

# Country report on the implementation of the new CAP and its possible effects on permanent pastures:

## France

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Goats in Murzo, Corsica, Pierre Bona, Creative Commons Licence

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## 1. Pillar 1 payments for permanent grasslands

### 1.1. EU framework

Different countries have different systems for calculating Pillar 1 basic payments. Most EU12 countries and some EU15 have a flat-rate system for all farmland; some have a flat-rate system but with a lower payment specifically for certain types of land; some have a regionalised system designed to maintain as far as possible the historic distribution of payments (generally keeping very low payments on permanent grasslands and much higher payments on irrigated cropland). As a consequence, similar types of land with similar livestock use have very different levels of payment across the EU.

### 1.2. Use of payment regions

The whole of France forms a single payment region.

### 1.3. Payment rates, redistributive criteria and small farmers

#### 1.3.1. Payment rates

In 2015, the average payment is €253/ha (basic payment + greening), including redistribution on the first 52 ha.

This is in average:

- €141/ha basic payment
- €86/ha green payment
- €26/ha redistributive premium on 52 first ha

These are average figures, as individual references will be the basis for payment calculation. Note that the green payment is proportionate to the basic payment at individual level in 2015.

The convergence mechanism will decrease the basic payment by 30%, thus reaching €98/ha in average. Redistributive payment will increase up to €95/ha on the 52 first ha. Each farm should get at least 70% of the average BP (€68/ha in 2019). Green payment is a % of the BP. In 2019 the ratio BP/GP is 34/30, meaning that the GP will be 88% of the BP.

In principle, a permanent grassland farm with no SFP in 2014 would be able to get €68 BP + €60 greening = €128/ha in 2019 + €95 on the 52 first ha. But this situation, starting from 0 in 2014 is unlikely to happen, as it would mean that no animal or no crop would have been counted in the SFP calculation in the previous CAP period while the new eligible land would "create" farming activity from scratch.

Calculation on an extensive beef farm of 50 ha with 30 suckler cows with an assumed SFP of €50/ha shows an increase from €41/ha in 2014 to €231/ha in 2019.

#### 1.3.2. Use of reduction coefficients

Two combined mechanisms alter the payment distribution, as compared to a flat rate payment:

- the bonus on the first 52 ha, as mentioned above
- the prorata system used for pastures (see 3.2 below).

### 1.4. Implications for pastures

Generally speaking, the French approach is rather positive for pastures, as it will significantly increase the payment for them, in spite of the implementation of the pro rata system (see below).

## 2. Pillar 1 coupled payments for livestock

### 2.1. Implementation, including objectives and any targeting criteria that are applied to favour certain farming systems

Since the mid-term review, the French government has had the objective of maintaining grass-based livestock systems, and sheep and goat systems in particular. This has been translated into significant financial transfers from arable farms to the livestock sector.

The new CAP continues this policy in favour of livestock systems, through coupled payments. Note that the target is grass-based and mountain livestock systems, but not extensive ones or even permanent pasture based ones.

The following payments are applicable to livestock:

- Suckler cows: €187/head for the first 50 beasts; €140/head for the next 49; €75/head for the next 39. Eligible holdings must have at least 10 cows.
- Suckling calves: €38/head (twice that amount if organic). Eligible farmers must be part of a producers' group supporting a quality label.
- Sheep: €20/ewe for the first 500 head; 18 €/ewe thereafter. Eligible holdings must have at least 50 ewes. There is a top-up of €3/ewe if direct or contract selling and a further €6/ewe if they are quality certified or more than 0.8 lambs are sold per ewe or if the claimant is a new sheep breeder.
- Goats: €15/goat up to 400 head. Eligible holdings must have at least 25 she-goats.
- Mountain dairy cows: €74/head up to 30 cow +€15/head for new dairy farmers. At least 80% of the UAA of eligible holdings must be in the LFA.
- Non mountain dairy cows: €36/head for up to 40 cows + €10 for new producers.

### 2.2. Implications for pastures

In themselves, in the absence of specific rules, the coupled Pillar 1 payments would lead to further intensification on pastures, as happened in the past in some LFA areas when the headage payment was dominant. However, as these Pillar 1 payments are implemented in combination with those in Pillar 2 (see below), the stocking restrictions on the latter impose limits on stocking density in practice (few farmers would choose to opt out of the Pillar 2 payments). Thus the effect is that Pillar 1 payments serve to reinforce the Pillar 2 schemes in terms of payments, while it is in fact the Pillar 2 schemes which set the qualitative requirements.

As a whole, herbivore livestock systems are significantly supported in the French policy and through them, the overall resource base, if not the quality, of pastures.

## 3. Pillar 1 eligibility rules for pastures with landscape features and trees

### 3.1. EU Framework

EC DELEGATED REGULATION 640/2014 on IACS sets out the options for MS to design eligibility rules for pastures with landscape features and trees. This is supplemented by the LPIS Guidance Document [DSCG/2014/33 – FINAL]. These texts are critical to the issues that interest us. It is difficult to summarise all the options in these documents without repeating large sections of the texts.

There is a key choice for MS on how to calculate a parcel's eligible area: either subtracting each ineligible feature, including a limit on the permitted number of trees per hectare; or applying a pro-rata reduction in proportion to the percentage of the parcel covered by ineligible features.

Some key points:

- Pastures that consist of >50% trees and/or shrubs should be classified as PG-ELP (permanent grassland with established local practices), and should appear as such on the national LPIS. If the trees/shrubs are grazable “for their whole area” (i.e. entirely accessible to grazing), then there is no upper limit. In this case the pasture can consist predominantly of trees/shrubs, but it must be classed as PG-ELP on the LPIS.
- Trees and shrubs that are NOT grazable for their whole area can be eligible only up to a limit of 100 trees per hectare. If there are more than 100 trees per hectare, then the whole parcel is ineligible.
- Alternatively, MS may apply a pro-rata system or “reduction co-efficient”, designed to reduce the eligible area of a parcel in proportion to the presence of ineligible features. There should be no reductions for the presence of grazable trees and shrubs.
- Groups of trees that hamper agricultural activities should not be eligible; they should be classed as woods.
- Landscape features and trees can be protected under MS implementation of GAEC7 (see below), this makes them automatically 100% eligible, even if they are not grazable.

