

# Delivering environmental and social benefits from agriculture and forestry in a changing policy context

## PEGASUS Final Conference

Brussels, 7 February 2018

### Conference highlights

On 7 February, more than 120 people representing national authorities, EU institutions, the agricultural and forestry sectors, academics as well as NGOs and think tanks, gathered in Brussels to contribute to an evolving policy debate in Europe through discussions around the key lessons and messages of the PEGASUS project.

Setting the scene, **Tassos Haniotis**, Director of Strategy, simplification and policy analysis at DG AGRI, presented the direction of travel for the future of the CAP as set out in the Communication published in November 2017, especially its proposed delivery model based on simpler and more flexible rules post-2020. He explained that budget negotiations and the implications of Brexit are likely to be the main issues shaping the future of the policy. The CAP reform provides an opportunity to think fundamentally about the purpose of the CAP, answering the questions: why, for whom, how and how much? Amongst the changes proposed, the current architecture of the Pillar 1 green payments will be modified, as one of the lessons to date is that the one size fits all approach has its limitations. The new model for delivery of the funding available under the CAP as a whole will be based on greater subsidiarity. He stated that the European Commission should have the courage of recognising that farmers can take their environmental decisions responsibly. The approach will require a shift of mind set, moving away from compliance towards a focus on performance. A key question in this process is how to do this – what can be done better at EC level and what can be done better in the Member States. The European Commission is also working on updating relevant indicators for measuring performance and these will be presented in a common monitoring framework report in March/April 2018.

Tassos Haniotis concluded his intervention explaining how climate change issues could become a catalyst for policy reform. The European Union is developing its satellite technology which provides climate-relevant information for free. The CAP needs to find a way to use this information to help with the process of modernisation and simplification. Farm Advisory Systems will have a key role to play in supporting the use of technology by actors on the ground, and assisting the EU farming sector to move towards greater sustainability.

In a series of presentations, different members of the PEGASUS team took the participants through an introduction to the project, a summary of the results of a selection of case studies and the key



messages from the project. All presentations are available at: <http://pegasus.ieep.eu/resources-list#presentations>.

A summary of the **key findings and recommendations** of the project is provided below:

- Current regulations and CAP funded incentives provide an essential foundation for the provision of environmental and social benefits by agriculture and forestry in the EU. However, they have not been used so far in a way that delivers the wide-ranging, long-lasting changes that are required to meet EU objectives and the growing societal demand for a more sustainable approach.
- There is a **need for a step change in policy** to deliver more environmental and social benefits. The **new approach should bring the social dimension – people – to the centre stage**. Incentive schemes need to minimise the use of a narrow, mainly transactional approach to the provision of environmental and social benefits and put greater emphasis on working with the interests and motivations of the people best placed to take action.
- There is therefore a strong need to better understand the structure and dynamics of related local **social processes, as they are critical** for securing increased and more widespread provision of environmental and social positive outcomes. Policies are only effective if people can respond to them.
- **Multi-actor approaches** were found to have a lot of potential in terms of consolidating these social processes and building a greater commitment by key actors (e.g. better identification of synergies and trade-offs locally, greater sense of ownership, etc.). They can also increase the scale of impact. Policies should seek to encourage the engagement of more and a more diversified range of actors so that individual efforts are less isolated, but more often part of a concerted effort at territorial level and/or between business partners along a supply chain.
- As part of a multi-actor approach, **strengthening the links with the supply chain** was found to have significant potential in many conditions. It can lead to potentially more sustained actions and more robust business models, while more environmental and social benefits can be provided if they are internalised within the value chain.
- **Institutions responsible for agricultural and broader rural land management need to build trust**, by embedding dialogue with stakeholders at all stages of the policy cycle, and creating a safe environment in which local actors feel empowered to take action collectively.
- **More innovative and locally tailored policy mixes could produce better results**. One aspect of this is more flexibility, less constraints imposed by complex EU rules that can inhibit a real focus on results rather than compliance. The aim should be for different measures to be used more easily together – matching diverse needs on the ground more readily.
- More vigorous and larger scale action on the ground with more group involvement needs to be married to publicly determined priorities, at different levels - from local to EU levels. More precise data and associated maps can help in this respect. Under the project, **new maps of agricultural and forestry systems and patterns of ecosystem services provision** have been



produced at a sufficient resolution to establish patterns at EU and Member State levels. These could be developed further with the benefit of more detailed datasets often available at regional/local levels.

- **Support for facilitation and capacity building should play a more central role in policies aiming at better environmental and social outcomes in rural areas.** This implies that more funding is allocated to i.e. knowledge exchange, training, demonstration projects, and in particular facilitation and advice to farmers and foresters on the ground to assist the development and operation of multi-actor initiatives, innovative and pilot projects, results-based schemes, etc. This is relevant today and will be even **more relevant if the CAP is to become more flexible and more based on performance in the future**, as the European Commission is currently proposing.

Discussants at the event, **Frank Jésus**, Head of Natural Resources Policy Division Trade and Agriculture Directorate at the OECD and **Andrea Vettori**, Deputy Head of Unit D1 at DG ENV highlighted the potential of the mapping exercise carried out and the importance of social processes and local communities in the way policies are implemented.

On the mapping work, **Franck Jésus** explained that targeting through maps is likely to become more relevant if EU agri-environment policy moves towards more performance based approaches. He suggested that rather than focusing on production indicators, it could be interesting to have considered productivity indicators (ratio input-output) as often this is what is at stake for land managers and their businesses. Since PEGASUS has focused on the supply of ecosystem services, another approach would have been to include the demand aspects as well.

