

The scope and design of CAP in support of environmental and climate actions

Insights from OECD work

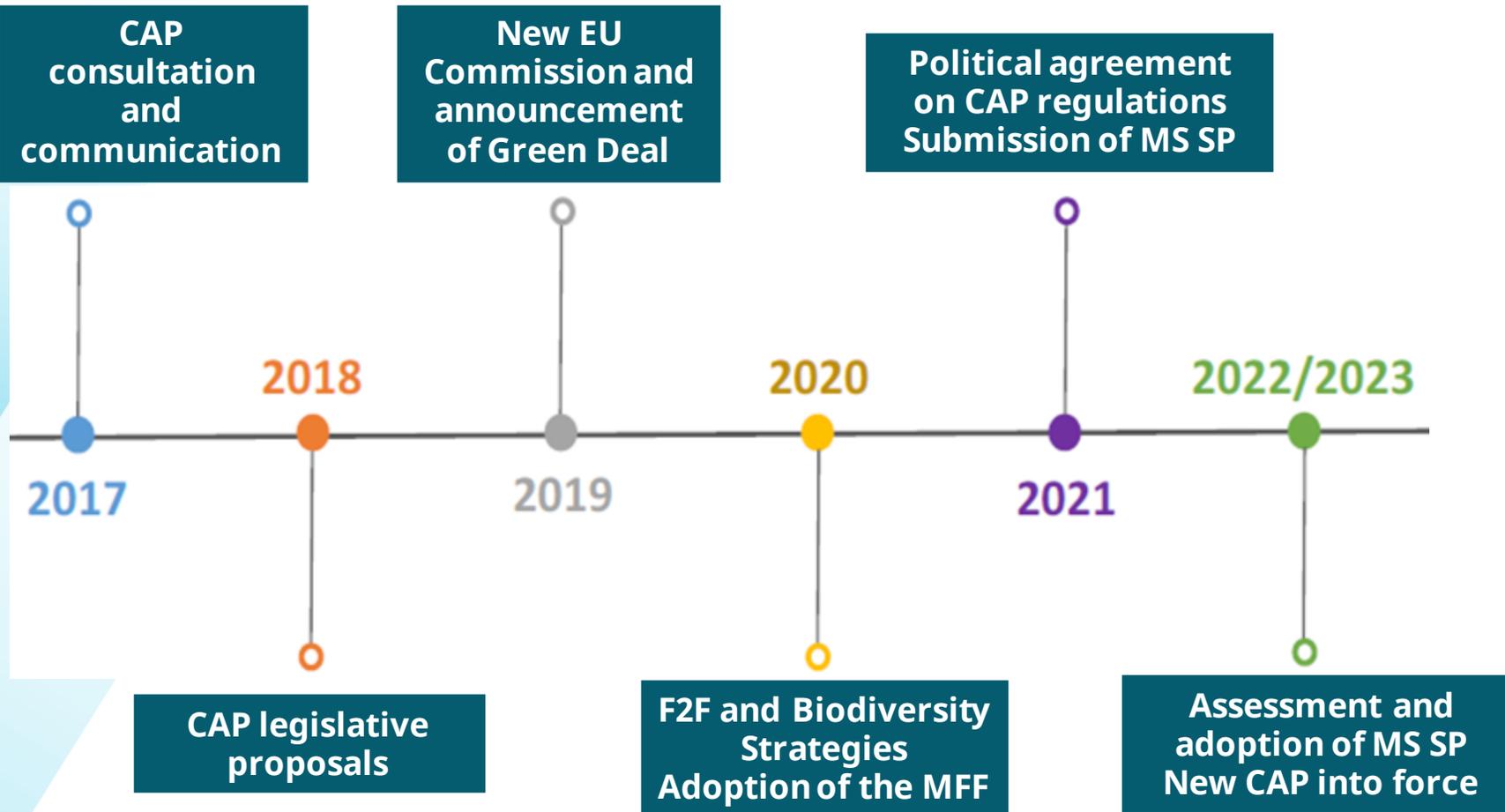
Article4(1)b

TECHNICAL WORKSHOP ON SUSTAINABILITY

16th February 2024, Brussels



