

6. Agroforestry in Pillar II of the new CAP

Policy Briefing No 6, Oct 20, Gerry Lawson (Policy@euraf.net). 10.5281/zenodo.7953257



EURAF is an NGO, established in Paris on 16/11/2012, with a French Registration number of [W343014937](#), and a Transparency Register ID of [913270437706-82](#). It aims "to promote the adoption of agroforestry practices across Europe by supporting efforts to develop awareness, education, research, policy making and investments which foster the use of trees on farms". It has a network of 31 affiliated entities in 23 countries.

This Briefing summarises agroforestry schemes in the current CAP, and in the proposals for the next CAP. Difficulties and disappointments are highlighted, and recommendations for improvement made.

Forest Investment Measures

In the previous CAP (2007-2013), **agroforestry establishment** was included in the Rural Development Plans of seven countries, with a planned total of 3000 beneficiaries on 60,000 ha. In reality, it was implemented only in five countries with a total expenditure of only 6% of that planned [1].

In the current CAP (2014-2020), the "establishment and maintenance of agroforestry systems" is funded under Article 23 of Regulation 1305/2013. This is considered part of "**Investments in forest area development and improvement of the viability of forests (Articles 21-27)**". Article 23 defines agroforestry systems as "**land use systems in which trees are grown in combination with agriculture on the same land**". It goes on to say "the minimum and maximum number of trees per hectare shall be determined by the Member States taking account of local pedoclimatic and environmental conditions, forestry species and the need to ensure sustainable agricultural use of the land."

This concise definition allows the term "agroforestry" to be used for systems in which trees and agriculture co-exist on either "forest" land or "agricultural" land. In practice, the land covered by Submeasure 8.2 (which is the way that Article 23 is described in Rural Development Plans) is treated by MS as "agriculture". In contrast, Submeasure 8.3 in Rural Development Plans focused on the protection of forests, and will support forest grazing as a means of limiting the risk of fire (under Article 24(b) of the Regulation). Statistics do not appear to have been collected for this use of Submeasure 8.3.

Submeasure 8.2 is implemented in the Rural Development Plans (RDPs) of the following 8 countries and 35 regions/countries (from a total of 108):

- **France** (15 of 27 régions: Auvergne, Basse-Normandie, Guadeloupe, Guyane, Haute-de-France, Limousin, Lorraine, Martinique, Midi- -Pas-de Calais, Pays de la Loire, Picardie, Poitou-Charentes, Rhône-Alpes)
- **Spain** (6 of 17 regions: Andalucia, Asturias, Extremadura, Galicia, Pais Vasco, Comunidad Valenciana)
- **Italy** (5 of 21 regions: Basilicata, Marche, Puglia, Umbria, Veneto)
- **Portugal** (3 of 3 regions: Continente, Açores, Madeira)
- **United Kingdom** (3 of 4 regions: Northern Ireland, Scotland, Wales)
- **Belgium** (1 of 2 regions: Flanders)
- **Hungary** (single RDP for whole MS)
- **Greece** (single RDP for whole MS)

If current RDPs were to be fully implemented, around 74,000 ha of agroforestry would be established in this CAP using submeasure 8.2. However, initial [indications are](#) that agroforestry schemes have not yet been announced in several countries or regions and even when it has been launched the uptake by farmers has been disappointing. Greece is not likely to implement the submeasure at all. Only 1.5% of the total planned Sub-measure area (74,000 ha) had been implemented by the end of 2018 (DG AGRI, pers comm). Because of COVID, details of the 2019

planting will not be available until November 2020. Several reasons for the underachievement of targets have been suggested (Table 1).

Table 1. Problems with Submeasure 8.2 in the current CAP and potential solutions in the new CAP

