

A step change in policy to deliver more environmental and social benefits

PEGASUS, Public Ecosystem Goods And Services from land management – Unlocking the Synergies (<http://pegasus.ieep.eu/>), is a pan-European Horizon 2020 project. It has looked for the best ways to try to stimulate long-lasting improvements in the delivery of social, economic and environmental benefits from agricultural and forest land in the EU. Different approaches have been explored, particularly through 34 case studies of diverse initiatives in agriculture, forestry and environmental enhancement in ten countries. This brief offers analysis and recommendations on how related fields of policy and practice should move forward. The focus is on engaging farmers and other key actors more effectively while meeting growing societal expectations.

Appropriate forms of agricultural and forestry management are critical to the provision of a range of environmental and social benefits. These include valued habitats and species, clean water, carbon storage in soils, rural landscapes and recreational opportunities. Recognising this, there have been extensive adjustments to the CAP and related policies in Member States in recent years. However, the incentives available often have been insufficient to deliver the positive changes required to meet EU targets and the growing scale of societal demand. Analysis suggests the need for changes in governance as well as more innovative approaches.

Weaknesses of the current policy approach

Too often, policies for the provision of environmental and social benefits rely on a relatively narrow, mainly contractual approach rather than trying to build and foster the commitment of farmers and others with important stakes in how the land is managed. Land managers in turn frequently consider agri-environment and similar payments to be an ancillary, separate activity to the core business of supplying safe and low-cost food, fibre or timber. In many cases there seems to be no market recognition for following environmental rules for example.

Current policy mechanisms, including regulation and 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 PEGASUS has investigated. In addition, implementation can be too focussed on individual farms rather than larger groups or territories, and too detached from the market and food chain dynamics that have a fundamental influence on people's motives and longer-term decisions. In short, engagement has to become more appealing.

Policy to encourage greater engagement across territories and along supply chains

To achieve this, public policies, most notably the CAP, recently signalled as becoming more flexible and results-based in the future, need to work more with the motivations and interests of those people who are best placed to take action. The majority of these are farmers, foresters and other land managers. However, it is essential also to engage further actors in the food or timber supply chains and those concerned with the management of natural resources more generally. A new approach based on cooperation and the engagement of multiple actors could have greater ambition with regard to scale, longevity and coherence of action. Helping to build capacity, including by knowledge-sharing, facilitation and advice therefore becomes a priority for policy.

Such an 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 engagement of farmers, land



owners and wider actors and the building of more collaborative ways of working is the starting point for establishing the mind-sets and behaviours of potential partners who can work together. Policies of different kinds equally need to be working together in joined up ways to support this outcome. This is a matter of delivery, accessibility and intelligent flexibility as well as the design of particular policy instruments.

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). One lesson is that more environmental and social benefits can be provided if the value chain is capable of internalising new societal demands and there is also a balanced distribution of power amongst the various actors, underpinning their commitment.

Multi-actor initiatives can have considerable advantages in meeting such larger-scale challenges. This is because engagement and discussion can lead to a wider common purpose, including an understanding of synergies and trade-offs between different objectives such as short term income as opposed to investment in environmental management. Once goals and approaches 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. It can also be easier to foresee conflicts and to address them when they arise. In addition, action taken in a collaborative setting is more likely to be sustained in the longer term. This is due to increased and wider appreciation of the issues at stake, and often greater peer pressure and group monitoring, especially where a new cultural norm has been established.

Reaching this point can require more preparation and investment than introducing incentive measures aimed only at individuals. Certain conditions have been identified as generally important for successful initiatives to be established and thrive. Typically they include building on or creating 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. Support from suitable policy mixes applied in adaptable ways can be very helpful in fostering these conditions. The case studies showed that governance issues can be central to the engagement and motivation of those involved in collaborative approaches. Building the right model of governance for an initiative is therefore critical, especially in the early years; sometimes this requires external support. Often the support, skills and energy of an enthusiastic and skilled facilitator or project officer is pivotal to instigate action. Such people can be drawn from the commercial, public or voluntary sectors.

The case studies also highlighted that the inclination of farmers and others to engage in collective action depends *inter alia* on historical and political-economic conditions. For example, 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.



Implications for the future CAP

Public support delivered through the CAP and other sources of funding (rural, environmental, forest, regional policy, etc.) needs to be sufficiently flexible and joined-up to provide support to a variety of actors, institutions and value chains beyond the individual farmer. Funding for collaborative action needs to be increased in the next programming period, with the EU framework in a revised CAP signalling the priority to be given to a new approach, taken forward by the Member States in their Strategic Plans.

This requires a coherent mix of well-targeted and coherent measures, maintained over a sufficient timeframe and able to be tailored to the local situation. Within this mix, payments to farmers for environmental land management remain essential, but may increasingly become complemented by private funding. The delivery culture has to match new ambitions as well as the measures employed. A larger share of funding should be allocated to focussed advice, facilitation, cooperation, knowledge-sharing, demonstration and encouraging institutional innovation and partnership building as well as piloting new approaches, all of which have proved effective levers of change. It is to be hoped that these considerations will get the attention they deserve in the proposed reform of the CAP post-2020.