The CAP is at a crossroads



2024

- Strategic dialogue
- Negotiations on key regulation packages
- EU elections

Farmers' protests



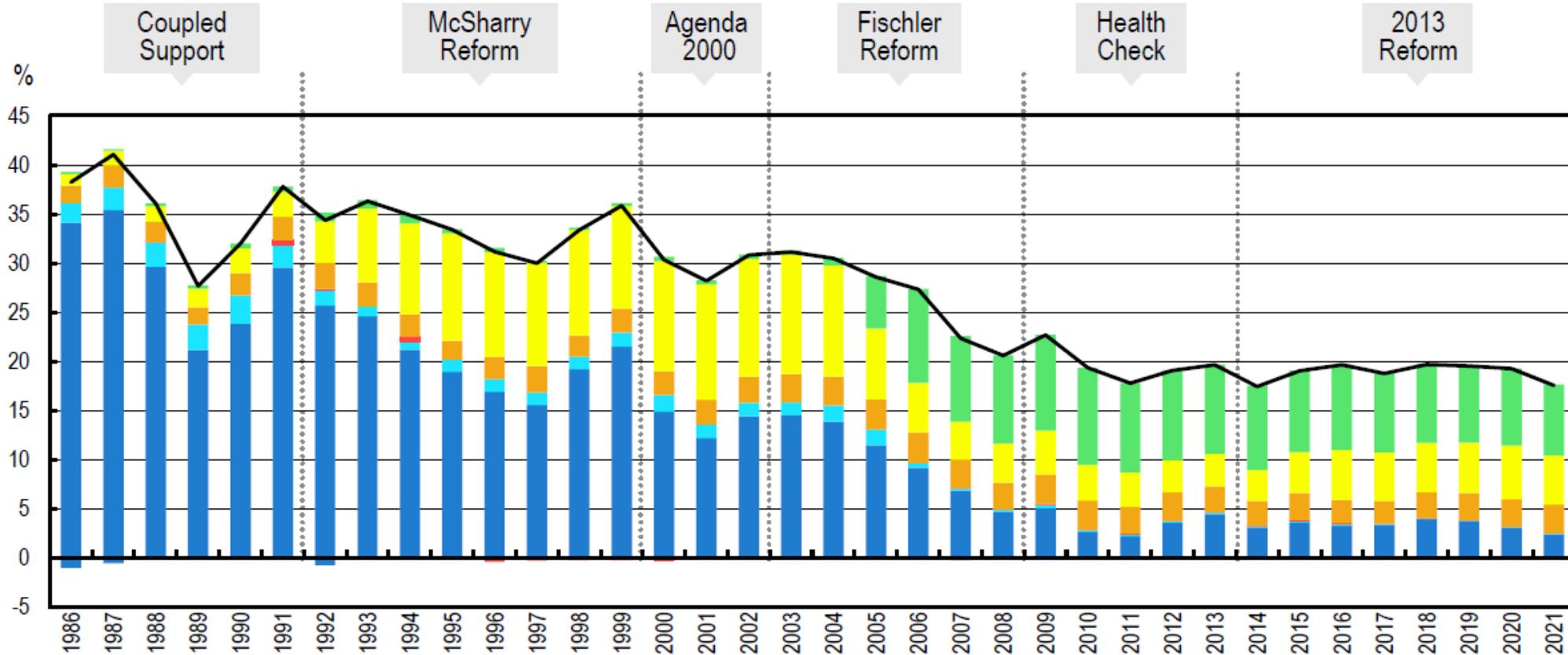
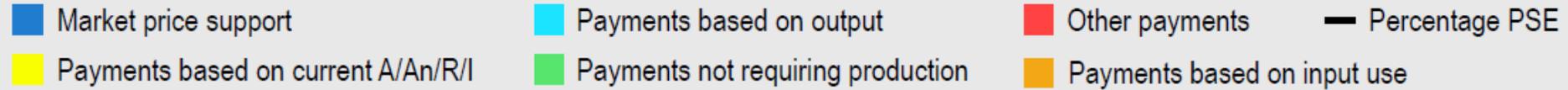
COVID-19

