

# The public goods bonus and the “eco-schemes” in the new CAP architecture beyond 2020

Considerations using Schleswig-Holstein  
(Germany) as an example





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## 1 Initial situation

On 1 June 2018 the European Commission (Commission) presented legislative proposals on the **future of the Common Agricultural Policy (CAP) beyond 2020**. The following information is based on the draft strategic plan regulation (COM (2018) 392final of 01.06.2018, referred to for short below as the Commission Proposal). The European Council and the Parliament had previously indicated their position on the future CAP. The triologue on the final drafts of the regulation is to commence in 2019, with all institutions agreeing in principle that, among other things, support from the agricultural budget, and in particular the 1st pillar (EAGF structural fund), must be oriented more strongly than before to the provision of **public goods services**.

In its concept of the **public goods bonus (PGB)**, Landcare Germany (Deutscher Verband für Landschaftspflege, DVL) presented a proposal back in 2016 for how the provision by a farming business of the land-related **public goods** of biodiversity, climate and water protection could be mapped and recompensed **in income** through the determination of a total points score.<sup>1</sup> The proposal was geared towards a reorientation of the CAP beyond 2020, but did not at the time offer any suggestions as to how the concept of the PGB could actually be integrated into a future CAP architecture, since no information on the relevant parameters was yet available.

This paper fleshes out how the PGB concept could in principle be integrated into the current legislative proposal on the future of the CAP beyond 2020 as “**eco-schemes**” under the Commission Proposal. The explanations use the **example of Schleswig-Holstein**, since it was in this federal state that the evaluation method of the PGB was developed. Landcare Germany is currently engaged in a nationwide project investigating the **transferability of the PGB method to other natural areas** (see chap. 1.3 below).

The purpose of this contribution is to encourage the current technical and political discussions processes on the future configuration of the CAP beyond 2020 by submitting a **specific proposal** based on the Commission Proposal. Landcare Germany’s proposal on the integration of the PGB into the eco-schemes is therefore **not to be understood as conclusive**, but will instead be continuously updated as the subsidiary and in particular legal framework at national level becomes clearer and in the light of further findings from the nationwide Landcare Germany project running in parallel.

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<sup>1</sup> See: [https://www.lpv.de/fileadmin/user\\_upload/PP\\_Gemeinwohlpraemie\\_FIN\\_DE\\_web-neu.pdf](https://www.lpv.de/fileadmin/user_upload/PP_Gemeinwohlpraemie_FIN_DE_web-neu.pdf) and for a comprehensive outline of the method: <http://buel.bmel.de/index.php/buel/article/view/174>

## 1.1 CAP architecture beyond 2020

The Commission Proposal links the environmental and climate objectives of the CAP more intensively than before with the relevant existing EU legislation and its implementation at national level. In doing so it sets out **three general objectives (cf. Art. 5) and nine specific objectives (cf. Art. 6) of the CAP**. One of the three general CAP objectives is *“to bolster environmental care and climate action and to contribute to the environmental- and climate-related objectives of the EU”* (cf. Art. 5 b), the achievement of which will in particular be pursued through the following **three of the nine specific objectives** (cf. points (d) to (f) of Art. 6):

- “contribute to climate change mitigation and adaptation, as well as sustainable energy;
- foster sustainable development and efficient management of natural resources such as water, soil and air;
- contribute to the protection of biodiversity, enhance ecosystem services and preserve habitats and landscapes”.

