UNISECO

UNDERSTANDING & IMPROVING THE SUSTAINABILITY OF AGRO-ECOLOGICAL FARMING SYSTEMS IN THE EU

# Market and Policy Instruments for the agroecological transition

## CREA and GAN

**Policy measures and market incentives of agro-ecological transitions**

Online Workshop, 13th of May 2020, 10.00 -12.30

This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement N° 773901.

# Introduction

## This presentation includes:

- The programme of the workshop on case studies of agro-ecological transitions, 13.05.2020, 10.00 -12.30: ***slide 3***
- A short overview of UNISECO results on Market and Policy Instruments (MPIs) for agroecological transition: ***slides 4-7***
- The description of clusters of MPIs to be selected for discussion in break-out groups during the workshop: ***slides 8-16***
- Questions for discussion for break-out groups: ***slides 17-18***

## Instruction for MAP and PAG members:

- **By the 7th of May:** read this presentation and fill this short survey and google form to select three MPIs clusters
- **Before the workshop, 13th of May:** access the **MAP-NEF** to consult the case study reports and, if time allows, to provide feedback, opinions and recommendations

# Workshop 13.05.2020

## Objectives

- Discuss the role of Market and Policy Instruments (MPIs) in favouring the agroecological transition in selected EU farming systems
- Share ideas and suggestions for innovations in MPIs with MAP and PAG members

## Program

10.00 - Plenary session: MPIs overview with some Q&A

*10.30 - Break*

10.45 - Parallel sessions: 3-4 break-out groups

*11.45 - Break*

12.00 - Plenary session

*12.30 - End of the workshop*

# Objectives of Task 5.3

**WP5 - Governance and policy assessment**:

- To analyse market and policy incentives/instruments, with governance mechanisms, supporting the transition to Agro-Ecological Farming Systems (AEFS).

**Task 5.3 - Participatory analysis for downscaling market & policy instruments**:

- To analyse market and policy instruments (MPIs) that are supporting AEFS in order to understand how these instruments are implemented in different territories and why they have better or worse results (its effectiveness or agro-ecological potential).

# Market and Policy Instruments (MPIs)

- They refer to any initiative, mechanism, measure or incentive with the aim of supporting in some degree the agro-ecological transition, coming from:
  - The government (policy instrument),
  - The private sector (market instrument), or
  - Both (mixed instrument)
- Wide range of instruments depending on:
  - Level of design/implementation (European, national, regional, or local)
  - Type of instrument (individual, cooperation)
  - Level of application (field, farming system, value chain, or territorial)

# Data collection method

- Participatory analysis at case study level (qualitative):
  - Workshop or interviews, between 5-10 participants
- Identification of the key barriers and drivers of agro-ecological transition
- Identification and characterization of existing MPIs that have been implemented at case study level
- Analysis of effectiveness of MPIs when it comes to overcoming barriers or promoting drivers of the agro-ecological transition. And identification of their weaknesses and strengths.

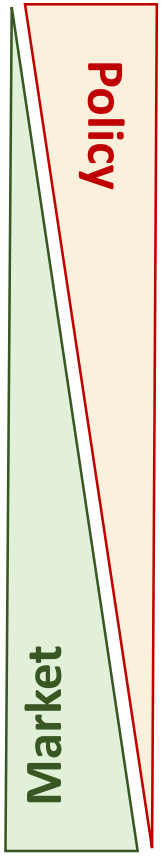
# Results

- Characterization of 289 MPIs in all case studies
- Comparative analysis of effectiveness of MPIs
- Methods: the score were obtained through individual voting (in questionnaires) or through consensual evaluation of the stakeholders

| | POTENTIAL LINK OF MPIs TO AEFS TRANSITION | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| EXISTING MPIs | High and negative | Medium negative | Low and negative | No effect | Low and positive | Medium positive | High and positive | Total |
| 01. Area-based payments | | 4 | 5 | 4 | 8 | 3 | 1 | 25 |
| 02. Market measures | | | 2 | 2 | 5 | 1 | | 10 |
| 03. Practice based payments | | | | 5 | 24 | 12 | 10 | 51 |
| 04. Result based payments | | | | | 2 | 1 | | 3 |
| 05. Payments for investments | | | 1 | 3 | 4 | 8 | 1 | 17 |
| 06. R&D/advise/training/information | | | 1 | 1 | 7 | 27 | 3 | 39 |
| 07. Incentives for other gainful activities | | | | | 2 | 1 | | 3 |
| 08. Regulatory restriction addressed to farming practices | 1 | | | 1 | 13 | 9 | | 24 |
| 09. Regulatory restriction addressed to territories | | 1 | | 2 | 2 | 5 | 1 | 11 |
| 10. Certification Schemes | 1 | 1 | 2 | 5 | 10 | 12 | 5 | 36 |
| 11. Food policies | | 1 | 2 | 2 | 7 | 11 | 2 | 25 |
| 12. Regional policies | | | | | 3 | 5 | 3 | 11 |
| 13. Networking instruments | | 1 | | | 3 | 13 | | 17 |
| 14. Other instruments | | 1 | | 5 | 2 | 5 | 4 | 17 |
| **Total MPIs** | **2** | **9** | **13** | **30** | **92** | **113** | **30** | **289** |
| **% of total MPIs** | **1%** | **3%** | **4%** | **10%** | **32%** | **39%** | **10%** | **100%** |

