

# CAP Reform, Rural Development and the Environment

Towards a more effective protection and support of valuable agrarian landscapes



# Contents

---

<b>Executive summary</b>	<b>I</b>
<b>1 The CAP and valuable landscapes – a complex relation</b>	<b>1</b>
<b>2 Towards a more innovative rural development approach</b>	<b>3</b>
2.1 The new rural development policy: reshuffle or innovation?	3
2.2 Innovative provisions for a rural development strategy	4
<b>3 Coupled and de-coupled payments: towards a new pricing of environmental goods</b>	<b>8</b>
3.1 Pillar 1 de-coupling poses a threat to valuable landscapes	8
3.2 De-coupling pillar 2 payments from primary production	10
<b>4 How can the EU better safeguard its valuable landscapes?</b>	<b>15</b>
4.1 Are sufficient budgets available?	15
4.2 Are the budgets sufficiently targeted to HNV areas?	17
4.3 What policy measures are needed?	18
<b>References</b>	<b>20</b>

## Glossary

AE	Agri-environment
CAP	Common Agricultural Policy
EAFRD	European Agricultural Fund for Rural Development
EU	European Union
GAEC	Good Agricultural and Environmental Condition
GFP	Good Farming Practice
HNV	High Nature Value (Farmland)
LFA	Less-Favoured Areas
MTR	Mid-Term Review
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Cooperation and Development
RDR	Rural Development Regulation
UK	United Kingdom
WTO	World Trade Organisation
WWF	Worldwide Fund for Nature

*The authors wish to thank the Dutch Ministry of Agriculture, Nature and Food Quality for financing the elaboration of this paper, and Mark Woldberg and Corné van Alphen (Ministry of Agriculture, Nature and Food Quality), Jan-Erik Petersen (European Environment Agency) and Arjan Berkhuisen (Stichting Natuur en Milieu) for their remarks on a previous draft.*

© CLM / Centre for Agriculture and Environment Foundation, 2005

This paper can be downloaded from CLM's website at [www.clm.nl](http://www.clm.nl)

Cover photo: © Images-of-France / Alamy

Publication number: CLM 623 - 2005

# Executive summary

---

Europe boasts a wide variety of attractive agrarian landscapes, many of which are rich in biodiversity and cultural features. The European Environment Agency has been estimating that the EU-25 harbour 20 to 30 million hectares of High Nature Value (HNV) farmland, 15 to 20% of all agricultural land. As market forces are undermining their preservation, many of these landscapes are in danger of collapsing or have already disappeared. **Up to now, EU policies have not sufficiently been able to counteract the driving forces and to adequately protect this important heritage.** The EU's new Rural Development Regulation 2007-2013 and its accompanying Strategic Guidelines for Rural Development were elaborated in a period dominated by serious dispute on the EU's future and expenditure. **These EU documents do not sufficiently reflect the intention to anticipate the future. This paper aims to provide ideas and recommendations for the way forward.**

The recent CAP reform and the new rural development policy have undoubtedly been reducing production incentives and been strengthening the position of land management measures, thus slowing down the agricultural exodus in and the deterioration of valuable landscapes. However, an adequate policy approach to the future of valuable landscapes requires that at least six major problems are addressed:

1. The draft Strategic Guidelines for Rural Development **lack a clear view on the need for EU support for the various elements of rural development and on the subsidiarity principle:** which tasks can best be left to the member states and which need EU involvement? The EU should better motivate and reconsider the landscapes and values that need support at EU level. **This paper lists four arguments for EU support:**
  - many valuable landscapes are of international importance;
  - since EU markets and prices policies seriously affect the farmed landscape, it is reasonable to also compensate for these effects and to improve landscape quality;
  - the EU has been introducing legislation (e.g. on Natura 2000) financially affecting the land users in valuable areas, thus legitimating compensation of drastic effects;
  - EU co-financing encourages national governments to invest in valuable landscapes.

**At the same time, this paper advocates a careful prioritisation of the most important agrarian landscapes (from a conservation point of view) and a better targeting of policy measures to these areas.** In doing so, the principle of subsidiarity could be much more strongly applied: of all rural development measures, those under the so-called Axis 2 (land management) have the strongest EU guidance, but would benefit from a higher degree of national and regional tailoring. A much more flexible and targeted approach would be to **formulate a set of cost-benefit criteria at EU level and leave the implementation to the member states.**

2. The CAP is still in a transition phase, mingling traditional elements with new ones. This does not always benefit the transparency and effectiveness of the policy measures. De-coupling of Pillar 1 support, for example, is regionally accelerating the exodus of animals and the neglect or abandonment of valuable

farmland. There is an urgent need to **further review the relation between Pillar 1 and 2**, including:

- clear criteria for **income support, de-coupled from historic production and re-coupled to environmental performance**, including the management of High Nature Value farmland. Now the majority of the support goes to 'mainstream' farmland;
  - a clear set of environmental measures to be remunerated;
  - a clear set of environmental 'baseline' measures (unpaid).
3. The payments under the land management Axis are tied to strict criteria, of which the 'compensation of income foregone' approach is widely used. In this approach, payments for public goods such as biodiversity, landscape and cultural heritage are directly coupled to the primary agricultural production. Now that Pillar 1 payments have been decoupled from production, the **Axis 2 measures should be coupled to a (still to be developed) market for environmental goods and services**. It is strongly recommended:
- to develop and introduce **either performance- or market-oriented payment bases**;
  - to make instant use of the new opportunity in the Rural Development Regulation 2007-2013 to apply *tenders* for agri-environment measures;
  - to subsequently **try and change the WTO criteria for agri-environment payments** to qualify as being not trade-distorting.
4. If the maximum share of the rural development budget were to be spent on Axis 2 measures and this budget was allocated in the most valuable and vulnerable areas, even the available budget might considerably improve the protection status. However, recent studies show **a serious matching problem**: High Nature Value farmland is not sufficiently covered by agri-environment schemes whereas substantial budgets are spent outside HNV areas. Matching requires a **more selective designation of areas or a more selective allocation of EU and national agri-environment expenditure**.
5. **The EU could stronger motivate its member states to invest in the protection of valuable landscapes by using a more creative financial approach**. For example by selectively increasing the EU agri-environment contribution according to:
- the share of HNV farmland;
  - the national budget share;
  - the inclusion of far-reaching ('higher tier') relatively effective measures.
6. The Axis 2 measures have been subject to criticism: the Less Favoured Area (LFA) scheme for providing insufficient evidence of socio-economic benefits, and the Natura 2000 and agri-environment measures for their hampering application in Natura 2000 areas. **The protection of High Nature Value farmland would benefit by improved 'internal' streamlining of Axis 2 measures**:
- upgrading all relative passive elements (Less Favoured Areas, Natura 2000) to active ones;
  - integrating Natura 2000 and agri-environment payments within Natura 2000 areas. As not only farmers are involved here, this may also require a broader definition of beneficiaries.

**Thus a much more coherent and effective set of measures will become available to protect Europe's valuable agrarian landscapes. Not by further increase of the CAP budget, but by creatively re-directing support to the most valuable and vulnerable landscapes.**

# 1

## The CAP and valuable landscapes – a complex relation

### **Valuable agrarian landscapes in danger**

Europe has a wide variety of characteristic landscapes rich in amenity and nature values. Tens of millions of hectares are involved, many of which are the result of agricultural land use: from moist lowland grasslands to remote alpine meadows, from large-scale cereal landscapes to small-scale semi-arid steppes, from boreal grazing landscapes to Mediterranean vineyards and olive groves.

