agriculture policy brief

OECD BETTER POLICIES FOR BETTER LIVES

Making coherent policies for food systems

January 2021

- Better policies are needed to meet the triple challenge facing food systems: simultaneously ensuring food security and nutrition for all, providing livelihoods along the food chain, and improving the environmental sustainability of the sector.
- Designing effective policies for food systems is complicated because of synergies and trade-offs between different dimensions of the triple challenge and transboundary spillovers. But some design principles can help reduce the complexity of this task.
- Documenting and, where possible, quantifying potential spillover effects is an important first step: not all potential synergies and trade-offs are real, or large enough to matter for policy design.
- Even where synergies are found, a single policy instrument will rarely be sufficient to achieve all objectives. Rather, a mix of instruments is usually needed.
- Where there are trade-offs, they can sometimes be avoided by a different choice of policy instruments. In other cases, society must choose between competing objectives. This is not a purely technical question but involves value judgments.
- Several practical approaches can improve coherence of food system policies, such as regulatory impact assessments and stocktaking exercises, multi-stakeholder consultative processes, and greater coordination between policy communities.

What's the issue?

Food systems around the world are expected to simultaneously provide food security and nutrition for a growing population; livelihoods for millions of farmers and others actors along the food chain; and improve environmental sustainability of the sector. Better policies are urgently needed to address this "triple challenge". But policies aiming to improve outcomes in one dimension of the triple challenge can also affect other dimensions, either positively (a synergy) or negatively (a trade-off). Given these complex, multi-layered interactions, designing better policies can be challenging.

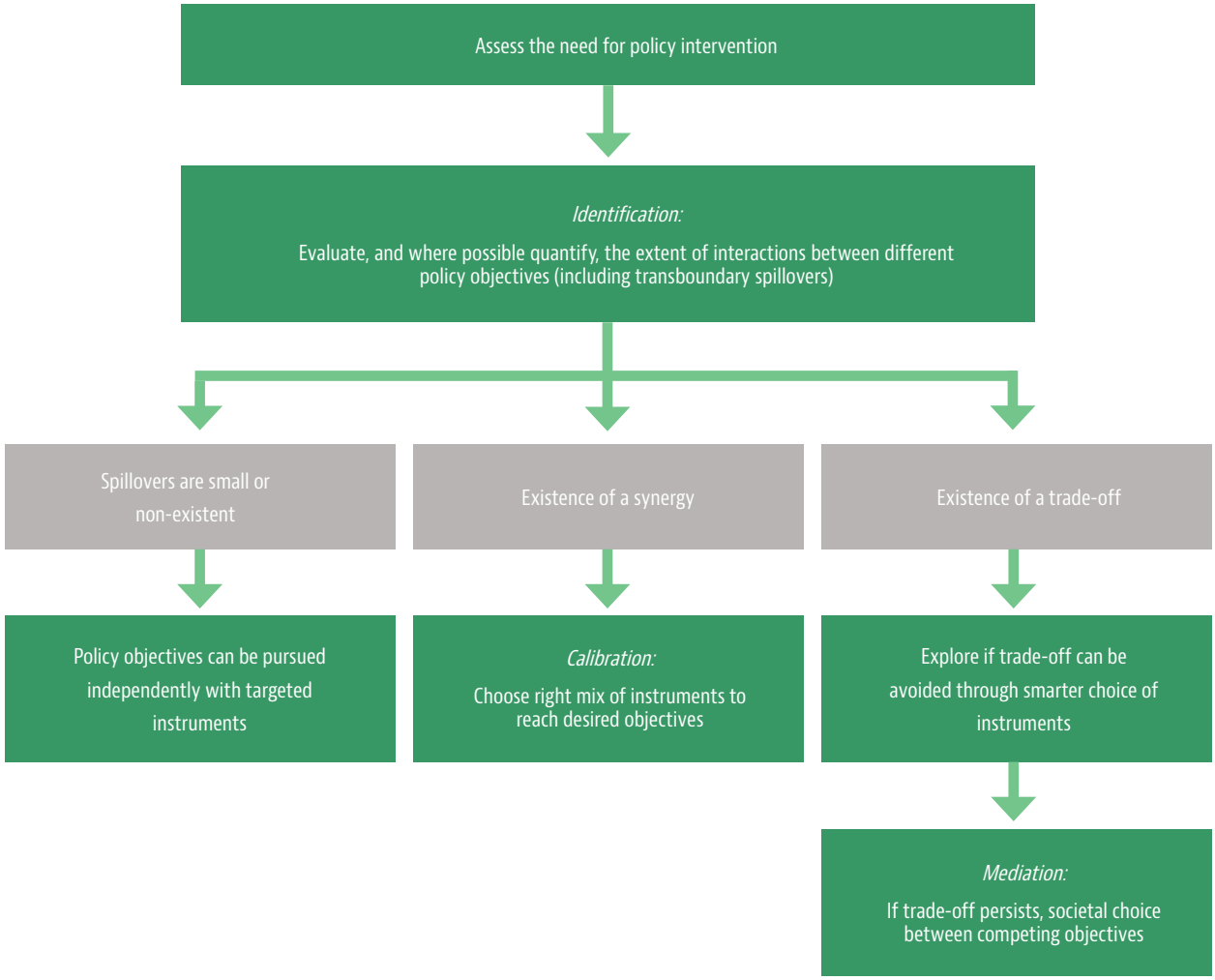
What should policy makers do?