Problem with AF Scheme in CAP 2014-2020	Potential Solutions for the CAP 2021-2027 (starting 2023)
<p>1. Regions do not launch the AF scheme, despite it being included in their Regional Development Plans. This is usually because of competition for funds with other forestry or (much more likely) agricultural measures.</p>	<p>A. Clear measures, objectives, indicators and budgets published in national CAP Strategic Plans (the current EU factsheets are very selective summaries).</p> <p>B. Timely public reporting of progress on all indicators, beneficiaries, areas and budgets in Strategic Plan Annual Reports (not bi-annual reporting as proposed by AGRIFISH Council).</p> <p>C. Timely remedial action (e.g. policy/funding changes) if targets are consistently under-achieved.</p>
<p>2. Farmers do not adopt the AF Scheme once it is launched, with possible reasons of:</p> <p>a) insufficient planting grant (limited to 80% costs - whereas forestry can receive 100%)</p> <p>b) maintenance grant for only 5 years</p> <p>c) worry about present/future loss of area payments</p> <p>d) worry about change of land use to “forest” with replanting requirement and loss of land value</p> <p>e) worry about insufficient future revenue from trees and loss of agricultural yields</p>	<p>A. Planting and individually protecting trees is expensive - grants offered by MS should be comparable to those offered for afforestation</p> <p>B. Agroforestation maintenance payments for AF are only available for 5 years, whereas afforestation maintenance is paid for 12-15 years (see Regulation 702/2014) - payments should be comparable.</p> <p>C. Farmers must be given clarity and long-term commitment on the continuation of basic payments.</p> <p>D. Areas funded by the new version of submeasure 8.2 should remain as “agricultural land”; other investment grants (e.g. a new version of submeasure 8.3 - “protective infrastructure”) can fund the use of grazing-animals for fire prevention in “forest land”. MS could review their national definitions of “forest land” to move the area threshold to the FAO value of 0.5ha.</p> <p>E. See Briefing #9 on the need for agroforestry knowledge to be enhanced in Farm Advisory Services.</p>

Despite these difficulties, EURAF recommends that ...

- 8. MS should include “Agroforestry Establishment and Management” (aka submeasure 8.2) in their Strategic Plans as one route to establish new agroforestry areas and to enhance existing agroforestry like dehesa and wood pasture.**
- 9. MS should include forest grazing as part of “Forest Protective Infrastructure” (aka sub-measures 8.3 and 8.4) in their Strategic Plans**

In addition to submeasures 8.2, 8.3 and 8.4, funding is available in the present CAP for a range of measures which should be open to help agroforestry systems.

- Measure [1](#) (knowledge transfer and information actions) - can be used to fund short-term farm-forest operational groups, management exchanges or farm visits
- Measure [2](#) (advisory services and farm management) - can support proposals for agroforestry knowledge and information services (see Briefing #9)
- Measure [4](#) (investment in physical assets) can be used to support small-scale tree or hedge planting, or improving exploitation of cork, pine-nuts, wild mushrooms, wood, resins, gum etc
- Measure 5 (restoration of agricultural potential damaged by natural disasters) - could potentially be used for swale and berm agroforestry planting as a means of flood control.
- Measure [6](#) (supporting farm or business development) could support new or existing small-scale farm-forestry enterprises (M-6)
- Measure 9 (setting up producer groups in the agriculture and forestry sectors) - could assist agroforestry quality labels.

- Sub-measure 8.1 (afforestation schemes) - could be used when trees planted on agricultural land at wide spacing are intended to be counted as “forests”.¹
- Submeasure 8.3 (prevention of damage to forests from fire and natural disasters) - use animal grazing in firebreaks to limit fire damage
- Submeasure 8.4 (restoration of forests after damage from fire and other natural disasters) - as above but use forest grazing after the damage.
- Submeasure 8.5 (investments to improve the resilience and environmental value of forest ecosystems) - can be used to introduce meadows and more diverse ecological structure in existing forests
- Submeasure 8.6 (support for investments in forestry technologies, mobilising and marketing of forest products) - could be used to support marketing of agroforestry products from inside and outside the forest
- Submeasure 15.1 (payments for forest-environment and climate service commitments) - another potential route to support the diversification of many forest plantations by introducing forest grazing.
- Submeasure 15.2 (support for the conservation and promotion of forest genetic resources) - there is an urgent need for high quality clonal tree planting material adapted to planting at wide spacing

There are 17 forestry-related measures in the existing CAP which can support agroforestry interventions. Member States are likely to develop their own initiatives for agroforestry based on the current Sub-measures 8.2, 8.3, 8.4 and 10.1, but they could also consider including it in other budget lines.

Agri-Environment Climate Measures

Article 28 (measure 10) in the Rural Development Regulation supports “Agri-Environment-Climate Measures (AECM) as Submeasure [10.1](#) and Article 34 supports “Forest-environmental and Climate Services and Forest Conservation” as Submeasure 15.1). Agroforestry has a huge role in carbon sequestration and in the mitigation of climate change, and in the adaptation to climate change. Measures are being by DG-CLIMA for Carbon Farming certification schemes in Europe: both for “offsetting” emissions from outside the farming sector or for “insetting” GHG emissions from elsewhere on a farm or group of farms (see Briefing #8). However it is not sufficient to rely on funds from outside the CAP to incentivise these schemes. Agri-Environment-Climate-Measures make annual payments to farmers to compensate them for changed farming practice. This leads to a final recommendation:

10. MS should establish an Agroforestry Agri-Environment-Climate Measure (aka submeasure 10.1). This would meet the soil carbon baselining and early years MRV (monitoring, reporting and verification) costs, in preparation for the agroforestry plantation eventually entering a suitable carbon-farming scheme outside the CAP.