Many of these landscapes are in danger. Partly because of decreasing market protection and consequently decreasing market prices, accelerating the agricultural exodus. Partly because of changing technology and the role of food industry, supermarkets and consumers, leading to rationalisation and more monotony. And partly due to government policies failing to sufficiently preserve the farming systems and associated values at stake.

The EU's Common Agricultural Policy (CAP) plays a key role at the interface between worldwide policy developments (trade liberalisation, subsidy cuts) and national policies for the preservation of landscape, biodiversity and cultural heritage.

### **The CAP and valuable landscapes**

For decades, the CAP has been subject of heated debate for reasons including trade distortion, high costs for the taxpayer, relatively high consumer prices and environmental impacts. The general assumption is that the CAP has for many years been accelerating intensification of land use by supporting farm modernisation. In many cases the relation is far less simple, as it cannot clearly be separated from other 'push and pull' factors in agriculture. However, there are some obvious cases where the relation has been more direct, e.g. in the cases of beef and veal policies and the ewe premia (increasing animal densities and causing overgrazing), of production related olive support and of arable support (increasing the ploughing of permanent grassland and later increasing maize acreages).

Some of these effects are now meant to be eliminated by the overall policy of de-coupling EU premia from actual production and coupling them to a historic reference, and by the introduction of cross-compliance (coupling farm payments to environmental conditions). In addition, the key to environmental effects has been partially shifted to national governments, as the design of cross-compliance and the implementation of national envelopes are partly left to the member states.

***In spite of the recent CAP reform measures, important environmental questions remain:***

- ***will the rural environment be safeguarded to a sufficient level, considering that environmental sustainability is still not in the heart of the CAP?***
- ***will the CAP sufficiently enhance and adequately reward the deliverance of environmental goods or commodities?***
- ***more specifically: will the CAP be able to help sustain the large areas of High Nature Value Farming?***

### **Why this paper?**

This paper is published in a year of renewed debate on the CAP budget and of the elaboration of important new rural development policy documents. ***The June 2005 Luxemburg summit has made clear that environmental and rural development issues are still hardly at stake in the discussions on the CAP budget and CAP reform.*** In that same month, political agreement was reached on the Rural Development Regulation 2007-2013. Late 2005 the Strategic Guidelines for Rural Development will be finalised and sent to the European Parliament.

In this paper, we will assess the strengths and weaknesses of present EU policies and provide policy recommendations. We will focus on:

1. The EU Strategic Guidelines for rural development.
2. Adequate payment systems for environmental goods and services.
3. Better targeted policy measures to safeguard valuable landscapes.

We will focus on agrarian landscapes and their values (biodiversity, amenity values, cultural heritage) rather than on environmental aspects related to water, soil and air quality.

As the past few years have been very productive where it comes to policy proposals from governmental and non-governmental bodies, we refer to existing sources where possible.

# 2

## Towards a more innovative rural development approach

### 2.1 The new rural development policy: reshuffle or innovation?

In June 2005, the Council of Ministers has reached political agreement on the new *Rural Development Regulation 2007-2013* (RDR). The new Regulation includes the support measures to be financed from the new European Agricultural Fund for Rural Development (EAFRD), including large parts of the former EU funds for rural and regional development. The new RDR reshuffles the rural development measures into four so-called axes:

1. Improving competitiveness (farm and forestry investment support).
2. Land management (including support for Natura 2000 areas, Less Favoured Areas and agri-environment measures).
3. Diversification of the rural economy and the quality of life in rural areas.
4. The Leader approach (innovative, bottom-up rural development initiatives).

New is also the obligation of a minimum budget share of the axes in the national rural development plans of respectively 10%, 25%, 10% and 5% respectively.

The European Commission is now elaborating a guidance document for rural development called Community Strategic Guidelines for Rural Development. A first full draft was presented in July 2005 and will be decided upon later this year. Given the title, one would expect this document to provide strategic guidelines for EU policy. Instead, this document provides guidance for member states in elaborating their national rural development strategies, meaning to enhance a better targeted and balanced approach to rural support measures. Similarly, one would expect Strategic Guidelines to be published before elaborating the new Regulation. Now that the RDR has already been agreed upon, the scope for deviations from the RDR structure and content seems rather limited. ***The Strategic Guidelines are an explanation of the rural development targets rather than a leading policy document on rural development.***

In this context, the new RDR and the Strategic Guidelines indeed include some 'internal' (rural development) policy integration and streamlining, but they lack serious integration with other EU agricultural and environmental policies. The Cork (1997) and Salzburg (2003) promises of drastic improvement in terms of sustainability, coherence, simplification and decentralisation have not (yet) been realised. Since many elements of the rural development policy already date from the 1992 MacSharry 'accompanying measures', there were hopes for a more visionary approach. Unfortunately, new visions are seriously lacking in both policy documents.

We will now describe some elements which we think should figure in a strategic document on rural development. We will focus on biodiversity and landscape conservation.

## 2.2 Innovative provisions for a rural development strategy

### a. Subsidiarity (1): Why European support for valuable landscapes?

A rural development policy paper should at least include a solid motivation why EU level policy measures are required for rural development, i.e. for the preservation of valuable (farmed) landscapes. The recent Luxemburg summit has shown that the CAP budget, including rural development, is still subject to heated debate. The latest budget proposals already showed a substantial cut on Pillar 1 and 2 budgets. As a result, a growing number of member states are considering re-nationalisation of parts of the agricultural support in combination with a decreasing contribution to the EU. Already in the negotiations on the new rural development regulation, the internal coherence between the four Axes (minimum expenditure for each of the axes) was heavily criticised. Surprisingly, the minimum expenditure for Axis 2 remained unchanged, while the minima for all the other Axes were decreased. Anyhow, there appears to be a need to better motivate the EU involvement in rural policy matters.

Many of the valuable landscapes involved are vulnerable and will disappear if they are entirely left to the market. As these landscapes not only offer scenic beauty, but also biodiversity and cultural values, there are good reasons to support their preservation. In the context of the Council of Europe's Landscape Convention, many countries have promised to do so.

This justifies support measures as such, but why should there be a *European* role to this support, given the subsidiarity principle? There are at least four important reasons for this:

1. Many valuable landscapes are of international importance. For this reason, their protection is not a sole responsibility of individual member states.
2. EU policies for markets and prices severely affect farming and farmed landscapes within the EU member states. It is therefore also a EU responsibility to compensate adverse effects of market policies on the farmed landscape and to enhance positive actions to improve the quality of the farmed landscape. This goes especially in a period of important transition from production-oriented farming under relatively protected market conditions to diversified farming under less protected (world market) conditions.
3. The EU has been introducing legislation, such as the Birds and Habitats Directives, that affects the owners, users and/or inhabitants of the areas designated for special protection. This justifies support measures for active maintenance and/or compensation of major financial consequences in designated regions.
4. Some countries have poor financial resources for nature and landscape conservation, causing reluctance to seriously invest in valuable landscapes. In these cases, the EU contribution can be an effective incentive to increase national budgets for landscape conservation.

