



**SARD-M seminar  
Vienna 19-20 May 2009  
How to best remunerate mountain rural people for their provision of positive externalities?  
Lessons from different cases studies throughout Europe and relevance for mountain regions of South-East Europe and the Carpathians**

**Report by Euromontana**

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Attachments:

- programme
- list of participants

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The seminar was organised with objectives to:

- present the results from the March 2009 report and exchange with people who actually implemented RPE schemes in the case study areas,
- recall the context of RPE schemes in South-East Europe and the Carpathians, based on the Carpathian Convention's and BFSD's previous work,
- discuss the potential interest for South-East Europe and Carpathians areas in dedicated workshops,
- assess relevance of the different schemes for future developments in the mountain regions, inclusively remuneration of positive externalities and pilot projects for the following phase of the SARD-M project.

Assembling a little over 30 participants at the UNEP Vienna International centre, it was a great success and a good occasion to address, at the right time, with key experts, policy issues that are of increasing interest for policy-making at the European level. The issue of whether the common agricultural policy payments should be targeted more closely to

provision of public goods was indeed quoted as a major question for the debate on the post-2013 CAP, both by Mariann Fischer Boel on the occasion of her speech “The voice of the mountains” in Bavaria representation on March 31<sup>st</sup> and at her introductory speech at the Council of ministers of agriculture in Brno on June 2<sup>nd</sup>.

The seminar was a very useful complement to the work done on the report in the months before and a necessary step to really discuss the issue of public goods and positive externalities with participants from South-East Europe countries and from Carpathians.

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## I Executive summary

The seminar confirmed that mountain agriculture<sup>1</sup> as well as handicrafts are very important to the society at large, although the recognition of the value of public goods varies from one country to another.

This value is for example well recognised in Austria, where mountains cover a majority of the territory and where authorities are aware of the value of cultural landscapes and cultural foods to residents and tourists. There, the most valuable positive externalities are clearly related to small-scale, family operated structures where farmers are part-timers and have to integrate agricultural and non-agricultural activities. Their specific advantage lies not in their efficiency, but in the environmental and cultural assets related to their activity.

On the other side, the value of public goods still has to be promoted in the new EU member states and even more in non-EU countries at the level of authorities as well as at the level of communities. There, the main concerns regarding agriculture is more development as such, improving economic efficiency of agriculture and marketing of its products, and stopping the rural exodus, than a concern for public goods.

The question of sustainable development of mountain areas combining economic, environmental and social interests is particularly accurate in the part of Europe that was targeted by the seminar: Carpathian mountain regions and South East Europe / Balkans. Participants discussed a lot how to design, implement and monitor policies that will allow the development of economic activities and bring added value to mountain communities without creating dependency of farmers to rural development measures that would restrain their creativity, and without harming the environment or even better taking advantage of the environmental and cultural resources already present. In other words “how to preserve and develop positive externalities by better remunerating them”?

Several ways ahead were discussed: remunerating by integrating the value of public goods in market goods and remunerating by encouraging, through specific measures and contracts, linked or not to public policies, farmers and mountain communities to preserve and take advantage of their rich environment and culture. If rural development measures are seen as the major tool for remunerating positive externalities in the European Union, where the CAP provides funding for targeted measures like support to less favoured areas and agri-environmental measures, participants from Balkans and Carpathians considered that they were one possibility only, with advantages and drawbacks, and that market approaches needed greater attention. Indeed, market approaches to remuneration of positive externalities are seen as more long-term and creating less dependency.

Several general and important points were made during the introductory session:

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<sup>1</sup> The term “agriculture” is used to include the production of crops, livestock, fish and forest products, and the term ‘farmer’ to include all producers of agricultural products.

*Alexia, je propose de reprendre la définition en usage à la FAO*

- there is a spectrum of different goods with an “increasing degree of publicness” and, depending on the degree of publicness, different private or public action can or must be taken to secure the provision of these goods,
- Farming and mountain activities produce a mix of negative and positive externalities. Public intervention has to find a way to adopt separate actions for these two different situations: rewarding positive externalities, sanctioning negative externalities (polluter-pays principle). Regarding environment, this can be done – and is done at present in the CAP - by defining a “reference level” of environmental impact.
- public intervention is not likely to pay for every benefit to society but only for public goods which provision might be endangered.
- questions that are the most important for the policy-making process:
  - o measuring public goods production and demand,
  - o defining rules for rewarding payments that will be coherent with the social value of the goods and that will be WTO-compatible, i.e. trade non distortive.
  - o defining schemes which transaction costs will not be so high that the efficiency of the system would be questionable.

### **Situation of RPE Schemes in Balkans and Carpathians**

The workshops showed clearly a lack of policy development in that area with **great variations between countries** (see the workshops reports and previous PIP assessments under SARD-M).

In non-UE countries, policies or legal instruments for RPE do not exist yet although rural development programmes are being developed in some countries. Stakeholders groups are strong in some countries and local branding is also an important way ahead for development but regarding payment of environmental services, nothing really exists. It was suggested that work should be conducted in order to push the authorities to define and introduce such instruments.

**In EU countries, RPE schemes are available thanks to the Common agricultural policy** and especially rural development measures. This gives opportunities for farmers but some countries are still facing implementation problems (with again variations between countries). The following problems can be encountered, not necessary all at the same time or place: lack of participation of stakeholders, too much centralisation of decisions, lack of coordination, need to build-up administration capacity to deal with policy design and with issues related to distribution of the funds. It was also said that long-term commitment was still lacking from Rural development agencies, that criteria for selection of projects varied too much. Overall, participants consider that PIP in their areas do not offer a good frame for development of RPE schemes. Finally the risk of creating dependency by encouraging farmers to optimise subsidies instead of encouraging them to look for long-term market solutions was pointed out. In other words, the relevance of current CAP measures was questioned.

Some **branding and labelling initiatives have been developed**, with private brands or official signs.

It was finally highlighted that farmers themselves are not yet ready enough to develop such schemes and receptive to what is offered to them. First, in some countries, farmers are too few and farmers groups do not exist so organising collective initiatives is difficult. Communities are very fragmented. Then, very often, farmers are not interested in rural development measures for administrative and control reasons.

### **Conclusions on market approaches**

Regarding remuneration of positive externalities through markets and adding value to mountain products, food mainly but also handicrafts and even services (accommodation, restaurants, all tourism services connected to cultural heritage and landscape beauty) the following conclusions were made in general for policy-making:

- there seem to be an **increasing demand in society for regional products**, for local products, that might result from a countermovement to globalisation: this demand is a clear opportunity for mountain communities that has to be taken
- **traditional foods produced in mountain areas can be considered as valuable heritage which protection should be sought**: Austria has developed an Austrian register for traditional foods which has been recognised by the world property rights organisation. Poland representatives indicated that the majority of Polands traditional food products came from mountain areas although these mountains are only a small part of the territory
- mountain stakeholders should **launch studies on the value of cultural heritage to the European society**, showing how cultural heritage is an important externality of mountain areas activities
- **protection of mountain products through a well defined mountain term as proposed by the European commission is to be strongly encouraged** and could also be declined at massif level
- **implementation of hygiene regulations seems to be stricter in some countries than in others**. It has to be recalled that the EU hygiene regulations include possibilities for derogation for traditional products and that these derogations must be used by member states to ensure preservation of their traditional products, especially mountain products. This requires training and exchange of good practices at authorities level, and exchanges among mountain stakeholders to show that it is possible to obtain some derogations under some conditions.

