

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

Estonia

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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

Estonia is implementing flat-rate SAPS support for all farmland. The whole of Estonia forms a single payment region.

1.3. Payment rates, redistributive criteria and small farmers

1.3.1. Payment rates

In 2015 the rate is €80 for the basic SAPS payment and €36 for greening. As the budgetary ceilings for direct payment for Estonia differ every year, the SAPS and greening payment will increase by the year 2020, although the exact figure depends on the claimed area in any particular year. In 2020 the SAPS rate is likely to be around €110, with around €50 for greening. The convergence mechanism is not applied in SAPS.

1.3.2. Use of reduction coefficients

Reduction coefficients are not applied in Estonia. A parcel is entitled to 100% of the support if it fulfils the relevant criteria and is registered in LPIS.

2. Pillar 1 coupled payments for livestock

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

Headage payments are available for dairy cows, suckler cows, goats and sheep. The payment per head is €131 for dairy cows, 91 for suckler cows and €16 for goats and sheep.

Headage payments are payable only to smaller farms with up to 100 dairy cows, 25 suckler cows or between 10-100 ewes or she-goats, since the decrease in the number of both farmers and animals has been highest for this size of farm.

2.2. Implications for pastures

Small family farms are in general extensively managed in Estonia and are in general structured in a way which facilitates outdoor systems (e.g. pastures convenient to the animal housing). Having said that, there are no specific conditions in the Pillar 1 payment rules which would exclude intensive or indoor farming systems.

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.

3.2.1. Treatment of pastures with trees

In Estonia, land with trees on is eligible if the trees:

- Are scattered within an agricultural land parcel;
- Allow agricultural activity to be carried out in the same way as in parcels without trees in them;
- They are not eligible if they prevent the growth of vegetative under-storey (plants growing beneath the canopy of the trees) that is suitable for grazing. Farmers don't need to reduce the area of land they claim for if they have eligible trees on it (they don't need to deduct the area taken up by tree trunks or tree cover).

Minimum activity rules are also part of the eligibility rules (see 4 below).

A parcel is eligible if there are less than 50 trees per hectare. Estonia has not defined Permanent Grasslands with Established Local Practices (pastures that are not predominantly herbaceous) and the pro-rata system of reductions in eligibility for pastures with trees and shrubs is also not

implemented. This was for practical reasons – implementing the new criteria would have necessitated using a lot of additional inventories (and extra cost) in order to update the LPIS which, given the very short time available, was considered an impossible mission by the Ministry.

In the previous programming period there was a derogation covering the four westernmost counties where valuable semi-natural habitats with trees and bushes were more frequent allowing more than 50 trees. It was not possible to continue with this approach as, according to the Estonian interpretation of EU rules, a derogation covering only certain districts is not possible unless the need can be demonstrated with countrywide inventories. As outlined already, updating the whole LPIS using additional inventories was not possible in the circumstances.

Also the new rule allowing up to 100 trees per ha was not seen as a solution – tree and bush density on many currently ineligible areas often exceeds this. At the same time there was no clear message from the environmental authorities or NGOs that the political choices Estonia was making in their deliberations on implementing the new CAP were inappropriate. One of the reasons for this could be that the solutions Estonia had used to support the more densely wooded semi-natural areas during the 2007-2013 period (using Pillar 2 on those semi-natural areas which were located in Natura 2000 areas) were solving the problem in broad terms. It was considered appropriate to continue with this targeted approach in the new CAP – this seems to be the best way to maintain such areas. Having said that, more densely wooded agricultural areas outside Natura 2000 area do not get any area-based support, but this has not been seen as a serious concern in Estonia.

Wooded pastures (Annex 1 biotope 9070) and meadows with junipers (including 4030, 5130, 6120 or 6280) do not for the most part receive Pillar 1 payments, as the tree density is generally >50 stems/ha in Estonia.

According to Ministry experts, the effect of the '50 tree rule' in terms of limiting the eligibility of Annex 1 habitats in Estonia is as follows:

- 9070 and 5130 are ineligible for SAPS;
- More than half of the area of 4030 is eligible, the rest is either too dense or the herbaceous forage doesn't dominate;
- Less than half of the area of 6280 is eligible, the rest has too high a coverage of juniper;
- While most 6210 should be eligible, it is estimated that perhaps 25% is not.

