

# Result-based approaches to AECM

The main feature of the result-based Agri-environment-climate Measure (AECM) is that the payment relates to the achievement of a defined environmental result and the farmer or other land manager is allowed the flexibility to choose the most appropriate management to achieve that result. This contrasts with the more common management-based payment schemes where the payment relates to defined agricultural management requirements which must be carried out by the beneficiary.

Thus, result-based AECM raise hopes for increased policy effectiveness and closely follow the notion of the EU Commission's Budget Focused on Results (BFOR) initiative launched in 2015 ([BFOR](#)), which advocates placing the focus of policy implementation on performance rather than on compliance. Also, the European Court of Auditors (ECA) encouraged the EU Commission and Member States to be more proactive in managing AECM through outcome-based measures (see ECA, [Special Report No 7/2011](#)).

Yet, although the concept of result-based AECM is not new and a number of result-based schemes exist - particularly for biodiversity - their implementation under the European Agricultural Fund for Rural Development (EAFRD) is less common. Instead, until recently such initiatives have tended to be implemented under national schemes or the EU's LIFE programme and only to a lesser extent by EAFRD resources.

Among the reasons for this has been confusion over how to design such schemes in keeping with the EAFRD rules relating to payment calculations and the need to trial such approaches in an experimental way first before they are sufficiently mature for inclusion within an RDP. However, over the past few years it has become much clearer how to overcome some of these perceived barriers, with helpful guidance available to Member States and Managing Authorities from the European Commission and the possibility to pilot new approaches using EAFRD funding.

In this factsheet, examples of result-based AECM schemes, their advantages and disadvantages are explored. Some of the potential challenges of programming such interventions under the EAFRD are examined and solutions are drawn up.

## Result-based grassland management using indicator species

In Romania, a pilot scheme trialling a result-based AECM has been set up for the period 2015-2018. This focuses on High Nature Value (HNV) grassland and is supported by multiple donors. The pilot is taking place in two regions - Târnava Mare (TM) and Pogány-havas (PH) - both mountainous areas including designated Natura 2000 sites.

The main objective of the scheme is to maintain the high natural value of hay meadows (to comply with the Natura 2000 requirements), which benefit from traditional farm management and are an important part of the local cultural heritage. The commitments require the meadows to be managed to protect a range of flowering plant species that are at the same time indicators for these types of meadow. In total, 76 farmers with 207 parcels are currently under contract. Only parcels with HNV meadows are eligible for this scheme.

### Results/ Indicators

Potential indicator species to assess performance were examined in 2015 to determine a suitable list of species, which:

- only grow in low-intensity hay meadows;
- are associated with high plant & animal species richness;
- are associated with good quality hay;
- are not rare; and
- are sensitive to changes in management.

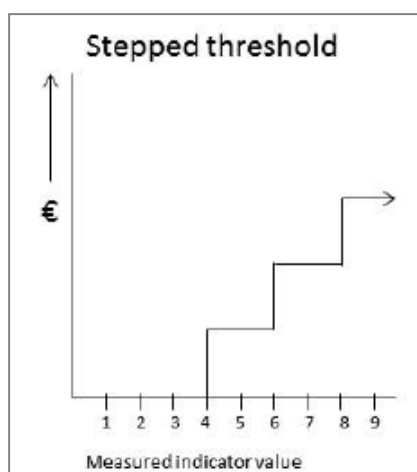


In total, 30 indicator species were chosen, paying attention that the list included species that were easy to recognise, that flowered from spring to summer, and were indicative of wet, mesic and dry meadows.

### Payment calculation

A performance-related payment scheme was established. It includes three payment levels (see Figure 1) and is based on a methodology, which can also be used for results-based schemes supported under EAFRD, i.e. the calculations are based on the income foregone and additional costs of the management considered most likely to be appropriate for delivering the intended result.

