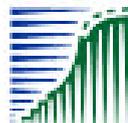


Land abandonment, biodiversity and the CAP



© 2004 Expertisecentrum LNV, Ministerie van Landbouw, Natuur en Voedselkwaliteit

Rapport EC-LNV nr. 2004/336
Ede, 2004

Teksten mogen alleen worden overgenomen met bronvermelding.

Deze uitgave kan schriftelijk of per e-mail worden besteld bij het Expertisecentrum LNV onder vermelding van code 2004/336 en het aantal exemplaren.
De kosten per exemplaar bedragen € 5,-. Een factuur wordt meegestuurd bij de bestelling.

Oplage 100 exemplaren

Samenstelling Clunie Keenleyside, Peter Veen, David Baldock, Agata Zdanowicz

Druk Ministerie van LNV, directie IFA/Bedrijfsuitgeverij

Productie Expertisecentrum LNV
Bedrijfsvoering/Vormgeving en Presentatie
Bezoekadres : Horapark, Bennekomseweg 41
Postadres : Postbus 482, 6710 BL Ede
Telefoon : 0318 822500
Fax : 0318 822550
E-mail : Balie@minlnv.nl

Foreword

From 7-8 October 2004 a seminar was held in Sigulda, Latvia, on the management of abandoned farmland for biodiversity, in relation to the EU Common Agricultural Policy. About 50 participants from 7 new, 4 old EU Member States, 2 candidate Countries as well as representatives from the European Commission's DG Agriculture and DG Environment discussed the possibilities to bring abandoned High Nature Value farmland into management again with the help of the CAP's first and second pillar. In many central and eastern European countries land abandonment is a widespread phenomenon. In some countries more than 20% of the farmland is currently abandoned. Among semi-natural grasslands, the average percentage is about 25% and sometimes even up to 60%. Hence the need to explore ways to bring back the most important grasslands, e.g. Natura 2000 areas and other 'High Nature Value farmland' (usually semi-natural grasslands and important bird areas) under regular management. Both the ecological aspects and the legal aspects (EU 1st and 2nd pillar) were described in the background document, whereas the discussions focused fully on the legal possibilities to use EU (co-)funding for this purpose. Both the possibilities under the current system and the strengths and weaknesses of the proposed new rural development regulation were discussed. The results were combined in the 'findings' of the seminar and became available in time before the EU Council Working Group on Agricultural Structures of 22 October, which discussed the 'Land Management axis' of the proposed new regulation.

This report is an interim production of the results, composed of the updated background report and the 'findings'. The final report will also contain a few case-studies from different countries and reference to the conference website with additional country information.

The project was funded by the new post and pre accession capacity building facility of the Dutch Government, administered by SENTER/EVD. The project was implemented by DLG Government Service for Land and Water Management (overall coordination and management) and the Reference Centre for Agriculture, Nature and Food Quality (coordination of scientific and legal aspects) of the Dutch Ministry for Agriculture, Nature and Food Quality, together with the Latvian Ministry of Agriculture and the Latvian State Institute of Agrarian Economics. The background report was written by the Institute for European Environmental Policy (UK) and Veenecology (the Netherlands). Both latter consultants were involved in the presentations and the reporting as well.

Nina Rakstina, Director of
Rural Development Department
Department Ministry of Agriculture
Latvia

Henk Mulder, Director DLG
Government Service for Land
and Water Management*
The Netherlands

Herma de Wilde, Acting Director
Reference Centre for Agriculture,
Nature and Food Quality*
The Netherlands

* Ministry for Agriculture, Nature and Food Quality

Report of the Working Groups – main themes and findings

Seminar on Land Abandonment and biodiversity, in relation to the the 1st and 2nd pillars of the EU's Common Agricultural Policy, Sigulda, Latvia, 7-8 October 2004¹

The abandonment of agricultural land has been driven by a variety of pressures linked to economic and social transition in Central and Eastern Europe. Abandonment has affected many types of farmland including significant areas of High Nature Value (HNV). **Although HNV land forms only a limited proportion of the unmanaged land, its importance for biodiversity is very considerable, both for flora and fauna in the region.** Where the management is suspended, botanical composition in such areas can alter rapidly and its conservation value decline within relatively few years, important bird areas may also lose their character. In the early years of abandonment this process may be relatively easy to reverse with appropriate management and there is no serious need to pay farmers. However, once more severe abandonment sets in, much greater effort and levels of expenditure are required. For this reason, the continued management of HNV farmland, and the restoration of some fairly limited areas of abandoned land, is a major environmental priority. Public support for restoration of favourable habitat status on HNV farmland is fully justified if, after restoration, such land will be continually managed in a way preserving, and possibly enhancing its biodiversity.

In the course of two days of discussions seminar participants identified several options for the use of existing policy tools from both pillars of the CAP to tackle this problem. The reformed rural development pillar of the CAP has the potential to offer an important means of restoring and maintaining High Nature Value land where management is suspended or where incentives are needed for continued management.

However, the options offered by Pillar Two support to allow recovery of land where management has been suspended for a long period and to put it back under management, seem limited; the same holds for the new draft EAFRD proposed by the Commission. These aspects, as presented by the Commission representatives, will be further elaborated below. Consequently, it was considered useful to put forward suggestions for potential changes to the new draft European Agricultural Fund for Rural Development to improve the capacity of Member States to address this issue in an appropriate way through Pillar Two policies.

The total area of High Nature Value farmland where there is an urgent need to bring back agricultural management is limited, as the majority of abandoned land was not of conservation importance. By contrast, within the HNV category itself, abandoned land is very significant in the new Member States. For example, of the semi-natural

¹ This seminar, jointly organised by the Latvian Ministry of Agriculture and the Dutch ministry of Agriculture, Nature and Food Quality (Government Service for Land and Water Management and Reference Centre for Agriculture, Nature & Food Quality), in conjunction with the Latvian State Institute of Agrarian Economics, the Institute for European Environmental Policies and Veeneology brought together delegates from 7 New and 4 Old EU Member States, 2 Candidate Member States and the European Commission.

grasslands (which together with Important Bird areas make up the bulk of the HNV category) , on average 26% per country and up to a maximum of 60% is abandoned.

Prioritising HNV farmlands in the national rural development strategies and programmes

The list of the criteria for selection of the potential priority areas presented in the Background Paper provides sufficient framework for the selection exercise. Natura 2000 areas and certain other HNV areas are an obvious priority. The designation of the priority areas is a national responsibility. Links between the designation of such priority areas and National Biodiversity Strategies should be explored. The overarching objective at the EU level is halting the loss of biodiversity in the EU by 2010, as declared in the EU Sustainable Development Strategy and Gothenburg Council conclusions.

Clearly the Community Strategic Guidelines and the National Strategy Plans, mentioned in the Commission proposal for a new rural development regulation (EAFRD; Title II) will be interesting tools for addressing and responding to this issue.

In the management of HNV farmland, including the land that requires some restoration actions, efforts need to be made in raising awareness of the importance of those nature values amongst the politicians and decision makers.

Three kind of action are necessary to ensure that the biodiversity values of the HNV farmland are preserved:

restoration activities, including removal of unwanted vegetation, need to be undertaken when the habitat conditions have worsened as a result of suspending appropriate management;

work to bring land back to GAEC after short period of under management;

continued biodiversity-sensitive management has to be secured for sites which are still in a favourable habitat condition.

Existing policy tools allowing for restoration of unmanaged HNV farmland

This is a recognised concern in the EU. At present some old and New Member States (eg Sweden and Latvia) have used the provisions of **Art. 33² of Regulation 1257/1999** (the RDR) for that purpose. It is still possible to incorporate such measures into the existing programmes in the New Member States, however, action would need to be taken swiftly in order to allow for implementation of any new/additional measures³ prior to 2007. It is uncertain whether the successor to the RDR which will enter into force at the beginning of 2007 will offer equivalent provisions.

Other important rural development measures, like the farm investment scheme or setting up of young farmers also have some limitations, since the holding has to have some level of economic viability as an eligibility condition. In fact, taking into account the limitations of the mainstream agricultural and land management measures of Reg. 1257/99, as well as measures such as diversification, tourism and handicraft development, LEADER-type approaches for the NEW MEMBER STATES - see also below).

New Member States may also decide to introduce **State Aid** to facilitate restoration of management on HNV land that has fallen out of production, but this imposes a high budgetary burden.

² [...] protection of the environment in connection with agriculture, forestry and landscape conservation as well as with the improvement of animal welfare[...].

³ Because all territories of the NEW MEMBER STATES are covered by Objective 1, measures under this article are financed from EAGGF Guidance and therefore *'shall form part of the programming for Objective 1 regions in accordance to Regulation (EC) No 1260/1999'* (1257/1999, Art. 40(1). Depending on the arrangements made at national level this can either be done through a Single Programming Document (SPD) covering use of all EU Structural Funds in the country concerned, or through the Sectoral Operational Programmes under the Community Support Framework. Although the amendments to SPDs and CFS/SOPs are possible, in terms of the administrative process this may be demanding, as other players than Ministries of Agriculture and Rural Development and DG Agriculture need to be involved.

Possibilities for registering HNV farmland into the CAP Pillar One support schemes following its restoration

Pillar One payments under the CAP are of crucial importance to the economic sustainability of agricultural management in the New MS. Therefore the ways in which the provisions relating to granting such aid are used in relation to land that is currently out of use are very important.

If at any time the area of land eligible for Pillar One payment increases, the payments per hectare will have to be reduced to some extent.

Move from SAPS to SPS

For the eight New Member States applying SAPS the moment when a change is made to the SPS (2008 at the latest) will represent the last opportunity for registering any agricultural land previously unregistered for Pillar One payments. The EU legislation does not impose any direct restrictions with regard to registration of agricultural land for Pillar Two payments in general (subject to some reservations explained below), and Pillar One payments prior to introduction of SPS. Any restrictions imposed on the total area eligible are an issue of national policy.

National Reserve

All New Member States which opted to use SAPS are obliged to create a **National Reserve** constituted by three percent of all the EU funds available for Pillar One direct payments, in order to ensure equitable rights of enrolling land into the payment schemes for all land owners/managers. This reserve may be used (an option for the New Member States) to give new rights (entitlements) to new farmers or to cover land that had not been registered in the first year of introduction of the schemes.

National Envelopes

Art. 69 of Council Regulation 1782/2003 allows for creation of **National Envelopes** by the Member States applying SPS. For 8 of the New Member States this will become possible when switching from the current SAPS to SPS in 2008/9. Up to 10 per cent of Pillar One payment allocations for the country in question can be used [...] *for additional payments for specific types of farming which are important for the protection or enhancement of environment [...]*. This could be an additional opportunity for supporting biodiversity-sensitive farming in the New Member States from 2009 onwards, and such envelopes could be used in the future to support management of land which was not subject to Pillar One payments prior to 2009.

Voluntary modulation

Voluntary modulation of the Pillar One payments can be used as a tool for transferring funds from Pillar One to Pillar Two of the CAP for nature conservation purpose.

How to avoid any additional abandonment of HNV agricultural land?

Prior to 2007

Pillar One

Several national delegations from the New Member States stated that the introduction of the Single Area Payment Scheme (SAPS) had resulted in the re-introduction of agricultural management on land that was temporarily out of use. The obligation to maintain land eligible for Pillar One payment in Good Agricultural and Environmental

Condition (GAEC) should help to prevent loss of semi-natural agricultural habitats, and Article 5 of the Regulation 1782/2003 should be especially useful in preventing further loss of permanent pastures, if implemented effectively by Member States.

Pillar Two

A range of rural development measures could and should be used to support HNV agricultural areas subject to abandonment. Measures aimed at stimulating economic activities and improvement of technical and social infrastructure are complimentary to appropriate land management measures.

Land management measures

Alongside Pillar One support, **Compensatory Payments under current or future Less Favoured Areas schemes** were seen as the best options to prevent any further abandonment. **Agri-environment schemes** can be used where more demanding management is required for environmental reasons, especially on High Nature Value farmland, although this is limited by the fact that these schemes require some prior utilisation of the land through farming activities.

For both schemes, a prerequisite is a level of Good Farming Practice (GFP), which is an eligibility condition for all farmers. For agri-environment measures (AEM) in particular, the GFP is the baseline for calculating the AE payments. GFP implies a certain degree of land use through farming. Therefore, it seems difficult to use these two schemes for recovering totally abandoned farmland.⁴

How to define GAEC and Statutory Requirements constituting cross compliance

The balance needs to be kept between the desirable effects of the application of cross compliance requirements (and GAEC in particular) on all land eligible for Pillar One and Two payments, and the fact that they will represent a baseline for calculation of any payments under agri-environment schemes. If cross-compliance requirements are too demanding, they can contribute to further abandonment.⁵

Specific provisions may need to be developed for specific types of habitats, where good environmental condition may not be synonymous with good agricultural condition, eg where high water table levels, or considerable density of shrubs or trees may be desirable.

Special attention needs to be paid when designing control and monitoring requirements, to avoid automatic disqualification of areas which may display such non-standard characteristics.

How can we reach a balance between restoration, afforestation and spontaneous succession to forest?

Afforestation by either natural succession or planned action will inevitably be one of the ways in which abandoned land will change its functions. Notwithstanding the multiple benefits of forests, **it is important that afforestation is avoided where it would be detrimental to biodiversity.** It should be noted that, in the RDP a maximum period of non use of agricultural land had to be introduced beyond which afforestation using the provisions of Art. 31 of R. 1257/99 would not be possible.

⁴ On the other hand, other important measures, like farm investment scheme or setting up of young farmers have also some limitations since some viability has to be in place as eligibility condition. In fact, taking into account the limitations of the mainstream agricultural and land management measures of R. 1257/99, certain provisions of Art. 33 could be used, namely land improvement, agricultural infrastructure operations and some broader actions under Art. 33, 11th indent (..environment..), as well as measures for wider RD such as diversification, tourism and handicraft development, LEADER-type approaches for the NEW MEMBER STATES - see also below).

⁵ It could discourage farmers to apply for still low pillar I payments on the one hand and lead to lower agri-environmental payments on the other hand.

- There are several ways of addressing this issue: Identification of HNV farmland⁶ areas which should be excluded from afforestation;
- Attaching certain environmental conditions to EU support schemes for afforestation;
- Regulating it through national, regional and local spatial planning and addressing the issue in the national strategy plan for rural development (post 2007). However, local spatial planning systems were believed to be potentially the most effective method, allowing for a high degree of flexibility to local conditions.

Other rural development measures to accompany land management measures

Development of education and training capacities

Lack of resources/capacity to provide adequate training on the environmental issues relating to agriculture to first trainers (advisors, teachers, trainers), and then farmers, was identified as a significant problem. While the introduction of agri-environment schemes and GAEC conditions has created a need for such instruction there is a shortage of the relevant training courses in the New Member States, and especially short courses for agricultural advisors. While the current legislation allows for support for setting up advisory services and partial reimbursement of the costs of farmers using it, broader activities related to training trainers may need to be incorporated into the educational programmes financed by European Social Fund.