Other conclusions were derived from discussion on the case studies and on future projects of participants:

- **success of RPE schemes based on quality products depends highly on market opportunities** ie on proximity of towns or centers with consumers who are wealthy enough to be interested in such products and to be able to pay for them
- **specificity, local identity and relation to preservation of landscapes, local communities and traditional know-how seem to be a good way ahead to ensure differentiation of products on competitive markets**.

- (Protected Denominations of Origin, Geographical Indications) Simple classification as organic opens market opportunities but the organic market is now very large and not so much “locally” differentiated. Competition on the organic market is therefore quite hard and mountain supply chains can be unable to compete.
- When constructing a project of valorisation of local products, **stakeholders need to think not only about production and labelling but about the whole supply chain from farm to fork**, including the transport and retailing, which can be sometimes hard to access. A market study is an important starting point. They need to think also about the transaction costs related to certification and labelling: these have to be reasonable enough.
  - **Constraints in the specifications of the products need to be thought thoroughly to make sure they are not an impediment to the development of the product.** Combining very strict localisation, environmental, cultural and marketing standards all at the same time can reduce chances of success. There again, one needs to think about the whole supply chain, about the market opportunities and about structural costs: there need to be a sufficient volume of products to ensure marketing will be efficient. This depends on the kind of product and the kind of marketing that is wanted of course.

### **Conclusions on policies design, implementation and monitoring**

The main points that were made were:

- Often **the goals are not clear**, when this should be the starting point of policy-making: what do we want to achieve? Keeping communities in mountain areas could be a common goal.
- In many countries, especially in the western Balkans, **stabilising the sector is still the first priority**, which means funding must not be targeted only to environment but investment and help to developing quality supply chains is also very important: keeping people in mountain areas is the first goal.

POLICIES:

- There is a need to look not only at **monetary support but also at non-monetary and in-kind support**, like conceptual and intellectual support, like information and communication, but also like tax benefits, concession to land, to public pastures, helping developing genetic material (conservation and improvement of local breeds), or providing room and facilities to NGOs within the local authorities building: this can improve communication and relationship in the interest of all.
- In some cases, **only little rural development money is actually getting to farmers**, either because farmers are not supported to subscribe the measures, or because they are too small, or because rules forbid their access to funding.
- Farmers **should be encouraged to subscribe to agri-environmental measures** and, when they do, they should **be encouraged to think about how this could bring added value to their products** as well.

- Rural development policies **must not implement criteria that forbid access of small farmers** to the most important measures.
- To increase response from farmers, **the way the measure is going to be presented and “marketed” towards the final beneficiaries must be thought of from the beginning.**
- **Policies must encourage and facilitate creativity and innovation** and not reduce them by installing farmers in a situation of dependency.
- **Governments should be encouraged to foster local action and participation.** In that respect, the fact the EU requires participation of stakeholders is a very good thing that must be kept in future policies: it forces governments to cooperate with stakeholders.

#### PROCESSES:

- **Policies in general are too fragmented and suffer from a narrow sectoral approach.** Within the rural development policies, the different axes are considered nearly independently: Agri-environmental measures are designed independently from investment measures and independently from economic diversification when in fact they should all be related.
- The question of non-commodity outputs will become a major issue for rural development and will **require the development of a cross-sectoral broad approach.**
- There is **not enough coordination between rural development policies and environmental policies.**
- coordination is needed not only at the level of ministries who design the policies but also among private actors who are active in using the measures.
- Coordination among different actors must be installed at a very early stage, with concrete solutions such as **creation of common working parties** to achieve a common goal.

#### INSTITUTIONS

- funding is important but giving people **ideas of how to use the funding is even more crucial.** In that respect, leadership and presence of active local groups is very important. If these cannot take the initiative because they are too weak or need capacity building, Biosphere reserves, parks administrations or even without protection of the environment local institutions or networks of advisors should play a decisive role and be one step forward with ideas.

#### RPE IMPLEMENTING

- To develop RPE schemes, one must be clear about the **exact timing of the action and have the whole sequence of action in mind** from the very beginning: how will the measure be implemented? How will we assess its impact? Do we have the baseline data for this assessment? What indicators do we need?
- **Monitoring and evaluation in particular have to be thought of at an early stage.** We need good indicators, simple but telling, and socio-economic parameters.
- **Monitoring must include qualitative assessment as well as quantitative.**

- **transaction costs are important elements to consider:** who is going to do what in the implementation of the scheme? Who is going to distribute the payment? Who is going to control? Finally communication is very important between stakeholders who must express their needs and authorities who allocate the funds.
- **Training is very important in the broad sense, for public actors as well as for private actors, not only on technical action but on all aspects.**
- The local level is very important and should be targeted: agricultural service cooperatives and similar types of actors
- Farmers must be trained on the impact of their businesses on environment
- joint training for local, regional and national actors should be recommended, interconnecting different stakeholders , supporting partnerships
- ad hoc seminars and training programs, should be completed by long-term advisory work with farmers, landowners, local authorities, etc., which assists these target groups to understand goals of policies, the sense of measures and restrictions, to attract them to non-profit topics, to make them interested, being involved

### **Recommendations for future SARD-M work:**

Participants recommended to work on:

- relations between policy level and territorial aspects
- preparing suggestions for the upcoming debate on the future CAP policy (for the period after 2013): how to capture CAP budget towards public goods, strengthening linkages between agriculture, social and environment components, land abandonment and its context, consequences and possible policy reactions
- EU accession process will keep an eye on policy level: other efficient levels for local action might be under the risk of being overlooked.
- Reflecting to ways of engaging small farmers, subsistent farmers, into the system
- studies of practical examples of ecosystem services. Based on lessons learned from this and other studies: designing simple measures for practice like e.g. ways of sheep production (setting few management production patterns), usable in general
- renewable sources of energy: How to reconcile them with positive externalities?
- Public –private partnership (parks, work with local people/enhance knowledge).
- Cross border management/cooperation, networking.

