Results-based agri-environment schemes: payments for biodiversity achievements in agriculture

http://ec.europa.eu/environment/nature/rbaps

A project for the European Commission coordinated by the Institute for European Environmental Policy in collaboration with experts from across the EU

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Rotating breakout sessions

1. Setting objectives and determining indicators
2. Calculating payment rates, verification and controls
3. Identifying what works best from a farmers’ perspective
Setting objectives and determining indicators

Facilitated by Graham Tucker and Peter Carey
1. What sorts of indicators are most suitable and work best?

- Clearly linked to objectives (e.g., ecosystems, specific habitats or particular species)
- Reliable (based on adequate evidence) measures of the overall desired biodiversity outcome, which must be **appropriate to context and location**
- Simple, though perhaps with 2 or 3 hierarchical levels, with payment triggers common to all, but simplest system for farmers/payment agency assessors, more complex for scheme evaluators
- Characteristic/typical and reasonably common in the target habitat
- Have stable populations but quickly respond to changes in farming practices
- Not highly sensitive to varying external influences (e.g., in neighbouring areas, unless they are part of a group scheme)
- Linked to wider biodiversity/environmental goals and user needs (e.g., RDP Common Monitoring and Evaluation Framework indicators)
- Cheat proof
- Acceptable to farmers (e.g., do not include agricultural weeds or invasive species)
- Relatively easy to identify and survey (hence cost-effective)
Setting objectives and determining indicators

2. How can the most appropriate indicators be identified?

The process depends on type of objective

- Interrogate national datasets (e.g., NVC in the UK)
- Review existing indicators and consult with experts (e.g., Delphi technique)
- Carryout baseline survey if necessary
- Field test reliability of indicator identification/measurement (with all users) and relationship between indicators
- Check acceptability with farmers (e.g., in terms of absence of agricultural weeds)
Setting objectives and determining indicators

3. How should targets for these indicators be set to be most effective – single threshold to trigger payment or a more graduated design?

- It is essential to ensure ecological quality of high quality habitats does not fall if baseline is above payment threshold.
- So one solution is to use multiple / graduated thresholds.
- But tends to make the monitoring and payment calculation more complex, so raises transaction costs.
- So target multiple thresholds to high biodiversity value habitats, OR if too complex consider using a management scheme rather than a RBAPS.
Calculating payment rates, verification and controls

Facilitated by Clunie Keenleyside and Geoff Radley
Payments

• Can base payments on typical management cost and income foregone, but these must reflect opportunity costs and must allow room for an element of reward
• It is desirable that payments reflect societal value, but it is difficult to do this
• Farmers do incur real transaction costs but these are difficult to use as part of a payment calculation. Do we want more guidance from the Commission on how to justify transaction costs?
• Payments need to be attractive against the available alternatives, whether these are other schemes (including forestry schemes) or commercial opportunities
• Auctions are a potentially useful alternative way of determining payments but:
  – OK first time but farmers learn how to bid
  – More difficult in heterogeneous situations
  – Have to have a ceiling set by income foregone
• To avoid the danger of a ‘race to the bottom’ the emphasis needs to be on maximising the quality of the output rather than cost minimisation i.e. a bidding system
• There is an advantage in structuring payments to reward higher quality results
• May need additional payments for non-productive investments.
Controls

- It is very important to be able to uncouple controls from the basis on which payments are calculated. This has been done in some German Federal Regions, in Austria, Ireland, Sweden and elsewhere to varying degrees.
- The need to inspect all aspects of CAP payments at a single visit is a real constraint and restricts the indicators that can be used for controls.
- Self-assessment is a useful supplement to inspection though not a replacement. It needs good documentation.
- Remote sensing has uses but is not a solution everywhere.
- A farm level plan can be a good basis for flexible, tailored controls.
Identifying what works best from a farmers’ perspective

Facilitated by Kaley Hart and Natacha Yellachich
What works best from a farmers’ perspective?

**Promotion and attitude:**
- make farmer proud – biodiversity is a good product
- use labels, competition...
- demonstrate benefits on farm, local events, and with media...

**Advice:**
- farmer to farmer – equal partnerships (F/A/R)
- Assistance with form, make it simple and coordinated between government depts
- Ecologists need to think farming

**Flexibility:**
- voluntary,
- farmer has control, few controls
- freedom to use own initiative, management changes are progressive
What works best from a farmers’ perspective?

**Security:**
- Clarity about what needs to be done
- Clarity about payments and risks – graduated payment levels
- Adjust payment levels over time

**Fairness:**
- Payment should be fair in relation to work + other CAP payments
- Balance between effort and changes in management that is needed

**Stability:**
- 5 to 7 year commitment