Stimulation of economic activities in rural areas

It has been recognised that **functioning markets are a prerequisite to success of any other schemes aimed at sustainable management of HNV agricultural land**. Therefore measures aimed at improving market for agricultural products, especially high quality products, and services related to agricultural land such as tourism, need to be considered alongside land management type measures. Support for diversification of economic activities in rural areas is equally important. HNV farmland often belongs to small scale semi-subsistence holding, therefore appropriate measures for supporting semi-subsistence farming can play an important role in preventing abandonment.

Post 2007 - New European Agricultural Fund for Rural Development

The future opportunities for using EU co-funded rural development measures for restoration of temporarily unmanaged HNV farmland will depend on the provisions of the currently discussed proposal for a new EAFRD. It is important that the new fund provides opportunities to address the issue of abandonment of HNV farmland, not only through direct support to restoration and biodiversity-sensitive management, but also for integrated actions improving the economic and social sustainability of areas affected by or prone to abandonment. Below some suggestions are discussed. Some general options for using rural development measures to reverse or prevent land abandonment, discussed in the previous section but also valid after 2007, will not be repeated here.

The Proposed Article 38 (non-productive investments) seems to offer a possibility for financing such activities, but further clarifications and amendments to the text of Article are to be considered if its provisions are to be effective.

Would the land that does not meet the requirements of GAEC prior to restoration, but which would meet these requirements as a result of investment in restoration become eligible for payments under either agri-environment or Natura 2000 payment schemes?

⁶ See also Resolution on biodiversity of the Pan European ministerial conference 'Environment for Europe' in Kiev, May 2003 and the 'Message from Malahide', resulting from the EU conference on biodiversity in May 2004.

The option of allowing for the investments leading to meeting cross compliance requirements prior to the enrolling of land into an agri-environment scheme could be considered, eg by changing the wording of indent (a) of Article 38 in the proposal to read as follows:

investments linked to the achievements of commitments undertaken pursuant to the measure provided for in Article 34 (a)(iv) and/or commitments to be undertaken immediately upon the completion of such investments;

The current text of Article 38 limits the eligibility of land for such non-productive investments to the land subject to agri-environment contracts or within Natura 2000 areas, and to on-farm investments in the latter group, implying beneficiaries other than farmers could not be eligible. It could be considered to replace indent (b) of Article 38 in the proposal by the following:

investments which improve the environmental condition and enhance the amenity value of the Natura 2000 and other High Nature Value farmland areas concerned⁷.

Another potential possibility to develop measures for **improving the environmental condition of unutilised HNV farmland** is offered under the **proposed Article 49 (a)(iv)**, *the protection, upgrading and management of the natural heritage, so contributing to sustainable economic development.* However, Art. 53 limits eligible activities to: *environmental awareness actions, tourist improvements and the drawing-up of protection and management plans relating to Natura 2000 sites and other places of high natural value.*

If the above mentioned limitations of Art. 38 could not be rectified, consideration could be given to extending the applicability of Art. 49 (a)(iv) to other activities, such as restoration of HNV farmland, by amending Art. 53, so that it cover implementation of the management plans relating to Natura 2000 and other land of high natural value. Such an extension of the proposed provisions would also allow for the development of measures for managing non-agricultural HNV areas in between the plots of agricultural land, such as wetlands, road banks, pieces of derelict land etc.,. These are currently ineligible for any of the support under the proposal. This, however, implies a considerable widening of Art. 53.

Calculation of payments under agri-environment schemes: Thorough consideration needs to be given to the environmental and economic consequences of land abandonment in designing methods of calculating payments under agri-environment measures. Previously applicable provisions, such as those of Article 17 of the old implementing Regulation 1750/1999⁸ could serve as a good example of addressing such considerations, bearing in mind that cross compliance will apply from 2007. It must be noted that the wording used in this provision refers to abandonment of land, rather than to abandoned land.. Tthe new cross-compliance requirements for agri-environment payments include conforming to GAEC (annex IV of R. 1782/03) in its sanction (and not eligibility) approach. In this context the exact meaning of '**Avoiding⁹ the encroachment of unwanted vegetation**'¹⁰ would need to be clarified.

Less Favoured Areas. The new criteria for designation may be problematic in the areas where socio-economic aspects such as strong depopulation trends are of high importance, but which may be excluded as a result of the new designation criteria. In such areas land abandonment may intensify or begin to occur. On the other hand, the Cross Compliance requirement (including GAEC as in the case of Agri-

⁷ A Commission representative made a comment that broadening the scope of indent (b) would imply less funding for Natura 2000 areas and entail problems with regard to the capacity of RD funds to help meet Natura 2000 requirements. (This reflects a potential shortage of funding for Pillar Two measures).

⁸ [... Where it is justified by the agronomic or environmental circumstances to do so, the economic consequences of abandonment of land or cessation of certain farm practices may be taken into account. ...]

⁹ Compare this with existing scrub coverage.

¹⁰ Regulation 1782/2003, Annex IV

Environment schemes) is also valid for natural handicap payments, in its sanction approach.

Other rural development measures in the proposal for EAFRD

The proposed new measures for farm investments and setting up of young farmers do not require any more the viability criterion: in the former, investment must improve the overall performance of the farm, while in the latter the young farmer must submit a business plan for the development of his (her) activities. Therefore, these measures offer more flexibility for setting a farming activity. On the other hand, the general infrastructure measures under Art. 28 offer again a pool for drawing funds in order to improve the productive status of the land and its operational environment. The training and capacity building measures under either axis 1 or axis 3 (for more general issues) can also contribute to the development of on and off-farm activities. Axis 3 and the LEADER approach can provide for alternative employment and improvement of the quality of life in rural areas.

This more integrated and progressive approach requires, however, more intellectual investment and systematic planning but it copes better with the principle of multiannual programming. It is therefore recommended to engage on this way before trying to enter the LFA or AE schemes.

LEADER

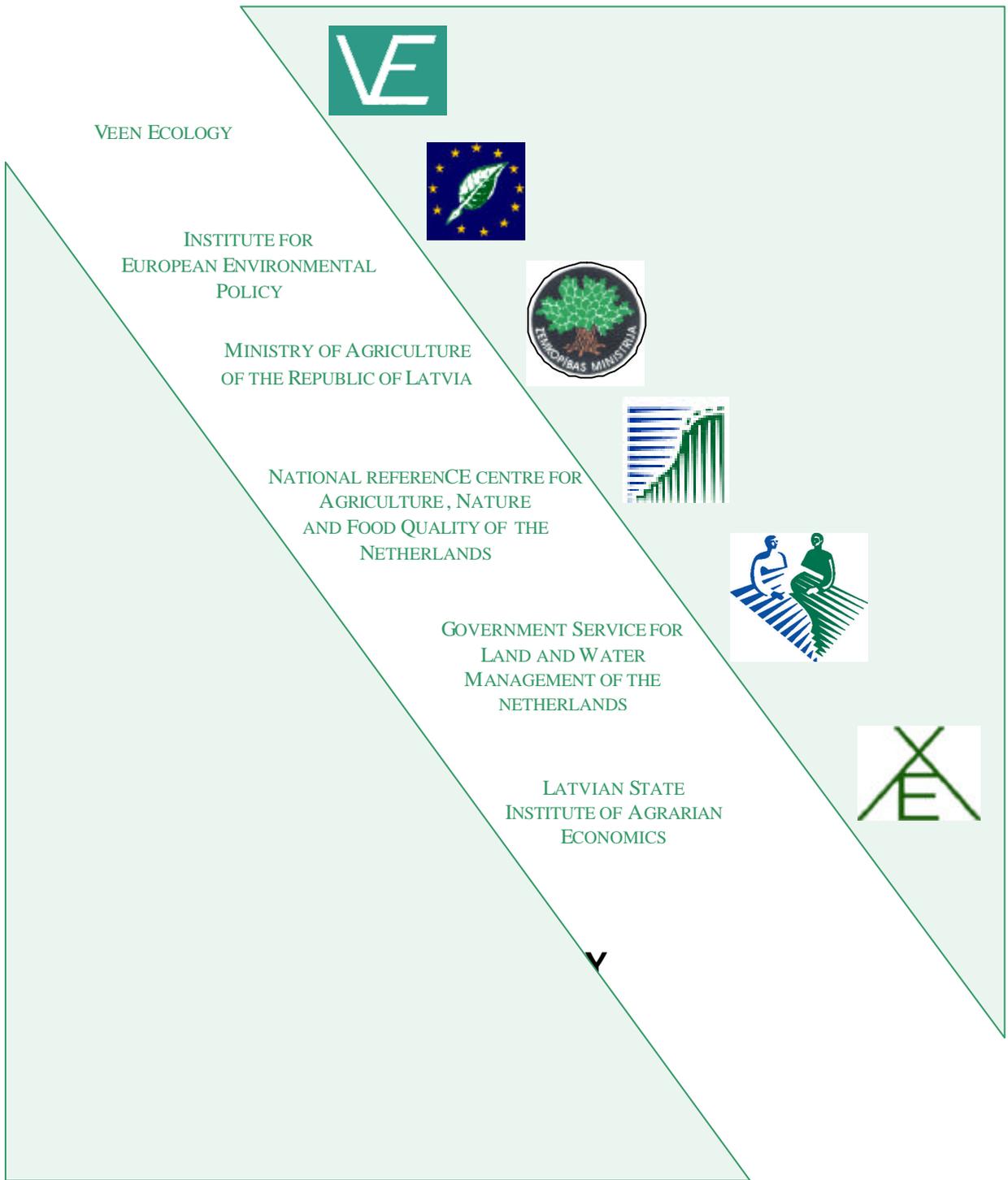
In the new RDR proposal only the **LEADER approach allows for an effective integration of activities/measures belonging to different priority axes**. It may be particularly suitable for combining a different set of measures needed in the HNV areas where abandonment is observed, starting from the preparation of management plans, through restoration of favourable habitat status, ongoing management, development of tourism and markets in the improved area, to promotion of both tourism and quality products from such areas.

Articles 56 and 57 proposed under Axis 3 allow for support of training for future animators, which could be recruited from civil society organisations (eg. environmental NGOs), as well as farmers unions or local self-governments. Since lack of initiative and passive life attitudes are frequently one of the main problems of rural areas, efforts in animating local society are especially important.

A more integrated approach

In addition to the above-mentioned options, including the 'easier approach' through LFA and agri-environment payments, a more 'progressive' approach could also be examined: The new measures for farm investments and setting up of young farmers do not require any more the viability criterion: in the former, investment must improve the overall performance of the farm, while in the latter the young farm must submit a business plan for the development of his (her) activities. Therefore, these measures offer more flexibility for setting a farming activity. On the other hand, the general infrastructure measures under Art. 28 offer again a pool for drawing funds in order to improve the productive status of the land and its operational environment. The training and capacity building measures under either axis 1 or axis 3 (for more general issues) can also contribute to the development of on and off-farm activities. Axis 3 and the LEADER approach can provide for alternative employment and improvement of the quality of life in rural areas.

This more integrated and progressive approach requires, however, more intellectual investment and systematic planning but it copes better with the principle of multiannual programming. It was therefore recommended by the Commission to engage in this way before trying to enter the LFA or AE schemes.



BACK GROUND DOCUMENT

BY
CLUNIE KEENLEYSIDE
PETER VEEN
DAVID BALDOCK
AGATA ZDANOWICZ

OCTOBER 2004

The views expressed in this paper do not necessarily reflect the positions of the Latvian and Dutch governments

CONTENTS

Executive summary	5
1 Introduction	7
1.1 Purpose of this Paper	7
1.2 Land Abandonment – Problems and Opportunities	7
1.3 Changing Policy Context	7
1.4 Scope of this Paper	7
2 Land abandonment – causes, extent and impact	9
2.1 Causes of Land Abandonment	9
2.2 Defining Land Abandonment	10
2.3 Extent and Location of Land Abandonment	11
2.4 Environmental Impacts of Land Abandonment	13
2.5 Social and Economic Impacts of Land Abandonment	17
2.6 Timescale and Priorities	17
3 land abandonment and EU environmental policy	19
3.1 Impact of Land Abandonment on EU Environmental Policies	19
3.2 Potential for Policy Conflict	19
4 Environmental priorities for managing land abandonment	21
4.1 Potential End Uses for Abandoned Land	21
4.2 Environmental Priorities for Management of Abandoned Land	22
4.3 Identifying and Communicating Environmental Priorities	22
5 Policy options POTENTIALLY AVAILABLE for managing land abandonment	25
5.1 Environmental Goals Delivered by Agricultural and Social Policy Tools	25
5.2 CAP Pillar One Policies Relevant to Abandoned Land	26
5.3 CAP Pillar Two Policies Relevant to Abandoned Land	30
5.4 Selecting Policy Options - Issues to Consider	36
6 Key influencing opportunities	39

References and further reading	41
Glossary	43

Executive summary

The abandonment of agricultural land has been driven by a variety of pressures linked to economic and social transition in Central and Eastern Europe. Abandonment has affected many types of farmland including significant areas of High Nature Value (HNV). **Although HNV land forms only a limited proportion of unmanaged farmland, its importance for biodiversity is very considerable, both for flora and fauna in the region.** Where the management is suspended, its botanical composition can alter rapidly and its conservation value decline within relatively few years; important bird areas may also lose their character. In the early years of abandonment this process may be relatively easy to reverse with appropriate management the need for special policy measures and payments for farmers may not arise. However, once more severe abandonment sets in, much greater effort and levels of expenditure are required. For this reason, the continued management of HNV farmland, and the restoration of some fairly limited areas of abandoned land is a major environmental priority. Public support for restoration of favourable habitat status on HNV farmland is fully justified if, after restoration, such land will be continually managed in a way that preserves, and possibly enhances its biodiversity.

Some data on the scale of HNV agricultural land abandonment in the new Member States is presented in this paper. It must be emphasised that official reporting of abandonment may not correspond precisely to the position on the ground. There are areas of relatively hidden abandonment where management has ceased or is close to doing so. Abandoned land is an unused resource both economically and environmentally. In environmental terms the main priorities are both to prevent further abandonment of HNV farmland, and in particular to secure the appropriate management of valuable semi-natural grasslands in the future.

A crucial first step in addressing the problem is to identify the HNV areas where continued management is needed and those where abandonment has taken place. Priority areas and environmentally appropriate forms of management can be set out in a strategy for managing biodiversity in relation to land abandonment. This should relate to EU priorities including the Birds and Habitats Directives and the Biodiversity Action Plan for Agriculture.