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## II Introduction and opening session

### *Introduction*

a) **Harald Egerer, Head of Vienna Interim secretariat for the Carpathian Convention**, opened the seminar welcoming all participants at UNEP premises in Vienna, a symbolic place for exchanging views between mountains of Europe. He welcomed the fact that all mountains now share the same objective of a sustainable development with its cultural, environmental and economic dimensions. He then presented current initiatives being carried out in the Carpathian area, all coherent with the fully integrated regional strategy for Carpathian mountains that has been adopted after a thorough analysis. He finally introduced the issue of positive externalities explaining that both Alps and Carpathians are young mountain ranges, mineral, both difficult and hard to access. Positive externalities can therefore be a great opportunity to bring added value to these mountains and, if the Alps have been so far in a better position to benefit from positive externalities, concrete actions are now being implemented to balance the situation. He took this opportunity to invite all participants to the meeting of the Carpathian Research initiative in Bratislava on the 9<sup>th</sup> of June and to the 2<sup>nd</sup> sub-regional meeting on “Transboundary cooperation of mountain protected areas in South Eastern Europe: Towards the Dinaric Arc and Balkan network of mountain protected areas”, programmed on 16-17<sup>th</sup> of June 2009 in Podgorica, Montenegro.

b) Presentation of SARD-M

Jean Gault presented the SARD-M project, its history, its goals and the achievements of the project on the different continents. This allowed the participants to better understand the meaning of the work going in Europe in relation with the global project: the Steering Committee and the Adelboden Group identified in 2007 4 key issues for the future, among them “Valorisation of positive externalities, such as environmental externalities”. This seminar aims at promoting the remuneration of these positive externalities among Central European Countries.

All slides are available on Euromontana and SARD-M website.

On insèrera un lien avec SARD-M et avec Euromontana.

c) The floor was then given to **Dr Erhard Hoebaus**, who presented, on behalf of the Austrian Ministry of Agriculture, Forestry, Environment and Water management a political perspective on the importance of the provision of positive externalities for the European society.

He started by illustrating how important mountain agriculture and forestry are to European society by quoting key figures regarding the high proportion of farms and utilized agricultural area situated in mountains, in Europe and even more in Austria. He stressed that mountain areas are more than 50% of the territory in 5 member states and, in Austria, **mountains are permanent home to 36% of the population and place for recreation for millions of tourists. The fact these people can enjoy a “relatively low pollution and largely intact farmed landscape” is very important.**

He also recalled that **mountain agriculture is characterized by small-scale, family operated structures where farmers are part-timers** and have to integrate agricultural and non-agricultural activities. These structural characteristics explain to a great extent why positive externalities are so important for mountain areas: agriculture and forestry there are less capable to compete on mass markets and, at the same time, the environmental and cultural qualities resulting from activities conducted in these conditions have a high competitive advantage.

He then introduced his vision of positive externalities by defining and listing them in accordance with Richard Robinson's paper for the 3<sup>rd</sup> meeting of the Adelboden group (<http://www.fao.org/sard/common/ecg/3007/en/SARDMEexternalitiesPoliciesMarketsEN.pdf>). He explained that positive externalities are important because most of them are public goods, because they are of high value to the European society and because very important proportions of citizens are involved either in producing them or in benefiting from them. As a matter of illustration, he stressed that **mountain area accounts for 90% of overnight tourist stays and economic activities associated with them in Austria**, the multi-functional landscape managed by agricultural and forestry activities being essential to these activities.

He concluded this first part of his speech by mentioning several opportunities for sustainable mountain development linked to positive externalities:

- better **environmental management through payments** for the supply of positive externalities, such as payments for environmental services (PES)
- valorisation of positive externalities to **add value to commodities**
- **Marketing, branding, and labelling** of mountain food, forest products, crafts and tourism
- Maintaining **cultural heritage** and indigenous knowledge
- Maintaining **sustainable communities** by retaining and attracting population because of the high quality of life, based on positive externalities

**Erhard Hoebaus** then focused the second part of his speech on cultural heritage and indigenous knowledge in relation to foods and on branding and labelling of mountain foods. He explained that **there is an "increased demand in society for regional products"**, that might "result from a countermovement to globalization". Austrian consumers in particular are more and more sensitive to the domestic origin of food products and products from mountain regions are especially esteemed. For him, this is due to the fact consumers link these products with family operated farms and traditional and local processing methods. **Austria has therefore set as a major priority to raise awareness and maintain cultural heritage and indigenous knowledge in mountain regions** in Austria. To this end they have developed two interesting initiatives that could probably be transposed and that are supported within the Austrian programme for rural development:

- an **Austrian register for traditional foods**, that is the first world wide to have been recognized by the World intellectual property organization (WIPO).
- an **operation called "Austrian regions of delight"**, that brings together 113 regions and their products with the aim to strengthen awareness on the food and the inter-related regions with focus on origin as well as traditional knowledge.

Relating to the current debate at EU level on a mountain reserved term, he indicated that **Austria is in favour of a well defined EU "mountain products" term** and that a

reflection on “Alpine product” would be welcome also at European level, the same applying to Carpathian product.

He concluded by encouraging mountain stakeholders to launch studies on the value of cultural heritage to the European society as **“cultural heritage is an important externality of mountain areas”** activities.

## ***Opening session***

Chaired by Frank Gaskell

This session aimed at presenting the results of current parallel research on public goods and positive externalities. Two speakers had been asked to deliver these introductory presentations:

- **David Baldock**, Director of the Institute for European Environmental policy (IEEP), institute which is currently conducting a 10-month study on provision of public goods by agriculture for the European Commission’s DG agriculture and rural development
- **Luka Juvancic**, Dr Assistant professor at the University of Ljubjana, which formed part of the consortium that conducted the “TOP-MARD” project.

As both presentations are available on Euromontana website ([www.euromontana.org](http://www.euromontana.org)), we will give here only a short summary of what the speakers presented.

## ***Rewarding public goods from agriculture: conceptual and policy perspectives***

David Baldock delivered a very useful and detailed presentation of the key concepts of externalities (positive and negative), public goods, and how they are related, showing examples. Regarding public goods more specifically, he went into detail and explained that **there is a spectrum of different goods with an “increasing degree of publicness”** and that, **depending on the degree of publicness, different private or public action can or must be taken to secure the provision of these goods.**

He then presented how we could “identify a rationale for public intervention”, stressing what public policies can do or are likely to focus on. When it comes to providers of externalities, farmers and land managers mostly, it has to be recognised that they produce a mix of negative and positive externalities. Public intervention has to find a way to adopt separate actions for these two different situations. **Regarding environment, this can be done – and is done at present in the CAP - by defining a reference level of environmental impact.** If the agricultural activity produces a more negative impact than the one accepted in the reference level, the farmer has to pay for the costs of his actions to society. If the agricultural activity produces benefits in addition to what is asked in relation with the reference level, the farmer has to be encouraged. David Baldock rightly stressed that **public intervention would not pay for every benefit to society but only for public goods which production might be endangered.**

He then presented different ways or instruments to encourage provision of public goods and opened the debate on the perspectives for the future CAP. It is likely that future payments will focus especially on what has been defined as the new challenges: **biodiversity, climate change, water management, sustainable energy and transition in the dairy sector from quota system to open system**. In that respect, it will be particularly important to look at what mountain agriculture can deliver to face these new challenges. Issues related to **carbon sequestration and biodiversity conservation in relation to different practices of land management will be very strategic**.

