Improving the Design and Implementation of Eco-schemes in the new CAP Strategic Plans (CSPs) – experiences from the first year of implementation

This factsheet takes stock of Member States' experiences with eco-schemes in their first year of implementation and some of the lessons learned. It is based on discussions within the EU CAP Network's Thematic Group on the Design and Implementation of Eco-schemes in the new CAP Strategic Plans. This examined the different approaches taken to their design and implementation in different Member State: what was working well, some of the obstacles faced, as well as the identification of possible solutions and recommendations for the development of eco-schemes going forward.

Eco-schemes are an important building block of the CAP's Green Architecture. They provide payments for voluntary and mostly annual commitments beneficial for the climate, environment and animal welfare. They build on the basic requirements and standards that farmers and land managers must fulfil to receive area and animal-based payments under the CAP (enhanced conditionality) (see Figure 1).

While participation in eco-schemes is voluntary for farmers, Member States are obliged to include one or more eco-schemes in their CSPs and they are also required to allocate a minimum of 25% of direct payment funding for eco-schemes [1].

The flexibility given to Member States in designing their eco-schemes has led to significant variability in the eco-schemes available to farmers in different parts of the EU. Some countries converted agri-environment-climate measures of the previous CAP period, already known by farmers, into eco-schemes, while others introduced entirely new measures or a combination of previously applied actions and new ones. Eco-schemes differ in focus, content and therefore also in their complexity and level of ambition. Some Member States set up eco-schemes to cover single requirements regarding a particular management practice, while in other countries, a single eco-scheme might contain a range of different measures to which farmers must adhere. Additionally, some Member States have introduced only one eco-scheme which covers multiple different options and practices farmers can choose from. The majority of eco-schemes target arable land, followed by grassland and permanent crops. Almost all CSPs include measures within their eco-schemes on soil conservation practices and on preserving biodiversity and landscape features. Twenty Member States included measures for the sustainable and reduced use of pesticides. Ten CSPs include support to organic farming in the form of eco-schemes.

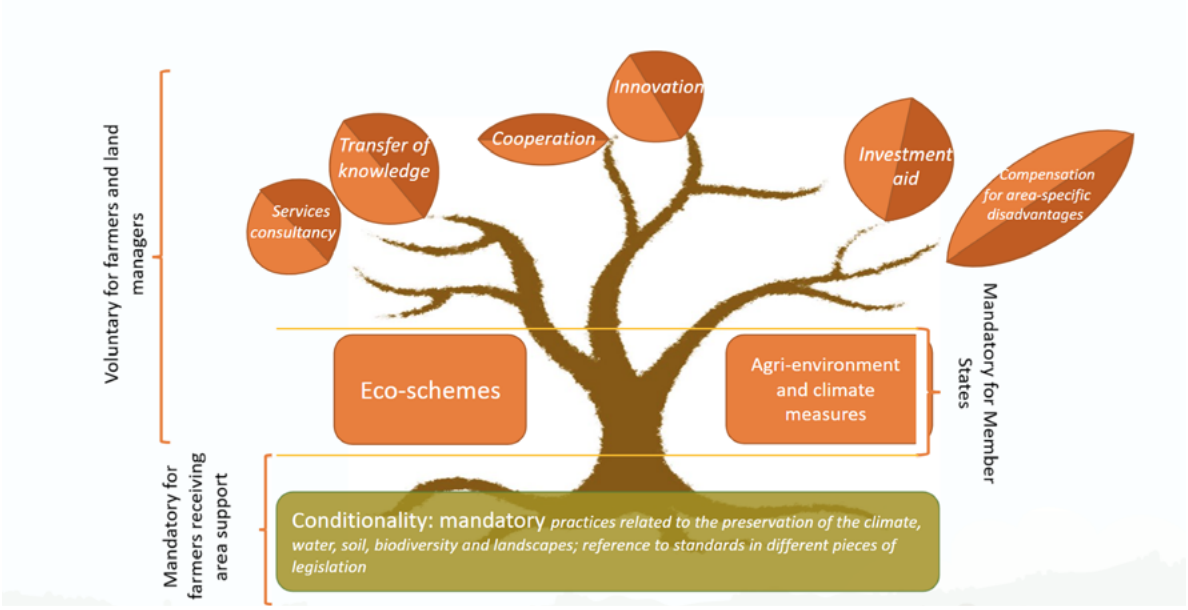

Figure 1: Key elements of the Green Architecture (Source: European Commission, 2023)