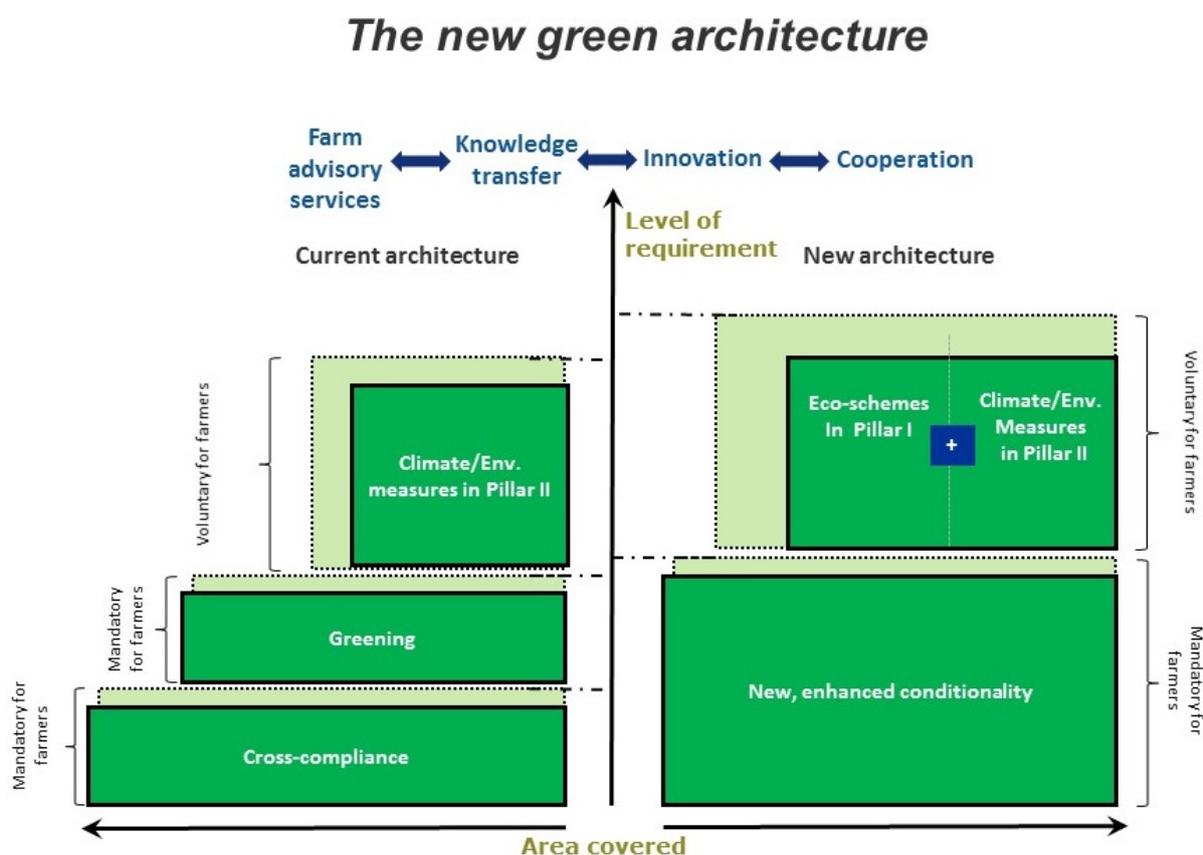
The **Member States** must set out in a **national strategic plan** how they want to achieve these objectives, which are also to be quantified on the basis of a **SWOT analysis**. The general **expectation of the Commission on the Member States** is that the strategic plan will result in a **greater overall contribution towards achieving these three** highlighted specific **environmental and climate objectives** from the EAGF and EAFRD than in the current 2014-2020 funding period. To that end the Commission has developed a **new delivery model** through which these more ambitious environmental- and climate-related objectives are to be achieved in a more results-driven manner. The new **CAP architecture** consists of mandatory and voluntary elements for the Member States and the beneficiaries. The elements of **conditionality** and the **schemes for the environment and the climate (eco-schemes)** in the 1st pillar and the **environmental, climate and other management commitments** in the 2nd pillar are particularly important with regard to the above objectives (Fig. 1 next page).



The Commission Proposal has a deliberately subsidiary focus and – despite all the criticism of the lack of guiding principles of the EU – offers greater freedom of manoeuvre, with the result that cooperation and implementation at national level are given much greater significance than previously.

Compliance with the principle of **conditionality**, the minimum standards and basic requirements of which have to some extent still to be defined in detail by the Member States, is mandatory for all beneficiaries of the EAGF and of land- and animal-related payments from the EAFRD. These fundamental standards relating to the **environment, climate, public health, animal and plant health and animal protection** comprise a list of **statutory management requirements (SMRs)** under Union law and **standards of good agricultural and environmental conditions of land (GAECs)** in streamlined form.

These standards should better take into account the environmental and climate challenges and the new architecture of the CAP, thus, in the opinion of the Commission, delivering a **higher level of environmental and climate ambition**.



**Fig. 1:** Comparison of the current and new CAP architecture (source: EU Commission)

The SMR and GAEC standards according to the Commission Proposal essentially comprise the current cross-compliance regulations (SMRs and GAECs) and the elements of the previous greening in modified form along with some new elements:

**GAEC elements as modified elements of the previous greening:**

- Crop rotation (GAEC 8) (previously greening “cultivation conditions”)
- Minimum share of agricultural area devoted to non-productive features or areas (GAEC 9)
- Maintenance of permanent grassland (GAEC 1) (previously greening “ecological priority area”)
- Ban on converting or ploughing in Natura 2000 sites (GAEC 10) (previously greening “permanent grassland”)

**New GAEC elements:**

- Appropriate protection of wetland and peatland (GAEC 2)
- Use of Farm Sustainability Tool for Nutrients (GAEC 5)
- No bare soil in most sensitive period(s) (GAEC 7)

**New SMR elements:**

- Abstraction of water for irrigation, phosphate fertilisation pursuant to points (e), (h) of Art. 11(3) Water Policy Directive (SMR 1)
- Animal diseases, Art. 18(1) of Regulation (EU) No 2016/429 (SMR 11)
- Some elements of Directive 2009/128/EC on the sustainable use of pesticides such as device testing, expertise (SMR 13)

Conditionality forms the baseline for the eco-schemes of the 1st pillar and the environmental, climate and other obligations of the 2nd pillar and hence influences their actual configuration in terms of content and financing.

