MERLIN

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WP4: Transformation

Short Report of the Agriculture Sector Roundtable, 2023

The H2020 MERLIN roundtables aim to build a community of practice linking the economic sector representatives with MERLIN scientific and implementation partners. Following the interviews with sectoral experts and the Sector Briefing, a roundtable was held on 15 June, 2023. This report captures the main discussion points of the event - the findings will contribute to the second roundtable to be held in 2024, and subsequent policy briefings and sector strategies.

What we did

The Agriculture Sector Roundtable brought together 23 experts from private, non-governmental and public organisations across Europe. The event aimed to better understand how MERLIN and the sector could collaborate in NbS implementation and upscaling. In the Sector Briefing, eight cooperation points had been identified, which were dedicated to help the sector contribute to the EU's net zero emissions target.

During the roundtable, three NbS examples were presented. Each example was related to a specific spatial level: on-farm, micro-catchment and river restoration level. The examples were followed by a presentation of MERLIN's main findings on how the CAP includes NbS, and a panel discussion with three experts about three different topics - the CAP, value chains and green certification. The participants were then divided into two breakout groups and discussed the following questions:

- Who pays for and who benefits from NbS?
- How can CAP help farmers to implement NbS?
- How can the market help?

The Roundtable is part of the knowledge sharing and gathering process in which we co-develop a sector strategy for contributing to the EU Green Deal through NbS.

Themes discussed

The following points are not attributed to a specific participant or author and do not suggest a consensus among the participants.

NbS measures are beneficial for the farmers and for the environment. During the discussion, it was acknowledged that there is an urgent need for a transition to a more sustainable agriculture, where NbS play a key role. These solutions have multiple benefits, while also increasing the resilience of farming against climate change mitigation and adaptation. It is important to be clear about what NbS are, as better farming practices or nature restoration alone are not necessarily fulfilling the term – NbS benefits nature while solving societal challenges through working with nature. However, NbS may come into conflict not only with outdated policies but also with old-fashioned notions and perspectives in the media. It is therefore crucial to highlight its benefits to the agriculture sector and to the society with good examples and data.

NbS benefits should be clear for the farmers

Regaining space for restoration is challenging. NbS in many cases imply loss of arable land surface**.** Restoring natural forests, floodplains or wetlands often requires the involvement of farmlands, which entails extensive negotiations with farmers. It is crucial that trust is built with them and to gain a thorough understanding of their agricultural practices and activities. Land swaps have also been mentioned as a good way forward to overcome these issues.

NbS are not aiming at increasing yields but at production safety and land profitability. Farmers need to understand that the main goal of applying NbS is not to increase yields , but will make it more resilient to climate change. Moreover, if a farmer applies a new production system, it can maintain the profitability level of the land as well. The advantage of developing climate resilience - actual costs to lower future production risks instead of an immediate shift in profit - should be made clear. NbS can also improve soil quality.

NbS are known, but not yet mainstream amongst farmers. Farmers' associations already do some restoration work, but not specifically NbS. They need data and targeted advice to engage in these activities – showcasing the benefits of NbS would be helpful.

The scale of NbS interventions should be at micro catchment level. Such cooperation of farmers and municipalities is not yet common in Europe, and the benefits are more complex to prove.

Good practical examples and consultancy can be convincing. Practical examples of NbS that can be showcased to farmers could help them adapt such measures. Providing consultancy, training and technical advice is of importance in the process. DG Agri aims to facilitate the involvement of farmers through advisory groups, which are tools to help with outreach and networking.

NbS increases soil quality and water storage. Organic farming and agroecological practices imply lower contamination from pesticides and fertilisers, which ameliorates soils, increasing infiltration and water storage. Grasslands can improve soil fertility and water storage capacity, and can act as carbon sinks, are compatible with floods, and the multiple benefits of these systems can outweigh the emissions from extensive grazing. The Farm to Fork strategy also promotes strips of grassland, riparian woodlands and organic arable farming.

Ecological buffer zones are key for NbS. To follow an NbS approach, set aside areas and buffer zones should be planted with native species, to ensure contribution to biodiversity. These buffer zones could be used for extensive grazing – some MERLIN case studies are also promoting extensive grazing on seasonal floodplains.

NbS should be embedded in value chains

Sustainability recedes into the background in favour of livelihood. Even though consumers care about the environment and sustainability, due to the current economic situation and higher living costs, they are more sensitive to prices. Therefore, the main drivers for a sustainable change are NGOs, retailers and investors nowadays. For large retailer companies, it remains a challenge to stay profitable and to encourage customers to shop in a sustainable way.

Local or regional direct commercialisation can play an increasingly important role. NbS increases the possibility of high value production, because for example, it can contribute to production security. However, it was noted that local is not always environmentally sustainable. Moreover, in the case of commodity crops (grains, corn, oilseeds, etc.) it is difficult to identify locality ("the farmer") in a food product. This intensive crop production is responsible for most of the environmental impact of agriculture. It is a challenge to consider and track all the data for a company with multiple suppliers in multiple countries across the world.

