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Greening: a more complex income support scheme, not yet environmentally effective



EUROPEAN
COURT
OF AUDITORS





Why did we do this audit?



What questions did we ask?



What did we look at?



What did we find?



What do we recommend?



Why did we do this audit?

**Greening
represents
almost 8 % of
the whole EU
budget**

- The 'green payment' or 'greening' is a new type of direct payment introduced with the 2013 CAP reform
- It was designed to implement the principle that farmers should be rewarded for the public goods they provide
- Greening aims to enhance the CAP's environmental performance to address the negative effects that certain farming practices have on the environment and climate
- The EU spends 12 billion euro per year on greening, representing 30 % of all CAP direct payments and almost 8 % of the whole EU budget



Why did we do this audit?

Greening requirement	Main stated aim	WHO?	WHAT?
Crop diversification	improve soil quality	farmers with arable land <ul style="list-style-type: none">- > 10 ha- > 30 ha	grow at least <ul style="list-style-type: none">- 2 crops, and main crop < 75%- 3 crops, and 2 main crops < 95%
Maintenance of permanent grassland	carbon sequestration	Member States (and farmers)	<ul style="list-style-type: none">- monitor PG ratio, if it falls > 5 % farmers must restore PG- designate ESPG without conversion or ploughing
Ecological focus areas	safeguard and improve biodiversity	Farmers with > 15 ha arable land	5 % of arable land devoted EFAs (19 distinct types)



What questions did we ask?

**Can greening
enhance
the CAP's
environmental
and climate
performance?**

Our main objective:

assess whether greening was capable of enhancing the CAP's environmental and climate performance, in accordance with the objective set in the relevant EU legislation

We examined:

- (a) intervention logic, existence of clear and sufficiently ambitious targets for greening and the justification for the policy's budget allocation
- (b) benefits that greening can be expected to produce for the environment and climate
- (c) complexity which greening adds to the CAP



What did we look at?

We reviewed
the changes
in farming
practices
for a sample
of 145 holdings

Our work encompassed:

- (a) analysis of information (legislation, Commission documents, data on greening implementation, literature)
- (b) visits to the Commission and EU-level stakeholders (COPA-COGECA and BirdLife)
- (c) interviews with the authorities of five Member States: Greece, Spain, France, the Netherlands and Poland
- (d) focused desk review on the risk of double funding covering ten further Member States
- (e) analysis of our own audit results, in particular regarding changes in farming practices attributable to greening on 145 holdings



What did we find?

Greening lacks a fully developed intervention logic with clearly defined, ambitious targets

Greening remains, essentially, an income support measure

- Greening has two distinct objectives: enhancing the CAP's environmental and climate performance and supporting farmers' income
- The specific contribution of greening to achieving EU soil, climate and biodiversity targets is not clearly defined



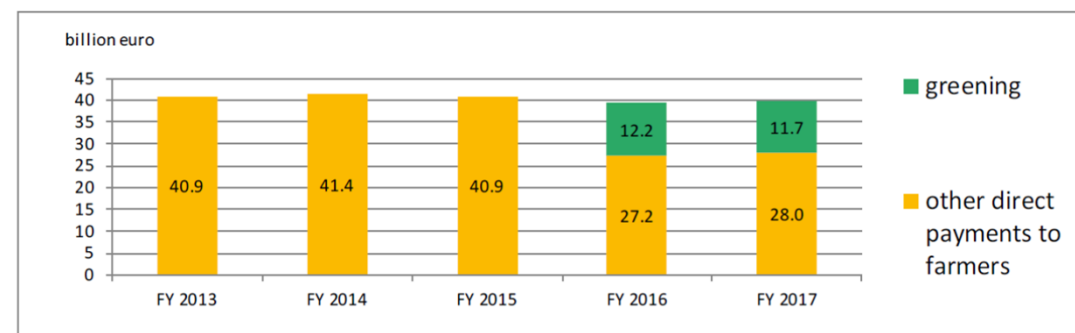
What did we find?

Greening remains, essentially, an income support measure

The Greening budget is not directly linked to the policy's delivery of environmental and climate-related objectives

- The initial proposal for greening was more ambitious in environmental terms but lacked a clear demonstration of what would be achieved
- The budget was based on a political decision and not on the environmental and climate-related ambitions

Figure 2 – The introduction of greening does not change the overall budget for CAP direct payments