# The 8 MPI clusters

These clusters are a synthesis of the various M&P instruments typologies collected and classified in all case studies




1. Regulatory restrictions affecting farming practices and territories
2. Energy and fiscal policy
3. CAP 1st Pillar measures
4. Agrienvironment measures / organic farming
5. Support for investments and development
6. Food policy
7. Advisory/education/training/information
8. Certification schemes and labelling

# 1. Regulatory restrictions

**Rationale**: Regulatory restrictions addressed to farming practices and territories to protect the environment and safeguard the landscape [Environmental directives, Land use plans, Wildlife laws]

**Data**: 30 MPIs identified in 10 countries, 4 of which addressed to land use regulation, 2 to wildlife laws and the reminder to environmental directives.

**Pros**: Sustainable land use and environmental rules are essential to prevent from damages caused by the overexploitation of territorial resources / Environmental directives help targeting sensitive regions and influencing the implementation of the CAP and other Regulation/

**Cons**: Strong interest groups have a great influence on local land use policies, sometimes in conflict with the general interest / Environmental directive are sometimes not enough restrictive and not well enforced / Policies addressed to farming practices are often not well designed

**Suggestions**: Increase restrictions and monitoring for sensitive regions / Better balancing support for farming with restrictions / Tax property bonus for landscape improvements

# 2. Energy and fiscal policy

**Rationale**: Policies addressed to the development of on/off farm infrastructures and incentives to minimize agri-food waste and reduce the dependency on fossil fuels and external inputs [Environmental permits, Renewable energy policy, Fiscal policy]

**Data**: 6 MPIs identified in 4 countries, 2 of which addressed to investments, 2 to environmental permits and 2 to fiscal policies.

**Pros**: Valorising waste management and favouring nutrient recycling / Creating new employment opportunities

**Cons**: High dependence on financial support / Low scale economies for decentralized bioenergy plants / High transportation costs for centralized bioenergy plants / Uncertain sustainability

**Suggestions**: Increasing the taxation on emissions and extending it to the agricultural sector and transports with a a contextual adjustment of trade policies / Reuse of tax revenues from emissions to finance energy policies / Applying tax exemption for biomethane in traffic and tax bonus for labour use in the renewable energy sector

# 3. CAP 1st Pillar measures

**Rationale**: Role of basic requirements and redistributive issues related to the direct support and market control in light of the agro-ecological transition [Direct and coupled payments (DP), Greening & Cross compliance (GC), Single Common Market Organisation (CMO)]

**Data**: 29 MPIs identified in 12 countries of which 3 market measures

**Pros**: DP are essential source of income for farming / GC sometimes influence land use changes / The scope of application is extended to almost the entire agricultural area / The control of supply, where applied, sometimes counteract the agricultural intensification

**Cons**: Market (farmers are less responsive to market needs) and social distortions (uneven distribution of subsidies among farmers) associated with DP / DP and GC are not well target and enforced / Where applied, trade policies favours conventional production systems.

**Suggestions**: The premium should be tied to measured environmental improvements / Better targeted (e.g. on the basis of soil erosion risks) / Better monitored / Reduced in favour of RDP measures / Tied to labour uses and not to land size / Trade policies should be targeted to sustainable productions

# 4. Agrienvironment measures / organic farming

**Rationale**: Supporting the adoption of management practices that can reduce the negative impacts while increase the positive externalities of farming activities on ecosystems and human health

**Data**: 51 policy instruments in all countries, with application to individual farms

**Pros**: Monitored environmental improvements after practice uptake; restrictions to promote resource use efficiency and environmental compensation help the adoption of circularization interventions on farm

**Cons**: Great bureaucracy burden; lack of payment differentiation among geographical areas; risk of opportunistic behaviour (e.g. receiving farm payment for organic production, while not producing organic food)

**Suggestions**: Encourage peer-to-peer communication about cost-effective improvements in farm management to boost practice uptake

# 5. Support for investments & development

**Rationale**: Investments addressed to the redesign/revitalize farming and rural areas in light of a sustainable development [Rural development policies]

**Data**: 25 MPIs identified in 12 countries, 4 of which addressed to the value chain, 2 horizontal cooperation action and 4 vertical cooperation actions.

