



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

Third round of Policy Innovation Lab workshops – Improved measures for the current policy framework

Milestone 20/4.3.2

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ABBREVIATIONS

| | |
|-------|--|
| AECM | Agri-environment-climate measures |
| CAP | Common Agricultural Policy |
| CIL | Contract Innovation Lab |
| Defra | Department for Environment, Food & Rural Affairs |
| LNR | Local Nature Recovery |
| PIL | Policy Innovation Lab |
| RBPS | Results-based payment scheme |

1. INTRODUCTION

Milestone 20 (4.3.2) is reported here as part of Task 4.3 which aims to support the relevant authorities to improve the design and the uptake of current schemes and measures, related to the delivery of agri-environmental-climate public goods. This objective of Task 4.3 is going to be reached by at least two workshops organised in each PIL between months 10–30 which will – together with an online policy Delphi survey – contribute to Deliverable 4.3 in month 36. The major aim of this milestone document is to report the progress made by the PILs during months 20–30.

Covid-19 restrictions have impacted the activities of most PILs: travels and face-to-face meetings had to be cancelled, reorganised or replaced by virtual meetings in several countries. This led the WP4 lead team to reconsider the general PIL strategy, which resulted in a twofold approach applied in months 20–30 of the project:

- We advised individual PILs to focus their interaction on those issues which are the most relevant in their regional/national context, and which help the most their respective CILs to build the dream contracts. Therefore, in the previous 12 months of the project, PILs followed a context-specific and flexible process, and therefore the workshops organised by PILs are highly heterogeneous and difficult to compare.
- Considering the heterogeneity of the third round of PIL workshops, the WP4 lead team decided to launch an online policy Delphi survey, which allows a more general level reflection on innovative contracts by the PIL members and other policy experts.

In this milestone report we share the details of the third round of PIL workshops organised during the months 20–30 and the progress and first results of the online policy Delphi.

The report is structured into five sections. After this brief introduction, section 2 sums up the general progress of WP4 since the previous milestone (month 19), including online meetings and the preparation of background documents. Section 3 presents the methodological approach to the third round of PIL workshops and shares the main discussion points of the PIL workshops. Section 4 presents the methodological approach to the policy Delphi and highlights the interim results of the first two rounds of the survey. The last section sums up the key lessons learnt from the PIL roundtable discussion we organised as part of the Contracts2.0 annual meeting (8th October 2021, Aranjuez, Madrid), and highlights the next steps ahead of WP4.

2. GENERAL PROGRESS OF PILS IN MONTHS 20–30

After the second round of PIL meetings were completed in October–November 2021, we organised a cross-PIL virtual meeting on the 15th of December to discuss the progress made and the challenges faced by the individual PILs. At this online meeting we agreed that in 2021 the work of the PILs focus mostly on supporting and giving feedback to the dream contract process organised in CILs (WP3), while an online policy Delphi process is launched to collect more general feedback on the options and opportunities to implement innovative contracts in the existing policy frameworks.

The third round of PIL workshops have been organised between February and October of 2021, and still there is one PIL where the third workshop was postponed to November 2021 due to strategic reasons. The lead team of WP4 offered one-to-one consultations with PILs upon request to support the planning of the third round of workshops. The Delphi process has run parallel with the third round of the PIL workshops, the first round was organised in March–April 2021, the second round in June–July 2021, while the final third round of the Delphi will run in October–November 2021.

We also agreed to start an internal self-reflection process with the help of three students of the Central European University (CEU) who investigated internal PIL processes within Contracts2.0 as part of their applied policy project (Ifrah Hassan, Prince Kwaku Addo, Daniel Borsos, with support from their two supervisors Márton Leiszen and Florian Weiler). During February and May 2021 all PILs took part in an interviewing process led by the CEU students, as well as a follow-up cross-PIL virtual meeting organised on the 7th of June. The interviews and the workshop helped us to better understand how the innovation lab approach works in the context of the Contracts2.0 project, and what aspects could be further improved to reach a real policy impact based on best practice examples from other countries.