It is very difficult to provide definitive information on the extent and distribution of eligible/ineligible semi-natural pastures in June 2015, as the first year of implementation of the new rules is only just under way – better data should be available when 2015 claims have been verified and should be investigated further in 2016.

3.2.2. Treatment of other features

Semi-natural grasslands located in Natura 2000 areas get paid from the AE semi-natural habitat measure (see 7.3 below). The payment rate for that scheme is still thought to be high enough to support their basic maintenance. For areas with less dense scrub, a combined approach is also possible. For example, if 7 ha of a 10 ha pasture is SAPS-eligible, the applicant can choose

- either to apply for the whole 10 ha under AE support, with a higher payment rate
- or choose to claim SAPS for the 7 ha and a lower payment rate of AE payment for the whole 10 ha.

Predominantly ligneous pastures outside the Natura 2000 areas receive neither SAPS nor AE payments.

Crop codes used in the context of the AE semi-natural habitats maintenance scheme distinguish between the mowable, grazable and ungrazable habitats. Additional minimum activity rules also apply, which exclude areas from payment which, though of a habitat type which could be mowable or grazable, are in practice overgrown.

On the EU level a lot of effort has been put into trying to ensure that valuable pasture habitats with trees and bushes are eligible for Pillar 1 payment. But although the new CAP seems to be more favourable to such areas, it remains the subject of much uncertainty in practice at the implementation phase. At the same time, the paying of Pillar 2 support (such as AE) to grassland areas with bushes and trees seems to be much more widely accepted (especially if the area in question is used for the agricultural purposes). There seems to be a clear signal from Brussels that Pillar 2 is the tool to use to address the needs of specific circumstances in a more targeted way, with a lot more latitude being given to Member States to direct particular measures at specific needs, while Pillar 1 on the other hand is very rigid and has somehow to fit the conditions in all the Member States.

The Estonian authorities have therefore taken a pragmatic approach to this complex issue, using mostly Pillar 2 for the maintenance of semi-natural habitats. The elaboration and implementation of the measure has been based on the best available knowledge, with the paying agency cooperating well with the Estonian Environmental Board, whose role it is to map the areas, approve the management practices of the farmer in the particular area and to take part of the inspection of the applications. Although the semi-natural habitats measure is far of meeting all of the acknowledged needs, the target has been switched from the quantity of areas more to the quality of management. Unfortunately the limitations imposed by the budget of the Estonian RDP and the lack of additional administrative capacity (it would definitely require additional inventories) have prevented the Government from extending the scope of the semi-natural habitat measure to areas outwith Natura 2000 sites.

From the stakeholder perspective, the choices Estonian authorities have made on Pillar 1 eligibility (for example, choosing not to implement PG-ELP or the pro-rata system) have not been a matter of serious concern, especially as landscape elements are now considered eligible.

3.3. Implementation of GAEC7 on pastures

- On all agricultural land, coppices of 0.01 ha to 0.5 ha with bushes or trees and possible bushes, groves, stones or other natural plant cover must be maintained and the area must be clearly distinct from the surrounding arable land.
- On all agricultural land, forest strips with a minimum length of 20 m and with a maximum width of 30 m must be maintained and they must be clearly distinct from the surrounding arable land. In exceptional cases, forest strips may touch the field parcel boundary within the range of maximum 30 m.
- On the edge of all agricultural land and in the area adjacent to it, clearly distinct forest strips with a minimum area of 0.01 ha and with a length of 20 m and with at least three trees on every 10 m must be maintained.
- On the edge of all agricultural land and in the area adjacent to it, clearly distinct hedges with trees or shrubs with a minimum area of 0.01 ha and with a minimum length of 20 m and with a maximum width of 10 m must be maintained.
- On arable land, all the forest strips and hedges indicated above which are present in the arable area must be maintained.
- On all agricultural land and in the area adjacent to it, the artificial water recipients with the catchment area of less than 10 km² and the drainage ditches located in the area of a land improvement system must be maintained.