The new category of PG-ELP is very important, as it provides the opportunity for pastures that are predominantly ligneous to be 100% eligible. Under the EU definition of PG-ELP, *established local practices shall be any or a combination of the following:*

- *practices for areas for livestock grazing which are traditional in character and are commonly applied on the areas concerned;*
- *practices which are important for the conservation of habitats listed in Annex I to Council Directive 92/43/EEC (1) and of biotopes and habitats covered by Directive 2009/147/EC of the European Parliament and of the Council (2).*

### **3.2. Approach applied to grazable and non-grazable vegetation, accessible vegetation, patches of shrubs/trees, etc.**

The French government has been aware of the potential problem of non-herbaceous pasture eligibility since the 2007-14 CAP, when it made a substantial effort to adapt the rules to the range of local situations found in the country. Direct payments for wood pastures were administered on the sub-regional (*Département*) level, where "local practices" determined both their eligibility and the detailed meaning of good agricultural and environmental conditions (GAEC) for such pastures. While the "woody rangeland" (*parcours ligneux*) crop code was only available on the old CAP declaration form in Corsica, in practice the "heathland and rangeland" category (*landes et parcours*), which was available anywhere else in France could encompass wood pastures, as long as there was evidence of grazing on the parcel in question. The local administrations produced photo reference manuals to support the process of declaration and control.

For the new CAP, the guiding principle in France has been not to "lose" areas which are actually grazed from the area and which were eligible in the previous financial period.

The French government has chosen the system of pro rata reductions to determine the eligible area of pastures with trees and/or shrubs, rather than imposing a limit of 100 trees per hectare.

As well as roads, yards and buildings, all kind of landscape features (rocks, shrubs, ditches) > 0.1 hectares are ineligible, except where covered by GAEC 7 (see below). The eligible area of a parcel is its physical surface less the ineligible elements, but within the eligible area the pro rata system is applied. For the pro rata reduction, the following specific elements are counted:

- non grazable shrubs

- sparse trees
- rocks < 0.1 hectares
- ponds < 0.1 hectares

The pro rata reduction is then calculated as follows:

% of specific elements	% of 'eligible' area which can be claimed
0% - 10%	100%
>10% - 30%	80%
>30% - 50%	60%
>50% - 80%	35%
> 80%	0%

### 3.3. Implementation of GAEC7 on pastures

Landscape features covered by GAEC 7 are eligible, i.e.: hedges <10m width, ponds and groves between 0.1 and 0.5 hectares.

### 3.4. Use of PG-ELP and other specific inclusion/exclusion of land cover types

The Single Application Form distinguishes the following crop codes, all of which are considered Permanent Grassland:

- Long term grassland (6 years or more)
- Permanent grassland - predominant grass (ligneous forage scarce or absent)
- Pasture land - ligneous forage predominant
- Pasture land – grass predominant and ligneous forage present
- Wood pasture
- Chestnuts grove managed by pigs or small ruminants
- Oak grove managed by pigs or small ruminants
- Reedbed

In addition to this generally-applicable set of crop codes, a single specific PG-ELP code covers chestnuts and oak groves in Corsica and the Cévennes only; this is mapped at the commune level.

When it comes to determining the land category and the percentage of inadmissible features used for the pro rata assessment, each farmer has the choice of either:


- option 1 ("from the sky"): the share of inadmissible features is assessed using orthophotos (recommended in the absence of trees and when the shrubs visible on the orthophotos are not grazed);
- option 2 ("from the ground"): the farmer must estimate the % of inadmissible features on the ground, considering the type of forage resources and the type of shrubs; this approach is recommended when there are trees and or grazed shrubs present.

The official guidance gives the following example of a grazed woodland that would have had zero eligibility based on orthophotos but which, if assessed from the ground by the farmer, could with justification be claimed as 100% eligible.



It should be noted that the French administration has made significant efforts to give support to farmers and associated bodies (such as *Chambres d'Agriculture*, farm advisers). This takes the form of comprehensive guidance notes about the eligibility of permanent pastures and concrete examples of different types of pastures — including wood pastures — in diverse agro-climatic contexts. An extract from this guidance is presented in the table below, including representative pictures of pastures and estimates of their eligibility for direct payments.





	Woodland with herbaceous understorey	Woodland with woody understorey
<b>Humid Mountains</b> (30-50% ineligible elements = 60% pro rata eligible area)		
<b>Dry Mountains</b> (30-50% ineligible elements = 60% pro rata eligible area)		
<b>Lowlands</b> (30-50% ineligible elements = 60% pro rata eligible area)		

<b>Coastal and humid areas</b> (10-30% ineligible elements = 80% pro rata eligible area)		
<b>Traditional chestnuts/oak groves under Established Local Practices</b> (10-30% ineligible elements = 80% pro rata eligible area)		
All pictures from: <a href="http://agriculture.gouv.fr/pac-surfaces-pastorales-prorata/">http://agriculture.gouv.fr/pac-surfaces-pastorales-prorata/</a>		

This detailed and complex approach to permanent pasture eligibility has to be seen in the light of the recent budgetary "adjustment", in which France was told to pay back nearly a billion Euro due to a 'lack of clarity' in the former LPIS system, notably in relation to the flexible approach which allowed local administrations to define local practices.

In order to limit such risk in future, the French ministry and the payment agency have produced a 13 pages brochure explaining the way permanent grassland and pastures should be considered. The following figure is a summary of the shrubs typology (p 11 of the brochure).

### Synthèse des catégories de buissons

Type de buisson	Dimensions	Schéma	Admissibilité
<b>1</b>	Ressource présente dans les 2 m de hauteur ( <i>herbacée ou ligneuse</i> ).		<b>Oui</b> si consommable ou si ressource consommable sous-jacente.
<b>2</b>	Éléments dont le diamètre maximum est inférieur à 4 m + ressource ligneuse présente dans les 2 m de hauteur.		<b>Oui</b> si consommable
<b>3</b>	Élément de hauteur maximale inférieure à 50 cm + inter-visibilité des animaux entre eux.		<b>Oui</b> si consommable
<b>4</b>	Éléments dont le diamètre maximum est supérieur à 4 m ( <i>généralement, les buissons sont assemblés en massif</i> ).		<b>Non</b> quelle que soit la situation



The guide provides a set of criteria for identifying 'grazable shrubs':

- Criteria relating to the parcel: Is it accessible? Is it fenced? Is there a water point? Is there evidence of grazing (dung, paths, browsing...)?
- Criterion relating to the plant species present: A list of 18 NON grazable species, valid for France, is given on p 13 of the booklet; any plant that is not in the list is considered grazable.
- Criterion relating to the shape of the shrubs.