Beside the above mentioned cross-PIL meetings, all PIL leaders participated in the virtual WP4 workshop organised as part of the cross-work package meeting of the Contract2.0 project on the 19th of May, 2021. This virtual cross-PIL workshop was used to share the results of the first round of the Delphi study and to discuss the main focus of the second round. The last cross-PIL workshop in this reporting period was organised as part of the annual meeting in Aranjuez, Madrid (8th of October, 2021) when PIL leads were asked to share insights about the CAP strategic planning processes in their respective regional/national **administration** with a special emphasis on how innovative contracts are getting a place (or not) in the new CAP.

Table 1 provides a general overview of how WP4 and PIL activities were dispersed across the last 11 months of the project. In the Appendix we also share the tentative roadmap for PIL interaction (first presented in Milestone 18) and highlight the changes to our original plans.

Table 1 Activities of Policy Innovation Labs in months 20–30.

| Month | 12/20 | 1/21 | 2/21 | 3/21 | 4/21 | 5/21 | 6/21 | 7/21 | 8/21 | 9/21 | 10/21 |
|--------------------|-------|------|------|------|------|------|------|------|------|------|-------|
| PIL 3rd workshops | | | | | | | | | | | |
| Reflection process | | | | | | | | | | | |
| Delphi survey | | | | | | | | | | | |
| Cross-PIL meetings | | | | | | | | | | | |

3. THE THIRD ROUND OF PIL WORKSHOPS

The third round of Policy Innovation Lab workshops primarily aimed to stimulate interaction and feedback between CILs and PILs in each of the countries with the main objective of PILs giving feedback and contribute to the refinement of the dream contracts. A flexible approach was suggested, enabling all PILs to focus their workshop on topics which are the most important to be addressed at this step. The two major alternatives we suggested were:

- Discuss the dream contract – or some specific elements of the dream contract – developed by the respective CIL, either as an independent PIL workshop, or in collaboration, as a joint workshop between the given CIL and the PIL.
- Plan a shared trajectory of how the dream contract can be realized – either as a joint meeting (optionally together with a field visit) between the PIL and CIL members, or a separate meeting for the PIL but including inputs from previous CIL discussions.

Considering these two general options, we offered each PIL leadership team to have an online consultation with the WP4 lead team, and where necessary, specific inputs (e.g. tailor-made workshop structure) were also provided to them. Altogether 11 PIL workshops and two consultation processes were organised in the third round, and still one more workshop is in the pipeline. As **Table 2** shows, there was a large heterogeneity across the PILs in terms of when and how frequently they organised their meetings. In some regions, where there is a closer collaboration between the CILs and the PILs, workshops were organised more frequently and often in collaboration or back-to-back with the CILs. In other regions, where the PIL has more a consultative role, only one workshop or consultation was organised.

Table 2 List of the third round of workshops of the Policy Innovation Labs.

| PILs by home country | Date and place of workshop(s) | Comments |
|----------------------------------|--|--|
| Belgium – Flanders | 29 March (online) | Virtual PIL meeting with seven participants |
| Denmark | 26 October (hybrid) | A hybrid workshop (generally in person but allowing online participation for some attendees) with ten participants |
| France – Haute Pyrenees | 16 March (online) 21 September (in person, Toulouse) | Twenty-four participants in the online PIL meeting and 19 participants in the face-to-face meetings |
| Germany – North Rhine-Westphalia | 2 November (online) | Thirty-one participants in the virtual PIL meeting |
| Hungary | 26 March (online) 12 September (in person, Magyarszombatfa) | Virtual PIL workshop with 14 participants, face-to-face cross CIL-PIL workshop with 17 participants |
| Italy – Tuscany | 8 February (online) 30 April (online) | Two virtual PIL workshop, both organised with seven participants |
| The Netherlands | 22 June (online) 29 September (online) | Written consultation with three PIL members in Limburg Online workshop for eight PIL members in Groningen |
| Spain – Madrid region | 25 February (online) 6 April (online) | Two virtual PIL workshops with nine and three participants |
| UK – England | 20 September | Consultation with two members of the Defra national policy making team |

As **Table 2** indicates, all PIL meetings have been planned and organised within the original schedule. With regard to the third workshop of the German PIL for North Rhine-Westphalia, the delay is mainly occurring because of organisational restraints and pandemic circumstances. Due to the multitude of stakeholders' commitments involved in the CAP strategic planning process it was not possible to find a date in October 2021 suitable for a sufficient fraction of PIL members while coordinating logistical necessities. As the delay in one PIL does not impact the delivery of any other project outputs, we decided to flexibly adapt to the German developments (e.g. significantly delayed submission of drafts for national CAP implementing regulations in October 2021 only after federal elections in Germany at the end of September 2021). The summary of the workshop held in North Rhine-Westphalia will be added later to this report.