Agricultural policy is undergoing important changes in the new Member States as they adapt to the CAP. Most have opted to adopt a Simplified Area Payment Scheme (SAPS) for the first few years of EU membership. Beyond this, by the end of 2008 at the latest, they will be fully integrated into the CAP in the new form agreed in 2003/04 and due to be implemented from January 2005. The level of these payments, the land which is eligible and the cross-compliance rules which will apply to land receiving Pillar One support are all relevant to land abandonment. There are significant questions about how the obligation to meet cross compliance requirements, and to keep land in 'good agricultural and environmental condition' in particular can be applied most usefully to address the abandonment problem.

A second strand of the CAP, the Pillar Two payments for rural development, offers a variety of policy mechanisms which may be used to tackle both historic abandonment and the management of land which is in danger of future abandonment. Investment measures under the Rural Development Regulation (RDR) are currently able to be used for restoration of abandoned HNV agricultural land. Agri-environment payments and support for Less Favoured Areas are particularly designed to support appropriate

management. A broad range of other measures is available to address economic and social sustainability issues in rural areas subject to or prone to abandonment. Some technical questions arising from their application and potential changes to be introduced from 2007 under the European Agricultural Fund for Rural Development are discussed in the last part of the paper. There is scope for using these measures in a creative way, taking account of the variety of local factors which have given rise to abandonment and the different social and environmental needs which must be addressed in policies to establish suitable land management in the future.

1 Introduction

1.1 Purpose of this Paper

This paper is in two parts. The first brings together some background material used to inform discussion at the seminar on *Land abandonment in the New Member States and Candidate Countries and the EU Common Agricultural Policy* held in Sigulda, Latvia on 7-9 October 2004 (modified as appropriate after the seminar). The second comprises the main findings of the seminar.

1.2 Land Abandonment – Problems and Opportunities

During the 1990s millions of hectares of farmland in the new Member States were abandoned as a result of the transition process. Land abandonment leads to changes in vegetation and landscape; in the long term most of the land would turn into forest if left unmanaged.

On some of this land, which had been intensively managed, abandonment brought environmental benefits, particularly a reduction in pollution by agricultural chemicals; but much of the abandoned land had been grassland, some of it valued for botanical interest or as habitats for breeding and migratory birds. On such High Nature Value (HNV) farmland abandonment entails significant losses of biodiversity, because the characteristic species depend on low inputs of fertilisers and grazing or mowing.

The seminar explored the opportunities to restore and manage abandoned high nature value farmland, and to prevent additional abandonment, using the policy tools available within the Common Agricultural Policy (CAP) and EU environmental and structural policies.

1.3 Changing Policy Context

The EU policies of particular relevance to land abandonment are in a period of major change – CAP Pillar One has just been reformed and proposals for reforming Pillar Two and rural development funding have been published in draft. These reforms are driven by the agricultural and rural development needs of an enlarged EU, budgetary concerns, the pressures arising from WTO negotiations and a commitment to greater integration between environmental and agricultural policies.

1.4 Scope of this Paper

The paper considers:

- the causes, extent and environmental impacts of land abandonment;
- environmental priorities for managing abandoned land and preventing further abandonment;

- the context of CAP and rural development policy 2005-2013 and policy options potentially available for managing abandoned land; and
- opportunities for influencing decisions affecting land abandonment.

The main findings of the seminar form the second part of this document.

2 Land abandonment – causes, extent and impact

2.1 Causes of Land Abandonment

There are several causes of land abandonment in the region, with common themes apparent in several countries as well as more distinctive national circumstances.

Land Reform and Structural Change

Transition was accompanied by major changes in agricultural structure in most countries, generally involving the breakup of large collective or state farms and the privatisation of land. Often this occurred over a considerable period of time and is still continuing in some places. Many farms ceased to operate for a period or went through a process of fragmentation during which management took time to adjust or was temporarily disrupted. The resulting smaller units typically faced considerable challenges including lack of equipment, limited access to capital, a scarcity of advice and technical support, difficulties with markets and low levels of government support. Labour left agriculture on a large scale. Large numbers of farm animals were slaughtered, with replacement occurring on a limited and smaller scale. In addition, there were uncertainties over tenure in many areas. In some cases these have proved difficult to resolve, resulting in a lack of management in the field. Abandoned land is an unused resource in both an economic and an environmental context.

Socio-economic factors

As elsewhere in Europe, abandonment has been propelled partly by the retirement of an older generation of more traditional farmers who accepted generally low living standards but formed part of a strong rural culture. Newer generations have looked for other occupations offering greater financial rewards and shorter hours. A lack of formal education has made it more difficult for some farmers to adapt to such a rapid change in circumstances. Furthermore, many of the new owners of land were urban dwellers with no experience of or particular interest in farming. The connection between ownership and management has been weakened in many places. Some farmers have to rent land from large numbers of different owners to create a viable holding. Unemployment is common, particularly amongst women and young people; precise figures are difficult to obtain but it is estimated that in the different *voivoidships* in Poland between 16 per cent and 40 per cent of total agricultural labour input is underemployed (IAMO 2004). A deterioration in the social infrastructure (schools, health care services, communication, transport) and significant disparities in income levels between rural and urban areas both contribute to the declining popularity of certain rural areas as places to live, work or settle.

Declining Viability of Agriculture

In common with other parts of Europe, many farming regions have been affected by adverse economic changes reducing the viability of established forms of production. These changes had been more severe in Central and Eastern Europe than in the EU and there was a very sharp decline in output, particularly in the livestock sector, in most countries in the early 1990s. Where production has recovered in recent years it has rarely reached the levels of the late 1980s, and has in many cases been less intensive with a decline in the use of fertilisers and pesticides. This sudden and radical

adjustment was caused by a combination of factors including the political and economic transformation of countries in the region, the loss of export markets, the reduction in domestic support and subsidy arrangements, the dismantling of agro-food systems often based on large state and collective farms and the uncertainties accompanying the transition to free market economies.

The shrinkage of production has been accompanied by both a trend towards less intensive farming systems and the removal of some land from production, either temporarily or permanently. The extent to which land will be drawn back into agriculture as conditions improve in future is difficult to estimate. The affected areas have included some with poor soils and unfavourable climatic conditions.

National and EU policies

The decline in support for agriculture at a time of considerable stress contributed to the process of marginalisation and abandonment. Markets have been open to external competition, particularly from the EU, in recent years, adding to pressure on some more marginal producers. While the introduction of the CAP offers much greater stability, predictability and a rising level of support from the CAP budget, it also gives rise to further competition on the market and the need to comply with regulations and procedures affecting most aspects of agriculture, including animal health and food safety. Many small producers, especially small scale dairy farmers, are expected to have difficulty in adapting to these requirements, which may lead to further structural change and some abandonment.

2.2 Defining Land Abandonment

Although abandonment of agricultural land in Central and Eastern Europe has become a major phenomenon over the last 15 years, it has been relatively uncommon in EU 15 countries during the life of the CAP.

Agricultural land abandonment can be observed as having several forms:

- Where the land is not used at all by the owner or occupier, we can call it *actual abandonment*. The vegetation can change spontaneously into a tall herb, bush and forest ecosystem after a defined period. This process is connected with abiotic conditions like soil fertility and the level of soil moisture. Rich and wet soils have a strong prevalence in forest ecosystems. By contrast, poor dry soils in southeast Europe can have a 'steppe' like grassland vegetation which is able to survive for many years without any active management, like mowing or grazing.
- Where the land is used by the owner or occupier but with a low level of management, we can call it *semi abandonment* or *hidden abandonment*. The land is not formally abandoned and is subject to some form of management, which might be simply to keep it available for future use, for example in tourism, or to claim a subsidy. Very extensive or intermittent farming operations may also fall into this category, not least on some subsistence farms. Such extensive management is generally associated with very low or zero economic returns but can be of considerable conservation value.
- Land abandonment may be permanent or transitional, the latter often as a result of land reforms which are not yet completed and may be influenced by the availability of CAP support payments.

Different authors and authorities use the term 'abandonment' in different senses. One definition adopted by agricultural authorities in parts of Central and Europe is land which has not been used for agricultural production for two years. In the statistics provided by Central and Eastern European countries, land abandonment has only been calculated for *actual abandonment*. The extent of *semi abandonment* is

therefore not known, but it appears that the area of semi abandoned land is at least as big as the area of actual abandonment (pers. comm. Saktina, Latvia).

2.3 Extent and Location of Land Abandonment

Data on land abandonment in general, and on HNV farmland in particular, is difficult to obtain. It is clear that the scale of land abandonment varies according to a range of local conditions. In the Baltic countries and Poland land abandonment is concentrated in regions where the production capacity of soil is low as a result of peaty soils with high water levels, or poor moraine soils. In Central Europe, land abandonment is particularly concentrated in areas with poor sandy soils in hilly regions and wet soils in river valleys. In southeastern Europe, land abandonment is more prominent in dry plains where the collapse of irrigation systems has resulted in lack of water for crops during the growing season. In the same region land abandonment is also observed in mountainous areas where traditional pasturing has collapsed.

In order to gain an impression of the extent of land abandonment in the region, the recent Rural Development Programmes for 2004-06 were analysed. Although abandonment is mentioned in most of the plans, exact data could only be found in the plans for Poland and the three Baltic countries. In the Rural Development Programme for Hungary the term 'uncultivated land' was used, but this term is broad and includes more than just abandoned land.

The Rural Development Programme for Poland gives detailed information about abandoned land for each province¹¹. For some provinces, the rate of land abandonment increased strongly between 1998 and 2002 with 100 per cent or more increases in Mazowieckie, Lubelskie, Podkarpackie and Podlaskie. Abandoned land was defined as land not used for agriculture for more than two years. In total, 17.6 per cent of agricultural land was abandoned in 2002 (2.3 million hectares). The main reasons cited were a decrease in livestock numbers and, as a result, the lower demand for fodder from grass and crops. According to recent unpublished figures¹² the area of abandoned land in Poland, mainly arable, has decreased by more than 30 per cent since 2002.

The three Baltic countries provided information about land abandonment. In Estonia 10.1 per cent of the agricultural land was categorised as abandoned in 2002 (172,421 hectares). South eastern Estonia, the west coast and the islands are especially subject to the process of abandonment. In Latvia, 21.1 per cent of the agricultural land is abandoned (44,600 hectares). Abandonment is a major problem in the Latgale region. The main problems are poor soil, unfavourable climatic conditions and the small scale of farms. In Lithuania, land abandonment affected over 10.3 per cent of agricultural land in 1999. Poor soils and unfavorable economic conditions are mentioned as the main factors.

The Rural Development Programme for Hungary states that the cessation of cultivation is a major problem for the conservation of biodiversity (the problem was given a weight factor of five on a six point scale). In 2002, 26.7 per cent of agricultural land was classified as uncultivated (1,571 million hectares). However, uncultivated land could also include nature reserves and other areas which are not managed. The total area of abandoned land could therefore be less, estimated to be around 10 per cent of all agricultural land.

Extent of abandonment of semi-natural grasslands

The statistics above refer to all types of farmland, but more detailed information is available for the permanent grassland ecosystems which are of high importance for

¹¹ In chapter 4.7.3

¹² by GUS (Polish Statistical Office), see presentation by Maria Szemplinska

biodiversity¹³. The semi-natural grassland ecosystems have been mapped in nine CEECs, with the exception of the Czech Republic. More detailed information about abandonment of semi-natural grasslands is presented below for Estonia, Latvia, Slovakia and Romania.

Semi-natural grasslands in *Estonia* include wooded meadows, pastures, alvars, floodplains and coastal grasslands. In the 1950s more than 640,000 hectares of these grasslands were present. Now only 47,000 hectares remain of which 37,000 hectares are classified as having a high or medium botanical value. About 40 per cent of the high and medium value classified grasslands were actively managed by farmers during the previous three years. This means that 60 per cent of high and medium valued grasslands have been abandoned, far more than the average for agricultural land.

In *Latvia* semi-natural grasslands covered 23 per cent of the country in the early 1940s (1.48 million hectares). During the national grassland inventory project about 17,323 hectares were mapped as semi-natural grasslands with a high biodiversity value. Only 40 per cent of these grasslands were managed by farmers. More than half of the hay meadows (58 per cent) and mesophile¹⁴ pastures (60 per cent) were under regular management. Less managed areas include coastal brackish grasslands (10 per cent managed) and calcareous dwarf sedge grasslands (10 per cent managed).

In *Slovakia* 118,444 hectares have been mapped in the national grassland inventory project and classified as semi-natural or natural grasslands. Based on these results, it was assumed that a total of 320,000 hectares of biodiversity rich grasslands are currently present in Slovakia. It was observed that 74 per cent of these grasslands were actually under agricultural management and 13 per cent were not managed. For the remaining 13 per cent no management information is available. Grasslands were mostly subject to traditional mixed management by mowing and grazing, or by grazing only. Hay fields were less frequent in Slovakia. Wet fen meadows and dry grasslands were more threatened by abandonment than mesophile grasslands.

Based on the census results from 1990, it has been calculated that *Romania* has 2.6 million hectares of permanent grasslands. According to the national grassland inventory project 371,894 hectares of biodiversity rich semi-natural and natural grasslands were recorded but it must be stressed that only about 15 per cent of Romania's grasslands were mapped in the national grassland inventory project. Mapping was done in six pilot locations representing different phyto-geographic zones. It was observed that 77 per cent of the mapped grasslands were actually managed by farmers (54 per cent by grazing and 23 per cent by mowing), 8 per cent were not managed and no data existed for the remaining 15 per cent of the grassland territories. Of the dry grasslands 35 per cent were managed by grazing, 25 per cent by mowing and 30 per cent were not managed. In total 85 per cent of mesophile grasslands were managed (48 per cent by mowing and 37 per cent by grazing) and 80 per cent of wet grasslands were managed (60 per cent by grazing and 20 per cent by mowing).

From the viewpoint of the sustainable management of semi-natural grasslands it can be concluded that in the Baltic countries around 60 per cent of semi-natural grasslands are now abandoned. In Slovakia and Romania the proportion of the mapped semi-natural grassland currently abandoned is 13 per cent and 8 per cent respectively.

Extent of abandonment of arable land

Significant areas of arable land have been abandoned, including land on former state farms, but some may have been abandoned only temporarily in response to market changes and the loss of state support. In 2002 it was estimated that 2.3 million

¹³ This information is based on the results of the CEEC 'National Grassland Inventory Projects'. Please see glossary at the end of the report for details.

¹⁴ Mesophile means moderately wet grasslands

hectares (14 per cent) of the arable land in Poland had not been sown with crops (Ilnicki, pers.comm). However, a significant proportion of that land may be now back in use^{2(p10)}. In Estonia more than 25 percent of the arable land has been abandoned (European Environment Agency, 2004)

2.4 Environmental Impacts of Land Abandonment

General impacts on semi-natural grasslands and arable land

Semi-natural grasslands in Europe developed over centuries as a result of continuous management by farmers. Grazing and haymaking were the most common activities but other management systems were used like sod cutting and burning grass and heather. As a result of continuous management, species diversity increased and specific grassland vegetation types can now be identified. It is assumed that abandonment of semi-natural grasslands, particularly of species rich swards, generally has a negative impact on biodiversity because vegetation succession leads to species-poor and more homogeneous vegetation types. In most places in Europe the final succession stage will be forest, except in the forest-steppe zone of southeastern Europe where steppe grasslands dominate, and above the timberline in mountainous areas, where there are alpine grasslands at high altitude¹⁵. All other grasslands in CEECs which are dependent on regular management by man, are included in the term 'semi-natural grassland ecosystems'. Vegetation succession also results in a structural change from an open to a closed landscape, which in turn has an impact on the fauna, for example a decrease in habitat suitable for meadow birds.