But it needs to be recognised that we don't have to measure all of it, and using good practice can be a proxy for measurement.

NbS standards and certification could be beneficial in arable crops and livestock. Ecolabelling can also help embed NbS in the supply chain, while making it understood by the public. A new perspective is needed to create new market values so that farmers get private incentives for NbS, and products made through NbS can be competitive.

The CAP has good potential for NbS but could be improved

The CAP is providing a flexible toolbox. Some of its parts have a good potential to mainstream and upscale NbS, and this potential could even be further expanded. However, a lot depends on Member States' programming and implementation, and there is a significant flexibility on how they use these tools.

Soil management and compensation are among the beneficial tools. The new CAP improved soil management initiatives on farms, as half of agroschemes money and agro-environmental interventions are dedicated to support better soil management. The payment to compensate for the implementation of the Water Framework and Biodiversity Directives is also considered as a beneficial tool. The compensation for restrictions stemming from water retention measures (conversion of arable land to floodplain) is not much used by the Member States, this potential should be exploited more.

In the Dutch CAP plan, large scale cooperation is included. The new CAP plan in the Netherlands stands as a good example, as it includes large-scale cooperation measures for wetland restoration and management, alongside non-productive investments.

In some cases, the CAP is not promoting but putting obstacles to NbS. For example, most funds on Pillar 1 are area based payments and not for public services. Public goods, such as soil, water, climate protection and biodiversity are not well supported in the current CAP – payments are area-based. More activity is needed in terms of cooperation between farmers at landscape or sub-catchment level.

The flexibility makes the CAP harder to apply. The CAP should be easier and less bureaucratic for farmers to apply for good environmental subsidies - the complexity to access CAP subsidies should be lowered. The role of intermediaries would be crucial – they can promote the cooperation of farmers at catchment scale, while easing farmers' access to grants.

NbS expertise is a bottleneck, private money could be attracted

There is often a lack of special expertise about NbS. Most NbS projects need special, but there is often a lack of consultants who must be involved to apply for the funds and develop the project specification. And even though Nbs can be cheaper than normal measures, the special knowledge is more expensive in the implementation. This will be transformed, because the more is known about NbS, the easier (and cheaper) it will be to implement them.

Funding can be provided specifically for training. Landcare Europe is a good example for providing free training through a network of several organisations. Some of their funding is covered by the EU (DG ENV), and more such groups should be incentivised through the new CAP.

Increasing the payment based on results of ecosystem services can help mainstream NbS. This can also promote collective action among farmers. However, this is a complex domain, as the benefits of NbS are not always easy to measure, because they are also influenced by the context (e.g. other farms or users, weather conditions).

The benefits of NbS are not just for the private farmers. They are considered as public good, given that they benefit the local community, economy and environment as well. It is very difficult to coordinate collective payment among private stakeholders, therefore, the public sector could have a facilitating role to find private finance in order to achieve NbS on scale.

Main conclusions

- → Clarity is needed on what NbS is and is not.
- → Inspiring examples on the ground (pilots) are needed for farmers at the three different scales that MERLIN is proposing (farm, micro-catchment, landscape/catchment).
- → Since farmers handle their own companies, they need evidence that the NbS measures will work in terms of farming business.
- → The CAP currently provides many tools to implement NbS, but these also depend on the willingness of Member States to design and promote NbS aligned measures. In some cases, current CAP measures

impede the implementation of NbS measures; their take up is not yet good by farmers, as CAP payments are often complex to request.

- The CAP can still improve to better ease NbS and their benefits to farmers, providing public money for public goods.
- There is no single solution or tool for mainstreaming NbS: subsidies and markets (through NbS certification) are key, but need to be complemented with assistance to farmers (both in NbS design and in applying innovative CAP tools, eg. on collective action)
- Awareness-raising to European citizens on the value of nature and NbS approaches is needed, research and finding financing for the new measures to be implemented should be increased.
- The academic (research) sector should also be involved through targeted research programmes to help provide science-based evidence on the applicability of alternative agricultural production systems working with NbS, while helping to find new alternatives.

What could MERLIN do?

The low hanging fruits for MERLIN tackle include:

- Find and promote pilot cases.
- Define the relations of NbS in-river restoration and agriculture, and define NbS in agriculture.
- Identify the effective and ineffective measures in CAP and try proposing new measures.

Next steps

- Obtain feedback from roundtable participants.
- Share findings from the roundtable with other parts of the MERLIN project.
- Begin plans for the Agriculture Sector Strategy.
- Hold the final roundtable in 2024 to discuss the sector strategy.
- Hold the cross-sector roundtable.
- Consider and provide policy recommendations.

Please let us know if you have any comments or clarifications to add to this report. Please address your comments to ehernandez@wwf.es or geza.gelencser@wwf.hu