THE IMPLEMENTATION OF AGRI-ENVIRONMENTAL POLICY INCENTIVES WITHIN COMMON AGRICULTURAL POLICY – UNITED KINGDOM’S CASE OF STUDY

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ABSTRACT. The matter of great concerns of the European Union is agriculture and its influence on the environment nowadays. Hence, the issue of integration of environmental incentives within common agricultural policy has increased rapidly. In this regard, member states have introduced new agri-environmental policy measures and the UK’s approach and way of their application will be presented in this paper.

Key words: environmental, environmental policy, Common Agricultural Policy, United Kingdom

Environmental matter has increased significantly during the last decade. Agriculture and the influence of agriculture on the environment are of a great concern nowadays. In addition, the issue of implementation of environmental incentives within all policy arenas, including the CAP, was pointed out in Maastricht Treaty and Fifth Environmental Action Programme. Moreover, environmental measures have been established and combined within Common Agricultural Policy in 1992 under the MacSharry reforms and enhanced in Agenda 2000 and 2003 CAP Reforms. The main aim of this paper is to present the United Kingdom’s approach in reference with agri-environmental measures set under the Regulations 2078/92 and enhanced in Rural Development Regulation 1257/99. The UK’s way of tackling with the issue differ from other member states’, thus, it is important to show the changes of attitude towards agri-environmental policy and its implementation.

The effects of the agriculture on the environment have increased coincidentally with advanced level of intensification. The aim to increase the agricultural productivity was accompanied by the rise in inputs. In this regard, intensive agriculture and a high use of fertilizers, pesticides were encouraged by high level of price support. As a result, water, soil and natural landscape damage has occurred.
In order to counteract the negative effects of agricultural activity, in the 1980’s the first attempt to prevent food surpluses and the excessive degradation of environment was made. Accordingly, environmental restraints, namely command-control measures, were imposed. A number of directives and regulations in order to achieve a common level of environmental quality was established. The EU legislation due to environmental concerns consists of the Habitats Directive (92/43/EEC) and Wild Birds Directives (79/409/EEC); Drinking Water (ECC 80/778) and the Nitrate Directives (91/676/EEC) (Latacz-Lohmann and Hodge 2003).

However, it should be borne in mind that command-control approach was considered as insufficient, though, as there was no politically conscious and socially perceived EU agri-environmental policy. The Common Agricultural Policy was described as environmental non-intervention at that time.

Not until the late 80’s were the environmental policy incentives integrated with common agricultural policy approach. The first feasible changes, as a result of crisis over food surpluses and the introduction of quota regimes combined with increased public consciousness, were imposed in 1986. In the Single European Act the issue to integrate environmental objectives within other policy arenas was outlined (Buller 1998). Furthermore, within the Maastricht Treaty of 1987 (implemented 1993) and the Fifth Environmental Action Programme of the European Union (1992) the unification of environmental and agricultural aims was called for: “...the establishment of a sustainable and environmentally friendly agriculture” (Hanley et al. 1999).

Thus, the significant contribution towards achieving environmental incentives within agricultural policy was made in 1992, when Regulation 2078 was set. This was one of the three “Accompanying Measures” established in the MacSharry reforms of the Common Agricultural Policy. Due to, the core issue of undertaken changes was reduction in overproduction entailed with decrease in costs of the CAP. The reforms were enforced in order to counteract the growing concern about the regional and structural imbalance of redistributing agricultural support among European farmers. The matter of enhancing and strengthening development of the less economically strong agricultural regions was also taken into consideration. As Potter (1998) stresses, the main cause of the reduction of European Union subsidies for agricultural production and export costs, was world trade and the growing demands, especially from the United States.

The Council Regulation 2078/92 (EC 1992) was introduced to encourage extensive farming practices and to give environmental aid to farmers complying with the rules in order to compensate them for income forgone. The regulation looks for:

– changes to be set under the market organization rules,
– contributing to the achievement of the Community’s policy referring to agriculture and the environment,
– contributing to providing an appropriate income for farmers (Buller et al. 2000, Winter and Gaskell 1998).

