



# **SUMMARY**

of

## **Results-based Payments for Biodiversity**

### **Guidance Handbook**

Designing and implementing  
results-based agri-environment schemes  
2014-2020



Led by:



With support from:



Jaroslav Pražan  
Natacha Yellachich  
Tim Hudson

Funded by:



**Disclaimer:** The arguments expressed in this report are solely those of the authors, and do not reflect the opinion of any other party.

**The report should be cited as follows:** Keenleyside C, Radley G, Tucker G, Underwood E, Hart K, Allen B and Menadue H (2014) Summary of Results-based Payments for Biodiversity Guidance Handbook: designing and implementing results-based agri-environment schemes 2014-20. Prepared for the European Commission, DG Environment, Contract No ENV.B.2/ETU/2013/0046, Institute for European Environmental Policy, London.

**Corresponding author:** Clunie Keenleyside (ckeenleyside@ieep.eu)

**Acknowledgements:** we thank the following people for their advice, ideas and practical contributions to the Guidance Handbook: Peter Carey, Stephen Chaplin, Irina Herzon, Tim Hudson, Rainer Oppermann, Xavier Poux, Jaroslav Pražan, Wolfgang Suske and Francesco Vanni.

The **Institute for European Environmental Policy (IEEP)** is an independent not-for-profit institute. IEEP undertakes work for external sponsors in a range of policy areas as well as engaging in our own research programmes. For further information about IEEP, see our website at [www.ieep.eu](http://www.ieep.eu) or contact any staff member.

#### London Office

11 Belgrave Road  
IEEP Offices, Floor 3  
London, SW1V 1RB  
Tel: +44 (0) 20 7799 2244  
Fax: +44 (0) 20 7799 2600

#### Brussels Office

Quai au Foin, 55  
Hooikaai 55  
B- 1000 Brussels  
Tel: +32 (0) 2738 7482  
Fax: +32 (0) 2732 4004

Front cover image: *Six-spot burnet moth (Zygaena filipendulae) on Scabious* French Flowering Meadows Scheme, Tim Hudson ©

## 1 Introduction to the Guidance Handbook

The Guidance Handbook and accompanying supplements are part of a package of materials designed to support the development of results-based agri-environment payment schemes across the EU. This document summarises the key elements of the Guidance Handbook.

### ***What are results-based payments for biodiversity?***

There is a clear distinction between agri-environment schemes for farmland where:

- the payment relates to the achievement of a *defined environmental result* and the farmer or land manager is allowed the flexibility to choose the most appropriate management to achieve that result - these are **results-based payment schemes**;
- the payment relates to *defined agricultural management requirements* which must be carried out by the farmer or land manager - these are **management-based payment schemes**.

Many different types of results-based payment schemes for farmland have been implemented in Europe. Most of these were supported by the European Agricultural Fund for Rural Development (EAFRD), or by other public funds.