Compared to the current funding period, the eco-schemes are a new instrument in the 1st pillar which the Commission has left relatively open and which must be taken into consideration by the Member States in the strategic plan. However – unlike the current greening – participation is voluntary for the farmer.

The eco-schemes must be fleshed out at national level by a selection of appropriate land management methods that – in contrast to the EAFRD measures – serve only the achievement of the above three specific environmental and climate objectives pursuant to points (d)-(f) of Art. 6, extend beyond the basic requirements of conditionality and must also be distinguished from the measures of the 2nd pillar. Support for eco-schemes should be provided in the form of an annual payment per eligible hectare of land and can, as an option, also be paid as an additional top-up to basic income support with an incentive component without – in contrast to the 2nd pillar measures – having to be oriented to the costs incurred and loss

of income suffered. Since the eco-schemes are located in the 1st pillar, they are also subject to the relevant implementing provisions, such as a fundamental legal entitlement of the farmer to their payment on application, as is the case with the direct payments, the 100% EU funding and the proposed reduction in payments per farm (capping).

The eco-schemes could in principle also be regarded as a new but voluntary “greening plus” by which the Member States are given the opportunity to generate broad demand across the country with a relatively flexible instrument and a broad, demand-driven supply of “easier” but effective measures in order to meet the specific requirements for improving the environmental and climate situation in a focused manner **in conjunction with conditionality and the EAFRD measures**.

The Commission also offers Member States the opportunity to configure parts of the eco-schemes as entry-level schemes and thus simultaneously as a point of entry into and requirement for participation in EAFRD measures.

The **environmental, climate and other management commitments**, one of eight categories of measures in the 2nd pillar, draw on the parameters of the current funding period, in particular the agri-environment-climate measures (AECM). They are voluntary for farm-owners and other beneficiaries, can run for a number of years, are as before calculated only from the additional costs and loss of income plus possible transaction costs and must be co-financed by the Member State.

The **EU’s agricultural budget** in the next multiannual financial framework (MFF) for the years 2021-2027 should, according to the Commission’s proposal, come to 365 billion euros (28.5% of the total budget). Depending on the method of calculation, this will result in a reduction in the 1st pillar of approx. 5% and in the 2nd pillar (EAFRD) of up to 25%. **The environmental, climate and other management commitments are therefore facing stiff competition with the other categories of measures in the EAFRD for a reduced budget.**

The **motto for the CAP** beyond 2020 can thus be expressed as “**more with less**”, i.e. greater and more ambitious environmental and climate objectives must be achieved with more effective measures but fewer resources and a smaller budget, and hence more efficiently than before.



## 1.2 Degree of achievement of the environmental and climate objectives in Schleswig-Holstein

The current **Evaluation and Implementation Report 2017**<sup>2</sup> as well as individual impact assessments and action evaluations of the Schleswig-Holstein state rural area programme 2014 to 2020 (Landesprogramm ländlicher Raum, LPLR) show that, despite some partial successes, considerable progress still needs to be made if implementation of the set environmental and climate objectives in the current LPLR is to be driven forward. This is particularly true of the situations with regard to **biological diversity and climate and water protection** in agrarian landscapes.

While the report certainly sees positive effects from the current efforts to restore, maintain and improve **biological diversity**, these have only local impact and cannot influence the overall picture at state level. It is clear that a reversal of the trend towards the loss of biodiversity across the state cannot be expected to be achieved through EAFRD measures alone, because the context indicators continue to show generally negative trends in the open landscape (Farmland Bird Index<sup>3</sup>, HNV indicator<sup>4</sup>). **As regards the climate** (cf. current CAP priority 5 in the LPLR), agriculture accounts for a high proportion of the greenhouse gases emitted in the state, particularly due to the emission of methane and nitrous oxide resulting from the high stock density per ha of agricultural area. Degenerated marshes and marshland used for agriculture also have an impact as major sources of greenhouse gases. The greenhouse gas emissions of agriculture per ha of land used for agricultural purposes in Schleswig-Holstein are significantly above the average values for Germany as a whole.<sup>5</sup> Eutrophication levels due to nitrogen inputs have a similarly negative impact on **water protection** both in Schleswig-Holstein and nationwide<sup>6</sup>.