In order to promote environmentally friendly agriculture, member states were obliged to elaborate zonal programmes, consisting of pro-ecological activities, lasting five years. The idea was to take into consideration, regional environmental conditions to meet individual expectations. The approved programmes were co-financed by the EU of 75 % in Objective 1 regions and 50% in others. Referring to Article 2 of the Regulation, the environmentally friendly activities that could be implemented were:

– the significant reduction of the use of fertilizers or pesticides, encouragement of organic farming methods,
The implementation of agri-environmental policy incentives...

- promotion of extensive ways of productions (copping, conversion of arable land into extensive grassland),
- reduction of sheep and cattle per forage area,
- to implement alternative farming practices consistent with environmental regulations, keeping the habitats of countryside and landscape,
- to prevent abandonment of farmlands and woodlands,
- to set-aside farmland for at least 20 years with reference to the environment,
- to manage land for public access and leisure activities (Buller et al. 2000).

"Expectations were expressed that agri-environmental policies would lead to a greening of the CAP, and that it would have positive side – effects with regard to social conditions in rural regions" (Potter and Lobley 1993)

The environmental conditions differ not only among the states but also within the regions which entails side specific approaches. Simultaneously, diversity of conditions and ways of tackling with them are depicted in the agri-environmental programmes, though it provides difficulty to analyze the results in broader context. However, this is perceived as "the main strength of agri-environment policy, not weakness". Farmers were able to enter the schemes on voluntarily basis. The approaches of implementation of this Regulation vary among member states.

In this paper, the attention is given to the United Kingdom’s approach referring to the Regulation 2078, though the situation of the UK was different from other countries like the Netherlands and Denmark. The degradation has been provided mostly by higher level of intensification of farmed lowlands within those countries. But, in the UK a number of upland areas have kept rich wildlife habitats and the diversity depends on the maintenance of low-intensive way of management (Baldock 1995). In this regard, broad agri-environmental policy approach was called for, in order to satisfy the needs of modified lowlands and traditionally farmed uplands.

It is also worth noticing that the meaning of environmental criticism was different than in other member sates. Basically, the attention was given to the lack of public goods that should be provided by agriculture (decline in biodiversity, wildlife habitats, diverse rural landscapes and access issues. Though the pollution and degradation issues also emerge in the UK, the main focus was given to the loss of natural heritage features (Hoggart et al. 1995). The maintenance of natural landscape and historic features has been a core issue. The conservation approach is related to appropriate management of farmland. In this regard, it is easier to acknowledge the UK’s way of tackling environmental concerns. In contrary to Germany and Denmark the matter of pollution, especially of water resources (nitrates pollution) is not as important as maintenance of countryside. Thus, various cultural approaches to countryside conservation issues among member states result in different sets of agri-environmental policies (Akerman and Pentola 2002).

However, it should be stressed that 70% of the UK’s land is recognized as agricultural and 65% is devoted to grassland with reference to arable land only 33% (Buller et al. 2000). The extensive way of production, beyond East and South-East England has resulted in large farm units (> 60 ha) with small agricultural workforce. As a result, most of the farms are managed as business ones, thus, the implementation of agri-environmental incentives was affected (Buller 1992).
The intensification of agricultural activity contributed towards great losses of wildlife habitats and natural resources, mainly decrease in number of birds and hedgerows should be noted. Although the political issue of agriculture and its influence on the environment was recognized in 1970’s, and enhanced in 1980’s, the productivist approach was kept at that time: “If governments wish to introduce schemes for assisting environmental improvement, then it is better that those schemes should be separate from agricultural schemes” (Agriculture... 1984).

One step forward, was the implementation of Wildlife and Countryside Act in 1981 in which farming sites in areas of Special Scientific Interest (processors of the Environmentally Sensitive Areas) were taken into account. In addition, farmers could receive reimbursement for income forgone by not carrying out destructive activity (Potter and Goodwin 1998). Thus, it was not sufficient with reference to the payments for intensive incentives, which were more profitable.

