



Delivery of Public Goods through Agriculture *- Framework and Tools -*

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Challenges and Opportunities



**Habitats
Biodiversity**

**Cultural
Landscape**



Food Supply



Climate



Biomass



**Economic
Viability**



**Rural
Vitality**

**Resource-
management**



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



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Which are the Characteristics of “Public Goods”?

- A **public good** is the outcome of deliberate action that would not be provided satisfactorily via markets
- 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



Which economic coordination mechanism for which needs?

Markets



**Price
Mechanism**

**Common
Action**



**Face-to-Face
Decisions**

Public Policy



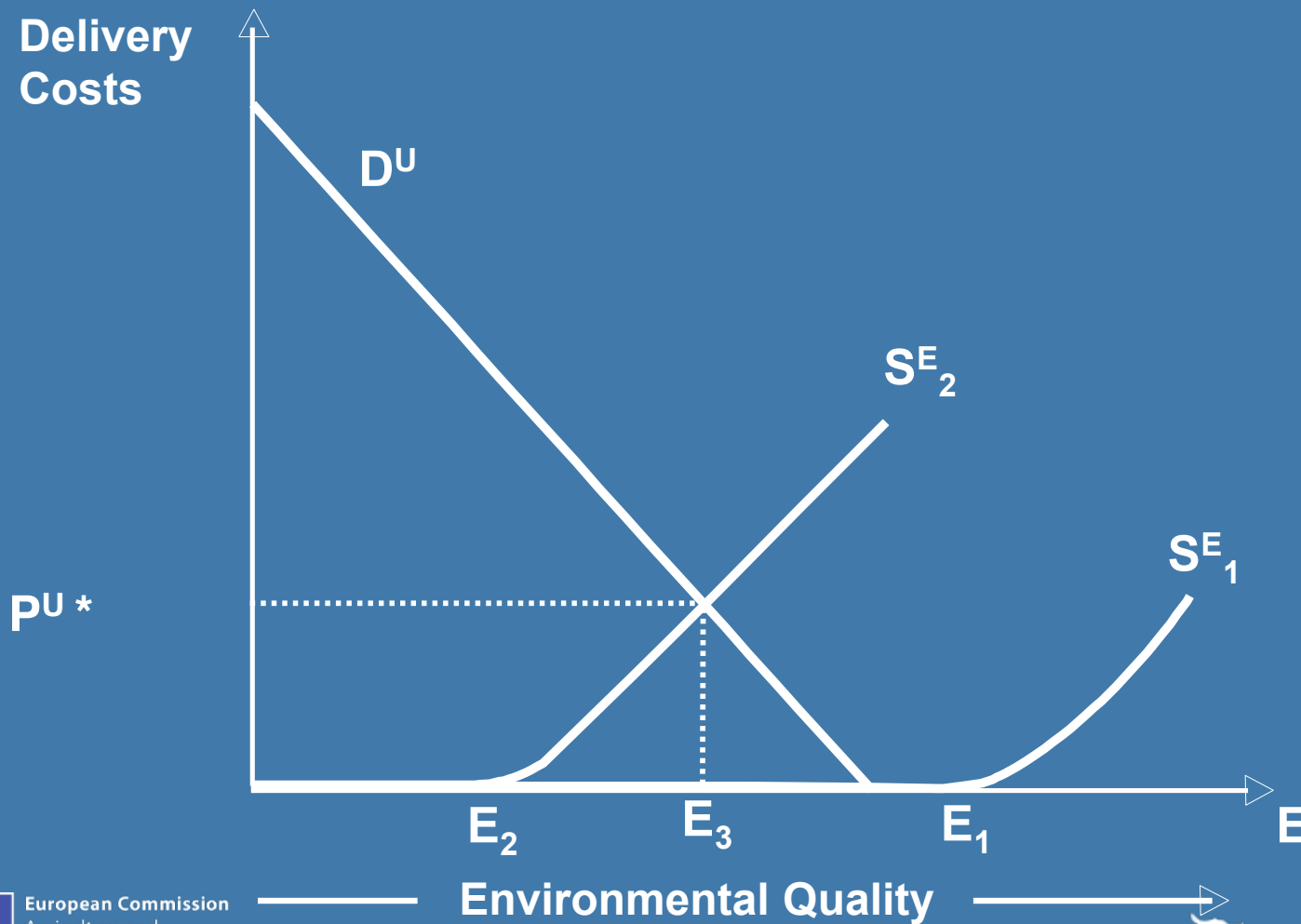
**Targeted Policy
Measures**

“Degree of Publicness” determined by bio-physical characteristics

- Additional criteria:**
- Common interest (non-user values)
 - Financial solidarity
 - Ensuring a level playing field



