

# Case Study #1: Collective contract between agrarian cooperative and farmer members in the Netherlands

## Section 1: Background on Innovation Case and Stakeholders

Since 2016, only joint applications (through agrarian/nature collectives) have been eligible for subsidies for agri-environmental management in the Netherlands (Regulation (EU) No 1305/2013). The agrarian collective submits a ‘territorial application’ that specifies which agri-environmental activities the collective (and its members) will perform in their territory, and how these will contribute to the realization of the goals of the provincial nature management plan. Collective subsidies are granted only after the territorial application has been approved by the province. In EFFECT, Noardlike Fryske Wâlden (NFW) is the agrarian collective that on behalf of its members submits a territorial application for agri-environmental subsidies and makes agreements with farmer-members on agri-environmental management practices and remuneration.

In total, 7 stakeholders have been interviewed for this report: (1) a representative of the province Friesland (where the collective NFW is located); (2) a policy advisor from RVO (Rijksdienst voor Ondernemend Nederland, Netherlands Enterprise Agency), involved in the design of the collective approach for agri-environmental schemes (AES) in the Netherlands; (3) a board member of the collective NFW; (4) a bird management director from the collective NFW. Bird management is one of the core areas of AES activities in NFW. Bird management directors are the first contact point for farmers in the collective when it concerns bird management practices in their fields; (5) three farmer-members of NFW. In the overviews that follow we identify (1) and (2) as government stakeholders; (3) and (4) as collective stakeholders; (5) as farmer stakeholders.

## Section 2: The pros of current approaches

Stakeholder	Main advantages of the current approach
Government	(1) The new system uses <b>the knowledge of farmers</b> and other people in the field (2) There is more <b>partnership</b> of regional and local organisations within the area/province (3) Substantial <b>reduction in organisational costs</b> . Instead of over 1500 contracts we now as province have 7 contract forms to check. The costs were 40 cents for each euro due to red tape, now it is on average 15 cents (4) Much more <b>flexible</b> than the old system (contract can change every year, not only after 6 years) (5) It creates more <b>ownership for the farmers</b> themselves. (6) The collective can build their own measures, based on the (activities) toolbox provided by the government (7) <b>Knowledge institutions</b> are very involved, connected to the collectives, knowledge exchange & development. (8) The system <b>reduced the implementation costs for the government</b> (monitoring and field inspection) by 75%



	(9) Current system has an <b>ICT tool</b> for collectives that directly communicates with the RVO GEO-tool. In the first years there were some big mistakes but it's working now
Collective	<p>(1) The system works because all elements work in unison, there is <b>common support and trust</b>: there is (i) support from the farmer community, we have a common goal; (ii) good communication; (iii) transparency; (iv) trust relations; (v) we learn from each other; (vi) farmers feel themselves responsible for their environment, the space where they live.</p> <p>(2) Its makes more use of the <b>knowledge</b> we have on conservation, for instance, for the meadow birds the introduction of water tables in the field.</p> <p>(3) <b>Flexibility</b> (measures can be adapted when needed)</p> <p>(4) The <b>technology</b>, e.g. cameras on the nests really give great insights. (also drones, the app for filling in the plots for the design of the mosaic landscape)</p>
Farmers	<p>(1) The <b>flexibility</b>. The success lies in the possibility to adapt the measures if needed</p> <p>(2) <b>As farmers we can be self-supporting, we have ownership</b>. The system runs on our own carrying capacity</p> <p>(3) well-organised by the collective and collaboration with other stakeholders, this makes it <b>easy to implement</b> without a lot of effort from my side</p>

**Key words:** Knowledge and ownership of farmers; flexibility; (ICT) Technology; costs for government decreased substantially

### Section 3: The cons of current approaches

Stakeholder	Main disadvantages of the current approach
Government	<p>(1) It is still <b>driven by measurements, instead of goals</b>; it would be better not to do the checks based on the exact measurements... you have to check if it is possible...for example with mowing..if it is better, given the weather conditions, to do the mowing earlier.. The farmer would not be able to do this according to the previous rules.</p> <p>(2) The flexibility can be even further improved. The <b>ecological goals</b> would ask for a quite different approach.</p> <p>(3) the <b>decline of biodiversity is still frightening</b></p>
Collective	<p>(1) <b>Collective has limited say</b> in distribution of budget</p> <p>(2) Want <b>more freedom to decide</b> where ecological management is possible</p> <p>(3) Controls by government agency are <b>too strict</b>: only yes or no</p> <p>(4) It is (still) <b>not an economic model for farmers</b>, not attractive to do. Some farmers, can enter with a less productive plot(s) but it is not enough.</p> <p>Citizens/consumers have to pay more for the public goods.</p>



	(5) We need more herb-rich meadows and close the gap between monocultures and herb-rich meadows. The current approach is <b>an in-between-stage</b>
Farmers	(1) Too much <b>bureaucracy</b> . Less checks, would save half [the money] (2) <b>Contract duration is too short</b> (3) <b>Not all local organisations share the same approach</b> . There has been an issue with people from a certain bird watch organisation who entered his fields that did not align with the way of working of the collective

**Key words:** Limited effectiveness (reaching goals versus effort/rewards); not an economic model yet; need for more responsibility for the collective

