



From dreaming to mainstreaming: novel contract approaches for farming and nature

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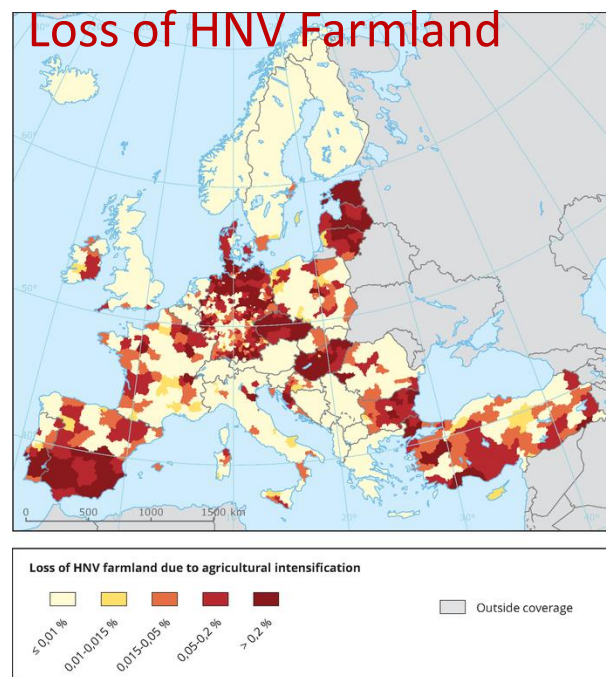


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Challenge!

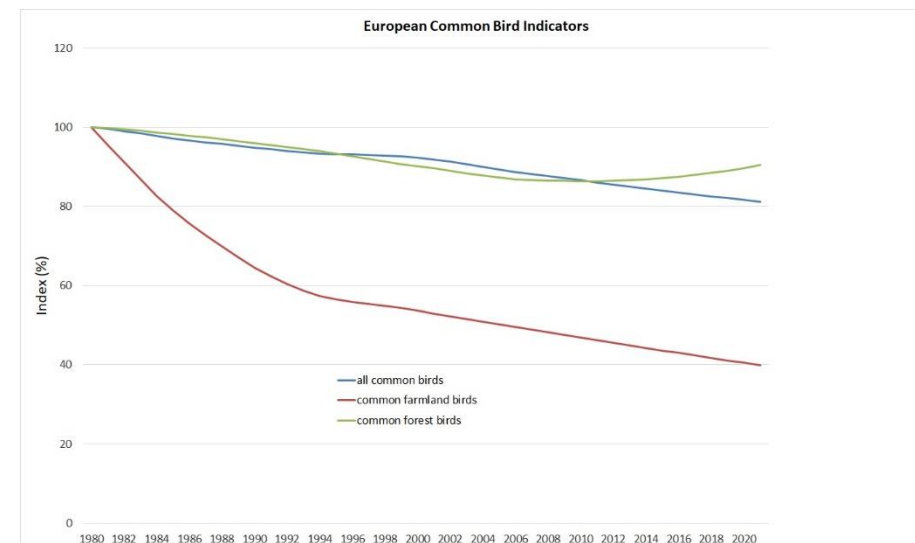


The current agri-environmental policy as a whole is not successful!



www.eea.europa.eu/data-and-maps/figures/loss-of-hnv-farmland-due-1

Farm Land Bird Indicator



<https://pecbms.info/european-common-bird-indicators-2022-update/>

We distribute a lot of money, but **farmers are not satisfied** and we **could not solve the environmental problems** in our agricultural landscapes!

Main objective of Contracts2.0



Develop novel contract-based approaches to:

- incentivise farmers
- for the increased provision of environmental public goods along with private goods.



Newly developed contract-based approaches should be:

- environmentally effective
- economically viable for farmers
- support the longevity of contractual arrangements

What if local actors could develop/improve their own contracts?