### 3.5. Implications for pastures

This search for more rigorous definitions and guidance has led to a complicated system when implemented at the farm level, despite all the supporting documentation. Not only can the precise nature of the pasture be difficult to establish in local conditions, but the precision to which eligible or ineligible landscape features must be determined is still very rigidly defined (e.g. hedge < 10 m width). Farmers dealing with complex pastures are understandably anxious about inspections and possible penalties, which start at the 3% 'error' level (in practice this is just as likely to be a deviations between the estimates of the farmer and those of the inspector), so many have opted to "play safe" and declare relatively a low pro rata eligible area.

In practice it seems that the first year of application of the new system (2015) has been somewhat experimental and it is expected that some adjustments will come once the experience has been assessed. In terms of the direct payments which this effort will eventually yield, the pro rata reductions to eligible hectares will reduce the area of land on which payments will be calculated for wood pastures. However, the convergence applied in France during 2015-19 to the rate of basic payments will generally result in considerably higher rates of payment per hectare for wood pastures (see above). However, in some areas with a high proportion of inadmissible elements (i.e. a low pro rata payment), it seems that, even under the new payment levels, some farmers will still lose money compared to 2007-13.

Overall, it seems that France has devised a system that saves wood pastures from exclusion from direct payments, and thanks to the conversion mechanism they will see an increase in support under the new CAP. However, the system is very complex to implement and also very rigid, with the risk of limiting the flexible and adaptive practices that ensure the resilience of such farming systems (e.g., occasional or shared use of certain pastures)

## 4. Pillar 1 "maintenance" and "minimum activity" rules

### 4.1. EU framework

The key Regulation is DELEGATED REGULATION 639/2014 supplementing Regulation 1307/2013 establishing rules for direct payments to farmers.

The Regulation states that in order to fulfil the obligation to maintain the agricultural area in a state suitable for grazing or cultivation without preparatory action going beyond usual agricultural methods and machineries, MS must define:

- *at least one annual activity to be carried out by a farmer. Where justified for environmental reasons, Member States may decide to recognise also activities that are carried out only every second year;*
- *the characteristics to be met by an agricultural area in order to be deemed maintained in a state suitable for grazing or cultivation.*

*These criteria must not require production, rearing or growing of agricultural products. MS may distinguish between different types of agricultural areas.*

It seems as though this wording does not explicitly exclude MS from defining minimum grazing requirements, so long as this is not defined in terms of rearing livestock (production). However, the Commission has stated in several meetings that they do not want to see minimum LU/ha as a requirement, for fear of WTO complaints about incentivising production. They have recommended mechanical cutting as the minimum activity on grazing lands.

#### 4.2. Implementation

According to the French implementation, eligible land is land managed by an active farmer (excluding airports, golf clubs, etc.). There is no definition of minimum activity rules, but rather criteria for defining an active farmer. An active farmer carries an agricultural activity; the legal definition is rather general (Art. L 311-1 of the Rural Code)

*"Considered as agricultural are a) all activities relating to the management and exploitation of a biological cycle of vegetal or animal nature and constituting one or more steps necessary for the utilisation of this cycle b) the activities carried out by a farmer which are related to the production act or which are implemented on the farm"<sup>1</sup>.*

The agricultural law of 2014 introduces a new register of farmers run by the Chambers of Agriculture. Registered farmers will have to have an agricultural activity, as defined above.

This approach does not define a minimal activity on the land itself, but through the manager of the land, being the farmer. Thus, there is no minimum activity criteria defined at the parcel level, such as livestock density. The former GAEC "minimum maintenance of land" is no longer valid in the new CAP. But it should be emphasised that indeed eligibility criteria plays this role of maintenance (e.g. nature of grazable resource and/or grazing evidence). Abandoned land, even if owned/rented by a registered farmer, will not be eligible.

#### 4.3. Implications for pastures

The legal definition of minimum agricultural activity is not identified as critical for pastures. However, the issue in the management will be to keep as high as possible in the pro rata table. In this sense, this system converges with an incentive to have a minimal activity on land, or more precisely the maximal activity in a given agroecological context (in the sense that the farmer will tend to maximize the grazing activity).

### 5. Protection of environmentally sensitive grasslands

#### 5.1. EU framework

EFNCP has been proposing for many years a stronger incentive under Pillar 1 for farmers to conserve semi-natural grasslands, through a special grasslands payment with simple conservation requirements. DG ENV has also been pressing for better protection measures, leading to a new mechanism for designating and protecting "environmentally sensitive grasslands". Under Article 45 of the main Direct Payments Regulation 1307/2013:

- *Member States shall designate permanent grasslands which are environmentally sensitive in areas covered by Directives 92/43/EEC or 2009/147/EC, including in peat and wetlands*

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<sup>1</sup> *"Sont réputées agricoles toutes les activités correspondant à la maîtrise et à l'exploitation d'un cycle biologique de caractère végétal ou animal et constituant une ou plusieurs étapes nécessaires au déroulement de ce cycle ainsi que les activités exercées par un exploitant agricole qui sont dans le prolongement de l'acte de production ou qui ont pour support l'exploitation."*

*situated in these areas, and which need strict protection in order to meet the objectives of those Directives.*

- *Member States may, in order to ensure the protection of environmentally valuable permanent grasslands, decide to designate further sensitive areas situated outside areas covered by Directives 92/43/EEC or 2009/147/EC, including permanent grasslands on carbon-rich soils.*
- *Farmers shall not convert or plough permanent grassland situated in areas designated by Member States under the first subparagraph and, where applicable, the second subparagraph.*

The new CAP also maintains the existing mechanism designed to prevent an overall decline in the extent of permanent grassland declared by farmers at MS level, or more specifically the ratio of grassland to other farmland, as follows:

- *Member States shall ensure that the ratio of areas of permanent grassland to the total agricultural area declared by the farmers in accordance with point (a) of the first subparagraph of Article 72(1) of Regulation (EU) No 1306/2013 does not decrease by more than 5 % compared to a reference ratio to be established by Member States in 2015*