Where arable land is abandoned there may be a loss of feeding places for wintering birds such as geese, and of breeding sites for birds of European importance, such as corn bunting and ortolan bunting; on the other hand, the abandonment of intensively managed arable land of little value to birds can benefit both landscape and biodiversity and possibly reduce water pollution.

Other environmental effects of abandonment may include the loss of small scale mosaics of land use and their characteristic species, and also those of forest edge habitats; a reduction in genetic diversity in both wild species and in local breeds of livestock or varieties of crops (which are often well adapted to semi-natural habitats); and an increased fire risk in forests where grazing areas act as firebreaks.

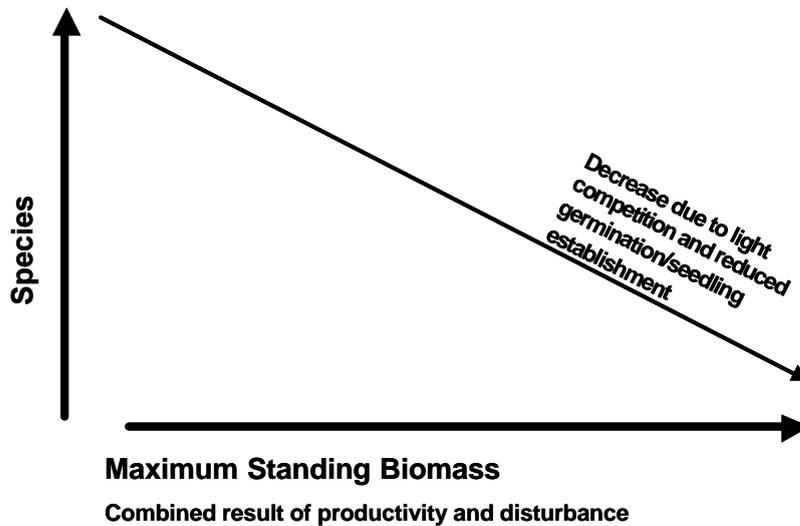
Impact on plant species diversity in grassland

The impact of land abandonment on species richness can be described by analysing the biomass development in abandoned sites. Tall herbs become common when agricultural management ceases because they are very competitive and smaller plants are no longer able to survive. Within approximately two years abandoned land can be covered by tall herbs like Mugwort (*Artemisia vulgaris*) and Hogweed (*Heracleum spp*). As a result of this process the total standing crop biomass sometimes increases by 100 per cent or more.

Figure 1 shows that the decrease in species richness is related to an increase in light competition and a reduction in the possibilities for germination or seed establishment. The total biomass (in g/m²) is a good indicator of the status of site management for grasslands.

¹⁵ for example, it has been observed in Bulgarian mountains that the timberline moved lower as a result of intensive grazing practices but now it is rising, following abandonment of the pastures.

Figure 1 Conceptual model for understanding relationship species richness and biomass characteristics source: Grime (1979)



In southern Germany research into plant diversity has taken place over many years on limestone grasslands. During the abandonment process a number of changes in some growing conditions were recorded, including the accumulation of litter, the periodic invasion of scrub and the immigration of seeds via wind and sheep. Changes in species composition were compared with control sites on permanent investigation plots (Poschlod, Bonn and Kiefer 1997).

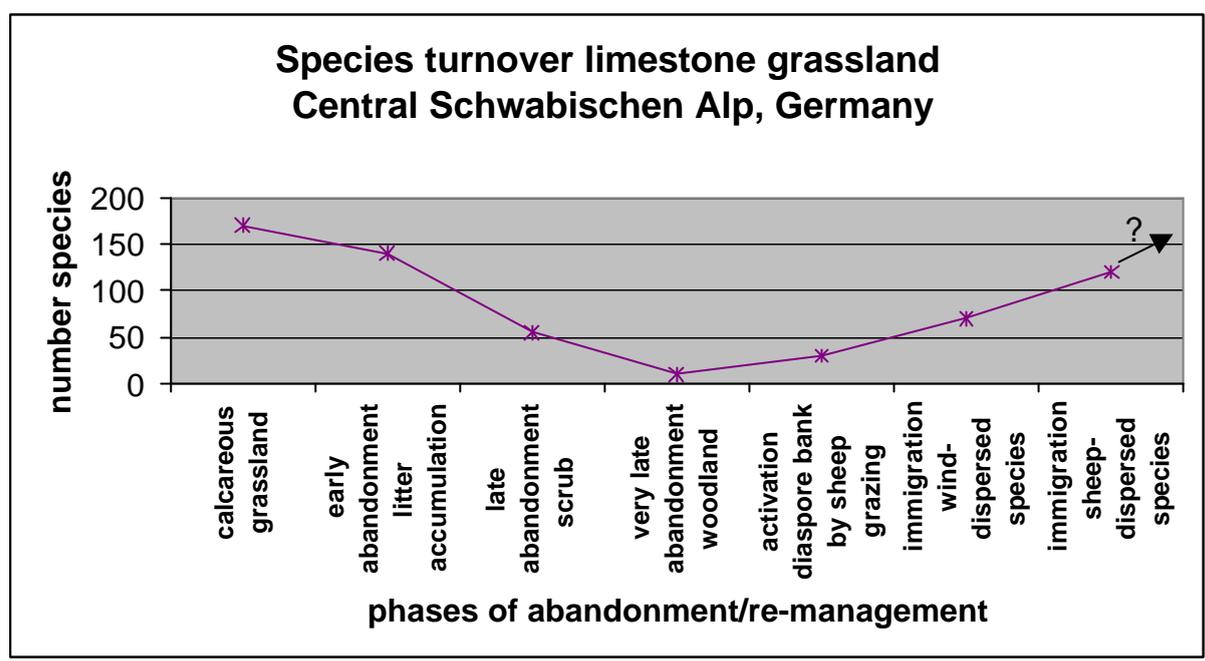
Figure 2 presents the results of this research by giving a graphical image of variations in species richness as a function of the stages of the abandonment and restoration process. Before abandonment the dry *Mesobrometum* grasslands on limestone were managed by sheep and species richness was high as a result of the continuous extensive grazing regime: more than 170 species were present in the research plots. The abandonment process can be subdivided into three stages:

- 'early abandonment' with starting litter accumulation: 145 species survived this phase;
- 'late abandonment' with scrub invasion: 50 species survived;
- 'very late abandonment' with woodland development: 10 species survived.

The period of abandonment lasted for about 30 years. After that, the restoration of the grasslands began by cutting down trees and re-establishing the grazing regime. The conditions were set for vegetation recovery to begin:

- in the first stage, which lasted 3 years, the seed bank in the soil was activated by sheep grazing; the total number of species increased from 10 to 40;
- in the second stage, seeds arrived through the air from the surroundings: the total number of species was increased from 40 to 70;
- in the third stage, seeds were transported by sheep from the surroundings; the total number of species increased from 70 to 120 species in the permanent plots.

Figure 2 Example of impact of abandonment and restoration on limestone grassland vegetation source: Poschlod et al (1997)



This example of grassland abandonment and restoration is a good demonstration of the impact of abandonment on biodiversity. It also shows that within these dry grasslands restoration is an option and positive results can be expected within ten years, provided that the original species are present in the seed bank and in the surroundings and the management is appropriate. If the abandoned land had been heavily fertilized and improved in the past this process would undoubtedly take more time because the seed bank would be depleted and the soil fertility would be too high.

In some CEECs restoration projects have already started on abandoned grasslands. For example along the Morava in Slovakia where wet *Cnidion* grasslands have been restored and along Lake Engura in Latvia. Dry grassland restoration has taken place in the eastern Hungary sandy steppe-meadows (*Pulsatillo-Festucetum*). The experiences of these restoration projects will be valuable in designing future restoration schemes. Seed banks in the soil can have an important function in re-establishing the original species, but there are indications that vulnerable species do not always have a seed bank. In such cases, restoration of the species relies heavily on the presence of this species in the surroundings which function as a seed source for the extinct populations. This may not always be possible unless there is an ecological network to support the migration of species.

Impact on birds

Grasslands have an important function in providing a habitat for rare and endangered animals in CEECs. The following bird species of *global conservation concern* are examples of species connected with the continuation of extensive agricultural land use (Tucker and Heath, 1994):

Partridge (*Perdix perdix*), Quail (*Coturnix coturnix*), Black-tailed Godwit (*Limosa limosa*), Skylark (*Alauda arvensis*), Red-backed Shrike (*Lanius collurio*), Lesser Grey Shrike (*Lanius minor*) and Ortolan Bunting (*Emberiza hortulana*). Land abandonment means that these species will lose breeding habitats at a time when the populations are already under severe stress because of the intensification of land use. Most of these species have decreased by 50 per cent or more over the last 20 years.

The abandonment of grasslands can result, within a couple of years, in drastic changes to the structure of habitats which can affect their value for birds. For instance, grasslands birds like godwit (*Limosa limosa*), common redshank (*Tringa totanus*) and common snipe (*Gallinago gallinago*) are dependent on an open structure of grassland vegetation. During the process of abandonment, when tall herbs and scrubs are established, the birds are not able to survive.

By contrast, the abandonment of land initially looks favourable for the corncrake (*Crex crex*). In many CEECs, including the Baltic countries and Poland, the population growth has been high over the last 15 years. However, this may be a transitional phase and there are two developments which raise uncertainty over the future of these populations:

- natural regeneration of scrub and forest would make abandoned land unsuitable for corncrakes;
- intensification of agricultural production would force corncrakes to find other breeding sites.

For forest and forest fringe birds land abandonment seems to be beneficial. Populations of many raptors such as Montagu's Harrier (*Circus pygargus*) and the Lesser Spotted Eagle (*Aquila pomarina*) have increased because small animals like mice have become more plentiful on abandoned land. When the developing forest canopy closes in the future, these habitats may no longer be suitable as feeding areas for these birds.

Figure 3 Estimation of extent of abandoned semi-natural grasslands and Important Bird Areas in CEECs

- 1) based on national grassland inventory projects and Veen in Brouwer et al (2001)
- 2) based on national grassland inventory projects, RDP CEECs and experts
- 3) based on Heath et al (2000)
- 4) based on Petersen and Hoogeveen (2004)

Country	Semi-natural grasslands (not including alpine grasslands) ¹ (ha)	Abandoned semi-natural grasslands (idem) ² (ha)	Total agricultural area within IBAs ³ (ha)	Abandoned agricultural used Important Bird Areas ⁴ (ha)
Estonia	90.000	54.000	26.900	14.795
Latvia	17.323	10.394	24.300	6.075
Lithuania	167.933	100.760	28.600	8.580
Poland	1.955.000	1.000.000	511.300	153.390
Czech Republic	550.000	82.500	11.300	5.650
Slovakia	294.900	38.337	226.100	146.965
Hungary	850.000	85.000	706.900	353.450
Romania	2.332.739	349.911	72.800	5.824
Bulgaria	444.436	66.665	229.400	20.646
Slovenia	268.402	40.260	65.000	35.750
Total	6.970.733	1.827.827 (26%)	1.902.600	751.125 (39%)

Where forests develop on abandoned land, new bird species can migrate from existing habitats. This process will take a long time because the suitability for forest birds such as the Black Stork (*Ciconia nigra*) is connected with the structure of the forest. In the long run valuable forest habitats may develop, but forest habitats are currently less threatened than extensive grassland habitats.

Land Abandonment and Important Bird Areas (IBAs)

The recent survey of grassland in CEE countries suggest that in different countries between 8 per cent and 60 per cent of semi-natural grasslands are in a phase of abandonment, with a higher percentage in northern Europe and a lower percentage in the southern countries. Of the farmland within Important Bird Areas (IBAs), about 60 per cent is estimated to be abandonment in northern European countries and 30 per cent in southern European countries. (Of course these percentages would be much lower if calculated as a proportion of all agricultural land, including arable and improved grassland, not just of HNV farmland).

The estimated total of abandoned semi-natural grasslands and IBAs is shown in Figure 3 (there is an overlap between the categories which cannot be quantified). **It is estimated that in the ten new Member States a total of more than 2.5 million hectares of farmland of biodiversity agricultural land has been affected by land abandonment.** Where the abandonment is recent the potential for reinstating management for biodiversity should be good, if it can be done without undue delay and taking agricultural and environmental conditions into account.

2.5 Social and Economic Impacts of Land Abandonment

Land abandonment may have an impact on the socio-economic viability of a region, for example in some regions of the Baltic countries and in the hilly and mountainous regions of central and southern Europe where land abandonment covers a large area. The concentrated loss of agricultural land weakens the economic base of a village. The land loses its production function and traditional agricultural settlements no longer benefit from agricultural production. The EU Structural Funds are targeting this negative process through the development of new orientations within the Rural Development Programmes, for example by supporting diversification of activities on farms. Up until now, very limited information has been available on the connection between abandonment and local socio-economic impacts. Research is urgently needed on this topic.

The knock-on economic effects of abandonment of HNV farmland can be more serious than the loss of agricultural income if these areas are important resources for eco-tourism (bird watching, botanical studies, walking). Reduced farming activity can also mean loss of potential income from tourist accommodation and the spontaneous development of forest may reduce the attractiveness of the landscape for tourism. Afforestation projects on abandoned land will therefore need careful consideration; for example, in Lithuania the government criteria for afforestation include biodiversity conservation.

2.6 Timescale and Priorities

Current abandonment may be a transitional phase in restructuring following land reform. **In the early years of abandonment this process may be relatively easy to reverse with appropriate management. However, once more severe abandonment sets in, much greater effort and levels of expenditure are required.** Some of adverse environmental effects may be evident within a short timescale, and cannot necessarily wait for the period of transition to finish – and in any case non-intervention may result in complete destruction of environmental features through agricultural improvement, not just neglect. As the period of abandonment is prolonged, there is likely to be a loss of the skills needed for traditional management.

Even when land reform and restructuring settles down, there could continue to be cycles of disuse of marginal arable land as farmers respond to market forces. Therefore the response to abandonment must be dynamic and take account of the transitional process, the changing policy context and other factors such as market prices.

3 land abandonment and EU environmental policy

3.1 Impact of Land Abandonment on EU Environmental Policies

The Göteborg European Council in June 2001 adopted the challenging target of halting the decline in biodiversity in the EU by 2010. There are two main strands to EU biodiversity policy; the establishment of a protected area network (Natura 2000) and the integration of nature conservation into other policy areas, such as agriculture. This integration mainly takes shape in the 1st and 2nd pillars of the CAP and should be stimulated by the Biodiversity Action Plan for Agriculture¹⁶(European Commission 2001).