***The discussion on the coherence of rural development policy at EU level requires an explicit motivation of the need for EU involvement and an explicit prioritisation of those landscapes most in need of EU support.***

### b. Subsidiarity (2): EU versus national governance on rural development

Next to the question of the legitimacy of a financial EU contribution, there is the question of governance: even in case of an EU contribution, the *implementation* of policy measures can either be taken at EU level, or be left to the member states (subsidiarity) or be a shared responsibility. This requires prioritisation of rural



development objectives and measures, clearly distinguishing between:

- measures of outstanding importance that can best be taken at EU level, or where a strong European harmonisation and/or co-ordination are needed;
- measures that can best be taken by national governments.

If we look at the rural development measures in this way, EU harmonisation seems especially appropriate for Axis 1 measures (improving competitiveness), as these are most likely to interfere with the single/European market. Conversely, Axis 2 measures (land management) could better be left to the member states, since they interfere less with the market, require regional tailoring and would benefit from other payment systems (see chapter 3). In fact, however, EU guidance is quite strong for Axis 2 measures. It seems appropriate to reverse this situation. For Axis 3 (diversification) and 4 (Leader) measures, the implementation accent already lies with the most appropriate level: the member states.

***In short:***

- ***a stronger distinction should be made between (the motivation for) EU co-financing of rural development measures and the need for EU guidance on their implementation;***
- ***where it comes to EU guidance, the rural development policy would benefit from a stronger EU guidance for Axis 1 measures and a stronger national and regional guidance for Axis 2 measures.***

### **c. Improved matching of the CAP's first and second pillar**

Neither the Rural Development Regulation nor the Strategic Guidelines pay serious attention to the relation between the CAP's Pillar 1 (market and income support) and Pillar 2 (rural development support). This is an important omission. With the recent reforms, the relation between the first and second pillar has already started to become blurred, especially where environmental aspects are concerned (see also the illustration on the next page):

- Pillar 1 support now includes environmental criteria in order to prevent polluting farms from being supported, and a national envelope from which (among others) environmental measures can be financed;
- Pillar 2 support includes an environmental baseline (legal requirements), compensation for 'passive' preservation (LFA), compensation of far-reaching effects of EU legislation (Natura 2000) as well as 'active' (agri-environment) measures.

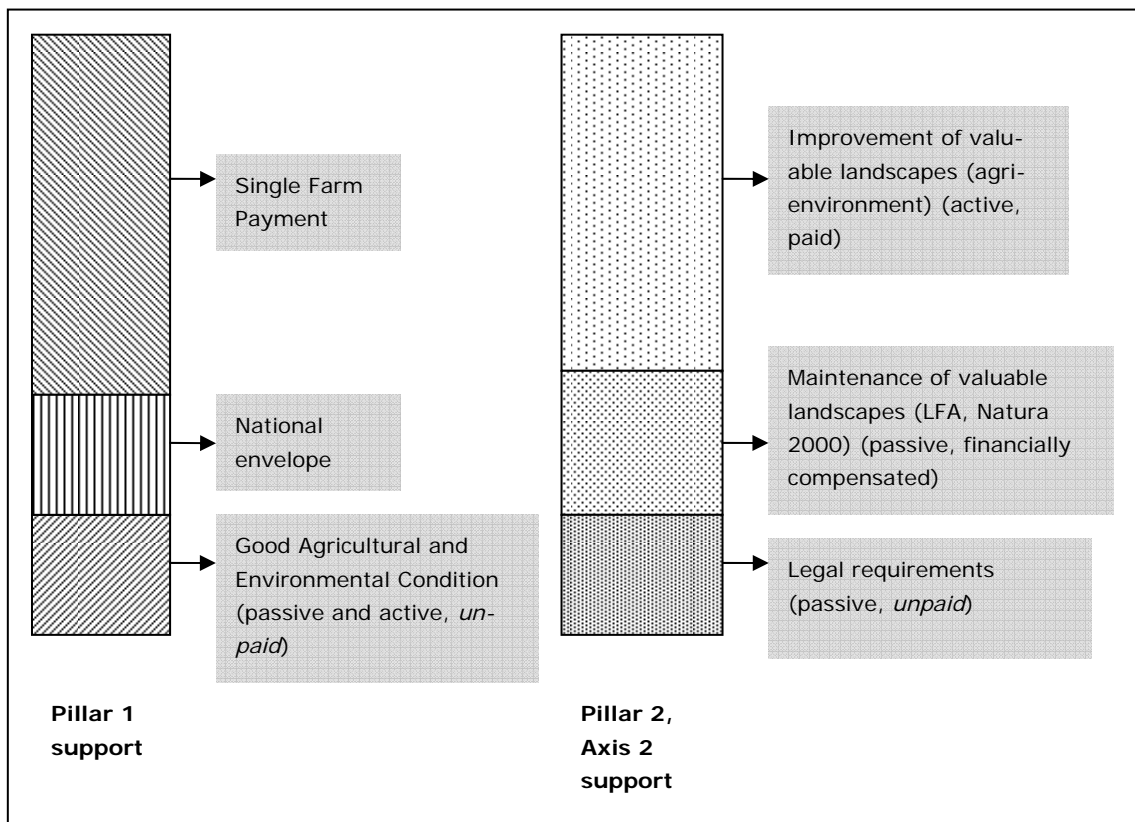
Although it is generally appreciated that Pillar 1 support is increasingly including environmental elements, there are at least four reasons to review the match between the first and second Pillar:

- whilst further CAP reforms are expected and/or announced, already within the new budget period 2007-2013, it is generally expected that future support payments will increasingly be coupled to environmental conditions or to benefits of farming to society (such as an attractive landscape). The current Single Farm Payment, based on historic production, is expected to be just a transitional support system;
- the modulation mechanism (transferring budget from the first to the second Pillar) will be strengthened. The Commission's president has already been suggesting to cut the total CAP expenditure while increasing the Pillar 2 budget to solve the current budget deadlock between the UK and some other member states like Germany and France;
- Pillar 2 (LFA and agri-environment) payments are very low compared to Pillar 1 income support (previously: production support). Moreover, two-third of the Pillar 1 support goes to the mainstream crops and only one third to livestock systems, many of which provide the basis of High Nature Value farming;

- the current system creates complex policy and NGO debates on the level of environmental benefits that may be expected 'for free' – because they are part of legislation or of codes of Good Agricultural and Environmental Condition (GAEC) – and those benefits to be financially rewarded.

***A basic revision on the relation between income support and payment for environmental goods is urgently needed. This could include:***

- ***a clear vision on the criteria for income support as such, de-coupled from historic production;***
- ***a clear vision on rewarding environmental goods (also see paragraph 3 of this paper);***
- ***a clear vision on environmental performance (exceeding legal requirements) not being paid for.***



**Pillars 1 and 2 support and the position of nature and landscape conservation**

#### **d. Improved 'internal' coherence of EU rural development policy**

Next to the national guidance provided in the Strategic Guidelines, the Commission has introduced a minimum expenditure on the different axes (with the second axis being obligatory), aiming at more balanced national Rural Development Plans. In the debates on the draft RDR, this aspect appeared to be quite controversial: every member state defended its own interest, resulting in lower obligatory shares for two of the axes and – as a result – less financial guidance for national governments. Perhaps a more financially oriented guidance would have been better accepted: a stronger differentiation between axes and measures in the share of EU support, like has now only modestly been realised for Axis 2 (from 50 to 55% EU support).

