



COLLECTIVE ACTIVITIES BY FARMERS AND NON-FARMERS IN THEIR PROVISION OF AGRI- ENVIRONMENTAL PUBLIC GOODS

Initiative of OECD

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What is the OECD?

- The **Organisation for Economic Co-operation and Development** is an international organisation
- **Mission:** to promote policies that will improve the economic and social well-being of people around the world.
- The OECD provides a **forum** in which governments can work together to share experiences and seek solutions to common problems.



Fast facts

- Established **1961**
- Headquarters: **Paris**
- OECD Centres: **Berlin, Mexico City, Tokyo, Washington**
- Members: **34**
- Secretary-General: **Angel Gurría**
- Secretariat staff: **2 500**
- Annual budget: **354 € million (2013)**
- Publications **250 new titles/year**
- Nearly **300 expert committees** and working groups
- Around 40,000 delegates attend OECD meetings every year



Membership is evolving...

OECD is currently in **Accession talks** with one country and has relations with five key partners.

Members

Australia	Hungary	Norway
Austria	Iceland	Poland
Belgium	Ireland	Portugal
Canada	Israel	Slovak Republic
Chile	Italy	Slovenia
Czech Republic	Japan	Spain
Denmark	Korea	Sweden
Estonia	Luxembourg	Switzerland
Finland	Mexico	Turkey
France	Netherlands	United Kingdom
Germany	New Zealand	United States
Greece		