**Figure 1: Payment levels related to number of indicator species**



**Level 1:** 5 species = €213/ha/year

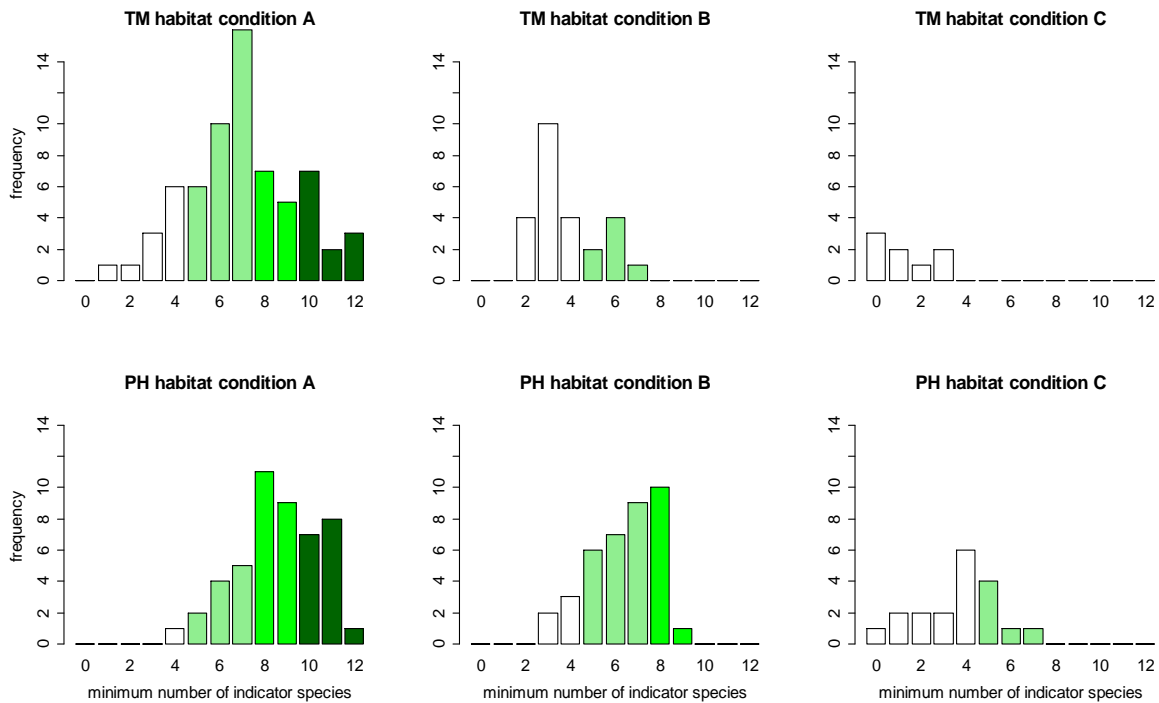
**Level 2:** 8 species = €229/ha/year

**Level 3:** 10 species = €259/ha/year

Species are assessed by transects; for one parcel the average of the values of the individual transects is calculated (see Figure 2). Parcels are subject to an initial assessment to determine the indicator species present and the target level is then set. The beneficiary cannot step down from the initially assessed baseline to a lower payment level in the contract period, but are incentivised to manage the meadows in a way that they step up into a higher payment class.

Figure 2 illustrates the assessment of parcels in the two case regions, and provides six examples for parcels which were classified as A) favourable, B) insufficient, and C) unfavourable for participation in the scheme after considering the results of the transect mapping. Green bars indicate that the number of species is sufficient for reaching one of the three payment levels.

**Figure 2: Assessment of habitat quality by transect mapping in the two case regions (TM and PH)**



### **Demands on farmers**

In comparison with AECM schemes designed around management prescriptions, there are no specific management requirements placed on farmers. Rather they are expected to carry out the farming practices which will ensure the maintenance of the target species. In most cases farmers are familiar with the indicator species and know the management required to maintain their preferred ecological conditions.

### **Requirements related to controls**

The presence of indicator species has to be assessed annually on all parcels under contract.

### **Challenges**

- The main challenge has been to establish a robust set of species to act as indicators for the results that have been determined, in line with the criteria listed above.
- A sufficient number of people have to be trained to assess the parcels under contract.

### **Success factors**

- Assessing the baseline and ensuring the right parcels are chosen to be taken under commitment.
- Setting incentives for farmers to reach a higher species threshold (and hence payment level).

### **Advantages**

- High level of flexibility for farmers in managing their land.
- The scheme is highly adaptable to local and weather conditions (wet year/dry year, slope, altitude etc.)
- Controls are limited to assessing a limited number of species.

### **Disadvantages**

- 100% of the parcels under contract have to be assessed each year.
- It might be necessary to assess the parcels twice a year as flowering times of indicator species vary.

## The Irish Burren Programme

The 'Burren Programme' is a locally-led Agri-environment scheme in Ireland funded since 2016 under the EAFRD and delivered through a project team and a steering group of relevant stakeholders. Its main focus is to maintain the high nature value of different grassland types.

The Burren is sometimes referred to as a 'lunar landscape'. It has a high diversity of habitats – it is very much a pastoral landscape with some of the most fertile grasslands, alongside bare limestone pavements, heaths, fens and orchid-rich grassland. Many habitats are very rare and protected. Over 30 000 ha of the Burren has been designated as a Special Area of Conservation (SAC), under the EU Habitats Directive.