3.1. Belgium - Flanders

In Flanders the main goal of the 3rd PIL workshop was to explore the possibilities to integrate collective and result-based payment schemes in the next CAP. Participants from farmers' organisations (Boerenbond and Boerenatuur Vlaanderen), policy experts from the administration (Flemish Department of Agriculture and Fisheries) identified different opportunities to implement novel contract features (especially collective approaches), such as the AKIS, the non-productive investments, the eco-schemes and the Art. 71 on cooperation. Further research questions were also highlighted during the discussion:

- What policy is needed/instrumental to support result-based approaches? It would be interesting to have an overview of best practices across the EU.

3.2. Denmark

A hybrid workshop was organised on the 26th of October 2021, with in person and online participation of Danish PIL members and online participation of invited guest speaker from Sweden to share insights about the Swedish use of individual management plans in grassland schemes and the plans to change the schemes from 2023. In total ten people including authorities, farm advisors, NGOs and researchers participated in the meeting. The agenda of the workshop included the following topics:

- Presentation and discussion on experiences from Sweden using individual management plans in contracts
- Update and discussion on dream grassland contract from CIL
- Short discussion on national surveys to farmers and Municipalities on grassland schemes
- Way forward

Key findings: The Swedish approach for the last 20 years using individual management plans for grasslands has supported management targeting the needs of the individual areas. It has also enabled specific management of parts of contract areas by differentiating management requirements within the single contracts. However, the approach has high administrative costs and seasonal peaks in work requirement for the administration. For the further work with the dream contracts the main points of concern/possible opportunities were: 1) How to implement these within a national scheme with a high demand for simplicity and standardisation. 2) The option to apply specific requirements on only parts of the contracted area. 3) If there is an alternative to an approved implementation of a management plan to trigger payments. 4) The most important issue is improved dialog between the actors – the best solution might not be to include this in the contracts. 5) Juridical and practical issues when combining a result-based approach and a management plan approach. 6) Not only the farmers, but also the administrators need the dialog/information. 7) Differentiation of payments according to the efforts of the farmers.

3.3. France – Haute Pyrenees

The third PIL workshop in the Haute-Pyrenees was dedicated to the reaction of PIL members to the dream contract propositions of the Contract Innovation Lab. Several relevant organisations were represented in the workshop, including the action partner, the regional environmental administration, the CAP control agency, elected politicians, the national office of biodiversity, the national park, as well as collective land managers and pastoral services from other regions. What differed from the methodology of previous PIL workshops was that the project team interpreted and made some propositions about the contour of the dream contract. The workshop was divided into three sessions:

- Session 1: presentation of the analytical grid (contractual/collective), restitution of CIL3 by the representative of collective land managers, propositions of the project team.
- Session 2: two working groups organised around 2 questions: 1) Do you agree with the main principles of the dream contracts regarding the objective, domain of application, and actors 2) Do you agree about the first proposition of organizing the contract in three level of engagement.
- Session 3: restitution, identification of PIL3's spoke person (the representative for the control and payment agency) and conclusion

A key finding of the workshop was that participants are overloaded with the national strategic planning for the new CAP (organizing a workshop was very challenging). However, it was also important to see that there are several emerging initiatives regarding collective AECM for the next CAP program, therefore future coordination and collaboration is important.

The 4th PIL workshop was organised to create a common trajectory on how the dream contract can be realized, together with the participation of PIL and CIL members.