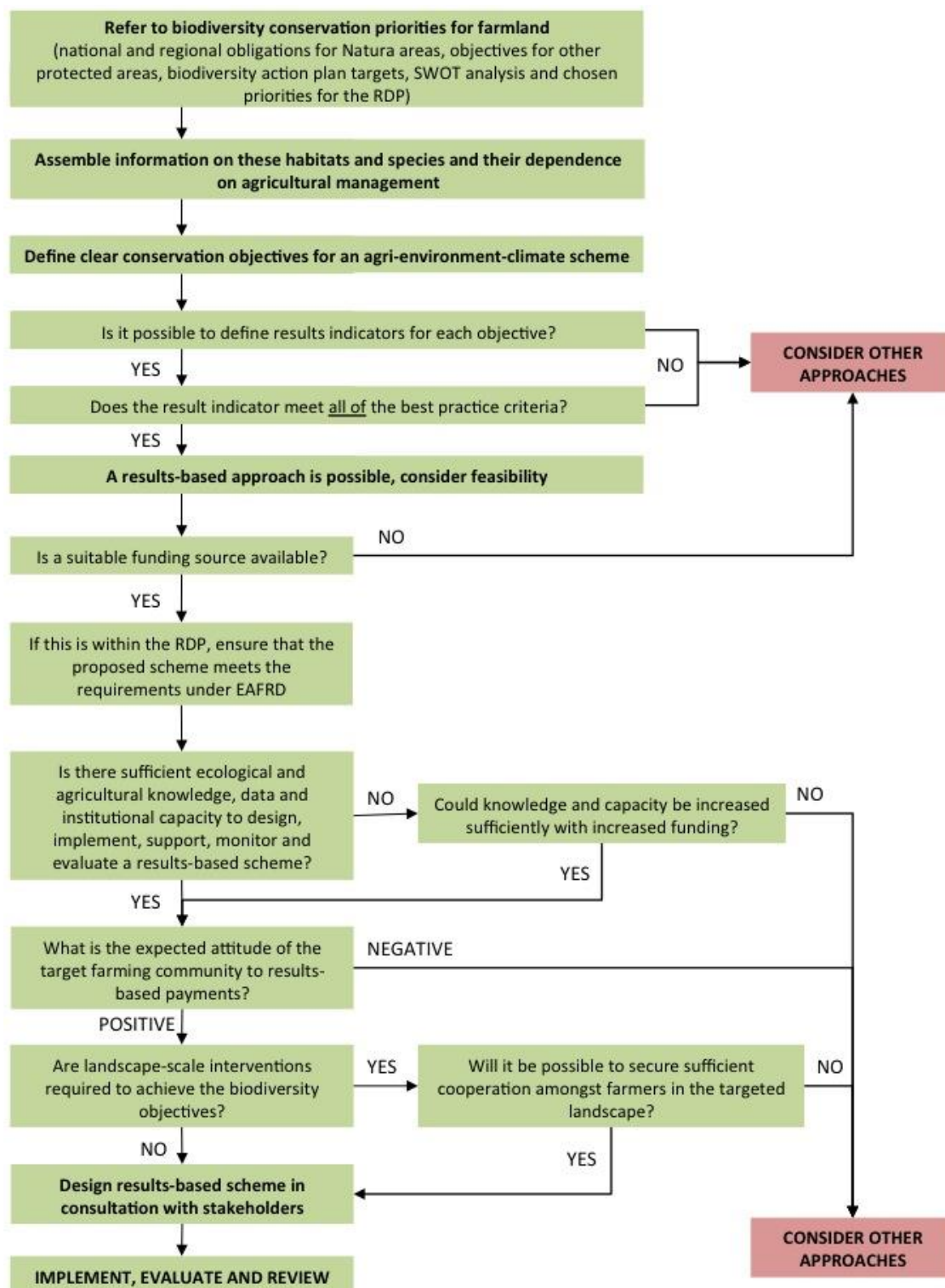
### ***Who is the Handbook for?***

The Guidance Handbook will be useful for anyone interested in developing and implementing a results-based payment scheme for farmland biodiversity and particularly for public authorities implementing Rural Development Programmes (RDPs).

Throughout the Guidance Handbook there are:

- examples of good practice;
- detailed references to Common Agricultural Policy (CAP) legislation and guidance documents;
- key advice; and
- links to more detailed information about results-based payment schemes on the [European Commission's website](#).

## Decisions required to put in place a results-based payment scheme for biodiversity



## **2 Exploring the options: why consider a results-based approach?**

A well-designed results-based scheme can offer several advantages for both the farmer and the managing authority, compared to management-based schemes with similar objectives. For example:

- there is a much clearer link between payments and biodiversity achievement;
- contracts with farmers simply specify the results required, rather than defining in detail the farm practices that should be carried out;
- the 'production' of biodiversity becomes an integral part of the farming system;
- farmers can use their farming skills, professional judgement and local knowledge, rather than just follow instructions;
- farmers take 'ownership of ' the biodiversity results, and this can lead to improved public recognition of farmers' role in supporting biodiversity;
- results-based schemes can more easily meet the strengthened EU requirements for verification of agri-environment-climate payments in 2014-20; and
- they are easier to target because farmers select only the land where the biodiversity results are achievable.

A results-based payment scheme is not appropriate where:

- it is not possible to design reliable indicators of biodiversity results and methods of measuring them on farms;
- the managing authority does not have access to the environmental information and expertise needed for a results-based scheme; or
- the farming community is unwilling to accept a results-based approach.

### 3 Biodiversity objectives

Results-based payments must have a clearly defined biodiversity objective because the farmer is paid for results that are directly related to the objective.

#### ***Information needed***

Results-based schemes for biodiversity require good habitat and species data and specialist expertise to interpret these.

It is important to be able to understand:

- the effect of past and present agricultural practices on biodiversity value;
- where intensification or abandonment threatens high conservation value farmland;
- which habitats and species are at greatest risk and the economics of the farming systems that support them; and
- external factors that could affect the results (e.g. loss of migratory birds elsewhere).

#### ***Defining clear biodiversity objectives***

The biodiversity objectives of results-based schemes can be focused on habitats, landscapes or species of high conservation value, especially those that are at greatest risk. The first priority will normally be to address the requirements of Natura 2000 habitats and species that depend on farmland, both inside Natura 2000 sites and more widely. The European Commission's [Farming for Natura 2000 guidance](#) describes these key agricultural habitats and species.

