



UNIVERSITY OF
CAMBRIDGE

Department of Land Economy

Addressing the governance gaps in rural land policy

Ian Hodge

Scotland's Biennial Land Use and Environment Conference XII
Rewarding the Delivery of Public Goods
28-29 November 2018

Addressing the governance gaps in rural land policy

- Ambition: Current policy proposals in England
- Unaddressed questions: spatial allocation and integration
- Governance of social-ecological systems
 - Setting a baseline
 - An architecture for governance structures
 - Finding a price
 - Adaptive governance
 - Longer term approaches: securing investments, promoting financial discipline
- Implications and further work
- Conclusions



Ambition in 25 Year Plan

- *We will work with all parts of society and all sectors of the economy as we implement the 25 Year Environment Plan to leave the environment in a better state than we found it. (p.22)*
- *We will achieve a growing and resilient network of land, water and sea that is richer in plants and wildlife (p.26)*
- *UN Sustainable Development Goal 15, ... calls on us to ‘recover sustainable use of terrestrial ecosystems, halt and reverse land degradation and halt biodiversity loss. (p.57)*



A Green Future: Our 25 Year Plan to
Improve the Environment



Some 25 Year Environment Plan targets

Thriving plants and wildlife

- We will achieve a growing and resilient network of land, water and sea that is richer in plants and wildlife. On land and in freshwaters, we will do this by:
 - restoring 75% of our one million hectares of terrestrial and freshwater protected sites to favourable condition, securing their wildlife value for the long term
 - creating or restoring 500,000 hectares of wildlife-rich habitat outside the protected site network
 - taking action to recover threatened, iconic or economically important species of animals, plants and fungi
 - increasing woodland in England in line with our aspiration of 12% cover by 2060: this would involve planting 180,000 hectares by end of 2042

Enhancing beauty, heritage and engagement with the natural environment

- We will conserve and enhance the beauty of our natural environment, and make sure it can be enjoyed, used by and cared for by everyone. We will do this by:
 - safeguarding and enhancing the beauty of our natural scenery and improving its environmental value while being sensitive to considerations of its heritage.
 - making sure that there are high quality, accessible, natural spaces close to where people live and work, particularly in urban areas, and encouraging more people to spend time in them to benefit their health and wellbeing
 - focusing on increasing action to improve the environment from all sectors of society

How is the 25 Year Plan to be implemented?

- Spatial distribution of interventions
- Adaptation to local circumstances
- Representation of stakeholder values
- Promoting value for money
- Integration across different ecosystem services
- Security and stability for investment over time
- Reassessment of objectives over time



Components of governance

1. Setting a baseline
2. Priorities for places: an architecture of governance
3. Finding a price
4. Adaptive governance of social-ecological systems
5. Securing investments in capitals in the longer term
6. Reconciling financial discipline and long term governance



1. Setting a baseline

- Loss of cross-compliance leverage
- Shifting judgements on 'good stewardship'
- Historic shifts: SSSIs & water quality
- Future challenges: GHG emissions and carbon in soils
- Present opportunity:

Are 'public goods' really 'private goods'?

Are 'public goods' really avoided 'bads'?



'Public goods' in 'Health and Harmony'

- 'Could include':
 - Improved soil health
 - Improved water quality
 - Better air quality
 - Increased biodiversity
 - Climate change mitigation
 - Enhanced beauty, heritage and engagement with the natural environment
 - World-class animal welfare
 - High animal health standards
 - Protection of crops, tree, plant and bee health
 - Improved productivity and competitiveness
 - Preserving rural resilience and traditional farming and landscapes in the uplands
 - Public access to the countryside
- But not mentioned:
 - Flood control
 - Food security
 - Rural employment



Department
for Environment
Food & Rural Affairs

Health and Harmony: the
future for food, farming and
the environment in a Green
Brexit

