



**TWG3 – Public goods and public intervention**

Minutes of the 2<sup>nd</sup> meeting

4/02/2010, Brussels



*Connecting Rural Europe*

## **Thematic Working Group 3**

### ***Public goods and public intervention***

*Minutes of the 2<sup>nd</sup> meeting  
(Brussels, 4 February 2010)*

#### **1. Agenda and participants**

1.1 The agenda of the meeting included the following elements:

- presentation of the state of play of the work undertaken for TWG3 and next work steps;
- the delivery of PGs through EU-27 RDPs: presentation of Step 2 analytical paper's outcomes;
- presentation of regional case studies highlighting best practices;
- presentation and following discussion on scheme design and implementation for the successful delivery of PG;
- discussion on envisaged next steps with particular reference to developing a communication strategy.

1.2 Participants:

TWG 3 members	Hans BRAND Jan-Christophe BUREAU Udo HEMMERLING Helene HOLSTEIN Eike LEPMETS (substitute) Vyara Konstantinova STEFANOVA George VLAHOS Camillo ZACCARINI BONELLI
DG AGRI - H1	Martin SCHEELE (TWG 3 Chairman) Caroline RAES
DG AGRI – D1	Charlotte SODE
DG AGRI – D3	Aymeric BERLING Emmanuel PETEL
DG AGRI – G3	Gaëlle LHERMITTE
DG AGRI – L1	Noemie BEIGBEDER
DG AGRI – L2	Francesca D'ANGELO
EN RD Contact Point	David BALDOCK (lead expert) Fabio COSSU Michael GREGORY Clunie KEENLEYSIDE Haris MARTINOS
Experts	Simone SCHILLER (IFLS)

Apologies for absence: Mr. Ariel BRUNNER, Mr. Allan BUCKWELL, Ms. Nina DOBRZYŃSKA, Ms. Pille KOORBERG.

## **2. Introduction by the Chairman (M. Scheele)**

The chairman introduced the agenda of the meeting and the main issues to be discussed. He highlighted the importance of the group's work in the context of the emerging debate on the concept and provision of public goods through agriculture in the EU.

## **3. Stocktaking of the work plan for TWG3 & Joint TWGs meeting (by M. Gregory)**

The CP illustrated the state of play of the work undertaken for TWG3 and the main outputs produced since the first meeting on the 24/04/09, namely: i) the conceptual framework on PGs provided through agriculture in the EU (final version circulated on the 25/01/10); ii) the overview report on first results of the analysis undertaken under tasks 1.1 and 1.2 of the work plan (final updated version circulated on the 21/12/09); iii) the draft analytical paper (Step 2 report) which had been circulated to the members on the 03/02/10 and was discussed during the meeting.

The launch of TWG n.4 "Delivery mechanisms of the RD policy" envisaged on the 25/02/10 was announced to the members, in order to illustrate the outline of the new group's work and to anticipate possible cross-cutting issues relevant to TWG3 main themes.

Finally, additional information was provided on the envisaged next steps for TWG3, and members were invited to participate in two other meetings, before the next TW3 meeting:

- a) a joint meeting between the three TWGs currently operating within the EN RD, which will aim to explore common areas of interest and the possibility of undertaking joint analysis relevant to agriculture and rural areas (provisional date: 23/03/10);
- b) a joint workshop involving the members of the TWGs and the EN RD Coordination Committee (CC) in order to present the results of the working groups and share information on possible common areas of activity, for consideration at the following CC meeting (provisional date: 01/06/10);
- c) the next TWG3 meeting is provisionally scheduled for the 08/06/10.

## **4. The delivery of public goods through RDPs in the EU-27 (by D. Baldock)**

The main outcomes from the Step 2 draft analytical paper were illustrated (*see presentation by D. Baldock attached*). The paper follows the overview report, the final version of which was circulated in December 2009, and builds on tasks 1.1 and 1.2 of the work plan, undertaking an in-depth analysis of the results of screening the RDPs and the MS survey conducted in 2009, based on documentation, interviews and expert judgement.

The presentation focused in particular on chapter 5 of the draft analytical paper (circulated to the members) which illustrates the most frequently measures used in the RDPs for the delivery of public goods. The report highlights that Axis 2 measures are particularly targeted on the provision of relevant public goods (rural vitality, water quality, agricultural landscapes, biodiversity and climate stability appearing most frequently as prominent objectives) but also that some measures in Axis 1 and, secondarily, in Axes 3 and 4 are seen as relevant for the provision of PG.