This AECM scheme would enable farmers to easily enter a publicly or commercially funded “payment by kg of carbon sequestered” scheme, and would speed up the process of creating these schemes. Plantations could be established using Eco-scheme or Forest Investment funds, with the AECM component focused on the additional monitoring needed for carbon or nutrient inventories.

Pillar II schemes are focused on “actual costs” and “income foregone”. Therefore, it may not be easy to approve “results-based” schemes for quantitative biodiversity enhancement or environmental improvement. Nevertheless, it would be comparatively straightforward to use GIS-based farm-models to predict the greenhouse-gas (GHG) impact of land use change: including the impact of planting tree-lines or scattered trees on farms on farm nitrogen and carbon balances, and perhaps also on various structural biodiversity² indices. The GIS

¹ “Agroforestry” in Ireland is supported in a scheme which is not part of the CAP budget but which follows the Rules for State Aid for Agriculture. Once established, the land is considered to be “forest”. This is different to all countries implementing submeasure 8.2. The Irish scheme is therefore best considered as Submeasure 8.1 (afforestation). Finland, the Netherlands and three German Lander (Bavaria, Rheinland Pfalz & Niedersachsen) also support forestry with budgets outside the CAP (sometimes with EU assistance). None of these currently support agroforestry. There is a risk that these countries and regions may not fully report on their forestry activities in future CAP Strategic Plans and Annual Reports..

² The EU Biodiversity Strategy contains two mentions of agroforestry: (p9) Agroforestry - where trees are managed together with crops or with animal production - **should also be increasingly supported** as it has a great potential in enhancing

Farm Sustainability Tool (GAEC 5³), with access to IACS/LPIS data, and supplemented by improved soil and terrain information, would be an excellent tool for this, and the information would benefit both farmers and planners. Payments could be made in terms of long-term projected GHG benefits - provided that this does not fall foul of WTO rules⁴.

Pillar II agroforestry payments (including support to investments and agri-environment climate schemes) would last for at least 5 years and would be at a higher rate per unit area than EcoSchemes.

1. Farmers would enter joint schemes, with planning and modelling undertaken by a public/private advisor;
2. Farmers would be compensated for the costs of soil analysis - prior to planting and after 5 (?) years - particularly soil carbon.
3. Tree-establishment and maintenance costs would be eligible costs at up to 100%.
4. Measures to manage and enhance natural regeneration of existing wood pastures (i.e. on agricultural land) are included.
5. Scheme areas will be included in IACS/LPIS and will be fully eligible for basic payments.
6. Land will stay as agriculture - with predominant agricultural use guaranteed in a management plan
7. MS will set minimum size and dimension thresholds.
8. Use of the Farm Nutrient Sustainability Tool (GAEC5) should be a prerequisite, and both carbon sequestered and nitrogen pollution avoided would be calculated.

Measure 8.3 (measures to prevent natural disasters) or Measure 8.4 (restoration of forests from natural disasters) can be used to establish grazed firebreaks on forest land. This option could have a major impact on fires in the EU (which destroyed 178,000 hectares in 2018, and affected more countries than ever before [5]. It will also help control the GHG emissions lost by fire, now reported annually by Member States [6].

Differences Between Pillar 1 and Pillar II funding for agroforestry

This Briefing deals with Pillar II. However, Briefing #5 suggested five possible Pillar I Eco-schemes which Member States could use to establish agroforestry rapidly. Briefing #2 outlined a methodology to focus planting on those areas in Europe which currently have fewest agricultural trees, yet face greatest environmental pressures. Yet eco-schemes are a new instrument in the CAP and it may be difficult for Member States to differentiate when they should be used as opposed to Forest Investment or Agri-Environment-Climate measures in Pillar II. Table 1 outlines the major differences, considering an Agroforestry AECM scheme on both agricultural and forest land.

Pillar II of the new CAP will continue to be part-funded by the European Agricultural Fund for Rural Development (EAFRD), but will be integrated with Pillar I into the Strategic Plans of Member States, and will be monitored using the same set of Output, Result and Impact Indicators. Contrary to the current CAP, the [draft Strategic Plan](#)

biodiversity, providing multiple ecosystem services and mitigate climate change. (p10) Agroforestry is already currently supported by the CAP through rural development, but not in all Member States and with not enough uptake.