**In summary**, it can be assumed that the necessary **SWOT analysis** for the environmental and climate aspects of the CAP beyond 2020 will highlight not only local strengths but also in particular overriding **weaknesses in Schleswig-Holstein** for these three specific objectives. If these situations are to be improved, the strategic plan will have to formulate a considerable need for action and contribution of agriculture. In view of the significant impairment of many habitats, the high proportion of threatened species and the overwhelmingly poor condition of the water, therefore, the **objective of Schleswig-Holstein's agrarian environmental policy** – to restore, maintain and improve the eco-systems associated with agriculture – will presumably have to be retained in the CAP beyond 2020.

<sup>2</sup> See [https://www.schleswig-holstein.de/DE/Fachinhalte/F/foerderprogramme/MELUR/LPLR/Downloads/jaehrlicherDurchfuhrungsbericht2017.pdf?\\_\\_blob=publicationFile&v=3](https://www.schleswig-holstein.de/DE/Fachinhalte/F/foerderprogramme/MELUR/LPLR/Downloads/jaehrlicherDurchfuhrungsbericht2017.pdf?__blob=publicationFile&v=3)

<sup>3</sup> See [http://www.ornithologie-schleswig-holstein.de/2011/pdf/OAG\\_SH\\_Monitoring\\_hBV\\_2017.pdf](http://www.ornithologie-schleswig-holstein.de/2011/pdf/OAG_SH_Monitoring_hBV_2017.pdf)

<sup>4</sup> See <https://www.lanuv.nrw.de/liki/freidok/b7.pdf>

<sup>5</sup> See [https://www.schleswig-holstein.de/DE/Fachinhalte/T/tierproduktion/Downloads/Faktensammlung\\_Teil\\_4.pdf?\\_\\_blob=publicationFile&v=1](https://www.schleswig-holstein.de/DE/Fachinhalte/T/tierproduktion/Downloads/Faktensammlung_Teil_4.pdf?__blob=publicationFile&v=1)

<sup>6</sup> See [http://www.grassland-organicfarming.uni-kiel.de/de/aktuelles/naehrstoffbericht\\_sh\\_tauben.pdf](http://www.grassland-organicfarming.uni-kiel.de/de/aktuelles/naehrstoffbericht_sh_tauben.pdf)

### 1.3 The public goods bonus

Landcare Germany's proposal to introduce a public goods bonus (PGB) into the CAP in order to reward the provision by agriculture of public goods services has been presented and discussed in many different forums and recognised in principle at both national and Commission level. Ultimately, however, the PGB concept has not been taken into direct consideration in the Commission Proposal.

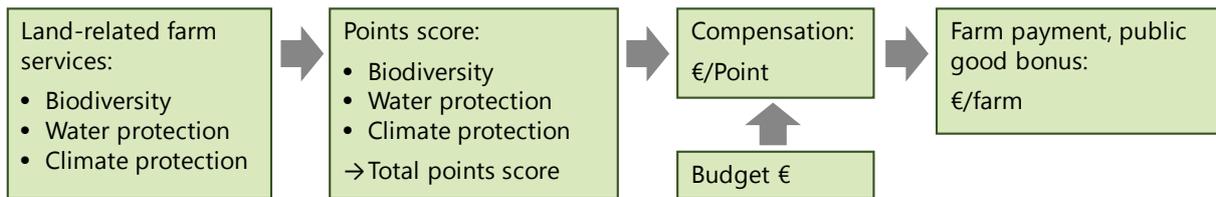
The aim of the approach of Landcare Germany is to record land-related water protection, climate protection and biodiversity services of farmers in terms of their ecological impacts based on proven parameters using a points system. These services will be recorded by means of a points scoring method and compensated according to the total points score of the farm (Fig. 2 next page). No distinction is made in principle between farms managed conventionally and those managed organically. The parameters are certain conditions and content from model nature conservation contracts or other AECM that have demonstrably proven their worth in practice over the years and hence for the PGB (Fig. 3 next page).

**What characterises** the PGB is that it

- is based on a simple, uniform and scientifically sound evaluation model of land-related environmental and climate services that has already been tested and validated in practice in Schleswig-Holstein over a number of years and can be tailored to the situation in other federal states;
- is focused on improving the situation of general biodiversity, water protection and climate protection in the agrarian landscape, but does not, for instance, include recompense for special investment-related measures for protecting species or managing biotopes – these must be supported separately;
- covers both structurally related, long-term environmental services (e.g. landscape elements or field sizes) of the farm and flexible measures (e.g. flower strips or fallow land);
- evaluates the ecological effects of the respective measures with corresponding points and thereby makes it possible to evaluate the public goods services produced with regard to biodiversity, climate and water protection in monetary terms as well;
- is geared to farm level and offers the farmer direct assistance when making decisions.

