Macra na Feirme

LEAN& GREEN:

Macra na Feirme's vision on the Green Architecture of CAP post 2023

Executive Summary

CAP reform is an important opportunity to address the issues of environmental protection, modernisation, farmer income and viability by applying appropriate interventions and schemes. These issues cannot be addressed in the current environment where farmers are not rewarded sufficiently for increased environmental ambition. Generational renewal has been demonstrated to drive a change of practice on farm in a number of areas including in improving environmental sustainability. The lack of focus on inclusion of young farmers at the forefront of all environmental measures has been a significant weakness in all agri-environmental measures. Specific incentives for practice change on farmers operated by young people will be essential to achieving ambition.

To address these challenges and create more positive outcomes this document lays out Macra na Feirme's position on the Green Architecture of the CAP post 2023 with the following proposals

- That four fundamental principles be incorporated into all elements of Green Architecture. These principles may be applied in different ways as appropriate to each element of the architecture;
    1. Inclusive and Accessible
    2. Progressive
    3. Results Based
    4. Complimentary
- That the framework of eco-schemes which will best served by points based system. These points should be based on involvement in schemes suited to farm type and intensity based on a combination of practical non-invasive measures to promote environmental goods and ecosystem services.
- That Agri-Environmental Climate Measures move towards a Results-Based methodologies with support for on-farm management with a focus on the benefits provided to conservation of endangered species and creation of habitat. In addition specific incentives must be created to address the low number of young farmers participating in environmental schemes.
- That on the principle of conditionality for CAP including Good Agricultural and Environmental Conditions (GAECs) and Statutory Management Requirements (SMRs) Macra na Feirme believes that increased environmental ambition is best met by the engagement with stakeholders which can create additional activities and schemes above GAECs and SMRs.

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Introduction

Agriculture is one of the major land uses and as a result is identified as the main factor in the status of habitat, water bodies and increasingly a focus of greenhouse gas emissions. Ireland has the largest percentage of agricultural land in the EU at 71.6% with 4.9 million hectares as of 2016. Ireland, unlike many other European states, is dominated by grassland with one of the highest percentage of Utilised Agricultural Area under grassland with 83% of UAA. The remainder is made up of cereals (280,400 ha) followed by crops, fruit and horticulture (71,000 ha) and rough grazing (16,300 ha) (CSO Ireland, 2018). Due to the temperate climate influenced by the Atlantic, the most common form of agricultural activity is grass based beef and dairy.

Rural Economies are dominated by employment in Agri-Food as the Ireland's most important indigenous industry with 164,400 people employed, 71% of total employment (DAFM, 2021). Ireland is primarily a food exporting nation with €13bn generated in 2020 from the export of food and drink internationally (Bord Bia, 2021).

The EU Common Agricultural Policy (CAP) is the main source of subsidies for food production in the EU and Ireland. The current period of CAP was due to run from 2015 to 2020, however due to ongoing negotiations around the reform of CAP the current regulation has been extended to 2022, with the next iteration due to begin in 2023. The CAP is split between direct payments to producers and market supports under Pillar 1 and support for environmental scheme and rural development under Pillar 2. The proposed budget for the next Multi-Annual Financial Framework, due to run 2021-2027, is set at €1.07 Trillion, with the CAP set at €336bn under the MFF with an additional 8bn included for agricultural under the pandemic recovery plan. This is split between €259bn for Pillar 1 and €78bn for Pillar 2. Ireland is expected to receive €10.73bn compared to €10.68bn at constant prices (Cassidy, 2020)

Challenges

Ireland remains a member state with one of the highest rate of environmental quality in the EU, with the second highest percentage of high status waters sites (19%), with only Austria having a greater number. In addition 57% of river water and 54% of lakes are in high or good biological quality as of 2019 (EPA, 2020).