He finally opened on questions that are the most important for the policy-making process: **measuring public goods production and demand**, defining rules for rewarding payments that will be coherent with the **social value of the goods** and that will be **WTO-compatible**, and finally defining schemes which **transaction costs** will not be so high that the efficiency of the system would be questionable.

### ***Assistance of modelling tools in design of policies promoting multifunctional agriculture and rural development: the TOP-MARD approach***

The acronym "TOP-MARD" stands for "**Towards a Policy Model of Multifunctional Agriculture and Rural Development**" ([www.topmard.org](http://www.topmard.org)). TOP-MARD is a research project which aimed at creating a "holistic model accommodating various aspects of rural multi-functionality": economic, social and environmental. Luka Juvancic presented how the model had been first conceived, and then adapted to 11 different rural contexts in order to test its relevance. He presented the key principles behind the creation of the model, namely that **i) the performance of a region depends on place-based assets, ii) land-use is the key driver of a region, iii) human behaviour is the key to change in the region, and iv) policies have the capacity to influence either land-use, human behaviour or both**. The model therefore tried to compile, in an innovative way, complicated datasets allowing the modeller to cover as many aspects as possible. Different shocks were then simulated, representing policy decisions or market variations to look at the impact on the regions' performance. Luka Juvancic illustrated with different results obtained on some case studies. The final goal is to bring to decision makers the capacity to evaluate the potential impact of different policy alternatives.

Participants, coming mainly from ministries or NGOs involved in rural development issues were interested in the model and asked whether they could access it and use it as a simulation tool in their own context. Luka Juvancic explained that **the model is meant to be globally mobile** therefore it should be possible to adapt it to any situation. However, only a limited number of researchers are able to adapt the model to a specific case, (adapting assumptions and parameters) and that the adaptation represents several months of work, including the time necessary to assemble all the necessary data.

### **III Presentation of the case studies and recommendations of Euromontana to the Adelboden group**

Session chaired by Frank Gaskell

Richard Robinson presented the case studies that are analysed in the Euromontana report. The slides used for the presentation are available on Euromontana and SARD-M website as well as the report. Therefore it has been chosen to report here only on the discussion and questions from the participants on each case study.

#### ***Rhön: a positive example in the context of reunification of Germany***



Participants wondered why the Rhöngold milk had failed (referring to the fact the dairy factory that had been set-up inside the park had to close). Richard Robinson explained that this is the result of a **complexity of different factors including changing market situations in the dairy sector in general**. Small dairies have been closing in different parts of Europe and Rhöngold was a small dairy. The choice of organic production has brought a comparative advantage at the beginning but then organic production in Germany has become so important that it is not a niche market anymore and that competition is harder for the dairy. Producers from the Rhön area are still producing but their production is collected by a dairy outside the area. As a conclusion of this, participants suggested to **work on the specificity of the product and not only on their organic character, to keep a differentiation on the market and the association to the area and its public goods**.

Other comments regarded land tenure issues in the context of reunification of Germany, as land property rights differed inside the different areas of the Rhön area at the beginning. Participants also stressed that the rural development measures used in the Park are the same than the ones used in Germany in general. They suggested that the **Biosphere reserve or local institutions should play a decisive role in encouraging farmers to apply for these measures even if farmers are reluctant in the first place**.

## ***Cévennes: a national Park with a long history and several schemes interfering***



After presenting the case study, Richard Robinson invited Alexia Rouby to give additional comments. She explained more in details the situation of the “Agneaux de parcours” label, which is an interesting example where **constraints on the scheme have been too strict to allow it to develop**. She also came back on the Mazonot contracts, as one of the oldest initiatives in Europe of contracts for remuneration of environmental services, contracts that are still implemented today and which benefit to a variety of actors and not only farmers. Participants did not have complementary questions.

## ***Entlebuch: a more recent and simple success of bottom-up governance***



After Richard Robinson presentation, Gérard Viatte, as a Swiss citizen produced three comments.

First it must be highlighted that one of the reasons for the success of Entlebuch is its **proximity to the important and wealthy town** of Zurich (one hour drive). It is also close to Bern and to Lucerne, which is another important touristic place. Thanks to these close connections, it has been possible for Entlebuch to attract many tourists.

Another specificity of this case study is the impact of the **Swiss democratic system**. The difficulty is that it requires a lot of complicated and long debate but the advantage is that once the law has passed, through vote, its is widely accepted and recognised. In the case of the law on protection of moorland that is the starting point of the Entlebuch story, there has been a heavy debate on landscape protection, but once the law had passed, support of the population is guaranteed. A new national park has been created in the Jura region of Switzerland lately and there too the debate has been very complicated but it finally went through.

The last comment concerns the branding strategy used in the Entlebuch. It has to be stressed it is a **totally private brand that is recognised only by the market** and the products receive a significant price premium. It means producers can get a good

margin by translating public goods into market goods, again provided consumers which are willing to pay that premium price are accessible.

### ***Triglav: an informative example in the Julian Alps of Slovenia***



Thanks to the presence of Marija Markes, Director of Triglav National Park, an important debate occurred on the case of Triglav. Marija Markes completed Richard Robinson's presentation by comparing the case of Triglav with the other case studies that had been presented before. She came back on the idea of the shock, as shocks are highlighted in the report as something which can provide impulse to start a new project. The shocks that we talk about in the different case studies are very different kinds of shocks. In Rhön and Entlebuch, a new development way was needed. Triglav is closer to Cévennes in the sense that national conservation was the reason why the area was initially protected in 1981. **The aim was to ensure development of mountain communities in a way that would be compatible with protection of nature and protection of landscape.** Shocks then "have the virtue to move people", to give the necessary energy and that's what happened with the earthquake in Triglav. And shocks also bring more funding and with funding it is easier to develop ideas. But there comes the most important point for Marija Markes: **it is as important to provide people with good ideas than to provide them with money.** With the CAP, farmers get more funding but they also **get support to decide what to do with that money.** It is important to bring good ideas on how to use the funds, to explain how they can benefit from it. Otherwise, **farmers are reluctant to go into complicated schemes with a lot of administrative procedures.** Small farmers especially are not the most interested in the rural development schemes. They don't see why they should be targeted. Marija Markes finally stressed that maybe we expect too much of bottom-up approaches and that in the end decision-making always depends on the authorities. She also explained that this decision-making is not working well in the case of Triglav and that the authorities do not make the decisions they should make.

