

ENFASYS | Policy Brief

Overcoming lock-ins: Design principles for public policies that support farmers towards more sustainable farming systems

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The agricultural sector in Europe operates in a rapidly changing, challenging context. Disruptive geopolitical and geoeconomic developments, such as the Russian attack on Ukraine and the unravelling of the rules-based multi-lateral order, also affect Europe's agri-food systems, which are embedded in global trade patterns and transnational value creation networks. At national and regional levels, social cohesion is under strain from intensive distributional and cultural struggles which often include a rural-urban divide. High costs and regulatory burdens feed into concerns about competitiveness.

At the same time, climate change impacts, environmental pollution and biodiversity loss create serious threats to food security. Here, the farming sector plays a dual role: it is strongly affected by these developments but is also a significant contributor to greenhouse gas emissions, soil degradation, overuse of water resources and biodiversity loss through unsustainable agricultural practices, as highlighted in the final report by the Strategic Dialogue on the Future of EU Agriculture (2024). Transitioning towards sustainable farming systems that are economically viable and support the maintenance of public goods is essential to secure the long-term provision of high-quality food, feed, fibre, energy, and ecosystem services.



Unsustainable lock-ins and the co-evolution of path-dependent policy

Farming systems in Europe are often locked into unsustainable practices due to a range of institutional, cultural, social and financial factors. Systemic lock-ins, by definition, cannot be overcome by individual activities, market transactions or voluntary cooperation of actors. Coordination, governance and public policy interventions are needed. However, current public policies have co-evolved alongside the established market structures, technologies and social values. Existing legislation and institutions therefore tend to stabilise existing farming systems, including their unsustainable elements. In addition, many public policies are locked-in themselves.

Agricultural policy in the European Union (EU) was originally designed to increase productivity and income from farming activities, as stipulated in Article 39 of the Treaty on the Functioning of the European Union (TFEU). Several rounds of reform have introduced new objectives, such as consumer protection, animal health and welfare or environmental and climate protection. However, agricultural policy has not prioritised support for farmers who transition towards more sustainable farming systems. The design of farm policies in Europe still reflects a focus on production, productivity, and farm income. This productivist legacy is deeply entrenched in policy objectives and instruments, administrative routines, and

budgetary structures; and it is defended by powerful, well-organised groups of beneficiaries.

Design principles for future-oriented agricultural policy

Overcoming the double lock-in of farming systems and agricultural policies requires deliberate policy design. Policy design entails the methodical and systematic attempt to define coherent policy objectives and connect them to policy instruments which work towards achieving the objectives. In the face of the need to secure political majorities, public acceptance and legal and administrative compatibility, design principles articulate the normative beliefs and cognitive assumptions which guide the policy design. They provide orientation for coherent design choices across governance levels and offer a shared frame of reference against which specific policy proposals and implementation choices can be assessed.

Based on transdisciplinary research conducted in the ENFASYS project, we have derived ten design principles for the development and implementation of sustainability-oriented agricultural policy in a three-step participatory process. These principles build on lessons from ten participatory co-design processes across Europe during which agri-food stake-

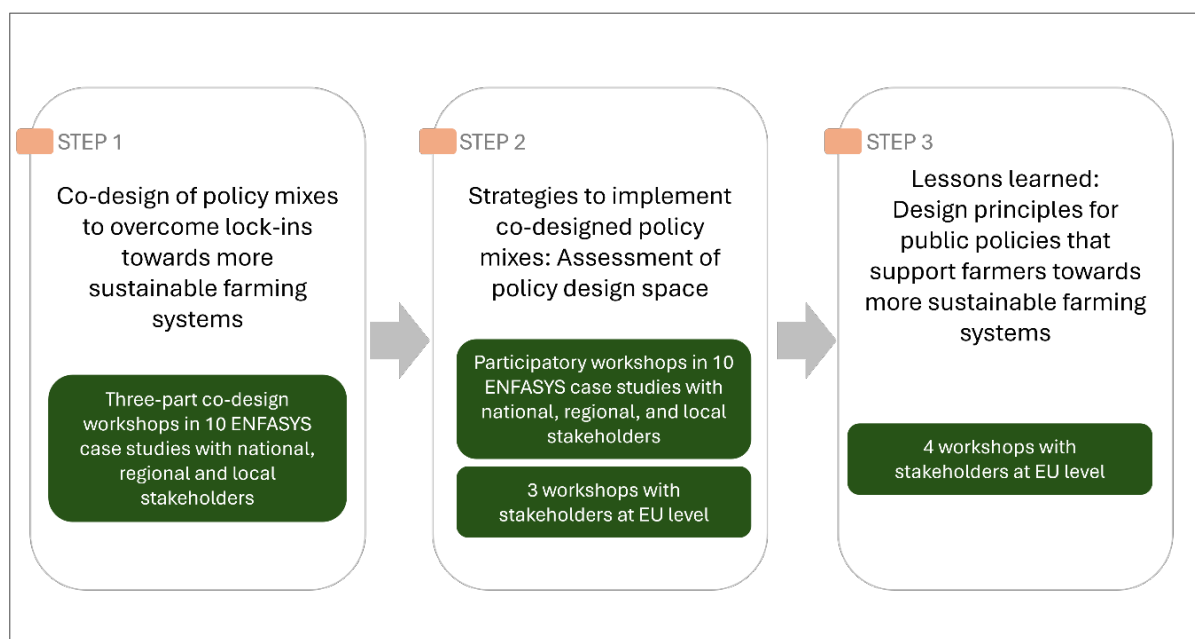
holders and policy experts developed policy mixes that could support farms in transitioning towards more sustainable business models. Participants also assessed the capacity and willingness of policy-makers to implement the co-designed policy interventions. The results were discussed in workshops with EU-level stakeholders and experts. The design principles are intended to serve as a set of guidelines for policy design and offer a framework to assess specific policies, for example the upcoming Common Agricultural Policy (CAP) proposals and national implementation choices.