- On all agricultural land and in the area adjacent to it, stone walls restored or being restored under the support for the restoration of stone walls established in the RDP 2007–2013 and the RDP 2014–2020 and stone walls mapped as cultural heritage sites must be maintained.
- On all agricultural land, protected natural objects, such as single trees, stones (incl. boulders or stone piles) and springs must be maintained.
- On all agricultural land, the immovable monuments provided in §3 (2) of the Heritage Conservation Act, such as burial grounds, ancient fields, cup-marked stones, places of worship, roads and bridges must be maintained.
- On all agricultural land, memorial stones, heritage related wellsprings, trees, stone bridges, stone culverts, cobblestone roads and village lanes mapped as objects of cultural heritage must be maintained.
- Pruning, cutting or pollarding of forest strips, hedges or single trees is prohibited during the bird breeding and nesting season and is allowed from 15 July.

The list of features protected under GAEC is comprehensive, but some of the landscape elements are protected only on arable land although they occur also on permanent grasslands. The rules seem to reflect the ease by which such features are distinguishable from arable land, as opposed to pasture.

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

Estonia is not using the PG-ELP clause. The approach taken is to target payments at land covers which might pose difficulties from the point of the view of the Regulations and Commission guidance using Pillar 2 rather than Pillar 1 or a combination of both Pillars.

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

For agricultural land to be eligible for payment, unwanted vegetation should not be present in significant quantity and it should be possible to bring this land into production in the next farming

season without any major additional costs. If the grassland is topped or grazed, the sward should have a similar appearance to what it would have had if it had been mown. According to the guidance issued to farmers, this usually means grazing with an average stocking of at least 0.5 LU/ha, otherwise additional mowing could be necessary. Such agricultural activities should be visible over the whole of the area on which payment is claimed.

Grassland should be mown, topped (and the clippings collected – see below) and/or grazed in the way described by the 10th of August (20th of August in Natura 2000 areas) – this is 10 days later than previously for the non-Natura areas, giving farmers a bit more chance to adjust their activity to their individual farm's needs (season, availability of labour etc.) and to those of the environment (ripening of the seeds in semi-natural grasslands, allowing flowering in areas necessary for bees etc.).

Permanent pasture may be topped after 5th July and if the farmer is not using the land for fodder, it is not necessary to manage the land early in the season. This late date for topping has been set to take into account environmental considerations.

A remarkable change in the requirements has been brought in for land under an RDP AE environmentally friendly management commitment – in these cases, permanent grassland must only be managed every second year, the intention being to support farmland birds and/or semi-natural vegetation and to help to maintain organic matter in soil. Since every area of land used to support Pillar 1 payments had until now to be mown annually by the 31st of July (20th of August in Natura areas), and since the AE measure is very popular among farmers, the influence of this change will definitely be visible in the landscape.

2015 has also seen a much tighter regulation of land where the management consists of topping only. For example, if the farmer has more than 10 ha of agricultural land, the clippings should also in general be collected. In a past the cuttings could be left as a so-called 'mulch', but this was preventing light from getting through and causing damage to some valuable grasslands.

4.3. Implications for pastures

Given that SAPS has by now been implemented for over 10 years in Estonia, there has been enough time for the payment's basic rules to become familiar, both for farmers and the administration. The requirements for the new SAPS have been drawn up on the back of this experience and also taking into account the evaluation of the RDP AE measures, so that environmental concerns are better taken into account.

Nevertheless, the payment system has become very complex and for the farmer whose main attention is on farming, it is far too complex.

Some rules differ between Pillar 1 and Pillar 2 on the same type of land. While this is to some extent to be expected (AE has to go beyond GAEC, for example), this can bring complexity and confusion to both the farmers and administration. For example, there is mowing date under AE where the income loss from mowing later is compensated, but there is also a mowing date specified in the minimum activity rules. Another more complicated example is that the eligibility rules for parcel boundaries differ between the two Pillars, sometimes resulting in two different parcel boundaries being used for different schemes.

The administration found itself very pressed for time during 2013-2015, with a lot of decisions having to be made very quickly without enough time for thorough analysis. But the system is so rigid that if something is found to need changing (like the minimum activity rules, for example), it may well prove nearly impossible.

There is a single SAPS payment rate, even for land which is just topped - this is very lucrative and there are companies in Estonia who have bought or are renting large expanses of agricultural land just to get this support. While they are just topping the grassland, real farmers who need the fodder (whether by mowing or grazing) now face a more limited access to land or higher rents. From the environmental point of view, topping is almost the least desirable activity in a grassland. According to the regulation 1307/2013 it is not possible to use different unit rates for different 'amounts' of agriculture, for example by paying more for 'real' agriculture and less for just 'maintaining good agricultural and environmental condition'. And it is said that due the WTO requirements, it is not possible to bind the requirements or actions closely to production.