[1] This share can be lower if more than 30% of the EAFRD (European Agricultural Fund for Rural Development) is allocated to certain interventions addressing environment and climate objectives.

One single eco-scheme with a menu to choose from – the Dutch model

The Netherlands has designed a single eco-scheme where farmers can choose from a menu of 22 practices (eco-activities), each of them rated according to their environmental and climate benefits. To join, farmers must reach a minimum point and payment threshold to determine the tier they enter – bronze, silver or gold.

A simulation tool supports decision-making. Regional differences are reflected in the point threshold (calculated based on the income foregone and costs incurred for each eco-activity). Ongoing discussions focus on how to regionalise the scheme further, while not making it more complex. Uptake in the first year has been a success (63% of the eligible agricultural area), higher than anticipated.

Lessons learned from the first year of implementation relate to:

- The importance of raising farmers' awareness of eco-schemes;
- The administrative processes linked to their implementation, including financial management;
- How they are designed and targeted, including the practices chosen;
- How they fit with other parts of the green architecture.

1. Raising awareness of eco-schemes

As eco-schemes are new interventions within the CSPs, one issue has been farmers' lack of awareness about their purpose, the measures available and how they fit with RDP (Rural Development Programme) interventions on the same parcel of land. This seemed to be mainly a communication and a timing issue. For example, when eco-schemes were adopted, many new rules were introduced at once, leading to information overload for farmers. In addition, as many CSPs were adopted late in 2022, farmers often did not receive information in time to adapt their cropping decisions for 2023 and to take advantage of the options available under eco-schemes.

Another issue raised was the level of interaction with the authorities and advisory services regarding eco-schemes. For example, in some countries there were not enough feedback methods for farmers to relay ideas and concerns back to the administrations and advisors. There is also considerable untapped potential to develop digital tools and platforms that have the potential to assist information exchange and transfer between farmers, authorities and advisors.

Different approaches for information dissemination may be more suitable in some Member States than others. Amongst the ideas identified were: establishing newsletters to spread information to farmers and the creation of a helpdesk to facilitate direct interaction between Managing Authorities, Paying Agencies and farmers to help with administrative and implementation difficulties. Chatbots could also be a fast and effective method for facilitating question and answer sessions. Finally, suggestions were made for more peer-to-peer learning or setting up demonstration farms to showcase the most effective eco-schemes, finding effective ways to bring ministry officials, advisors, inspectors, and farmers together, and to encourage authorities to engage with practitioners more actively. Enhanced digital tools, such as push notifications (messages popping up mobile devices) on decision-support apps, could also help. Finally, the active collaboration of different actors such as farmers' organisations, public or private advisory services and regional/national managing authorities has had a significant impact on farmers' acceptance of eco-schemes and this could demonstrate their environmental benefits to society as a whole.

A multi-actor approach model to raise awareness – example from Italy and Austria

Involving different actors to increase the flow of information more efficiently and raise awareness for farmers is common in many Member States. In Italy, Managing Authorities are in close contact with farmers' unions who afterwards disseminate their information about eco-schemes to farmers. In Austria, the Managing Authority and Paying Agency informed advisors within the Chamber of Agriculture about the new eco-schemes, and then they informed farmers what was available via various routes (e.g., webinars, in-person meetings in municipalities, articles in journals and on the Chamber of Agriculture website, one-on-one consultations, etc.).