Provision of Environmental Public Goods on the Basis of Cost Incurred and Income forgone



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Environmental Quality



Multi-criteria Analysis and Impact Assessment

1. Establishing criteria and indicators based on expert knowledge

2. Setting of targets against baselines reflecting SWOT Analysis

3. Assessment of alternative instruments (ex-ante evaluation)

Budgetary constraints

SWOT-Analysis

Base-lines

Matrix of competing needs

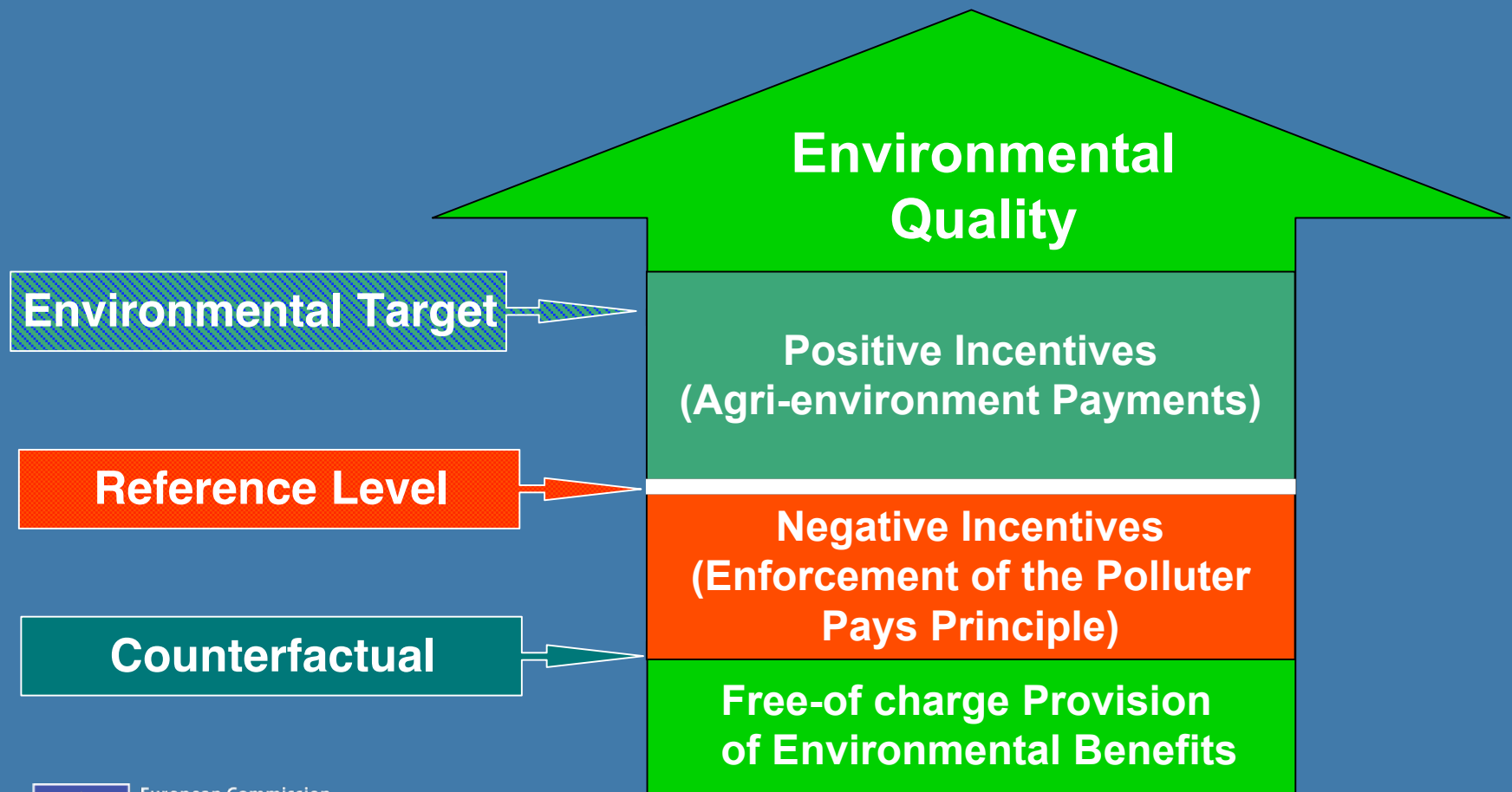
Hierarchy of objectives