3.4. Germany – North Rhine-Westphalia

The 3rd PIL Workshop of North Rhine-Westphalia was originally planned as a physical meeting. But since the Covid-19 cases in Germany were rapidly rising and many participants hesitated to join an in-person meeting (and travel long distances) we decided to have an online workshop instead. 31 participants attended the workshop (including 5 facilitators and 3 presenters). The focus of the PIL NRW is the collective approach and its administrative implications. The main discussion points were revolving around (i) the process of setting (and coordinating) the regional targets and objectives (as the base for developing a regional management plan), and (ii) suitable reporting and control systems. Furthermore the most prominent barriers for a roll-out of the collective approach in Germany as well as potential solutions were discussed.

3.5. Hungary

The 3rd PIL workshop in Hungary was organised online, with the participation of policy decision makers (from the Ministry of Agriculture and the State Treasury), NGO representatives, policy experts and representatives of public institutions. The main objective of the workshop was to give feedback and reflection on the dream contract developed by the CIL. The PIL members were more interested in the

result-based elements of the dream contract, therefore the majority of the discussion focused on specific aspects of the result-based contract, especially the source of the payments, the length of the contract, and the monitoring of the results.

In September a 4th workshop was organised, which was a joint, face-to-face PIL-CIL workshop combined with a field visit to the Austrian result-based network. The workshop applied the back-casting method to identify the main steps forward to establish and implement a results-based and a value-chain contract in the Órség region. Participants worked in two parallel break-out groups (one for the result-based and the other for the value chain contract), then a plenary discussion was organised to discuss synergies between the two approaches and their potential future combination. The field trip to Austria provided detailed information on how the result-based schemes are implemented in the neighbouring country.

3.6. Italy – Tuscany

In Tuscany two virtual PIL workshops were organised in the 3rd round, both focusing on a proposal to launch a new scoring criteria for vegetable production, being implemented in the rural development programs as part of the upcoming CAP.

3.7. Netherlands

In the Netherlands one PIL workshop was planned for the Limburg area, and another one for the Groningen area, to discuss and give feedback to the dream contract designed by the CIL. Unfortunately, PIL members (provincial policy makers) were not able to join the PIL workshop planned for the Limburg area, therefore a written consultation process was organised where PIL members could share their opinion about the CIL's dream contract. In the Groningen area the 3rd PIL workshop focused around collective and value chain contracts. Possibilities to extend the goals of the collective contracts were discussed, and bottlenecks of implementation within the province were identified.

3.8. Spain – Madrid region

The 3rd PIL workshop in February in Madrid aimed at giving feedback to CIL members about their answers in the dream contract (although the financial and monitoring part of the dream contract was still under development). The workshop was organised online and started with a welcome and introductory round. Participants were reminded that the workshop wanted to develop the dream landscape for Madrid in 2040, and the dream contract which helps to reach the agro-ecosystem the community wants for Madrid. The facilitators explained the dynamic they had with CIL members about the landscape and the elements they wanted to keep for the future and PIL members had the opportunity to provide comments on the CIL's ideas about the dream landscape. Workshop participants were then asked to provide input for some specific questions related to the dream contract, e.g. the financial part and the monitoring processes.

A 4th PIL workshop was organised in April with the aim to more directly engage policy makers in the dream contract process. The workshop followed a similar approach than the previous one, but the session was specifically conducted with PIL members who are representatives of Madrid Regional Government, especially those implementing the PDR in Madrid and being closely involved in the agricultural development programme. The main elements of the dream contract, discussed previously with other CIL and PIL members, were presented in order to ask the validation of the policy makers. Beside validation, this 4th workshop also made new steps towards the action plan of how to implement dream contracts.

3.9. UK – England

The 3rd round of the PIL workshop was organised in England as a consultation process with members of the national policy team in Defra. The development of new agri-environment schemes in England is being driven entirely at a national level by Defra (Department for Environment, Food & Rural Affairs). So the PIL leaders are focusing their efforts on working with the key policy leads in Defra, which is more likely to be achieved through a series of small meetings rather than a large workshop format. Defra is developing the content of the new national Local Nature Recovery (LNR) Scheme and considering how a results-based approach could fit into this. Work is on-going to identify a wider range of situations where the results-based approach would be beneficial in LNR and develop result metrics for these measures (4 RBPS measures have already been piloted in England, 2 of which operate in the CIL). Natural England has been developing and testing these new result measures during summer/autumn 2021. The Defra policy team is also considering payment rates and in particular, a hybrid approach with RBPs - at least initially - acting as a performance related bonus on top of an action-based fixed payment. This is to reduce the perceived risk of participation.