³ Now likely to be in the Farm Advisory Services Horizontal Measure.

⁴ WTO Annex II Green Box Rules ([ref](#)) focus on **decoupled income support**. Annex 2 Paragraph 12 (Environmental Payments) is usually quoted to explain why Pillar II payments are limited to direct costs and income foregone. It has two conditions “(a) Eligibility for such payments shall be determined as part of a clearly defined government environmental or conservation programme and be dependent on the fulfilment of specific conditions under the government programme, including conditions related to production methods or inputs, and (b) the amount of payment shall be **limited to the extra costs or loss of income involved in complying with the government programme**” (GATT, 1994, p. 63).” However, environmental payments in the CAP are not the same as climate payments and the provisions of Paragraph 12 (b) need not apply. Climate mitigation payments are a new type of support, which was not foreseen by the GATT in 1994 and Paragraph 5 therefore applies “Where exemption from reduction is claimed for any existing or **new type of direct payment** other than those specified in paragraphs 6 through 13, it shall conform to criteria (b) through (e) in paragraph 6, in addition to the general criteria set out in paragraph 1” None of these criteria seem to rule out payments by **predicted tonne of GHG mitigation or adaptation supported** ([WTO](#) and [carbon payments](#), [2] [3] [4])

[Regulation](#) does not give a prescribed list of Pillar II Measures and sub-Measures which can be implemented by Member States, but the assumption is that measures similar to those currently in place will continue.

Table 2: Principal differences between Agroforestry Establishment Ecoschemes (Pillar I), Agroforestry Management Schemes (Pillar II) Grazing for Forest Protection Schemes (Pillar II) and Carbon Farming Schemes (outside the CAP).

	Agricultural Land		Forest Land	Forest or Agriculture AF Carbon Farming
Criteria	Pillar I Ecoscheme "Agroforestry and Landscape Feature (ALF)"	Pillar II AF Establishment & Management either as Forest Investment (SM8.2) or AECM (SM10.1)	Pillar II Grazing for Forest Protection (Pillar II)	Funding Outside of the CAP - DG Environment Carbon Farming Scheme
Size	5 schemes: a) Planning for ALF, b) Establishing Landscape Features, c) Enriching Landscape Features, d) Establishing hectares of agroforestry, d) regeneration fo mature agroforestry. Limit of xx ha?	Annual payments for 10 years to meet tree management costs and income foregone	Focus on establishing grazed areas as firebreaks and widely-spaced windbreaks in existing forest land. Above a size threshold to maximise benefit.	Woodlots may be larger than the forest thresholds (collaborative schemes are encouraged)
Goal	Rapid increase in the % cover of "landscape features" and "hectares of agroforestry" to meet regional GAEC 9 targets	Sustainable management of trees crops and animals	Climate and Environment Goals - especially fire control and strengthening the windward edge of plantations	Climate and Environment Goals
Funding Agency	Agricultural Departments and Payments Agencies - annual payments	Forest Departments	Forest Departments	Climate Departments or Private Sector
Management Plan	Simplified Management Plan produced in year 1 through "Planning ALF Ecoscheme" as an IACS form	Years 3-12 follows ALF-E Management Plan produced in year 1	Yes - part of forest management plans	Yes - perhaps jointly as farmer groups. Could pay initial and periodic soil carbon measurements as part of farm-emissions plan
How recorded/verified	Areas established recorded and coded in IACS/LPIS. 2% spot check verification	Continued agricultural use verified in the IACS/LPIS	Forest Management Plan	IACS/LPIS plus GAEC 5 Farm Sustainability Tool
Entry Level Scheme?	Yes - Linked to Pillar II scheme for maintenance payments	Pillar II payments depend to successful participation in years 1 and 2 of the ALF Ecoscheme	No - but farmers would have to commit to long-term managment obligations	No - this scheme would continue to pay carbon credits on land established in Pillar I or Pillar II schemes
Eligibility	All farmers eligible	All agroforestry owners eligible	All forest owners eligible	All agroforestry or forestry owners eligible
Payment	Year 1 - Scheme A - Planning for ALF - 100% of consultancy costs; Year 2 - Scheme B-D - 100% of Establishment Costs	Eight years annual maintenance payment	Years 1-2 pasture establishment and management costs. Years 3-12 management costs	Continuing payment and monitoring from year 13 onwards