Not until 1985, did the UK play an important role in providing “paid stewardship” in Article 19 of Regulation (ECC 797/85). The UK was also perceived as “policy shaper” at that time, thus, this regulation enabled setting ESA schemes and establishing first agri-environmental policies before 1992. However, the funding of environmental incentives was provided by member states. Each country set up Environmentally Sensitive Areas using geographical, wildlife or historical categories (Latacz-Lohmann and Hodge 2003). In this regard, first agri-environment schemes in the UK was Environmentally Sensitive Areas (ESA) scheme set in 1987 and consistent with The Agriculture Act 1986... (1987). Basically, conservation objectives were combined with management agreement and farmers were able to receive annual payments by complying with the requirements, five Environmentally Sensitive Areas (ESA) were established. The areas undertaken were: the Broads, the Pennine Dales, the Somerset Levels and Moors, the South Downs and West Penwith (Nix et al. 1999). The ESA scheme was set in order to protect landscape and biodiversity and conserve natural heritage within designated areas. An advance was announced in the Regulation 1760/87 in 1987, when the environmental payments were co-financed up to 25% by the European Agricultural Guidance and Guarantee fund (EAGGF) guidance section.

In 1991 Britain’s Countryside Stewardship Scheme was implemented with the aim to maintain and re-establish the farm wildlife beyond ESA areas. Accordingly, payments were given to farmers that maintained natural environment and contributed to the conservation of landscapes. It was a government core scheme in reference with broader context.

Nevertheless, the implementation of Regulation 2078/92 was more complicated than setting the Regulation 797/85 in the UK. Thus, this “was imposed onto UK policy-makers rather than being shaped by British interests, thereby putting the UK in a role of ‘policy receiver’” (cf. Clark et al. 1997).

The need for setting holistic approach was pointed. It had taken six years to elaborate comprehensive, long-term strategy, in which the assumption of continuation of two main (ESA and CSS) agri-environmental schemes was established. Thus, those two schemes involved 79% of the agri-environmental budget (1997/1998). The same approach was undertaken in Scotland where Countryside Premium Scheme was established. It consisted of the land beyond ESA scheme in order to make the scheme more approachable for the farmers.

However, new opportunities for enhancement of existing agri-environmental incentives and providing new ones were given. The proposals were set not only in England
but also in Wales, Scotland and Northern Ireland. As a result, a wide range of schemes was established. The ESAs schemes were implemented everywhere, thus Organic Aid Scheme and Countryside Access Scheme, Habitat Scheme were avoided in Scotland. Due to the Countryside Premium Scheme was set in Scotland, and Tir Cymen in Wales (ran between 1992-1998, replaced in 1999 by Tir Gofal). The Nitrate Sensitive Areas, Moorland Scheme and Countryside Stewardship were introduced only in England. The schemes set as a pilot programmes, Farm Woodland Premium Scheme (in 1992), Moorland Scheme (began in 1995), Habitat Scheme (ran from 1994), Countryside Access (ran between 1994-1997), Organic Aid Scheme (ran from 1996-1999 when it was changed into the Organic Farming Scheme), Nitrate Sensitive Areas (ran between 1996-1998) have not achieved presumed goals. In this regard, the government attends to combine them within CSS. The unsatisfactory results of implementing both schemes were due to inappropriate formulation and poor budgets.

It should be stressed that in the UK, environmental incentives are not unified entirely within agricultural policy. It is showed within the level of expenditure. Running costs and monitoring costs have increased from £33 M. in 1992/1993 to £86 M. in 1996/1997 (2nd report... 1997). But, increase in the budget on the agri-environmental schemes entailed decrease in environmental spending elsewhere. The spending on ESAs has risen from £2.9 M. in 1987/88 to £33 M. in 1996/1997, thus in Scotland it has increased from £57 807 to £6.31 M. However, it is worth noticing that in the UK spending on agri-environmental policy accounted only for 2.5% of total agricultural budget (£2857 M.). In this regard, within the EU level of spending on the agri-environment incentives was also insufficient, in 1996 only around 3% (1.4 billion ECUs) of the agricultural budget (41.2 billion ECUs) was expended on the agri-environmental policy.

