

## Case Study #3: Results-based contracting for biodiversity conservation

### Section 1: Background on Innovation Case and Stakeholders

Case study #3 deals with a results-based grassland conservation scheme targeting plant species conservation in the German federal state of Bavaria. It was introduced in 2015 as part of the regional agri-environment programme “KULAP” (Kulturlandschaftsprogramm – Cultural Landscape Programme) and rewards biodiversity conservation efforts of participating farmers by offering them a payment if pre-defined plant species can ex post be found on land enrolled in the scheme. How to reach the goal of having plant species diversity on fields under the scheme is left up to the farmers, i.e. no management prescriptions are made by the authorities managing the programme. A first EFFECT stakeholder workshop connected to the Bavarian innovation case was supposed to take place in April 2020. Due to COVID-19 it was replaced by stakeholder interviews, in which the topics to be originally discussed in a bigger group during the workshop were worked on by asking specific open questions regarding agri-environment schemes in Bavaria and the context of the innovation case in a 1:1 situation. The interview questions are given in the Appendix.

The following stakeholders were participating<sup>1</sup>:

- Interviewee 1: Emeritus professor for agricultural and resource economics, focus Bavarian agriculture
- Interviewee 2: Project manager at the Bavarian section of the German Association for Landcare (DLV)
- Interviewee 3: Head of the agricultural policy division at the Bavarian Farmer's Association (BBV)
- Interviewee 4: Senior researcher (ecology) at the Institute of Agricultural Ecology of the Bavarian State Research Center for Agriculture (LfL), grassland specialist, involved in the development of the innovative grassland scheme
- Interviewee 5: Project manager / farmer advisor at a consultancy / research institute in the areas of sustainable agricultural and food markets, circular economy and sustainable land use
- Interviewee 6: Senior researcher (ecology, landscape planning) at a research group on agricultural and regional development, evaluator of regional development programmes
- Interviewee 7: Professor for agricultural policy, rural development and regional management at a university of applied sciences, senior researcher (agricultural sciences) at a research group on agricultural and regional development
- Interviewee 8: Junior researcher (economics, political sciences) at a university department of agricultural economics, main focus of work: CAP instruments
- Interviewee 9: Emeritus professor for agricultural policy at a university of applied sciences, senior researcher (economics) at a research group on agricultural and regional development

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<sup>1</sup> Names are not given due to data protection regulations.



- Interviewee 10: Project manager / policy advisor at a consultancy for sustainable development, main topics: interlinkages of agricultural policy and the environment
- Interviewee 11: Official at the Bavarian State Ministry of Agriculture, Food and Forestry, involved in the development of agri-environment programmes

### Section 2: The pros of current approaches

The answers of all interviewees as concerns the question regarding the pros of current agri-environment schemes (AES) in Bavaria are summarised below.

In general, the stakeholders point out that the **high participation rate** of farmers in the Bavarian AES can be seen as a success. It demonstrates that the **broad variety of measures** targeting different environmental categories offers **chances for participation for farmers in different regions and with different farm structures**. It further shows that the **administration and enrolment process works well**. Besides, the stakeholders emphasise that the schemes' **clear (action-based) guidelines** are easy to understand and that participating farmers profit from a certain **planning security** given that an enrolment period covers five years typically. This enrolment period is also considered beneficial in conservation terms. It is seen positively that AES contribute to showcasing that farmers do not only produce food, but also **provide additional ecosystem services**. The impact schemes have in terms of **creating awareness among farmers for environmental issues** is not to be underestimated, as is the fact that **AES have become an integral part of European agricultural policy**.

### Section 3: The cons of current approaches

The answers of all interviewees as concerns the question regarding the cons of current agri-environment schemes (AES) in Bavaria are summarised below.