In this respect, opportunities for improved coherence and effectiveness are:

- a. to treat rural competitiveness not just in economic terms, but also in ecological terms (WWF & SNM 2004; LUPG 2004). This could, for example, be effectuated by ***differentiating support rates according to environmental or ecological standards. One option is to couple support rates in the Axes 1 and 3 to participation in measures under Axis 2.*** At the moment, such a differentiation exists only for areas under the Less Favoured Area scheme. This could be broadened to all Axis 2 schemes (including agri-environment and Natura 2000);
- b. ***better streamlining of Natura 2000 and agri-environment payments,*** both dealing with compensation of conservation measures. In many countries, there is a continuing debate on the financing of Natura 2000 sites and the possibilities to also use agri-environment schemes for this purpose. This is especially the case if the responsibility for Natura 2000 and agri-environment are shared by different ministries (environment versus agriculture). For farmland within Natura 2000 areas, there could be one compensation mechanism (e.g. agri-environment payments). This would need:
  - revision of agri-environment designations in the member states;
  - revision of the definition of beneficiaries in the RDR. So far, the Natura 2000 payments are restricted to farmers, but part of the areas are managed by other land users (foundations, conservation organisations etc.). Provided the implementation is restricted to farmland, the definition of beneficiaries can be broadened.
- c. ***conversion of the Less Favoured Areas (LFA) payment into a payment for maintaining High Nature Value farmland (A European Agricultural Fund etc. 2004).*** A decision on the Commission's proposal to eliminate the socio-economic eligibility criterion has now been postponed to 2008, thus leaving the underlying problem unsolved. Improvements can be made by converting the LFA scheme from a 'passive' to an 'active' one to maintain valuable landscapes, the socio-economic targets being taken over by the Single Farm Payment under Pillar 1. One option is to 'upgrade' the LFA scheme to a permanent grassland premium. Such an upgrade would also fill the 'landscape gap' that now exists in the second Axis<sup>1</sup>. Naturally, a 'LFA conversion' would also require a revision of the designation of the areas eligible for this kind of support.

---

<sup>1</sup> At the moment, many agri-environment schemes only provide payment for small-scale landscape features, but lack support for the larger or meso-scale landscape

# 3

## Coupled and de-coupled payments: towards a new pricing of environmental goods

From 2005 on, most of the product-related EU support has been de-coupled from primary production. In a new Single Farm Payment, the support is coupled to the farm and/or the land on the basis of historic production, i.e. support received in previous years. Part of the support will – by means of modulation – be transferred from the first to the second Pillar and be added to the rural development budget. However, for the time being, member states have considerable freedom in determining the degree of de-coupling. In the Netherlands, for example, exceptions are made for the slaughter premia for cattle and the arable premia for flax and (up to 60%) for starch potatoes. Many countries have chosen for partial de-coupling, leaving part of the animal premia (especially those for beef, suckler cows and ewes) and/or part of the arable premia (especially those for certain cereals) fully or partially coupled.

The three main reasons for this policy reform were:

- the accession of ten new member states in 2004, which would have been creating serious budget problems under the old support system;
- the WTO negotiations, forcing the EU to decrease its production-related support, assumed to distort markets less than decoupled support;
- public pressure to better incorporate sustainability aspects in the CAP.

Although an incentive for intensification has been (partially) eliminated, the de-coupling also appears to have adverse effects on the preservation of valuable landscapes. We will discuss these effects in more detail in § 3.1.

In contrast to the Pillar 1 support, the Pillar 2 support – at least where it comes to the protection of valuable landscapes – is still fully coupled, even under the new RDR. That is to say: the Commission only allows member states to calculate the support rates in two ways:

- according to the income foregone by carrying out conservation measures;
- and/or by calculating the additional costs of conservation measures.

The first 'income foregone' approach is subject to increasing criticism, as it fails to meet the need for a fair and effective reward of providing environmental goods or services. In § 3.2 we will discuss this topic in more detail.

### **3.1 Pillar 1 de-coupling poses a threat to valuable landscapes**

The first concerns on the environmental effects of decoupling already were published in around the Mid-Term Review, when WWF (*Background Paper* etc. 2002) warned for the risk of accelerated marginalisation of valuable areas. Since the Single Farm Payment is based on historic production (support), farmers will reconsider whether or not it is financially worthwhile to continue active land use, especially regarding grazing practices. These reconsiderations will vary per country, as the national codes on Good Agricultural and Environmental Condition determine the 'baseline' for land use, and play a crucial role in the grazing and mowing practices

required to receive support. Because decoupling only started in 2005 (and will in some countries only start in 2006), there still is very little empirical evidence. However, based on *ex-ante* evaluations and consultation of farmers and other regional experts (e.g. *The Impact of Decoupled Payments on High Nature Value Farming Systems* 2004; *The potential of partial decoupling etc.* 2004; Terwan et al. 2004), **the general expectation is that in High Nature Value areas, there will be two opposite developments:**

- ***in part of the areas there will be further extensification and abandonment;***
- ***in another part there will be further intensification because of concentration of the production on a limited number of farms.***

***Both developments can pose a serious threat to the nature and landscape values involved.***

Regional experts have provided evidence that, for example, in the British highlands there will be a drastic decline in cattle and sheep numbers, locally even leading to land abandonment (*The Impact of Decoupled Payments etc.* 2004; *English uplands facing bleak future* 2005). Likewise, mixed farming systems, such as the unique *machair* system on the Western Scottish Isles and the low-input cereal farming systems in the Portuguese Alentejo region, are under threat (*The Impact of Decoupled Payments etc.* 2004).

Others predict that the actual consequences will strongly rely on national governments, as the implementation of decoupling and the use and implementation of additional national envelopes strongly determine the exact effects on farming. BirdLife (*The potential of partial decoupling etc.* 2004) has argued that the only way to avoid drastic consequences is *partial* decoupling accompanied by a strong national envelope or strong second Pillar measures to support High Nature Value areas.

Anyhow, decoupling and the conservation of HNV areas are a matter of sustained concern:

1. for the long term, basing the single farm payment on historic production is not a realistic way – this indirect coupling to production will become increasingly disputable over the years. Several national ministries have already indicated that they intend to re-direct Pillar 1 support to the public benefits of agriculture rather than to previous primary production. In this way, the current approach is a typical transitional one, heading towards a further reform and integration of Pillars 1 and 2 support (see chapter 2 and § 3.2);
2. for the short term, the problem should be solved that the land can – roughly speaking – be neglected while receiving farm support. A rather drastic option to ensure continued land use is to add all practices needed for a good conservation status to the codes of Good Agricultural and Environmental Condition (GAEC; part of cross-compliance). A practical threshold to this approach is that many countries have not been doing so. A more principal one is that it undermines Pillar 2 support to (active, financially rewarded) conservation activities. ***Where farming is at the edge of abandonment, either farming as such should be added to the codes of GAEC, or prescriptions to ensure mowing and/or grazing should be included in agri-environment schemes (and consequently be paid for)*** (cf Bennett 2003). The latter would be a more appropriate solution for areas where farming has become a rather marginal activity in economic terms (*Land abandonment, biodiversity and the CAP* 2005), but it would require a higher agri-environment budget.