With its uniform, purely technically oriented evaluation of public goods services, the measurability of results and the flexibility offered in the selection of PGB measures, the PGB method has considerable **strengths** compared with the current system. It is particularly worth mentioning that, seen as a whole, it takes the major challenges of the CAP beyond 2020 as articulated by the Commission into consideration by giving farmers more autonomy in line with general subsidiarity ambitions, deploying the funding more efficiently and fundamentally reducing the administrative burden.

The public goods bonus is currently the subject of a two-year research and development project run by the Federal Agency for Nature Conservation (BfN) and sponsored by the German Ministry of the Environment (BMU) entitled “Common Agricultural Policy: public money for public services – refinement of a model for rewarding environmental services of agriculture in the agricultural policy (CAP)”, in which Landcare Germany, starting from the results from Schleswig-Holstein, will develop **a nationwide catalogue** of “standard PGB parameters” for evaluating farms based on surveys of farmers in three further federal states (BW, SN, BB) with regard to the farm and natural area structures there.



**Fig. 2:** Calculation of the farm payments through the points score of the farm’s biodiversity, water and climate protection services as part of Landcare Germany’s points model<sup>7</sup>

<p><b>Types of use:</b></p> <ul style="list-style-type: none"> <li>- Number of types of use (number<sup>1</sup>)</li> <li>- Percentage of permanent grassland (% of total agricultural area)</li> </ul>	<p><b>Landscape elements (LE):</b></p> <ul style="list-style-type: none"> <li>- Total LE areas (% of total agricultural area)</li> <li>- Number of LEs (number<sup>1</sup>)</li> </ul>
<p><b>Arable land:</b></p> <ul style="list-style-type: none"> <li>- Average field size (% of arable agricultural area)</li> <li>- Plant cover during winter (% of arable agricultural area)</li> <li>- Diversity of crop types (number<sup>1</sup>)</li> <li>- Fragmentation (% of arable agricultural area)</li> <li>- Spring grain (% of arable agricultural area)</li> <li>- Uncultivated stubble fields (% of arable agricultural area)</li> <li>- Self-greening fallow land (% of arable agricultural area)</li> <li>- Flower meadows, strips (% of arable agricultural area)</li> <li>- No use of “chemical measures” and chemical fertilizers (% of arable agricultural area)</li> <li>- Conversion of arable land into permanent grassland (% of arable agricultural area)</li> </ul>	<p><b>Grassland:</b></p> <ul style="list-style-type: none"> <li>- Prohibition of levelling and harrowing from 1 April to 20 June (% of agricultural grassland)</li> <li>- No use of chemical fertilizers (% of agricultural grassland)</li> <li>- No use of organic fertilizers (% of agricultural grassland)</li> <li>- 1st mowing from 21 June (% of agricultural grassland)</li> <li>- Permanent pasture (% of agricultural grassland)</li> <li>- Fallow land (% of agricultural grassland)</li> </ul> <p><b>Nutrient balance:</b></p> <ul style="list-style-type: none"> <li>- Farm-gate nitrogen (N) balance (gross) (kg N/ha)</li> <li>- Farm-gate phosphorus (P) balance (kg P/ha)</li> </ul> <p><sup>1</sup> Evaluation considers (minimum) land shares</p>

**Fig. 3:** Parameters of the points score of the farm’s biodiversity, water and climate protection services as part of the points model of Landcare Germany using the example of Schleswig-Holstein<sup>8</sup>

<sup>7</sup> Source: [https://www.lpv.de/fileadmin/user\\_upload/PP\\_Gemeinwohlpraemie\\_FIN\\_DE\\_web-neu.pdf](https://www.lpv.de/fileadmin/user_upload/PP_Gemeinwohlpraemie_FIN_DE_web-neu.pdf)

<sup>8</sup> Source: <http://buel.bmel.de/index.php/buel/article/view/174>

## 2. The public goods bonus concept as the basis for the eco-schemes

Given the merits already presented, the PGB method could play a productive role in the new CAP architecture. Use of the **PGB in conditionality** is precluded by definition, since the PGB concept only evaluates voluntary environmental and climate services above a baseline with which agriculture has to comply on the basis of fundamental norms and statutory minimum standards. However, it is important to make a distinction between the PGB and conditionality in terms of content in order to exclude overlaps (see chap. 2.1 below).