Russia's invasion of Ukraine



The CAP has undergone positive reforms

As a percentage of farm gross receipt

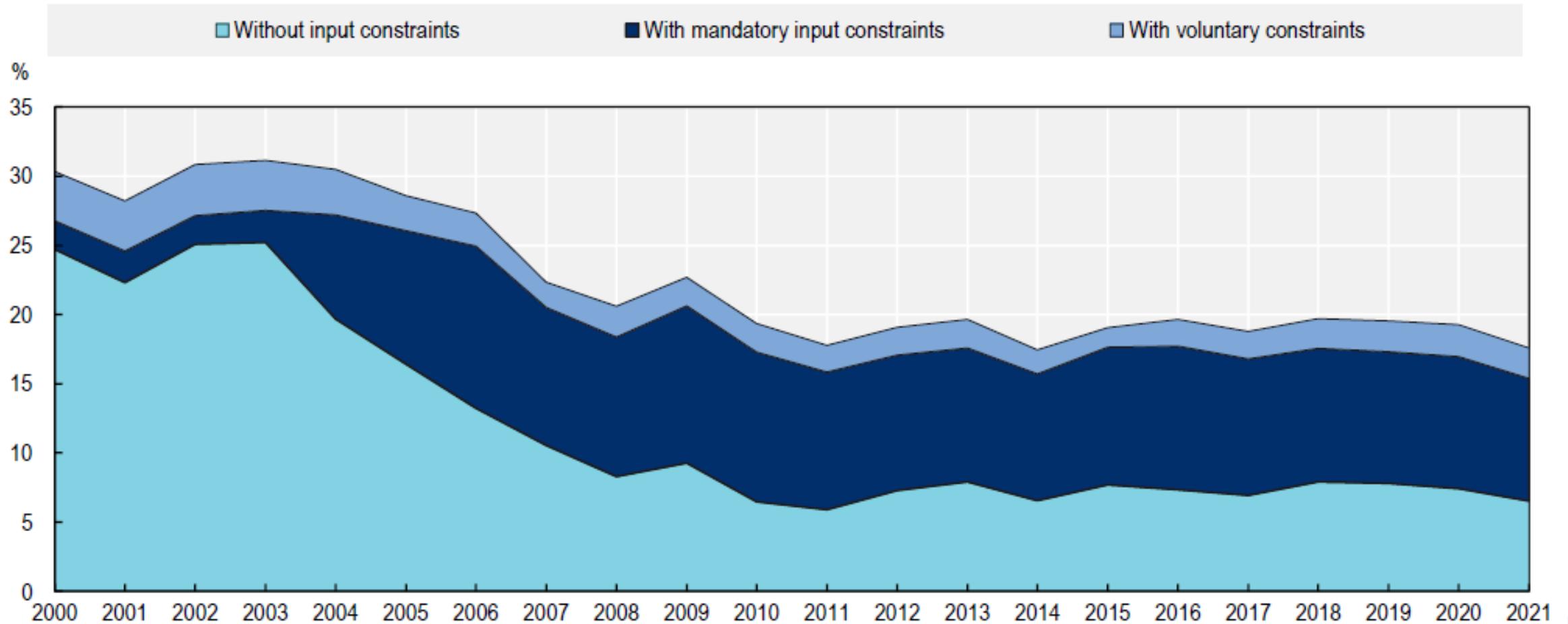


% of gross farm receipts



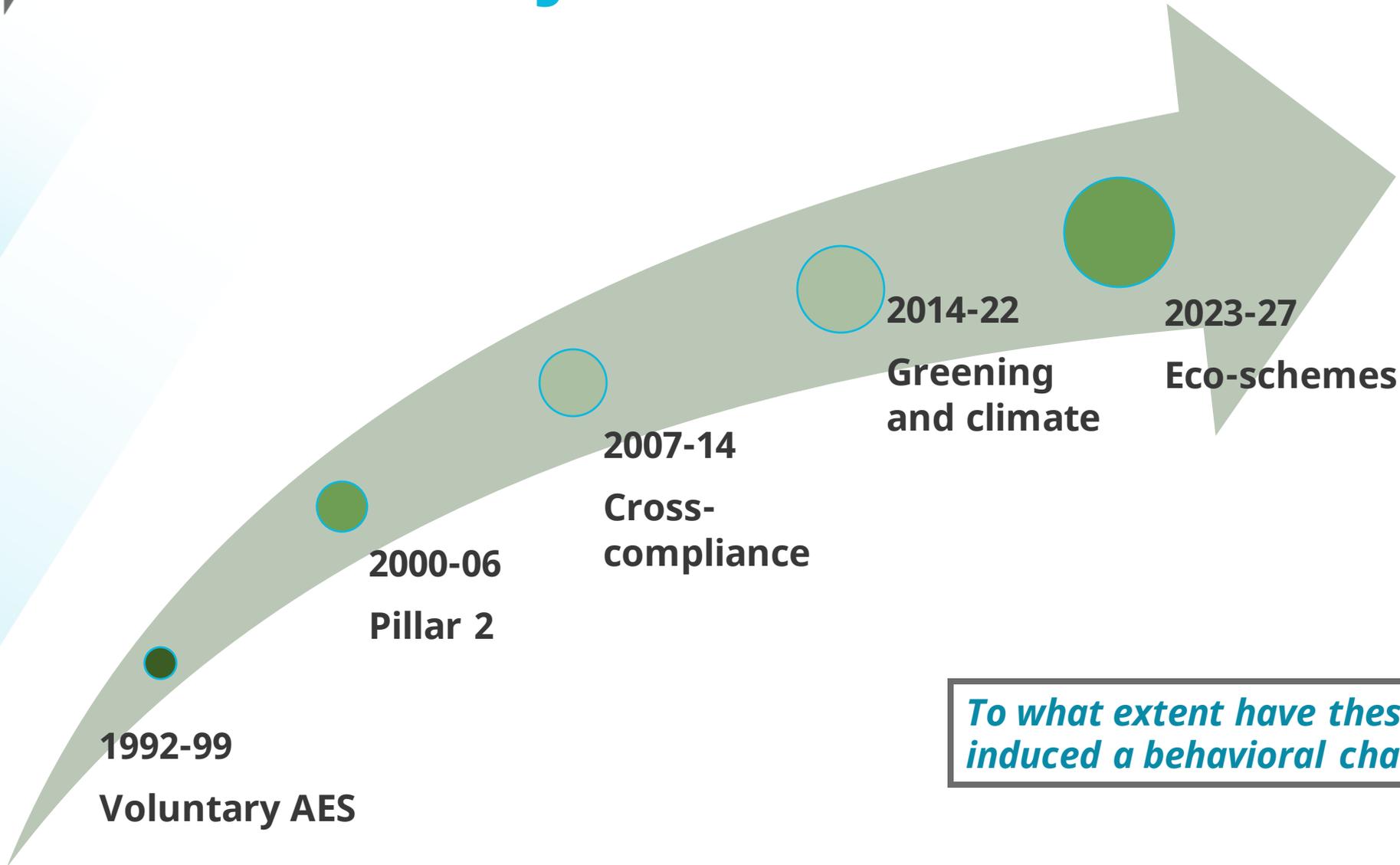
