

## The PEGASUS Project

The PEGASUS Project is designed to explore some key questions about the best means of achieving the appropriate level of environmental and social benefits from activities in rural areas, particularly agriculture and forestry. It is rooted in national and more local case studies in ten European countries from Estonia to Italy but also concerns the EU as a whole and its related policies. Action research and stakeholder engagement as well as conventional academic methods are central to the approach. The end results should be relevant to the next generation of European rural policies, such as those within the CAP and in forestry.

The project starts from two concepts which have become embedded in both European policy discussions and the scientific literature. They are complementary but offer different perspectives on the stocks and flows of environmental benefits that society needs and therefore seeks to acquire through different means in rural areas. These are:

- **Public Goods (PGs)** A concept rooted in economic theory and often used in relation to policy design. For example society may need to intervene where “public goods”, such as a stable climate, are not delivered purely through the workings of the market, notably because of free rider problems<sup>1</sup>.
- **Ecosystem Services (ESS)** A scientific concept, with ecological roots, concerned with causes and effects and capturing the ways in which human society benefits from natural systems. It illuminates what needs to be valued and why and the ecological mechanisms involved.

Working with these two conceptual building blocks, which are used often but not necessarily well understood, the project proceeds through a series of phases and questions over a three year period. These are:

### Phase 1: Setting the analytical framework

This is primarily a conceptual phase. What do the PG and ESS concepts mean in the context of rural Europe and in relation to land managed through agriculture and forestry? In which ways do they create a rationale for collective action? In this phase the project will synthesise common questions arising from the two concepts and seek to identify the principal PGs and ESS concerned in relation to agriculture and forestry, bringing them together in a single list of environmental and social ‘benefits’.

In addressing these questions the project will adopt a broad frame, recognising that the two core concepts cover both stocks (assets) and flows. Flows are made up of both goods and services, of benefit for society. Stocks may be the input to an ESS, such as standing forests or the output of another ESS, such as clean water. As part of the project we will clarify which of the environmental and social “benefits” associated with agriculture, forestry and the territories in which they are found can most readily be measured and mapped within the EU. The aim is to map current and potential provision, showing hotspots and cold-spots and exploring how far causality can be established between their provision (or lack of it) and the types of farming and forestry systems and related socio-cultural conditions found in these areas.

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<sup>1</sup> In economics, free riders are people/businesses that benefit from resources, goods or services but do not pay for them. This results in an under-provision of these resources, goods or services.



## Phase 2: Examining Supply and Demand

This focuses on the levels of supply and demand for these benefits and the drivers concerned. How does society appraise these benefits and what level of supply is required? How is this demand expressed? The project starts from the assumption that the current level of supply of benefits is too low in general terms relative to societal demand and that this is linked to their being under-valued economically. This is evidenced by biodiversity decline, water pollution and lack of dynamic rural communities in many areas, (although the pattern is variable). There are different ways of trying to establish what might be an acceptable level of supply, for example by exploring various indicators of demand. In particular we want to consider the issue of public appreciation of rural PGs / ESS, as an indicator of what would be considered to be an acceptable level of provision and how this can be captured. If the level of supply is too low, what holds it back? Through which drivers has supply been driven in the past and how might this change in the future? Drivers can be sectoral, institutional and more natural e.g. climate change; their varying roles will be explored within the ten participating countries and in the EU as a whole. Variations in farming/forestry systems, socio-ecological conditions and policy instruments will also be captured in the ten countries, so drivers will be explored at several different levels.

## Phase 3: Focus on Case Studies and Action Research

How do we identify, engage with and overcome the obstacles to the right level of supply? This will be explored through thirty broad and ten detailed case studies in different parts of Europe, working with local stakeholders over more than a year. Some case studies will have a territorial foundation others may look at a particular initiative, collective action or supply chain. Both successful and less successful examples will be included, so that obstacles and deficiencies can be identified alongside success factors. The areas covered will include more intensively managed farmland and forest areas and more traditionally managed agricultural systems. In all cases there will be a participatory approach developed within a common framework.

## Phase 4: Developing Practical Tools and Policy Recommendations

This is a cross cutting analysis, bringing the different strands of the analysis together. What are the best ways of enabling and applying replicable approaches for the provision of benefits in a highly diverse Europe, with a variety of institutions and socio-ecological conditions? How can public and private initiatives work together? Policies at a European level need to be sufficiently targeted, yet at the same time elastic enough to foster the most effective and authentic measures in different territories and supply chains. The project aims to:

- Explain why mechanisms intended to stimulate the provision of benefits related to agriculture and forestry land succeed and why they fail.
- Propose new or improved approaches and specific mechanisms to increase the provision of a better balance of social, environmental and economic benefits.
- Provide concrete commentary and recommendations in certain cases where there has been substantive engagement with stakeholders.

In the final phase of the project the focus will turn to disseminating the results at both the national and EU level. There will be a concluding conference to present the results for a European audience.

