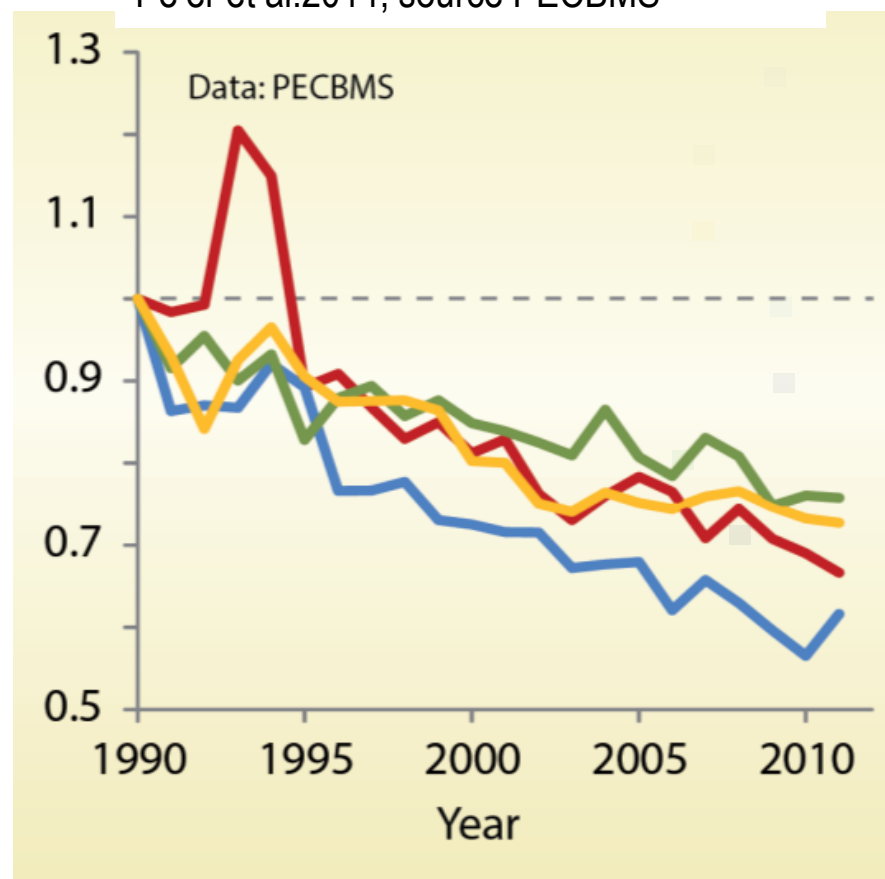
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Is CAP effective? Example Biodiversity

Farmland Bird Index

Pe'er et al.2014, source PECBMS



→ despite some successful measures,
biodiversity **continues to decline**

Is CAP effective?

Example: Ecological Focus Areas (EFAs)



- Low uptake of “effective” options (approx 20 % of EFAs)
- **EFA design compromises effectiveness and internal coherence**

Taken from: Pe'er, G., Y. Zinngrebe, S. Zingg, [...], S. Lakner (2016): Making the agricultural greening greener: How to improve the EU Ecological Focus Areas for both biodiversity and farmers, *Conservation Letters*

Is the CAP efficient? Environment

Table: Budget allocation per ha toward biodiversity conservation (without considering effectiveness)

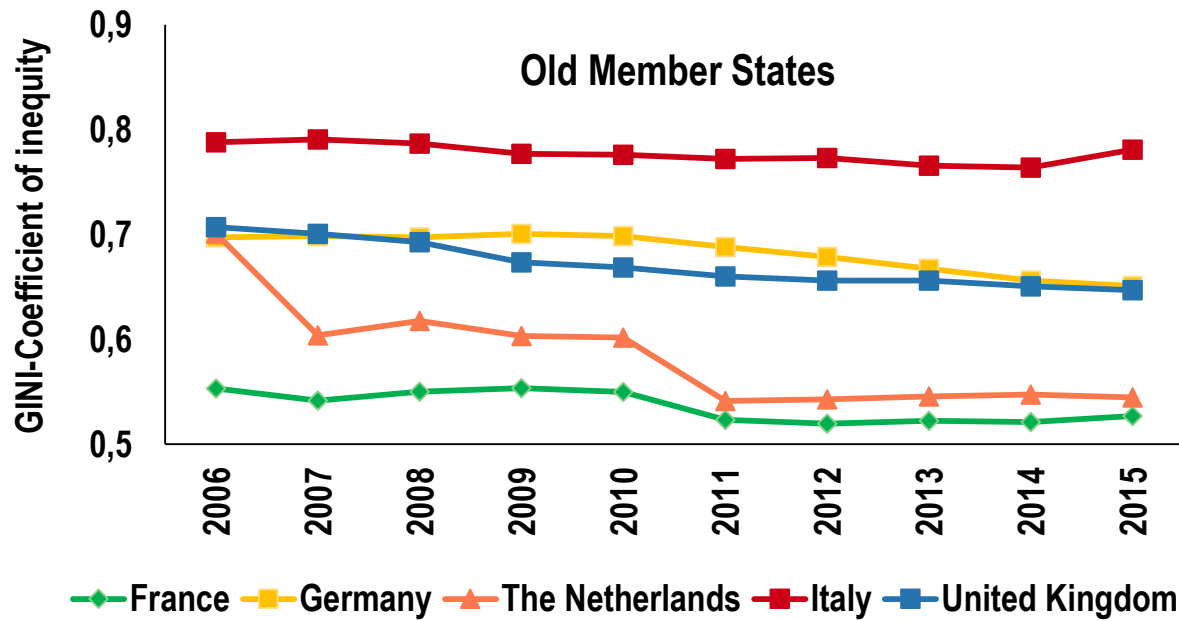
Source. Eurostat 2017, EU Commission 2016