By contrast, the public goods bonus is **predestined for the eco-schemes** for the following reasons:

1. **Objectives:** The PGB has similar specific climate and environmental-related objectives to the Commission Proposal (cf. points (d) to (f) of Art. 6).
2. **Effectiveness:** The PGB parameters are tried and tested conditions and content that are known from the existing 1st and 2nd pillars and whose impacts in terms of promoting climate and environmental protection are proven. The PGB evaluation method allows the ecological impacts of the individual parameters to be mapped by different points scores that can then be used as a basis for measuring the financial support. The points system excludes non-objective-driven measures, such as those implemented in the current greening, from recompense.
3. **Area relevance:** The measures in the PGB catalogue are standard measures that can be applied universally by all farmers wherever they make sense and integrate into farm operations.
4. **Additional income support:** One of the core PGB principles is to base the amount of the bonus on the environmental impacts produced by the PGB measures and to establish the generation of public goods services as part and parcel of agricultural income. This option is offered in the eco-schemes under point (a) of Art. 28(6) of the Commission Proposal and complies with WTO rules.
5. **Voluntary nature and acceptance among farmers:** Experience has shown that a list of agricultural practices beneficial for the specific climate and environmental objectives that are suitable for the farm and deliver visible results leads to greater motivation of the farmer as a producer of public goods services. In addition, it strengthens the farmer's autonomy and entrepreneurial freedom and ultimately also serves to enhance the image of agriculture as a whole.
6. **Annuality:** The PGB measures are designed to conform to the principle of annuality in the 1st pillar, but under certain budgetary conditions they could also be configured to cover several years.
7. **Inclusion in the integrated administration and control system:** One of the key criteria in the development of the PGB concept was that, with its interfaces to administrative and

control procedures including monitoring and evaluation, this method would not place any additional burden on the farmer or on administrations. The major requirement of reasonable administrative/control effort is currently being evaluated by an expert survey conducted as part of the above nationwide project.

Use of the PGB as the basis for eco-schemes will also have the following positive side-effects:

8. **Efficient use of budget resources:** A system of payment according to points is based on the actual environmental and climate impacts of the measures and not on financial key performance indicators, which in any case can only be considered ex post and therefore lag behind current trends.
9. **Budget relevance:** The adoption of tried and tested conditions and content from the AECMs of the 2nd pillar into the eco-schemes and hence into the budget management of the 1st pillar (see chap. 2.2) will free up the related funding (EU and national funds as well as any top-ups) and open up new possibilities for use in the 2nd pillar. This will be of particular benefit to those federal states with a strained budget situation and an always limited amount of unallocated resources for state co-financing. The budget situation of the 2nd pillar is already strained due to the planned reductions of up to 25% and the extensive intervention categories with which the AECMs there are competing, so that the resources freed up will be urgently needed in order to maintain the necessary freedom of manoeuvre in the 2nd pillar for specific AECMs and the new "dark green" measures.
10. **Transferability:** It should in principle also be possible for the PGB parameters to be developed in other federal states along the same lines as in Schleswig-Holstein, allowing a nationwide list of practices beneficial for the climate and the environment to be created as eco-schemes. A corresponding analysis of the transferability of the PGB parameters is in progress in the above nationwide project.

In many respects, therefore, the PGB method and the PGB measures especially prove to be particularly suitable for the eco-schemes. They can be included in the "list of agricultural practices beneficial for the climate and the environment" pursuant to Art. 28 of the Commission Proposal when the strategic plan is created by the federal government and states. These measures within the 2nd pillar should also be flanked by a targeted provision of advice.

## 2.1 Differentiation from conditionality using Schleswig-Holstein as an example

The Commission has not conclusively defined what it means by conditionality in its basic requirements and standards (SMRs and GAECs, cf. chap. 1.1), so that a detailed formulation of the requirements at national level is needed. Although these concrete definitions do not yet exist, those elements of conditionality that require differentiation from the parameters of the PGB in order to preclude overlaps and exploit mutual synergies across the country can be identified on the basis of the Commission Proposal. Using the example of the PGB parameters that were developed for Schleswig-Holstein, Table 1 offers a comparison showing which parameters of conditionality (SMRs and GAECs) may contain overlaps with the PGB and therefore require appropriate differentiation.

To preclude duplication, parameters that in terms of content are in principle to be located both in the PGB and in conditionality could be

- excluded from the PGB evaluation entirely, or
- separated from each other by definition, or
- recompensed as part of the PGB or eco-schemes only where they exceed the requirements (e.g. minimum share of agricultural area devoted to non-productive features or areas, GAEC 9) that are specified for the purposes of conditionality.