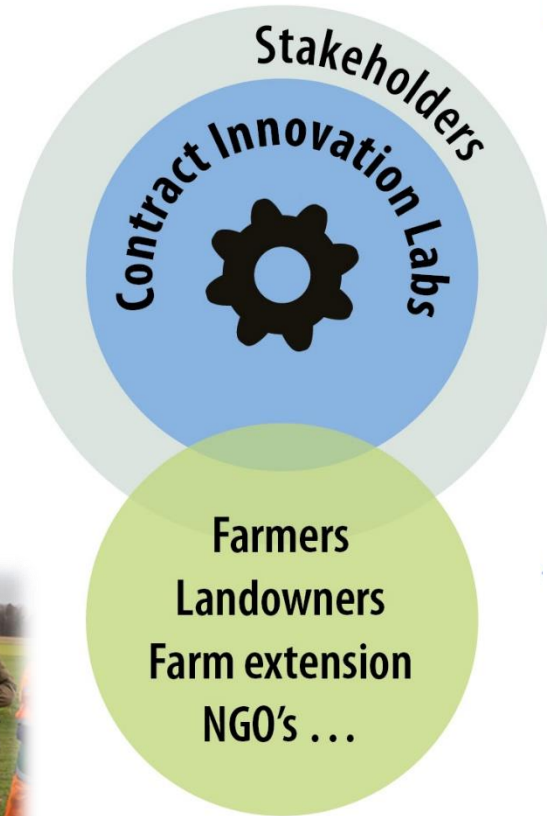
How would these contracts look like?

How effective could they be?

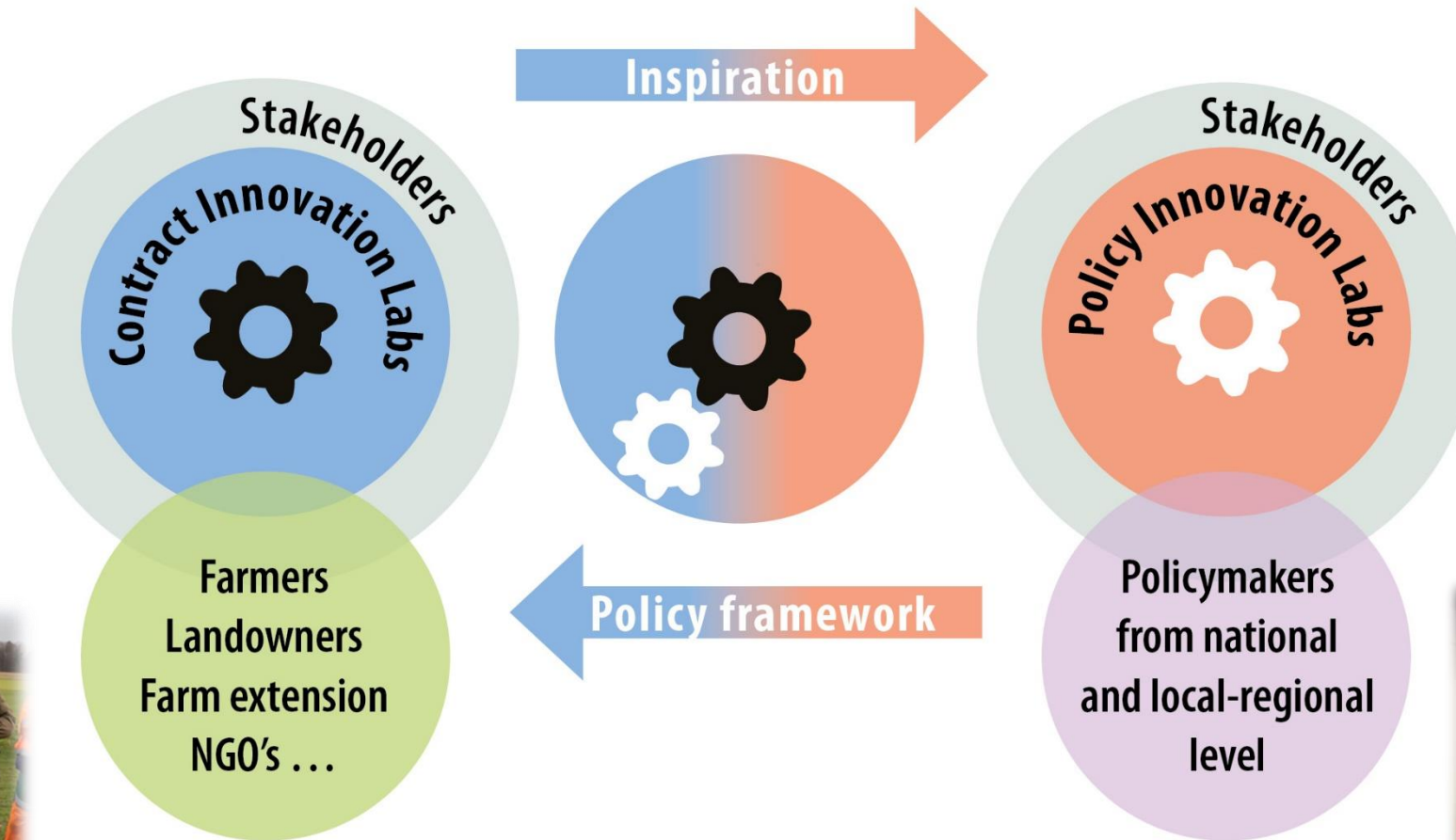
What are the challenges/opportunities for integration in future policies?