The ten principles

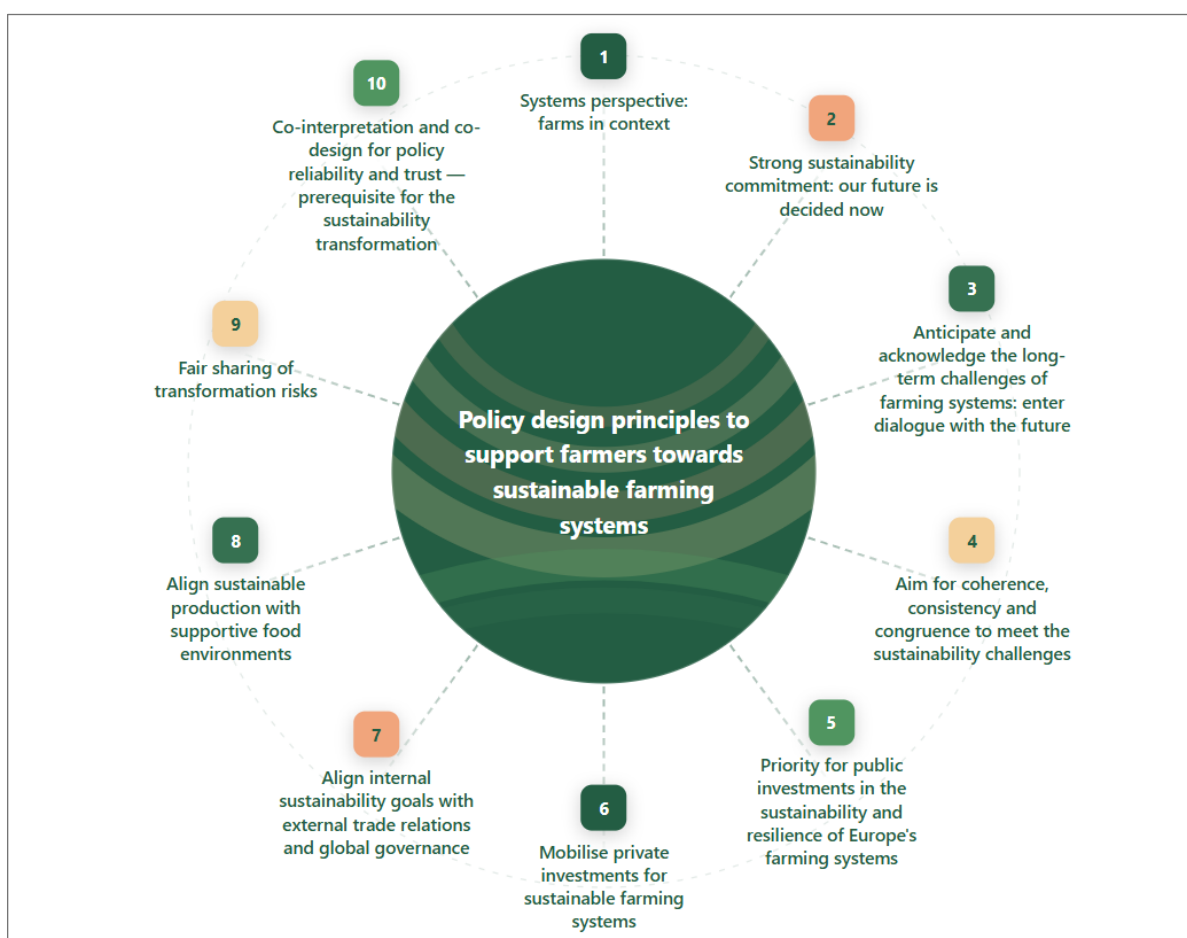
1. Systems perspective: farms in context