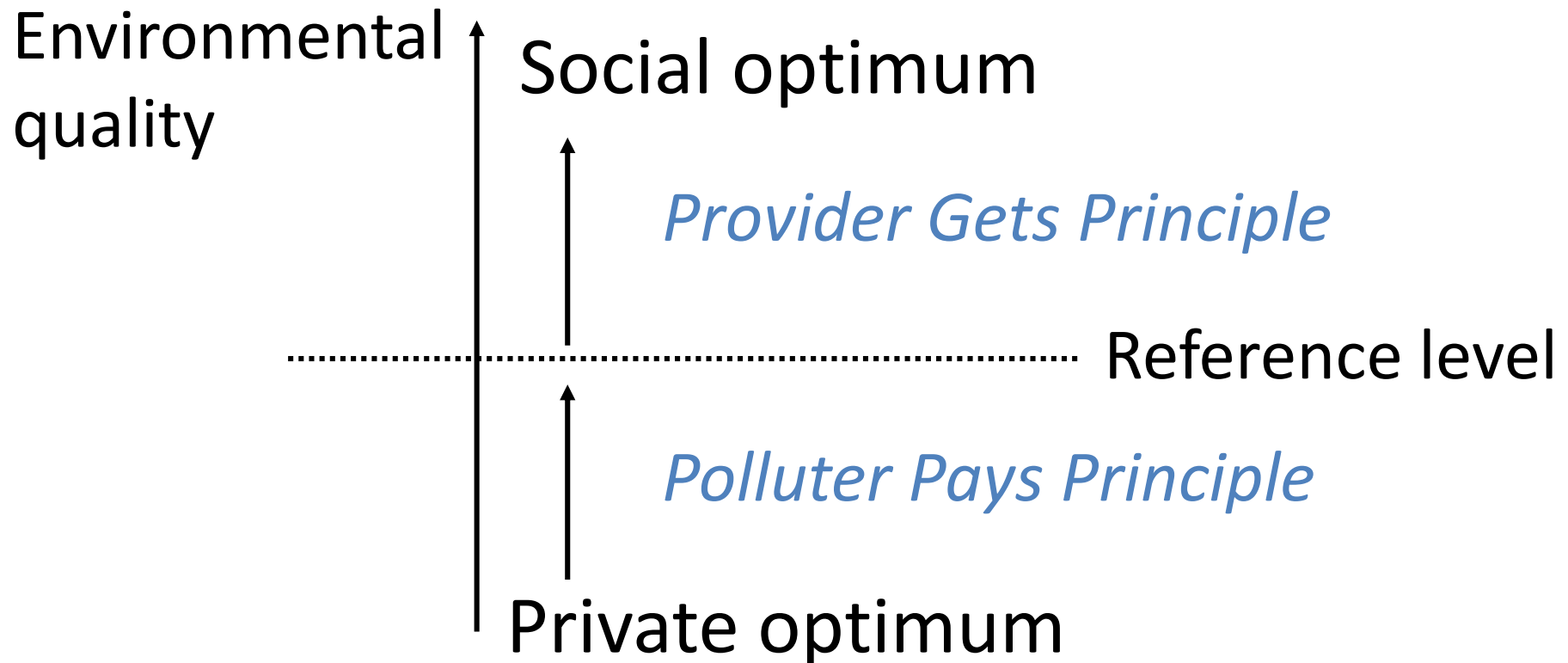
February 2018

Cm 9577

1



The reference level of property rights

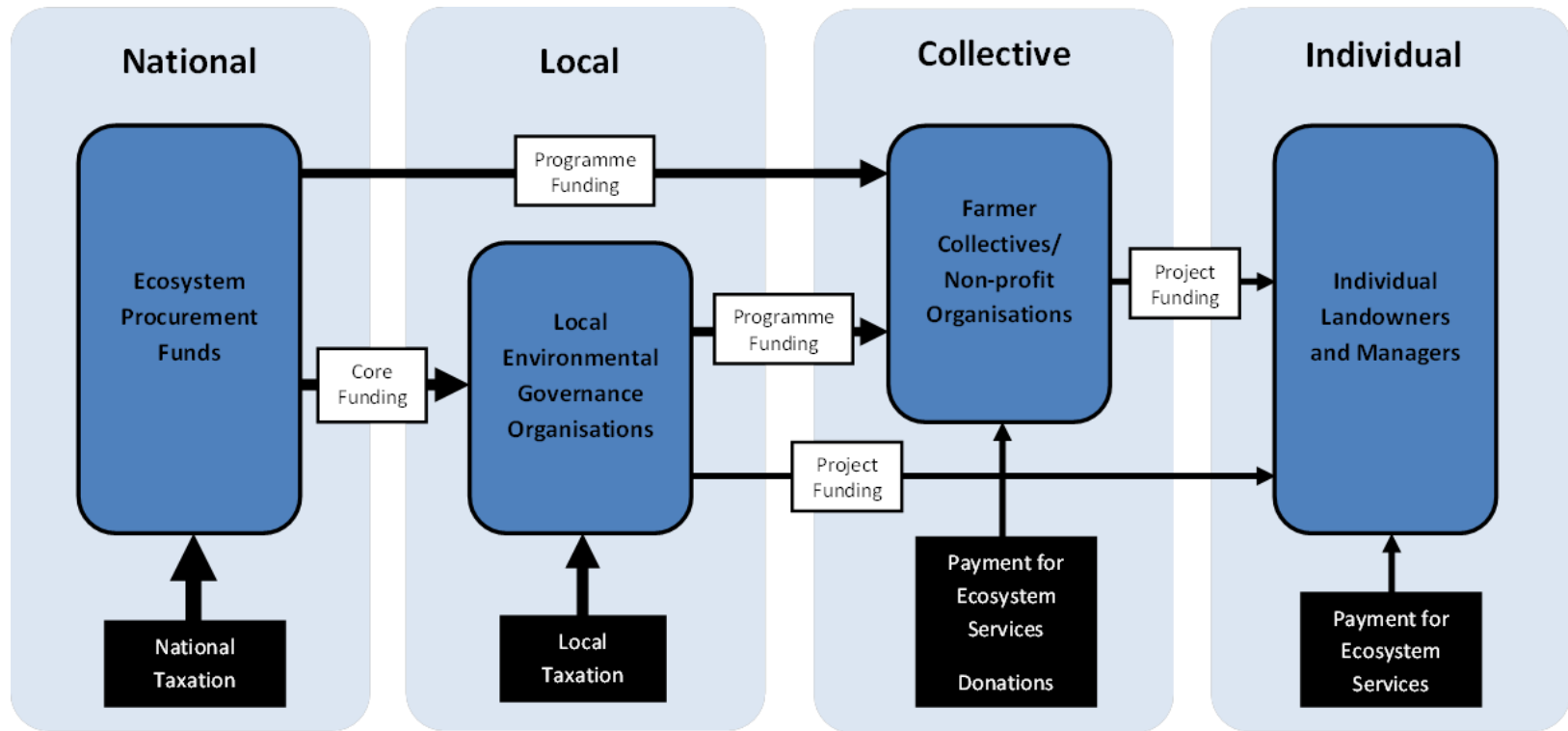


2. Priorities for places: an architecture of governance

- Different types and levels of information at different scales
 - Land holders: costs and opportunity costs
 - National government
 - Local preferences and knowledge
- Limits to valuation and capability to convey value information across scales
- Subsidiarity: devolving decisions to those most affected
- Re-emphasising deliberative dialogue
- Local Environmental Governance Organisations



An architecture of ecosystem governance



Local Environmental Governance Organisations (LEGOs)

- Responsibility for ecosystem sustainability and ecosystem delivery at local level
- ‘Owner’ of the ecosystem: Social residual claimant
 - Acts as trustee for local community
 - Represents local values and ecosystem demands
 - Fills in gaps from national policy
- Administers local procurement fund



3. Finding a price

- Not the social value of the public good output or income foregone
- Procurement approach: marginal cost of delivering outcome
- Land managers' bids include Willingness to Accept (cf US Conservation Reserve Program)
- This supports loss-making farming where needed to generate public benefit
- Incentives for co-ordination and partnership