Environmentally sensitive permanent grassland areas outside the areas covered by the Habitats and Birds Directives shall be designated on the basis of one or more of the following criteria:

- *covering organic soils with a high percentage of organic carbon, such as peat land or wetlands;*
- *hosting habitats listed in Annex I to Directive 92/43/EEC or protected under national legislation;*
- *hosting plant species listed in Annex II to Directive 92/43/EEC or protected under national legislation;*
- *being of significant importance for wild bird species listed in Annex I to Directive 2009/147/EC;*
- *being of significant importance for wild animal species protected under Directive 92/43/EEC or protected under national legislation;*
- *covering permanent grassland of high nature value as defined by objective criteria to be established by the Member State;*
- *covering soils with a high risk of erosion;*
- *being located in a sensitive area designated within the river basin management plans pursuant to Directive 2000/60/EC.*
- *Member States may decide every year to add new designated areas and shall inform the farmers concerned of that decision in due time.*

## **5.2. Implementation of ESPG**

ESPG in France are those permanent grasslands which, in 2014, are in Natura 2000 sites and are either heathlands or rangelands or upland summer pastures ("*estives*"), or are natural grasslands.

In practice, this means that the parcels needed to have been declared in 2014, under the previous CAP codes, which means either

Group A: as "*Landes et parcours*" (heathland and rangeland) or "*parcours ligneux*" (ligneous rangeland) or "*estives, alpages*" (upland pastures), or

Group B: "*Prairies permanentes*" (permanent grassland) or "*Prairies de foin commercialisé*" (meadows - the categories distinguishes between temporary grassland meadow, permanent grassland or temporary grassland of 5 years and more (sic!)).

The difference between A and B is that in the case of B only species-rich grasslands are considered environmentally sensitive. ESGs are mapped at the communal level, though a national map has also been produced for the first time with data from Museum National d'Histoire Naturelle<sup>2</sup>.



The local maps distinguishes between A, on the right in the example below, and B, on the left.



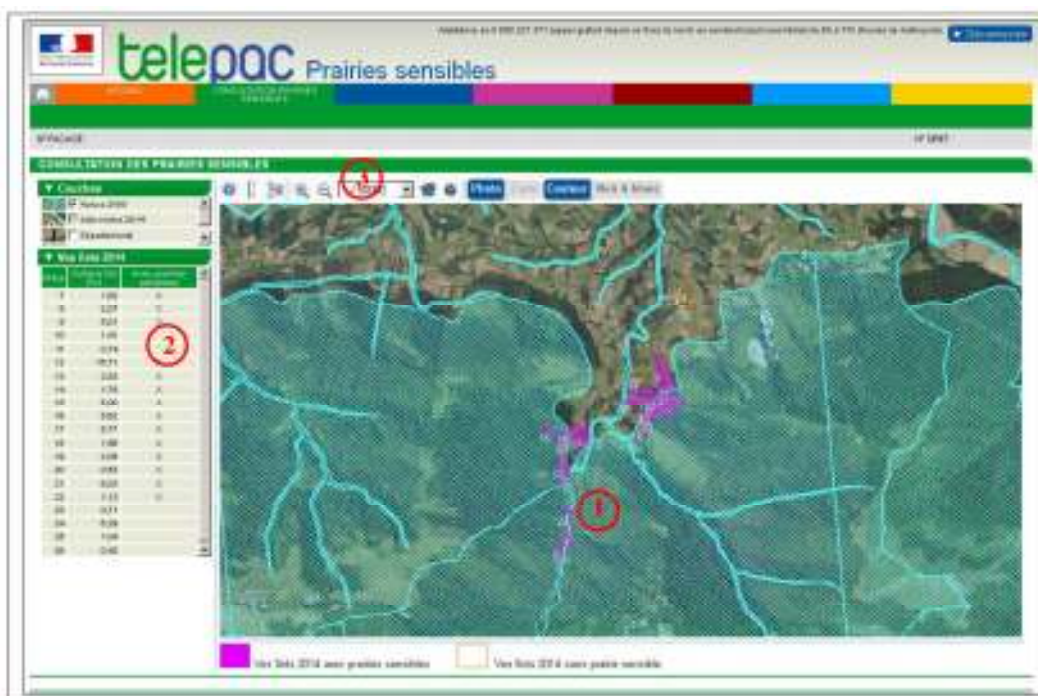
This communal map allows the farmer to enter the ESGs in the LPIS. In the example below<sup>3</sup>:

- ESG grassland appears in blue (see above).
- For a farm, the parcels entirely or partially overlapping with the ESG appears in purple

<sup>2</sup> [http://agriculture.gouv.fr/sites/minagri/files/1501-pac-fiche-prairies\\_permanentes\\_cle0ba769.pdf](http://agriculture.gouv.fr/sites/minagri/files/1501-pac-fiche-prairies_permanentes_cle0ba769.pdf)

<sup>3</sup> [https://www3.telepac.agriculture.gouv.fr/telepac/pdf/tas/2015/Dossier-PAC-2015\\_TelePAC\\_prairies-sensibles.pdf](https://www3.telepac.agriculture.gouv.fr/telepac/pdf/tas/2015/Dossier-PAC-2015_TelePAC_prairies-sensibles.pdf)

- Parcels not concerned with ESG will be in orange.



### 5.3. Implications for pastures

It is unclear whether the ESG rule will change the protection of such pastures, although a breach would lead to the loss of greening payments on the area in question. From a legal point of view, since all French ESGs are in N2000, their ploughing is already subject to an administrative authorisation process based on an EIA. However, it is likely that ESG will be perceived as an extra layer of constraints for farmer in the new CAP (as would any compulsory cross-compliance rule).

One issue is the database; while it had been requested for some time, the ESG map was not drawn up until quite late in the negotiation process, but still at such a time that farmers were able to plough their pastures and declare them as temporary if they wanted to get them out of the layer.

## 6. Control of the ratio of permanent pasture area to the total agricultural area declared by farmers

### 6.1. Implementation nationally and for individual farmers

The ratio is defined at the regional level. What is measured is the ratio between the sum of PG in 2012 and any new PG declared in 2015 and the total UAA in 2015.