The programme has predecessors. A pilot scheme was funded under the EU's LIFE Programme in the former funding period and was funded transitionally under CAP Pillar 1 (Art. 68) whilst continuously benefitting from other contributions. The EAFRD Measure has been designed building upon that experience.

Overall, in 2016, 196 farmers supported by project teams applied for support under the Burren Programme. Tailored training for farmers and their advisors on how to implement the programme is provided. While programme managers are funded out of the Technical Assistance, farmers pay their advisors from their own budget

Basically, two forms of complementary interventions are available (hybrid approach):

- Result-based payments for grazing management i.e. performance-based
- Capital investments (supported under Measure 4, Investments in physical assets), such as scrub removal, track/stonewall repair, installation of water troughs etc.

The farmers and their advisors elaborate a 5-year farm plan, and annual work programmes, in which the extent of capital investments to be made are agreed. The role of the project team is to: carry out the screening of the farm plans; harmonise the site assessments and scoring; help lower the administrative burdens on farmers; and provide training for the farmers and for specialist advisers.



*The Burren landscape  
– volcano stone*

### **Results/ Indicators**

Both types of intervention have as their objective the maintenance of the natural value of the areas under commitment. The results-based component of the scheme is focused on ensuring the Natura 2000 habitat on the Burren is maintained and enhanced. This is achieved through the development of a suite of indicators designed to work in combination as a means of assessing the state of the habitat (there are scoring schemes for two types of habitats: Burren Winterage Grassland; and Burren Lowland Grassland). Field assessments are made for assessing the state of the habitats, applying a programme-specific scoring system with a 10-point scale (see Box 1 and Figure 3).

Training is essential for harmonised assessments and scoring of the sites.

**Box 1: The Burren Scoring Criteria**

- Grazing and plant litter levels
- Damaging activity, e.g. bare soil, erosion, water contamination, unauthorised activities
- Bracken, purple moor grass, encroaching scrub, other noxious weeds.
- Ecological integrity of the field – diversity and conservation value maintained



**The Burren:  
Habitat diversity**

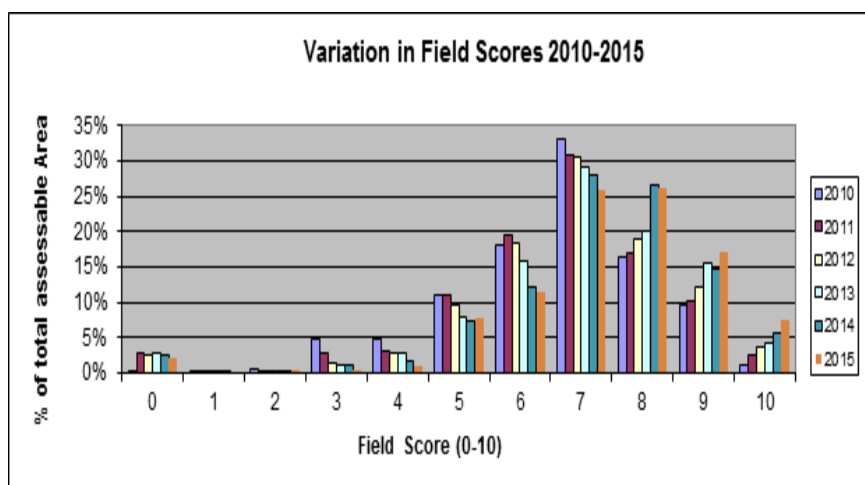
**Payment calculation**

- Performance-related payments based on habitat indicator (No payments are made for scores in the range 1-4; a field score of 5 is regarded as acceptable for payments in the first and second year)
- Stepped payments based on field scoring system, for a range of environmental quality parameters related to biodiversity, soil and water quality (10 point scale)
- Banded payments i.e. degressive rates applied >40ha, >80ha and >120ha
- Rates from €60 to €180 per hectare (1<sup>st</sup> band)

**Demands on farmers**

- Willingness to cooperate
- Willingness to be flexible and adapt farm management procedures according to the situation of the sites under commitment and the decisions of the project team

**Figure 3: Results of field assessments within the Burren Programme over time**



### **Requirements related to controls**

There are different types of checks and stakeholders involved in the control of the programme.

#### **The project team/ advisors**

- assess min. 10% on-farm checks on claims to ensure standards and terms and conditions are met;
- decide on penalties where scores drop by more than a certain threshold (then proportionate penalties will be applied);
- decide on penalties for false claims, training not completed, damaging activities.