## ***General discussion on the 4 case studies***

General comments of participants were mainly on the absence or the poor implementation in Balkans and Carpathians of the legal instruments and public policies presented in the four case studies.

In non-UE countries, **such policies or legal instruments do not exist at all**. Stakeholders group are strong for some and local branding is also an important way ahead but regarding payment of environmental services, nothing really exists. Vlatko Andonovski from Macedonia suggested that **work should be conducted in order to push the authorities to define and introduce such instruments**. Dragan Stefanovic, from the Serbian ministry of agriculture, reported on their attempt to introduce agri-environmental measures in Serbia in 2005. Farmers were not interested enough in the programme and so **the ministry received only 3 applications**. As a result the budget was decreased afterwards. Serbia is now working on a rural development programme and will try to introduce again agri-environmental measures.

In the other countries, which are mostly new member states implementation is the problem. WWF reported on 3 case studies that have been conducted in the Carpathians, 2 of which were in mountain areas. They noted that **little rural development money was actually getting to farmers**, either because farmers are not supported to subscribe the measures, or because **they are too small**, or because **rules forbid their access to funding**. There was for example a case where areas with forest and grazing land mixed could not be categorised as agricultural land and therefore eligible. Representatives from Poland also explained that they are facing many problems there. **Farmers are too few, and not interested in rural development measures for administrative and control reasons**. There are no farmers groups and therefore organising collective initiatives is difficult. In addition decisions are all made from Warsaw where nobody cares about agriculture in Carpathian areas. Pier Carlo Sandei also enhanced that **long-term commitment is often lacking** in action of rural development agencies in Carpathian states.

As a general comment on the products side, David Baldock highlighted the importance of **local identity** as something really capable of attracting people and consumers. And some participants recalled that the implementation of **hygiene regulations in a restrictive approach** can really be a problem for mountain producers, like for example in Bulgaria.

Finally some participants questioned the choice of protected areas for the case studies presented in the report, considering the presence of a national park or a biosphere reserve is already an asset and that makes the solutions not transposable. Richard Robinson recalled the reasons for that choice as explained in the report, namely that these places were especially interesting because all relevant data that was necessary to assess the situation could be found more easily than in places where no institution is looking regularly at the situation. He also explained that in none of the case studies protection was really a significant factor. **The presence of an institutional support for capacity building was more important** and this could be provided as well by a well organised producer groups or by a local authority. Most schemes for payment of environmental services are part of the rural development policy so they are available in

every place and not only in protected areas. So these 4 protected areas where good examples but the lessons derive from them can easily apply to other initiatives.

### ***Presentation of the recommendations from the SARD-M Euromontana report***

Richard Robinson then presented the section on recommendations regarding the setting-up of schemes for remuneration of positive externalities, as a matter of discussion for the workshops targeted respectively to South-East Europe and to Carpathians. (See report)

## **IV Remunerating positive externalities**

In order to set the scene, BFSF and UNEP presented the results of their work on Policies Instruments and Processes in the South-Eastern Europe area and Carpathian area respectively. The reports and presentations are available at SARD-M website.  
<http://www.fao.org/sard/en/sardm/Communi/620/index.html>

### ***Remunerating positive externalities In South-Eastern Europe***

Chairman: Vlatko Andonovski (BFSF)  
Rapporteur: Alida Vracic (Populari)

#### **1. Context: what conditions for the development of schemes for remunerating positive externalities in Balkan areas?**

Participants highlighted that the Balkan countries seem to be less advanced for this discussion. Action needs to be taken step by step from the very basics:

- defining the situation (state 0): an assessment of the situation is lacking in most countries
- start developing strategy: in most countries there is no strategy regarding what achievements are wanted
- then focus on the impact of the environment: which is one dimension but cannot be the only one addressed when looking at agriculture that still needs to develop and restructure a lot
- making some budgetary multi annual concepts.

They then questioned whether EU policies and the funding they bring would be suitable for these countries. There were some interventions about Slovenia especially explaining that they have been uninteresting uses of rural development money with infrastructure, modernization, etc... The risk to develop dependencies is high. And, in these countries, one needs to guarantee a good proportion of funding goes to development and not only to environmental expenditure.

There is a need to create rural development programmes that are viable and that aim at keeping more people in the area of the agriculture, and at creating more jobs.

- Do policies in these areas presently offer a good frame? If not why?

The situation varies depending on the different countries:

- Macedonia: a programme as been designed but the law that will enforce it is still missing
  - Serbia: there is a draft of strategy and a draft of a National Rural Development Programme, but they have not been officially passed yet.
  - Bosnia-Herzegovina: there is no overall State strategy. There is a strategy made by each entity constituting Bosnia Herzegovina but they are all different and sometimes incompatible. Sectoral analysis is lacking, there is no real data, statistics are not credible nor reliable.
  - Slovenia: as EU country is in a different situation and applies the CAP tools. There is a great level of expenditure, but uncertainty about the outputs. For example, none of organic products are sold out as organic, as the producers are not as interested, scattered. Eligibility criteria are low, so the money is spent, but results are missing. Rural Development programme is existing, they follow it.
- Do implementation capacities or working processes offer a good frame? If not why?

Implementation capacities are not sufficient. In particular there is a need for a lot of training and for an introduction to rural development policies.

- Is it necessary to recommend training/capacity building? From whom? About what subject specifically (labelling of food products, watershed management issues...)?

Capacity building is to be recommended for many stakeholders.

Final recipients would be: Farmers, processors, foresters.

Training would be needed on: the **impact of their business on the environment (whether it is good or not)**! They are not fully aware of the fact they can have a value, they don't foresee the spin offs/perspectives.

There is a need for an advisory focal point (agency), authorised body that provides advise/training. Content of the training could be:

- identify the scope of their work
- make an assessment
- recommendation
- action plan
- EU criteria (sanitary and health standards, example- pathogen bacteria for cheese, that are not allowed in the EU).
- Adding value to products (putting it high on the agenda)

## 2. The state of play of RPE schemes in South-East Europe areas:

- What has been tried?
- In the non EU countries, there are no real schemes.
- Drying plant has been tried in Bosnia.

- Andreja Borec from Slovenia presented three interesting case studies of valorization of products in different contexts (slides available):
  - o **Kozjanski regijski park** (Regional Park Kozjansko) and Kozjanskojabolko(Kozjanskoapple);
  - o Brand name **Babica Jercajn dedek Jaka**;
  - o PGI meat product **Zgornjesavinjski želodec**.

- What projects are envisaged?

There is a need to improve the policy framework in order to develop projects.

### **3. What lessons from the presented case studies by the Report from Richard Robinson for Carpathian/Balkan areas and opinion on the recommendations provided by the report?**

Main lessons:

- SHOCKS have a virtue to encourage change.
- RPE schemes work better when an institution can accompany and provide ideas and capacity building
- Importance of leadership.
- Bottom –up approach is important

### **4. How to structure future developments and pilot projects**

- Public –private partnership (parks, work with local people/enhance knowledge).
- EU accession process will keep an eye on policy level: other efficient levels for local action might be under the risk of being overlooked.
- Identify a product, that has a potential and do a follow up.
- Continuity!!!
- Cross border management/cooperation, networking.