Referring to the Regulation 2078 first attempts at evaluating the results of undertaken changes have been made. The Working documents have been presented to the STAR Committee on the state of application – STAR Working Documents Thus, the Regulation (EC) No 746/96 requires the evaluation of agri-environment policy (VI/7655/98, DG VI).

As Buller et al. (2000) stresses there are four main causes of insufficient implementation of the Regulation (2078) within the UK:

– agri-environmental policy makers upkeep the productivist framework of agricultural policy,
– misapprehension between what state policy - makers have perceived as “appropriate” agri-environmental policy measures and what farmers, as the recipients of such policies, would have liked to see,
– the unwillingness of policy-makers to provide the full scope of the Regulation 2078, and to adjust existing programme to the new agri-environmental approach at the EU level during the 1990’s,
– lack of flexibility may be the result of the changing role of the UK pressure groups, particularly environmental NGOs. This has resulted in stalemate situation in policy power terms between the government, government agencies, the farmers’ unions and environmental NGOs.

Although the implementation of the Regulation 2078/92 may not be considered as satisfactory, Morris (2003) notices that the agri-environment schemes represent significant changes towards the development of more sustainable farming systems. In this regard, one step forward was made by the UK’s government when the level of funding to agri-environmental schemes, in the Agenda 2000 reforms of the CAP, was enhanced.
It was acknowledged that environmental measures would be given a “prominent role” within Common Agricultural Policy (Hanley et al. 1999), as they were recognized as the only compulsory element of EU rural development policy. They have to be included within Rural Development Programmes. Further changes were set in June 2003 agreement of the CAP reform, thus the EU co-financing for the agri-environment and animal welfare was increased to a maximum of 85% (was 75%) in Objective 1 regions and 60% (was 50%) in other areas (EC 2003).

When the England Rural Development Plan was established in 2000, the mentioned schemes were restructured and new ones were set (Norton and Maskey 2003). During the first ten years of implementing the extension of the CSS has been widened referring to both landscape types and options covered. In 2002, a new scope of wildlife-friendly instruments was added to CSS, as a result of successful introduction of Arable Stewardship Pilot Scheme for East England and in West Midlands.

Among the others, ESA scheme was the biggest one in the UK and was pointed as “flagship scheme”, deep and narrow. Simultaneously, the Countryside Stewardship Scheme (CSS), ran alongside ESA scheme but in the broader perspective. It was stressed that the CSS was “a useful ‘carrot’ that can help to achieve environmental benefits on other land” (Countryside..., 1995). Both Schemes are financed as a part of England Rural Development Programme consistent with the EU Rural Development Regulation 1257/99.

Currently, the main issue is to provide coincidentally conservation under the ESA scheme and to upkeep wildlife habitats within CSS. Most of the activities under the above mentioned schemes are side specific, based on targeted environmental issues and applied within designated geographical areas (Buller et al. 2000). The Countryside Stewardship Scheme and the Environmentally Sensitive Areas Schemes are said to be two “flagship schemes” in the UK nowadays. These tools are the most explicit ones in terms of contribution to achieving environmental benefits. The main aims are:

– to maintain the biodiversity of landscape,
– to improve and extend wildlife habitats,
– to develop new habitats and landscapes,
– to restore abandoned land of features,
– to improve opportunities for countryside enjoyments (Countryside..., 2004).