It is expected that in early 2022, when the CIL is further ahead with their planning, a workshop can be hosted in the CIL area for the Defra policy team and also with the participation of local partners. The timing of the event is critical as the pace and direction of national policy development have to be taken into account. The current activities of the PIL focus on collaborating with the CIL members to help answer policy research questions which Defra have drafted. The two major aims are 1) to ensure that PIL members are aware of the CIL activities and learning that's coming from it, and 2) to facilitate more join up between the different parts of Defra who are developing the new schemes and use the CIL to help answer relevant policy questions (which are still evolving).

4. ONLINE DELPHI TO IDENTIFY OPTIONS TO IMPLEMENT NOVEL CONTRACTS

A Delphi survey is a structured, sequential method used to elicit expert opinion on a specific question, many times focusing on potential future actions (i.e. forecast). Technically, a Delphi process can be organised as three (or more) rounds of an online survey, where answers are anonymous but visible to participants, so that they can comment and get into a dialogue with each other. The consecutive rounds of the process allows that from round to round the research questions can be narrowed down, and consensual and diverging opinions can be identified. In general, the first round is used to specify the problem, while the second and third rounds are to shape and refine expert opinion by ranking / assessing multiple statements.

Our policy Delphi slightly differs from the traditional Delphi process in three aspects. First, in a policy Delphi, consensus is not required, instead, emphasis is put on different narratives. Second, participants are not homogeneous, instead, emphasis is put on representing diverse viewpoints. Third, qualitative data (reasoning behind the rankings, comments to each other) is as important as the quantitative ones (i.e. ranking of statements).

Since the participatory planning process in the innovation labs required more flexibility and adaptation to the local context, and therefore the comparison of workshop findings become more difficult, the policy Delphi was considered as a tool to bring together the diverse opinions of PIL members in a transparent and methodologically robust way. Information collated through the Delphi will contribute to Deliverable 4.3 (a submitted scientific paper on options and opportunities to adjust and refine current schemes and measures to enable a better uptake of novel contracts) by assessing and synthesizing expert opinions from the 9 countries where Contracts2.0 policy innovation labs work, and beyond. Altogether we created an expert panel of 120 experts from all over Europe. We invited PIL members from the 9 policy innovation labs of the project and policy experts from the sister projects (CONSOLE and EFFECT). In addition to this, we looked for other relevant projects, European level NGOs, farmers' organisations, members of the results-based payment schemes (RBPS) network, and researchers, with a special focus on countries which are not covered by the three sister projects. To administer the Delphi survey we tested three different online platforms, and finally selected the Mesydel platform which support both the qualitative and quantitative analysis of the respondents.

4.1. Brief summary of the results of the first Delphi round

In the first round of the Delphi we approached 120 European stakeholders between the 15th of March and 11th of April 2021. 43 of them opened the questionnaire and 41 answered most of the questions. The participants represent the European regions, as we had respondents from the following countries: The Netherlands, the United Kingdom, Belgium, France, Italy, Spain, Hungary, Austria, Ireland, Denmark, Portugal, Estonia, Switzerland, Germany, Czechia, Sweden and Romania. The questionnaire included three profile questions (country of work, professional background and decision-making level where the respondent is primarily involved), and 32 research questions organised in four blocks. The first block focused on the overall assessment of current agri-environmental measures with specific focus on their limitations (open-ended question). The second block focused on novel contractual solutions for AECMs, such as result-based and group-based contracts, including several numeric questions

and one open-ended for both contract variants. The third block focused on other innovative contract types, such as value-chain and land-tenure contracts, including again numeric questions and one open-ended for both contract variants. The fourth block consisted of questions about the ideal contract, allowing respondents to build their own model by selecting among three contract types (AECM, value-chain, land-tenure) and several contract elements (e.g. result- or action-based, bilateral or group-based, short-, medium- or long term).