If the regional ratio decreases by more of 2.5%, an authorisation regime for ploughing will be implemented. If the regional ratio decreases by more than 5%, a reinstatement regime will be implemented. Grassland ploughed without authorisation will be given priority during reinstatement, with authorised conversions only reinstated if necessary. Under the authorisation regime, penalties are the withdrawal of the "green" payment on any areas of former grassland subject to unauthorised conversion; under the reinstatement regime, the same penalty is applied to any areas which are subject to mandatory reinstatement. Ploughing of ESG implies the same penalty.

## 6.2. Implications for pastures

France was the most ambitious Member State as regards the implementation of cross-compliance rules regarding Permanent Pasture in the previous CAP (2007-2014). The requirement was set at the individual farm level. However, this did not prevent a decline in PG in many mixed areas (notably Normandie), the reason for this being the poor checking regime on the one hand and resistance from farmers, who did not want this constraint, on the other. It is a question of political power and fear of farmer demonstrations. A more positive and possibly more successful regime would rely rather on a specific payment for species rich grasslands, but that requires a good reference level.

## 7. Pillar 2 payments

### 7.1. Relationship between eligibility for Pillar 1 payments and for Pillar 2 area payments

Only UAA eligible for Pillar 1 payments can be entered into Pillar 2 payments (ANC and agri-environment and climate measures - AECM). The pro rata reductions for Pillar 1 payments affects eligibility for Pillar 2 when the share of ineligible land is above 80%.

For AECM, the regions (who now have the responsibility for RDPs) have a choice of two options:

- making the AECM payment proportional to the physical size of the eligible parcel (i.e. not taking into account the Pillar 1 pro rata system)
- modulating the payment using the same pro rata system as for P1 payments.

The national picture - which region has chosen which option - is not yet clear; for the three regions for which the information is available - Languedoc-Roussillon, Bretagne and Provence Alpes Côtes d'Azur - the "physical" area of the parcel is the option chosen.

For ANC, the pro rata system used for P1 applies as well.

### 7.2. Payments in Areas with Natural Constraints (ANC)

- Payments can be claimed on farms with a minimum 3 ha of forage or 1 ha of crop eligible for ANC<sup>4</sup> and a minimum of 3 LU. Other criteria, such as the age of the farmer, location of the farmstead (but not the farmland) in a commune classified as LFA, which existed in the previous CAP, have now disappeared.
- While the farmland is strictly speaking eligible, if its stocking density is below 0.1 LU/ha, there is no payment. Note that the calculation of the stocking density is based on the physical size of the parcel, not using the pro rata area, provided that the pro rata rate is under 80% of non eligible elements (if not, the parcel is disregarded). This minimum stocking rate seems to be set low enough to include all extensive grazing land.
- The percentage of farmland located in ANC area is a criteria for the final payment:
  - (a) If the UAA in ANC area is > 80% of UAA, ANC payment is 100%
  - (b) If it is between 50% and 80%, ANC payment are 15% (of what it would be compared to (a))
  - (c) Under 50%, the payment is 9%
- Dairy farms, previously not included in the LFA scheme, are now eligible.
- The ANC measure has been reinforced in this new CAP compared to the previous LFA measure. The previous Prime Herbagère AgriEnvironnementale (PHAE or "grassland premium") has been dropped and more than the equivalent budget has been transferred to the ANC envelope. While the total budget for LFA and PHAE in 2013 was €765 million in 2013 (€550 million and €215 million respectively), the ANC budget for 2017 will be €1,056 million.
- As already said, ANC payments fall under the pro rata system (national rule) for forage areas.

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<sup>4</sup> Note that in France the name "Indemnité compensatoire de handicap naturel" remains.

### 7.2.1. Approximate payment rates

The basis of the ANC payment calculation was set out first in 2014:

- a) For each region, a coefficient is applied in order to incentivise the "optimum" stocking density above a minimum; for example, if the reference payment in a) is X, under 0.1 LU/ha, there is no ANC payment; between 0.1 and 1.2 LU/ha it might be 100% of X; between 1.2 and 2 LU/ha it might be 50% of X; above 2 LU/ha it might be 0 (these figures are examples given by the Ministry of Agriculture; the actual thresholds and reduction coefficients are set by the regions). The payment is 150% for the 25 first ha and capped at to 50 ha.
- b) A "basic" payment of €70/ha is paid automatically for all hectare above the minimal stocking density (0.1 LU/ha in the example above). This "flat" payment is capped up to 75 ha. This basic payment is newly introduced in 2015.
- c) In addition to the basic payment (b), there are different levels of payments for high mountains, mountains, hills and "simple areas" and these are set at the regional level. Unlike the basic payment, these payments are themselves an average of the payments set at the departmental level until 2014; they thus have an historical basis. Further differentiation is possible arid and non-arid areas (see below for examples). All Pillar 1 eligible parcels located in ANC areas with a pro rata coefficient under 80% are eligible (see above).
- d) For payments under (c), a coefficient is applied in order to incentivise the "optimum" stocking density; for example, if the reference payment in a) is X, under 0.1 LU/ha, there is no ANC payment; between 0.1 and 1.2 LU/ha it might be 100% of X; between 1.2 and 2 LU/ha it might be 50% of X; above 2 LU/ha it might be 0 (these figures are examples given by the ministry of agriculture; the actual thresholds and reduction coefficients are set by the regions). The payment is 150% for the 25 first ha and capped at to 50 ha. the payments under (c) are increased by 10% in mountains and by 30% elsewhere if sheep/goats account for more than 50% of the LU. A similar bonus is applied to mixed beef/pig systems.
- e) farmers whose income is predominantly non-agricultural get reduced payments. Those whose non-agricultural income is more than twice the French minimum wage salary in mountains and more than half the minimum wage in non-mountain areas are excluded from the scheme.

Given this complexity, it is difficult to give synthetic figures, but some ballpark figures will serve to illustrate the generosity of ANC payments in France:

- in Puy de Dôme (in the humid area of the Massif Central), the reference payment in 2014 was €157/ha for mountain areas; €64/ha in the foothills and €57/ha in other areas.
- in Tarn (a dry area of the Massif Central), the 2014 reference payment in mountain areas ranged from €84 (non-arid) to €160/ha (arid); in hills from €53 to €78/ha; and in other areas from €48 to €70/ha.
- In 2015, these amounts will be increased by €70/ha (see c above) on the first 75 ha (like everywhere in France).