However specific challenges and issues with trends remain including 44% of water sites showing increased nitrates for the period 2013 to 2019 and 26% of sites showing increased phosphate trend in the same period (EPA, 2020). Agricultural discharge and use of organic and non-organic fertiliser have been identified as source of concern for inland water quality.

In addition to this both the nature of greenhouse gas emissions picture from Ireland and ecology are heavily influenced by agricultural activity. Ireland remains one of the least industrialised countries in western Europe with a significant proportion of economic activity created in the agri-food sector. Ireland is also primarily grass-based ruminant agriculture due in primarily to a temperate high rainfall climate and common soil types. These factors result in a high level of farmland biodiversity but also a significant proportion of national greenhouse gas emissions from agriculture

Common Agricultural Policy has been a key driver of changes in practice in particular around environmental protection on farm for decades. However it is not the sole driver of practices and in particular expansion. Certain enterprises, in particular poultry and pig production and now increasingly larger dairy farms are less dependent on state supports and interventions. In 2019 the National Farm Survey identified that only 31% of income was in form of direct payments to dairy farms compared to 162% of income on cattle rearing farms and 132% on sheep farms (Donnellan, Moran, Lennon, & Dillon, 2020). This poses a difficulty in changing certain practices, particular reduction of ammonia emissions and greenhouse gases. As identified in the mid-term review of the Rural Development Programme agri-environmental schemes funded under Pillar 2 are more likely to attract smaller more extensive farmers as they are not seen as an attractive option for more intensive beef or dairy farms (Indecon, 2019).

The question of generational renewal is often considered outside of the context of these environmental challenges however this is a fundamental to achieving these aims. Updates to agricultural education have ensured that many young farmers are now more keenly aware of the environmental challenges and the impact upon the environment of older methods. In order to ensure practice change supports for young farmers must be considered in all environmental schemes with prioritisation for young farmers entry into schemes or where appropriate a greater financial ceiling for payments.

Green Architecture

The "Green Architecture" of CAP is the collective term for the various elements of proposed CAP reform which may be used to improve the environmental conditions on farm and reduce the impact of recipients of CAP funds. These include 'Conditionality', applied to all farms in receipt of subsidies must comply with, eco-schemes funded under Pillar 1 and mandatory for Member States to provide but voluntary for farmers to take up, along with Agri-Environmental Climate Measures (AECMs) funded under Rural Development Programme.

Conditionality

As laid out in Annex III of the draft regulation set out in the proposed Regulation of the European Parliament and of the Council: COM/2018/392 final – 2018/0216 (COD) (Commission, 2018) the basic conditions for which all farms must meet to be in receipt of subsidies are covered by 10 proposed Good Agricultural and Environment Conditions of land (GAEC) along with 16 Statutory Management Requirements (SMRs).

MACRA NA FEIRME POSITION: INCREASED ENVIRONMENTAL AMBITION IS BEST MET BY THE ENGAGEMENT WITH STAKEHOLDERS WHICH CAN CREATE ADDITIONAL ACTIVITIES AND SCHEMES ABOVE GAECS AND SMRS REQUIREMENTS.

Ireland's dominant agricultural system of permanent grassland receive automatic compliance (e.g. GAEC) and the majority of GAECs are focused on tillage and other cultivated areas (GAEC 3, 4, 6, 7, 8) other elements of GAECs are relevant for all Irish farms. In particular GAEC 2 (Appropriate protection of wetland and peatland), GAEC 4 (Establishment of buffer strips along water courses), GAEC 5 (Use of Farm Sustainability Tool for Nutrients) and in particular GAEC 9 (Minimum share of area devoted to non-productive features/Retention of landscape features/Ban on cutting during bird nesting season). Conditionality does not reward farmers directly for either increased ambition around environmental goods and protection but seen as a minimum standard.