Policy measure	Ecological Focus Areas (Pillar I)	Agri-Environment-Climate Measures (Pillar II)	Natura 2000 (Grassland)
Total public funds (Mio. EUR)	12,638.21	3,250.92	290
Agricultural Area (Mio. ha)	8.00	13.15	11.65
Funding per area (EUR/ha)	789.89	247.17	24.89

Concluding remarks:

- Greening is neither effective nor efficient
- Agri-environmental & climate programs: Examples of good implementation
- Administrative burdens & competing objectives reduce efficiency

Is the CAP efficient? **Socio economy**



- Inefficient distribution of DP:**
- 80% to 20% of beneficiaries
 - 32% to 1.5% of beneficiaries
 - Weak justification of DP, missing indicators

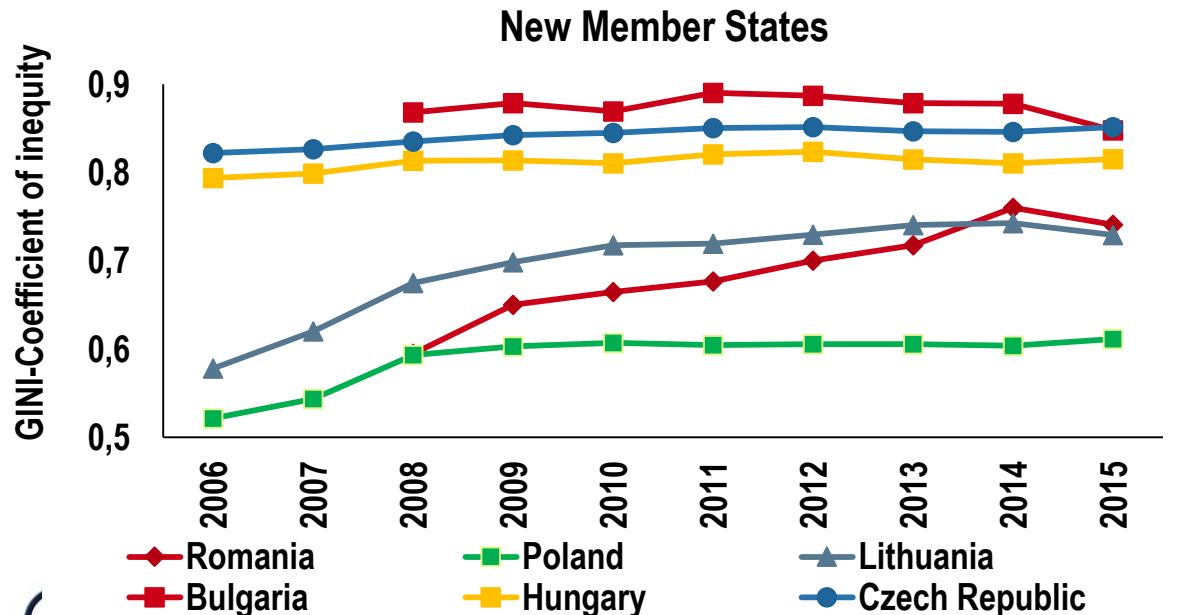


Figure: Distribution of Direct Payments 2006-2015

Source: own calculations

External coherence 1: Trade barriers and Market access