## ***Remunerating positive externalities in the Carpathians***

**Platform of the Carpathian Convention**

**Rapporteur of the workshop: Lenka Vokasová**

**May 19, 2009**

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### **1. Context: what conditions for the development of schemes for remunerating positive externalities in Carpathian areas?**

- **policies**

big differences between the participating countries:

Ukraine: non EU member state; no program in place, only draft of the national program for rural agriculture; high perspective for agri-environmental schemes in the future

Romania: short time after entering the EU, beginning of the CAP policy implementation

Slovakia, Poland and the Czech Republic: since 2004 in the EU, some experience with preparing and implementing of the EU policies

no country has a specific mountain / Carpathian policy

participating countries have profoundly different shares of the Carpathians of the country territories

negative aspects of the existing policies: very fragmented approach, overlapping, a narrow sectoral approach, insufficient cross sectoral cooperation and cooperation among various levels of governance

- **implementation capacities**

They do not offer a good frame.

It shows up that the crucial is the local level, local communities.

The mountain communities are very small, very fragmented, it is hard to gather sufficient number of people to act on regional level, influence policies, etc.

There is not a good coordination among national, regional and local level.

The policy fragmentation makes it very hard (with some exceptions like e.g. the LEADER program) to finance complex projects and thus makes realizing potential initiatives of local communities more difficult. It is much easier to finance separate activities than complex projects.

There is a support of consolidation of small farmers missing.

- **training**

Yes, training is very important.

The necessary precondition: asking people what they want to hear; being creative

Target groups and ways:

- o primarily local level, such as agricultural service cooperatives and similar types of actors
- o joint training for local, regional and national actors recommended, interconnecting different stakeholders , supporting partnerships
- o not only ad hoc seminars and training programs, but also long-term advisory work with farmers, landowners, local authorities, etc., which assists these target groups to understand goals of policies, the sense of measures and restrictions, to attract them to non-profit topics, to make them interested, being involved

**2. The state of play of RPE schemes in Carpathians:**

- **projects and activities realized**

Sheep Plus

- o Polish program
- o regionally limited

- complex support of pasture and cultural heritage (renovating sheep shelters, buying sheep, support of pasture, renovation of traditional buildings, etc.)

#### Village of the Year

- Slovakia and the Czech Republic
- national competition

#### Regional products labelling

- Czech Republic and Poland
- non-governmental initiative
- includes about ten Czech and Polish regions
- common label differentiated by colour
- common publicity of the program
- interregional cooperation

#### - **projects and activities planned**

#### Common Carpathians

- Poland
- to act as a supportive mechanism for implementation of the Carpathian convention
- support of local partnerships, workshops for farmers, ...

#### Sheep Plus

- Poland
- extending the above mentioned program to other Polish regions
- planned financial source: the financial mechanisms of Switzerland

#### Carpathian meadows

- Czech Republic
- LIFE+ project

### **3. What lessons from the presented case studies by the Report from Richard Robinson for Carpathian/Balkan areas and opinion on the recommendations provided by the report?**

#### lessons learned:

- people often do not know what these positive externalities are !!
- capacity building: main emphasis on local communities
- the role of shocks: serving positively in the process, like a stimulus for action and mobilization of sources and capacities; can also be predictable, e.g. the ES legislation

- instruments and policies should be better suited for local conditions and better targeted

recommendations:

- preparing other case studies
- elaborating general lessons learned, general conclusions for policy making and implementation – preparing general visions applicable with different partners

#### **4. How to structure future developments and pilot projects**

recommended fields / topics:

- relations between policy level and territorial aspects
- ecosystem services – studies of practical examples
- renewable sources of energy: How to reconcile them with positive externalities?
- based on lessons learned from this and other studies: designing simple measures for practice like e.g. ways of sheep production (setting few management production patterns), usable in general
- preparing suggestions for the upcoming debate on the future CAP policy (for the period after 2013): how to capture CAP budget towards public goods, strengthening linkages between agriculture, social and environment components, land abandonment and its context, consequences and possible policy reactions
- ways of engaging small farmers, subsistent farmers, ways to include them into the system

### ***Current initiatives in South-East Europe and Carpathians for RPE schemes and discussions on future developments including pilot projects***

Moderated by Jean Gault

Jean Gault recalled FAO- SARD-M expectations on pilot projects and future developments of SARD-M, (see power point at...).

The goal of the futures developments is to facilitate an additional income generation, in other words to support agriculture and rural mountain areas in a trade non distorsive way.

The Outcome is a greater ability of national and local stakeholders and rural communities to achieve remuneration of positive externalities (RPE), through adequate policies, strengthened institutions, efficient participative processes.

The outputs are:

- assessing policies, institutions and processes
- pilots projects in a few member states
- guide lines for decision makers to implement RPE

He then gave the floor to Vlatko Andonovski for a presentation of the proposal for a **preliminary study for conception and establishment of remuneration of positive externalities (RPE) schemes in the Prespa region** (Macedonia).

*The slides of the presentation are accessible on the Euromontana and SARD-M website.*

Participants discussed the relevance of the proposal.

As the proposal is around reducing the environmental impacts on orchard management in the Macedonian part of the Prespa valley, **participants questioned whether the project is about positive externalities or about negative externalities**. Coming back to the presentation of David Baldock, it seems that this is all a matter of “reference level”. What is the environmental reference level in Macedonia? Are farmers polluting more or less than the reference level? If it exists is the reference level going to move and requirements become stricter in the future? Vlatko Andonovski explained that there is no legislation at present defining really clearly these aspects.

Then it was asked whether or not market conditions in Macedonia are favourable to the establishment of a label linked to more sustainable management of orchards. Vlatko Andonovski indicated that this issue would be addressed in the cost-benefit analysis of the preliminary study.

Then it was suggested, as the prespa region is at the border of Greece, Albania and Macedonia, with the lake in the middle and water quality resulting from activities in the three parts, that the project could be adapted to promote cross-border cooperation.

Then the floor was given to Oksana Osadcha who presented the proposal from Heifer foundation international for a pilot project in Ukrainian Carpathians **“To Environmental Integrity through Community -Based Initiatives in Organic Food and Ecotourism Initiatives”**. The slides are available on Euromontana and SARD-M websites.

The participants took notice of the broad bundle of externalities to be addressed; the suggestion was made to focus on a few ones.

Regarding Geographical Indications and products branding, it was also suggested to study the market at the very beginning of the designing phase.