### 3.2 De-coupling pillar 2 payments from primary production

As mentioned above, support under the second Axis of the RDR must be calculated according to either the 'income foregone' or the 'costs incurred' approach, if necessary supplemented with 'transaction costs' involved (to a maximum of 20%). Under the first approach, which has been broadly applied throughout agri-environment schemes, this prescription implies a direct coupling to primary production. This looks like an anachronism in a time when Pillar 1 support has just been decoupled. Remarkably, this coupling also links to WTO agreements: agri-environment is notified to the WTO under Annex 2 of the Uruguay Agreement which allows agri-environment payments if they are 'limited to the extra costs or loss of income involved'. In this way, they are allowed under the 'Green Box' (of subsidies assumed not to distort trade and therefore not being subject to reduction obligations) (*Agri-environment Measures* etc. 2005).

#### Increasing criticism

Over the last few years, criticism of the current payment system (which remains largely unchanged in the new RDR proposal) is growing:

1. ***The system is not flexible and not targeted.*** Whilst governments have to rely on uniform schemes and nationally standardised payments, the regions and farms involved differ substantially. This means that there is no room to negotiate with farmers to attract more farmers and/or to meet regional or otherwise specific conservation goals<sup>2</sup>. This standardised payment for farmland conservation heavily contrasts with the (also EU co-financed!) land acquisition for conservation benefits, where the prices (and the EU contribution) are entirely in conformity with the land market and differ strongly between regions and agricultural branches. On the other hand, it is quite reasonable that the government cannot negotiate and administrate thousands of individual contracts. Nevertheless, the EU could provide more room for national governments to come up with their own approach (subsidiarity principle).
2. ***The system is not anticipating the future.*** If we assume that - in the long run - the majority of public support to farming will be coupled to the public benefits of farming or other types of rural entrepreneurship, the payments should be entirely decoupled from primary production and be coupled to a market for environmental goods and services. Such a system urgently needs to be developed. Developing separate (decoupled) market conditions is a first important step to eliminate the idea that payment for environmental services in agriculture is ordinary farm support in disguise<sup>3</sup>. Eventually, the new approach might even save many time-consuming state aid procedures.
3. As a consequence of WTO restrictions, ***the compensation of 'income foregone' hardly contributes to the income capacity of farms and thus to a broader, more sustainable economic basis of rural areas.*** Above that, in relatively poor countries or regions with low-input farming and low farm in-

---

<sup>2</sup> The former Welsh Tyr Cymen scheme used to have a kind of negotiation approach: payment levels were attuned to a farmers' participation rate of 50%. But after 1992, this approach was no longer allowed by the European Commission.

<sup>3</sup> The United States are more or less applying the same principle in their Conservation Reserve Programme, where conservation contracts are being auctioned (or better: are subject to tendering).

comes, payments are low as well, while many of these regions deserve a high priority from a conservation perspective. Studies show that although farms in High Nature Value areas strongly rely on LFA and agri-environment payments for their income capacity, they receive relatively modest Pillar 2 support. The support system does not seem appropriate to sufficiently support those farms (*The Impact of Decoupled Payments* etc. 2004).

4. In the income foregone approach, the prices for public goods follow:
  - the prices for primary products and inputs. Thus in times of falling farm revenues and a stronger reliance on contractors than on 'own' labour, payments easily fail to be effective, i.e. to attract a sufficient number of farmers;
  - the level of environmental legislation and regulations: the stricter the environmental legislation and the Codes for Good Agricultural Practice, the lower the compensation for public goods.

***This dependence does not ensure stable payments which enable farmers to invest and sustainably devote (parts of) their farm to nature conservation.*** Moreover, in this way agri-environment contracts, being perceived to be a substitute activity for primary production, are located in those regions where this is cheapest for the producer, not where it is most needed from a conservation point of view: economy is leading rather than ecology. This can be a problem in case of broadly applied agri-environment schemes, including large parts of rural areas. A more appropriate approach would be to first target the payments (also see chapter 3) and then look for the most cost-effective ways of spending the money.

#### **Ideas for alternative payment systems**

Over the last few years, it is increasingly recognised that environmental services should be rewarded as a public good under appropriate market conditions for public goods.

Already in 1997, the so-called Buckwell-committee published a study on transforming compensatory payments into more positive, market-oriented approaches, suitable to become an integral part of the CAP (*Towards a Common Agricultural and Rural Policy for Europe* 1997). The report argues that existing economic valuation systems (like contingent valuation, travel cost method and hedonic pricing) cannot be fully applied here, and more market-oriented and practical approaches are needed. To maintain existing qualities, the committee proposed a learning-by-doing system like the Welsh Tyr Cymen scheme mentioned before: estimating which payment level is needed to safeguard the delivery of the required goods. For specific goods or services the committee proposed two options:

- payment based on tendering (bids);
- payment based on green covenants or contracts.

However, up to now the European Commission has largely been ignoring the Buckwell recommendations because of alleged non-compliance with the WTO rules.

In the last few years, development of alternative payment systems has been advocated by a broadening range of institutions and NGOs, including BirdLife International (*Vision for Rural Europe* 2004), the European Environmental Bureau EEB (Hontelez 2004) and the UK Land Use Policy Group LUPG (*A European Agricultural and Rural Development Fund* etc. 2004). After the Buckwell report, there have been some studies comparing payment systems (e.g. by Terwan et al. 2003). English Nature has announced a new study for the second half of 2005.

When moving away from the income foregone or costs incurred approaches, there are roughly two ways to go:

1. Output- or performance-related payments.
2. Market-oriented payments.

### **1. Output-related payments**

As an OECD comparative study (*Agri-environmental policy measures 2003*) concluded, agri-environment payments are usually linked to the land or to other production factors; payments directly tied to environmental outputs are rare. There are two main reasons for this:

- it is perceived to be too complex to develop a sound basis for remunerating outputs (environmental benefits), especially if 'regular' environmental economics cannot (fully) be applied;
- measuring or monitoring outputs or results can be rather complex or time-consuming. This requires a relatively high standard of national administration systems, or an adequate selection of indicator species to be monitored. The Commission already requires a rather sophisticated monitoring system. Nonetheless, the administrative capacity of member states might not always be accurate for immediate implementation of output-related systems.

However, there are some examples, mainly originating from before the 1992 MacSharry reform which included the introduction of accompanying measures such as agri-environment support (e.g. Van Paassen et al. 1991): 'headage premia' in the Netherlands for the Barn Owl *Tyto alba* (BirdLife) and for grassland birds (provincial governments), and in Flanders for the Ortolan bunting *Emberiza hortulana*, and payment for grassland according to the number of wild (indicator) plant species in the English Peak National Park. The latter approach has also been applied in the German MEKA project, but in this case the payment levels are still largely based on measures (assuming that a higher species-richness requires more drastic measures). Germany has a long tradition of research into payment systems reflecting outputs rather than inputs (e.g. Knauer 1992; Von Knorring 2002). Generally speaking, the best opportunities for output-related payments occur in situations where there is a close link between actions and outcomes and/or in cases where the results can be easily monitored (*Agri-environment Schemes etc. 2002*).

As appears from the above examples, a closer relation between payment and output can be achieved by clearly defining the desired output and create a remuneration mechanism. This can be done in two ways:

1. by adding a bonus to the present payment system. Throughout the EU, several agri-environment schemes include specific biodiversity, landscape and/or heritage objectives and financial mechanisms to enhance that the objectives are reached;
2. by entirely changing the payment basis to an output-based one. Apart from the need to clearly define the objectives, this requires a feasible valuation of environmental goods and services in economic terms. Like the Buckwell report already stated, the mechanisms developed in traditional environmental economics usually fail to serve well here. Thus, other valuation mechanisms (or market-like approaches like the learning-by-doing approach suggested by Buckwell) should be further developed and applied.