Land abandonment is relevant to these policies because:

- land of high nature value forms a higher proportion of abandoned land than of land still in use; high nature value farmland is often marginal for agriculture and probably at greater risk of long term abandonment;
- land abandonment often leads to the loss of biodiversity and landscape characteristics which have developed over centuries in parallel with agriculture and require agricultural management for their restoration and continued existence..

Many of the grassland habitats and animal species which are threatened by abandonment have already declined to a fraction of their former extent in EU15 countries, mainly due to intensification of agriculture, and as a consequence the new Member States have a large proportion of the remaining European populations.

3.2 Potential for Policy Conflict

The policy priorities for reversing land abandonment are environmental, social and economic but the policy tools to achieve these are almost entirely within the CAP. Retaining land in agricultural use is not an objective of the CAP, and therefore environmental concerns have to be clearly expressed when restoration of HNV farmland subject to abandonment and its continued management are advocated. Social and economic problems related to land abandonment, need to be addressed through a broader approach to rural development in the areas affected. The objectives of the CAP are to increase agricultural productivity, secure EU food supplies at a reasonable price to consumers, and to ensure a 'fair standard of living' for European farmers. These have remained unchanged since they were laid down in the Treaty of Rome in 1957 but the EU has more recently adopted a policy of integration, and the European Treaty now states that:

¹⁶ Paragraph 71 states in relation to the then candidate Member States: 'Due attention should be paid to the survival of those forms of land use that support high biodiversity values.'

'Environmental protection requirements must be integrated into the definition and implementation of the Community policies and activities.... in particular with a view to promoting sustainable development.'

This is reflected in the priority given to agri-environment schemes in the current Rural Development Regulation (they are the only compulsory measure), the preparation by the Commission of a Biodiversity Action Plan for Agriculture and work on the development of environmental indicators for agriculture.

Political declarations following the 2003 reform of the CAP state that *"EU agriculture aims to be a versatile, sustainable, and the competitive economic sector. In addition to fulfilling its role in food and fibre production, it maintains the countryside, conserves nature and makes a key contribution to the vitality of rural area"*.

In practice the reclamation of abandoned HNV farmland will have to compete with many other demands for CAP resources, particularly in addressing the serious social and economic problems of many rural areas in the new Member States and enabling farmers to meet demanding EU standards. This is illustrated by a recent Eurobarometer poll in which citizens in accession countries were asked about the way the EU should use its agricultural policy. In the opinion of 88 per cent of those interviewed the top priority for the Common Agricultural Policy (CAP) should be safe, healthy food and support for improving rural life (European Commission 2003a).

There is also the potential for an 'internal' policy conflict in designing measures to reverse abandonment of HNV land. Returning abandoned land to intensive agricultural management would meet the social and economic needs of rural communities, but could be even more damaging to biodiversity than the original abandonment (eg the botanical interest of hay meadows could be destroyed by scrub invasion following abandonment or by ploughing and chemical fertilisers used to reclaim the land for intensive agricultural use). Farmers may also turn to other economic uses for abandoned land, such as the production of energy crops for bio-fuels, which may have significant environmental impacts on HNV land.

4 Environmental priorities for managing land abandonment

4.1 Potential End Uses for Abandoned Land

There are four broad categories of potential end use for agricultural land which has been abandoned or which is susceptible to abandonment.

On land of value for biodiversity (HNV farmland):

- continuation of existing biodiversity-sensitive forms of management¹⁷ by extensive grazing and mowing of semi-natural grasslands and Important Bird Areas (IBAs¹⁸): available data suggests that such areas may represent on average about 11 per cent of the Utilised Agricultural Area (UAA) in CEECs (but varying by country).
- reintroduction of biodiversity-sensitive forms of management on already abandoned land that still functions as a hotspot for biodiversity and/or is within a strategic location in environmental terms. This may involve scrub clearance initially and subsequent management by extensive grazing and mowing systems. We might expect a maximum of 5 per cent of UAA in CEECs on average to be in this category (but varying by country).

On other land:

- permit or encourage a change of land use to spontaneous or planted forest: in the absence of management large areas will eventually turn into forest if no special measures are taken. In some places this may be desirable, in others perhaps not, depending on the different interests at stake.
- return the land to normal agricultural use for economic or landscape protection reasons. Temporarily abandoned land with relatively good production conditions is most likely to attract new farmers or existing farmers seeking to expand.

In all of these cases except the last the management of the abandoned land might not be within conventional agriculture but rather linked to the support of semi-subsistence farms, farm restructuring, farm diversification and investment in rural infrastructure.

¹⁷ supported by agri-environmental programmes and other rural development measures

¹⁸ Information regarding the location of semi-natural grasslands and IBAs is available on the website of www.veenecology.nl and www.birdlife.org respectively

4.2 Environmental Priorities for Management of Abandoned Land

Land abandonment is a significant landscape and social issue for the new Member States, as it is a clearly visible rural resource no longer in productive use. However, although there may be national or local pressure to make some use of abandoned land, it is not an EU agricultural priority to bring abandoned land back into production and the policies in place have other objectives. If land remains outside production the most likely end use is afforestation. This may be by natural vegetation development or planting and may involve redesignation of land within the local land use planning system.

The following criteria are proposed for selection of priority sites for the continuation or reintroduction of biodiversity sensitive farm management:

- is part of the Natura 2000 network or a strategic location in the Pan-European Ecological Network (PEEN)¹⁹ or in the Western Palearctic Flyway (WPF) for migrating birds; or
- supports 'typus classicus' vegetation types and/or species of the relevant biogeographical zone; or
- is part of the national ecological network (ECONET) or is located in a sensitive site; or
- has rare and endangered species present (such as those listed in the Habitats and Birds Directive or the Red List); or
- is a valuable agricultural landscape, managed by farmers for a long period; or
- is useful for nature education purposes or is well known for species of interest such as orchids and medicinal herbs; or
- is of national or regional importance for other environmental reasons.

4.3 Identifying and Communicating Environmental Priorities

If valuable HNV farmland already abandoned or at risk of abandonment is to be protected from agricultural intensification on the one hand or conversion to forest on the other it is **essential to identify as soon as possible** the extent, location and condition of **these priority areas**, using criteria which reflect regional, national and EU environmental policies. In addition to identifying the most important areas, a strategy for their future management is also required and this should be clearly communicated to all relevant policy makers, not just agriculture departments. It will be important to emphasize that the priority areas for biodiversity form only a minority of the total area of abandoned land and that resources invested in their management will bring social and economic benefits to the rural areas concerned. Long term management of these important areas should also be recognized as a service to wider society, which justifies significant investment of public funds.

Although most agriculture departments recognize the problems of abandoned land and the need to address these through the Rural Development Programme, it cannot be assumed that they will take on the work of identifying environmental priorities at a site or area scale, or of preparing management strategies. However, if prepared well in advance, such strategies could inform the preparation of the 2007-13 Rural Development Programmes and it would make it possible to:

- link the restoration of HNV abandoned farmland, and its management following restoration, to the EU and national strategies for rural development required by the EARDF draft Regulation;

¹⁹ Information on PEEN and ECONET can be obtained from the website of www.ecnc.org and www.iucn.org respectively.

- design restoration measures for HNV abandoned farmland;
- design agri-environment measures to fit specific management problems of restored HNV land or areas prone to abandonment;
- use LEADER packages to combine measures from different axes of the EAFRD in regions where abandonment is widespread;
- prepare more accurate budgets for the restoration of abandoned HNV farmland and its management; and
- ensure that abandoned land of biodiversity importance is covered in the main RDP monitoring and evaluation programme.

5 Policy options POTENTIALLY AVAILABLE for managing land abandonment

5.1 Environmental Goals Delivered by Agricultural and Social Policy Tools

A number of EU policies support the management of abandoned land for the benefit of biodiversity. These are the EU commitment to halt the decline in biodiversity by 2010; the Habitats and Birds Directives (including the Natura 2000 network) and the EU Biodiversity Plan for Agriculture (European Commission 2001, 1979 and 2003b). National and regional governments will have additional environmental priorities for the management of habitats and species on agricultural land.

There are also agricultural policies that may help to prevent abandonment of high natural value farmland, or to bring it back into appropriate management. At EU level these are funded by the CAP and the Structural Funds.

The CAP comprises two principal forms of support – direct payments available to nearly all farmers, known as Pillar One payments, and a range of selective payments for rural development measures known as Pillar Two. Both Pillar One and Pillar Two payments are important for the prevention of land abandonment, restoration of HNV abandoned land and its future management..

The new Member States are just starting to implement the CAP Pillar One direct support payments and by 2010-13 the payment rates will be fully aligned with those in EU15 Member States. Most of the new Member States (with the exception of Slovenia and Malta) will start by making these payments under the ‘Single Area Payment Scheme’ (SAPS), but between 2005 and 2009 will transfer to the ‘Single Payment Scheme’ (SPS) which now applies to the EU15 Member States - a model which has just undergone the most radical reform for 40 years (European Commission 2003b).

The CAP Pillar Two rural development measures and payments are broadly similar in the new Member States and in EU15, with some special transitional measures available in the former. All 10 new Member States will soon be implementing their first Rural Development Programmes for 2004-06, in many cases following on from pre-accession SAPARD schemes. Although these Rural Development Programmes are available for a relatively short time, the way in which they are applied and the lessons learnt from them will be relevant for the future management of abandoned land.

Pillar Two is also undergoing significant changes. The European Commission has just published draft legislation proposing a new EU Agricultural and Rural Development Fund which (EAFRD) would apply in the EU25 from 2007 (CEC 2004a and 2004b). When agreed this will provide the framework for Pillar Two support in the 2007-13 period.

Because the 2003 reforms of Pillar One have not yet been implemented, and the 2004 proposals for reform of Pillar Two are still in draft, it is difficult to predict how some of these policy tools will work in practice. The measures which are most relevant to

the management of abandoned land are discussed below. In certain cases there is a clear need to amend them to deliver environmental outcomes on abandoned land.

5.2 CAP Pillar One Policies Relevant to Abandoned Land

Characteristics of CAP Pillar One

Payments to farmers under Pillar One have the advantage for Member States of reaching the majority of farmers and of being 100 per cent funded from the CAP budget; they generally are not linked to particular crops or livestock but provide a basic income for all farmers. On the other hand they are not targeted at environmental priorities.

Direct payments to farmers under Pillar One are potentially important in preventing land abandonment or ensuring the future management of currently abandoned land in at least two ways:

- they have a significant effect on farm viability and business decisions;
- they introduce certain environmental requirements (cross-compliance).

A third issue concerning national envelopes is discussed briefly at the end of this section.

Pillar One direct payments under SAPS and SPS

From 2004, Pillar One direct support will be paid to all eligible farmers as a flat rate payment per hectare under the Single Area Payment Scheme (SAPS) which is available only in the new Member States (Slovenia and Malta will not use it because they have adopted the current EU15 'coupled' support from the outset). These SAPS payments are initially small compared to EU15 rates and there is a phasing in period during which they rise to 100 per cent of EU rates – theoretically not until 2013. However, new Member States can offer farm level payments similar to those in EU15 as early as 2010 if they choose to 'top-up' the EU funded SAPS payments with national funds and (until 2006 only) with some of their Pillar Two budgets. Before the end of this phasing in period, and by 2009 at the latest, the new Member States will move from SAPS to the main EU Pillar One scheme – the Single Payment Scheme (SPS) being introduced in the EU15 from January 2005. Figure 4 shows the expected payments per hectare under SAPS in 2004, for the eight Member States concerned.

Figure 4 Examples of anticipated payments per hectare in eight New Member States in 2004

	Cyprus	Czech.	Estoni a	Hungary	Latvia	Lith.	Poland	Slovakia
Min. parcel size (ha)	0.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total eligible area (thousand ha)	120	3469	800	4355	1475	2288	14843	1955
Total aid (million €)	9.69	198.94	21.4	305.81	30.48	82.07	659.86	85.72
Per hectare payment (€ per ha)	80.8	57.3	26.8	70.2	20.7	35.9	44.5	43.8

Source: USDA Foreign Agricultural Service (2004)

To qualify for the payments farmers must make a claim on at least 1 hectare of land (0.3ha in Cyprus), **only land that has been in a Good Agricultural and Environmental condition (GAEC) in June 2003 is eligible**; there is no requirement for farmers claiming SAPS/SPS to keep livestock, to grow crops or to produce for the market. This means that the underused but environmentally valuable land defined in section 2.2 as 'hidden abandonment' will qualify for Pillar One payments, provided the

farmers realise that they are entitled to direct aid and that the land was in GAEC in 2003.

It should be possible in subsequent years to claim SAPS on 'new' land provided it was in GAEC in 2003. The annual Pillar One budget for each new Member State is already fixed but the total area for which claims are made may be larger in future years than in 2004, for several reasons; some farmers will have failed to get their claims in on time this year, the use of marginal land will fluctuate with market returns and other economic factors, and temporarily abandoned land will return to use. The per hectare payments for 'new' SAPS claims will be financed from a national reserve created by withholding up to 3 per cent of the total budget each year. If this is not sufficient in any one year the payment rates to all farmers will be reduced proportionately. Therefore it will only be possible to finance SAPS payments on unmanaged HNV land if it was still in GAEC in 2003.

It should still be possible to enrol into the SPS agricultural land which failed to meet the GAEC eligibility criteria in 2003 but has been restored so that it meets eligibility criteria (by then full cross compliance) at the time when the new MS will be moving from the SAPS to the SPS. The conversion from one scheme to the other will have to be completed by the end of 2008.

SAPS (and later SPS) payments per hectare will provide farmers with a secure annual income independent of any return from the market. This could be used to invest in the farm business or simply to supplement household income. The SAPS payments may encourage farmers to reintroduce long term management on temporarily abandoned land, and this is already observed in some of the new Member States (see. 2.3). However this will not necessarily be environmentally sensitive management. It could be intensive arable or grassland management, particularly if machinery, fertilisers and pesticides become more affordable as a result of the new payments or better market returns.

The effects of SAPS on farmers' choice of crops and stock is very difficult to predict but most observers suggest that there will be little overall increase in cattle numbers from the relatively low levels at accession; intensive beef production may increase in some areas and milk yield per cow is likely to rise sharply. Wheat and maize production is expected to increase, rye and fallow to decline. None of these changes favour extensive grazing management of abandoned land.

Cross-compliance requirements for SAPS and SPS

The eight new Member States paying SAPS must: *'ensure that all agricultural land, especially agricultural land which is no longer used for production purposes, is maintained in good agricultural and environmental condition'* (CEC 2004c). From 2005 the EU15 Member States, Slovenia and Malta will have to comply with more complex cross compliance conditions consisting of both GAEC as applicable to SAPS, and additional Statutory Management requirements, when the new SPS is introduced (CEC 2003b).