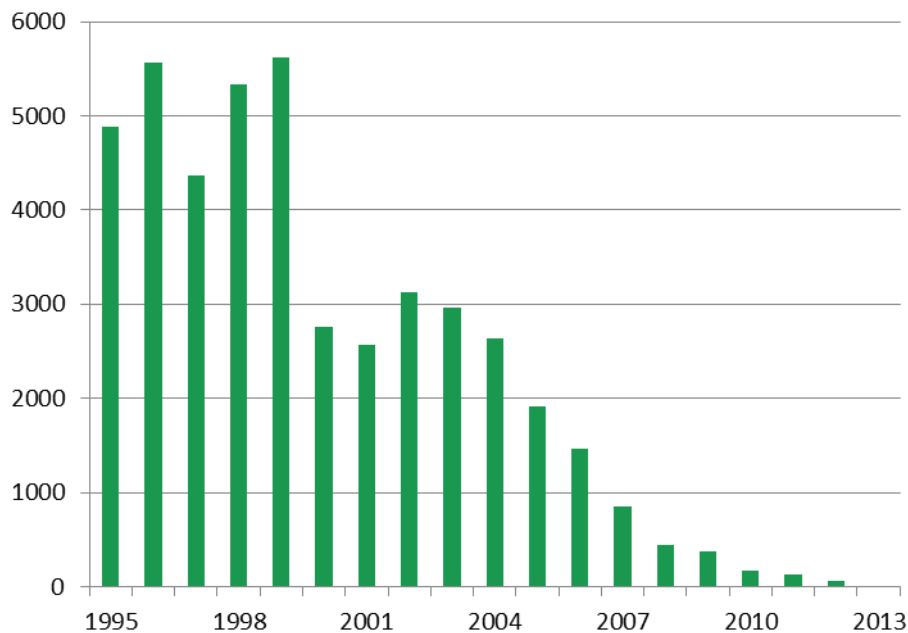


Figure: EU export subsidies (in Mio. Euro)

Source: WTO

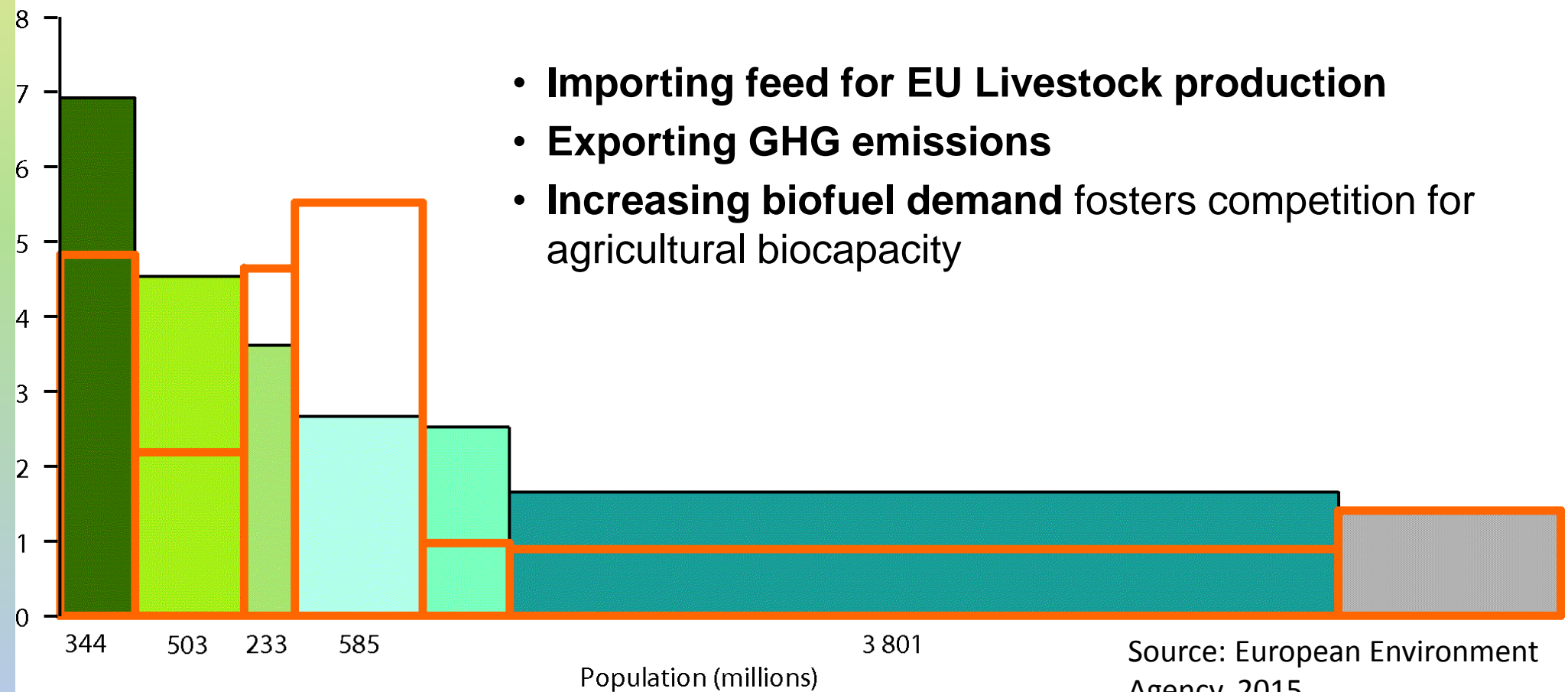


- **Generalised Scheme of Preference** (GSP, 4.18 % of EU imports)
- **GSP+** (including ratifying 27 international conventions; 0.46 %), → **preference erosion !**
- **Everything but Arms initiative** (0.46%)

External coherence 2:

Consumption patterns requires importing biocapacity for agricultural production

Global hectares per person



- **Importing feed for EU Livestock production**
- **Exporting GHG emissions**
- **Increasing biofuel demand fosters competition for agricultural biocapacity**

Source: European Environment Agency, 2015

■ North America

■ Europe (EU)

■ Europe (non-EU)

■ Latin America

■ Middle East/Central Asia

■ Asia-Pacific

■ Africa

■ Biocapacity available per person

Does the CAP support SDGs?

