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## **Point de Vue:**

### **Towards a step change for enhanced delivery of environmental and social benefits from EU farming and forestry**

*Anne Maréchal, David Baldock, Emil Erjavec, Luka Juvančič, Ilona Rac, Janet Dwyer, Kaley Hart.*

Appropriate forms of agricultural and forestry management are critical to the provision of a range of environmental benefits, including clean water, climate change-resilient ecosystems, and essential habitats for biodiversity. They also have a key role in the supply of certain social public goods, such as rural vitality and attractive rural landscapes. Given the declining trend in the delivery of many of these benefits on the one hand (see e.g. Cooper, Hart and Baldock, 2009) and new societal expectations on the other (EC, 2017), reliance on existing initiatives and policies is insufficient to sustain, let alone increase their provision in the long term. Critiques of the unsatisfactory effects of public policies, notably the European Union's Common Agricultural Policy, call for changes in governance, as well as innovative approaches in the delivery of environmental and social benefits based on land management. In this Point de Vue, we attempt, based on research conducted in the project<sup>1</sup> PEGASUS, to substantiate the claim that current practices can be improved and positive effects achieved with the use of new institutional and contractual arrangements that incentivise collective action.

We believe that the provision of environmental and social benefits will not successfully be addressed if treated only as a matter of compensating for market failure through public support. The provision of environmental and social benefits is too often considered to be an ancillary, separate activity to the core business of supplying safe and low-cost food, fibre or timber. Related public policies, most notably the CAP, which is promising to be more flexible and result-based in the future, need to work more with the motivations and interests of those people who are best placed to take action. While the majority of these are farmers, foresters and other land managers, it is essential to also engage further actors in the food or timber supply chains and in the management of natural resources more generally.

Current policy mechanisms, including regulation and various agri-environmental schemes, provide an essential foundation for the enhanced provision of public benefits in rural areas. However, treated in isolation, they can be insufficient to support the kind of longer term collaborative engagement of key actors that is the hallmark of so many of the most successful initiatives in this sphere. In addition, they can be too small-scale, too focussed on individual farms rather than larger groups or territories, and too detached from the market dynamics that have a fundamental influence on motives and longer-term decisions. Too often these types of policy mechanisms can be pursued individually rather than in packages tailored to particular circumstances.

Detailed analysis of 34 cases across the EU has convinced us that a new approach based on collective action could have greater ambition with regard to engagement with a wider range of key actors and aim for greater scale, longevity and coherence of action across a territory or along a supply chain. It could have more linkages to market dynamics and the private sector and give greater attention to issues of governance and institutional settings as well as capacity-building (such as knowledge-sharing, facilitation and advice). This approach could reflect and make operational many of the themes of the Cork 2.0 declaration, including the emphasis on building trust. Within such a model, enhanced

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<sup>1</sup> Public Ecosystem Goods and Services from land management – Unlocking the Synergies. <http://pegasus.ieep.eu/>

engagement of farmers, land owners and wider actors and the building of more collaborative ways of working is the starting point, fundamental to establishing the mind-sets and behaviour of farmers and other land managers so often necessary to support the actions required to maintain the provision of benefits.

Collective approaches (OECD, 2013; Vanni, 2014), often involving the public and private sectors in complementary roles, require more effort to establish than an individual/atomistic approach, but can have considerable advantages in meeting larger-scale challenges, such as reducing the level of water pollution from farming throughout a catchment, restoring habitats and ecosystems, or building a viable long-term market for a particularly sustainable or regionally distinctive product such as fruit from traditionally managed orchards, or animal welfare-friendly milk.

By engaging more people, collective initiatives can result in better identification of synergies and trade-offs between economic, environmental and social objectives. Once common objectives are agreed, a group of engaged actors can be well placed to identify ways forward that are adapted to local needs and circumstances and to share, develop and harness local knowledge and skills. This can be important in the design and adoption of new and more demanding approaches to governance, such as result-based agri-environment schemes, which increasingly are being seen as the future norm. . Collectively, a group may be more able to spot opportunities for more cost-effective action, for example limiting or avoiding any unnecessary costs and identifying where actions have a synergistic effect across multiple objectives. It can be easier to foresee conflicts and to address them when they arise. Action taken in a collaborative/collective setting is more likely to be sustained due to increased and wider appreciation of the issues at stake, and probably greater peer pressure and monitoring, especially where a new cultural norm has been established.