The Commission of the **European Union** also participates in OECD work

OECD Trade and Agriculture Directorate

Accession candidate

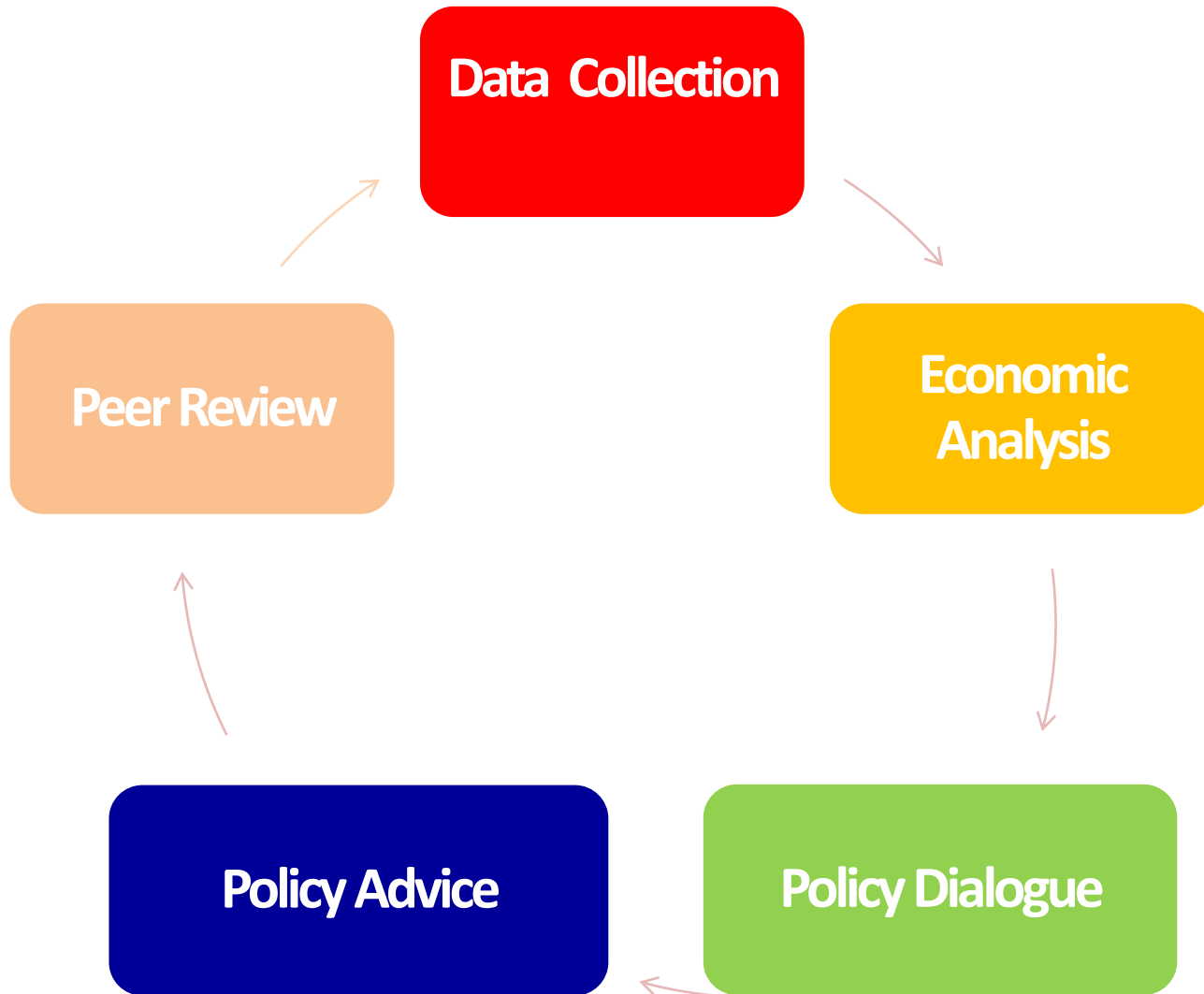
Russia

Key partners

Brazil
China
India
Indonesia
South Africa



Evidence-based and consensual...





OECD collective action study

➤ **Providing Agri-Environmental Public Goods through Collective Action**





1. Introduction

- **Agriculture**
 - provider of food
 - to a certain extent, agri-environmental public goods (e.g. biodiversity, landscape).
- Previous research has focused on individual farmers, and much less on collective action.
- This study analyses **collective action** for providing agri-environmental public goods.



2. What is Collective Action

- **Collective action is:** a set of actions taken by a group of farmers, often in conjunction with other people and organisations, acting together in order to tackle local agri-environmental issues.
 - **Various participants** (farmers and non-farmers)
 - **Common interests** (tackling local agri-environmental issues)



3. Case studies

➤ **25 cases from 13 countries**

- Australia
- Belgium
- Canada
- Finland
- France
- Germany
- Italy
- Japan
- the Netherlands
- New Zealand
- Spain
- Sweden
- the United Kingdom



Example: Dutch farmland bird conservation by collectives

- Farmers and volunteers collectively conserve farmland bird
- Originating from the early 1990s
- There are about 150 associations: 10% of the farmers and thousands of local people



Example: Dutch farmland bird conservation by collectives

- Elaborate regionally tailored measures and spatial design
 - ✓ Make regional map including grassland use patterns
 - ✓ Promote good farming practices
 - ✓ Co-ordinate grassland use
 - ✓ Protect nests
 - ✓ Volunteers assist farmers



Example: Dutch farmland bird conservation by collectives

- Have a scale benefit for conserving farmland bird, which cannot be done by a single farm level
- The Dutch government supports their activities by providing a project-based payment



4. Finding and Analyses

1. Collective action and agri-environmental public goods
2. Benefits of collective action
3. Barriers to collective action
4. Key factors for successful collective action



4. 1: *Collective action and public goods*

➤ *Public goods*

- Biodiversity, landscape, climate stability (greenhouse gas mitigation, carbon sequestration), flood prevention

➤ *Common Pool Resources*

- Community irrigation, lake, drainage facilities, wetland grazing

➤ *Club goods*

- Farming opportunities, water supply, animal disease prevention services for members