Socio-economy



Better than without it; global issue



Supports organic farming, but also **unsustainable farming** systems



Uneven distribution (e.g. direct payments)



Poorly addressing nutrition and health, waste and externalities,

Environment



Some local, positive results for designated mechanisms...



Inadequate instruments

Overall negative trends & strongly negative global impacts

Some key conclusions

- Mixed outcomes for effectiveness and external coherence
- Low efficiency, internal coherence and relevance
- **Lack of clear objectives** (relevant and coherent)
- **No transparent assessment** of progress (Monitoring and indicators)
- **Unnecessary compromises** and unjustifiable allocation of funds
- Coherence requires us to think in **policy packages** (sustainability)



Calls for an open, inclusive, evidence-based fitness check informing the reform process for a modern, simpler and smarter CAP

Our full report will be released 21.11.2017

Thank you for your attention

Guy.peer@ufz.de
slakner@gwdg.de
yzinngr@gwdg.de

Guy Pe'er, Sebastian Lakner, Gioele Passoni, Clémentine Azam, Jurij Berger, Peter Bezak, Vasileios Bontzorlos, Dagmar Clough, Bernd Hansjürgens, Lars Hartmann, Angela Lomba, Stefan Schüler, Robert Müller, Francisco Moreira, Christian Schleyer, Clélia Sirami, Jenny Schmidt, Yves Zinngrebe

Scoping committee: Tim Benton, Lynn Dicks, Kaley Hart, Jennifer Hauck, Felix Herzog, Amanda Sahrbacher, and William Sutherland

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The Greens | European Free Alliance
in the European Parliament



Group of the Progressive Alliance of
Socialists & Democrats
in the European Parliament

