Co-Design of innovative contract models for agri-environment and climate measures and the valorisation of environmental public goods

Key concepts in Contracts2.0

Extract from Deliverable 1 / 1.1

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Concept Note 4: Collaboration and collective contracts

Introduction

Collaboration describes a specific process of collective action. It implies that people work jointly towards a common goal, involving regular interaction among the collaborating individuals. This regular interaction is necessary due to the nature of the collective action problem. Bodin (2017) distinguishes two broad classes of collective action problems in environmental governance – coordination and cooperation problems. Collective action problems often occur with eradication of invasive species, for instance. In order to address a coordination problem, stakeholders agree initially on a common goal and then utilise a facilitator or coordinator to achieve it by coordinating the individual stakeholders' activities. By contrast, in cooperation problems stakeholders' interests are diverse and conflicts may emerge so they first need to get involved in negotiations to reach a common agreement. An example could be the reduction of nitrate run-off in a river catchment where extensive farmland is located. According to Bodin (2017), dense collaborative network structures are better suited to effectively address cooperation problems whereas more centralised networks are suited to coordination problems (such networks facilitate coordination without necessitating that actors invest lots of resources in upholding a relatively high number of social ties).

Collaboration and coordination as a spectrum and a process

The assumption underlying a collaborative approach is that environmental effectiveness of AECM can be increased by aligning management activities at the landscape scale. In the context of agri-environmental management, cooperation problems are common due to diverse land-use interests of land managers, farmers, rural residents, conservation organisations, businesses and other stakeholders. Prager (2015b) introduces a collaboration-coordination spectrum and claims that a coordination approach can be sufficient for cases with clearly defined objectives (and where stakeholders agree on the objectives). Targeted agri-environment schemes that incentivise certain management practices or offer an agglomeration bonus[1] are mechanisms to achieve coordination. However, in more complex and contested cases a collaborative approach is needed to negotiate interests. This is usually the case when agri-environmental management is carried out at a landscape scale. Accordingly, collaborative agri-environmental management means farmers or land managers working jointly towards a common goal, involving regular interaction, in particular with regard to the timing and implementation of environmental management activities on farmland or establishment of landscape elements (e.g. hedge planting and maintenance, mowing regimes).

The relationship between key concepts of collective action, collaboration and coordination is visualised in Figure 5. For the purposes of this research we assume that 'cooperation' and 'collaboration' can be used interchangeably. Specific situations may sit along different points along the spectrum ranging from collaboration to coordination, meaning that boundaries in real world examples are fuzzy. In addition to representing a spectrum, the arrow may also represent a procedural aspect (i.e. time). For example, stakeholder may first need to overcome a collaboration problem (requiring mediation or facilitation) and agree on a common goal; once this is agreed,

[1] Land managers receive a bonus for spatially coordinated activities.

coordination is needed to ensure the right management is undertaken in the right places at the right time.

Further, we conceptualise collective contracts mainly as a tool to coordinate management, and an intermediary or an agency could coordinate both, individual and collective contracts. In a collective contract, direct collaboration among farmers is not strictly necessary. Collective management, on the other hand, needs direct collaboration, yet it may be undertaken with or without collective contracts.

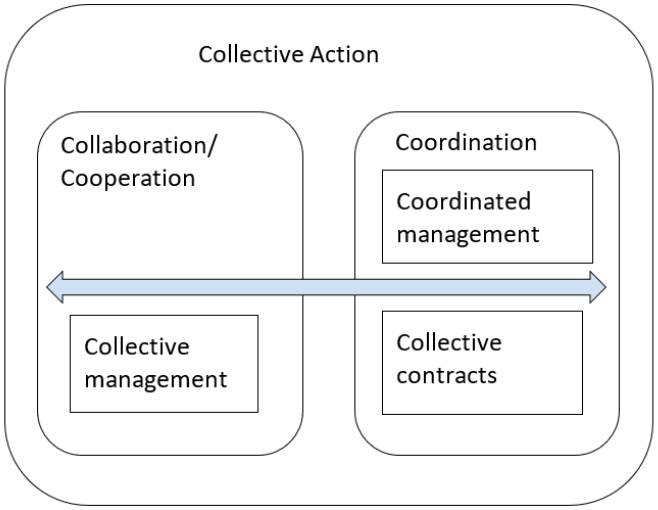

Figure 1: Relationship of key concepts: collective action, collaboration and coordination

The nature of ecosystem services and how they are provided often requires collective action. The formal and informal ways in which the provisioning of ecosystem goods and services is organised and managed is part of environmental governance, which Rival and Muradian (2013, p. 4) refer to as "the institutionalisation of mechanisms for collective decision-making and collective action with respect to natural resource management". For example, the multi-level nature of many governance situations requires cross-scale and cross-sector vertical and horizontal cooperation among actors. With regard to ecosystem service governance, Sattler et al. (2018) documented a multiplicity of terms prevailing in the literature e.g. collaborative governance, co-governance, adaptive governance, and participatory governance.