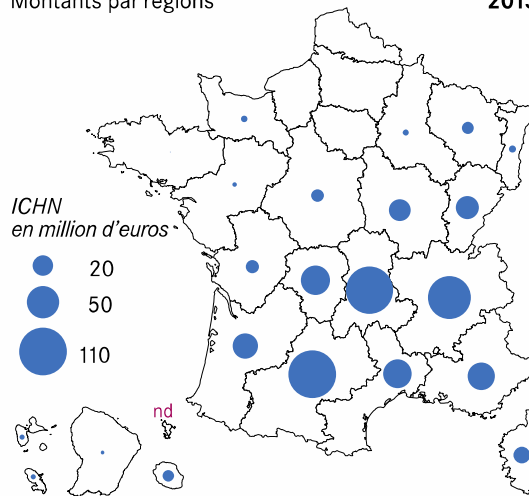
## ICHN et zones défavorisées

2010	Haute-montagne	Montagne	Piémont	Zone défavorisée simple
		<i>millier</i>		
Nombre de bénéficiaires	3,9	46,9	9,0	25,5
		<i>million d'euros</i>		
Coûts des aides	45	386	38	75
		<i>millier d'hectares</i>		
Surfaces primées	178	2 191	468	1 266
		<i>euro</i>		
Montant moyen de l'aide par bénéficiaire	11 208	8 236	4 221	2 927
Montant moyen de l'aide par ha primé	251	176	81	59

Champ : France métropolitaine.  
 Les données de chacune des 4 zones défavorisées haute-montagne, montagne, piémont et zone simple intègrent celles de leur zone sèche.  
 Source : ASP.

Montants par régions

2013



ICHN = Indemnité compensatoire de Handicap Naturel = Less Favoured Area Payment

### 7.2.2. Criteria that favour extensive grazing systems or other sustainable practices

In brief, ANC payments are based on a rather complex formula that tries to allocate payments according to rather detailed criteria. Mountains areas are the main beneficiaries. As for HNV issues, the impact of ANC payments varies accordingly to the "potential for intensification": in dry areas and high mountains, with little potential, the impact is probably positive, strengthened by the capping of payments that supports small-medium farms. Elsewhere, payments might support a certain form of intensification.

### 7.3. Agri-environment (AE) and Natura 2000 payments for extensive grazing/semi-natural pastures

There is no specific Natura 2000 scheme. All payments in Natura 2000 areas are part of AE spending. The structure of the new AE framework is the following:

- There are four "farming system measures", the requirements for which are set out at the national level. These are:
  - grass and pastoral farming systems (individual farms)
  - grass and pastoral farming systems (common)
  - mixed-systems crop/livestock
  - crop systems
- There are also local measures, defined at the regional level and that should be proposed and managed by identified structures. National authorities set out a list of possible measures (surface/linear/point) and the regional ones choose which ones to implement based on an expert assessment at regional level. The role of regional authority is to set the priorities and combine the actions and payments for each priority area, depending on the objective (water, biodiversity...)
- And measures for endangered breeds, bees,...

The regions are now in charge of the regional RDP. Regional authorities have to identify target areas ("zones d'action prioritaires", ZAP), which are the only places for which AEM can be proposed. Natura 2000 and Water Directive Priority areas receive top priority, but other areas of natural interest can justify the designation of a ZAP (notably the ecological corridors in the "Schéma régionaux de cohérence écologique" – France's "green and blue network"), while other areas will depend on local champions being able and willing to justify an AE project. In Languedoc Roussillon,



for instance, fire prevention is a rationale for designating priority areas<sup>5</sup>. Note that this rule applies also for farming system measures. Organic farming does not fall under this zoning rule.

There are a number of different measures of relevance to permanent grasslands, notably the two "grass and pastoral farming systems" (individual and collective) and the local measures dealing with particular sites, typically N2000 ones.

#### *System measures*

The new AECM "*système herbager et pastoral*" can be considered as an improvement on the former PHAE2 which was in fact a pure income support measure (which explains why its budget was merged with that of the old LFA in the current ANC budget). Its objective is to maintain and promote farming systems associated with diverse flora; as such, semi-natural vegetation is part of the concept behind this measure<sup>6</sup>

Three types of risks threatening good management are identified:

- type 1: low agricultural potential, risk of abandonment
- type 2: medium agricultural potential, risk of intensification of grassland management
- type 3: high agricultural potential, risk of abandonment of livestock activity and conversion to arable

Payments are differentiated according to the type of risk, being €57, €79 and €115/ha respectively. The assumption is that you have to pay more to counter the risk of conversion to arable than the risk of abandonment. In ANC, only type 1 payments are allowed.

The eligibility criteria are: having a minimum of 70% of grassland (permanent and temporary) in the total UAA, < 1.4 LU/ha and a minimum number of LU (to be set at regional level; no relevant information was found in the two RDPs examined). Regional AECM managers ("*opérateur MAEC à l'échelle du territoire*") are in charge of adapting the figures in the ZAP.

The commitments are:

- respecting the maximum stocking density
- no ploughing of permanent grassland
- maintaining existing ecological features (EFAs)
- no pesticide on grassland (except locally)
- results-based commitments on so called "targets areas". A minimum % of such target areas is defined by the regional AECM managers (minimum 20% of the grassland area).
  - o For grassland, results are assessed against a grassland species list; a national reference list is provided that the regional manager should consult, with advice of regional expert. 4 plants should be present in the parcel.

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<sup>5</sup> This zoning can be tight or quite loose. In Languedoc Roussillon 80% of UAA is ZAP for water protection and 70% for biodiversity. In Rhône-Alpes water covers ±50% of the territory and biodiversity ±75%.

<sup>6</sup> Note that PHAE2, which is now recognized as poorly designed, highlighted similar "ecological elements" in the requirements. The problem is that the requirements were purely formal and declarative.

- For rangeland and heterogeneous pastures, farmer must engage its target pastoral unit in order to adopt management practices between 2 and 5 in the following grid: Overgrazing (degraded vegetation) and eutrophication are forbidden in class 5.