## **V Final Round table discussion on “Content, design and implementation of RPE schemes: Respective roles and interrelations between the different actors and levels of governance”**

Chairman: Gérard Viatte

Participants:

- Dragan Stefanovic, Ministry of Agriculture, Forestry and Water Management, Serbia
- Ewa Szymborska, Ministry of agriculture and rural development, Poland
- Lenka Vokasova, Daphne CZ, Czech Republic

- Marija Markes, Triglav National Park, Slovenia
- Oksana Osadcha, Heifer Foundation, Ukraine
- Luka Juvancic, University of Ljubjana, Slovenia

The round table has been conducted in two phases:

1. Elaboration and definition of RPE schemes, including coordination among public and private actors, and various levels of governance
2. Implementation of the schemes, with emphasis as well on the issues linked to coordination and different levels of governance, and evaluation of outcomes achieved or expected, monitoring and surveillance.

### ***1. Elaboration and definition of RPE schemes, including coordination among public and private actors, and various levels of governance***

Oksana Osadcha explained with regard to the Ukrainian situation that what they want to develop is a **purely market-based approach to remuneration of positive externalities**. Of course it is necessary to use all existing funds available for less favoured areas, environmental funds and water management when available. But in the countries where these are not available or not yet available, it is crucial to develop capacities of communities to increase their revenue from the market. All available funding must be invested in building capacity to valorise products as much as possible.

Then it is necessary to **look at non-monetary support as well as at monetary support**. Support can be provided not only through subsidies or contractual payments but also through tax benefits or support in defining property rights over branding or through capacity building and institution support to initiatives. The key question is indeed to know if local communities who own land have enough skills and resources or if they need help.

Finally she enhanced that **leadership is very important** and coordination as well, **coordination** which is needed **not only at the level of ministries who design the policies but also among private actors** who are active in using the measures.

Ewa Szymborska explained that framework policies, like the CAP but also the habitat directive, provide possibilities for developing initiatives at the local level. But administrators from national authorities have to know quite well these framework policies and to be well aware of the changes. They need as well to organise **wide consultation** on what must be done regarding implementation on the ground and this is not always done. Poland represents a good example of a well established EU country where tools have been developed.

Lenka Vokasova (Czech Republic) agreed that there is a need to look better at **non-monetary support**. In the Czech Republic, discussions have just been started on taxes in relation to land. Then the Czech Republic, in matter of policy design has like Poland the experience of classical payment schemes. It was difficult in the beginning but it can be said that the way rural development programmes are elaborated improved, partly linked to the fact **EU requires participation. It has forced the government to include many partners in the discussion** on the elaboration of the programmes:

active NGOs. An environmental platform has been constituted. This helped to push the national level to listen and take into account the needs of the local level.

Then an **impediment to an efficient development of policies is the overall sectoral approach**. The sharing of responsibilities is not clear either between the different levels of governance. A **“shift of culture is needed”** towards a more integrated and cross-sectoral approach. But how to impulse this shift of culture? To answer this question, Lenka Vokasova reported the positive result of the common work between ministry of agriculture and ministry of environment. They started to work together on a specific topic and it was the start of good cooperation that is now daily and has lasted for 6 years.

Gérard Viatte reported a similar experience tried at OECD of a joint working party with ministries of environment and ministries of agriculture for each country.

Marija Markes then explained that the key question is **“how to force people to work together?”**. The system is well known in Slovenia and everybody knows what it offers and what it requires in exchange. But **the goals are unclear**: “what do we want to achieve?” should be the starting point. And it seems that **keeping people in the mountains could be a common goal**. The idea can then be to create a group of people from different sectors and levels to work just on the goal. Then an action plan must be elaborated and this action plan must include what the funds providers want to see. So people building action plans must know the circumstances and expectations at all levels. One thing to keep in mind also is that in a lot of countries in Balkans and Carpathians, agriculture and forestry are changing a lot, they are not stabilised. **Stabilising the sector is the first priority and then we can work on positive externalities**. Marija Markes also explained that **cooperation has to be established at an early stage**.

Luka Juvancic completed the vision of Slovenia stressing again that **first we need to create conditions where people keep farming and keep on living in the mountains**. Can we really oppose development where it is not beneficial to positive externalities? The perception of the value of positive externalities is different in the richer parts of Europe and in the poorest part of Europe. We also need to rank positive externalities: which ones require common action and which ones require public policy? Indeed some externalities can be successfully marketed when others need public policy. Luka Juvancic also warned against agri-environmental measures as a stand alone for valorising public goods. These **measures tend to create a dependency culture for farmers who optimise payments instead of optimising their farm management and market possibilities**. For example, a lot of funding has been put on organic production in Slovenia and organic production raised greatly but sales did not follow because the market does not really exist yet. To avoid this, a strong animation is needed. When farmers enter agri-environmental schemes, they have to attend training sessions. **These training sessions are often just about techniques. They should also lead farmers to think about the market opportunities that are linked with the agri-environment measure**. Another problem is that **the different axis within the rural development measures are not coordinated enough**. Agri-environmental measures are designed independently from investment measures and independently from economic diversification when in fact they should all be related. The

feeling then is that creativity and innovation come from the countries where no official schemes are available and where people seek concrete solutions to concrete problems. Therefore the right question is **“how do we design policy without introducing dependency and reducing innovation?”**

Dragan Stefanovic, from Serbia explained how they are working on the design of the rural development programme. Coordination is developed at national level thanks to the creation of an **inter-ministerial monitoring committee for rural development**. Coordination between central and local level is still lacking. They are therefore in the process of establishing a network comprising 126 local municipality offices, which means 80% of municipalities are covered. He reported also on some good examples of public-private partnership. He mentioned also the forestry sector which plays an important role in Serbia. In Serbia there are not yet agri-environmental schemes but IUCN pilot projects have led to designing some. As said before, there has been a first trial in 2005 with very little success.

As a conclusion to the first round table statements, participants came back on some issues.

Firstly, should market opportunities be the only way ahead? If some participants stressed that there is a life outside the CAP and that, in order to be creative and innovative, farmers and foresters need to be encouraged to reflect on market possibilities, others pointed out that market opportunities sometimes are not enough and that even if producers have a good idea and are well organised, they can lack support of a supply chain or access to the retailers. **Public policy is therefore also useful and the two approaches should be combined in a coordinated way.**

Secondly, **training is very important and is necessary not only at farmers level but at the institutional level.** People should be trained in the national and regional authorities to policy development. That confirms what SARD-M has been trying to achieve since the AdelBoden conference.

Finally, participants insisted on the **interest of in-kind contributions**, which can be more efficient sometimes than grants or simple payments. This can take the form of giving concession to land, to public pastures, helping developing genetic material (conservation and improvement of local breeds), or providing room and facilities to NGOs within the local authorities building: this can improve communication and relationship in the interest of all.