Benefits and challenges

The interest in collaborative agri-environmental management has come from the acknowledgement that individual contracts between the state and the farmer have limited effectiveness and limited benefits to mobile species with larger ranges, water quality and flood management (Kleijn & Sutherland 2003; McKenzie et al. 2013). In particular where land ownership or tenancies (and associated management) is private and holdings are small, there is a need for coordinating activities to achieve outcomes at the landscape or catchment scale. Collaborative environmental management more broadly has also been promoted in non-European contexts, e.g. through Landcare groups and numerous government schemes in Australia, and catchment/ watershed-based approaches in the US. In addition to the collaboration linked to agri-environment schemes and collective contracts, there is also informal agri-environmental collaboration. Examples are farmer groups such as the Nature-friendly Farming Initiative and (self-funded) farmer clusters.

The benefits of collaborative approaches for scheme effectiveness result primarily from spatial coordination and tailoring of measures to local needs (Prager 2015a, 2015b, Westerink et al. 2017a). Increased effectiveness, in addition to capacities to save costs through sharing of resources, also improves the efficiency of a scheme (Schomers et al. 2015). Moreover, there are important aspects resulting from the social interaction that support effectiveness. These range from mutual learning (Prager 2015a) and conflict resolution (Westerink et al. 2017a) to developing social capital (Mills et al. 2011) and a sense of 'ownership' for a scheme which may motivate participants to adopt (further) environmentally beneficial practices (Toderi et al. 2017).

However, there are also disadvantages of collaborative approaches, mainly the increased effort (also referred to as transaction costs, see concept note 6) for collaboration. There is a cost associated with the additional time invested in meetings, discussions and other coordination activities, and problems might not necessarily be solved but new conflicts could also emerge (Coglianese 2010). Additional effort (i.e. costs) have to be taken into account for those stakeholders that are usually not paid for it (e.g. farmers are not paid for the time spent in meetings) (Prager 2015b).

Application of the concept in CONTRACTS2.0

Collaborative agri-environmental management on-the-ground is embedded and influenced by the governance system in which it takes place. In the context of contract governance, we are interested in both, the collective action *among* contract parties (e.g. farmers within a group signed up to a collective contract) as well as the collaboration *between* contract parties (government agency and farmers; utility company and land managers). Furthermore, the collaboration between intermediaries and contract parties is relevant as it can have substantial influence on the success (or otherwise) of a contract (Vatn, 2010, Meyer et al. 2016). Intermediaries bring together interested parties, help set up contracts, and negotiate the specific details of implementation, i.e. they often take on a coordination role. Collective contracts (group contracts, cooperative contracts) have particular challenges. The design process and its characteristics, as well as the implementation of the contract and its evaluation become important aspects of contract governance.

We investigate the wider institutional arrangements (including governance) for collaborative approaches and collective contracts through the institutional analysis in case studies in several countries (part of WP2). This research will also consider anticipated benefits of social learning in collaborative settings and enhanced motivation. Collaborative initiatives in the agri-environmental context emerged rather informally and from the bottom up but gave rise to a change in the CAP reform for the period 2014-2020. The option of group applications for AES was introduced (cf. Regulation (EU) No 1305/2013, article 28), with collective contracts mainly fostered by the Dutch government.

The Netherlands implemented a mandatory[2] group scheme (**collective contracts with a group of farmers**) to systematically enhance collective action. Since 2016, farmers have to join an environmental farmer cooperative to receive agri-environmental payments. There is only one contract between a cooperative and the public authorities which reduces transaction costs at the governmental level. Individual contracting of farmers is performed within the cooperatives (**the intermediary**) following a prioritisation and coordination of individual measures at landscape scale.

[2] Joining a group is mandatory if the farmer wants to benefit from an agri-environmental scheme, however, whether or not to enrol is a voluntary decision for the farmer.

The idea is that this can be best delivered by using local knowledge instead of an approach driven by a central authority. The cooperatives have some flexibility in choosing the measures according to pre-defined ecological priorities for their region and in organizing themselves which enables direct involvement of farmers in decision making (Dutch Ministry of Economic Affairs, 2016).

In Belgium (Flanders), in the case of ABC Eco2, there is not yet a general system of collective contracts replacing individual contracts as in the Netherlands. A **hybrid solution** is that they developed an additional level of a different kind of 'collective' contracts where part of the individual payments is transferred to the group which is responsible for carrying out collective agri-environmental management. Some farmers are then paid by the group to carry out specific tasks (e.g. mowing of field margins, management of hedges). Farmers can also buy flower seed mixtures or invest in machinery collectively.

In England, the Countryside Stewardship Scheme (CSS) contains all AECM. Since 2015, it has been enhanced by the Countryside Stewardship Facilitation Fund which is a funding mechanism that pays facilitators to bring together groups of farmers and align their CSS applications with scheme priorities and neighbouring farmers' management activities. In this case, farmers still have **individual** CSS **contracts**, but in **parallel** sign up to a **group agreement** that includes training, group meetings and coordinated action to deliver environmental benefits.

In France, AECM have **a collective element** in that they can be contracted by land managers of collective pastoral areas. These land managers can either be landowners (communes, pastoral land associations) or land users (pastoral farmers groups). The AECM contractor can choose to keep the contract payment to implement the contract, or to redistribute part of the payment to individual livestock farmers, for example by paying a shepherd to implement a specific pastoral management plan.

Collective contracting will not merely be investigated as a stand-alone approach but also in combination with other approaches. This will generate insights into the effectiveness of combinations, such as adding result-based indicators to a collaborative monitoring approach. This analysis of future options will be carried out in WP5.

References

Extract from the Deliverable "Shared Conceptual Framework" (C20_WP1_D01_D1.1_UNIABDN)
For references see Original Document