It is not entirely clear how *'all agricultural land, and especially agricultural land which is no longer used for production purposes'* has been defined by the new Member States. For the purpose of calculating the 2004 SAPS they had to use the total 'agricultural area', defined as that part of the total area of arable land, permanent grassland, permanent crops and kitchen gardens which was in good agricultural condition at 30 June 2003, whether in production or not. At that date the new Integrated Administration and Control Systems (IACS) were not fully operational and although the land registers/cadastre record land as agricultural, forest or unused for tax purposes, these are not up to date records of actual land use. It therefore seems unlikely that there is an accurate record of the location of individual plots of land, which were in 'good agricultural condition' in 2003. The IACS database and maps will become the central record of agricultural land for which SAPS/SPS claims have been made. Although in theory this should only include land in good agricultural and environmental condition in 2004, in practice it is likely to include some abandoned

land, particularly if this is still registered for tax purposes as agricultural land. Other abandoned land will have been excluded from SAPS claims (and presumably from IACS records too) but may still be eligible for Pillar Two payments. If accurate records are to be kept of abandoned land it will be necessary to rationalise the links between IACS and the land registry/cadastre system, and ensure that changes in land use are recorded (for example it is not always clear whose responsibility it is to record land use when there is no change of land tenure).

All farmers who receive Pillar One direct payments for their land under SPS must comply with cross-compliance requirements which apply whether the land is used for production or is left unused. The Regulations allow Member States some scope to match these requirements to their own environmental priorities but they must '*define minimum requirements for good agricultural and environmental condition on the basis of the framework [see Figure 8] taking into account the specific characteristics of the areas concerned, including soil and climatic conditions, existing farming systems, land use, crop rotation, farming practices and farm structures.*' (CEC 2004c Article 6, and CEC 2003b Article 5).

The framework for defining good agricultural and environmental condition (GAEC), shown in Figure 5, makes specific reference to a minimum level of maintenance to avoid the deterioration of habitats and the encroachment of unwanted vegetation on agricultural land. The use of 'encroachment' suggests that there is an intention to prevent future abandonment of any land receiving public subsidy, rather than to address current abandonment. In the longer term, especially when SAPS/SPS payments approach EU payment levels, GAEC may be a useful tool to prevent land abandonment, but only if it is enforced (inspection rates may be as low 1per cent of farms per year, with quite small financial penalties for initial failures of compliance, so enforcement is likely to be a considerable issue). The term 'unwanted vegetation' is significant in that it appears to allow the restoration of wood pastures or the introduction of agro-forestry on land claiming SAPS/SPS.

Figure 5 Framework for Good Agricultural and Environmental Condition as defined in EC Regulations 1782/2003 and 2199/2003

Issue	Standards
<i>Soil erosion:</i> Protect soil through appropriate measures	Minimum soil cover Minimum land management reflecting site –specific conditions Retention terraces
<i>Soil organic matter:</i> Maintain soil organic matter levels through appropriate practices	Standards for crop rotations where applicable Arable stubble management
<i>Soil structure:</i> Maintain soil structure through appropriate measures	Appropriate machinery use
<i>Minimum level of maintenance:</i> Ensure a minimum level of maintenance and avoid the deterioration of habitats	Minimum livestock stocking rates or/and appropriate regimes Protection of permanent pasture Retention of landscape features Avoiding the encroachment of unwanted vegetation on agricultural land

It is worth noting that in some EU15 Member States the presence of trees and shrubs in a field may not necessarily be judged as a failure to comply with GAEC, provided the rest of the field is grazed or mown as required, the trees and shrubs have some biodiversity value (and therefore are not 'unwanted vegetation') and the area they cover is excluded from the SPS claim. If a similar principle applied to GAEC in new Member States it might offer an incentive for farmers progressively to bring

abandoned land back into management, if they could increase their SAPS claim by a small amount each year; it is not known if there would be administrative problems with this approach.

It seems likely that most new Member States will interpret the 'minimum level of maintenance' for GAEC as a requirement to cut the vegetation at least once a year, or alternatively to graze it so as to remove most of the year's growth. Although the framework allows setting minimum stocking rates some EU15 Member States have been reluctant to do so because of the difficulties of checking stock numbers. It may seem tempting to attach rigorous environmental conditions to cross-compliance, but caution is needed. Because SAPS payments per hectare are relatively low initially any attempt to use very onerous cross-compliance requirements may fail if farmers simply choose to ignore them and take the risk of penalties, or chose not to enrol the land into the payment schemes.

The relationship between GAEC '*minimum level of maintenance*' and agri-environment payments is important. Until 2006, in countries where SAPS is applied, two separate sets of CAP environmental conditions in new Member States will be operating:

- for Pillar One payments, GAEC as described above;
- for Pillar Two payments, Good Farming Practice or GFP, the baseline which all recipients of agri-environment and LFA payments under the 2004-06 Rural Development Plans must comply with; GFP is defined by each Member State and agreed by the Commission; agri-environment payments cannot be made to farmers for a management practice specified in GFP.

In reality many farmers will have to observe both sets of conditions, especially in countries with large areas of LFA.

There is another set of Pillar One cross-compliance requirements, with a list of 18 EU standards in the fields of environment, food safety and animal health and welfare, which are compulsory only under the SPS and will therefore not apply to new Member States using the SAPS until they have to join the main scheme. Although these 'Annex III' requirements do not directly affect the management of abandoned land they may have other implications. For example they may contribute to the loss of very small dairy herds on semi-natural grassland, if the farmer cannot meet EU hygiene or animal welfare requirements.

For new/redefined LFAs and for agri-environment payments from 2007 the draft successor to the current Rural Development Regulation makes no reference to GFP, which suggests that for the 2007-13 Rural Development Programmes there may only be one main set of cross-compliance requirements, essentially those for Pillar One. In the case of agri-environment it will be complemented by additional national or regional requirements at the discretion of MS. This is an important issue because, whatever standard is used as a baseline for payments, the work required to meet the standard cannot qualify for agri-environment payments. For example, if the standard required annual mowing or limited grazing, agri-environment measures would not be able to pay for this if the farmer is also claiming SAPS/SPS; they would however be able to cover the *additional* costs of mowing at a later date than required by the standard, or of grazing at higher stocking rates.

National envelopes under Article 69 of Regulation 1782/2003

So called 'national envelopes' are available only under the main SPS, so will not be relevant in most of the new Member States until they switch from SAPS to SPS. Beyond this they could be a valuable tool to support livestock farming on semi-natural grasslands. Member States are allowed to retain up to 10 per cent of their total Pillar One funding as a 'national envelope' and use it to make additional payments to specific types of farming which are '*important for the protection or enhancement of the environment or for improving the quality and marketing of agricultural products*'. This could be an important policy tool in the longer term.

5.3 CAP Pillar Two Policies Relevant to Abandoned Land

Characteristics of CAP Pillar Two

In the new Member States a larger proportion of their CAP budget is spent on Pillar Two and a smaller proportion on Pillar One, compared to the EU15 Member States. Pillar Two is a substantial rural development fund with a wide variety of tools attached (29 measures available in the current Rural Development Regulation). Unlike Pillar One there is only partial EU funding for Pillar Two measures and they can be applied selectively to areas or categories of beneficiary, and can also be combined with state aids.

Governments have a great deal of flexibility in how they may use Pillar Two, which is illustrated by the allocation of 2004-06 Rural Development Programme funding by different new Member States shown in Figure 6. This reflects to some extent the pressing social and economic problems which compete with environmental priorities for rural development funding, and also the decision in some new Member States to use Pillar Two funds to top-up Pillar One SAPS payments until 2006.

From these preliminary estimates it appears that an average of 13 per cent of the Rural Development Programme funds in seven new Member States has been allocated to agri-environment measures (compared to 27 per cent in EU15), but this figure conceals major differences between Member States. The Czech Republic has allocated almost half of the Rural Development Programme budget to agri-environment schemes and most of the remainder to LFAs, with no Pillar One top up. In contrast, Lithuania has allocated 20 per cent of the budget for topping up Pillar One, 10 per cent for agri-environment, 23 per cent for early retirement and 24 per cent for LFAs.

Figure 6 Preliminary structure of Rural Development Plans in CEEC-7 for 2004-06

	Estonia	Latvia	Lithuania	Poland	Hungary	Czech	Slovakia	TOTAL (CEE 7)
Shift-back to the 1st pillar	14%	9%	20%	20%	0%	0%	19%	15%
Less Favoured Areas	18%	54%	24%	27%	11%	45%	47%	30%
Agri-Environmental Prog.	30%	8%	10%	10%	41%	49%	15%	18%
Afforestation of farmland	6%	0%	4%	3%	3%	3%	1%	3%
Early retirement of farmers	0%	2%	23%	18%	11%	1%	0%	13%
Meeting EU standards	22%	18%	13%	7%	23%	0%	5%	9%
Semi-subsistence farming	7%	8%	5%	10%	5%	0%	1%	7%
Setting up producer groups	0%	1%	0%	1%	3%	1%	1%	1%
Technical assistance	2%	1%	1%	1%	5%	1%	3%	2%

Source: Friends of the Earth Europe (2004)

A survey of non-governmental organisations closely involved in the preparation of the 2004-06 Rural Development Programmes found that many Member States have made efforts to target funding towards high nature value farmland and Natura 2000 sites by:

- using the option of LFA payments for special areas; or

- offering farmers rates of payment for agri-environment and other measures which are 10-20 per cent higher than on normal farmland; or
- designing special zonal agri-environment measures for HNV land.

Nevertheless a number of problems have been identified which may limit the effectiveness of the 2004-06 RDPs in supporting biodiversity management of farmland. Some land does not qualify for LFA support (or SAPS direct payments) because it has not been managed within the previous two years. When farmers are planning the future of their business, agri-environment payments may be unable to compete with investment aids for farm improvement, leading to agricultural intensification and the loss of biodiversity management. Farmers may simply be less aware of agri-environment and other rural development payments, than of Pillar One payments. Small farmers are particularly important in conserving biodiversity, because of their generally less intensive farming systems, but they may need detailed advice and information if they are to take advantage of Rural Development Programme funds (IUCN 2004).

Existing policy tools allowing for restoration of abandoned HNV farmland

The options offered by Pillar Two support to allow recovery of land where management has been suspended for a long period and to put it back under management, seem limited, but the need for restoration of abandoned HNV farmland is a recognised concern in the EU.

Investment measures for restoration of abandoned HNV farmland

Several options under the current Rural Development Regulation (1257/1999, RDR), are available to finance investments in the countryside. Article 4 of RDR offers the opportunity to fund investments aimed at improving agricultural production, maintenance and promotion of low input farming, preservation and promotion of high nature value and sustainable agriculture respecting environmental requirements. Article 33 of the RDR can be used for restoring abandoned land in some conditions. It includes the options of investment aimed at land improvement and protection of the environment in connection with agriculture. The provisions of this article are currently used by some Member States for land restoration. It might also be possible to use the aid for the setting up of young farmers for renewing production on temporarily unmanaged land, where economic viability can be demonstrated, and minimum standards regarding the environment adhered to.

Taking into account the limitations of the mainstream agricultural and land management measures within the RDR, as well as measures such as diversification, tourism and handicraft development, LEADER-type approaches for the new Member States may offer the best opportunity for integrating different measures to deal with restoration of management and improving economic viability in rural areas prone to abandonment.

Pillar Two in 2007 – the new European Agricultural Fund for Rural Development

It is uncertain whether the successor to the Rural Development Regulation which will enter into force at the beginning of 2007 will offer provisions precisely equivalent to those of 1257/99 with respect to land abandonment. The remainder of this section discusses the options relevant to abandoned land which are likely to be available for the 2007-13 Rural Development Programmes, based on the draft Regulations published in July 2004 for support under the new European Agricultural Fund for Rural Development (CEC 2004a, CEC 2004b).

The draft Regulation rearranges most of the existing Rural Development Regulation measures into three priority groups or 'axes', with a new requirement to allocate each axis a minimum proportion of the budget of every Rural Development Programme as shown in Figure 7. EU co-financing rates also vary between axes.

Figure 7 Proposed three priority axes for the new European Rural Development Fund

Priority axis	Measures	Minimum RDP budget share	Co-financing rate
1 Targeting the competitiveness of the agricultural and forestry sector	Vocational training, information Setting up young farmers Early retirement Advisory and farm relief services Farm modernization Forest improvement Support for meeting EU standards Producer groups Semi-subsistence farming (for NMS)	15%	20-50% (75% in Convergence regions)
2 Land management	Natural handicap payments to: <ul style="list-style-type: none"> • mountain areas • other areas Natura 2000 Agri-environment Animal welfare Non-productive investments Sustainable forestry measures	25%	20 - 55% (80% in Convergence regions)
3 Diversification of rural economy and quality of life	Diversification into non-agricultural activities Support for micro-enterprises Tourist activities Protection and management of natural heritage Essential services, village renovation Vocational training, skills acquisition and animation	15%	
LEADER	Implementing rural development strategies, co-operation projects, running local action groups	At EU level a minimum of 7% of budget reserved	an extra 3% of EU budget held back and allocated to best performing Member States

Priority axis 1 for improving competitiveness contains a wide variety of measures with varying effects on land abandonment, mainly through their impact on the viability of different types of farm business. Early retirement, aid for young farmers, and support for semi-subsistence farms are discussed below.

Priority axis 2 for land management is of direct relevance to re-instating biodiversity management on abandoned land and continuing such management on HNV farmland, because it includes agri-environment, revised LFA support and the new Natura 2000 payments, which are discussed in detail below. The preamble to the draft Regulation makes clear that this axis should contribute to the implementation of the 6th Community Environment Action Programme and the EU Sustainable Development Strategy.

Priority axis 3 for diversification of the rural economy and the quality of life in rural areas could be of benefit in sustaining rural communities in marginal farming areas where large areas of high nature value farmland are at risk of abandonment.

LEADER funds can combine funding from the other axes and could be useful in funding local schemes to prevent or reverse abandonment, particularly where other EAFRD measures may not apply.

Measures from all three axes offer an opportunity to deal with abandonment of HNV farmland.

Under axis one, restoration of abandoned HNV farmland may be incorporated under the measure for setting up young farmers (Article 21), especially since the proposed economic viability requirements are more relaxed; modernisation of farms (Article 25) seems to offer an opportunity; investments in infrastructure needed for access and water management may also be covered (Article 28). In the NMS support for semi-subsistence farming, although not directly aimed at such undertakings, may equip farmers with the capital necessary to undertake investments needed to bring temporarily unmanaged land into GAEC. Measures aimed to support production and marketing of quality and/or value added products have a great potential to contribute to the improved economic viability of farming on HNV farmland.