Regarding the limitations of the current schemes, the results of the first block of the questionnaire suggest that financial (e.g. transaction cost, compensation vs. reward and institutional (e.g. bureaucracy, lack of flexibility) factors are the most relevant. But knowledge-related aspects (e.g. lack of robust scientific evidence, limited access to advisory services) as well as the need for improved monitoring and regional differentiation were also mentioned as hindering an effective implementation of agri-environmental measures.

Concerning the innovative approaches (second block of the questionnaire), results-based payments were perceived as potentially (highly) effective in achieving the ecological objectives (especially biodiversity related) due to the agreement of clear and measurable outcomes. Respondents highlighted that rewarding farmers for their environmental performance (instead of compensating for their lost income or increased costs) contributes to the attractiveness of this approach. While the increased flexibility and autonomy for farmers are additional advantages, issues like monitoring (e.g. definition of robust indicators, use of IT or farmers expertise to bring down cost) and risk mitigation (uncertainty due to external factors) still pose a challenge and need some further attention when refining/adapting this approach. Many respondents state that setting up such schemes would require initially large investments (management, monitoring, trainings), which might serve as a barrier for the adoption. As a potential middle ground some experts suggest a combination of results-based payment as a bonus on top of an action-based implementation to reward more ambitious efforts.

Many respondents agreed that the collective approach (or group contracts) can effectively deliver on the (mostly biodiversity related) objectives when adequate ecological expertise is involved. The main argument in favour of cooperation is the positive effect on the connectivity of habitats through a coordinated management of suitable measures on landscape scale. The decreased (real or perceived) transaction cost on the farmers' side is another advantage. While some respondents argue a long-lived tradition with cooperation amongst farmers helps to succeed when collectively implementing measures, others highlight the importance of a feeling of trust within a collective and/or contractual elements for regulating individual behaviour being the key factors for success. Regarding the transaction cost of the collective approach respondents acknowledge a shift from public transaction cost (administrations) to the private sector (mainly the collective itself or their management respectively).

The value chain approach is well received by most respondents, since it seems well suited to reward farmers for their environmental performance, independently from public funding. The generation of income through an adequate market price is also more in line with farmers' business logic (instead of relying on public funds). This approach seems to work well with shorter value chains and a more regionalized marketing, while large retailers do often not engage so easily in such programs. A key factor of this approach is the labelling of the extra effort to simplify the decision to purchase for the environmentally conscious customers. Given the already large variety of labels, special attention needs to be

paid to a transparent and clear communication of the environmental performance throughout the value chain. Respondents recognize no significant (institutional, cultural or social) barriers to implement this approach, however it is perceived to require an extensive infrastructure and a broad knowledge base.

The land-tenure approach is the one with the most uncertainty among the respondents, possibly due to a potential lack of experience with this type of contract. It could be a well-suited approach for large landowners, especially when intermediaries (National Parks, Church, NGO's) are involved. The comparatively longer contract periods of land-tenure approaches not only contributes to the environmental effectiveness but also benefits the farmer by provided a sound and predictable financial base, where uncertainty and risks are comparatively low.

The last block of the survey addressed the question of the ideal contract. Interestingly the (assumed) most effective type of contracts across all respondents were by far the publicly funded agri-environmental scheme (AES). Regarding the characteristics of a contract, the opinions differ a bit more. Bilaterally agreed and publicly funded contracts with a flexible length and a mix of results- and action-based payments earned the highest approval rate. Although the results of this survey are far from being representative, the glimpse into the minds of different stakeholder groups involved with the discussion of agricultural policy issues, has provided us with some valuable insights. Especially the open-ended questions have generated a rich pool of ideas, to guide us on our path towards the development of contractual solutions that benefit farmers and nature.

4.2. Brief summary of the results of the second Delphi round

The results of our first Delphi round were analysed to identify converging and contested topics, which were then turned into questions and statements to test in the second round of the survey. We invited 115 policy experts to the survey between 15th of June and 15th of July 2021. During this period 33 of them opened the questionnaire, and finally 31 answered most of the questions. The participants represent the European regions, as we had respondents from The Netherlands, the United Kingdom, Belgium, France, Italy, Spain, Hungary, Austria, Denmark, Portugal, Estonia, Switzerland, Germany, Czechia and Sweden.