The current active farmer definition is very broad. Although the Government is generally agreed to have embarked on implementation with the best motives, the feeling is that while Pillar 1 support should only be given to active farmers, the final definition fails to exclude other types of applicant (for example, inactive landowners bringing in a contractor to carry out minimum maintenance). Some way of distinguishing between different levels of effort and paying accordingly should be allowed under SAPS - according to Regulation 1307/2013 it is not possible to pay a different rate for farming (*sensu stricto*) and maintenance.

Estonia has put throughout the many years a lot of efforts to this issue where payment is made only to the land where the basic agricultural activities have been carried out (as there were and are still enough agricultural land which is not in an active use).

Under the Pillar 1 rules set should be still basic, specific rules and requirements should be part of Pillar 2 agri-environment scheme.

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 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

5.2.1. Environmentally-sensitive grassland definition and identification

Estonia has defined as ESPGs only those areas with a high percentage of organic soils which are also situated in Natura 2000 areas. There are in total only 130 ha of this type of land and it accounts for less than 1% of the total area of permanent grassland in Natura 2000 sites (26 000 ha). ESGs are identified as such on LPIS.

Valuable semi-natural grasslands under the Natura 2000 sites are already protected by Estonia's Nature Conservation Act. In addition there are specific AE schemes under Pillar 2 to support the specific management which is necessary in order to protect those areas, whereas the ESG provision gives only the most basic protection against the conversion or ploughing of permanent grassland.

In addition, the decision made based also reflects the state the relevant inventories. In future it would be good to put more effort into safeguarding valuable natural grasslands located outwith Natura 2000 area.

5.2.2. Rules concerning ploughing and conversion

It is forbidden to change the usage purpose or plough up the ESPGs. Renewal of the grass is allowed through over-seeding (without ploughing) and only having previously informed the paying agency. Where the claimant has changed the use or ploughed up the grassland, it should be reconverted (as stipulated in the Art. 42 of Regulation 639/2014).

5.3. Implications for pastures

Protection of valuable grasslands with sensitive vegetation through Pillar 1 is still relatively weak. In particular, semi-natural grassland could be reseeded, which is very likely harm the sensitive

vegetation. And even when a farmer has converted or ploughed permanent grassland and has definitely harmed severely the sensitive natural vegetation, he only has an obligation to reconvert the area into permanent grassland. The rules imply that he thereby reverses the environmental damage caused, but it must be doubtful whether the damage can be undone and the environmental status restored merely by reinstating a permanent grassland.

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 farmer has to keep the same total area of land under permanent grassland as he declared in the previous application year. However, this requirement is monitored only on a country basis in the first instance and only if a decrease of more than 5% compared to the reference level is recorded do farmers who have converted grassland into arable land have to reconvert it into grassland.

6.2. Implications for pastures

Since the implementation of this requirement there has been no reduction of over 5% and therefore it has not been necessary to take action on individual farm level.

Controls are based mostly on the data presented in the application for support. At the same time Estonian authorities are also improving the quality of data and cross-checks of the registers and expanding the relevant on the spot controls, for example, to confirm whether the permanent grassland shown on the application matches the reality on the ground.

7. Pillar 2 payments

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

Agricultural land which is not eligible for Pillar 1 is also not eligible for the Natura 2000 payment (see below). The only RDP measure which is available to areas ineligible for Pillar 1 payments is AE semi-natural habitat maintenance support and that is only available within Natura 2000 sites.

7.2. Payments in Areas with Natural Constraints (ANC)

The ANC measure is not implemented in Estonia. According to the ANC criteria, nearly the whole Estonia could have been designated as ANC, in which case there was a danger that it would have been just another direct payment type measure which, even with a payment rate of €25 would have absorbed a large proportion of the RDP budget. Estonia chose to use the RDP money for more targeted measures.

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

For the protection of species and habitats, the active management of semi-natural habitats at Natura 2000 areas are supported through the AE scheme. This land is registered in a separate Environmental Register. The following habitat types are eligible: 6530, 9070, 4030, 5130, 6210, 6280, 1630, 4030, 6210, 6270, 6280, 6410, 6430, 6450, 6510, 7230 or 8240.