Where key agricultural habitats and landscapes are at risk and require *existing farming practices to be maintained*, it is important to be clear about the environmental benefits of these practices and the risk of them not being continued in the absence of agri-environment support.

Results-based schemes are unlikely to be suitable if it will take many years to achieve the desired result, because few farmers would be willing to wait such a long time for payment.



## 4 Choosing and measuring result indicators

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

### ***Why are result indicators important?***

The payment to the farmer is based on the result indicators, which are a proxy for the biodiversity objective.

### ***Choosing effective indicators***

The success of results-based schemes depends on well-chosen indicators that are:

- representative of the target habitat or species;
- present consistently in target farmland habitats in the area;
- 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.

Most schemes in Europe have used plant or animal species as indicators but a few have used other habitat attributes.

### ***Measuring indicators on the farm***

Simple, reliable and unambiguous methods of indicator measurement are very important as a sound basis for the financial control of the scheme by the paying agency, and for building confidence amongst farmers.

Encouraging farmers to measure result indicators themselves helps them in making the day-to-day decisions that will affect biodiversity results.

A supplement to the Guidance Handbook [\*Result indicators used in Europe\*](#) presents more detailed information about biodiversity objectives and indicators already in use.

## **5 Is a results-based approach is feasible?**

If a results-based approach is worth exploring in principle, the next step is to decide if is feasible in practice.

### ***Sources of funding***

The EAFRD remains by far the largest source of funding for environmental land management schemes in the EU and the 2014-20 RDPs can support agri-environment-climate schemes on farmland which is valuable for the environment, including land that is not defined as 'agricultural area' for the purpose of CAP direct payments.

Where significant habitat restoration is required, management-based agri-environment-climate payments and the EAFRD non-productive investment measure may be more appropriate than results-based payments.

### ***Finding the expertise***

Assembling a team with the right set of skills is the key to successful design and implementation of a results-based scheme. This can mean drawing upon expertise and experience that already exists outside the managing authority, particularly for environmental, sociological and communication skills.

A number of managing authorities have used outside experts for some scheme design and training functions and also to verify result indicators on farms.

### ***Staff training and development***

Staff used to delivering management-based schemes will find a results-based approach unfamiliar. To deliver results-based schemes successfully, farm advisers, scheme administrators and representatives of the paying agency will have to:

- learn a number of new skills (for example, to explain to farmers what the biodiversity objectives are and how to achieve these within their farming system); and
- become familiar with new processes, including the measurement of result indicators in the field.

It is vital that investment is made in providing skills development and training for farm advisers working in the target area, to ensure they have sufficient levels of both ecological and agronomic expertise.

### ***How will the farming community respond?***

It is important to gain the trust and active support of the farming community from the outset and to maintain and develop this throughout the life of the scheme. Effective two-way communication and the provision of farmer training are key to achieving this.

Many farmers have welcomed a results-based approach because it uses their expertise and gives them greater freedom to farm. Farmers may at first be concerned about the risk that the results will not be achievable, but if the result indicators are well chosen this risk should be very low.



Existing levels of trust between farmers and managing authorities vary considerably across Europe and it may take time for both the farmers and the authorities to feel comfortable with the results-based approach.

***Farm or landscape scale?***

Some biodiversity objectives may require landscape scale action, where habitats are very fragmented or the biodiversity objective is to conserve populations of mobile or migratory species. This may involve individual farmers working together or simply require a high level of uptake within a defined area.

## 6 Designing a results-based scheme

### ***Securing stakeholder support***

Effective use of a stakeholder group, with a broad range of members, can both improve the design of a results-based payment scheme and provide the managing authority with influential support among both farmers and conservation groups when the scheme is launched.

### ***Targeting for environmental cost-effectiveness***

Member States are encouraged to use a more targeted approach for their 2014-20 agri-environment programmes.

A well-designed results-based scheme can be targeted very cost-effectively, with little risk of funds being spent in locations where there is no potential benefit, because farmers will enter a contract only if they are confident of achieving the result on their land.

### ***Relationship with management-based schemes***

Results-based schemes may be mutually exclusive or complementary with management-based schemes on the same land.

Both approaches have advantages. Mutually exclusive schemes are simpler. But complementary schemes allow the farmer to build up a package of payments that rewards more demanding biodiversity results as well as providing some security of income from payments for basic environmental management.

Where there are both types of scheme on the same land there should be separate contracts for the results-based and management-based schemes, to satisfy EAFRD verification requirements.

### ***A pilot scheme or full implementation?***

A pilot scheme provides an opportunity to test the details of scheme design and implementation before launching the full scheme. A pilot can also be a useful way of engaging farmers and stakeholders, demonstrating what is feasible and allaying their understandable concerns. Experience suggests that a one year pilot is sufficient to test scheme operation and farmers' reaction.