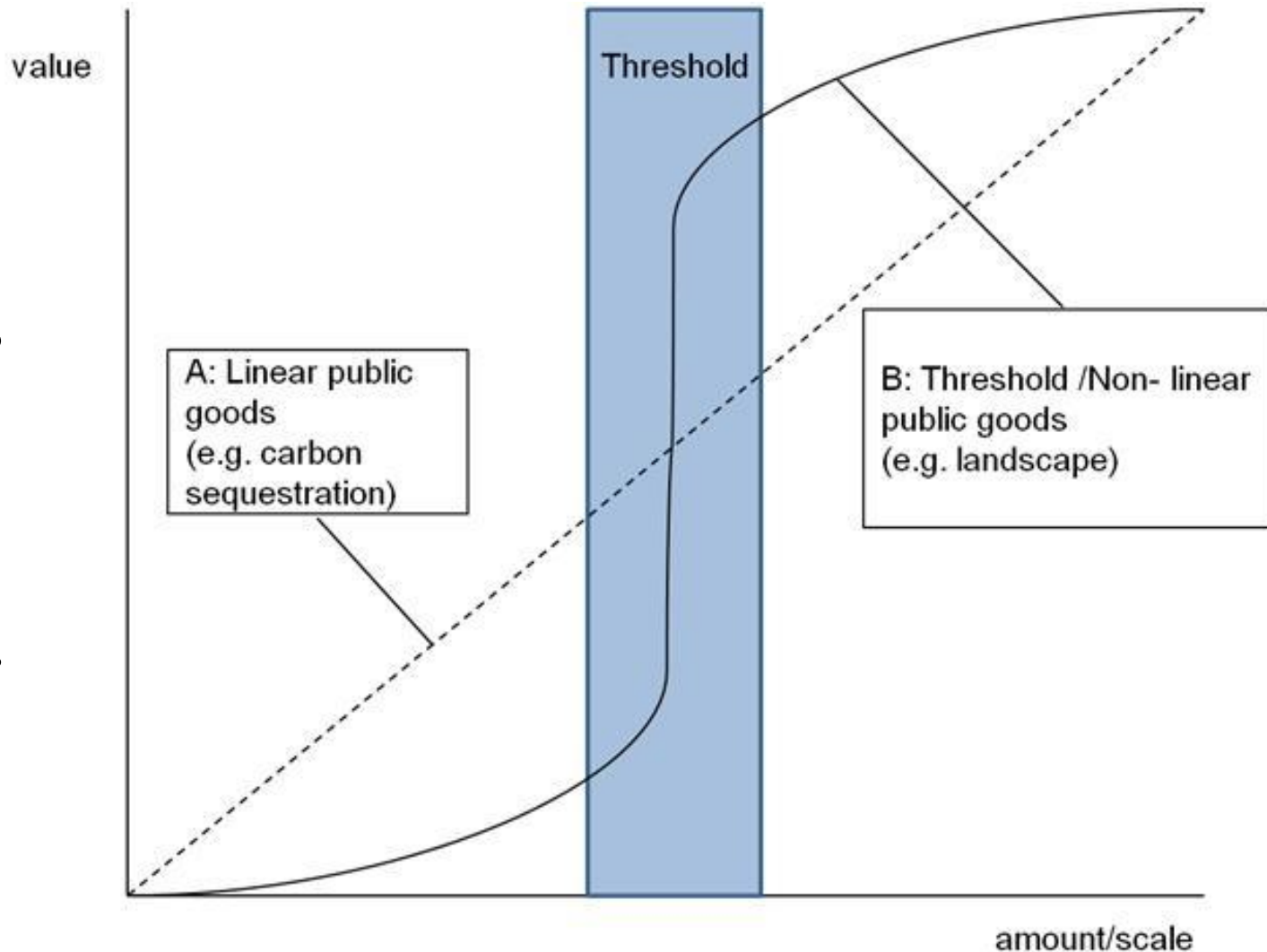
➤ *Reduction in Negative Externalities*

- Improvement in water quality , management of soil erosion



4.1 *Collective action and public goods*

Most of these goods have characteristics of **threshold public goods**, which need a certain minimum amount of supply in order to provide significant value





4. 2 -*Benefits of collective action-*

- *Geographical and ecological scale merits*
- *Cost saving:*
 - Economy of scale and scope**
- *Increasing capacity* : **Sharing knowledge and information, and enhance farmers' capacities.**
- *Tackling local issues* : **Groups can tackle local issues which may be difficult to deal with by central authorities.**



4. 3 -*Barriers to collective action*-

- ***Free rider problem***: Some group members tend not to contribute to group activities because they can benefit from other member's activities without contributing
- ***Transaction costs***:
Collective action involves additional transaction costs, especially at the initial stage and its implementation
- ***Sceptical behaviour towards collective action***:
Certain skeptical attitudes towards collective action (e.g. individualism, inertia) can be barriers to collective action
- ***Uncertain policy environment***:
If future directions of government support are not clear, farmers hesitate to contribute to collective action.



4. 4

-Key Factors for Successful Collective Action -

Resource system characteristics

1. Knowledge of environmental resources
2. Appropriate targeting of the resource within its natural boundaries
3. Visible positive outcomes and clear benefits from the resource and action

Institutional arrangement

10. Locally devised management rules
11. Sound governance arrangements
12. Monitoring and sanctions

Group characteristics

4. Social capital
5. Leadership
6. Communication
7. Shared aims and understanding of issues
8. Small group or large group with functional institutions
9. Heterogeneity of endowments and homogeneity of identities and interests

External environment

13. Financial support
14. Non-financial support
15. Intermediaries/Co-ordinators
16. Cooperation between local and central governments

4. 4 Finding and Analyses



-Key factors for successful collective action –

1) Resource system characteristics

- 1. Precise knowledge of community resources** is necessary for collective action.
- Collective action should be based on **geographical boundaries of targeted environmental resources**, such as natural habitat and watersheds, and not on jurisdictional boundaries.
- 3. Visible positive outcomes and clear benefits from the activity and resources** are necessary to motivate participants and keep activities alive.