A food systems approach means that policies should be coherent across the three dimensions of the triple challenge: that is, they should take into account relevant synergies and trade-offs at the international, national and sub-national levels. This can prove difficult and costly in practice. Stylised frameworks, like the one illustrated in the figure below, can help policymakers structure their analysis to focus on the key questions that need to be addressed in order to identify a package of coherent policies for food systems.

Assess the need for policy intervention

A useful first step in reducing complexity is to ask whether and when policy intervention is needed. In the context of food systems, policy intervention might be warranted to provide a public good (e.g. providing agricultural R&D or

Figure. Design principles for policy coherence



food safety regulation) or to address a market failure (e.g. tackling greenhouse gas emissions or the public burden of unhealthy food choices). Ultimately, it remains an empirical question whether and to what extent policy intervention could help, and which instruments would be best fit for purpose. Policymakers have a range of possible actions, from laws and regulations through to non-legislative solutions (e.g. information campaigns or encouraging initiatives by industry and civil society), and indeed the possibility of not taking any action.

Identification: evaluate, and where possible quantify, the extent of interactions

If policy intervention is warranted, a next step is to rigorously evaluate, and, where possible, quantify, potential spill over effects, including transboundary spillovers. For example, many countries provide income support to farmers through policies such as import tariffs, which raise food prices for domestic consumers and reduce opportunities for producers in other countries. Policy makers need to be aware of such potential spill over effects. However, it is also essential to examine potential spill overs using up to date evidence and analysis. Some spill overs may be relatively small; in other cases, synergies or trade-offs may be found. Each case carries different policy implications.

If spill overs are small or non-existent, pursue policy objectives separately

When no important spill overs are found, policy

objectives can be pursued independently via targeted policies. For example, some have suggested that farm support policies have contributed to rising obesity. However, empirical evidence shows that, on average, agricultural support in OECD countries raises domestic prices (e.g., through import tariffs) and hence does not encourage overconsumption of food. While there is a strong economic and environmental case for reforming agricultural support policies, it is unlikely to be an effective tool to tackle obesity. Rather, OECD work has identified a four-track approach for encouraging healthier food choices. These include demand side public interventions (e.g. information campaigns), collaboration with the food industry at the supply-demand interface (e.g. product reformulation, labelling), firmer regulations when public-private incentives are misaligned (e.g. to restrict advertising to children), and fiscal measures.

In case of synergies, carefully calibrate the policy mix

When a synergy is found between two or more policy objectives, it is tempting to search for a "silver bullet" – a single policy instrument which can simultaneously fix multiple problems. But it is rarely the case that one instrument can achieve multiple objectives perfectly. For example, policies to promote healthier diets may for many countries imply a shift away from ruminant livestock products, which would also reduce GHG emissions. But the optimal diet for human health will rarely coincide perfectly with what is best for environmental sustainability. For example, healthier diets typically involve higher consumption of fruits and vegetables, which could lead to higher pesticide and water use. Therefore, additional policy measures will be needed to achieve both human and environmental health objectives. However, synergies between these goals could reduce the amount of effort needed on the separate policies. When synergies exist, policy makers should thus strive to calibrate an effective policy mix, rather than searching for a "silver bullet".