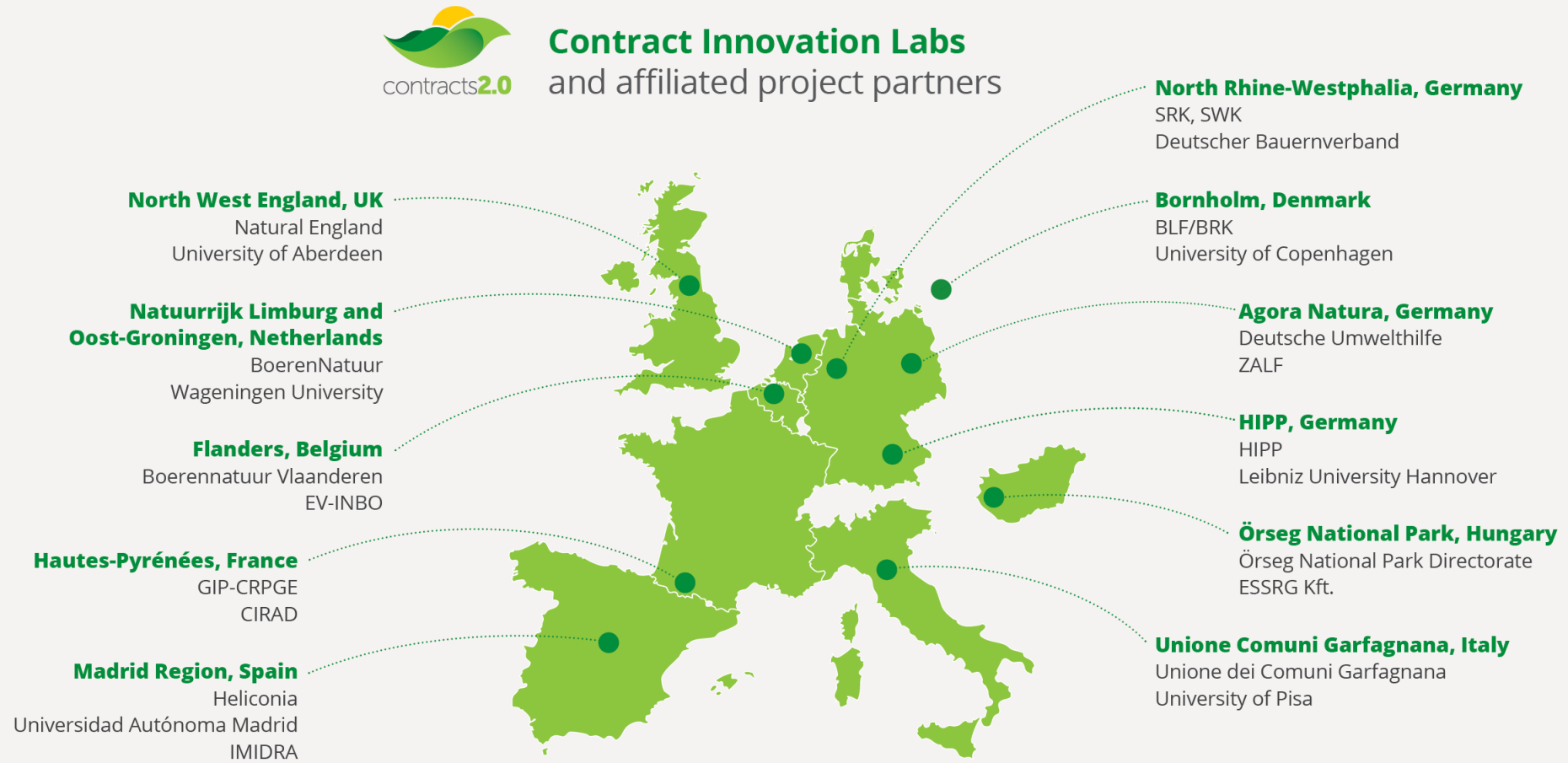
The innovation labs



The innovation labs



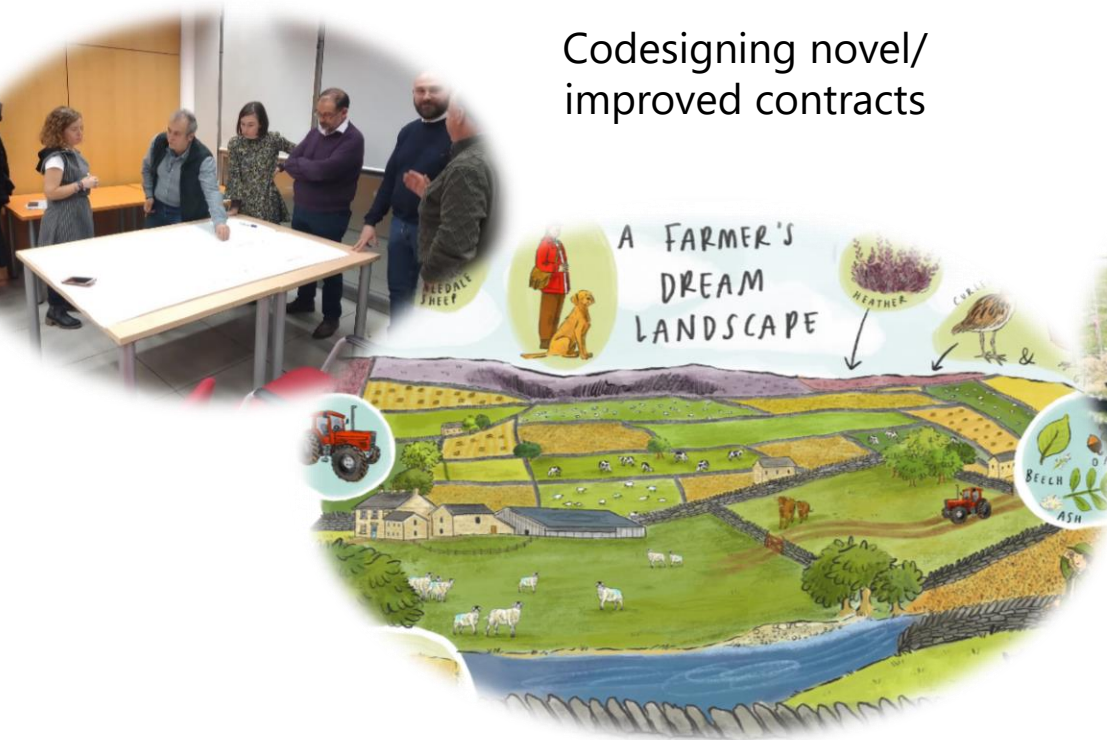
Contracts2.0 Living Labs map



From dream to reality

13 Innovation labs
in 9 countries

Codesigning novel/
improved contracts



Real-life testing in
7 innovation labs



Mainstreaming
innovative contract
features in 3
countries



New Thinking about Incentives



Financial compensation is essential! ... but

There are much more other motives why farmers join or don't join a contract!

We have to know these different motives and expectations!

	Expected impact of novel contracts		
	Economic viability	Farmers uptake	Environmental effectiveness
Innovation Labs			
<i>Limburg</i>	0/+	+	+
<i>Oost Groningen</i>	0/+	+	+
<i>Flanders Gulpdal</i>	0/+	+	+
<i>Flanders Koolstofboeren</i>	+	+	+
<i>North West England</i>		+	+
<i>Hautes-Pyrénées</i>		+	+
<i>Madrid Region</i>	0/+	+	+
<i>Bornholm</i>		+	+
<i>Agora Natura</i>	+	+	+
<i>HiPP</i>	0/+	+	+
<i>North Rhine-Westphalia</i>		+	+
<i>Örseg NP</i>	+	+	+
<i>Unione Comuni Garfagnana</i>	+	+	+



Not the only determining factor

Voices from the field



VOICES FROM THE FIELD
No. 3 / 10

contracts2.0

Give practitioners more freedom on how to achieve results in the field

KEY MESSAGE

Results-based payments could provide more value for public money, empower farmers and make better use of their knowledge and experience by giving them more flexibility to adapt measures to local circumstances and incentivising them to learn more on how to improve environmental outcomes. The main challenges are the organisation of the monitoring, the financial risk for farmers (if outcomes are not achieved), and the complexity for administrations (to design a scoring system).