Incentives to promote integration among sectors

- The centre cannot know best
 - Local physical, economic and social contexts
 - Direct costs and opportunity costs
 - Economies of scale and scope
 - Co-benefits in ecosystem delivery
- Land managers assemble portfolio of public and PES contracts for different services
- Competitive bidding at marginal cost of delivering additional outputs



4. Adaptive governance of social-ecological system

- Uncertainty (ignorance) on outcomes from ecological and institutional interventions
- Reliance on natural and social capital (partnerships bringing entrepreneurship, skills, resources)
- Collaboration through formal contracts and trust
- Interventions as experiments: monitoring, assessment and feedback



5. Securing investments in capitals the longer term

- Short term planning in Pillar 2
- Fluctuations in agricultural returns
- Long term investment in ecological restoration
- Time taken to build partnerships/ social capital
- Need to secure institutional underpinning
 - Legally robust partnerships
 - Land ownership
 - Conservation covenants

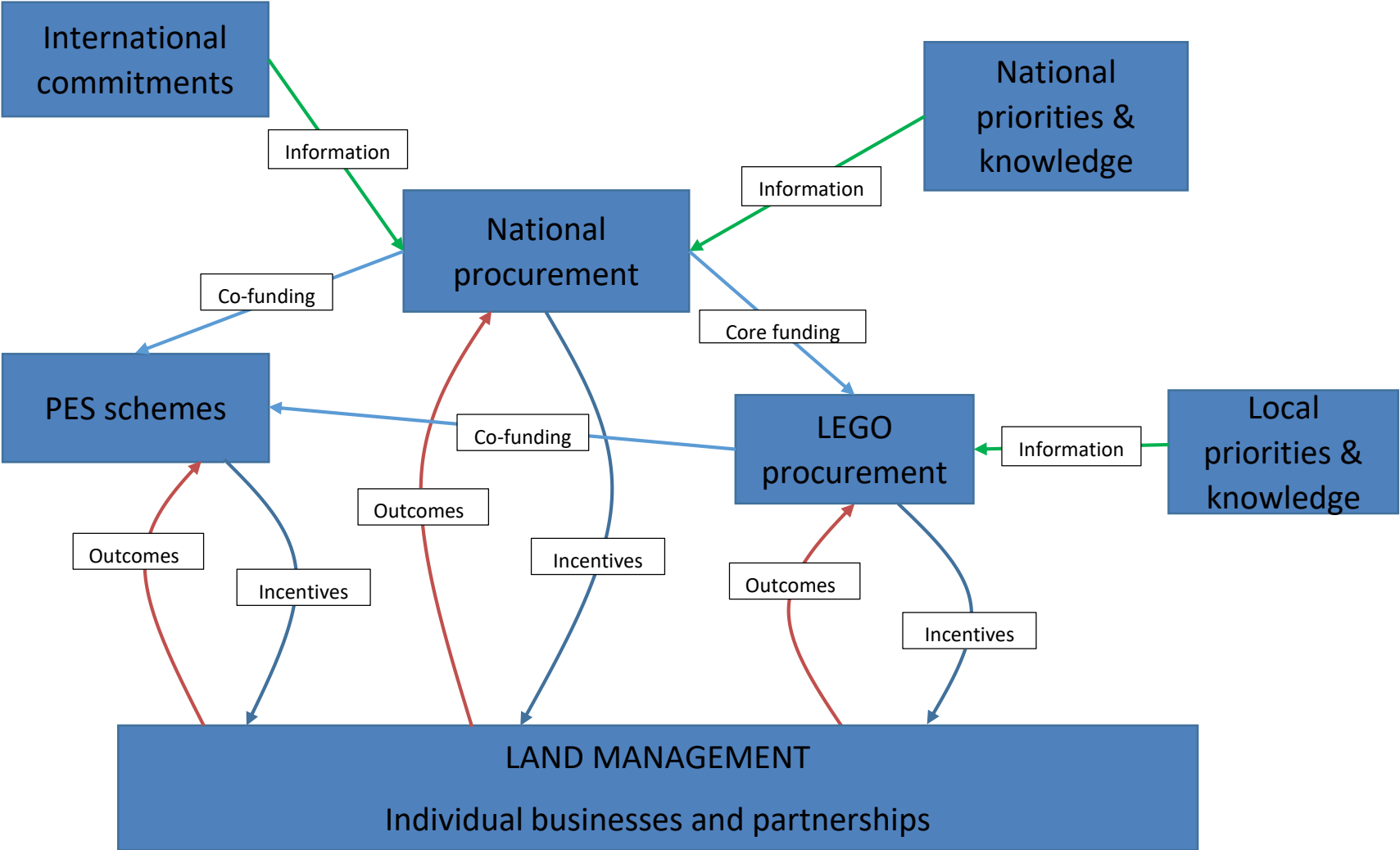


6. Reconciling financial discipline and long term governance

- Short-term competitive projects for financial discipline, but:
 - Creates need for (new, artificial) targets (ex ante)
 - Success judged against those targets (ex post)
 - Transactions costs of regular competitive application
- Ecosystem restoration is long term with uncertain outcomes, need:
 - Freedom to allow ecological and social systems to develop
 - Time and opportunity to experiment, learn and respond
- Programme funding
 - Building longer-term relationships between funders and fundees
- Qualitative reviews of progress for accountability



Social rural land management system



Implications

- Accept limits to centralised decisions: greater emphasis on governance structures to form and reveal values and implement plans
- Longer term funding programmes in support of natural and social capitals
- Judge performance by qualitative judgement rather than cost-effective metrics
- More research and development on governance approaches



Further work

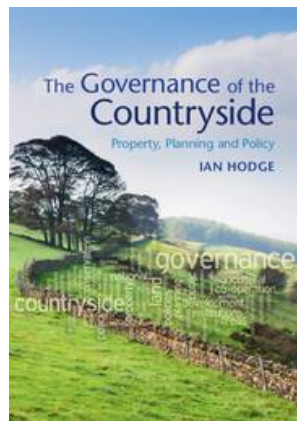
- Mapping and co-ordinating networks of local groups across different ES
- Refining competitive funding mechanisms for procurement at marginal cost