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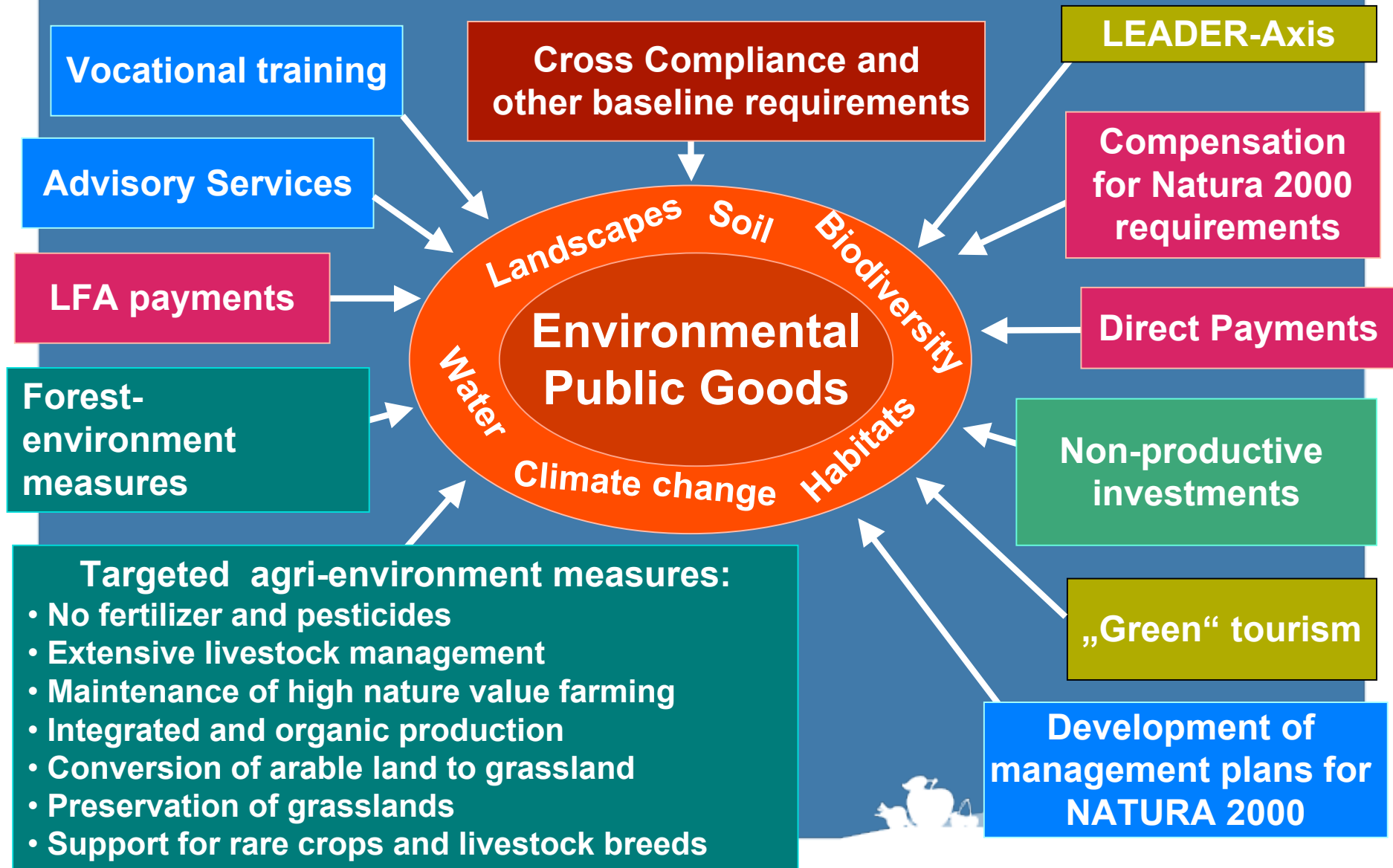
Provision of Environmental Benefits Versus Avoiding Harmful Effects



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Integrated Targeting: Encouraging the Provision of Environmental Public Goods



The CAP after 2013 - key questions

 Why do we need a Common Agriculture Policy?

 What are society's objectives for agriculture in all its diversity?

 Why should we reform the current CAP and how can we make it meet society's expectations?

 What tools do we need for tomorrow's CAP?