Payments in EU are increasingly conditional on production practices and regulations

(% of gross farm receipts)





The integration of environmental and climate objectives in the CAP

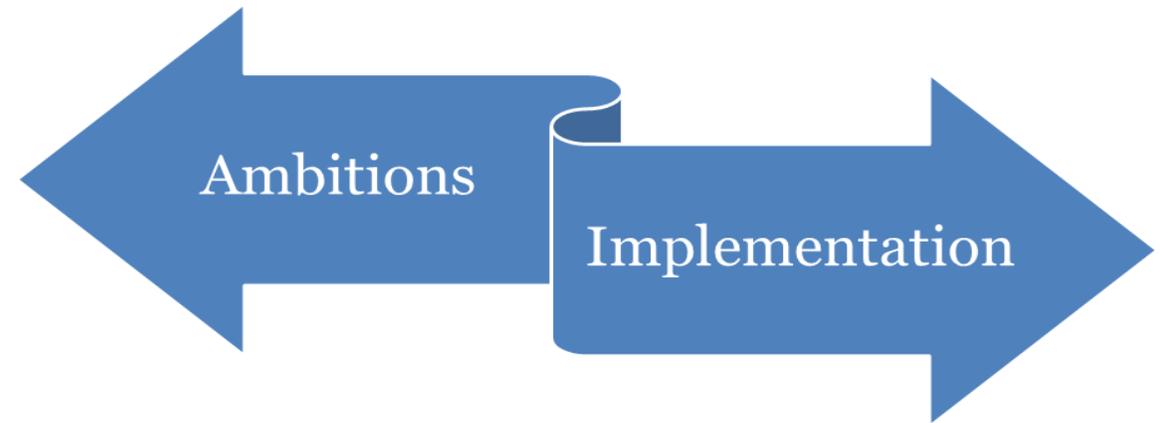


To what extent have these instruments induced a behavioral change?