In case of trade-offs, search for alternative instruments; choose between competing objectives

In many cases, policy makers are faced with trade-offs between two or more objectives. Experience shows that trade-offs can often be softened or removed by adopting different policy instruments. For example, using fertiliser subsidies to provide income support to farmers will stimulate overuse and cause environmental problems. Using this policy instrument creates a trade-off between supporting farm incomes and protecting the environment – but it is clear that a different choice of instrument could reduce this trade-off (e.g. by using more decoupled forms of support) or even transform it into a synergy (e.g. by using well-designed payments for eco-system services). However, changing policy instruments may not always be effective in addressing trade-offs. Policymakers may need to mediate between competing objectives, which involves a societal choice. While this choice should be taken based on the best available evidence, it is not purely a technical question but involves value judgements and depends on a society's priorities and wider interests. In democracies, there will rarely be a unanimous view on how such trade-offs should be decided.

Pragmatic approaches can lead to more coherent outcomes

There are many different ways to use the above design principles to develop specific policy approaches.

- **Regulatory impact assessments (RIAs) can improve coherence by requiring the ex-ante evaluation of potential synergies and trade-offs, and by comparing different policy options while taking into account these interaction effects.** OECD countries are increasingly using RIA as a routine screening process of proposed new laws and regulations. Coherence can also be assessed for existing policies through "stocktaking" exercises, such as initiatives which make an inventory of existing policies and their potential synergies and trade-offs.

- **Multi-stakeholder consultative approaches can help improve policy coherence by bringing together a wide range of perspectives and expertise, which increases the likelihood that important synergies and trade-offs, and possible ways to manage them, are identified.** These approaches are particularly useful when stakeholders are asked to reflect on data and evidence gathered during a RIA or a stocktaking exercise, to ensure evidence-based discussions.

- **Coherence can be improved through better coordination between different policy making communities (e.g. agriculture, environment, public health) and levels of governments (e.g. federal, provincial/territorial/state, municipal/local).** Existing mechanisms range from ad hoc exchanges of views to a complete functional integration. Stronger integration may lead to more coherence but is difficult to achieve and may create other issues.

- **At the international level, cooperation is also needed to manage transboundary spill overs and avoid incoherent policies.** Again, several mechanisms exist, ranging from dialogue and the exchange of information through international organisations to binding international agreements and international standard-setting. However, international cooperation is not always easy to achieve due to differences in interests, preferences and policy-making approaches between different countries.

Making coherent policies for food systems

Greater policy coherence is necessary to achieve better policies for food systems. The design principles and pragmatic approaches outlined here can help in formulating policies that take into account spill over effects across different dimensions of the triple challenge. However, achieving better policies may sometimes prove difficult due to disagreements over facts, interests and values. Robust policy processes are thus essential to make progress towards better policies for food systems.

Further reading

- OECD (2021), *Making Better Policies for Food Systems*, OECD Publishing, Paris, https://dx.doi.org/10.1787/ddfba4de-en.
- OECD (2021), *Food systems and the triple challenge*, www.oecd.org/food-systems/documents/food-systems-and-the-triple-challenge.pdf
- OECD (2021), *Achieving better policies for food systems*, www.oecd.org/food-systems/documents/achieving-better-policies-for-food-systems.pdf
- OECD (2020), *Measuring distortions in international markets: the agriculture sector*, https://issuu.com/oecd.publishing/docs/measuring_distortions_in_internatio.
- Giner, C. and J. Brooks (2019), "Policies for encouraging healthier food choices", *OECD Food, Agriculture and Fisheries Papers*, No. 137, OECD Publishing, Paris. http://dx.doi.org/10.1787/11a42b51-en.
- OECD (2019), *Policy Coherence for Sustainable Development 2019: Empowering People and Ensuring Inclusiveness and Equality*, OECD Publishing, Paris, https://doi.org/10.1787/a90f851f-en.
- Lankoski, J., A. Ignaciuk and F. Jésus (2018), "Synergies and trade-offs between adaptation, mitigation and agricultural productivity: A synthesis report", *OECD Food, Agriculture and Fisheries Papers*, No. 110, OECD Publishing, Paris, https://doi.org/10.1787/07dcb05c-en.
- OECD (2009), Regulatory Impact Analysis: A Tool for Policy Coherence, *OECD Reviews of Regulatory Reform*, OECD Publishing, Paris, https://doi.org/10.1787/9789264067110-en.