**Tab. 1:** Possible overlaps in content (= differentiation requirement) of the parameters of conditionality (pursuant to the Commission Proposal) and the PGB (using Schleswig-Holstein/SH as an example, see Fig. 3)

Conditionality parameter	PGB parameter (using SH as example)
GAEC 1: Certain ratio in order to maintain permanent grassland	<ul style="list-style-type: none"> <li>• Share of permanent grassland</li> </ul>
GAEC 4: Establishment of buffer strips along water courses	<ul style="list-style-type: none"> <li>• Self-greening fallow land (grassland)</li> <li>• Self-greening fallow land (arable land)</li> <li>• Flower meadows, strips (arable land)</li> </ul>
GAEC 5: Farm sustainability tool	<ul style="list-style-type: none"> <li>• Farm-gate nitrogen balance (gross)</li> <li>• Farm-gate phosphorus balance</li> </ul>
GAEC 7: No bare soil in non-productive period(s)	<ul style="list-style-type: none"> <li>• Plant cover during winter (arable land)</li> </ul>
GAEC 8: Crop rotation	<ul style="list-style-type: none"> <li>• Diversity of crop types (arable land)</li> </ul>
GAEC 9: <ul style="list-style-type: none"> <li>• Minimum share of non-productive features or areas</li> <li>• Retention of landscape features</li> </ul>	<ul style="list-style-type: none"> <li>• Self-greening fallow land (arable land)</li> <li>• Flower meadows, strips (arable land)</li> <li>• Total LE area</li> <li>• Self-greening fallow land (grassland)</li> </ul>
GAEC 10: Ban on converting or ploughing in Natura 2000 sites	<ul style="list-style-type: none"> <li>• Share of permanent grassland</li> </ul>

## 2.2 Differentiation from environmental, climate and other management commitments using Schleswig-Holstein as an example

The Commission Proposal for the environmental, climate and other management commitments (agri-environment-climate commitments, or AECCs for short) draws on the current AECMs in the 2nd pillar, so that the measures for the new funding period can in principle be based on what is already tried and tested. If the eco-schemes were, as proposed, to be designed as one-year standard measures according to the PGB model, this would create new freedom of manoeuvre in terms of content and finance and allow the AECCs to be focused more closely on the objectives. Given their similarity of content to the AECCs, the eco-schemes can in principle be combined well with them, but for formal reasons they must be clearly distinguished from one another.

According to the objective, the evaluation parameters for the PGB reflect the general importance of individual farms for the protection of biodiversity, the climate and water. When the PGB evaluation parameters for Schleswig-Holstein were established, therefore, those conditions or packages of measures from the Schleswig-Holstein AECMs that relate to this objective and can also be recorded and monitored at reasonable expense were systematically included in the PGB. By contrast, specific individual measures that are necessary in order to achieve particular protection objectives are (deliberately) not covered by the evaluation method and continue to require separate, supplementary funding (e.g. biotope management measures, protective measures for particular individual species, special water level management).

Given this establishment of the PGB parameters, the “special measures” that would remain as AECCs within the 2nd pillar can be identified by implication for the purposes of ensuring the necessary differentiation of the PGB as eco-schemes from the AECCs. For the current contract-based nature conservation programmes (co-financed by the EU) in Schleswig-Holstein, this affects the individual measures listed in Fig. 4 (next page), using grassland as an example.



**General requirements:**

- Multi-annuality
- No reduction in the water level
- No pesticides (or only to combat thistles and docks with consent)

**Specific requirements for selected variants (partly based on the region or defined areas):**

- No supplementary feeding on the contract land
- Rational pruning permitted from 21 June (or possibility of instruction)
- Requirements on stock density in selected periods (partly specific to animal species)
- Requirements on fertilisation in selected periods
- Creation of species-rich grassland (with regional seed mixtures)
- Tolerance of ingestion of food by geese, swans and ducks (in defined resting sites)
- Inclusion of at least 90% of the farm grassland in biotope management measures (obligatory or optional)
- Provision of accompanying advice (variant-based)

**Fig. 4:** “Special individual measures” (general and specific requirements) that could remain as AECC within the 2nd pillar if the PGB were eco-schemes, using Schleswig-Holstein as an example (see Fig. 3) (requirements derived from the current EU-co-financed contract-based nature conservation programmes; schematic representation showing the differentiation; further measures possible).

The individual measures listed do not overlap in content from the parameters of the PGB (see Fig. 3 Grassland parameters), but would be performed as additional measures “on top”, in many cases on identical areas as PGB measures. An exception is success-oriented contract models that are not currently co-financed by the EU in Schleswig-Holstein but are instead offered as a pure state-wide programme (direct protection for meadow bird nests, maintenance of species-rich grassland). To preclude duplication of funding for these contract models, combination with funding within the eco-schemes would have to be excluded (i.e. land excluded in an “either/or” choice).