OBSERVATIONS VISUELLES		Prélèvement herbacé	Mode de gestion
1	Traces de passage rapide du troupeau : coups de dents éparés, herbe plus ou moins couchée dans faciès productif, quelques crottes présentes.	< 20 %	Passage rapide
2	Prélèvement herbacé faible : les bonnes espèces constituant le fin (légumineuses, bonnes graminées, autres), sont consommées irrégulièrement ; le risque de gaspillage est important (herbe couchée dans faciès productif). Coups de dents éparés sur feuillages arbustifs les plus appétents	20 à 40 %	Tri
3	Prélèvement herbacé irrégulier : dans l'ensemble, le fin pastoral est consommé ; les espèces moins appétentes sont consommées partiellement et irrégulièrement par taches ou trouées ; peu d'incursions dans les zones embroussaillées moins pénétrables (pâturage concentré sur les zones ouvertes). Le stock sur pied en sec n'est pas attaqué. Les feuillages les plus appétents sont partiellement prélevés, pas d'impact sur les autres arbustifs consommables.	40 à 60 %	Pâturage prudent
4	Prélèvement herbacé important : l'ensemble de la strate herbacée est mangé assez régulièrement ; il subsiste des touffes de refus ; exploration très partielle des plages embroussaillées moins pénétrables, qui se traduisent au fil des temps par quelques passages visibles. Pâturage régulier d'au moins 80 % de la surface accessible. Le stock sur pied en sec (de l'année précédente) est peu attaqué par les ovins, plus par les bovins et les équins. Impact visible sur arbustifs consommables.	60 à 80 %	Gestion
5	Pelouse raclee : l'ensemble de la strate herbacée est très bien consommée, avec un aspect de la pelouse ras et régulier ; les refus d'espèces grossières sont rares ou inexistantes ; les espèces les moins appétentes sont irrégulièrement consommées (carex toujours vert, brachypode de Phélicie). Exploration des plages embroussaillées denses et peu pénétrables (épineux) ; ouverture de passages bien marqués. Pâturage régulier de la totalité de la surface accessible. Prélèvements marqués dans le stock sur pied en sec (de l'année précédente), plus complets par bovins et équins. Impact important sur arbustifs consommables.	80 à 100 %	Impact

In the case of collective measures on common pastures, the requirements are the same concerning the management practices in the table above, the maintenance of EFA, the prohibition of pesticide use and the maintenance of the area in permanent grassland. Operations for the maintenance of open landscapes are possible.

The payment is set regionally, but is of the order of €50/ha.

#### Other measures

In addition of these system measures, the RDPs will continue existing management measures on grassland: no fertilisation, low livestock density, late mowing of rich species meadows (Herbe\_07)<sup>7</sup>, manual grass mowing, pastoral management plans (Herbe\_09), fire management (Herbe\_10) + specific measures for wetlands. Those measures are designed and implemented for N2000 sites.

#### 7.4. Implications for pastures

Compared to the pre-existing PHAE ("grassland premium"), this systems measure is better designed and interesting in its conception. It introduces a result based criterion that was missing, while giving some flexibility in its implementation through the definition of "targets areas". This approach favours the maintenance of the quality of pastures (notably in grass regions where they are subject to intensification - that could not be captured in the previous scheme).

However, it is really too early to assess it and the past experience of PHAE2 suggests that a major risk is that the measure will be implemented mainly on paper, with regional managers in charge of paper work and poorly designed plant indicators (allowing a limited intensification in mountains

<sup>7</sup> But the payment is reduced to €47.15/ha and is thus less attractive than under the previous RDP.

areas). Nevertheless, it is a challenging mixture of result-based and rules-based measure and is likely to have a wide range of effects. It is well worth monitoring.

## 8. CAP context indicators on grassland habitats and on extensive livestock

### 8.1. Indicator on grassland habitats

#### 8.1.1. EU background

Indicator 36) is a new CAP indicator: Conservation status of agricultural habitats (grassland). However, essentially it is the same data as reported by MS to the Commission under Article 17 of the Habitats Directive, on the conservation status of Annex 1 habitats.

The Commission guidance on the CAP indicators states the following:

- *The indicator on conservation of agricultural habitats is essential for the diagnostic and SWOT of RDPs. It will enable to assess the level of ambition of the Natura 2000 measures proposed by MS in the programme for the focus area on biodiversity. The information is complementary to the FBI (farmland birds index) which is not an indicator on habitats and only focused on common birds. It is also relevant for the first pillar as EFA, the grassland measure of the greening and cross compliance are complementary key elements which contribute to the improvement of the conservation status.*
- *For the 2001-2006 reporting, the figures on grassland (only dataset available in relation to agriculture since the habitats directive only covers habitats related to grassland, none on permanent crops and arable), for each MS at national level and also broken down by biogeographical level, are already available. BG, RO and HR were not covered.*
- *For the 2007-2012 reporting, data will also be available for grassland for each MS at national level, and also broken down by biogeographical level. In some MS, the data will also most probably be collected at NUTS 2 level (UK, IT, DE, BE), but it has to be discussed with those MS their potential availability. An indicator will be provided in 2014-15 (depending on MS reporting) on the basis of the data reported by MS in 2013 and used for the monitoring of progress in reaching Target 3a of the EU 2020 Biodiversity Strategy.*
- *For the 2013-2018 reporting, the feasibility of a split at NUTS 2 level is under discussion.*

Data for the biogeographical regions in each MS have been included in the database. Maps and more information on the biogeographical regions can be found in the following link: [http://ec.europa.eu/environment/nature/natura2000/sites\\_hab/biogeog\\_regions/index\\_en.htm](http://ec.europa.eu/environment/nature/natura2000/sites_hab/biogeog_regions/index_en.htm)

#### 8.1.2. Current monitoring system for conservation status (extent and condition) of Annex 1 grassland habitats

The Museum National d'Histoire Naturelle (MNHN) is in charge of monitoring and reporting. It has elaborated a methodology assessing both the extent, the condition (based on species presence and the conservation status of species playing a role in the functioning of the ecosystem), and the threats to the habitat.

1009 surveys have been implemented in France and there have been two reports, one in 2007 and one in 2013 (the full report for 2013 is still awaited, but preliminary tables and results available<sup>8</sup>).

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<sup>8</sup> <http://inpn.mnhn.fr/telechargement/documentation/natura2000/evaluation>

### 8.1.3. Guidance at national or regional level to define FCS (favourable conservation status) of Annex 1 grassland habitats

MNHN has published a detailed set of methodological guidelines<sup>9</sup>, which supports the completion of the questionnaire sent to regional/local experts/staff who fill it in on the basis of the 1009 surveys. As for agriculture, a list of driving forces liable to alter the future conservation status of a habitat has been drawn up. The table at Annex 7 p xxiii in the document lists those driving forces. Grazing and mowing are important factors in the whole set of driving forces.