#### **The Department of Agriculture, Food and the Marine**

- has the oversight role (also through the steering group);
- assesses the baseline and compliance with cross-compliance;
- performs area and eligibility checks;
- conducts dual funding cross checks with other AECMs;
- conducts cross-checks of capital investment claims.

### **Challenges**

From the perspective of the Managing Authority, apart from the general challenges of designing schemes to suit the needs of multiple stakeholders, two main kinds of challenge can be noted for the implementation of the Burren Programme:

#### **1) to meet regulatory requirements**

- one-year versus five-year plans: previously, under other funding schemes, it was possible to alter the management plan every year, whereas under the AECM a five-year plan is required which is considered less flexible;
- application of a penalty regime under EAFRD: now, where scores drop by more than a certain threshold then proportionate penalties will be applied, whereas before there were no penalties for farmers – if a higher score was reached then the farmers received a higher payment;
- currently, January has to be taken as the start date, which does not reflect the logic of the management plans;
- the payment structure has been restricted: banding – payments are degressive with increasing farm size - has to be applied.

#### **2) to ensure good collaboration**

- developing community involvement
- building confidence in the bottom-up approach
- being adaptable to change
- dealing with farmers, advisors, scientists.

### **Success factors**

- well defined target areas
- project teams and stakeholder engagement
- specialist trained advisors

### **Advantages**

- Payments are only made where environmental dividend is achieved.
- Stepped scoring system motivates farmers and encourages optimum environmental management.
- Rather than counting individual species, the overall situation of the habitat is assessed, which is more understandable for farmers and other stakeholders.
- The result indicators are updated and available on an ongoing basis, so that there is a constant monitoring.

### **Disadvantages**

- There are comparatively high administrative burdens as 100% of the fields under commitment are assessed and scored each year.
- The issues of scalability of the assessment of the situation of the habitats/sites remains a critical one.
- It is more difficult for farmers to get along with the budgeting and the variable payments in comparison to receiving a fixed amount of area payments each year.
- There are higher administrative/running costs.

## **When to employ result-based AECM?**

Result-based schemes can offer advantages for both the farmer and the Managing Authority (see below). However, they are not appropriate in all situations. There are some features which can be regarded as pre-conditions for a successful result-based operation:

- There must be sufficient scientific knowledge and data about the causal relationship between the desired outcome and farming management to be sure that the result can be achieved.
- It must be possible to design reliable indicators of the results to be achieved.
- There must be a simple and clear way of measuring / monitoring the indicators on farms.
- Farmers and stakeholders must be willing to accept a results-based approach.
- Advisers must be well trained and have sufficient environmental expertise to be able to provide advice and support for farmers.



Examples of result-based AECM across the EU supported by various means suggest that it is more straightforward to establish such schemes for biodiversity objectives and possibly soil carbon, than to design schemes to improve water quality or decrease greenhouse gas emissions. The main reasons for this is the ability to design reliable indicators to measure the results to be achieved (rather than management practices to be carried out as a means of achieving the result).

**Box 2: Key challenges of designing and programming result-based AECM**

**Elaboration of measurable indicators**

Results-based payments require a reliable way of defining and measuring success at a farm or landscape scale. Even the most specific environmental objectives are usually too complex for this purpose and result indicators are used instead. Result indicators should be:

- representative of the target habitat or species (for biodiversity) or other environmental intended result;
- easily identified by farmers and by representatives of the paying agency;
- measurable using a simple methodology;
- sensitive to changes in agricultural management but otherwise stable over time;
- unlikely to be influenced by external factors beyond the control of the land manager; and
- not achieved easily by means other than agricultural management.

**Calculating payments**

If result-based AECM are supported under the EAFRD, the provisions stipulated in Art. 28(6) of Regulation (EU) 1305/2013 apply, which reflect the conditions laid down in the Annex of the agreement with the World Trade Organisation (WTO) on Agriculture, which implies that payments to farmers can be made for all or part of the additional costs and income foregone resulting from the commitments.

Consequently, premiums for result-oriented commitments should be based on the additional costs incurred and income foregone as a result of the farming practices which are considered as necessary to achieve the results expected from these commitments, without prescribing certain practices as mandatory to the farmers.

With regard to monitoring and control of result-oriented sub-measures, the checks should concern delivery of the expected results and not the practices undertaken by the beneficiary to achieve these results.

