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PATTERN

Providing operational economic appraisal methods and practices for decision-making on climate and environmental policies

Policy Brief

Belgian Case Study

Agri-Environmental Measures in Belgium under the Common Agricultural Policy (CAP)

Introduction

While agriculture represents a modest share of Belgium's economy, it plays a crucial role in rural livelihoods. However, intensive farming practices have contributed to environmental challenges such as biodiversity loss, soil degradation, and water pollution. The Common Agricultural Policy (CAP) seeks to address these issues through agri-environmental measures that integrate sustainability into farming. This policy brief examines the role of two specific policies in promoting ecological resilience while maintaining agricultural productivity.

Policy Context

The CAP provides financial incentives to encourage farmers to adopt sustainable practices. Two key policy instruments under the current CAP include:

- ➡ **Eco-Schemes**: introduced as part of CAP's first pillar, these are one-year commitments that allocate a portion of the CAP budget to environmental improvements. They are flexible and widely applicable, covering measures such as buffer strips, crop rotation, and ecologically managed grasslands.
- ➡ **AECMs**: these are five-year contracts between farmers and governments that impose stricter environmental requirements in specific areas. Examples include botanical grasslands and semi-natural field margins, offering stronger ecological benefits.

In addition to these financial instruments, farm advisors play a crucial supportive role, particularly in the implementation of AECMs. They guide farmers on policy options and compliance, ensuring better adoption and environmental outcomes.

Key Findings

The key findings reflect both the expected outcomes outlined in the Theory of Change and insights from the ex-post analysis of policy implementation. The analysis highlights the ecological, social, and economic sustainability of farms, while also capturing farmers' attitudes and perceptions towards the policy.

- ➡ **Sustainability of Farms**: the measures contribute to ecological sustainability (soil, water, biodiversity) and economic sustainability (farm income and job satisfaction), fostering resilient rural landscapes. However, the ex-post assessment revealed concerns about land value depreciation and farm productivity.
- ➡ **Biodiversity Restoration**: the measures are widely recognized as beneficial for biodiversity, aligning with the expected outcomes. However, their attractiveness depends on farmers' environmental commitment and financial incentives.
- ➡ **Diverse Farmer Perspectives**: farmers' attitudes vary, with ecological optimists emphasizing environmental gains, government-aligned supporters valuing professional guidance, erosion control beneficiaries prioritizing soil management, and hesitant implementers expressing concerns over sanctions and government

involvement.

Challenges

- ➡ AECMs' stricter requirements may discourage farmers prioritizing production over sustainability.
- ➡ Economic factors and cost variations across farms could impact the widespread adoption and long-term success of these measures.

Policy Recommendations

To enhance the effectiveness of Agri-Environment-Climate Measures, policymakers might consider exploring the following areas:

- ➡ **Incentivizing AECM participation**: while financial incentives are commonly discussed, there may be an opportunity to rethink how these incentives align with the broader policy framework, particularly given the constraints related to income foregone and transaction costs. Exploring alternative mechanisms, such as result-based incentives, could allow for a more dynamic approach that ties compensation more closely to ecological outcomes. Further research is needed to understand how to balance these incentives with the constraints of the existing framework.
- ➡ **Strengthening advisory services**: while the need for tailored advisory services is well recognized, the type of support farmers require could vary significantly depending on the specific challenges of their farming systems. It may be useful to consider ways to expand advisory services, particularly in areas like sustainable practices, climate adaptation, and resilience building. Additional research into the types of support farmers need most could help refine this recommendation.
- ➡ **Enhancing flexibility within AECMs**: the flexibility of AECMs could be further explored to ensure that they accommodate the diversity of farming systems. It may be beneficial to consider how AECMs can be more adaptable to changing environmental conditions, market shifts, and the evolving needs of farmers. Pilot programs or case studies could provide valuable insights into how such flexibility could be implemented in practice.
- ➡ **Monitoring and adaptive management**: effective monitoring and evaluation are essential to understanding the impact of AECMs. However, there is a need for more detailed systems that not only track outcomes but also provide real-time feedback for farmers to adapt their practices. Collaborative efforts between policymakers, farmers, and environmental experts could help build adaptive management frameworks that are both responsive and inclusive.

Conclusions

Agri-environmental measures under the CAP represent a critical step toward achieving a balance between agricultural productivity and environmental sustainability. By refining policy implementation, increasing financial and advisory support, and fostering long-term engagement from farmers, Belgium can strengthen its agricultural resilience while preserving biodiversity and ecosystem health.