- Developing approaches to longer term programme funding and qualitative assessment
- Understanding potential and limits of PES schemes

Conclusions

- Longer term vision but set vision and direction now
- Develop governance institutions over time
- Build on local stakeholder groupings
- Optimal intensity of governance depends on values and degree of competition over local natural capital



Ian Hodge
idh3@cam.ac.uk



Cambridge University Press
2016

Envisioning a British Ecosystem Services Policy

Policy Brief on an alternative approach to rural land policy after Brexit

David Gawith and Ian Hodge
Department of Land Economy
University of Cambridge

May 2017

Key Points

- Brexit creates a unique opportunity to improve agricultural policy. Policy must have a clear vision of a new direction from the outset.
- An ecosystem approach to rural land policy can address many of the problems the CAP and demonstrate substantial public benefits.
- The fundamental objective of a British Ecosystem Services Policy (BESP) would be to secure the long term social value delivered from ecosystems in the UK.
- Under a BESP, subsidies to farmers would be selectively reduced, and environmental goods and services would be purchased directly from those best placed to provide them.
- At a national level, a BESP would provide a strategic approach and oversight for the procurement of ecosystem services.
- A BESP would encourage the establishment of Payment for Ecosystem Services (PES) schemes.
- A BESP would establish national procurement funds to purchase ecosystem services that are not amenable to PES schemes.
- At a local level, a BESP would create governance structures to support local priorities and co-ordinate the delivery of ecosystem services.
- Funding would be allocated on a competitive basis and available to a wide range of stakeholders.
- Development of a BESP would require considerable political, technical, and bureaucratic resources, however the benefits of a BESP would likely substantially outweigh its costs over time.
- Some farmers would lose from the removal of direct subsidies, however a BESP would also provide opportunities for diversification and ease entry into the sector.



UNIVERSITY OF
CAMBRIDGE
Department of Land Economy

CSaP | centre for
science
and policy

Policy brief: “Envisioning a
British Ecosystem Services
Policy” 2017

www.csap.cam.ac.uk/links/13/4839