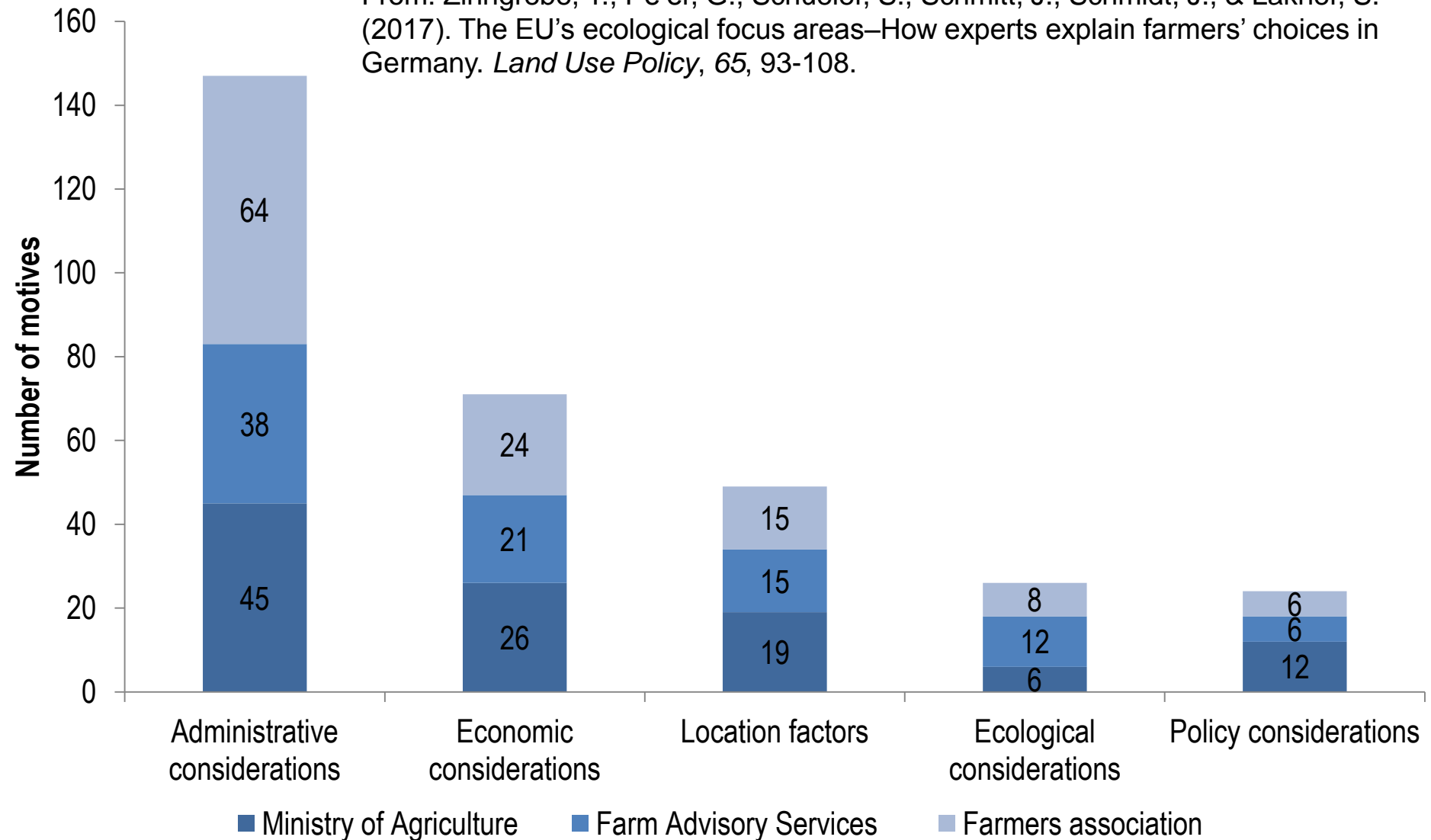


synthesis centre of  iDiv



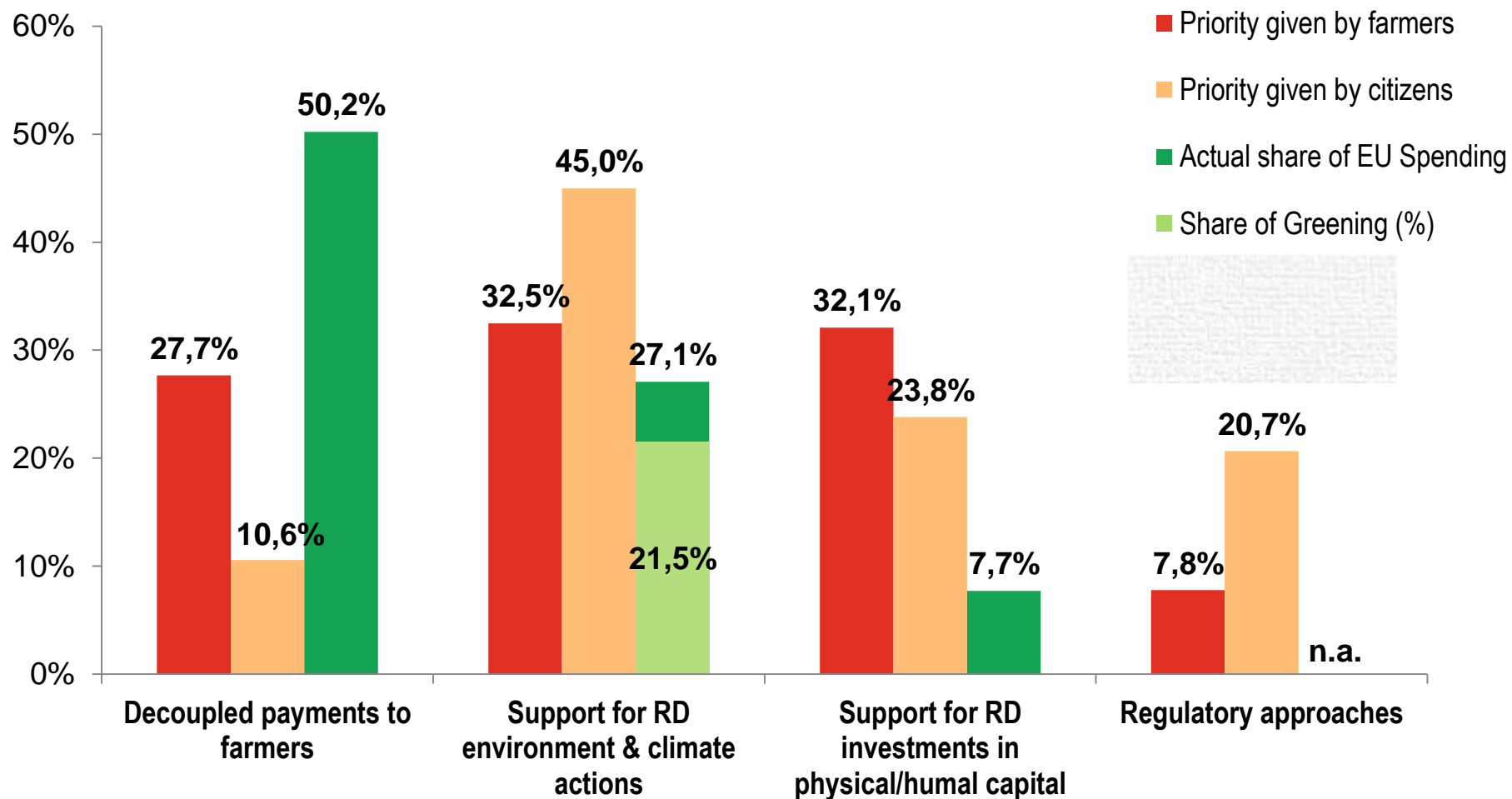
Efficiency: Determinants of farmers' EFA decisions

From: Zinggrebe, Y., Pe'er, G., Schueler, S., Schmitt, J., Schmidt, J., & Lakner, S. (2017). The EU's ecological focus areas—How experts explain farmers' choices in Germany. *Land Use Policy*, 65, 93-108.