## 2. Market-oriented payments

Market-oriented systems do not include fixed prices, but provide room for negotiation (supply-demand considerations) or value-for-money considerations.

They include tendering, auctioning, varying payments to attract a sufficient number of farmers or any other 'exchange' mechanism, and can include elements of competition. Examples are:

- 'learning-by-doing' under the 1980s Welsh *Tyr Cymen* scheme, guaranteeing sufficient uptake levels, and a similar up-to-date system in Switzerland. In both cases, the payment originates from 'classical' calculation, but governments take some room for negotiation;
- the US *Conservation Reserve Programme*, where land users prepare a bid for conservation activities on their land that should fit a certain cost-benefit ratio calculated beforehand by the government service. This system is called 'auctioning', but is in fact a tender system, as there are no other serious applicants for the same land;
- the UK *National Forest Tender Scheme* for improving the quality of forest management;
- in its analysis of agro-environment schemes, the European Commission itself (*Agri-environment measures etc.* 2005) mentions the English *Countryside Stewardship Scheme* (CSS) as an example of an auctioning system. Under the CSS, farmers are asked to submit a list of environmental assets on their farm and of environmental services they can offer, so that the administration can choose the best value-for-money options. In fact, this is a kind of reverse application procedure, where the government selects the appropriate conservation measures.

There are similar examples in environmental policies, such as tradable development rights in the US and tenders for CO<sub>2</sub> reduction based on cost-effectiveness criteria, among others in the Netherlands.

In the new RDR for 2007-2013, article 37 states an interesting new phrase:

*"Where appropriate, the beneficiaries are selected on the basis of calls for tender, applying criteria of economic, environmental and animal welfare efficiency."*

This opens new perspectives for more market-like approaches in agri-environment, provided the criteria applied are not prescribed in detail in the EU Implementation regulation following the new RDR.

### More room for national implementation

It is important to create more room for national or regional differentiation in payment systems. As the EU claims a primary role in matters concerning trade policy, the main interest for the Commission should be to convince trading partners in the WTO that agri-environment payments do not substantially distort trade. If – in spite of their efforts – there will not be a general exemption for these payments, member states could be obliged to declare (and argue) that their payments comply with the WTO standards. However, as agricultural and environmental policies are a shared responsibility of the EU and the member states, and subsidiarity is being considered a key principle, it does not seem appropriate to prescribe payment calculation methods in much detail at EU level. An option would be to only prescribe cost-effectiveness criteria at EU level and leave the actual calculations to the member states, asking them to justify whatever method and payment level they propose ('comply or explain').

This approach will – at the same time – motivate member states to more explicitly define conservation targets, and will create more room for payment systems and levels that attract more farmers and/or are designed more adequately to preserve the specific values involved.

***In short:***

- **it is highly recommended to de-couple Axis 2 payments from primary production and to further develop output- or performance-related payment systems (based on the deliverance of environmental services) and market-oriented payments systems like tendering and auctioning ('the negotiating government'). Promising examples already exist;**
- **the innovative tendering possibility in the new RDR should be actively applied, provided that the elaboration creates sufficient room for true negotiation and 'value-for-money';**
- **the responsibility for the Axis 2 payment systems and calculations could be shifted largely to the national governments, only formulating a set of cost-benefit criteria at EU level;**
- **in line with this, it is recommended that the WTO 'green box' criteria for agri-environment payments are adjusted to create more room for national governments.**

# 4

## How can the EU better safeguard its valuable landscapes?

The EU's huge areas of valuable landscapes described in chapter 1 represent important biodiversity and cultural features. Where it comes to biodiversity, the term High Nature Value (HNV) farmland is getting more and more common. The European Environment Agency has estimated the HNV area in the former EU-15 at 15-25% of the 127 million ha of Utilised Agricultural Area (UAA), equalling 19 to 32 million hectares (*High Nature Value Farmland* 2004). The same study estimates the HNV area in eight of the ten new member states (excluding Malta and Cyprus) at almost 5 million hectares (4.4 million ha of semi-natural grasslands and 0.5 million ha of mountain grasslands), or 12.5% of the agricultural area (covering 39.2 million ha). For the EU-25, the HNV area thus totals 24 to 37 million hectares, equalling 14-22% out of 166 million hectares of farmland.

Several studies have convincingly shown that many of the landscapes involved (including their accompanying biodiversity and heritage values) will be lost if left to the market (e.g. Terwan et al. 2004). ***Although the CAP is trying to counteract the negative side-effects of market liberalisation, government policies (trade, agriculture, nature conservation) have not been able to prevent a rural exodus in substantial areas in the EU – although it might have been slowing down its pace.***

There are several international conventions and declarations in the field of biodiversity, landscape, cultural heritage and archaeology, but their accompanying long-term (structural) budgets are still modest or non-existing. However, as long as private financing of public goods is only able to finance a tiny fraction of the total conservation and management costs, public finance will remain crucial.

In this respect, the following questions emerge:

- to which extent are the present and proposed policy measures adequate (in terms of character as well as budget) to safeguard valuable agrarian landscapes?
- in what way can government policies, at EU and national levels, be modified to provide an improved basis for preservation?

### 4.1 Are sufficient budgets available?

The main year-to-year EU financial source for land management are the budgets for agri-environment measures. In addition, budgets for one-time investments (like LIFE-Nature) are available. Although the EU agri-environment expenditure was expected to be € 3.7 billion per year in the period 2000-2006 (*Agri-environmental policy measures* 2003), the actual EU expenditure (the EU contribution to national programmes) was only € 2 billion in 2003 (*Agri-environment Measures* etc. 2005).

This equals:

- about 50% of the total EU rural development budget;
- less than 5% of the € 40.9 billion CAP expenditure;
- about 2.5% of the entire CAP and European Structural Policy (ESP) expenditures (€ 72.9 billion per year).

In OECD countries having implemented agri-environment schemes, scheme expenditure is still relatively modest if compared to the total production support: its share increased from 1% of the total OECD production support estimate (PSE) in the mid-1980s to 3% in 2002 (*Agricultural Policies in OECD Countries: Monitoring and Evaluation* 2003). For this reason, environmental NGOs have for years been advocating a larger agri-environment budget share.

### **Absolute payment levels (actual and potential)**

To be able to judge the government contribution to High Nature Value farmland, we have made an attempt to estimate the absolute payments available for HNV areas. In doing so, we have made the following assumptions (figures originating from *High Nature Value Farmland* 2004 and *Agri-Environment Measures* etc. 2005):

- as the figures available only sufficiently cover the former EU-15, our calculations focus on these countries. If we extrapolate the outcome to the 10 new member states, where the agri-environment budgets are still relatively modest, average payment levels will be lower;
- the total area covered by agri-environment contracts in the EU-15 is 25% of the utilised agricultural area, or 32 million hectares;
- as the average share of EU agri-environment expenditure in the total rural development expenditure is now around 50% and can at highest be 75% (since 25% has to be spent on other Axes), the total *possible* agri-environment expenditure would be about € 3 billion a year;
- an additional 50% of national funding would bring the total available budget at € 6 billion a year;
- the HNV area where EU support is justified, totals 20 million hectares.