The results and recommendations regarding social processes links to the work recently started at the OECD on reform pathways. This also highlights that social processes, consultation and inclusion mechanisms are important throughout the policy cycle. The PEGASUS toolkit for practitioners seems promising because it looks at social processes in multi-actor initiatives from design to implementation. He flagged that involving not only farmers but also wider local communities in training and advisory services can have a very effective impact on policy implementation. Collective actions can be useful when used in conjunction with other policy tools, but they may be difficult to use in all policy areas or in all contexts. The new performance approach proposed by the EC should contribute to make the design and use of collective action simpler.

**Andrea Vettori** from DG ENV highlighted that the move towards a focus on results in the Commission's CAP proposals could have multiple benefits, and could promote collective actions. The budget for rural development currently accounts for only a quarter of the whole CAP budget. In the future discussions should focus on how the bulk of the payments can support the transition towards more environmental and socially friendly agriculture and how it can be targeted to those who provide public goods. To do this, one needs to make explicit the scale of the ecosystem



services being provided and the work undertaken under the Mapping and Assessment of Ecosystems and their Services (MAES) and The Economics of Ecosystems and Biodiversity (TEEB) projects have played a major role in this respect. Pollination is one such ecosystem service, and in view of the decline in pollinators, the EC planned a specific EU Pollinators Initiative for 2018. The PEGASUS messages substantiate one lesson of the fitness check of the Birds and Habitat directives which is that stakeholder engagement is very important, to seek commitment of those people taking action on the ground.

Later on during the **panel discussion**, the speakers overall expressed their support for the lessons in PEGASUS, relating these to their different experiences and areas of expertise. The discussions covered the following key points:

- Trying to enhance the provision of environmental and social benefits from farming and forestry is a complex issue. While there is a need for a simpler policy, we need to recognise that no simple measure is going to achieve results everywhere.
- Although very diverse, the case studies in PEGASUS have clear similarities. They started with a challenge or a crisis, i.e. a long-term sustainability challenge, which triggered action. It is important to look at market and policy mechanisms together and to simplify the policy framework to allow more flexibility to respond to different situations. This framework has to allow for a more flexible support, to which the farming community will respond.
- The Dutch experience with implementing collective agri-environment schemes showed how critical it is that farmers define what they want to achieve in their area. This can then be discussed with the government to provide the means to achieve these agreed objectives. The important element in this process is trust, between the actors as well as with and within government and institutions. Social capital should be seen as an investment in an asset; it has economic value too, e.g. in lowering the transaction costs of an action.
- PEGASUS is helpful in having raised awareness about how potential synergies between the three pillars of sustainability (economic, environmental and social) in the agriculture and forestry sectors can be achieved.
- The EC recognises the importance of working in partnership in the implementation of the ESI Funds – it adopted a Code of Conduct on partnership for the ESI funds in 2014. This implies close cooperation between public authorities and a range of stakeholders at national, regional and local levels throughout the whole programme cycle. The role of the Member States and regional authorities is already crucial, and will be even more so with the shift in responsibility announced with the new CAP delivery model.
- In terms of barriers, there can be trade-offs between food/timber production and environmental services but in many cases both outcomes can be delivered jointly, for example in forestry, demand for sustainably managed forestry and for intensive forest management for bioeconomy purposes usually compete with each other whereas in practice, many demonstration sites show that one can combine very productive forestry



with very efficient conservation measures. What is needed now is to move away from the isolated success stories to upscale and convince people that you can do both.

- A big challenge to overcome will be the inertia that exists in institutions, especially at the national and regional levels, partly due to fear of failure of controls and having fines imposed.
- Seeking greater policy coherence is essential.

**Gaëtan Dubois** from DG AGRI (Unit B2) summarised the key messages from the day. He highlighted how the discussions had provided useful inputs of relevance to the ongoing development of the CAP as well as for managing authorities. In particular he stressed the following:

- The discussions showed how trust is a critical ingredient to successful policy implementation, especially in the new delivery model proposed by the CAP Communication. A positive approach based on engagement, commitment, responsibility, and trust will be needed.
- The project's mapping work is particularly relevant as data monitoring, having good results indicators and transparency will need to underpin the performance-based approach.
- The role of advisors and facilitators was clearly underlined to fight inertia and lock-in of behaviour, including within institutions. Facilitators can help with simplifying actions for the actors on the ground and ensure that action is taken at different levels. Multi-actor and collective approaches are very important in this context. Many of the policy tools needed to support these are already in place but there is a learning curve in relation to their use.
- He suggested that the project could perhaps propose more concrete measures, e.g. on the mechanisms with which measures can encourage a collective uptake of action or other approaches such as the use of EIP operational groups. The discussions tended to focus on RDP measures but issues around the future of the green architecture (cross-compliance and the greening payment which may transform into e.g. entry level schemes) will also be central to the policy debate in the coming weeks.
- The topic of PEGASUS was very challenging, covering both agriculture and forestry, and the concepts of public goods and ecosystem services. In terms of next steps for research, different calls for research projects will cover agri-environment and multi-actor approaches as topics and they should contribute to helping farmers dealing with complexity.

#### To find out more:

- ❖ A summary of the **key messages and policy recommendations** is available [here](#)
- ❖ The **results of the case studies** are available [here](#)
- ❖ You will find our **policy briefings** and the **presentations from the conference** [here](#) and [here](#)
- ❖ The **toolkit** can be downloaded [here](#)
- ❖ An short news **article** on the event can be found [here](#)