Relevance

Importance perceived by... and share of budget in %



Source: EU Commission 2017; Database on EU spending in RDP; Eurostat? Eurobarometer?

Note: The shares of EU-spending do not add up to 100%, since the part of the RDP and the market measures in pillar 1 (2.4 bn. EUR) are not included in the shares. There are no reliable figures for the costs of the regulatory approaches

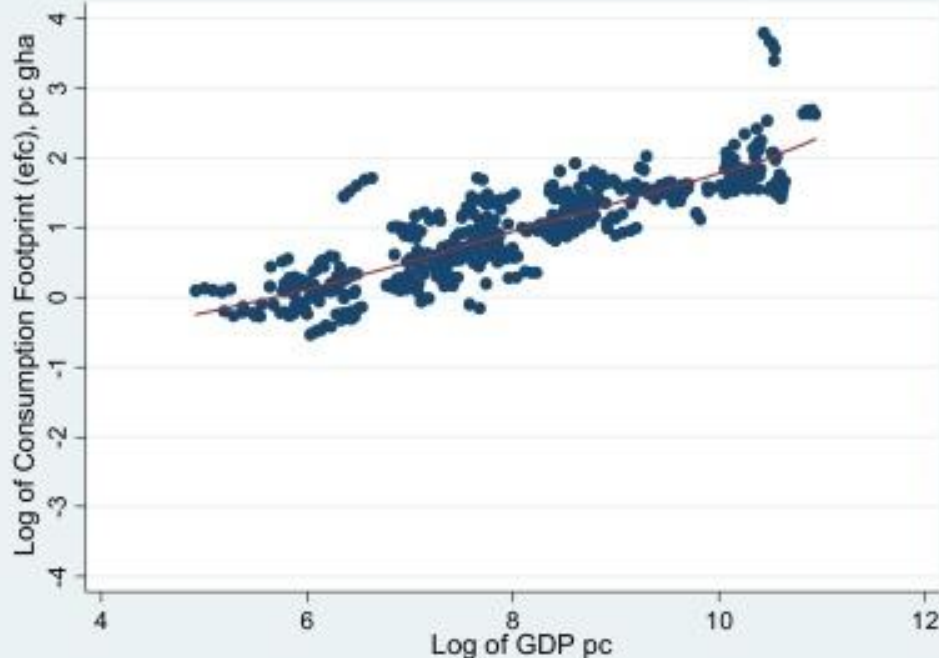
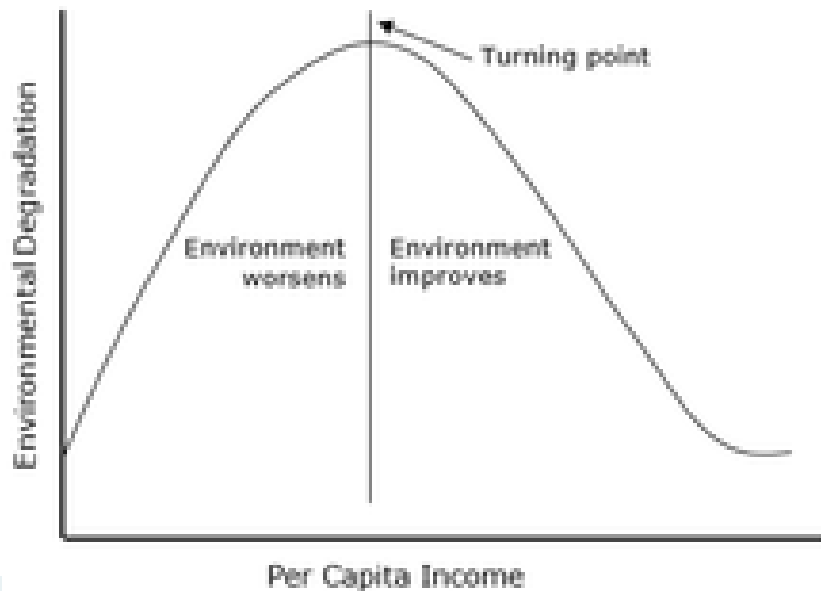
Policy Coherence for Development (PCD)

- requests the EU to
 - “*prioritise support to [...] low-income countries (LICs)*” (article 10)
 - support agriculture and rural development as central pillars for poverty reduction and growth
 - “*respecting the capacity of eco-systems*” (article 83) and “*assure environmental sustainability*” (article 105).