Under axis two, the majority of the measures offered means of preventing abandonment or ensuring appropriate biodiversity-sensitive management of HNV farmland. Land management measures, such as support for agri-environment undertakings, redefined LFAs, Natura 2000 areas and afforestation will be dealt with in detail below. Among other articles in axis two, Article 38 seems to offer an opportunity for financing investments related to meeting commitments under agri-environment management contracts and enhancing the public amenity value of Natura 2000 areas. However eligibility conditions applying to agri-environment measures and Natura 2000 compensatory payments may preclude any areas that are not in GAEC to start with. The article does not offer any room for reaching HNV farmland that is not designated as Natura 2000.

Within axis three, opportunities seem to be less apparent than in the present RDR, where Article 33 could be used for both land improvement and other measures aimed at protection of the environment in connection with agriculture, forestry and landscape conservation. The proposal does not offer equivalent measures, although it might be possible to seek opportunities for restoration activities under Article 49. On the other hand axis three offers a broad range of measures essential in supporting economic and social improvements in rural areas, such as diversification into non-agricultural activities, support for tourism development, protection and management of the natural heritage, vocational training and skills acquisition. Such measures will indirectly help to prevent further depopulation of rural areas prone to abandonment and contribute to balanced sustainable development, including its economic and social aspects.

Land management measures

Agri-environment measures

Agri-environment payments are the most appropriate way of paying for very specific targeted habitat and species management on HNV farmland and also acknowledge the value of this management to society. It is encouraging that the Implementing Regulation specifies that in calculating agri-environment payments *'the economic consequences of abandoning land or ceasing certain farming practices may be taken into account where this is justified by the agronomic or environmental circumstances'* (CEC 2002). This means that payment rates can cover the costs of maintaining farming activity where it is not economically viable, in contrast to other situations where payments simply cover the loss of income resulting from reducing the intensity of management.

Agri-environment schemes can often be adapted to the diversity of requirements for abandoned land but to achieve the management objectives farmers must be

willing to participate, which in turn often depends on realistic management requirements and adequate payment rates. Agri-environment schemes are most likely to prevent abandonment where alternative uses for the land are limited, intensive agriculture is not a particularly attractive option and farmers have the knowledge and skills needed for management of HNV land. Where land has already been abandoned, other actors such as environmental NGOs may be more likely to take on management responsibility and to use agri-environment support following its restoration.

Enquiries in Poland suggest that agri-environment payments can be claimed for some land within the farm that does not qualify for SAPS payments. This may offer the opportunity of using agri-environment payments for ongoing management with a particular mowing or grazing regime on HNV farmland, following its initial restoration (tree and scrub removal) paid for by other means, eg measures equivalent to those developed under Art. 33 of the RDR by Sweden and Latvia. Alternatively, the approach used in some countries is to fund one-off restoration costs as state aids in the first year or two of the agreement and pay annual agri-environment management payments thereafter.

The formula used to calculate agri-environment payments in the current Rural Development Regulation 1257/1999 is:

income foregone + additional costs resulting from the commitment + an incentive if needed

The incentive element is particularly useful for targeting uptake at particular groups of farmers, for example those on Natura 2000 sites or young farmers taking over HNV land who otherwise might convert it to intensive agriculture. There is some concern that the draft EAFRD Regulation proposes replacing the 'incentive' element of the payment (which the Commission believes may be open to abuse) with an element to cover the 'transaction costs' for the farmer, such as time spent filling in forms, seeking advice, preparing plans and undergoing training. This could be useful in some cases but it is difficult to see how the transaction costs for a farmer considering abandoning the land differ from those of his neighbour on a similar farm. The loss of the incentive element therefore seems likely to reduce government flexibility in targeting agri-environment payments towards HNV land at risk of abandonment.

Less Favoured Areas

Support for Less Favoured Areas takes the largest share of the budget in four of the new Member States' Rural Development Programmes for 2004-06, and in the seven plans analysed accounts for an average 30 per cent of the budget (IUCN 2004). Current LFA support is available as a payment per hectare over large areas of land where farming is made more difficult by natural handicaps such as mountains, soils and climate, or by difficulties of reaching markets. LFA payments are a potentially useful provision for land under threat of abandonment and land where management is to be reintroduced, as they are currently available to most farmers over a wide area. The Community Biodiversity Action plan for Agriculture notes that: '*This [LFA] allowance is the Community's preferred instrument for preventing the abandonment of agricultural land (although this objective will be achieved by using a whole set of measures depending on rural development schemes and CMOs' provisions²⁰)*' (CEC 2001, paragraph 54).

There has been considerable criticism of the existing LFA system, for example by the EU Court of Auditors, and some changes are proposed in the EAFRD draft Regulation. From 2007 the LFA compensatory allowances would be renamed as 'natural handicap payments in mountain areas and payments in other areas with handicaps'. The criteria for the designation of mountain areas may remain unchanged if the Member States concerned wishes it so. However, the definition of '*other areas with natural*

²⁰ CMO is Common Market Organisation and refers to the pre 2005 system of coupled Pillar One payments in EU15, Slovenia and Malta

handicaps' is likely to mean a significant reduction in the area eligible for LFA payments in some Member States, because the payments will be restricted to areas affected by:

- *'significant natural handicaps, notably a low soil productivity or poor climate conditions and where maintaining extensive farming activity is important for the management of the land, or*
- *specific handicaps, and where land management should be continued in order to conserve or improve the environment, maintain the countryside and preserve the tourist potential of the area or in order to protect the coastline (this type must not exceed 10 per cent of the area of the Member States)'*(CEC 2004b).

Commission criteria to define these areas are likely to be part of the implementing rules for the new EAFRD Regulation.

If in certain areas LFA support is lost it may increase the risk of abandonment (or conversion to more intensive production) and the EAFRD funds saved will not necessarily be redirected to other land management measures. It will therefore be important that the criteria defined by the Commission for the selecting the new LFA areas cover both abandoned or threatened HNV land where *'maintaining extensive farming activity is important for the management of the land'*, perhaps by linking this management to EU and national environmental priorities and the wider benefits to society.

Natura 2000 payments

The proposed Natura 2000 payments provide a clear link with EU environmental policy and offer payments per hectare of *'utilised agricultural area'* to compensate for *'costs incurred and income foregone'* as a result of restrictions attributable to the Habitats and Birds Directives. This appears to suggest that land must at least be registered as agricultural land and possibly compliant with GAEC before Natura 2000 payments can be claimed; there are also investment aids available to achieve the management of Natura 2000 areas and to *'enhance their public amenity value'*.

Other potentially related measures

Animal welfare support

It is proposed that EAFRD support should be available to farmers who undertake voluntary animal welfare measures going beyond the mandatory requirements which will form part of cross-compliance on Pillar One direct payments when the eight new Member States join the main CAP scheme. It may be worth considering whether inability to comply even with basic EU animal welfare requirements, when they become mandatory, is likely to lead to abandonment of land now used for traditional livestock management. If so, there may be an argument for making support available to help such farmers meet the new standards during the transitional period before these become mandatory (probably in 2008).

Measures to improve the competitiveness of agriculture and forestry

In some situations the causes of land abandonment are primarily an ageing population of farmers on small farms or land fragmentation following privatisation. The availability of early retirement, schemes for young farmers and support for restructuring will make it more likely that such abandoned land will be brought back into use as part of a viable farm business. These measures alone will not ensure appropriate environmental management and may actually discourage it. There is some evidence in the UK, for example, that where elderly farmers hand over HNV land to younger farmers significant agricultural improvement is likely, at the expense of biodiversity. To prevent this, young farmers could be offered preferential terms to enter agri-environment schemes (more difficult if there is no incentive element in agri-environment payments). Advice and information about environmental management and the financial support available might also help, and possibly training too.

Measures for diversification of the rural economy

In remote and marginal areas where large-scale land abandonment is a risk, the proposed measures to support tourism, farm diversification and micro-enterprises may offer additional sources of income for farm families managing High Nature Value land of low productivity; the Natura 2000 investment aids may also help with the creation of ecotourism infrastructure.

LEADER

LEADER offers a bottom-up approach with decision-making power given to local action groups and partnerships implementing innovative, co-operative projects. It is likely to be a valuable tool in dealing with land abandonment because it offers an opportunity to integrate funding from the three separate axes into one package. The new proposals for funding will reward those regions which develop effective LEADER programmes during the 2007-13 plan period. Projects relevant to land abandonment might include, for example, preparing and implementing a plan to prioritise the management of abandoned land and linking it to marketing of added value local produce and eco-tourism. LEADER may be particularly useful for abandoned land which for one reason or another fails to qualify for SAPS, LFA or agri-environment payments.

5.4 Selecting Policy Options - Issues to Consider

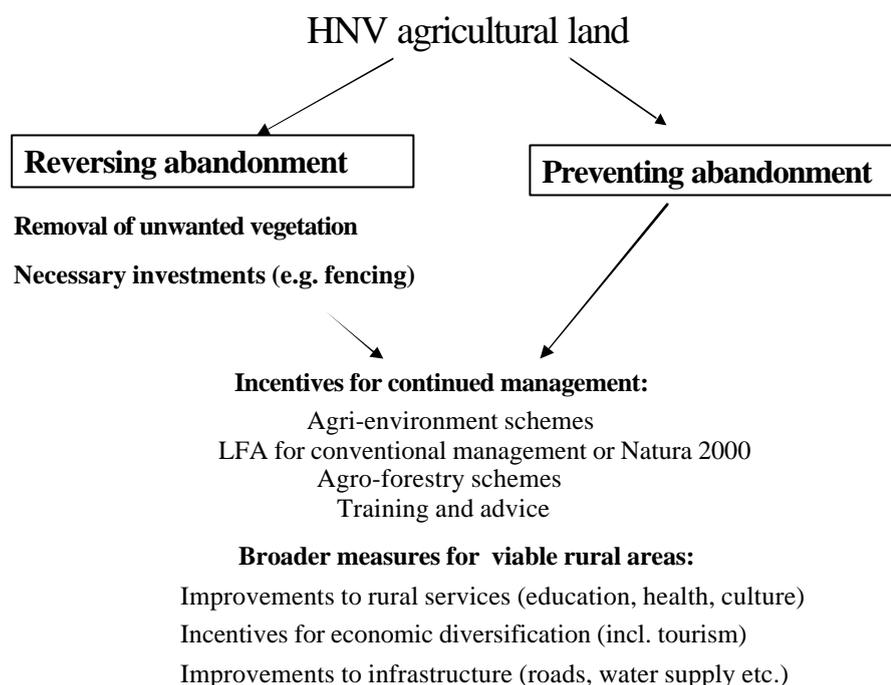
Causes and effects of abandonment are heterogeneous

It is important to recognise that across the countries of central and eastern Europe there is great variation in the type of land which is abandoned, the reasons for abandonment and its environmental effects. Some abandonment may only be transitional, often as a result of an incomplete land reform process which may now be accelerated by the availability of CAP payments to fund investment. Other abandonment may be structural, because land which was brought into production on state or collective farms is too poor in quality or too far from markets to support a viable private business under the CAP. The social and economic changes following independence and EU accession are far from complete and may trigger new instances of abandonment.

Some abandonment may now appear to be beneficial to the environment, for example the development of rough grasslands which has favoured corncrake and raptors, but this effect is almost certainly temporary because in most areas long-term abandonment will lead to natural development of forest. On the other hand abandonment of parts of very large arable plots may benefit both biodiversity and landscape if allowed to develop into scrub or woodland, and the revegetation of arable land may also prevent soil erosion.

It is therefore important to recognise that causes of abandonment may vary from place to place and over time, and that the means of bringing this land back into management will also vary and will often require a combination of agricultural, environmental and social policy tools, as illustrated in Figure 8.

Figure 8 Combining EAFRD measures for abandoned land



A flexible and dynamic policy response to observed changes

The main driver of abandonment, the transition process, is not complete and is entering a new phase with the availability of CAP and Structural Funds for investment in land, infrastructure and jobs. EU farmers will become more exposed to market fluctuations than under the current CAP regime and this in itself may lead to cycles of price changes with marginal arable land in particular being taken in and out of production. There is likely to be significant change in land abandonment as a result and it is important that these changes and their environmental effects are monitored and evaluated. The policy response must be able to adapt to the changing situation – for example during the life of the next phase of Rural Development Programmes 2007-13. It will also be important to ensure that administrative rules (e.g. on size of enterprise eligible for payments, type of beneficiary) do not inhibit innovative solutions to abandonment.

Reinstating management on abandoned land is not an EU priority

No priority is given to supporting increased production in the EU – not least because this would compromise WTO negotiations – and it follows that there is no current agricultural policy reason to bring abandoned land back into production, although the market may do this anyway. The CAP reform makes clear, through the use of cross-compliance with Good Agricultural and Environmental Conditions (GAEC), that land receiving Pillar One payments should not in future be abandoned, but there is no requirement to use this land productively. In the absence of any agricultural priorities, there must be very clear policy justification on environmental and socio-economic grounds if CAP Pillar Two funds are to be used for managing abandoned land.

Long term viability of HNV land management

Biological, agricultural and social systems are needed to support the restoration of abandoned HNV land and to prevent future abandonment – it is not sufficient simply to target measures at the abandoned plots. Biological networks, linking abandoned land to similar habitats are needed as a source of seed and as a route for animal species to use in recolonisation. The abandoned land must be linked to a viable farming system – for example with livestock to use the hay and graze the meadows.

Social networks provide a community in which the next generation of farmers can live, with schools, shops and transport services; this is particularly important in areas where depopulation has been a significant cause of abandonment.

6 Key influencing opportunities

Over the next two years many important details of CAP implementation for the period 2005-13 will be decided by the new Member States. These of course include the preparation of the 2007-13 Rural Development Programmes but there are other less obvious decisions which could influence the long-term management of abandoned land.

A very helpful precursor to using these opportunities would be the preparation of national and regional priorities and strategies for the management of abandoned land as suggested in section 4.3 above. Because the management of abandoned land will usually require the use of agricultural funds to meet environmental objectives it is essential that these strategies demonstrate clearly how managing abandoned land will benefit society and help to deliver government and EU environmental obligations and priorities such as the Habitats, Birds Water Framework Directives. Some of the key influencing opportunities relevant to abandoned land are shown in Figure 9.

Figure 9 Key decisions which will affect the management of abandoned and threatened HNV land in new Member States

Key decision	Date
Preparation of environmental priorities and strategies (EU, national and regional) for bringing abandoned land back into management, and preventing further abandonment	Soon
Definition of GAEC cross-compliance for the SAPS scheme	Now - 2005
New EAFRD Regulation and implementing Regulation	Now - 2005
Possible use of coupled livestock payments in the main SPS scheme	2005-08
Setting regionalised payment rates under the SPS	2005-08
Administrative rules on eligibility for SPS	2005-08
Environmental evaluation of 2004-06 RDP measures	Now - 2006
Ex ante evaluation for 2007-13 RDP	2005 - 06?
Definition of new, possibly more restrictive LFA areas	2006?
Choice and regional targeting of 2007-13 RDP measures, especially the land management measures and LEADER	2006
Allocation of budget share to the three axes of 2007-13 measures and LEADER	2006?
Design and budgeting of 2007-13 RDP land management measures	2006?
Evaluation and monitoring of 2007-13 RDPs	From 2007
Revisions to 2007-13 RDPs	2007-13

References and further reading

Baldock, D, Beaufoy, G, Brouwer, F and Godeschalk, F (1996) *Farming at the Margins: Abandonment or Redeployment of Agricultural Land in Europe*. Institute for European Environmental Policy, Agricultural Economics Research Institute, London and The Hague.