Measures can be clustered as having direct, partial or indirect focus on the provision of PG. Measure 214 (agri-environment) is directly focused on a wide range of PGs and is the RDP measure allocated the highest proportion of public expenditure among all Member States (both old and new MS). Other widely used measures with a partial focus on public goods are measures 211 and 212 (natural handicap NHP) and measure 121 (farm modernisation).

In conclusion, David Baldock highlighted opportunities to create synergies through combining support from different measures and axes (for example management payments, investment aid and training)

in pursuit of common objectives. Other synergies are possible in relation to the provision of environmental and social public goods, and the economic and social spill-overs from an attractive environment, but it is not clear if these are being exploited - additional examples from Member States would be welcome.

**Key points arising from the discussion:**

- Members agreed that the RDP structure of separate axes and objectives has a structural weakness because it does not explicitly address the scope for synergies between measures that often contribute simultaneously to several objectives. The natural handicap (NHP) payment is an income payment providing income support and thereby contributing to PG, so both economic and environmental aspects are relevant. It is the strength of RD policy that different aspects can be addressed by complementary and mutually reinforcing measures. The final analytical report could benefit from considering how the different measures and the RDP objectives relate in order to describe possible synergies in providing PGs.
- Some clarification and guidance is required on the concept of spill-over “rural vitality” as a PG. Rural vitality may in fact be considered as a broad objective of the RD policy. It has been acknowledged that rural vitality could be a very broad concept based on the capacity of rural areas to function and to be viable from the economic and social/cultural point of view, and the elements of rural vitality that can be measured are generally not PGs.
- Other critical elements in securing the provision of PGs are not easily addressed, for example how to ensure that: a) uptake is not only by the “more advanced” farmers and not just of the least demanding measures; b) both collective and individual approaches to the implementation of the RDP measures are possible in order to ensure an effective delivery of PGs at a landscape or local scale, across multiple farm units.
- It was recognised that the modifications of the RDPs following the Health Check of the Common Agricultural Policy and the adoption of the European Economic Recovery Package were not considered in the analysis, and this should be clearly mentioned in the revision of the report.
- The Chairman made a strong plea to members to provide in the form of a 2-3 pages fact sheet, for inclusion in the report:
  - i. examples (short case studies) of the spill-over effects of measures on rural vitality;
  - ii. other interesting examples of the delivery of PGs in the context of rural areas.

**5. Presentation of regional best practices examples**

Simone Schiller (IFLS) and Clunie Keenleyside (CP expert) illustrated two different regional examples (for Baden-Württemberg, DE and Auvergne, FR respectively) about how the issue of the provision of PGs is being addressed in the EU Member States and what public goods provided through agriculture are considered to be in these regional contexts (*see presentations attached for more details*). The examples presented gave also an instructive insight how spill-over effects of public goods provision on rural activities can work in practice.

The first presentation illustrated the main measures implemented under the German RDP with respect to the delivery of PGs, and the wider environmental targets they are aimed at (reversing biodiversity decline, maintenance of HNV farming and forestry areas, improvement of water quality). Actions under measures 214 (agri-environment) and 323 (rural heritage) were described, which have an important share of public expenditure. Agricultural land management supporting the maintenance of landscape amenities and the preservation of the rural environment contributes to the potential for tourism and using regional identity as an ingredient in marketing schemes for regional products. .

The second presentation (delivered on behalf of Yann Desjeux) also demonstrated such spill-over effects and illustrated the case of the Auvergne region (85% of municipalities classified as LFAs, 75% of UAA devoted to livestock production) where the extensive sheep and dairy farming makes a significant contribution to the provision of PGs (maintenance of biodiversity, cultural landscape,

animal welfare and others). In this context, three examples (shepherding and high altitude grazing, extensive dairy farming, production of quality products) illustrated the connection of the main farming practices in the region with the provision of such PGs.

## **6. Scheme design and implementation for the successful delivery of public goods**

Clunie Keenleyside provided a basis for discussion by highlighting the main issues and needs concerning the design and the implementation of the RDP measures for effective delivery of PGs. The key elements that emerged from the presentation (*see attached*) were mainly related to:

- a) the process of building capacity (including institutional capacity) in order to take account of PG delivery in the design of policies and schemes, to ensure adequate involvement of the stakeholders through advice and information and to provide an adequate follow up process of monitoring and evaluation thereby avoiding unnecessary administrative burden;
- b) the effective and efficient targeting of the RDP measures considering: the possible interactions and synergies between them; the secondary benefits they can produce at local level; and the appropriate focus in addressing the provision of PGs ("broad and shallow" measures vs. more focused/targeted actions).