In particular GAEC 9 has prompted much debate as to the specific amount of non-productive habitat. While Ireland on average has a greater area of habitat on farm, the complexity of the agricultural landscape and demands for land make a mandated percentage a difficult element to implement. In particular where land demand is quite high due to competition or where farms are establishing it may not be appropriate to dedicate a set amount. Instead the co-benefits of certain habitats such as hedgerows and buffer zones is a more appropriate focus. The discussion on area based habitat as an indicator also ignores the essential of ensuring quality habitat on farm.

Principles of Eco-Schemes and AECMS to Achieve Ambition

Macra na Feirme through extensive consultation with our membership have identified key interventions necessary to achieve both the environmental and generational renewal elements (Macra na Feirme, 2018) which are complimentary to achieve environmental ambition;

1. Inclusive and Accessible
2. Progressive
3. Results Based
4. Complimentary

Inclusive and Accessible

Ireland has experienced a number of different models of environmental action based schemes, ranging from Rural Environmental Protection Programme (REPS) to Agri-Environmental Option Scheme (AEOS) and currently Green Low-carbon Agri-environmental Scheme (GLAS). While REPS, and in particular REPS 4, were considered highly attractive to a range of farm types, more recent schemes have been deemed overly onerous when compared to the potential level of payment. In particular this effect is seen in larger and more intensive farm types such as dairy with non-GLAS farms being much larger in terms of gross output, livestock output and family farm income (Indecon, 2019). Given the limitations on levels of payments any eco-scheme devised must be suitable for the variety of farm types Ireland has. There is a clear need that no farmer should be excluded based on their enterprise or stocking rate from accessing eco-schemes or AECMS. In addition schemes must be tailored to suit different enterprise types and intensities.

This means any criteria must be in keeping with the productive use of land and not represent a risk to reduce the autonomy of farmers to decide on appropriate land use. The demands on land and practices acceptable to different enterprises and this must be recognised in any design. In addition these scheme should address the particular challenges outlined above posed by that particular enterprise and area.

Some features are common across all land types and land uses however area may vary significantly and so quality must also be addressed. For example hedgerows are common feature across almost all Irish land types and enterprises, a criteria regarding the length and quality (using habitat scoring matrix) would be suitable for a broad criteria. On more densely stocked farms on heavier soil types, the risk of sedimentation and overland flows are a particular risk to water bodies and so measures such as buffer strips or riparian margins should be targeted at this farm type in these regions.

Progressive

Eco-schemes are intended as an annual scheme, this should not however reduce its environmental ambition or fail to reward farmers for greater action. While multiannual environmental schemes should be used to address greater long term challenges such as greenhouse gas emissions which may require investment and repayment over several years, eco-schemes can be used to influence ongoing behaviour and actions. To this ends practices which ensure habitat protection are well suited as these are activities carried out on a yearly basis.

A key learning outcome from the successful EIPs has been the ability with minimal training for farmers to identify habitat quality and species diversity, e.g., BurrenLIFE projects. Previous schemes

have deemed education necessary but it has not been a priority for implementation of these scheme.

Farmers trained in and carrying out regular habitat scoring will minimise administrative burden and costs while ensuring lasting practice change. Farmer scorecards for use to assess habitat and species richness have been developed by Teagasc Researchers for use in habitat scoring and have undergone trials for nationwide implementation (O'Rourke & Finn, 2020)

In order to ensure value for money from EU funding along with wide uptake an annual scheme should focus on specific measures which can be built upon on a year basis.

Results Based

To address the challenges outlined within an annual scheme, the results based framework for certain common habitats is the most practical option for improvements in yearly practices and for rewarding farmers who undertake additional measures or training. This framework has already been demonstrated to have greater environmental outcomes along with a greater buy in by farmers in EIP projects currently funded under the Rural Development Programme.

To ensure a broad uptake, unlike EIPs which focus on specific habitats or species, a simplified metric for results based payments must be devised. Firstly by identifying common features and creating a scoring matrix which can be implemented annually by farmers with minimal training enforced through inspections by relevant authorities. Secondly by ensuring the scoring matric is both relevant and while promoting practice change without significant greater investment.