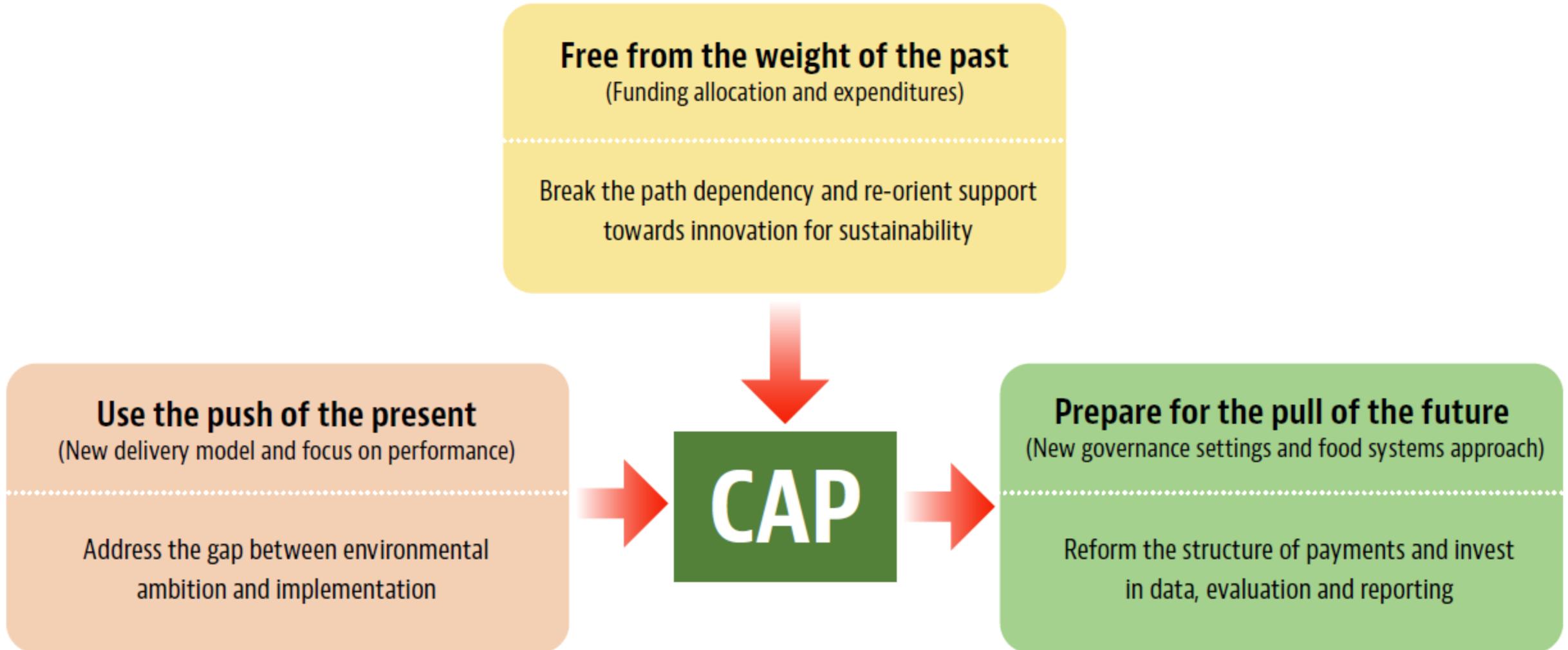
Environmental and climate objectives until 2022: high ambitions, slow progress

- Cross-compliance has proven to be of low effectiveness, and it is hard to monitor (GAEC are hard to monitor, low penalties)
- Often tools have been implemented in ways that maintain the status-quo (e.g. greening)
- Flexibility provisions on regulations and directives have been the main source of implementation gap
- Voluntary AES: result-based and collective approaches have the potential to perform better but are not widely diffused





How to re-orient the CAP to new functions and objectives?





Break the path dependency

- Introduce mechanisms to **incentive performance by MS**
- Reform the **structure of payments** to target environmental sustainability outcomes:
 - Link direct payments to **monitorable results**
 - Introduce a **clearer separation** between income support and environmental measures
- Accelerate the transition to **targeted income support** to low-income farm households



Address the gap between ambition and implementation

- Enhance **regulatory design** by promoting an integrated and outcome-oriented approach
- Refocus the role and scope of **cross-compliance**:
 - Reduce the number of practices to those that are monitorable at a large scale
 - Make regular training and strengthen on-farm controls
- Adopt a **broader strategy** to ensure a large-scale uptake and implementation of **collective measures**
- Transform voluntary schemes into **result-based payments**



Invest in innovation, data, evaluation and reporting

- Target a larger share of CAP budget for **innovation** objectives
- Continue to **improve the quality** and availability of existing indicators
- Identify and address **data gaps** to fully adopt a performance-based approach
- Enhance **digital technologies** to better monitor policies, but also to strengthen advisory services
- Introduce ex ante assessment and **reporting on results**



Thank you for your attention



www.oecd.org/agriculture



tad.contact@oecd.org



[@OECDagriculture](https://twitter.com/OECDagriculture)