Land eligible for this AE scheme should be in a condition that allows active management and mostly-covered with meadow-type vegetation, being mowable or grazable. If it has been recently-restored, there should be reasonable conditions established in which such vegetation can develop. The diameter of branches cut and left on a ground should exceed 5 cm nor should their length exceed 50 cm; stumps should be cut as low as possible but not higher than 15 cm; in alvars the canopy cover of

trees should not exceed 30% and in wooded meadows and wooded pastures 40%; the canopy cover of bushes should not exceed 10%. The area should be grazed or mown and the grass collected.

Land with junipers is only eligible for this AE scheme if the canopy cover is less than 50%. If the area with junipers and trees has meadow-type vegetation and all the land could be mown or grazed, it is possible for the canopy cover to exceed 50%, in which case there are more precise rules for determining the eligible area. In this case 'meadow-type' vegetation should be present under the junipers. Patches where the canopy cover exceeds 50% should not be larger than 0.05 ha and the canopy cover in the whole area (within which such patches lie) should still not exceed 50%.

The main form of Pillar 2 support is that for the **maintenance of semi-natural habitats**. Support is paid to applicants properly maintaining a semi-natural habitat. The requirements depend on the maintenance method – if the applicant is maintaining the habitat through grazing or mowing – and on the type of habitat.

For the coastal areas specified by experts, where higher maintenance quality is required, the applicant may choose to fulfil an additional requirement.

The following are also considered part of the eligible land for the AE semi-natural habitat measure:

- GAEC landscape elements;
- other traditional landscape elements, such as stone fences, hay barns and animal shelters;
- up to 2 m wide linear landscape features;
- areas partially covered with trees and bushes but also with the meadow-type vegetation, which are related to traditional agricultural activities or achievement of environmental targets, which are not larger than 0.05 ha;
- up to 0.05 ha large waterbodies and areas without the vegetation;
- patches in the coastal grassland without the vegetation, except the sandy and rocky areas next to the sea;
- reedbeds mown or grazed during the previous year;
- temporarily flooded areas.

Support is paid for an area of semi-natural habitat extending to at least 0.10 hectares, which is entered in the environmental register.

Requirements for all habitats:

- Habitat should be mown or grazed according to the rules set in the general support regulation or the more specific management plan of the habitat or the protection and control plan of the species. There are separate rules established for mown areas (for example not to mow before 10 July) and those to be grazed, with the rules depending on the habitat type or the particular Natura site. Management practices should be approved beforehand by the Environmental Board, which has also the right to set more specific rules or derogations;
- A semi-natural habitat which is the object of an application must have a visually detectable border;
- To get the support, the applicant must participate in obligatory 6-hour training on the maintenance of a semi-natural habitat;
- The applicant must keep a field book.

Payment rates:

- wooded meadow if mown 450 €/ha;
- wooded pasture if grazed 250 €/ha;

- meadows with junipers if mown 250 €/ha;
- meadows with junipers if grazed 185 €/ha;
- grazing of other meadow 150 €/ha;
- mowing of other meadow 85 €/ha
- Optional higher management commitments on coastal sites 232 €/ha.

An increase in the appropriate management of extensive habitats by grazing would be desirable. In this context, **support for local endangered breeds** of horses and cattle have some relevance. The support list of local endangered breeds of Estonia includes Estonian native horse, Tori horse, Estonian heavy draught, Estonian native cattle and Estonian quail.

Payment rates:

- Estonian native horse - 200 €/animal/yr;
- Estonian heavy draught - 260 €/animal/yr;
- Tori horse of the universal and old-Tori branch - 200 €/animal/yr;
- Estonian native cattle - 315 €/animal/yr.

Additional support is paid for:

- Estonian native cattle participating in performance testing - 100 €/animal/yr;
- Estonian native cow which gave birth to a pure-bred offspring in the previous year – 100 €/animal/yr;
- Estonian native bull entered in the herd book - 100 €/animal/yr.

Natura 2000 area payments are available for both agricultural land (i.e. eligible for Pillar 1 payments, see above) and private forest land. The latter includes former valuable semi-natural grasslands which have become so overgrown as to now be registered as forest land. The support rate for agricultural land is €32/hectare/year.

In total the area of permanent grassland is ca 300,000 ha. The area maintained through the semi-natural habitat scheme is ca 25,000 ha. Natura 2000 support is paid on ca. 15,000 ha of permanent grassland.