With regard to English Nature¹, agri-environment schemes concentrate on semi-natural and extensively managed habitats, which is related to the payments levels (more beneficial to extensively managed farm). The matter of biodiversity objectives and other environmental needs in broader context and in intensively managed farms should increase, as “agri-environment schemes must therefore contribute to the dual obligations to protect and manage our precious remaining semi-natural habitat whilst seeking to restore and re-create some of that which has been lost” (Consultation..., 2002). In addition, agri-environment schemes should be related to the UK Biodiversity Action Plan (BAT). The objectives of the CSS are enhancement, restoration management and recreation, while there is a growing need for habitat-creation in order to fulfill the BAT requirements. The main issue should be to retain semi-natural habitat good

¹ English Nature is the statutory body which champions the conservation and enhancement of the wildlife and natural features of England. Through the Joint Nature Conservation Committee, English Nature works with sister organizations in Scotland, Wales and Northern Ireland to advise Government on UK and international nature conservation issues.
In this regard, some positive and negative comments of both schemes have been presented in the Table:

<table>
<thead>
<tr>
<th>Good things about ESAs</th>
<th>Good things about CSS</th>
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<tbody>
<tr>
<td>Geographically targeted in response to specific environmental concerns</td>
<td>Involves wide range of partners</td>
</tr>
<tr>
<td>High level of undertakings is obtainable</td>
<td>Changes are quick to achieve</td>
</tr>
<tr>
<td>Has arrested habitat loss and preserved landscape</td>
<td>Competitive scoring system promotes high quality applications</td>
</tr>
<tr>
<td>Tailor-made prescriptions and payment rates to specific area and its needs</td>
<td>Covers wide range of habitats</td>
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<tr>
<td>Derogations</td>
<td>Manu system allows greater choice for land manager</td>
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<tr>
<td>Favors whole farm approach</td>
<td>Partnership approach encourage landowners</td>
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<tr>
<td>Local project officers know areas</td>
<td>Special projects tailored to specific local issues</td>
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<tr>
<td>Proactive promotion of scheme farmers</td>
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<table>
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<tr>
<th>Bad things about ESAs</th>
<th>Bad things about CSS</th>
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<tbody>
<tr>
<td>Take a long time to change objectives/prescriptions/payments rates (policy reviews every five years)</td>
<td>National payment rate, large regional disparities, uneven uptake</td>
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<td>Lowest tier often does not meet basic biodiversity requirements, in some cases biodiversity interest has continued to decline in this tier –this is not good value for public money</td>
<td>National prescriptions-too inflexible</td>
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<td>Lack of focus on outcomes</td>
<td>Focus on inputs not outputs</td>
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<tr>
<td>Lack of regional and local discretion to make decisions</td>
<td>Group applications and landscape –scale targeting difficult</td>
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<tr>
<td>Limited progression up the tiers as lowest tier is often relatively undemanding for reasonably high payment rates, therefore lack of restoration/</td>
<td>High expectations</td>
</tr>
<tr>
<td>Land manager can choose not to enter some valuable habitats</td>
<td>Limited feedback to agreement holders on progress of scheme</td>
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<tr>
<td>Limited learning from agreement holders and monitoring of scheme outcomes</td>
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<td>Perception that scheme does not reward past stewardship. Retaining existing semi – natural in good conditions is a priority for its intrinsic value and as reservoir from which species colonise new habitat</td>
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</table>

The participation in the schemes is voluntary, but management objectives have to be applied. Hence, the contracts are signed for ten years and the option of renewal is provided. Thus, 500 agreement holders renewed them in 2001, after ten years of CSS existence. In 2002 the number had increased to over 700. The annual payments are given, but hedging and walling grants are also available. The payments provide equal support to income forgone and cost incurred. However, the scope of ESAs payments consists of “tiers” level based on different management practices. Tier one is based on preventing a loss of conservation interest objective and Tier two and above on enhancing and expanding conservation.

With reference to ESA in 2002 there were 1884 agreements for renewal, it was 92% of the applications eligible for renewals. First evaluations and monitoring have been elaborated, hence the assessment of the ESA and CSS is positive. Basically, in terms of maintaining biodiversity, landscapes and historical values, the existence of the schemes is beneficial. Due to Cambridge University and CJC Consultancy both schemes have been successful in terms of economic evaluation (Countryside..., 2004).