There seems to be consensus among the stakeholders that Bavarian AES should be further differentiated in terms of **adapting the payment amounts to local conditions**. Current approaches are also criticised for being **too unspecific** if certain environmental goals are to be reached, i.e. they do not require many changes in farm management and thus suffer from **windfall effects**. Some stakeholders point out that there is a **lack of incentives to enrol in AES** if the scheme payments only cover costs incurred and income foregone. Others call for **improving advisory services related to AES** and for **making schemes more flexible** (more flexible management options, change of enrolment period, tolerance ranges). Claims also arise concerning the **introduction of results-oriented and cooperative schemes**. The latter for example would allow to more easily **create biotope networks**. All stakeholders seem to agree that **current AES are not sufficient to tackle environmental problems related to farming**. Some criticise that economic aspects are put in the centre when motivating farmers to enrol, while **behavioral aspects do not get enough attention**. Additional **points of criticism were related to the co-financing character** of the CAP's second pillar, which discriminates financially weak member states or regions and for example might force them to close schemes if a certain number of farmers are enrolled.



#### Section 4 Opportunities

Opportunities detected by the stakeholders are closely linked to the cons of current approaches. Several stakeholders see potential in the **introduction/advancement of results-based schemes** and **cooperative measures**. They stress the necessity to consider the **landscape level** rather than focusing on field-level schemes. Cooperative approaches could also strengthen farmers' sense of responsibility. Generally, the identification of opportunities for better scheme functioning seems to be hampered by a lack of in-depth AES evaluations. Still, a number of stakeholders suggest to better link measures to environmental goals, i.e. to **offer targeted, well-defined schemes** including **incentive payments**. Others propose **nudging approaches** or the introduction of **point systems** where farmers receive a certain number of points for implementing AES. Several stakeholders pointed out that future AES need to respond to new developments and necessities. For example, **precision farming techniques** and the **use of digital tools** could be supported as well as **CO<sub>2</sub> sequestration by site-specific management of wetlands and moors**. Finally, individual stakeholders identified chances for improving AES effectiveness by **strengthening organic farming, expanding advisory services, simplifying controls** and trying to **integrate second pillar ideas into the first pillar** of the CAP.

#### Section 5 Priorities

When discussing priorities, the stakeholders referred quite often to ongoing debates about the future of the CAP. Possibilities for steps to be taken first regarding further development of AES depend on how the CAP's first and second pillar will look like. A number of stakeholders call for having **more eco-schemes in the first pillar**. Other priorities relate to **improving targeting of AES, focusing on well-functioning measures** and **concretising schemes** in terms of goal-orientation. A point stated frequently was **adapting AES to regional characteristics**. Priority areas detected also relate to the **fostering of digital tools** via AES and the use of them for controls. One stakeholder stressed the necessity of developing a **framework where society and agriculture negotiate about the future of farming**, another one emphasised the **need for interconnected AES**.

#### Section 6 Recommendations and actions arising

Many of the stakeholders' key recommendations are in line with aspects that can be found in the literature as regards the environmental footprint of agricultural production and improving effectiveness of agri-environment schemes. The stakeholders generally agree that past and current efforts to minimise the environmental impact of agriculture were/are not sufficient. They recommend to overthink the current pillar structure of the CAP and to link environmental payments to the provision of environmental services rather than to weak management requirements. Important aspects of future AES should also be regional differentiation, cooperative elements and goal-orientation.

The stakeholder interview results shall provide the basis for future stakeholder engagement activities, during which a stronger focus will be put on the concrete design of improved schemes. Besides, they will be used as one part of an evaluation report on the Bavarian 2015-2022 AES.



## **Section 7 Reflections and evaluation**

By replacing the stakeholder workshop by stakeholder interviews, certain elements clearly get lost, especially those that are linked to group dynamics, personal contacts, discussions and the exchange of thoughts and ideas. There are, however, also elements that workshops cannot capture, while interviews are able to capture them to a certain degree. Interviews give each stakeholder the possibility to explain their view on the subject in detail and to share in-depth knowledge without having to speak in front of a group, which some stakeholders might find intimidating.

Overall, the goal of the workshop – getting an idea of what stakeholders think of current AES and where they see room for improvement – was also reached with the interviews. All interview partners happily provided their insights. It has to be noted, though, that not all stakeholders that were asked to participate in the interviews were willing to participate. No farmers were willing to serve as interview partners. The same is true for local politicians.