#### Section 4 Opportunities

Stakeholder	Suggested improvements for the current approach
Government	(1) The ecological goals ask for a more flexible approach, this would be more useful. There should be a <b>balance between trust/freedom and control</b> . Trust-building needs to happen at the start of the relationship (first couple of years) after that, the relationship can rely more on freedom for the collective. (2) For the new Common Agricultural Policy: the eco-scheme, transition of conventional farming to a more sustainable way, knowledge exchange & development is very important. We need <b>more knowledge exchange &amp; development</b> , that is what we learned from the current system
Collective	(1) The government controls need a more 'human' approach. The <b>government controls should be done in cooperation with the collective</b> instead of how it is done now: the government controls farmer-members without involving the collective at all. (2) <b>Need for an economic model</b> for each type of landscape / green service. For example, peat areas, lowering CO2 emissions, CO2 payment for farmer, this is a pilot/under construction. Always the balance with economic model and the push of the consumers who want biodiversity. This can be achieved through, for instance, a law to increase prices in supermarket (to allow green service provision for farmers to be rewarded sufficiently and to become economical); or by using the budget from the Common Agricultural Policy, no base subsidy but link income payments to more green services, e.g. forest, or meadow birds..etc depending on the area.
Farmers	(1) The <b>controls by the government</b> should be more based on what makes sense for the birds, not just looking at the numbers they have on paper (2) Farmers want to change, but the <b>consumer</b> in the supermarket does not want to pay more (3) The perception of the <b>consumer in the supermarket</b> , s/he needs to appreciate... s/he sees all the milk cartons but just opts for the cheapest one.



	<p>Another certification [on the milk carton] will not help. What would be an improvement is hard to think of. Maybe more promotion, e.g. by the media. In any case, the milk price is too low for new farmers – this farmer has high costs, higher than the milk price</p> <p>(4) Need to agree on <b>one way of working between the local birdwatch parties</b>, more knowledge sharing</p> <p>(5) Farmers should be able to <b>earn more</b>, more money is needed for agri-environmental management</p>
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**Key words:** Balance between trust and freedom, and controls; more knowledge exchange and development; need for an economic model, better remuneration for farmers; one coordinated approach by the different stakeholders

## Section 5 Priorities

Stakeholder	Priorities for the suggested improvements
Government	<p>(1) To do the checks with the goals in mind, <b>give more freedom to the participants and work on building trust relations</b> (between the province &amp; the collectives and farmers)</p> <p>(2) We need more <b>knowledge exchange &amp; development</b></p>
Collective	<p>(1) Give <b>more responsibility to the collective</b> (potential danger: not all collectives can handle that kind of responsibility or have that ambition)</p> <p>(2) <b>Economic model</b>, for each type of landscape/green service</p>
Farmers	<p>(1) Need a <b>business model</b> where the consumers can pay for the services provided by the farmers</p> <p>(2) <b>Contract length of 20- 25 year</b> has priority. Farmer needs a future vision for management. 20 years, then it can be included in the business plan</p>

**Key words:** Freedom to the participants and work on building trust relations; knowledge exchange and development; more responsibility for the collective; economic / business model; contract length 20-25 years

## Section 6 Recommendations and actions arising

**Advantages of the new collective approach** are unanimously its flexibility and the fact that it makes use of field or tacit knowledge. This means that activities can be adjusted in response to local and changing conditions. The available (ICT) technology is a great help here. Moreover, the approach creates a sense of ownership amongst the participants. Public stakeholders, in addition, mention more collaboration with local and regional stakeholders and a reduction in organisational costs as major advantages.



**Disadvantages** were mainly found on a more structural, political level. Stakeholders at all levels mention as a major disadvantage that the approach (and hence controls) still focuses on measurements rather than on actual ecological goals. The effectiveness of the collective approach may also be hampered by the fact that Dutch farmers are still hesitant to join the AES, (i) because they are fed up with the multitude of Dutch environmental regulations, and ii) because the AES contract length of six years is too short on the agricultural policy horizon. This was phrased by one of the stakeholders as follows: “I see the current approach as an in-between-stage.” He explained that participants will not close the gap to create enough habitat (for meadow bird species) between monocultures and farms that exhibit herb-rich meadows if they continue to enter only their less-productive plots in the programme. A major disadvantage according to the collective is the lack of responsibility that is given to the collective. It is still the province who decides on the budget for AES and how it has to be spent.

The most prominent **potential improvement** of the system is to create an economic model to bridge the gap between the farmer and the consumer. The private stakeholders believe that participants should generate income from providing environmental services. This will increase participation of Dutch farmers. Exactly what this economic model should look like, is difficult to say. Provinces have exhausted their budgets while more farmers (within suitable areas) would like to join, resulting in waiting lists. This constraint could be overcome, for instance, by increasing the (share of the) EU budget (in the rural development policy and possibly also the eco-schemes), to contract more farmers. Stakeholders also point to the need to attract funding from the market, i.e., by stimulating consumers to pay more for ecological services captured in the food products that they buy. Budget is also needed for knowledge exchange and development.

Other potential improvements were also mentioned. It was suggested to extend the contract length to 20-25 years to give (starting) farmers more perspective, especially to be able to get a loan – for it is only in a longer time frame that the bank will recognise the AES contract as part of a sound business plan. Benefits are also expected from controls that are more focused on the ecological goals and less on the quantitative measurements (“thinking in line with nature, rather than ‘yes’ or ‘no’”). However, this would require a change in legislation (and attitude) at the national and EU level. Finally, more responsibility for the collective is asked for, namely, to decide on how the budget is spent, which areas have priority, and most importantly that the governmental controls are done in collaboration with the collectives.

## **Section 7 Reflections and evaluation**

Due to the covid-19 restrictions on meetings in person, the first workshop was cancelled. As an alternative for collecting the necessary information, telephone interviews were done with individual stakeholders (see section 1). This did not allow for discussions and reflections between stakeholders as would normally be possible in a workshop setting.