From these figures, we can calculate the following:

- the *actual* payment level per ha under agri-environment schemes is about € 120,- per ha (€ 4 billion on 32 million ha);
- if this same expenditure would be consolidated on HNV land only, the payment would rise to € 200,- per ha (€ 4 billion on 20 million ha);
- the highest possible payment (if all member states would spend 75% of their rural development budget on agri-environment measures) would be up to € 300,- per ha (€ 6 billion on 20 million ha).

If we add the actual Less Favoured Area budget (estimated at € 2 billion per year, of which € 1.5 billion EU expenditure) and if we would concentrate this in the 20 million ha HNV area, the payment in the 'consolidated approach' will rise from € 200,- to € 300,- per ha. In estimating the highest possible payment, this budget has already been included in the calculation.

The *actual payment level* (€ 120,- for agri-environment measures plus roughly € 50,- in Less Favoured Areas) is relatively low, when compared to:

- the income capacity from farming (in more intensive farming regions);
- the economic incentive needed in areas where land is under threat of abandonment or has already been abandoned;
- the incentive from other EU (Pillar 1) support schemes. Beaufoy (2002) presents an example from the Spanish Extremadura region, where in the mid-1990s tobacco received production support worth € 8,000,- per ha, olives received € 85,- per ha whereas the most valuable grazed areas (by goats, sheep

and suckler cows) received € 20,- to 30,- per ha. Of course the recent CAP reform will imply decreasing premia for tobacco and olives and increasing premia for grazed landscapes, but the imbalance of the EU support will continue to exist (also see § 2.2).

***We can see that in theory the available budgets could be spent in a way that leads to higher and more effective payment levels to protect valuable landscapes. It is important to remove all possible obstacles to use the available budgets for this purpose:***

- a. ***by basing payment criteria on ecological urgency rather than on trade and agronomic principles*** (see § 3.2). All agri-environment and LFA payments have now been calculated according to the Commission's guidelines and are not allowed to exceed the ceilings posed in the Regulation. This is a serious obstacle to a more adequate payment in HNV areas;
- b. ***by coupling the EU contribution to the participation in and budget for Axes 2 measures and/or to the share of High Nature Value farmland***. In this way, member states with a large share of HNV land or already spending the maximum percentage on Axes 2 measures, are financially rewarded. An alternative would of course be to reserve additional national budgets;
- c. ***by re-balancing the Pillar 1 and Pillar 2 payments in favour of High Nature Value areas and farms*** (see § 2.2).

## **4.2 Are the budgets sufficiently targeted to HNV areas?**

If we combine the European Environment Agency study (*High Nature Value Farmland* 2004) with the Commission's figures on agri-environment (*Agri-environment Measures* etc. 2005), there appears to be a serious mismatch between the allocation of agri-environment expenditure and the share of HNV farmland:

- countries like Luxemburg, Finland, Sweden and Austria have a high percentage of agricultural land (between 80 and 100%) enrolled in agri-environment schemes, but have much smaller shares of HNV farmland (between 20 and 1%);
- Germany spends 19% of the EU-15's agri-environment budget, but only has a 1.5-3% share in the EU-15's HNV farmland. The same kind of disproportion, but less extreme, can be found in Austria, Finland and Sweden. These countries together spend 25% of the EU-15's agri-environment budget with an average share of only 4-7% of the EU-15's HNV farmland;
- conversely, countries like Spain and Portugal together use 8% of the total Community agri-environment budget, but have a share between 32 and 54% of the EU-15's HNV area.

***This implies a serious distribution or targeting problem within countries and within the EU: a substantial part of the agri-environment budgets available is spent in areas that are - from an ecological point of view - not the top-priorities. This does not imply that the money is spent in a wrong way, but a better targeting would undoubtedly create a better cost-benefit ratio and would improve compliance to the Kiev Resolution, where the European ministers promised to protect a substantial proportion of their HNV areas by (among others) agri-environment measures by 2008 (Kiev Resolution on Biodiversity 2003).***

### 4.3 What policy measures are needed?

The European Commission has already introduced a more solid base for Axis 2 measures by:

- obliging member states to implement agri-environment measures;
- obliging a 25% minimum budget share for Axis 2 measures;
- increasing the EU share for Axis 2 measures from 50 to 55%.

Nevertheless, further improvements are necessary to better safeguard the future of valuable landscapes in the EU. Next to the earlier recommendations in this paper, we present three options.

#### 1. Better target budgets to HNV priorities

The mismatch can be addressed at two levels:

- a. The European Commission could:
  - be more selective as to allowing valuable landscapes (or HNV areas) to qualify for EU support;
  - motivate member states to designate their most valuable and/or endangered landscapes with priority.
- b. National and regional governments could be more selective in designating areas for the implementation of Less Favoured Areas and agri-environment schemes.

#### 2. Selectively increase agri-environment budgets

Now that the CAP expenditure is under increasing pressure, opportunities to increase the agri-environment expenses have to be found within the existing CAP budget. The EU has several options to increase agri-environment budgets and to optimise their allocation:

- a. Next to Gross National Product (GNP), the EU could **introduce the member state's share of HNV farmland as a criterion for the EU contribution or national envelope**. This would imply a certain degree of reshuffling of the EU budget between member states favouring the ones with high shares of HNV farmland. In the light of the recent debates on the EU budget, a stronger coupling to valuable landscapes would be a measure to better allocate and justify the CAP budget (also see § 2).
- b. The EU could **strengthen the modulation mechanism**, shifting budgets from Pillar 1 to Pillar 2, **combined with a coupling of modulation budgets to Axis 2**.
- c. The EU could **increase its contribution to Axis 2 measures**. It has already been doing so by 5% (from 50 to 55%), but environmental NGOs have for years been advocating a much stronger increase (up to 75% with a selective raise to 90% for specific regions). To avoid that this raise is used to cut national budgets, it should be accompanied by an obligation to increase the member state's total Axis 2 budget.
- d. A more creative implementation of the previous measure could be to **differentiate the EU contribution for Axis 2 measures according to**:
  - **the share of Axis 2 measures in the national rural development budgets**, thus motivating member states to increase national agri-environment expenditure;
  - **the share of 'higher tier packages' in national schemes**, thus encouraging the implementation of targeted and highly effective measures.
- e. A better balance between the different rural development axes can also be achieved by **differentiating the EU contribution for the Axes 1 and 3 according to the Axis 2 budget share** (see § 1.2).
- f. **Use of National Envelopes (by member states) to the benefit of High Nature Value areas**, like Scotland practices.

### **3. Upgrade and integrate Axis 2 measures**

As to the character of Axis 2 measures, significant progress can be made by 'upgrading' all passive Axis 2 payments (especially LFA and Natura 2000, having a strong compensation character) to active ones, rewarding well-defined benefits of farming to society. In this way, the LFA scheme will be more effective and less vulnerable to criticism ('paying for doing nothing') and the Natura 2000 payments can be a special part of agri-environment schemes.