2. Administration and design of eco-schemes

During the first phase of eco-scheme implementation, Member States reported issues with the administration of eco-schemes, particularly the application procedures and setting of payment rates. Some of the issues faced were specific to the first year of implementation. For example, late agreement on the CAP legislative texts led to delays in the approval of CSPs, with knock on impacts on getting scheme details and guidance out to farmers and on the period of time in which the application can be received. In addition, IT systems and software were still under development during the application process, and in some cases caused delays.

Another issue reported by Member States was the lack of sufficient flexibility to make amendments to the budget and unit amounts for eco-schemes. The annual management rules of direct payments have been challenging in the first implementation year. In some countries, there were more applicants than expected, which led to payments needing to be adjusted downwards, which reduced their attractiveness. In other countries, low uptake of eco-schemes led to difficulties in redistributing the unspent budget to avoid a loss of funds. Scheme uptake data also showed that overall, there seems to have been a higher uptake of eco-schemes with lower environmental ambition. There was some evidence of lower uptake among smaller farms, perhaps because the administrative burden of applying these schemes was relatively more costly for small farms.

To solve some of these administrative issues, a way forward could be to allow greater flexibility for Member States to make budgetary changes within the administrative year. Importantly, a balance must be found between achieving high levels of uptake without compromising environmental ambition. Making eco-schemes with higher environmental ambition more attractive financially is part of this approach, as well as packaging measures to ensure a range of management practices are adopted. For example, farmers could first choose practices that address basic environmental needs, and then be given attractive top-up options for actions that increase environmental ambition. The lower uptake of smaller farms suggests that there may be a need for a differentiation in the design of the premia, e.g., higher premia amounts for the first hectares. Furthermore, payments for eco-schemes that focus on specific production systems can only be based on extra costs incurred/income foregone (Art. 31 (7) b) and not additional to the basic income support (Art. 31 (7) a). This makes them less attractive for farmers and more complex for Member States. Revision of EU legislation – enabling payments additional to the basic income support, also for schemes that are focused on specific production systems - could increase their attractiveness.

Further developing eco-schemes – experiences from Germany

Germany has seven eco-schemes. The uptake for all except the one on grassland species has been lower than planned in 2023. The various reasons for this include the complexity of some of the schemes, the fact that they are new, market changes making premia less attractive and the temporary exemptions for GAEC 8 (Good Agricultural and Environmental Conditions) standard under the CAP in 2023. Germany has amended its CSP to simplify the schemes as well as increasing certain payment rates, and higher uptake levels are expected for the claiming year 2024. A discussion with stakeholders has been launched to detail the further changes from 2025, including the potential for new schemes and for making them more attractive through simplifying them while keeping their environmental ambition.

3. Better targeting or regionalising eco-schemes

Eco-schemes are designed to operate nationally; however, one size does not necessarily fit all. Member States and stakeholders highlighted the potential for more regionalisation and tailoring of eco-schemes to address different production systems and cost structures across regions and specific bio-physical conditions, and to enable a better fit with other interventions, such as the agri-environment-climate commitments (AECC), which are regionalised in some countries.

Some Member States have already targeted their eco-schemes, for example by introducing different schemes that are focused on specific production systems (e.g., arable, grassland, permanent crops) or areas (e.g., Natura 2000, coastal areas). Since opportunity [or alternative] costs differ considerably between regions, in some places, payment rates have been differentiated by region to help increase the efficiency as well as attractiveness of payments and, therefore, budget expenditure.

Designing schemes that are more tailored to specific regions could increase their complexity and put pressure on governance and policy-making processes, so a balance has to be found. For example, it can be challenging to determine where the boundaries of these regions should be set to avoid farmers just outside the boundary feeling they have been unfairly treated.

Another solution could be to provide specific top-up payments within schemes, which could be regionally determined. Another suggestion would be to target specific eco-schemes to specific agro-climatic locations, using data layers from the Land Parcel Identification System (LPIS) – for example, to target wetland areas, micro-regions sensitive to droughts or with different geo-morphological features or on slopes above a certain gradient. As the LPIS technology advances, the layers could become more detailed and specific, thus enabling the targeting of eco-schemes to become more sophisticated in future.