7.4. Implications for pastures

Estonia has made considerable efforts to use Pillar 2 area-based payment to support the continued management of a range of semi-natural habitats. However, these measures are not available for all habitually-grazed semi-natural habitats - due to the restrictions of budget and administrative capacity (additional inventories), it has not been possible to extend the eligibility for this measure to land outwith Natura 2000 sites.

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

8.1.2. Implementation

All the Annex 1 habitat types are monitored and a country-wide assessment is given through the habitat inventories and a national environmental monitoring system. For that a special methodology is followed and expert groups are formed.

There is an established and functional survey system - randomly selected habitat types are monitored after every 5 years. For each habitat type and protected area, management recommendations are drawn up which are used while carrying out the monitoring and assessment. Estonia has been using the EU level guidance of reporting according to article 17 of the Habitats Directive. In addition, specific survey guidance has been drawn for the assessment of the meadows. For carrying out the ongoing evaluation for CAP Pillar 2, data from habitat inventories and national environmental monitoring is used.

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

The indicator on Areas of Extensive Grazing needs to be further developed in Estonia in terms both of the possible data sources and who could collect the data. Points which have been raised thus far include:

- FADN as an information source does not cover smaller economical classes;
- how to handle the indicator in a situation where the forage is used for animals kept indoors.

8.3. Implications for pastures

It is too early to assess the effectiveness of the indicators in Estonia, with the Extensive Grazing indicator in particular still being in development.

9. Conclusions

The current CAP includes positive improvements for the MS in terms of the scope of pasture eligibility, while attempting to protect valuable grasslands and the areas with landscape elements. These significant steps should definitely be acknowledged and their implementation by the MS monitored.

It could be said that:

- since the time available for implementing the new rules has been short, it has been very confusing for the administration and for the farmers. The greening rules and also minimum requirement for maintaining the agricultural area have been difficult to implement, with too many changes occurring all at once.
- “minimum activity” rules are now counted as eligibility rules, rather than being at least partly in GAEC. If the land is not managed, the resulting sanctions are much harsher than before. When deciding on the rate of refusal or withdrawal of support following the non-compliance of GAEC, the severity, extent, duration and reoccurrence of the non-compliance shall be taken into account. If the violation has been taken place with the eligibility rules, there should be applied sanctions for the over-declaration.
- in the 1st Pillar, the requirement to give the same amount of support to grassland which is not used for the agricultural purposes (for fodder) but is just mown or topped to avoid scrub encroachment has been one of the main issues. Although the former is more demanding, the latter attracts the same payment.

Taking an overview of the Estonian implementation decisions, there are a number of very positive and/or interesting aspects:

- Implementing a 100 trees is not seen as solution as lots of the ineligible land has more than 100 stems/ha;
- Innovative use of agri-environment to make up many of the perceived difficulties with Pillar 1 rules;
- Decision to focus the Pillar 2 area support on agri-environment, with no use of the ANC measure;
- Headage payments targeted on small farms;
- GAEC is quite comprehensive, so a lot of features are included in eligible area;
- No use of reduction coefficient;
- Taken overall, the measures seem to provide a comprehensive framework for pastures in Natura 2000.

On the other hand, a few decisions raise further questions or are rather weak from the point of view of specifically maintaining active extensive farming (as opposed to non-agricultural minimum ‘maintenance’ activities):

- The decision not to keep a separate set of rules for the western counties seems not to have been necessary, according to the wording of the Regulation.
- While the agri-environment approach used does seem to address the issues posed by semi-natural pastures in Natura sites, considerable areas of Annex 1 habitats exist outwith those sites and is excluded from all CAP support. While this may not be a political issue, it could be a biodiversity concern. .
- Topping by contractors is popular option, receiving the same payment as real farming. This disincentivises real farming and makes access to land for real farmers more expensive. The long term effects on biodiversity must also be called into question.

- ESPG protection is afforded to only a tiny proportion of Natura grassland, and allows reseeding by overseeding, so is not really relevant for biodiversity concerns. National measures are likely thus much more important.

In conclusion, we can expect 2015 to be the year when the policy settles in and the issues gradually emerge. It is important therefore that the impacts on the ground are monitored and evaluated, the impacts tested against wider policy objectives and the conclusions reported to the EU institutions.