Agricultural production is embedded in complex systems characterised by the interaction of environmental, economic and social processes. Societal expectations encompass the production of private goods, such as food, feed and fibre, and the maintenance of public goods, such as ecosystem services. Rising costs, the weak position of many producers within agri-food chains, and the effects of climate and environmental change can have cumulative impacts on farming businesses. When developing and implementing policy interventions to support farmers in transitioning

Infographic 1: Three-step participatory development of the policy design principles



Infographic 2: Policy design principles to support farmers towards sustainable farming systems



to more sustainable practices, it is important to consider the systemic interdependencies, rather than merely focusing on immediate effects on producers and their incomes. For example, changes in one part of a farming system (e.g. consumer values and willingness-to-pay) can affect the feasibility and pace of change in others (e.g. acceptance of products and technologies). Consequently, public policies that affect and address farms and their context extend well beyond agricultural policy and include interdependencies with, e.g., food, health, environmental, tax, trade and animal welfare policies. A systems perspective requires the inclusion of strong, integrated and agile analytical capacities in policy-making to understand system dynamics in rapidly changing contexts.

2. Strong sustainability commitment: our future is decided now

Transitioning towards more sustainable farming systems should be a top priority for EU agriculture to ensure that private and public goods can be provided not only today but also for future generations. A strong sustainability commitment could be based on three principles: providing nutritious and healthy food for people, operating within planetary boundaries, and recognising human-animal-plant-soil interdependencies (“One Health”). Operationalisation and measurement of sustainability criteria, where feasible, can enhance policy guidance. In the EU, a strong sustainability commitment is enshrined in the common provisions of the Treaty on European Union (TEU), which demands “a high level of protection and improvement of the quality of the environment” (Art. 3 (3) TEU). The Treaty on the Functioning of the European Union (TFEU) contains general principles which include the

precautionary principle, along with the principles that preventive action should be taken, that environmental damage should be rectified at source as a matter of priority, and that the polluter must pay (Art. 191 TFEU). A strong commitment to sustainability requires the prioritisation of these cross-cutting objectives and the alignment of sectoral objectives such as productivity and farm income support (Art. 39 TFEU).

3. Anticipate and acknowledge the long-term challenges of farming systems: enter dialogue with the future

Understanding sustainability and resilience challenges to Europe's farming systems requires a capacity to 'read the future'. System models and resilience assessments have shown that many European farming systems can be maintained in the

short-term but use up their economic, ecological and social capital. Current policies must therefore invest in anticipatory capacities and support farmers and farming systems in developing the capacities needed to address challenges such as climate change, biodiversity loss, water scarcity, soil degradation, biohazards, trade wars and international conflicts, disruptive technological innovations, new competitors, demographic change and new social sensitivities. Anticipatory capacities enhance all dimensions of resilience, i.e. robustness, adaptability and transformability capacities. Policy-making that engages in dialogue with the future requires systematic integration of scenario building processes, impact and risk assessments, and long-term foresight modelling with a broad range of agronomic, economic, ecological and social factors.

4. Aim for coherence, consistency and congruence to meet the sustainability challenges

Addressing complex challenges, such as the sustainability transformation, will always result in complex policy mixes with multiple

objectives, multiple instruments and many detailed adjustments of instrument settings. Two or more policy objectives are coherent if they can coexist as logically coordinated elements of a policy mix. Instruments are consistent if they reinforce rather than undermine each other. Congruence describes the ability of objectives and instruments to work together in a mutually supportive way. Addressing sustainability objectives is often associated with productivity losses or higher costs for farmers, which can conflict with sectoral policy objectives such as productivity and income support. Supporting farmers in the transformation towards more sustainable farming systems requires coherent, consistent, congruent and well-timed policy design that uses available

budgets to enhance synergies and to reward the provision of public goods, while aligning agricultural policy with other policy domains, e.g. food and nutrition, health, trade, energy, and animal welfare.

5. Priority for public investments in the sustainability and resilience of Europe's farming systems

Economic, geopolitical and security challenges increase the need to justify public spending and require clear priorities, potentially reducing the scope for redistributive policies. Making Europe's farming systems more sustainable and resilient requires significant structural investment with a view to the whole system, as many farming systems are currently locked into unsustainable practices due to a combination of financial, cultural, social, and institutional barriers to change towards more sustainable practices. The financial resources available under the CAP, for example, should be focused on supporting farmers to overcome these barriers and lock-ins. Based on a clear vision and a strong sustainability commitment, programmes should systematically address market failures and support the development of resilient and sustainable business models for farmers.



