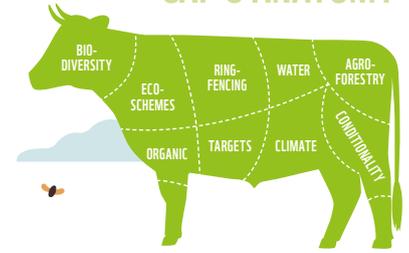




## CAP'S ANATOMY



# 4. RING - FENCING: JOINT EFFORTS TOWARDS COMMON OBJECTIVES

## What's it all about?

Earmarking funds of the Common Agricultural Policy for agri-environmental interventions has been one of the features of the EU's farming policy for years. This 'ring-fencing' is a way to ensure that all Member States do a joint effort and devote a similar portion of their CAP budget to support farm investments and agricultural practices that deliver environmental benefits.

Currently, the environmental ring-fencing in the CAP is 30%, including direct "greening" payments to farmers and several types of rural development interventions, such as the organic farming and agri-environment-climate schemes. In the context of the future CAP, with a "new delivery model" where Member States have more freedom than ever to design their interventions, ring-fencing is one major tool to ensure the CAP remains a common policy with EU added value.

However, for ring-fencing to be fully effective, the earmarked funds have to be used only for CAP schemes that are specifically designed to improve the climate and environmental performance of EU agriculture. Otherwise, ring-fencing can become an exercise of creative accounting, leading to claims that much of the CAP money is being devoted to climate or biodiversity, as happens when the standard methodology to track climate-related expenditure is applied<sup>[1]</sup>, when in reality this money is used in a very untargeted way or to remunerate for very basic farming practices.

The most environmentally effective agri-environmental schemes are run on CAP ring-fenced funds, but there are also several examples of misuse. Ring-fenced money has been "wasted" to pay for ineffective greening requirements such as on crop diversification, or used largely as income-support payments in areas of natural constraints (i.e. mountainous and other types of land which are more difficult to farm). After severe criticism, the European Commission corrected some of these deficiencies in its CAP proposal, but these changes could be undone by co-legislators, or new loopholes created.

## The European Green Deal weighs in

In their analysis of the links between the CAP reform and the European Green Deal <sup>[2]</sup>, the European Commission has taken a strong stand in favour of ring-fencing. Not only do they underline the importance of maintaining the scope and level of ring-fencing they proposed in the draft regulations, but they now also call to have minimum ring-fenced spending for eco-schemes.

Additional provisions in the CAP regulations would reinforce the effectiveness of ring-fencing, such as establishing a specific level of ring-fencing for biodiversity-oriented interventions, or making the Natura 2000 and Water Framework Directive scheme compulsory for Member States to implement.

## CAP funds should be robustly ring-fenced for biodiversity, climate and environmental objectives and all greenwashing scrapped.

**IF 30%**  
OF DIRECT PAYMENTS  
ARE ALLOCATED TO AGRI-  
ENVIRONMENTAL ACTION,  
€ 11 BILLION PER YEAR WILL BE  
AVAILABLE FOR ECO-SCHEMES.

**MORE THAN 16%**  
OF RURAL DEVELOPMENT  
FUNDS ARE USED FOR AREAS  
OF NATURAL CONSTRAINTS  
PAYMENTS, ABSORBING A HIGH  
SHARE OF FUNDS RING-FENCED  
FOR THE ENVIRONMENT.

<sup>1</sup> Keeping track of climate delivery in the CAP. Institute for European Environmental Policy briefing, 2020.

<sup>2</sup> Analysis of links between CAP Reform and the European Green Deal. European Commission staff working document, 2020.



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