PCD has to be considered “*in all policies [...] which are likely to affect developing countries*”

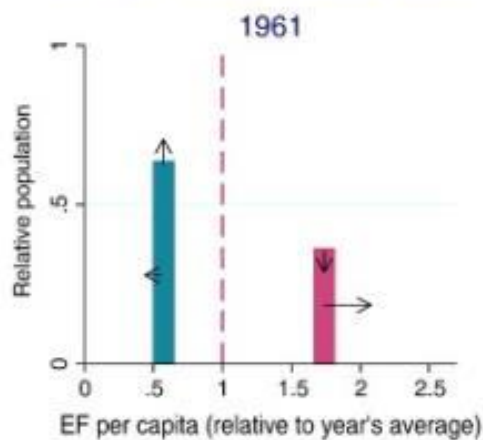
→ “*support development objectives where possible*”

Environmental Kuznets Curve: Grow now, clean up later?

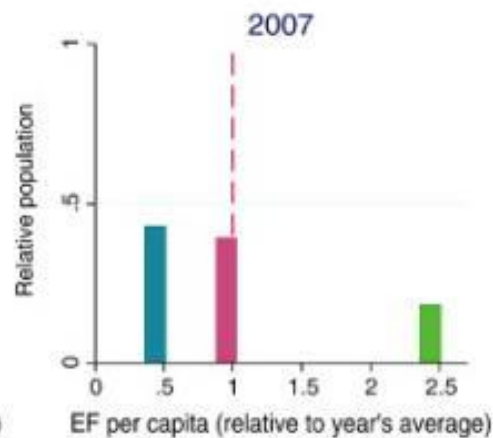
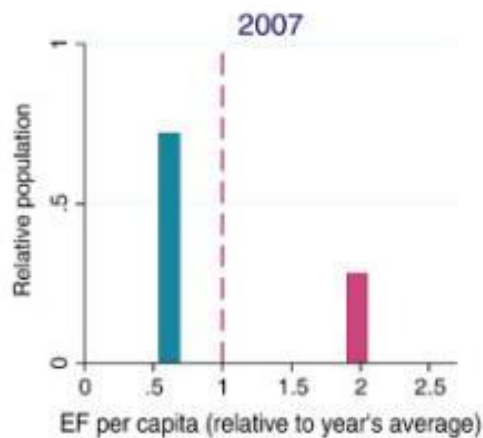
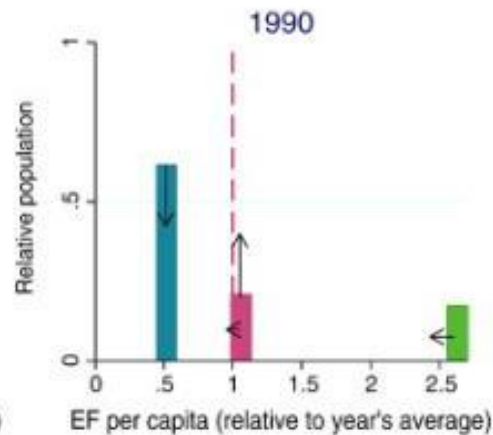
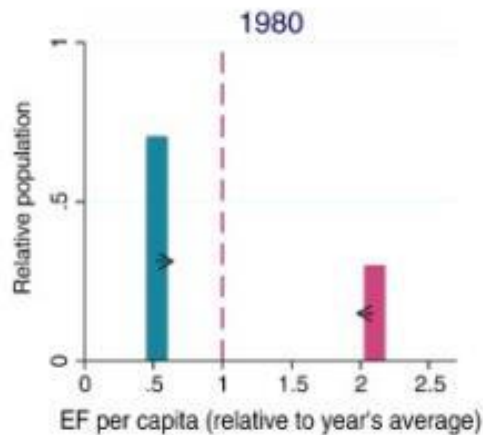
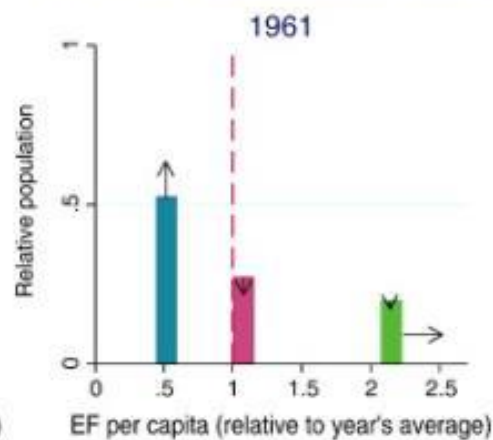


- Kuznets hypothesis for developed world **only works when excluding exported footprint**
- Consumption footprint vs. GDP per capita, 2004–2008.
- Taken from: Asici and Acar, 2016 – Does income growth relocate ecological footprint? – Ecological Indicators, 61, 707-714

a) Two-group representation



b) Three-group representation



Stable separation of countries

Alienation increased until 1990

Identification remains stable

Comparative advantage

Versus

Lock-in as „bio-capacity providers“?