VOICES FROM THE FIELD
No. 4 / 10

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1 + 1 = 3. Collective approaches create more value for farmers and society

KEY MESSAGE

Collective approaches can create environmental, social and policy benefits, as well as economic and management advantages for farmers. In order to facilitate the growth of new and existing collective approaches, there is a need for an appropriate policy framework at EU and regional level, which takes into account the regional contexts and the cost for facilitation and coordination between farmers.

VOICES FROM THE FIELD
No. 5 / 10

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Intermediaries are key in realising agri-environmental contracts

KEY MESSAGE

Intermediaries play an important role in realising agri-environmental contracts particularly with collective and results-based approaches. By bridging different governance levels, they reduce transaction costs for both farmers and policymakers. To ensure their development and continuity, it is important that future policies take into account the (potential) role of intermediaries to facilitate the realisation of novel agri-environmental contracts.

VOICES FROM THE FIELD
No. 6 / 10

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Less is more! Attractive contracts have less paperwork for farmers

KEY MESSAGE

Results-based and collective approaches are perceived by practitioners to bring less administrative burden to farmers than conventional action-based individual contracts. However, the extra costs for the implementation of these contracts need to be considered. We propose options to lower transaction costs or reach a fair balance between transaction costs covered by farmers and public authorities: 1) increase dialogue with the administration to strengthen trust and cooperation, and 2) involve intermediary parties to reduce farmers' administrative burden and compensate them for the extra costs of monitoring and collective service they carry out.

VOICES FROM THE FIELD
No. 7 / 10

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Involve farmers in monitoring the effects of agri-environmental measures

KEY MESSAGE

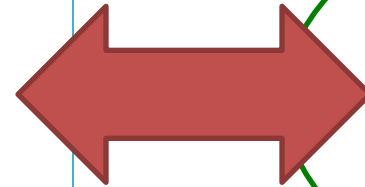
Monitoring the results of agri-environmental contracts is essential to evaluate their effectiveness, but is also important for motivational and learning purposes, especially when involving farmers. Future research and innovation actions should therefore focus on finding robust indicators and cost-effective monitoring tools that could be used by farmers or farm advisors.

Check our 'Voices from the field' series

Challenges to implementation: policy fit

Mainstream AECM policy

- Parcel level
- Individual farmers
- Action-based payments
- Single funding source