**Pros**: Subsidies for investments are tied to sustainable criteria / Investments are a condition for redesign / Investments on processing helps reducing the dependence on traditional market forces / Common investments break down financial barriers for small farms / Integrated development initiatives incentivize private investments

**Cons**: Investments often increase intensification / Lack of targeting for sustainable investments / Small farm are often excluded / Lack of knowledge on agro-ecology / Difficulty to cooperate in some Region / Small interest groups often excluded from development initiatives

**Suggestions**: Dedicated support schemes for small farms, including, as a prerequisite, training and advice about agroecological issues and on how to take strategic decisions for the future of the business. Higher involvement of the civil society in the design of local development initiatives

# 6. Food policy

**Rationale**: Supporting local food systems from the supply and demand sides, including social aspects

**Data**: 24 MPIs in 10 countries, of which 16 policy and 8 mixed instruments, for individual (12) and cooperation (12) actions at the territorial level

**Pros**: Allows fairer redistribution of value added among food chain actors; encourages the consumption of locally-grown food

**Cons**: Trade-offs between food origin and sustainability of production method; public procurement rules allows just for a reduced share of locally grown food; still reduced consumer awareness about AE agri-food

**Suggestions**: Increase the focus on entrepreneurial aspects to improve farm or product competitiveness; develop educational campaigns for raising consumer awareness to support demand increase

# 7. Advisory/education/training/information

**Rationale**: fostering knowledge creation and diffusion about AE, including scientific aspects, practices and social aims

**Data**: 39 MPIs in 13 countries, of which 35 policy, 3 mixed, 1 market instruments - type of action: 18 cooperation, 21 individual

**Pros**: helps facing the increasing complexity of farming systems and the related policy; can reduce risk aversions towards innovative AE practices

**Cons**: formal education gives little attention to AE; high advisory costs prevent lower income farmers from accessing the service

**Suggestions**: support the creation of skills, by revising teaching courses in formal and vocational education; support the creation of Monitor Farms to boost peer-to-peer learning, by enabling farmers to explore realistic and viable solutions in real-life situations

# 8. Certification schemes and labelling

**Rationale**: reducing information asymmetry business-to-business (B2B) or business-to-consumer (B2C), by providing trusted information about production processes or product characteristics, thereby allowing product comparability via labelling

**Data**: 36 MPIs identified in 11 countries, of which 4 policy, 13 mixed, 19 market instruments

**Pros**: Certified and labelled products grant producers a premium price

**Cons**: Greater consumer price with reduced acceptability by consumers with reduced purchasing power; relatively high uptake cost for producers

**Suggestions**: where ecological certifications are relatively widespread, stricter sustainability standards are needed, e.g. by linking the schemes via a sort of conditionality

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# Short survey

**The survey includes three questions…**

- to select the cluster you are most interested in, and
- to collect your opinion about the organisation and potential outcomes of the session on the market and policy instruments.

**We kindly ask you to fill in the survey form by this Thursday, May 7th, so we will have enough time to process your responses and consider you suggestions.**

## Survey website

# Questions for thematic groups (1)

## Question 1

***To the best of your knowledge what are the MPIs of this category that have the greatest potential to favour the agroecological transition and why?***

- Identification of specific MPIs

## Question 2

***On the basis of your experience, is there any factor influencing (positively and/or negatively) the performances of such MPIs?***

- Discussion on what works already, and why, and what doesn't work, and why ( design, funds, administrative management, internal synergies or resistance to change, mentality, lack of experience, level of cooperation, etc.)

# Questions for thematic groups (2)

## Question 3

***How could MPI delivery be improved?***

- Discussion on how to improve the design and the implementation of MPIs (e.g., improving targeting, eligibility criteria, financing methods, reducing transaction costs, improving monitoring and evaluation, type of cooperation, etc.)

## Question 4

***Which actions are required to move forward?***

- Discussion on what works already, and why, and what doesn't work, and why ( design, funds, administrative management, internal synergies or resistance to change, mentality, lack of experience, level of cooperation, etc.) and also on the potential for replicability of the most interesting and innovative MPIs

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