

# Delivery of Environmental Public Goods through Agriculture

## - Framework and Tools -

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## Challenges and Opportunities



Habitats Biodiversity

Cultural Landscape



Food Supply



Climate

Biomass



Rural Vitality

Economic Viability



Resource-management



## What are the Characteristics of "Public Goods"?

- The specificity of public goods is based on two defining **characteristics**:
  - **Non-rivalry** – if the good is consumed by one person it does not reduce the benefit available to others.
  - **Non-excludability** – if the good is available to one person, others cannot be excluded from the benefits it confers



## How to meet Society's Needs?

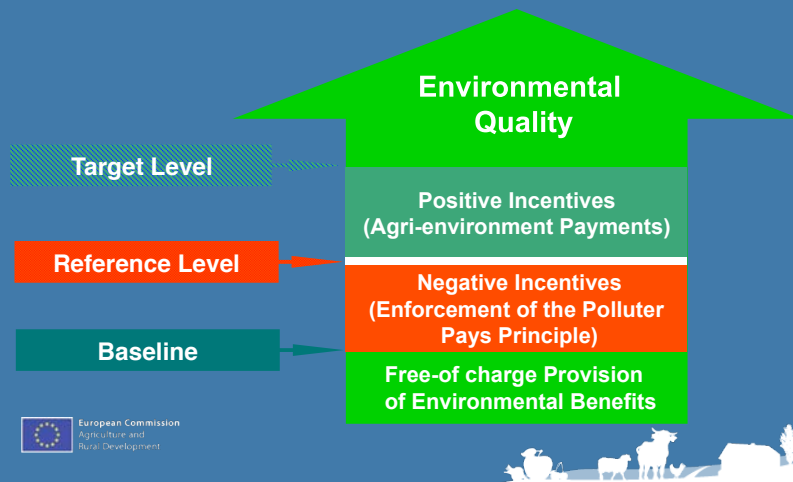
Markets are effective co-ordination mechanisms ensuring that supply matches demand. However markets do not deliver all matters of societal interest!

The concept of **Public Goods** provides a long-established approach (Samuelson 1954) for dealing with today's questions:

- Why do we need **policy intervention**?
- Which societal needs would not be satisfied through **markets**?
- Which **CAP measures** encourage effectively the provision of public goods through agriculture?



## Provision of Environmental Benefits Versus Avoiding Harmful Effects



## Overview on Current CAP Measures Addressing the Provision of "Public Goods"

- **Direct payments** in combination with **cross-compliance** contribute to the provision of basic public goods
- **Safety-net intervention** provides additional income stability, contributing to securing the production base
- **Quality policy** ensures standards and informs consumers about product characteristics and farming attributes
- Targeted **rural development** payments incentivise the provision of public goods (environment, climate change, cultural heritage, etc.)
- Investments into **physical and human capital** and **capacity building** promote competitiveness and rural viability.

## Encouraging the Provision of Environmental Public Goods through an Integrated Approach



- Targeted agri-environment measures:**
- No fertilizer and pesticides
  - Extensive livestock management
  - Maintenance of high nature value farming
  - Integrated and organic production
  - Conversion of arable land to grassland
  - Preservation of grasslands
  - Support for rare crops and livestock breeds

## Governing the Provision of Public Goods through Agriculture

- Ensuring consistency of the policy framework
- Setting SMART targets (specific, measurable, accepted, relevant, time-bound)
- Enhancing effectiveness and efficiency of measures
- Ensuring transparency and simplicity of intervention
- Effective monitoring and evaluation.
- Securing sufficient budgetary resources.