The above individual measures are currently included as a “package of conditions” in the region-based grassland programmes for extensive meadow and pasture use. In the event of new programming within the AECCs (as differentiation from the eco-schemes/PGB), it is recommended that the individual measures be likewise grouped into contract models for defined areas (e.g. extensive pasture marsh, geest, downland) so that the administrative and monitoring burden is reduced and any necessary technical adjustments for specific regions can be made.

The PGB concept entails compensating central management conditions of organic farming within the eco-schemes through the PGB parameter “No use of chemical measures” and “No use of chemical fertilizers” elements (see Fig. 3), so these would not also have to be rewarded within the AECCs. However, it would still be possible to provide special additional support for organic farming in the initial conversion phase, for instance, and for any further public goods

services of organic farming yet to be defined (beyond protection of the biodiversity, climate and water).

## 2.3 Transferability to national level

The differentiation of the “PGB conditions” as eco-schemes from conditionality within the 1st pillar and from the “special AECC conditions” within the 2nd pillar was explained using the example of the PGB parameters that were developed for the situation in Schleswig-Holstein. The nationwide project of Landcare Germany mentioned above is currently investigating whether and how the parameters and their evaluation can be transferred to other regions of Germany. The analyses of the farm data that were collected and validated in representative natural areas have not yet been concluded. For the case that a uniform nationwide list of parameters were required for the eco-schemes, however, it must be expected that

- the definition and/or evaluation must be adjusted for individual parameters (e.g. diversity of crop types for arable land),
- individual parameters cannot be defined uniformly nationwide and can therefore be included in the special section of the AECCs and tailored to specific regions and federal states (e.g. mowing times/regime in grassland),
- some new parameters that have not yet been part of the PGB evaluation due to the situation in Schleswig-Holstein (e.g. mixed orchards with grassland use) must be included.

Surveys of administrations are also being conducted in the nationwide project of Landcare Germany in order to evaluate the controllability and control effort required for the various parameters in light of the new common monitoring and evaluation framework (CMEF), in particular the integrated administration and control system.



### 3. Conclusion and outlook

To a greater extent than before, the Commission Proposal ascribes agriculture a new autonomous role as a producer of public goods services in a thus expanded job description, since agriculture is increasingly being both cited as one of the causes of environmental and climate problems and, as part of the solution, asked to make a more ambitious contribution than previously towards overcoming them.

In its legislative proposals the Commission has, in the eco-schemes, introduced an instrument into the 1st pillar by which farmers can be persuaded to provide public goods services voluntarily through certain agricultural practices beneficial for the climate and the environment and can receive additional income support by doing so. The direct payments, at least pro rata, are thus given an added legitimacy that society demands, which is not insignificant in view of looming budget cuts. It will be all the more important, therefore, for payments for the eco-schemes to be made attractive for farmers when the PGB proposal is rolled out nationally. The Commission Proposal provides the prerequisites for this.

With its technical parameters, its points system and its various highlighted merits, the public goods bonus lays a solid foundation for the desired flexible configuration of the eco-schemes. This land-based approach can be supplemented in certain main aspects and on a type-specific basis through the 2nd pillar with targeted, high-quality and multi-year AECCs which are then associated with higher requirements on the contract partners and must be suitably attractively compensated. It may even be an interesting proposition for individual farmers to convert the main focus of their farms to environmental services by combining both options, eco-schemes and AECCs.

This paper concentrates on examining how the PGB concept could be integrated within the eco-schemes of the Commission Proposal and in this regard differentiated from the aspect of conditionality within the 1st pillar and the aspect of AECCs in the 2nd pillar. If the PGB were to be settled within the eco-schemes, however, further key points that arise both generally from the Commission Proposal and specifically from the PGB method would have to be clarified. A general issue that arises regardless of the PGB method is, for instance, the budget management for the voluntary part of the eco-schemes within the 1st pillar. One of the areas of central importance, particularly in respect of the integration of the PGB into the eco-schemes, is whether and how high the PGB compensation (€/point) as a function of the budget available for the eco-schemes can be set and controlled such that sufficient incentives and measures are created in order to meet the stated objectives. Such PGB-specific questions have already been raised and discussed by the Scientific Advisory Board on Biodiversity and Genetic Resources of the German Ministry of Food and Agriculture (BMEL)<sup>9</sup>. They are also being addressed in detail at the moment in the above nationwide project run by Landcare Germany, which will conclude in summer 2019.

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<sup>9</sup> See opinion of April 2018, <https://beirat-gr.genres.de/gutachten-stellungnahmen/>

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Kiel/Ansbach, 14 January 2019

Photos: Christoph Gasse & Helge Neumann/DVL SH, Alfons Wiesler-Trap (people on title page)

Funded by:



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