6. Mobilise private investments for sustainable farming systems

Public funding alone cannot finance the transformation of Europe's farming systems. Significant capital already exists within the agri-food sector and along the value chain. Attracting private investment from sources within the agri-food sector (farmers and value chain actors) and from new sources (financial sector, industry) is essential to complement public spending and accelerate innovation. This requires a policy framework based on a strong sustainability commitment that enables better access to loans for business models which support public goods, innovative financing models (such as producer-group loans or carbon farming and nature credits with stringent standards) and the alignment of financial taxonomies with sustainability objectives.



7. Align internal sustainability goals with external trade relations and global governance

Agricultural production in the EU is embedded in global markets, value chains and international trade rules. What happens at the external border of the single market fundamentally shapes what is economically and politically feasible inside the EU. To ensure credibility and effectiveness, internal sustainability commitments must therefore be aligned with the EU's external trade policy, e.g. through sustainability chapters in trade agreements, a carbon border adjustment mechanism (CBAM), transnational standards and multilateral obligations. This includes measures to prevent the outsourcing of environmental impacts to other regions, to ensure a level playing field with imports produced under lower standards, and to strengthen Europe's capacity to act consistently in international negotiations. Coherent policy design for sustainability requires alignment of domestic objectives, border measures and the EU's role in global governance, so that strong internal sustainability ambitions are not undermined by external influences and restrictions.

8. Align sustainable production with supportive food environments

To effectively support farmers to overcome barriers to more sustainable practices, public policies should help to align sustainable farming practices with fair and healthy food environments that shape demand and consumption, as envisioned in the Farm-to-Fork Strategy (2020). This requires stringent support for food environments where sustainable options are accessible, affordable and aligned with social expectations, as well as desirable through fair pricing, transparent labelling, and public procurement that prioritises sustainable products.

Fair, healthy and sustainable food environments also incentivise and enable farmers to adopt more sustainable practices for which they find sufficient willingness-to-pay.

9. Fair sharing of transformation risks

Supporting farmers in their transformation towards sustainable practices requires reliable policy frameworks. At the same time, the financial and innovation risks associated with the transformation must not fall disproportionately on individual farmers. Policy mixes should therefore offer reliable incentives, support diversified business models and offer instruments that reduce or share investment risks – for example through contract designs, risk-sharing models in the Common Market Organisation or transformation payments. Policy-making that addresses a fair sharing of risks should also consider the timing of adoption of more sustainable practices (early movers versus late adopters) and the availability of advice and technical services.

10. Co-interpretation and co-design for policy reliability and trust — prerequisite for the sustainability transformation

The transformation to sustainable practices creates uncertainties and complexities for farmers. Co-interpretation becomes an important part of policy-making – a deliberative effort to create a shared understanding of

systemic challenges in a long-term perspective. Shared understandings and broad coalitions are necessary to stabilise policies beyond electoral cycles. Long-term reliability is a precondition of transformation-oriented policy to create trust among farmers and other affected groups that support structures on which they rely when embarking on transformative change. Trust, whether in individual political figures ('trusting the people') or the broader institutional context ('trusting the system'), helps to reduce complexity and to accept uncertainty. Lack of trust can lead to reactance and resistance. Open and transparent policy-making processes facilitate support for strong sustainability commitments, but institutional trust alone cannot persuade everyone. It is important to also build personal trust through collaborative platforms, advisors, co-operatives and peer networks with direct relationships to farmers. Policy designs should be based on evidence, transparency, and participation to create legitimacy and ownership by those most affected. Inclusive and transparent consultations should also demonstrate that broad stakeholder input is seriously considered.

Conclusions

To ensure the long-term viability of the agricultural sector and its alignment with broader societal goals, such as climate and environmental protection, human, plant and animal health, animal welfare, and rural development, it is necessary to transform farming systems across the EU towards more sustainable practices. To support this transformation, it is crucial to establish a stable political environment that allows farmers to plan transformative steps and adapt their established practices. The design principles presented in this policy brief provide guidelines for policy makers and a basis for assessing specific policies, e.g. CAP proposals and national implementation choices.

Aligning agricultural policies with long-term societal needs and priorities requires incentives, supporting norms and pro-active

attitudes that encourage sustainable behaviour throughout the agri-food system. This must be grounded in a widely shared understanding of the challenges as a basis for credible long-term commitments and a coherent strategy for the EU's external trade relations. Finally, mobilising the necessary capital for transformative investments, strengthening trusted communities of practice and ensuring a fair distribution of risks are critical building blocks for a policy environment that enables Europe's farms and farmers to transform towards more sustainable practices.

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