Based on the answers from the first round on how the ideal contract would look like to incentivize farmers for more sustainable farming we could synthesize three prototypes: a) a mixed contract combining action-based and result-based elements, signed bi-laterally between farmers and funding agencies for a medium duration (5–7 years); b) a result-based contract, signed between a group of farmers (collective) and the funding agency, with flexible duration (from short to medium or long term); and c) a value-chain contract, signed between farmers and other actors of the value chain (e.g. food processors, retailers, certifiers), which builds on an existing AECM contract and provides a price premium for more sustainable products. The majority of the respondents would choose a mixed, action- and results-based contract for a European level contract prototype, but still almost one-quarter of the respondents would suggest alternative contracts, mainly ones which offer more flexibility to choose collective (landscape-level) agreements or different contract lengths from shorter to longer term.

We also asked what the best way is to implement these novel contracts, and there seems to be an agreement on agri-environmental-and climate measures still being the main target area, where innovative contract characteristics can be implemented as top-ups or additional payments to more mainstream conventional (i.e. action-based) contracts. In terms of funding novel contracts through the Common Agricultural Policy, responding experts underlined the outstanding importance of the Pillar two payments. Within Pillar two policy instruments, almost 70% of the participants pointed to agri-environmental and climate measures, while voluntary interventions in Pillar two for investment, knowledge exchange and cooperation, as well as for ecological constraints were listed by 34.5%. Eco-schemes, which is a part of the new green architecture affiliated with the Pillar one payments, were also mentioned by 34.5% of the respondents – with this proportion, eco-schemes seem to be the most promising instrument within Pillar one with a considerable potential to integrate innovative contracts.

As we learned from the first round of the Delphi study, available budget is a strong constraint for implementing innovative contracts (beside others, like increased transaction costs or higher uncertainties). Financially supporting environmentally friendly farming through different instruments of the CAP, as suggested by the findings shared above, can be a strategy to alleviate the budget burden. However, it raises further questions such as additionality and potential double-payments received for the same result from different schemes. Considering challenges related to transaction costs, our results showed that no one really hopes that transaction costs will not emerge (only three respondents). Respondents see that public institutions have an eminent role in reducing transaction costs, and suggest that farmers have to be compensated (18 choices). It was mentioned less frequently that transaction costs should be shared among the actors, and that complexity should be reduced to keep transaction costs lower. Further suggestion mentioned that there could be a differentiation according farm size and also according to the life cycle of the contract: there are more transaction costs in the first years, than in the following ones. Regarding challenges related to increasing risks when novel contract types are adopted, respondents think that fix payments (22) and allocating money upon request through a vis major budget (10) should be the key strategies of risk mitigation, instead of private insurance or farmers' own financial strategy. Finally, considering the challenges related to lack of knowledge and expertise with novel contracts, formal education (25), peer-to-peer learning (23) and public advisory (18) are mentioned as the main ways to fill in knowledge gaps and missing expertise.

5. PIL ROUNDTABLE DISCUSSION AND NEXT STEPS

During the consortium meeting held from the 4th to 8th of October 2021 in Aranjuez, Madrid, we had a policy round table regarding the current status of the CAP planning. In the first half of the event we discussed processes of CAP strategic planning at the EU level (presentation held by Christian Gaebel, DBV), followed by a presentation about how the agricultural policy in general, and agri-environmental payments in particular are redesigned and launched in England after the Brexit (presentation held by Annabelle LePage, NaturalEngland), and closed by sharing insights about the options and opportunities to implement novel contracts in the current policy field, identified by the Delphi experts (presentation held by Eszter Kelemen, ESSRG).

The main message of the first presentation was that the strategic plans proved to be greener than the previous ones, but the deadlines were really tight; there is a risk of running out of time. The new UK agricultural policy seems to be ambitious and shows a clear and decisive move towards a more environmentally centred strategy. The Delphi research focused on the integration of innovative contracts into the European policy and the CAP, and on the strategies to overcome the most frequently mentioned challenges of the novel contract types. It found that highly flexible, regionally adapted action-based AECM contracts with possible results-based options as top-ups seem to be the most preferred solution by the respondents.