Complimentary

A key issue many farmers face in changing practices can be the non-complimentary nature of such changes with other measures. While measures may be introduced on farm through other instruments, these should not contradict with aims of an eco-scheme. Measures that are a requirement of other schemes or regulation may not be paid for under eco-schemes however they should not also contradict these.

In addition, environmental ambitions should complement modern farm practices which contribute to economic stability of farms. Environmental measures which increase economic vulnerability or reliant on potential market development, such as a theoretical increase in plant-based products, will result in lower farm sustainability rather than increasing this ambition.

Time frames for completion of work can similarly pose a barrier to uptake. This may pose a particular issue given the annual nature of eco-schemes. It is essential that AECMs and Eco-schemes are co-designed to capitalise on this mixture of short- and long-term scheme.

Eco-schemes

Eco-schemes are set out as “payment schemes in agriculture aiming at the protection of environment and climate” embedded in the direct payments granted under Pillar 1 of the proposed future of the Common Agricultural Policy (Article 28 of COM/2018/392 final – 2018/0216) (Commission, 2018).

Eco-schemes are proposed as being voluntary for farmers for participation. However as these are funded under Pillar 1 farmers may expect a reduction in their Basic Income Support for Sustainability (BISS) if they choose not to participate.

The final percentage of direct payments designated for eco-schemes is currently not set, with the position of the European Council set at 20% and European Parliament voting in support of 30% of direct payments with negation ongoing at the Trialogue stage with the EU Commission. The redistribution mechanism as to whether the percentage will be taken on a farm by farm basis or a national average remains similarly under negotiation and have not be finalised.

However the structure of national eco-schemes may prove more influential than the percentage of payments decided. Scheme design based on the success or failings of previous experience is essential to leverage the greatest support from farmers while also delivering the most environmental goods.

Examples of biodiversity and water quality related eco-schemes;

A set of examples which would meet the above criteria is laid out below;

1. *Habitat protection on designated lands*
    a. **Aim**: Increase the relative habitat quality of lands designated under Natura 2000
    b. **Rational**: Some 13% of Ireland's terrestrial area is included in the Natura 2000 network. This amounts to 9,060km2 which accounts for overlapping SAC and SPA designations. This land is primarily owned by farms where low intensity and high natura value farming is practiced. Currently designation leads to a considerable decrease in land value and limitations on common farm practices.
    c. **Implementation**: In recognition of the practices limited and measures taken by farms to ensure low intensity farming, farms with greater than 10% designated land will automatically qualify for eco-schemes
    d. **Review**: Annual submission of area during application for BISS, with farms in excess of 10% being deemed suitable
    e. **Potential ineligible farms:** those without land designated under Natura 200
2. *Hedgerow protection and improvement*
    a. **Aim:** Increasing the length and habitat value of farmland hedgerows
    b. **Rational:** Hedgerows provide a vital feature in farmland ecology both as protection for nesting birds and small animals along with providing a winter food source and habitat connectivity. This measure is based on the success of measures taken under the Protecting Farmland Pollinators EIP project
    c. **Implementation:** Farmer or appointed advisor identify of all suitable hedgerows upon the farm LPIS system. Farmer undertakes training to improve the habitat quality along with practices such as coppicing, trimming or planting needed to achieve this. A farm will commit to no more than 60% of non-boundary hedgerows to be cut annually.
    d. **Review:** Farmer will undertake training to carry out a review of hedgerow quality and length annually. These records will be made available for up to five years on inspection. Evidence of degradation or ongoing low quality will result in a penalty.
    e. **Potential ineligible farms:** Common across most farm enterprises, however areas of upland or moorland may not have suitable features
3. *Water course buffer/riparian margins*
    a. **Aim:** Establish buffer zones or riparian margins along identified water courses on farm
    b. **Rational:** Reduce the risk of overland flow of water carrying sediment or phosphorus to vulnerable water sources
    c. **Implementation:** Farms will establish buffer zones of 2m from the bank of any watercourses identifiable on a LPIS map and 2.5m where gradient of the slope of a field is greater than 20%. A minimum fencing distance for buffer zone of 1.5m will apply where a line of permanent vegetation is maintained such as closely placed trees or hedging. All water courses on the farm will implement exclusion of bovine from watercourses.
    d. **Review:** Annual maintenance of fencing and vegetation will be undertaken with recording of these activities available on inspection. Penalties will apply in the case of evidence of grazing or lack of maintenance.
    e. **Potential ineligible farms:** Exclusion of bovine a buffer zone of 1.5m from the bank of a watercourse is a requirement of Nitrates Derogation however proposed here is a greater buffer zone. This measure should be in particular aimed at farms with a heavy or high clay soil.
4. *Field Margins (Tillage)*