Referring to the expenditure £105 M. (2002-2003) was spent on both schemes, 53 under ESA and 52 under CS. £81 M. was spent on annual land management and £24 M. for the capital works.

The Countryside Stewardship takes spends £38 M. on annual management spending consisting of variety of landscape types in 2002-2003; arable reversion – £10 M., establishment of grass margins – £8 M., lowland pasture and hay meadows £7 M., upland pasture £4 M., heather moorland £3 M., permissive access routes – a £1 M. Referring to ESAs £43 M. was spent on annual management agreement, of these: arable reversion to grassland £6 M., £4 M. meadows and pastures, £18 M. managing all other grassland, moorland management £8 M. and £370 000 for establishing grass margins (Countryside... 2004).

By 2002, £41.5 M. pounds was received from EU budget or modulated receipt levied on CAP subsidy schemes (Countryside..., 2004). The number of participants has increased significantly during the time of implementation. In 1987 there were 1300 agreement holders but in 2003 the number was 27 500. In this regard, 12 500 were in ESA and 15 000 in CSS. Because of the increase of financial support in Agenda 2000, the scope of the area undertaken has increased rapidly. Currently, 1 M. ha is under agreement, 615 000 ha is recognized under ESAs and 400 000 under CSS (Countryside... 2004).

Furthermore, the efforts to combine CS and ESAs schemes within one Environmental Stewardship Scheme have been made recently. In order to extend the level of environmentally friendly farm management, “broad and shallow” Entry Level Scheme (ELS) approach is being considered. Consequently, ESA and CSS would be replaced by “narrow and deep” Higher Level Scheme (HLS) under the new Environmental Stewardship Scheme (Countryside... 2004). The objectives of both schemes will be maintained, combined with supplementary ones. Basic aims of the new scheme are:

– wildlife conservation,
– protection of historic features,
– maintenance and enhancement of landscape,
– promotion of public access and understanding,
– protection of resources, flood management and genetic conservation (Countryside... 2004).
With reference to HLS, the compound management will be required, a flat rate payment per hectare will be given depending on appropriate way of management. A new scheme is presumed to come into force in 2005.

Conclusions

The issue of integration of environmental incentives within common agricultural policy has increased rapidly. Hence, member states have introduced new agri-environmental policy measures. Although approaches among member states vary, in this paper the UK’s framework has been presented. The survey concluded that agri-environmental matter has increased and the effort to enhance efficiency and effectiveness of developed measures is being made. Simultaneously, first attempts at evaluating these tools have been made. In terms of maintaining biodiversity, landscapes and historical values the existence of environmental incentives is beneficial. The success of economic evaluation was also noted.

The agri-environment schemes have a significant meaning for the UK’s government, as they contribute to the realization of England Rural Development Plan and the UK Biodiversity Action Plan. The multi-objective nature of both schemes has a significant meaning in reference with creating holistic appreciation of natural and historic features.

Literature


REALIZACJA POLITYKI ROLNO-ŚRODOWISKOWEJ W RAMACH WSPÓLNEJ POLITYKI ROLNEJ NA PRzyKŁADZIE WIELKIEJ BRYTANII

Streszczenie

Polityka ochrony środowiska jest obecnie istotnym kierunkiem kształtowania celów Wspólnej Polityki Rolnej Unii Europejskiej. W tym ujęciu kraje członkowskie zostały zobowiązane do wprowadzania zasad polityki związanej z ochroną środowiska przyrodniczego, które w rolnictwie realizowane są przede wszystkim w formie programów rolno-środowiskowych. Przyjęto również zasadę obligatoryjnej oceny efektywności programów rolno-środowiskowych. W pracy zaprezentowano na przykładzie Wielkiej Brytanii sposób realizacji oceny efektywności wprowadzania działań środowiskowych w rolnictwie, co może również stać się odniesieniem dla podjęcia w Polsce prób oceny efektywności tych działań.