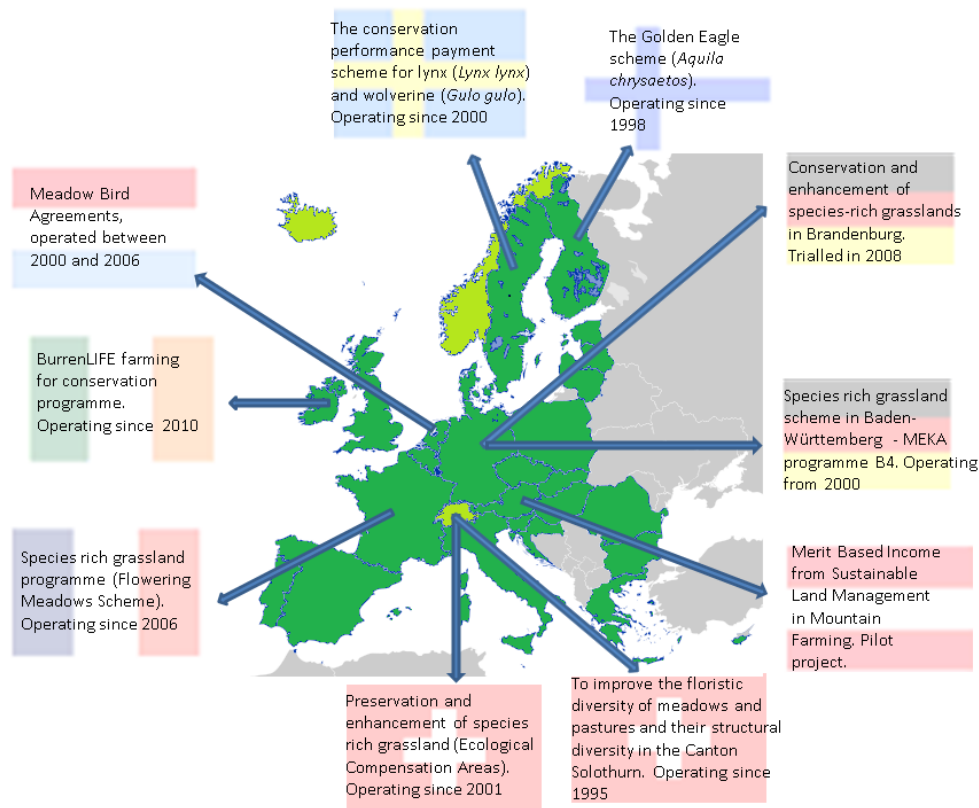
### Advantages of result-based AECM

- Allow for good targeting
- Tangible results
- Increase policy effectiveness
- Greater flexibility for the farmers to choose proper production methods
- Innovative approaches to achieve environmental objectives might be developed
- Ownership of results by beneficiaries
- Clear link between payment and biodiversity objective
- 'Production' of biodiversity becomes part of farming system
- Greater public recognition of farmer's role in maintaining biodiversity.
- Potentially easier control

### Disadvantages of result-based AECM

- Expertise to set up a result-based AECM is needed, especially for elaborating indicators for measuring results.
- Establishing payment schemes in line with EAFRD requirements in advance might be tricky.
- Farmers must be willing to accept a results-based approach
- The risk to fail (and not to receive AECM payments) is higher for farmers in comparison to the participation in common AECM schemes.

**Figure 4: Examples of result-based AECM schemes across Europe**



Source: <http://blogs.ec.europa.eu/rbaps/files/2014/09/RBPS-map.png>

### **Useful links**

- [Information on result-based AECM provided by the European Commission, DG ENVI](#)
- [The Burren Programme](#)

### **References**

For the draft of this Factsheet, figures have been taken from the PowerPoint contributions provided at an AECM workshop in December 2016; the presentations are published on the [ENRD website](#).

For Figures 1-3, see [http://enrd.ec.europa.eu/sites/enrd/files/w12\\_resultbased\\_ro\\_popa.pdf](http://enrd.ec.europa.eu/sites/enrd/files/w12_resultbased_ro_popa.pdf),

for Figure 4, see [http://enrd.ec.europa.eu/sites/enrd/files/ws12\\_resultbased\\_ie\\_walsh.pdf](http://enrd.ec.europa.eu/sites/enrd/files/ws12_resultbased_ie_walsh.pdf).

Photos: <http://burrenprogramme.com/the-burren/habitats/>. Last accessed: 10.01.2017, and

[http://enrd.ec.europa.eu/sites/enrd/files/w12\\_resultbased\\_ro\\_popa.pdf](http://enrd.ec.europa.eu/sites/enrd/files/w12_resultbased_ro_popa.pdf) .