a. **Aim:** Increasing the availability of flowering plants and permanent vegetation in areas where tillage farming is common
b. **Rational:** Field margins have been demonstrated to be beneficial to many species of bird and small animal providing areas of nesting and hunting along crops.
c. **Implementation:** Farms will keep a minimum of 2m distance from the closes boundary during planting and 3m where the field exceeds 10ha. A variety of flowering plant may be sown to reduce this 1.5m or 2m in fields exceeding 10ha at planting if left undisturbed during harvest.
d. **Review:** The farmer will undertake to keep records of such actions during planting and any purchase of flowering plants. These records will be made available for up to five years on inspection. Penalties will apply where failure to implement margins are observed at inspection
e. **Potential ineligible farms:** Grassland will be excluded from this measure

Examples of climate related eco-schemes

1. *Milk recording scheme*
    a. **Aim:** To reduce the GHG emissions per kg of milk produced
    b. **Rational:** Currently only 50% of dairy herds collect regular milk recording data. This compares poorly to international examples such as New Zealand (70%), Germany (85%), and Denmark (90%). This is despite significant environmental benefits to both individual farms, by identifying less productive cows to remove from breeding, and nationally, by identifying cows and bulls with high genetic potential for milking. This measure will help achieve the target of increasing the number of farms using milk recording as a method to 90% as laid out in Ag-Climatise Report. In order to achieve the aims of a carbon neutral sector by 2050 as laid out incentives must be offered to increase this percentage for the benefit of the entire sector.
    c. **Implementation:** Farms which record milk production six times or more will qualify for this eco-scheme. Milk recording may be by way of DIY, contracted service or collected via automated milking system.
    d. **Review:** Confirmation of uploads by ICBF to the national database. Details of milk recording performance not shared with DAFM.
    e. **Potential ineligible farms:** Non-dairy farms
2. *Improved beef efficiency schemes*
    a. **Aim:** Increasing the genetic potential liveweight gain to reduce GHG per kg of beef produced
    b. **Rational:** A significant increase in targets of number of beef farms currently weighing livestock from its current 30% to 70% is laid out in Ag-Climates Roadmap
    c. **Implementation:** Commitment to weight 70% or greater of all beef livestock which enter the farm annually.
    d. **Review:** Confirmation of uploads by ICBF to the national database. Details of liveweight performance not shared with DAFM.
    e. **Potential ineligible farms:** Only available on suitable animals such as beef calves greater than 6 weeks old.
3. Soil conservation scheme
    a. **Aim:** Increase the conservation of soils under annual conservation
    b. **Rational:** Irish soils are often carbon and organic matter rich due to mild temperate climate, with relatively low risk of soil degradation under appropriate cultivation. However due to high winter rainfall soil erosions due to water is a constant risk to soil with compaction being a risk to soil structure. The use of cover crops and buffer strips at key risk areas to reduce overland flow have been identified in Ag-Climatise to reduce these risk

c. **Implementation:** 30% of area under spring crops protected with cover crops for either grazing or as green manure/farmer led plan of buffer strips to break overland flow
d. **Review:** Annual crop area reported from the previous year/satellite maps
e. **Potential ineligible farms:** Farms with only permanent pasture.