Amendments to the Draft Strategic Plan Regulation

Agroforestry is viewed seriously in the Draft Strategic Plan Regulation⁵ and is mentioned in four of the "introductory" Recitals:

- **Recital 5** indicates that agroforestry should be included in the framework definition of "agricultural land",
- **Recital 38** deals with the land management measures and indicates that there should be "premiums for forests and for the establishment of agroforestry systems". Payments would cover "*additional costs and income forgone only resulting from commitments going beyond the baseline of mandatory standards and requirements established in Union and national law, as well as conditionality...*"
- **Recital 39** deals specifically with forestry measures, and again includes "*the creation and regeneration of agroforestry systems*". .
- **Recital 41** deals with support for productive and non-productive investments, and includes "agroforestry practices and the supply and saving of energy and water"

The draft Strategic Plan Regulation is currently passing through Parliament and a number of amendments are being considered (Annex) which will strengthen the role of agroforestry if they are approved.

Annex - List of Amendments Under Consideration in Parliament (September 2020)

The following amendments relate to agroforestry - they could affect the Pillar II guidance given in this document

⁵ It is also very relevant to the [one hectare initiative](#) and the [Trees for Kids Initiative](#).

- **Article 4** which gives the framework definitions of key terms, but does not include “agroforestry”. EURAF supports the existing wording in the Rural Development Regulation - i.e. “agroforestry systems are land use systems in which trees are grown in combination with agriculture on the same land”⁶.
- **Article 6** gives the Specific Objectives of the new CAP. EURAF supports COMAGRI Amendment 111 which amends objective (f) to read “contribute to reversing the decline of biodiversity, including by protecting beneficial fauna, including pollinator species, promoting agrobiodiversity, environmental services, nature conservation and agroforestry, as well as contributing to preventing natural risks”.
- **Article 13** deals with Farm Advisory Services (FAS). EURAF supports both COMAGRI Amendment 153 to add a new area to be covered by the FAS titled “improvement of agro ecological and agroforestry practices and techniques on both agricultural and forest lands” and COMENVI Amendment 70 which adds “transition to and maintaining agro-ecological practices, including agroforestry” to the FAS work programme.
- **Article 59** deals with objectives in other sectors. EURAF supports COMAGRI Amendment 125 which adds “(c) research and development of sustainable production methods, including agroforestry, pest resilience, soil care including vegetative cover, as well as innovative practices and production techniques boosting long term economic competitiveness and bolstering market developments”
- **Article 65** covers types of “environmental, climate and other management commitments” - the so called AECM measures. EURAF supports the option for annual AECM payments to agroforestry proposed in Amendment 38 from COMBUDGET - “9. Where support under this type of interventions is granted to agri-environment-climate commitments, commitments to convert to or maintain organic farming practices and methods as defined in Regulation (EC) No 834/2007, creation and regeneration of agroforestry systems, and forest environmental and climate services, Member States shall establish a payment per hectare.
- **Article 68** covers levels of support for investments. EURAF supports COMBUDGET Amendment 38 and COMENVI Amendment 129 - allowing “agroforestation” to be supported at more than 75%, in the same way as “afforestation”, i.e. “(a) establishment of agroforestry systems, afforestation and non-productive investments linked to the specific environmental- and climate-related objectives set out in points (d), (e) and (f) of Article 6(1)”
- **Article 70** deals with risk management tools and COMBUDGET 70 suggests a new point for “financial contributions to measures which increase farm resilience, including but not limited to, crop diversification strategies and agroforestry systems”.
- **Article 72** deals with Knowledge exchange and information. EURAF supports COMBUDGET Amendment 129 which adds agroforestry in the following way “Member States may grant support for agricultural, agroforestry, forestry and rural business knowledge exchange and information under the conditions set out in this Article and as further specified in their CAP Strategic Plans”. A similar addition is proposed in COMENVI Amendment 134 and COMAGRI Amendment 505.
- **Result Indicator 17 Afforested land** (area supported for afforestation and creation of woodland, including agroforestry). COMAGRI Amendment 719 proposes a number of changes to the Annex I - which lists Result, Outcome and Impact indicators. However it is important that the name of the Result Indicator be changed to “**Afforested and Agroforested Land**” - this is needed to emphasise that agroforestry is usually conducted on agricultural land and is not afforestation.

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⁶ COMBUDGET Amendment 13. This has the advantage of being the Status Quo, and is broad enough to include both grazing/cropping on forest land and trees management on agricultural land.