Baldock, D (1998) Indicators for high nature value farming systems in Europe in Brouwer, F and Crabtree, R (eds) *Environmental Indicators and Agricultural Policy*, pp. 121–136. CAB International, Wallingford.

Beaufoy, G, Baldock, D and Clark, J (1994) *The Nature of Farming*. Institute for European Environmental Policy, London.

European Environment Agency (2004) *High nature value farmland: characteristics, trends and policy challenges*. Report No 1/2004, Copenhagen.

MacDonald, D Crabtree, J R, Wiesinger, G, Dax, T, Stamou, N, Fleury, P, Gutierrez Lazpita, J and Gibon, A (2000) *Agricultural abandonment in mountain areas of Europe: Environmental consequences and policy response*. *Journal of Environmental Management* No 59, pp47–69.

Demeter, A and Veen, P (2001) *Natural and semi-natural Grasslands in Hungary*. Authority for Nature Conservation, Ministry of Environment in conjunction with the Royal Dutch Society for Nature Conservation, Hungary.

CEC (2001) *Communication from the Commission to the Council and the European Parliament - Biodiversity Action Plan for Agriculture*. COM/2001/0162 final. Brussels.

CEC (1979) *COUNCIL DIRECTIVE of 2 April 1979 on the conservation of wild birds (79/409/EEC) as subsequently amended*. Brussels.

CEC (1992) *COUNCIL DIRECTIVE 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (as subsequently amended)*. Brussels.

CEC (2002) *COMMISSION REGULATION (EC) No 445/2002 laying down detailed rules for the application of Council Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund*. Brussels.

European Commission (2003a). *Eurobarometer - Public Opinion In The countries applying For European Union Membership, CC-EB 2002.3 on Agriculture*. Directorate-General Press and Communication, Brussels.

CEC (2003b) *COUNCIL REGULATION (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy*. Brussels.

CEC (2004a). *Proposal for a COUNCIL REGULATION on the financing of the common agricultural policy, COM(2004) 489 final*. Brussels.

CEC (2004b) *Proposal for a COUNCIL REGULATION on support for rural development by the European Agricultural Fund for Rural Development, COM(2004) 490 final*. Brussels.

CEC (2004c) *COMMISSION REGULATION (EC) No 2199/2003 laying down transitional measures for the application in respect of the year 2004 of Council Regulation (EC) No 1259/1999 as regards the single area payment scheme for the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia*. Brussels.

European Environment Agency (2004) *Agriculture and the Environment in the EU Accession Countries; implications of applying the EU common agricultural policy*. Copenhagen.

Friends of the Earth Europe (2004) *EU Enlargement and Agriculture: Risks and Opportunities*. To be published soon.

Grime, J P (1979) *Plant strategies and vegetation processes*. UK.

Heath, M F, and Evans, M I (2000) *Important Bird Areas in Europe*. Birdlife, UK.

IAMO Institut Für Agrarentwicklung in Mittel und Osteuropa (2004) *The future of rural areas in the CEE new Member States*. Halle (Saale), Germany.

IUCN (2004) *Gaps and limitations of the Rural Development Plans of the CEE new Member States*. Foundation IUCN Poland (IUCN Programme Office for Central Europe) Warsaw.

Ilnicki, P. *pers.comm.* Agricultural University Poznan, Poland.

Kabucis, I and Rusina, S and Veen, P (2003) *Grasslands of Latvia*. Latvian Fund for Nature in conjunction with the Royal Dutch Society for Nature Conservation, Latvia.

Kaligaric, M and Seliskar, A and Veen P (2003) *Grasslands of Slovenia*. Society for Natural History Slovenia in conjunction with the Royal Dutch Society for Nature Conservation, Slovenia.

Mägi, M and Lutsar, L (2001) *Inventory of Semi-natural Grasslands in Estonia*. Estonian Fund for Nature in conjunction with the Royal Dutch Society for Nature Conservation, Estonia.

Poschod, P and Bonn, S and Kiefer, S (1997) *Die ausbreitung von Pflanzenarten und – populationen in Raum und Zeit am Beispiel der Kalkmagerrasen Mitteleuropas*. Berichte der Reinhold-Tüxen-Gesellschaft, 9, 139-157.

Sarbu, A and Coldea, G and Negrean, G and Cristea, V and Hanganu J and Veen, P (2004) *Grasslands of Romania*. University of Bucharest in conjunction with the Royal Dutch Society for Nature Conservation, Romania.

Seffer, J and Lasak, R and Galvanek, D and Stanova, V (2002) *Grasslands of Slovakia*. Daphne Institute of Applied Ecology in conjunction with the Royal Dutch Society for Nature Conservation, Slovakia

Tucker, G M and Heath M F (1994) *Birds in Europe*. Birdlife, UK.

USDA Foreign Agricultural Service (2004) *GAIN (Global Agriculture Information Network) Report: EU 25 Agricultural Situation Enlargement of the Common Agricultural Policy*.

Veen, P H in Brouwer, F and Baldock, D and la Chapelle, C (2001) *The relation between Agriculture and Nature Management*. Wassenaar Conference January 2001, The Netherlands.

Glossary

Afforestation: Measures to encourage new woodland development, including financial incentives for farmers who convert agricultural land to woodland and forest.

Applicant countries: Countries that have formally applied to join the EU, for example: Croatia, Former Yugoslav Republic of Macedonia.

Agri-environmental measures: Special environmental measures that provide for payments for commitments going beyond normal good farming practice (GFP). The support provided is for specifically designed farming practices that help to protect the environment and maintain the countryside. Agenda 2000 and the June 2003 CAP reform strengthened these.

Candidate countries: Countries whose application to the EU has been accepted. Bulgaria, Romania and Turkey are candidate countries. Negotiations have been opened with Bulgaria and Romania but not yet with Turkey.

Co-funding rates: These are the rates at which measures are jointly funded (co-funded) by the EU and the acceding countries: e.g., 80 per cent EU, 20 per cent acceding countries (there is already co-funding of existing measures by the EU and Member States which is normally at a rate of 50 per cent each – the co-financing rate varies according to the structural fund objective status (which establishes maximum and minimum rates) and the choice of the Member State in its programming documents. The 2003 reforms established a maximum EU contribution of 85 per cent for agri-environment measures.

Common agricultural policy (CAP): The set of legislation and practices adopted by the Member States of the EU in order to provide a common, unified policy on agriculture (under Article 33 of the EU Treaty). The CAP is the most integrated of the EU-wide policies implemented by the EU. It aims to ensure that agriculture can be maintained over the long-term at the heart of a living countryside. This means that the policy is targeted not just at agricultural producers but also at the wider rural population, consumers and society as a whole.

Compensatory allowances: Compensation paid to farmers in naturally less favoured areas (LFAs): to ensure continued agricultural land use and thereby contribute to the maintenance of a viable rural community; to maintain countryside; and to maintain and promote sustainable farming systems which take account of environmental protection requirements. Also paid in areas with environmental restrictions, to ensure environmental requirements and to safeguard farming in areas with environmental restrictions.

Cross compliance: With a view to better integrating the environment into the CMOs, since the year 2000, Member States have had the option of tying direct payments to the

Decoupling: Breaking the link between the direct payment a farmer receives and production or price of a specific farm product.

Direct payments: This was initially introduced to compensate farmers for loss of income following a reduction in institutional support prices and is an important

instrument in stabilising farmers' incomes. Examples of direct payments include the per hectare aid for growing cereals, oilseeds and protein crops, the suckler cow premium and the slaughter premium for cattle, the Single Payment Scheme introduced by the most recent CAP reform, and the Single Area Payment Scheme applying in 8 of the new Member States.

Early retirement scheme: Involves making support payments to farmers to provide an income for elderly farmers who decide to stop farming, to encourage the replacement of elderly farmers by farmers able to improve the economic viability of remaining agricultural holdings, and to reassign agricultural land to non-agricultural uses.

EAGGF - European Agricultural Guidance and Guarantee Fund: The fund which finances the CAP. The EAGGF finances agriculture expenditure, measures linked to the environment, and structural and rural development measures. It now accounts for less than half of the EU budget, compared to three-quarters in the past. EAGGF expenditure represents around 0.5 per cent of the EU's GDP.

Farm advisory systems: Systems set up to help identify and propose improvements in farm management performance with regard to, for example, improving business potential, diversification, statutory environmental, public, animal and plant health and animal welfare standards.

Financial discipline mechanism: A mechanism for ensuring that the EU's farm budget, which is fixed until 2013, is not overshot.

Financial perspective: The 'financial perspective' provides the framework for EU expenditure over several years. The 'agricultural guideline' limits EAGGF expenditure within this framework.

Good farming practice (GFP): A principle set out in the Agenda 2000 CAP reform. Member States have to define codes of GFP at regional or national level. GFP should correspond to the type of farming that a reasonable farmer would follow in the region concerned, which entails as a minimum compliance with general statutory requirements concerning the environment, occupational safety, animal welfare etc.

'Horizontal' regulation: This is the informal name for Council Regulation (EC) No 1782/2003 of 29 September 2003, which was the central legislative text adopted during the most recent CAP reform. It covers, inter alia, cross-compliance, the single payment scheme and its regional application, modulation and financial discipline, and all other direct payments to farmers, regrouping many provisions from previous sectoral Regulations that were adopted under the Agenda 2000 CAP Reform

Integrated administration and control system (IACS): EU-wide system for controlling and processing farmers' aid applications in place in each Member State.

Intensification: Reduction of production by using less intensive methods of crop or livestock production (e.g. lower livestock densities, less use of chemical fertilisers or pesticides, etc.).

LEADER: EU 'Community initiative' for funding pilot projects for rural development schemes. It is designed to help rural actors consider the long-term potential of their local region and to encourage the implementation of integrated, high-quality and original strategies for sustainable development. The latest Leader initiative is known as Leader+.

Less favoured areas (LFA): Areas of the EU where natural physical conditions cause low agricultural productivity. The EU makes efforts to support LFA farmers for the vital environmental and societal role they perform in these disadvantaged areas.

Modulation: Mechanism by which EU farm spending is transferred from market-

related support payments to rural development policy measures (i.e. from Pillar One to Pillar Two of the EAGGF).

Multifunctionality: The complementary role played by agriculture in addition to producing food. It includes its contribution to sustainable development, the protection of the environment, the sustained vitality of rural areas and poverty alleviation.

National grassland inventory projects: these were organized in the CEECs by the Royal Dutch Society for Nature Conservation in co-operation with local institutions from 1997 onwards in the framework of the PIN-MATRA Programme and for Poland PSO programme of the Dutch government.

National top-ups: Option given to the new Member States to complement direct aid up to the level applicable prior to accession, provided that the total support does not exceed the level of direct payments in the existing EU Member States.

New Member States: There are 10 new Member States which acceded to the EU on 1 May 2004: Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Organic farming: Organic farming refers to an agricultural system based on drastic restrictions on farm inputs such as fertilisers and pesticides. Production rules are very strictly laid down to protect the environment and to encourage sustainable agricultural development.

Pillars of the CAP: Alongside the common organisations of the markets that constitute the 'first pillar' of the CAP, rural development policy was confirmed in the Agenda 2000 as the 'second pillar' of the CAP with the purpose of improving the economic, social and environmental situation of all rural areas in a context of sustainable development.

Premiums: Refers usually to direct payments made to farmers linked to certain agricultural activities (premiums are used most often in the livestock sector, paid per head of livestock).

Rural development policy: This is a policy approach that seeks to maintain the vitality of the countryside through a balanced development of rural areas. Agriculture has an important role to play, particularly regarding the landscape and employment. Many policy measures are available to be used and part-financed by Member States.

SAPARD: The special accession programme for agriculture and rural development. This has helped 10 CEECs, prior to their membership, to prepare for their participation in the CAP and the internal market through a range of 15 measures intended to support the competitiveness of their agriculture and the development of their rural areas and to prepare for application of the EU regulatory framework. The management of Sapard has (a first for an external aid programme), been fully decentralised. It is administered by the candidate countries providing them with the opportunity to gain experience of applying the mechanisms for the management of agriculture and rural development programmes in advance of EU membership.

Semi-subsistence farms: Farms which produce for own consumption, but market a certain proportion of their production.

Set-aside: The removal of land from production, usually for supply control, regional development or environmental purposes. Set-aside is sometimes required as a condition for farmers to receive support payments.

Single area payment scheme (SAPS): Option offered to the 10 new Member States to aggregate all the direct payments into one single "basket" (national financial

envelope) to be distributed to farmers on the basis of a single criterion which is the number of hectares of their holding.

Single payment scheme (SPS): Direct aid payment for EU farmers, independent from production, (see 'decoupling' above), to be introduced following the June 2003 CAP reforms and which replaces most of the previous direct aid payments to farmers.

Structural funds: At present, four structural funds allow the European Union to grant financial assistance to resolve structural economic and social problems:

- The **European Regional Development Fund(s) (ERDF)** whose principal objective is to promote economic and social cohesion within the EU through the reduction of imbalances between regions or social groups;
- The **European Social Fund (ESF):** the main financial instrument allowing the EU to realise the strategic objectives of its employment policy;
- The **European Agricultural Guidance and Guarantee Fund (EAGGF Guidance Section)** which contributes to the structural reform of the agriculture sector and to the development of rural areas;
- The **Financial Instrument for Fisheries Guidance (FIFG):** the specific fund for the structural reform of the fisheries sector.

Subsidies: Direct or indirect benefits granted by a government for the production or distribution of a good or to supplement other services.

Support prices: Prices fixed by policy makers to determine, directly or indirectly, domestic market or producer prices. Agricultural policy measures may focus on supporting farm income primarily through price supports (e.g. commodity prices may be supported through the purchase and storage of surplus commodities).

Sustainability: Development which meets the needs of the present without compromising the ability of future generations to meet their own needs (as defined by the EU's 5th Environmental Action Programme).

Treaty of Rome: Treaty establishing the European Community, signed in Rome on 25 March 1957.

World Trade Organisation (WTO): The World Trade Organisation is the only global international organisation dealing with the rules of trade between nations. At its heart are agreements, negotiated and signed by the bulk of the world's trading nations and ratified in their parliaments. The goal is to help producers of goods and services, exporters, and importers conduct their business. The WTO's 146 members reach agreements on the basis of consensus.