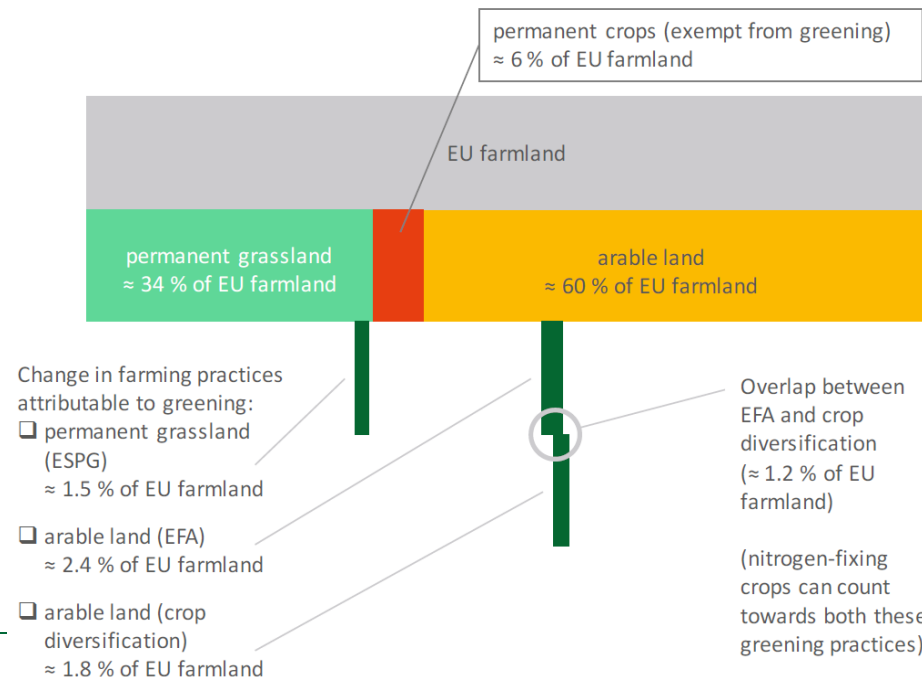


What did we find?

Greening as currently implemented is unlikely to provide significant benefits for the environment and climate

- Greening has led to very limited change in farming practices
- which illustrates significant deadweight

Greening led to changed farming practices on around 5 % of EU farmland





What did we find?

Greening led to changed farming practices on around 5 % of EU farmland

Greening as currently implemented is unlikely to provide significant benefits for the environment and climate

- Crop diversification is less beneficial for soil than crop rotation
- The effect of grassland protection on net emissions from farmland could be enhanced through better targeting
- Productive EFAs and insufficient management requirements reduce the benefits for biodiversity
- MSs use the flexible rules to limit the burden on farmers and authorities, rather than to maximise the environmental and climate benefits
- We found only limited impact on AECMs



What did we find?

Greening led to changed farming practices on around 5 % of EU farmland

Greening as currently implemented is unlikely to provide significant benefits for the environment and climate

- ...but the Commission's key result indicator for greening rose to 77 % in 2016
- this is the share of farmland belonging to holdings subject to at least one greening obligation
- this figure is of limited use for monitoring the results achieved with greening

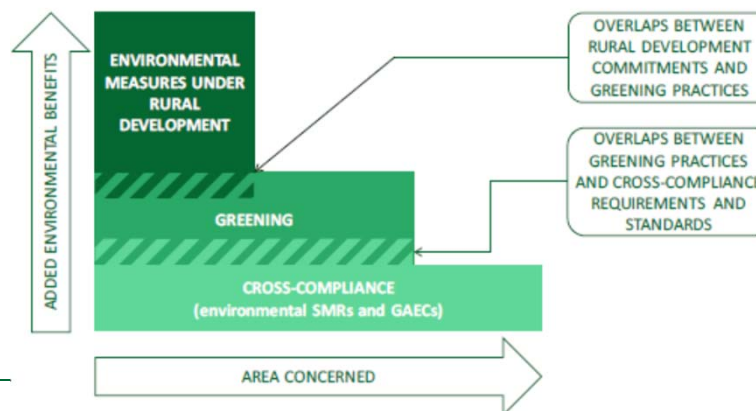


What did we find?

Greening adds complexity to the CAP

- Greening overlaps with other CAP environmental instruments but the Commission and Member States mitigate the related risk of deadweight and double funding
- The complexity of greening rules entails implementing challenges, which the Commission has partly resolved
- Greening practices resemble GAECs, but involve higher potential penalties for non-compliance

The only significant difference from cross-compliance: for greening the penalties for infringements would normally be higher





Recommendation 1

We recommend that the Commission:

- develops a complete intervention logic for the EU environmental and climate-related action regarding agriculture
- defines specific targets for the CAP's contribution to the environmental and climate-related objectives of the EU
- develops models and data sets regarding biodiversity, soil and other relevant environmental and climate-related issues to enable designing, monitoring and evaluating an effective policy



Recommendation 2

Guiding principles for the upcoming CAP reform:

- to simplify the CAP, farmers should meet a single set of basic environmental norms encompassing the current GAECs and the generalised greening requirements
- specific, local environmental and climate-related needs can be addressed through stronger programmed action regarding agriculture based on the achievement of performance targets
- Member States should be required to demonstrate, prior to implementation, that the options they select are effective and efficient in terms of achieving policy objectives

**Thank you
for your attention!**

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EUROPEAN COURT OF AUDITORS

12, rue Alcide De Gasperi
1615 Luxembourg
LUXEMBOURG

