

## Potential Contract Solution #2 (“Dream Contract”)

### Objective

A results-based agri-environmental payment scheme is envisaged where farmers can select the actions needed to achieve the conservation goals more flexibly. Such a scheme could be firstly implemented as a pilot to the current AES. By financially rewarding farmers for their environmental performance, the proportion of highly diverse grassland could be stable or even increased. Őrség can claim to be rich in species diversity in grassland even in the present, however social and economic conditions endanger the continuity of permanent grasslands (which also contributes to climate regulation). New type of contract incentives give new perspective to farmers to remain committed to agriculture and to maintain small-scale land-use. Mosaic landscape, different mowing methods (time, frequency, unmowed area) as well as grazing animals benefit biodiversity.

Awareness of farmers, knowledge sharing and collaboration will increase through the envisioned contract structure. Biodiversity targets are chosen in cooperation between farmers and experts. Farmers carry out self-assessment with specified indicator list, thus this method allows practitioners more responsibility and trust. Benefit will be generated to farmers from high quality of grassland.

Connection with value chain: products from species-rich grassland (monitored, controlled by result-based contract) automatically highly scored in labelling system.

### Measures

In RBAPS there are no specific measures to follow. Although biodiversity target (=highly diverse grassland) is defined and clarified, which contains mosaic landscape, protection of highly valued habitat, reduction of invasive species, increasing number of protected butterfly species, prohibition of fertilizer in grassland.

### Actors & Structure

- Farmers
- ÖNPD (advisor) / Advisory agency
- Control agency
- Paying agency

### Contract Type

- PES / Agri-environment- and climate measures



### Contract Features

- Results-based Payments

### Targeted Public Goods

Biodiversity

Cultural Heritage

Landscape & Scenery

Biodiversity targets and measures are agreed by farmers, advisors and paying agency in the beginning of the contract duration. Contract allows flexible farm management, based on farmers' own experience, knowledge and advisor consultation. Each biodiversity target includes indicator list, which is introduced to farmer by advisors. Regular self-assessment and occasional official control (Control agency) guarantee the right direction to achieve targets.

### ***Contract Duration***

Ideal contract period: 5 years

### ***Payments***

- The payments will come from public funding and will be based on a combination of actions and results.
- The payment will be scalable, basic payments and then one or two levels of bonus can be paid for higher results.
- The maximum payment can be higher than compensation for income forgone and costs.

### ***Controls & Checks***

It will be a combination of practices and results, and it will be carried out mainly by farmers (with advisors if needed). In addition, random checks occur by the control agency.

### ***Expected Benefits***

#### **Social/Ecological Advantages**

- Biodiversity conservation, habitat for rare protected species preserved, risk of land abandonment can be decreased
- Endangering factors better managed
- Tourists (diverse landscape)
- ÖNPD (biodiversity habitats improvement, highly valuable areas)

#### **Advantages for Farmers**

- Financial reward for biodiversity-friendly farming, more flexibility in conservation actions compared to mainstream AES
- Closer link to advisors → broadened knowledge of sustainable farming
- predictable market for farmers' products.