### ***Key points arising from the discussion:***

- The choice between "broad and shallow" measures and more precisely focused ones depends on several factors including: the objectives the measure aims at; the state of undersupply of a specific PG being targeted; and the geographical articulation of environmental issues at stake.
- Following discussion of specific examples of PG and the most appropriate delivery mechanism to provide them (e.g. public policies vs. private initiative), it turned out that the appropriate way of delivery can be identified in function of the degree of publicness (ranging from local to 'regional' to 'European') The degree of public-ness can be related to both the physical characteristics of the issue at stake ('how many different providers are necessary to deliver it?') and to a sense of 'common interest' ('strong interest or 'option values' expressed by non-users'). In this framework PGs such as rural vitality and food security are more difficult to position because they are characterised by different mixes of private and public elements (income, creation of jobs, capacity building, networking, infrastructure, innovation, etc).
- The main elements of the discussion were the conditions under which public payments are required to ensure the provision of PG by farmers/land managers. The definition of a reference level which defines a dividing line between 'respect of compulsory requirements' and 'voluntary delivery of PG' was identified as a pivotal element. Furthermore, it was underlined that agri-environment payments should be based on a full-cost calculation in cases where the counterfactual would be the abandonment of agricultural activity. In order to ensure adequate provision of PGs from agriculture in some new Member States, the definition of a minimum share of the EAFRD budget allocated to environmental PGs was considered crucial..

## **7. Discussion on developing a communication strategy**

To take forward the work of designing and implementing a Communications Strategy for the TWG specifically and public goods more generally, a discussion was opened in order to prompt ideas from the members about aspects such as: what messages to communicate to which audience, how to do it and which instruments to use (events, press activity, materials, timing, expected difficulties, etc). Two parallel sessions took place for this purpose, and the main outcomes were shared among the members and can be summarised as follows:

- the concept of PG is not easy to define or communicate. The conceptual framework produced by the group is a good starting point but needs to be turned into easy to understand messages for

broader dissemination. Moreover, the terminology of 'PG' itself has been inflated and adopted by different people in different contexts, contributing to a lack of clarity of the term. Nevertheless the term PG was considered to be helpful and emphasis was given to better explaining it in the communication strategy;

- one of the objectives of the communication strategy should be to make stakeholders aware of the benefits that can be obtained through the provision of PGs, why they are important and what is the cost of their delivery;
- in this context it is important to communicate what the RD policy is doing now and to explore possible improvements to be adopted in the future;
- communication should be tailored to different audiences, the farming community being one of the main targets. An efficient communication plan should ensure the provision of interesting practical examples which take into account the different types of farmers and farming systems;
- considering the complexity of the message to be disseminated and the diversity of the audience, the need to utilise differentiated communication channels and tools emerged during the discussion; some specific proposals referred to:
  - i. a possible conference or workshop which would be an effective instrument to raise awareness on the topic especially through the provision of easy/accessible examples, and also through the use of personal testimonials from people on the ground (farmers, rural stakeholders)
  - ii. a short and "user friendly" illustrated publication (brochure) either disseminated through the EN RD website or distributed during events such fairs and other similar occasions taking place in rural areas, and in which the participation of the Network is envisaged.

## **8. Next steps**

The analytical paper (Step 2 report) presented at the meeting, will be finalised taking in account the main issues raised during the discussion. For this purpose members were invited to submit any further comments they may have on the document.

In approaching the next stages of the work plan (analysis of the social and economical spill-over effects) a more comprehensive analysis of spill-over effects is envisaged by means of relevant example/case studies. To achieve this, members were invited to provide national/regional evidences of such secondary effects by sharing examples in form of fact-sheets. (max 2-3 pages, format to be defined) that will be summarised and integrated in the final report, which will be presented at the next meeting of the group provisionally scheduled for 08/06/2010.

Such examples of spill-over effects should illustrate the production of social and economic benefits at local level connected to the delivery of PGs. These might be positive effects on economic interests, private activities or, more generally, secondary effects that stimulate and enrich the economic and cultural life of rural communities (e.g. enhancing tourism activities, selling of primary products for local brands, supporting quality productions, etc.).

From the communications perspective, a draft outline of a communication strategy is to be prepared and a 10 pages booklet/brochure to be used as a communication tool will be made available for discussion at the next TWG3 meeting. Members are invited to promote and circulate similar published material already available in their own countries in order to provide useful examples of effective communication media.

Finally, members of the TWG3 were reminded of the next events envisaged in order to stimulate cross-fertilisation between the work of the different TWGs operating within the EN RD: a) the next joint TWGs meeting which will take place on the 23/03/10 and; b) the joint workshop with the TWGs and the CC members on the 01/06/10 (both meetings to take place in Brussels).