.

### ***Monitoring and evaluating the achievement of scheme objectives***

If a results-based approach is to be used more widely, managing authorities will be looking for robust evaluation evidence of the successful implementation and cost-effectiveness of results-based schemes for biodiversity. Monitoring and evaluation should be planned at a very early stage, and should be designed to assess if the *biodiversity objectives* have been achieved, not just the result indicators.

## 7 How to pay for biodiversity results

### *Verifying results*

Results-based payments for biodiversity in 2014-20 are likely to operate under the EAFRD rules, which require that verification and control of results-based payment schemes should concern the delivery of the results and **not** the practices undertaken by the beneficiary to achieve these results.

Where results-based payments are privately funded, different rules may apply.

### *Setting indicator thresholds*

A key question for effective scheme design is where to set **the threshold value for result indicators** that the farmer must achieve to qualify for payment.

Where **plants are the indicator of habitat quality**, if the indicator threshold is set too low there is a risk that the farmers could allow high quality habitats to deteriorate without losing payment. This problem can be overcome by defining stepped indicator thresholds, in which the successive steps reflect higher quality habitats and higher payment rates per hectare.

Where **animals are the indicator** the payment rate usually is linked directly to the number of animals present and no thresholds are necessary. The total payment therefore increases linearly in proportion to the total indicator score.

### *Calculating the payment*

Payment calculations for results-based agri-environment-climate schemes funded by the EAFRD are based on the costs of implementing **the typical farming practices required to achieve the result indicators**. Three types of cost are considered:

- the **opportunity cost** of maintaining current farming practices where these already provide the biodiversity results - the opportunity costs of alternative uses for land or labour are particularly important where there is risk of agricultural abandonment or intensification;
- the **income foregone** by following farming practices that limit agricultural production; and
- the **additional cost** of specific biodiversity management.

The farmers' **transaction costs** may be added to the payment calculation where justified (up to an extra 20 per cent for schemes open to individuals, and 30 per cent for group schemes) to cover other costs that are essential to securing the results.

### *Administrative systems and data*

Administrative and data systems **must** be able to distinguish results-based payments from management-based payments to make sure that, during inspections, the appropriate verification methods are used for the two different types of payment.

## **8 Implementation**

### ***Resource requirements***

Although a greater proportion of the budget may need to be allocated to staff resources, the total budget for a results-based scheme may be smaller than that for a comparable management-based scheme, because paying farmers for results is a more targeted and cost-effective way of achieving biodiversity results.

### ***Budget management***

Profiling the expenditure will require data on the percentage of farmers likely to achieve the results, both initially and over the life of the scheme. Running a pilot scheme is a good way of obtaining these data.

### ***Publicity***

It is important to get key messages across to farmers and farmer organisations at first hand because farmers will be influenced by what their neighbours say and do.

### ***Training and support for farmers***

In some results-based schemes the farmer is contractually required to attend a training course. In others training is made available and the farmer can choose whether or not to take part. In both cases the training may be co-financed by the EAFRD.

Training and advice should specifically build on farmer knowledge, focusing on:

- explaining the rationale of the scheme;
- explaining the biodiversity objectives and the reason for using result indicators;
- identifying the result indicator species on the farm;
- advising on the types of management that will help to achieve the intended results;
- the importance of timing of particular actions for optimum impacts for biodiversity;
- explaining best practices for different types of actions; and
- explaining the methodology used for measuring indicators on the farm.

Providing farmers with regular feedback each year on the results of the scheme is a simple but really useful way of helping them to improve their biodiversity knowledge and skills.

## 9 Keys to successful results-based payment schemes

The Guidance Handbook provides advice on the key factors that have contributed to the success of existing results-based schemes, and identifies the main risks of failure and how to minimise these.

## 10 Where to find the Guidance Handbook and more detailed information

The Guidance Handbook and more detailed information about results-based payments for biodiversity is available on [the European Commission website](#):

- [Guidance on designing and implementing results-based schemes 2014-20:](#)
  - This Summary of the Guidance Handbook (in 24 official languages of the EU)
  - The Guidance Handbook
  - Examples of field guidance for farmers (supplement to the Guidance Handbook)
  - Result indicators used in Europe (supplement to the Guidance Handbook)
- [Videos from the field showing examples of results-based schemes that were implemented before 2014.](#)
- [A searchable inventory of results-based schemes that were implemented in Europe before 2014](#)
- [Expert articles on the policies that have supported results- based schemes and the practices that have worked.](#)
- [Conference on results-based agri-environment schemes, Brussels 23-24 September 2014: documents and presentations from this conference at which participants from 25 countries](#) shared their knowledge about biodiversity achievements of results-based agri-environment schemes.

