



Department
for Environment
Food & Rural Affairs

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International, EU and CAP Reform Evidence Plan

Policy portfolio: International, EU and CAP Reform Directorate

Policy area within portfolio: International; EU Strategy and Engagement; and CAP Reform.

Timeframe covered by Evidence Plan: 2013/14 – 2017/18

Date of Evidence Plan: March 2013

This evidence plan was correct at the time of publication (March 2013). However, Defra is currently undertaking a review of its policy priorities and in some areas the policy, and therefore evidence needs, will continue to develop and may change quite rapidly. If you have any queries about the evidence priorities covered in this plan, please contact StrategicEvidence@defra.gsi.gov.uk.

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1. Policy context

What are the key policy outcomes for the policy programme/area?

The EU, International, and CAP Reform Directorate brings together responsibility for strategic oversight of Defra's European Union (EU) and international engagement, with responsibility for two of the biggest negotiations Defra is currently involved in: Sustainable Development Goals (SDGs) and the future of the EU's Common Agriculture Policy (CAP). EU and international work is central to much of what Defra delivers. Decisions at EU and international level set the framework for how government policies are developed, and have a direct impact on individuals, businesses and the environment; and many of the issues Defra deals with require international solutions. Defra also needs to make a confident and effective contribution to the Government's wider EU and international work, to ensure that it reflects Government priorities for the environment, growth, and sustainable agriculture.

Current policy priorities for the Directorate include:

- Negotiating for a new Common Agricultural Policy for 2014-20 to deliver the Ministerial priority to negotiate a smaller, simpler, greener CAP. The implications of CAP reform negotiations are potentially far reaching and there is a need to ensure that Defra's negotiations and implementation decisions are underpinned by sound evidence.
- Increasing international commitment to the sustainable use and management of natural resources. This will primarily be achieved by ensuring that Sustainable Development Goals are developed to focus on the sustainable use of natural resources to enable poverty eradication and prosperity.
- Leading the debate on policy responses to food price spikes to minimise impacts on the UK and international food security as part of G20¹ and AMIS² discussions on this topic. This requires understanding and, where appropriate, responding to global food price volatility, for example, by exploring the potential for flexible biofuels' mandates.
- Preserving and restoring international biodiversity and ecosystems; addressing agricultural drivers of deforestation through sustainable intensification; and promoting sustainable consumption of commodities linked to deforestation (e.g. timber, palm oil, soya), through the International Climate Fund (ICF).
- Setting Defra's overall strategy within Europe and facilitating Defra teams to deliver their policies in relation to Europe.

¹ The G20 is a forum attended by finance ministers and central bank governors from the world's highly developed economies consisting of 19 countries (Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, UK, USA) and the European Union. They meet to discuss global economic problems and issues. (Wai K Chan, Financial Times)

² The Agricultural Markets Information System is a G20 initiative to enhance food market transparency and encourage coordination of policy action in response to market uncertainty. <http://www.amis-outlook.org/>

In addition the Directorate is home to the economic modelling team, which meets evidence needs across the Directorate, Defra and other government departments. The modelling team aims to understand the dynamics of potential agricultural market developments, and provide tools which enable us to assess the impact of policy changes on those markets.

2. Current and near-term evidence objectives

What are the current and near-term objectives for evidence and how do they align to policy outcomes?

The Evidence and Analysis Team within the Directorate delivers evidence to directly support its policy teams. It also analyses and interprets emerging developments in global food and environment policy, risks and issues to identify for the Directorate those which require policy engagement or response – thereby helping to set its agenda. To deliver this, the team undertakes economic, statistical and social research analysis. Current objectives, identified by policy and analysis leads include:

CAP Reform

To support negotiations on, and preparations for implementation of, CAP reform, the following work is being taken forward:

- The top priority is analysis of the impacts of the CAP reform proposals (not only on agriculture, but also on the environment, farmers and consumers); and assessment of the behavioural change that CAP proposals may generate.
- Generation of evidence to support the development of alternative CAP proposals.
- Analysis to help determine the key changes that are needed to mitigate any potential negative effect from implementing the CAP reform proposals.
- Evaluation of the final CAP reform package as it is implemented (including ‘greening payments’) in preparation for future CAP reform and to identify if changes are needed to the implementation choices that have already been made.

United Kingdom (UK) Ministers negotiate on behalf of the UK; which involves representing interests in the devolved parts of the UK. We therefore need to engage with evidence and analysis work from the devolved administrations; and to share UK analysis with them.