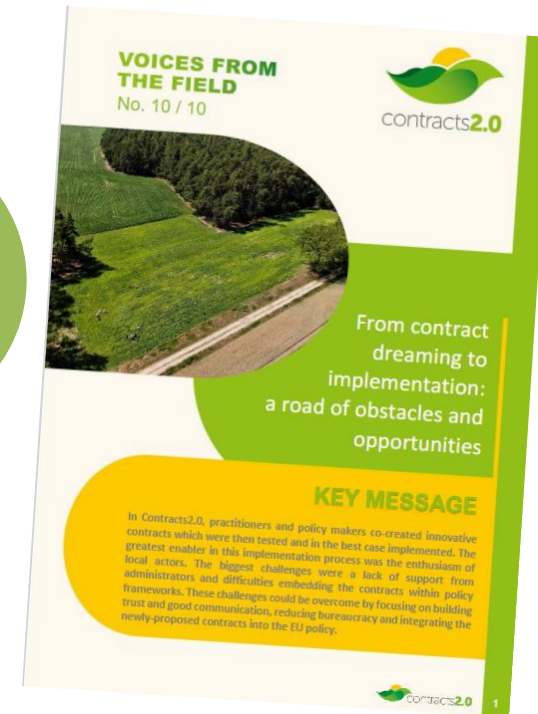
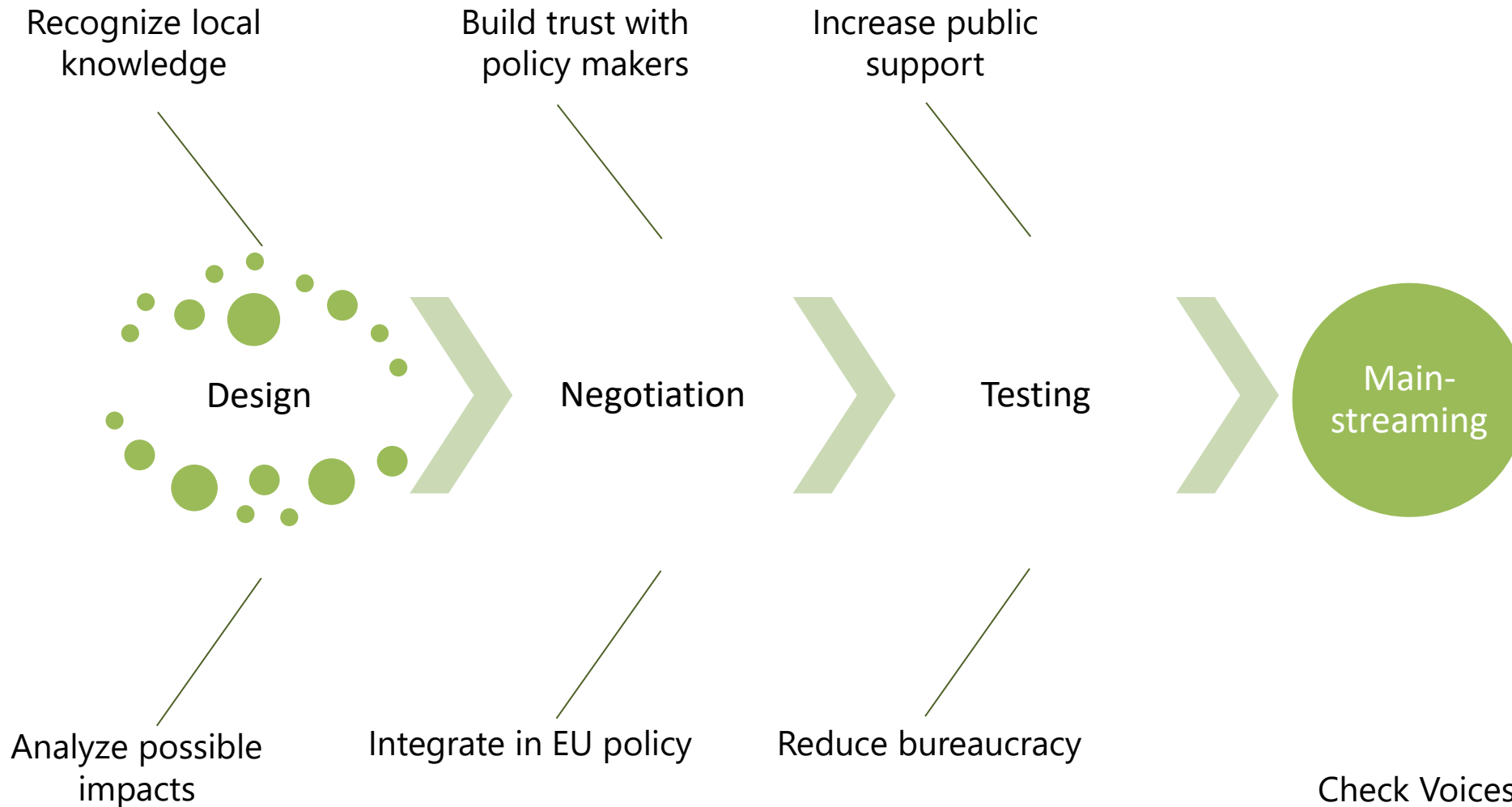
Innovative contracts2.0 features:

- Landscape/ecosystem level
- Groups of farmers
- Results-based/hybrid payments
- Combined funding sources



Need for further dialogue with regional + EU policymakers for mainstreaming C2.0 ideas
Room for pilot testing outside current CAP regulations

Recommendations to facilitate novel contract implementation



Check 'Voices from the field' n° 10

“Practitioners are valuable partners for designing novel contracts”



VOICES FROM THE FIELD
No. 8 / 10

contracts2.0

Practitioners are valuable partners for designing novel contracts

KEY MESSAGE

Involving practitioners' knowledge in agri-environmental contract design and adapting contracts to local needs, promises to increase their uptake and efficiency. Connecting to existing networks can be a gateway to finding relevant stakeholders. Reciprocity and a relationship of trust between all parties, a clear, transparent communication throughout the process and creativity and flexibility in the use of methods are important building blocks for a successful participatory process.

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Thank you!

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www.project-contracts20.eu

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