### 8.1.4. Implications for pastures

Pastures are not a specific category for the synthetic display of the indicator showing the status agro-pastoral lands (expressed in % of land under favourable/unfavourable status). However, detailed table clearly shows that except for Alpine pastoral land, the situation is largely unfavourable in Atlantic, Continental and Mediterranean contexts.

But the main question remains: to what extent will such an indicator, if it shows that conservation status is poor, influence policy making and implementation in such a way as to improve the status of Natura 2000 areas. The existing budget and human resources remain unchanged and the political will to increase the financial allocations is unclear, whether or not the situation is getting worse. Our intention is not to say that such an indicator is useless, but that while it is clearly necessary to influence policy making, it has not been sufficient yet.

## 8.2. Farming intensity indicator

### 8.2.1. EU framework

Indicator 33) is on Farming intensity, including: Areas of extensive grazing - UAA utilised for extensive grazing (UAA with cattle/sheep/goats density < 1 LU/ha of forage area, defined as *forage crops, permanent pastures and meadows and common land*).

### 8.2.2. Implementation

This indicator is not officially implemented in France (i.e. no trace of it in official document such as the National Framework for Rural Development for instance). But in fact, the study on HNV farming ASca-SOLAGRO<sup>10</sup> proposed an indicator which is close to it in its design. The main difference was:

- the proposed indicator was not UAA < 1 LU but forage area < x LU/ha (the value of "x" varying according to the region from 0.5 to 1.1 LU/ha)
- common pastures are part of the indicator

The accuracy or not of the indicator depends of the question being asked. In the French HNV study, this indicator is useful in order to assess the evolution of HNV farming in France: is it going in the right or the wrong direction? One has to be more cautious about its capacity to measure the extent of HNV farming (there is a lot of sensitivity around the 0.8 - 1.1 LU/ha range), if such an extent has any meaning.

The ASca-SOLAGRO indicator design took into account data availability - the approach was to focus on data available in the comprehensive national farm census of 2010, allowing farm level calculations (even if the level of display was at a higher level). The data process itself revealed

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<sup>9</sup> [http://spn.mnhn.fr/spn\\_rapports/archivage\\_rapports/2012/SPN%202012%20-%2027%20-%20Guide\\_methodologique\\_EVAL\\_V1\\_fev-2012.pdf](http://spn.mnhn.fr/spn_rapports/archivage_rapports/2012/SPN%202012%20-%2027%20-%20Guide_methodologique_EVAL_V1_fev-2012.pdf)

<sup>10</sup> [http://agriculture.gouv.fr/sites/minagri/files/documents/pdf/12-08\\_Agriculture-HVN-France\\_2014-09\\_Rapport-principal\\_version-web\\_cle4ecc69.pdf](http://agriculture.gouv.fr/sites/minagri/files/documents/pdf/12-08_Agriculture-HVN-France_2014-09_Rapport-principal_version-web_cle4ecc69.pdf)

inconsistencies (for example HNV value going up in very intensive regions such as Bretagne). More time was needed to assess the data process itself, but this time was not available neither for ourselves nor the statistical service of the Ministry of Agriculture (who had the main share of data analysis to do).

In conclusion, this approach for an intensity indicator based on stocking density calculated at the farm level appears arguable in order to show the development of the intensity of the management of pastures. The limit that we faced was not based on the design of the indicator but on the computerizing itself that displayed inconsistent results (probably a mismatch in the data rank). This limit prevents any relevant discussion on what the indicator reveals, as its calculation is biased.

## 9. Conclusions

As a whole, the French approach to permanent grassland can be summarised as follow:

- there is a real political will to maintain the total area of permanent grassland, through increased P1 and P2 payments (notably through the use of LFA-ANC). Implementation on the ground is designed in order to make farmers' lives easy. As such, France is probably one of the most engaged and innovative country as regards permanent grassland. Having said that, the pro rata system is in fact quite complex, but that is driven mainly by the desire to avoid further financial penalties from the Commission. As a whole, the pro rata system introduces a contradiction in the rules affecting the final payment on grassland: on the one hand, the level of all payments targeted to permanent grassland systems (including coupled payments) is significantly increased (as measured in terms of potential payment/ha - see § 1.3.1); on the other hand, the pro rata might significantly reduce the final payment for high classes of ineligible elements (that is to say in farming systems with ligneous forage). Simulations made in the Alps suggests:
  - in any case, the resulting payment is *higher* compared to the previous CAP, from +10% for dairy systems up to +30% for sheep pastoral systems, that are one of the main target of the payment redistribution. In short, the increase of payments overcome the pro rata reduction effect.
  - Nevertheless, the calculation of the pro rata will logically strongly influence the overall final payment. Assumptions of the % of eligible pastures land ranging from 35% to 60-80% (depending on farming systems type) double the final net impact of payments at end. For example, for a sheep system starting from 36 k€ in 2014: a 35% pro rata class would get the payment up to 46 k€ in 2020 (+10 k€) while it goes up to 57 k€ (+ 21 k€!) when the pro rata class reaches 80% for high altitude pastures (*alpages*) and 60% for rangeland (*parcours*).
  - In regions where the starting point is already more favourable, i.e. more eligible land (lower values in the pro rata grid set in § 3.2) and higher single farm payment, the *relative* change induced by the new CAP will be lesser. This statement is valid inside the Alps as a whole (dairy systems with less payments compared to beef systems and even less to sheep ones). But the structure of the payments makes it also valid at a wider scale: mountain areas will be the main beneficiary of the new CAP — combination of P1 convergence + high increase in ANC payments — while Atlantic or Continental livestock systems will have a modest increase.
- In addition to this support to grassland and permanent pastures systems (notably the sheep ones) the main weaknesses are as regards the qualitative management of those permanent pastures. In areas with hardly any opportunity for intensification, the maintenance of

current area of permanent grassland is good enough for biodiversity conservation. But in areas where it is possible to intensify, the budget for agri-environmental measures dealing with qualitative requirements and accompanying schemes (studies, extension, etc.) is insufficient to meet the challenges.