EU Strategy and Engagement

The EU team requires analysis to monitor the effectiveness of Defra in the EU and to help Defra understand the impact of current and possible future EU policy to direct our EU effort and thereby optimise our influence. In addition there are specific requirements to:

- Understand the impact of EU membership across Defra’s Policy areas - the EU Competencies Review. This will be a major public evidence gathering exercise – requiring multi disciplinary analysis. This is likely to include assessment of the legal underpinnings of EU legislation impacting Defra policy; economic analysis of different approaches to decision-making at different levels (e.g. the trade-offs between national

or regional flexibility and impacts on the internal market) and operational/ social research of how governments/ institutions make decisions.

- Ensure the UK has an effective working relationship with the European Environment Agency (EEA) enabling influence on the EEA with the aim of shaping its work to better meet our evidence needs. The EEA is an agency of the European Union, providing independent information on the environment for those involved in developing, adopting, implementing and evaluating environmental policy, and also the general public. The International Evidence and Analysis team also encourages internal Defra engagement with the EEA and use of relevant environmental evidence.

International

The objectives for International evidence are to understand, analyse and identify the implications of changes in the value of ecosystems services globally (especially food, water and energy), and to identify where different international policy options, including SDGs, can deliver better outcomes. The focus will be on:

- The main priority of identifying the environmental issues that have the greatest impact on poverty and long term economic growth, and using this analysis to identify the SDGs which can have the biggest effect on reducing poverty and reducing the unsustainable use of natural resources to enhance prosperity, and where Defra can exert most influence. (This may include contributing to the design of targets and indicators for a limited number of SDGs.)
- Monitoring and understanding commodity market developments, reviewing the potential policy responses within an economic framework and identifying where new evidence can move the policy debate on responses, especially around food price spikes.
- Ensuring that ICF is robustly monitored and evaluated to identify whether it is delivering its expected impacts and providing value for money in delivering biodiversity benefits, reduced carbon emissions and reducing poverty.
- Supporting international environmental aims through analysis (for example, analysis is required on short-lived climate pollutants in order to inform the UK policy position in relation to the newly formed Climate and Clean Air Coalition).

Modelling

The modelling team currently uses a range of models to give insight into the major agricultural commodities markets. The current priorities and models used are:

- Analysis of global market developments of major agriculture commodities using the Office for Economic Co-operation and Development (OECD) – Food and Agriculture Organization of the United Nations (FAO) Aglink model - the current priority is the impact of the poor US harvest on agricultural markets.
- CAP reform and other agricultural policy analysis using the OECD-FAO Aglink model to look at market interventions. Defra is currently developing capability in using the Common Agricultural Policy Regionalised Impact modelling system (CAPRI), which is

designed to analyse the economic and environmental impact of a wider range of CAP policies with results available at a regional level within the UK.

- Analysis of the agricultural impact of multilateral and regional trade policy negotiations on the UK and our major trading partners using a version of the Global Trade Analysis Project model (GTAP), developed for Defra.
- Where it is important to get a breakdown of the impact on agricultural markets within the UK, Defra co-operates with the devolved administrations, to commission work using a UK version of the Food & Agricultural Policy Research Institute (FAPRI) model.

The outputs of the modelling team are also used by policy customers across Defra and in other government departments. For example, baseline estimates of future agricultural production are used as an input into climate change projections for the agricultural sector.

3. Future evidence needs

What are the longer-term evidence needs for the policy area/ programme?

The Directorate's business focuses on influencing and then responding to the outcomes of European and international negotiations and treaties. Longer-term evidence needs are currently forecast to be:

CAP Reform: Monitoring and evaluating the impact of 2014-2020 CAP reforms will be a priority evidence need in the longer term, including evaluation of the behavioural change that will arise as a result. If the outcome from current negotiations leads to higher levels of public intervention, economic, statistical and social research analysis will be needed to assess how this impacts on competitiveness, consumers and developing countries. This will influence future CAP reform negotiations, whilst also evaluating the impact of the implementation choices we have made.

EU Strategy and Engagement: The future foci of work in this area will include building a connection with Better Regulation Unit on the 7th Environment Action Programme of the EU³, and liaising with the Foreign and Commonwealth Office (FCO) on EU work. In addition, there will be ongoing analysis to ensure that Defra understands the impact of upcoming EU Policy to direct EU effort and thereby optimise Defra influence.

International: SDGs are likely to be a key focus for evidence in the longer term, especially as the SDG process needs to be co-ordinated and coherent with processes mapping out the "post-2015 development agenda" (which will succeed Millennium Development Goals (MDGs⁴)).

Modelling: It is anticipated that Defra will continue to require the current range of internal modelling capability. The modelling of future agricultural activity will continue to act as a baseline against which the impact of a wide range of agricultural policies will be assessed.

³ <http://www.eeb.org/index.cfm/activities/sustainability/7th-environmental-action-programme/>

⁴ <http://www.un.org/millenniumgoals/>

Both the CAP and trade negotiations will continue into the long-term and require modelling work to support them. Given the evolution of the CAP away from market interventions towards environmental objectives use of the CAPRI model is likely to increase.