## ***2. Implementation of the schemes, with emphasis as well on the issues linked to coordination and different levels of governance, and evaluation of outcomes achieved or expected, monitoring and surveillance.***

Regarding implementation, Oksana Osadcha stressed that when it comes to public policy design at the national level, **the government should be persuaded to give more**

**importance to local action.** And when it comes to market based scheme, what is important is to **think about the whole supply chain** that is going to be needed to go from farm to fork. In both cases, **transaction costs** are an important elements to consider: who is going to do what in the implementation of the scheme? Who is going to distribute the payment/the access to a label? Who is going to control? Finally **communication** is very important between stakeholders who must express their needs and authorities who allocate the funds.

Regarding monitoring and evaluation, it is important to monitor equally the economic, social (employment, gender issues) and environmental aspects. **Baseline data** is needed in order to measure what would have happened if no action at all had been taken.

For Ewa Szyborska, implementation of RPE schemes should be organised at the relevant level depending on each positive externality. For Agri-environmental measures, Poland has established a **network of agri-environment advisors** who assess farmers situation, organise training and help filling-in documentation. This is important to increase success of the measure. Help is also needed in the case of initiatives regarding quality products: PDO/PGI/TSG. Farmers need help in the certification process. In Poland, there are **630 traditional products who come mainly from mountain regions who represent only 4% of the countries territory**. The mountains heritage is very dense and represents a potential.

Lenka Vokasova explained that the biggest implementation problem the Czech Republic has faced was to become able to **process a lot of funding**. **Administrative capacity** has increased now but the bureaucratic burden is still very important and there is a fear that the EU will complicate things further more. Regarding monitoring and evaluation, she believes there are crucial. There was none before 2004 and now some monitoring has been started but it includes only statistics. Some **qualitative monitoring is also needed**. An evaluation should be conducted in the near future for the mid-term evaluation. She concluded saying "too much money is not a blessing if not well managed and monitored".

Marija Markes explained that for her, **implementation should be prepared from the design phase at a very early stage**. This is necessary to make sure from the beginning that the scheme will be **understandable and attractive for people**. Then **public service is needed to inform people on the schemes and help them decide what they want to do**. **Making examples can also be good**. For example, it was decided in Triglav to introduce agri-environmental measures with a focus on organic. The action was first implemented in one farm, with an action plan. And people were able to come and visit that farm. After that farmers were easily convinced and many turned to organic.

Luka Juvancic also shares the opinion that implementation is successful when the design phase has prepared it properly. Devil is often in the details. To select the precise technical criteria, you have to be well informed how the recipients work and how they will react. For design, implementation and monitoring, **statistics** need to be available. There needs to be as well a **reporting system including indicators on structures, environment and economic performance**. And based on these an **effective**

**evaluation** is needed. Luka Juvancic declared himself sceptical about the current rural development evaluation. He thinks the **evaluation is not independent enough and the results not binding enough**.

To illustrate the need for statistics and ex-ante evaluation, he mentioned the example of measures that aimed at helping farmers to comply with the new Nitrate directive. High amounts have been allocated but the number of beneficiaries had been massively underestimated. The commitment of the State had to be reimbursed from the 2007-2013 budget.

Implementation should also be as stable as possible over time but **finding a solution for selecting projects can be very difficult**. There he quoted the example of SAPARD. At the beginning the selection was on the basis of first come first served but with very strict criteria. Only 1500 farms were able to apply out of 85 000. Then the criteria were relaxed and a lot of funding was spent, mainly on machinery. After accession, they introduced a scoring of applications, which brought other problems: more work for the administration, more complaints from rejected applicants and in the end a lower absorption of funds. So in 2007-2013 they came back to first come first served.

Dragan Stefanovic finally raised the question of **co-financing**. Nearly all schemes require cofinancing which means access to financial institutions and banks is a critical issue and often a barrier for applicants. Regarding monitoring, he explained there was no good monitoring framework so far but that setting-up indicators will be needed when they start implementing the agri-environmental measures.

Regarding indicators, Andreja Borec stressed the **need for a good statistical basis also at local level**. Some very simple indicators like "number of overnight stays" can be defined and be very useful.

## **Conclusions**

To conclude, Gérard Viatte mentioned 6 points he had picked-up from the discussion:

1. The words "positive externalities or public goods" have not been used a lot in the discussion but are in the background. **The question of non-commodity outputs will become a major issue for rural development and will require the development of a cross-sectoral broad approach**. New approaches and brilliant ideas can be taken over by **common action**, beyond global public policies. This means greater attention has to be put on **market based initiatives**.
2. To develop RPE schemes, one must be clear about the exact timing of the action and **have the whole sequence of action in mind from the very beginning**.
3. Coordination remains a difficult point and most countries are still very handicapped in that respect. But **there are concrete possibilities to overcome these handicaps and promote cooperation through working groups for joint action**.
4. A lot of emphasis has been put on the fact we need to **look not only at monetary support but also at non-monetary and in-kind support**, like conceptual and intellectual support, like information and communication.
5. **Training is very important in the broad sense**, for public actors as well as for private actors, not only on technical action but on all aspects.

6. **Monitoring and evaluation has to be thought of at an early stage.** We need good indicators, simple but telling, and socio-economic parameters.

\* \* \*

## ***Concluding session***

Harald Egerer for UNEP Vienna ISCC started the concluding remarks. He thanked all participants for their active contribution to this seminar which has been a success in learning how to connect public goods and territorial development. A lot of good ideas can be used to promote mountains as providers of services. He enhanced the policy side of the issue that will have to be the subject of common work with Euromontana at European level.

Jean Gault for FAO SARD-M thanked as well the participants and UNEP for the splendid hosting conditions of the seminar. He asked that the conclusions of the workshop be shared with the countries not represented: Bulgaria, Albania, Montenegro and Hungary. FAO considers this seminar as well as a success and will continue to work with Euromontana as the focal point for Europe. "The mission of SARD-M is to facilitate cross-fertilisation and share a common knowledge with a common language. On positive externalities, we are still at the beginning of the process and we need to share the lessons we learn." Jean Gault said finally that he would report to Adelboden group and the SARD-M steering committee about the results of the project.

Frank Gaskell for Euromontana congratulated the participants for their high-level contribution, stressing that "this seminar was on the right subject, at the right time with the right people". Indeed the European Union will revise their rural development policy in the framework of the reflection on the post-2013 Common agricultural policy and positive externalities or public goods will be the absolute foundation for future change of policy. He then reported on the meeting Euromontana had with Mariann Fischer Boel on the 15<sup>th</sup> of May, where the SARD-M work has been mentioned. The proposals elaborated during this meeting will be relayed to the European Commission in due time.

He concluded inviting all participants to the next event Euromontana organises on positive externalities, on 14<sup>th</sup> to 16<sup>th</sup> of October 2009 in the Basque country, Spain on the theme ***"Europe's mountain bonus: how communities and land management provide positive externalities for the European society and the related policies and opportunities"***.