Taken from: Teixido-Figueras and Durop, 2014):“spatial polarisation of the ecological footprint distribution, ecological economics, 104, 93-106

Coherence (exemplary outcomes)

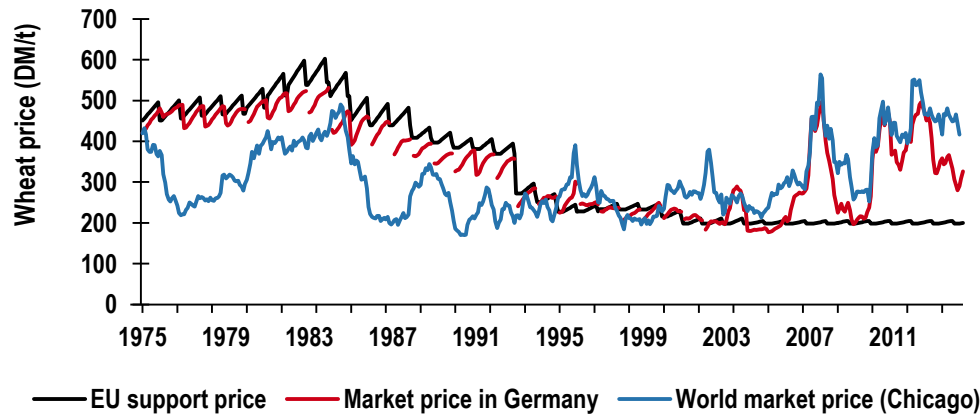
Area	Potential / Virtues	Shortcomings / Challenges
Internal Coherence (example environment)		
Conservation versus production	<ul style="list-style-type: none"> • Instruments could potentially align ecological and economic interests • Some cases demonstrating good implementation and good practise (AES & Natura 2000) 	<ul style="list-style-type: none"> • No clear, overarching targets • Multiple instruments with differing targets • Conflicting implementation (interests) • Ineffective implementation impedes coherence by Member States or regions
External & International Coherence (example trade)		
Trade & Development	<ul style="list-style-type: none"> • Reduced distortions reform process since 1992 • Open markets reduced export subsidies and market barriers (benefits middle income countries) 	<ul style="list-style-type: none"> • Exporting environmental footprints (climate balance, consumption of land and biomass) • Remaining losers (standards, preference-erosion) • Price risk vs. price signals

Is the CAP effective? II: Socio-economy

Overall patterns

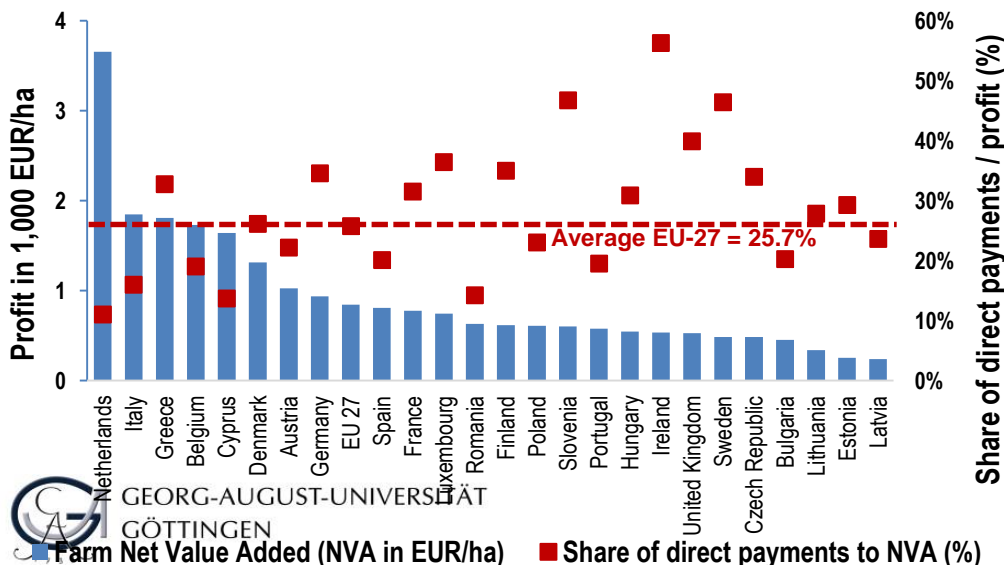
Wheat Prices in the EU & World market (DM/ton)

Source: Von Cramon-Taubadel, not published



Share of direct payments in farm profit (%)

Source: FADN 2017, own calculations



Specific policy areas

- **Productivity**

Direct Payments increase productivity but reduce farm efficiency

- **Stabilising markets**

Integration into world-markets achieved
No export subsidies & reduced tariffs

- **Income support**

(Some) farms overly dependent on support

- **Green growth**

Supports organic farming but other farming systems supported too

- **Balanced territorial development**

Pillar II supports a balanced territorial development but inequities among beneficiaries are large

- **Global effects**

some successes, e.g. reduced market distortions

Limitations and outlook

Mixed results: many studies are too narrow and/or disconnected from policy; most studies focus on designated instruments; gaps regarding indirect and overall effects of the CAP

Rapid process could only covered a small proportion of the literature

- Mostly in English
- Only few reports and policy-documents included
- Much Local-to-national-level knowledge not yet harvested
- Some entire topics not assessed (e.g. forest and forestry; health effects)
- Wealth of recommendations not yet collated

**Indicates on the need, and potential,
of a much better and broader assessment**