However, given Defra's objectives there is likely to be greater demand for modelling work that goes beyond economic modelling of price, output and trade impacts in agricultural markets. Defra will consider the extent to which additional modelling capability in areas such as land use, water use and green house gas emissions would support policy development in those areas. This will involve exploring the best way to link economic models with scientific models both at the international and domestic level.

In addition, Defra's international modelling team has the capability to provide a shared resource, not just across many Defra policy areas, but also to other government departments.

4. Meeting evidence needs

What approach(es) will be taken to meeting evidence needs?

Identifying research needs and choice of methodology

Evidence needs for the Directorate are identified via close working between policy and analytical colleagues. This ensures that evidence plans are constantly reviewed in response to emerging policy priorities and that existing research projects continue to have direct policy application.

Priorities are identified by considering research proposals against Defra's public commitments, Ministerial priorities, the Directorate's business plan and long-term evidence requirements and gaps. Decisions are made by International Director and Evidence Deputy Director in consultation with policy and evidence leads (including relevant leads across the department and agencies).

Choice of evidence gathering methodology is decided by analysts (or by policy in consultation with analysts). This focuses on the research questions agreed between policy and analysis - and how to most efficiently answer them within the relevant timescale and budget. Analysts within the Directorate use their expertise, professional guidance⁵ and HM Treasury guides to appraisal⁶ and evaluation⁷ to ensure that proposed methodologies are appropriate. The Directorate's evidence team is multi-disciplinary which ensures that a range of analytical approaches are used (and combined) to answer research questions.

⁵ For example – Government Social Research Code: <http://www.civilservice.gov.uk/networks/gsr/gsr-code>, Office for National Statistics Guidance and Methodology: <http://www.ons.gov.uk/ons/guide-method/index.html>

⁶ HMT Green Book - http://www.hm-treasury.gov.uk/data_greenbook_index.htm

⁷ HMT Magenta Book - http://www.hm-treasury.gov.uk/data_magentabook_index.htm

Generating the evidence

As a starting point, existing evidence is reviewed (including via rapid evidence assessments or systematic reviews when appropriate (e.g. ‘Agricultural Price Spikes 2007/2008: Causes and Policy Implications’⁸). This ensures that research is not duplicated and that the team can learn and build upon existing evidence.

A substantial part of the Directorate’s evidence is generated internally and, as part of this, evidence teams do use existing data sources as the basis of their analysis. For example CAP reform analysts use data on the current structure and performance of the UK agricultural sector to assess the impact of CAP and trade policies; conduct financial analysis of EU budget proposals on CAP using in-house spreadsheet based models; and draw on existing literature, including, but not limited to the OECD.

Advice from expert/advisory groups is also sought. This will include internally sponsored expert groups such as the Defra Social Science Expert Panel and Economic Expert Panel. It also includes external groups such as the OECD and the FAO who are regularly consulted on the use of tools such as Aglink-Cosimo (the FAO and OECD global partial equilibrium model of the agricultural economy).

The Directorate also directly commissions primary research and secondary analysis of data (for example CAP reform behavioural research) – and also delivers research through partnerships with external funders. For example, the Directorate co-funds a pilot project with DfID and United States counterparts to develop a global consistent open source database of agricultural production and land use called GEOSHARE). In addition, the modelling team co-fund, with the Devolved Administrations, the FAPRI-UK project which takes the Food and Agricultural Policy Research Institute international model of agriculture markets and produces a UK version. This contract gives Defra an avenue for analysing a range of international market and policy developments.

Internal and external links

We work closely with internal evidence teams, in particular the Sustainable Land and Rural Communities evidence team, Sustainable Land Management and Livestock Farming Analysis and Evidence and the Food and Sustainable Economy evidence team.

The Directorate also has strong links with other government departments – for example with DfID (on ICF and food security), DECC (on ICF) and DfT (on biofuels). When working with external organisations we seek to influence their research agenda as well as ensuring we utilise their analysis. For example, we work to influence the OECD to undertake analysis that will impact international and EU policy; and also draw on their analysis to inform Defra policy decisions. Key internal and external links are set out below:

⁸ <http://archive.defra.gov.uk/foodfarm/food/security/price.htm>

Internal and external links	Shared area(s) of interest
Rural Development Programme (Defra)	CAP reform including environmental impact and all aspects of pillar 2.
CAP Implementation (Defra)	All aspects of CAP reform.
Sustainable Land and Soils/ Sustainable and Competitive Farming (Defra)	Role of CAP in improving agricultural productivity and competitiveness, and environmental impacts of CAP.
Food and Sustainable Economy (Defra)	The global context of food prices and UK food security. Delivering the 'Export Action Plan' ⁹ . Work in partnership on the Global Food Security programme ¹⁰ . International engagement in the Green Growth/Sustainable Development Agenda (i.e.: OECD's Green Growth Strategy).
Rural Payments Agency	All aspects of CAP reform.
Department for International Development (DFID)	Joint Defra/ DFID food security narrative – including the evidence underpinning it. Agriculture and Development Analyst Group. International Climate Fund, Post 2015 International development framework (development of MDGs and SDGs).
Department for Energy and Climate Change (DECC)	International Climate Fund, Post 2015 International development framework (development of MDGs and SDGs), Interdepartmental Climate Change Co-ordination Group. Analysis of impact of biofuels policy on agricultural markets.
Department for Business, Innovation Skills (BIS)	International trade agreements.
Department for Transport (DfT)	Biofuels – including the agricultural price implications of biofuels policy.
Cabinet Office	Post 2015 International development framework (development of MDGs and SDGs).
European Environment Agency and Eionet ¹¹	Statistical network of thematic experts and European consortium topic centres covering environmental themes.
Eurostat	Statistical office of the European Community.
United Nations Environment Programme	Contribution to various meetings and evidence

⁹ <http://www.defra.gov.uk/food-farm/food/exports/>

¹⁰ The Directorate accesses scientific evidence relevant to the 'Global Food Security' agenda via the Food Security and Sustainability Team, and DFID.

¹¹ A partnership network of the EEA and EU member and cooperating countries. It consists of the EEA itself, a number of European Topic Centres (ETCs) and a network of experts from 39 countries.

	papers, use of research and published evidence.
UK Representation to the EU (UK Rep)	Work with UK Rep (Rome) to link in with FAO.
Joint Nature Conservation Committee	Advisor to Government on nature conservation issues.
Food and Agriculture Organization. (FAO)	Agricultural Markets Information System (AMIS); Developing leading indicators for agricultural price volatility.
UK Environmental Observation Framework	Provide a strategic decision-making framework for optimising investments and measurements made by environmental observations (e.g. for research, policy and regulatory needs).
Organisation for Economic Co-operation and Development (OECD)	Analysis of agricultural policies and markets

5. Evaluating value for money and impact

What approach(es) will be taken to maximise and evaluate value for money and impact from evidence?

The International Evaluation and Analysis team oversees evaluation of two of the Department's significant areas of regulation and expenditure. It evaluates value for money and impact by both evaluating the impact and value of policies delivered by the Directorate and by ensuring that evidence spend has maximum impact.

Policy Evaluation

Current evaluation strategy focuses on:

- Evaluation of the impact of CAP reform, including on farmer behaviour (CAP Reform).
- Monitoring and evaluation of the International Climate Fund (International).

Evaluation of Evidence

Value for money is secured by ensuring evidence is used and has impact in policy decision making. This is done by ensuring policy leads contribute at all stages of design, management and delivery of research – including dissemination plans. The Directorate evidence plan will be reviewed on a yearly basis by the evidence leads and policy leads in the International Directorate. This review will include an assessment of the impact of previous evidence on policy decisions and a reappraisal of current and future research needs.

At the design and development stage, evidence team members use appropriate methodologies and directly answer research questions, drawing out policy implications. Directorate analysts therefore make sure GSS (Government Statistical Service), GSR (Government Social Research) and GER (Government Economic Research) guidelines and codes are adhered to (as appropriate to the research project), along with the practices

set out in the Defra Evidence Handbook. The Magenta Book and Green Book are also utilised where appropriate to ensure robust approaches to evaluation and appraisal. External and internal peer review and Defra expert panels are used to ensure evidence delivers accessible, robust, policy-focussed products. For example, International Climate Fund spend is scrutinised via the Central Approvals Panel. In addition, our modelling work is subject to a range of quality assurance procedures, for example the in-house version of GTAP was reviewed by the Defra Agriculture Economics Panel, and papers containing modelling results have been accepted into peer-reviewed journals

Evidence is also appropriately disseminated, using the types of networks identified in section 4. Specifically, CAP reform analysis is shared with the EU Commission, EU member states, and the Devolved Administrations. Our modelling on commodities markets, including biofuels, is also shared with OECD, FAO, the United States Department of Agriculture (USDA) and academics.

Evaluating the evidence programme is therefore an ongoing exercise. The quality of evidence will be routinely assessed for each project via the range of peer review processes noted above to ensure research is robust prior to its publication and dissemination. The impact of evidence on policy will be assessed internally as part of the annual review of the evidence plan. Success measures for evidence will also be included in the terms of reference for each research project. In addition, a further review of the impact of the evidence programme will be undertaken every three to five years. Given the scale of the programme, a proportionate approach will be undertaken to provide an assessment of how it has met the three standards above.