In the second half of the round table discussion, each PIL gave an overview of the state of the art of CAP strategic planning in their respective countries. There is a huge heterogeneity among the participating member states; some of the countries already submitted to their national government the strategic plan, some will do it by the end of the year. Also, the content of the strategic plan is very heterogeneous; some of the member states plan a real and deep turn toward greening of the agricultural policy, others seem to be less ambitious in this regard. It is expected that the negotiations with the EU will result in considerable modifications of the submitted strategic plans.

Based on the roundtable discussion, the following windows-of-opportunity have been identified in the different countries to inform policy about the implementation of innovative contracts:

- Belgium: collective contracts – potentially some pilots with selected organisations
- Spain: the new CAP provides an opportunity for diversification of contract types, mainly for result-based payments in Pillar 2, and possibly to the recognition of land stewardship organisations
- Denmark: result-based payments are foreseen for grasslands, some commitment already exists but there is not timeline or exact plan for implementation.
- Hungary: there is a chance to start a result-based pilot in a 2-3 years long timeframe (e.g. starting around 2024 or 2025). If this can be managed and results are good, perhaps the new CAP period could open room for a country-wide result-based (or mixed action- and result-based) scheme.

Considering the next steps for PILs and for WP4 in general, the most important task ahead is Deliverable 4.3, due in April 2022, which will sum up options and opportunities to implement innovative contracts in the current policy landscape in a peer reviewed paper. To accomplish this deliverable, the third round of the Delphi survey will be conducted in November 2021, and results from the Delphi will be completed with regional/national experiences gathered from the individual PILs. To finalize the deliverable, we will consult PIL leads during the analysis and the writing process. The broad authorship of the paper (all PIL leads will be included as co-authors) will ensure that diverse perspectives are taken into account, and the paper offers results with on-the-ground policy relevance.

APPENDIX

Table 3 Tentative road map for PIL interaction.

| Timing | Baseline (at least 4 PIL workshops, face-to-face if possible, officially reported in milestones) | Optional (face-to-face or online meetings, flexibly organised as needed, in collaboration with CILs) |
|---------------------|--|---|
| Jan–Feb 2020 | 1st PIL workshop (done) <i>Overview of existing contracts, barriers and opportunities</i> | |
| Jul–Oct 2020 | 2nd PIL workshop (done) <i>Discuss and agree on a common trajectory with CIL(s) and/or discuss one policy-oriented topic</i> | |
| Dec 2020–Mar 2021 | Direct feedback to CIL(s) on the dream landscape and the dream contract (done but modified) <i>To avoid stakeholder fatigue and to match both PIL and CIL reporting deadlines, this feedback loop is not necessarily a face-to-face workshop, and it is not required to be strictly reported in WP4 (it does not represent a milestone), but as it is a key momentum of interaction with CILs, we very much recommend you to provide opportunity for giving feedback to the dream contract.</i> Modification: the 3rd round of PIL workshops were used as the main occasion to give feedback to the dream contracts and to collaboratively plan the implementation. | |
| May–Oct 2021 | 3rd PIL workshop (done but modified) <i>Evaluating the potential of novel contracts based on the dream contracts, options for up-scaling (so this workshop, while building very strongly on the dream landscapes and dream contracts, would focus more on their general assessment and implementation, not on giving direct feedback to CILs)</i> Modification: the online policy Delphi has been used to evaluate the potential for novel contracts at a more robust and generalizable way | |
| Nov 2021–Mar 2022 | — | Direct feedback between CILs and PILs, opportunities for the implementation of dream contracts |
| Nov 2021–Sep 2022 | — | Participation of PIL members in European cross-CIL meetings |
| May–Oct 2022 | 4th PIL workshop (cross-national) <i>Discuss EU-level implementation (and context specificities) and co-create recommendations</i> | |
| Nov 2022–March 2023 | — | Co-creating recommendations by using online tools (e.g. e-Delphi) |