Agri-Environment Climate Measures

AECMs are identified as scheme under the Rural Development Programme of Pillar 2 funding from Common Agricultural Policy. AECMs are multi-annual schemes that can run for more than 2 years, examples of previous AECMs include GLAS and REPS.

MACRA NA FEIRME POSITION: RECOMMENDS A MOVE TOWARDS A GREAT FOCUS ON RESULTS BASED SCHEMES WITH SIGNIFICANT FINANCIAL RETURNS FOR FARMERS RELEVANT TO THE ENVIRONMENTAL BENEFITS DELIVERED. ALL AGRI-ENVIRONMENTAL CLIMATE MEASURES SHOULD CONSIDER GENERATIONAL RENEWAL AND IMPLEMENT A PRIORITISATION AND HIGHER PAYMENT LIMIT FOR FARMS WITH AN FARMER UNDER 40 YEARS OF AGE IN OWNERSHIP OR PARTNERSHIP OF PARTICIPANTS IN ANY SCHEME.

In order to maximise the potential benefits to both farmers and environmental outcomes AECMs should be complimentary of eco-schemes and reinforce benefits from any environmental actions without incurring the issue of double payment. The preferred method of achieving this would be via priority access to plans which complement existing measures.

The transition away from traditional action-based schemes towards more results-based schemes will pose challenges in terms of uptake and education however significant work in this area has been piloted through EIP projects (O'Rourke & Finn, 2020).

As stated above multi-annual schemes may be more suitable to address long term issues such as total farm emissions or land use change practices. One of the most significant elements of AECMs is to encourage practice change beyond the term of the AECM. In order to maximise the returns for this there is a need to maximise young farmers entering AECMs as the earlier the practice change is adopted the more significant an impact.

Protein Aid Scheme

MACRA NA FEIRME POSITION: THAT IRELAND SHOULD REQUEST THE FLEXIBILITY TO INCLUDE CERTAIN SINGLE SPECIES FORAGES SUCH AS RED CLOVER SILAGE UNDER THE PROTEIN AID SCHEME. IN ORDER TO ENSURE THAT THIS SCHEME IS TARGETED AS A MUCH-NEEDED SUPPORT TO OUR NATIONAL TILLAGE SECTOR, THE SCHEME SHOULD ONLY INCLUDE FARMS WITHIN A REGISTERED TILLAGE SHARE FARM ARRANGEMENT OR THOSE WITHOUT REGISTERED HERD OR FLOCK NUMBERS.

Directly related to the greater environmental ambition set out by both Ag-Climatise and EU Commission strategy is the increased use of homegrown protein sources to reduce dependence on the need for protein imports, in particular from South America and Brazil where they may be linked with deforestation.

There is significant potential for the development of protein feed

replacements by utilising the native high protein forages. Ireland, unlike many other EU countries, has a higher percentage of ruminant agriculture compared to monogastric livestock production. This leaves Ireland in a unique position that significant increase in high protein forages may address a significant amount of demand for protein imports.

Conclusion

The key purpose of the CAP Green Architecture should be to address the many and varied environmental impacts but more essentially to address the inconsistency between CAP regulations and incentives available to them. Farmers have often expressed their frustration with the numerous conflicting expectations from a policy perspective. In particular the application of GAECs for eligibility of farmland under Basic Payment Scheme while also being encouraged to create habitat to protect species and increase carbon sequestration on farm.

In addition to this farmland conservation has primarily focused on the introduction of new measures as opposed to valuation of existing farmland habitat. This poses a challenge as the creation of habitat and more environmentally positive measures on farms can often result in land eligibility concern.

The application of the above principles and proposals can address both the need to increase the value of farm habitats, reduced climate impact and improve farmer viability through a practical and fair application of regulations under the next CAP period.

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