Targeting to different conditions – the Spanish eco-scheme

In Spain, eco-schemes are designed to reflect the agronomic reality and diverse agro-climatic conditions, with menus of best practices offered for all production systems in each area. Payment rates vary to reflect different conditions, e.g. rainfed, dryland and Mediterranean arable areas and are degressive except for the biodiversity eco-scheme. Farmers can combine different practices and apply them to parts of their farms. Uptake in 2023 covered 87% of the declared area (75% of farmers), which was higher than anticipated. A good flow of information is considered vital to secure uptake as well as offering a range of practices and certainty of payment. Drawbacks identified include a reluctance to take up new practices (e.g., green cover in permanent crops), knowledge gaps and a perception of risk.

4. Eco-schemes and their interaction with the Green Architecture

Eco-schemes are one of a range of tools that make up the CAP's Green Architecture, and Member States agree that eco-schemes should be better integrated into this wider framework, particularly their interaction with agri-environment climate commitments (AECC). Creating more coherent policy interactions, rather than designing interventions in isolation, would improve their combined impact on the environment. Currently, farmers find it hard to understand the differences between conditionality requirements, eco-schemes and AECM, as all three often include similar practices with different requirements. Finding ways to avoid this confusion was seen to be a priority.

Package approach and comprehensive information for farmers – example from Austria

In Austria, the eco-schemes and AECMs are implemented as a package under the umbrella of the "Austrian Agri-Environmental Programme", with no distinction made between the interventions when communicating with farmers. The eco-schemes consist of measures based on AECMs previously available under the CAP 2014-20. Furthermore, farmers are incentivised to be more ambitious by having their basic requirements funded under the eco-scheme measure, with top-up payments if they go beyond them.

5. Recommendations on how to improve the design and implementation of eco-schemes

The following recommendations are actions that can be taken by either the European Commission (EC), managing authorities (MAs), or both to improve the design and implementation of eco-schemes and their interaction with other parts of the green architecture.

RECOMMENDATIONS	EC	MAs
Improve the sharing of information between different actors such as managing authorities, regional authorities, municipalities, farmers associations, NGOs and advisors, and strengthen agricultural knowledge and innovation systems (AKIS).	X	X
Put structures in place to encourage the eco-scheme co-design with farmers, while involving other relevant stakeholders such as environmental NGOs and scientists, and to build trust across all actors in the value chain.	X	X
Facilitate the sharing of best practices between Member States, especially regarding the use of digital tools for fast and effective feedback methods between farmers and authorities, and to assist information exchange.	X	X
Scale-up peer-to-peer learning and demonstration activities and disseminate/promote good practice among the farmers.		X
Set up helpdesks to establish direct lines of communication with farmers and advisors.		X
Allow greater flexibility to shift funding between environmental interventions according to uptake, and to ensure budgetary certainty and attractiveness for farmers.	X	X
Work to improve societal awareness including farmers and understanding about the importance of environmental measures and their funding, as well as their medium- and long-term social and economic benefits.	X	X
Consider establishing a certification system for sustainable farming systems to encourage additional financial reward from the market in addition to public funding (via the CAP).	X	X
Explore the possibility of "package approaches" to simplify the application process, whereby farmers choose from a suite of suitable measures, without needing to know the funding source or intervention type.		X
Ensure participation in schemes addressing basic environmental needs, with additional top-up options for increased environmental ambition.		X
Consider how to simplify the implementation and increase the uptake of CSP interventions without compromising the delivery of environmental outcomes.	X	X
Put in place targeted and systematic monitoring of eco-schemes (in respect to their objectives), in view of monitoring their effectiveness and providing insights to review the schemes if necessary.		X
Reflect on the need for two CAP 'Pillars' as part of the discussions on the future CAP, to help ensure coherence between the different elements of the green architecture.	X	X

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