***In this way, a much more coherent and effective set of measures will become available to protect Europe's rich variety of agrarian landscapes. Not by further increase of the CAP budget, but by creatively re-directing support to to the most valuable and vulnerable landscapes.***

## References

---

- A European Agricultural Fund for Rural Development – The Land Use Policy Group (LUPG) Position.* 2004. Land Use Policy Group.
- Agri-environment Measures – Overview on General Principles, Types of Measures, and Application.* 2005. European Commission, Directorate General for Agriculture and Rural Development. Brussels.
- Agri-environmental Policy Measures: Overview of Developments.* 2003a. OECD / Joint Working Party on Agriculture and the Environment. Paris.
- Agri-environment Schemes Framework Document - A consultation on the future of agri-environment schemes - Expanded version.* 2002. Defra, Conservation Management Division.
- Agricultural Policies in OECD Countries: Monitoring and Evaluation.* 2003b. OECD, Paris.
- A sustainable agricultural policy for Europe – Position paper on CAP review and reform.* April 2002. IFOAM.
- Background Paper for 'Policy Forum on cross-compliance in the CAP'* on 1 December 2004 in Brussels. IEEP, FAL, IREAS, UPM, CLM & KVL.
- Background Paper - Mid-Term Review Proposals for CAP Reform. WWF's Reactions and Environmental Implications.* 2002. WWF European Policy Office, Brussels.
- Baldock, D., J. Dwyer with J.M. Sumpsi Vinas 2002. *Environmental Integration and the CAP - A report to the European Commission, DG Agriculture.* Institute for European Environmental Policy, London.
- Beaufoy, G. 2002. *Europe's Rural Futures – Spain, Case Studies.* WWF and Land Use Policy Group (LUPG).
- Bennett, H. (ed.) 2003. *Conference Paper on "Future Policies for Rural Europe 2006 and beyond – long term support to rural areas in an expanding Europe", 12-14 March 2003.* Land Use Policy Group & Institute for European Environmental Policy.
- Berkhuysen, A., G. Kuneman & J. Remmers 2003. *Waar voor je geld - opties voor milieuvorwaarden aan EU-landbouwsubsidies.* Stichting Natuur en Milieu, Utrecht.
- CJC CONSULTING with T. Dax, G. Hovorka, M. Köbler, F. Delattre, G. Vlahos, S. Christopoulos, L. Louloudis, L. Viladomiu, J. Rosell & E. Haggrén 2003. *The Review of Area-based Less Favoured Area Payments Across EU Member States - A report for the LUPG.* Land Use Policy Group.
- Community strategic guidelines for Rural Development programming period 2007-2013 (Proposal for a Council decision d.d. 5 July 2005).* 2005. European Commission COM(2005) 304 final.
- Dwyer, J., D. Baldock, G. Beaufoy, H. Bennett, P. Lowe & N. Ward 2002. *Europe's Rural Futures - The Nature of Rural Development II. Rural Development in an Enlarging European Union.* Institute for European Environmental Policy, London.
- English uplands facing bleak future – National Trust calls for measures to help hill farming through major change.* Press release 6 July 2005 at [www.nationaltrust.org.uk](http://www.nationaltrust.org.uk).
- European Commission plans to make CAP less green.* 2004a. Vogelbescherming Nederland / BirdLife.
- Europe's Rural Futures – Emerging messages for EU rural development policy.* 2003. WWF & Land Use Policy Group.
- First Briefing on Draft EAFRD Regulation European Agricultural Fund for Rural Development.* 2004. WWF & Stichting Natuur en Milieu. Brussels / Utrecht.
- High Nature Value Farmland - Characteristics, trends and policy challenges.* 2004. EEA report No 1/2004. European Environment Agency / UNEP. Copenhagen.



- Hontelez, J. (ed.) 2004. *The future of rural development policy – Position paper of the European Environmental Bureau (EEB)*. Brussels.
- Kiev Resolution on Biodiversity* 2003. Environment for Europe, Fifth Ministerial Conference, Kiev, Ukraine, 21-23 May 2003. United Nations Economic Commission for Europe. ECE/CEP/108.
- Knauer, N. 1992. *Honorierung 'ökologischer Leistungen' nach marktwirtschaftlichen Prinzipien*. In: Zeitschrift für Kulturtechnik und Landentwicklung 33:65-76. Parey-Verlag Berlin und Hamburg.
- Knorring, E. von 2002. *Ökologische Leistungshonorierung anhand eines Ökopunkte-Systems mit Bieterverfahren*. Universität Augsburg, Institut für Volkswirtschaftslehre.
- Land abandonment, biodiversity and the CAP – Outcome of an international seminar in Sigulda, Latvia, 7-8 October, 2004*. 2005. Ministry of Agriculture of the Republic of Latvia, Latvian State Institute of Agrarian Economics, DLG Government Service for Land and Water Management of the Netherlands, National Reference Centre for Agriculture, Nature and Food Quality of the Netherlands, Institute for European Environmental Policy, Veen Ecology and EVD.
- Making the CAP fit – For a fairer, greener and simpler agricultural policy*. 2003. BirdLife International.
- Meer Europees geld naar duurzame boeren in Nederland - Aanbevelingen voor gebruik van nieuwe opties onder het EU landbouwbeleid om duurzame landbouw te belonen*. 2003. Stichting Natuur en Milieu, Utrecht.
- Oerlemans, N.J. & G.W. Verschuur 2004. *Cross compliance in Nederland, invulling van bijlage 4 - Een verkenning en beoordeling van maatregelen door NAJK, CLM en SNM*. CLM Onderzoek en Advies BV, Utrecht.
- Options for the 2003 Reform of the CAP - A Long Term Perspective for Sustainable Agriculture*. 2003. Stichting Natuur en Milieu, WWF and the European Forum on Nature Conservation and Pastoralism.
- Paassen, A.G. van, P. Terwan & J.M. Stoop 1991. *Resultaatbeloning in het agrarisch natuurbeheer*. Centrum voor Landbouw en Milieu, Utrecht.
- Swinnen, J.F.M. 2003. *The EU Budget, Enlargement and Reform of the Common Agricultural Policy and the Structural Funds*. LUPG Research Notes, prepared for the LUPG conference on "Future Policies for Rural Europe – 2006 and beyond" (Brussels, March 2003).
- Terwan, P., J.A. Guldemond, E.M. Hees, W.J. van der Weijden & L. de Savornin Lohman 2003. *Betaling van groene plattelandsdiensten – Inventarisatie en beoordeling van mogelijkheden*. Innovatienetwerk Groene Ruimte en Agrocluster, rapport nr. 03.2.023. Den Haag.
- Terwan, P., M. Ritchie, W. van der Weijden, G. Verschuur & J. Joannides, 2004. *Values of Agrarian Landscapes across Europe and North America*. Centre for Agriculture and Environment, Utrecht, Institute for Agriculture and Trade Policy and Renewing the Countryside, Minneapolis. Reed Business Information.
- The Impact of Decoupled Payments on High Nature Value Farming Systems - Abstracts from a seminar held in Brussels on 21 January 2004, organised by the European Forum on Nature Conservation and Pastoralism*.
- The potential of partial decoupling to meet CAP reform objectives while protecting against the negative impact of decoupling*. 2004c. BirdLife International / BirdLife CAP Campaign.
- Towards a Common Agricultural and Rural Policy for Europe – Report of an Expert Group*. 1997. European Economy No. 5, European Commission, Brussels.
- Verschuur, G.W. & F.J.G. Padt 2003. *Kansen benutten uit GLB hervorming*. CLM Onderzoek en Advies BV, Utrecht.
- Vision for Rural Europe*. 2004b. BirdLife International – European Community Office. Brussels.