An approach based on greater engagement, capacity-building and collaboration can develop in a variety of directions. In some cases, the focus may be territorial, such as a concerted effort to maintain the social and economic fabric of a remote valley or the systematic modification of farmland management to slow the passage of drainage water and reduce flooding risk downstream. In others, it may be based on engaging actors along the same supply chain. In one PEGASUS case study for example, specialised tomato growers in northern Italy facing deteriorating water conditions acted together to improve production practices. Building stable markets for products that meet strong environmental criteria was the aim in several cases (for example, beef produced from protected Natura 2000 grassland in Estonia).

The emergence of successful collective initiatives depends on a number of factors. Typically they include the existence or creation of sufficient social capital, and especially trust between actors, sensitivity to institutional and cultural settings, fit-for-purpose governance models and well-designed contractual frameworks where needed. Collective action can build on existing forms of organisation, such as an established agricultural producer group, or it may involve the creation of new ones, while some groups and networks remain informal. The cases analysed show that governance issues can be central to the engagement and motivation of those involved in collective approaches. Building the right model of governance for an initiative is therefore critical, especially in the early years, and sometimes this requires external support. Local actors may not find it easy to organise and may need the support and energy of one or more enthusiastic and skilled leaders to instigate the action. In several case studies, a facilitator or project officer or consultant was the pivotal character.

In some circumstances, external commercial actors have been found to bring a new dynamism and improve the chances of survival of more traditional or costly forms of production that are in danger of being abandoned. Equally, the initiative can stem from a public agency ready to work with land managers to achieve an outcome that benefits the local community as well as the environment. National

park authorities and pollution control agencies are amongst actors of this kind; NGOs can also play this role if they can connect to the communities involved.

The inclination of farmers and others to engage in collective action depends *inter alia* on historical and political-economic conditions. There are parts of the EU where bottom-up formation of collective initiatives is more difficult to achieve and maintain than in others, often due to trust issues and wariness of potential free-riders. This was noted in a number of case studies in parts of Central and Eastern Europe, but other parts of the EU are not immune to these issues, either.

For all of these reasons, public support delivered through agricultural policy (in the EU especially through rural development programmes) and other sources of funding (environmental, forest policy, regional policy, etc.) needs to be sufficiently flexible to provide funding to a variety of actors, institutions and value chains beyond the individual farmer. A mix of well-targeted and coherent measures, maintained over a sufficient timeframe and able to be tailored to the local situation, is often the form of support that best matches the needs of more collective approaches. Within this mix, payments to farmers for land management *per se* remain essential, but may increasingly become complemented by private funding. Importantly, public support should allocate sufficient funds to focussed advice, facilitation, institutional innovation, building partnerships, knowledge-sharing and demonstration, which have often proved effective levers of change. Pilot schemes can also play an important role by providing initial funding and an opportunity to learn. Explicit policy measures for collective approaches, such as the relatively recent Cooperation measure under the EU's Rural Development policy, also have a role in initiating collective actions.

The EC Communication regarding the CAP post-2020 promises important shifts in European agricultural policy. Reinforced and targeted pursuit of societal needs, more flexibility and result-based approaches will require innovation in providing environmental and social benefits. Our Europe-wide analysis has shown that seeking new institutional arrangements and supporting collective actions based on holistic engagement of diverse individuals, private and public institutions, can contribute significantly to these goals. This in turn demands changes in regulation, support for research, innovation, knowledge transfer and capacity building, but, first and foremost, concerted action by land managers, private companies, public institutions and management authorities. It is to be hoped that these considerations will get the attention they deserve in the proposed reform of the CAP post-2020.

Further reading:

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