4. 4 Finding and Analyses



-Key factors for successful collective action –

2) Group characteristics

4. **Social capital** (e.g. trust, networks, institutional arrangements) can help individuals work cooperatively.
5. Although a relatively **small group can establish trust** and develop collective action easier, **large functional groups** can work effectively and save costs: economies of scale and scope.
6. **Diverse endowments** among members can leverage their resources, but **homogeneity of identities and interests** among groups is important for facilitating group activities.

4. 4 Finding and Analyses



-Key factors for successful collective action –

2) Group characteristics

7. **Leadership** by farmers or other interested bodies (e.g. NGOs) is essential for better performances.
8. **Effective communication**, especially face-to-face communication, is important for collective action.
9. Participants need to **share the aims** of the collective action and understand the issues.

4. 4 Finding and Analyses

-Key factors for successful collective action – 3) Institutional arrangements

10. Allowing groups to **develop local management rules** is essential for successful collective action because the “one-size-fits-all” approach may fail to engage farmers in collective action.
11. **Sound governance arrangements** underpinning collective action are important, **especially when the group size is large.**
12. **Monitoring and sanctions** are usually necessary to prevent free-riding and rule breaking.

4. 4 Finding and Analyses



-Key factors for successful collective action –

4) External environment

13. Financial support from both governments and non-government entities is important for collective action. It is **particularly significant at the initial stage.**

14. Non-financial support such as advice from local authorities can help identify potential parties and promote collective action.

4. 4 Finding and Analyses



-Key factors for successful collective action – 4) External environment

15. Support from intermediaries and co-ordinators (e.g. NGOs, government staff, research centres) can help collective action by contributing information, liaising between participants and providing inputs including staff and funding.

16. Effective co-operation between local and central governments is important to promote collective action. Local governments usually have a better knowledge of local issues. Central governments can promote collective action through national programmes.



5. Policy measures

Method of participation by government:	Non-intervention	Facilitation	Financial stimulus	Coercion
Examples of policy measures	-	Technical assistance	Agri-environmental payments	Regulations
Cases	2 cases	2 cases (no AE payments)	21 cases	—

- **Most collective action cases** (23/25) include **government support**, and **many of them** (21/25) receive **agri-environmental payments**.
- **Technical assistance** is important. Farmers do not always have enough scientific knowledge.
- **AE payments that specifically target collective action are preferable**, if policy objectives are to tackle agri-environmental problems (e.g. dealing with externalities).



5. OECD Agri-environmental Policy instruments (2010)

Measure/Country	AUS	CAN	EU	JAP	KOR	MEX	NZL	NOR	SWI	TUR	US
Regulatory Requirements	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Environmental cross-compliance	NA	NA	XXX	X	X	NA	NA	XX	XXX	NA	XXX
Payments based on farming practices	X	X	XXX	X	X	X	X	XX	XXX	X	XX
Payments based on land retirement	NA	X	X	NA	NA	X	NA	NA	X	NA	XXX
Payment based on farm fixed assets	X	X	X	X	X	X	X	X	X	X	X
Environmental taxes/charges	NA	X	X	NA	NA	NA	NA	X	NA	NA	X
Tradable rights/permits	X	NA	X	NA	NA	NA	NA	NA	NA	NA	X
Technical assistance/extension	XX	XX	X	X	X	X	XX	X	X	X	XX
Community based measures	X	X	NA	NA	NA	NA	X	NA	NA	NA	NA

Note: NA - not applied or marginal; X - low importance; XX - medium importance; XXX - high importance

The importance of the policy instruments in this table is related to the mix of the specific country. It is not designed to compare the importance of specific measures across countries



6. Policy implications (1)

- 1. Policies for promoting collective action should be given serious consideration.**
- 2. Holistic approaches are necessary to promote collective action.** Farmer behaviour is affected by external factors (financial and effort costs), internal factors (habits and cognitive processes) and social factors (societal norms and cultural attitudes).
- 3. Collective action involves new transaction costs, especially at the beginning. Initial support, particularly financial support can be useful.**



6. Policy implications (2)

4. Scientific knowledge is important for managing natural resources. **Technical assistance can empower farmers.**
5. Policies should utilize existing **social networks.**
6. Collaboration with **intermediaries and coordinators** is important. They can provide local knowledge and link right people.



6. Policy implications (3)

7. **Co-operation between local and central governments is essential.** Most collective action deals with local issues. Central governments are able to provide support on a larger scale than is possible for local governments.
8. **More work on evaluating the cost-effectiveness of collective action is necessary.** Since collective action targets areas beyond the individual farm level, achieving landscape level outcomes at minimum cost should be examined.



For more information

➤ Visit our website: www.oecd.org/agriculture