



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

## Lessons for Upscaling Payments by Results: Knowledge exchange between Irish, English and Flemish stakeholders

Report of the international exchange meeting in Galway, Ireland 16-18 May 2022

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## ABBREVIATIONS

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AECM	Agri-environment climate schemes
CILs	Contract Innovation Labs
ELM	Environmental Land Management
PBR	Payments by results
RPA	Rural Payments Agency

## EXECUTIVE SUMMARY AND KEY FINDINGS

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In May 2022 the Horizon 2020 funded project Contracts2.0 organised a 2-day workshop ‘Upland Innovations in Payments by Results: Lessons for Upscaling from the Irish Context’. The meeting in Galway, Ireland brought together delegates from two Contract Innovation Labs (CILs). Established by Contracts2.0, CILs focus on development of novel contractual approaches to provide the right incentives to farmers and land managers to produce environmental public goods.

The UK and Belgian CILs joined hosts from Irish results-based agri-environment scheme (AES) projects, notably [Wild Atlantic Nature](#), the [Hen Harrier Project](#) and [Burren Programme](#), plus expert advisers from the Atlantic Technological University. This inter-CIL exchange aimed to promote knowledge sharing around this novel contract type, learning in particular from the practical experiences of developing and delivering results-based AES within upland landscape. Delegates comprised farmers, land-managers, local land organisation advisers, facilitators, researchers, and policy makers. The contents of this report represent the ideas and discussions of participants, with the level of interpretation by the authors kept to a minimum.

The Irish have world-leading experience of delivering results-based contracts, starting with the Burren Programme in the early 2000s through to the current suite of locally adapted results-based projects that operate in defined areas, a national Results Based Environment Agri Pilot Programme (REAP) and the in-development Agri-Climate Rural Environment Scheme (ACRES) within Ireland’s CAP Strategic Plan 2023 - 2027.

On Day 1 participants visited an upland area in West Ireland where the Wild Atlantic Nature Project seeks to add value to the ecosystem services delivered by land managers through providing a results-based payment linked to habitat quality on peatlands, grassland and woodland.

The second day was spent in workshops exploring: 1) Impressions/experiences from the field visit, 2) Contract design, scorecards and monitoring, 3) Policy potential, and 4) Legal & payment framework.

### Key findings

The field trip generated an overwhelmingly positive reaction. An in-field demonstration seemed crucial to understanding the results-based approach as it can initially appear quite complex.

A key positive impression was how Payment by Results (PBR)<sup>1</sup> engages and motivates farmers to deliver public goods through a range of levers including performance related financial incentives, a focus on positive management practices within a flexible, non-restrictive framework and increased ‘buy-in’ from participants due to the way it recognises the nature value of farmland and links their management to outcomes and reward. It has strong potential to change mindsets towards more environmentally friendly farming.

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<sup>1</sup> We use ‘results-based approach’ and ‘payment by results approach’ interchangeably throughout the report.

Concerns about PBR often stemmed from an initial lack of understanding of how the example Irish projects operated; many were addressed in the following sessions. Participants could see PBR being transferable to their own country's situations, but residual questions remained around the applicability and transferability of PBR to different settings and institutional structures.

Of key importance in the design process for a results-based contract (and associated funding scheme) is the building of trust between all actors (administrators, advisers, farmers, farmer groups).

A first step in the design process is to reach consensus on the objectives of the results-based scheme and these should be clear, simple and fair to all involved. Where there are potentially conflicting objectives, these need to be handled with particular care, including any trade-offs.

Scorecard design is critical. There was strong support for integrated scorecards as they reduce the number of scorecards needed overall and are simple to use but 'hide the wiring' of the underlying complexity. An integrated scorecard also addressed trade-offs explicitly and avoids prioritising one ecosystem service or environmental component to the detriment of another (e.g. focussing solely on carbon sequestration).

It's important to harness the full potential of scorecards which can act as more than just a payment calculator. They can be a multi-functional communication tool between farmer/advisor/delivery body, showing the farmer where they are on a scale, what management is benefitting their score and what is holding it back. This can be linked to relevant advice and guidance.

Most examples of PBR schemes in Europe use advisors to complete scorecards, employed either by the farmer or a delivery organisation. The UK pilot was an exception as it trialled self-assessment. It is important to have mechanisms in place to avoid potential conflicts of interest e.g. accreditation and audit. There are advantages and disadvantages for both adviser and farmer-led assessment and the way a scheme is designed and implemented will depend heavily on this decision which must be made early in the process. Technology can help e.g. remote sensing and the (partial) auto-screening of capital investments linked to scorecard data.

The UK and Flemish groups each considered how current policy would need to change in their country to scale up and scale out PBR to whole-farm and multi-objective AES, the overall potential for PBR and identified barriers to uptake. Both groups highlighted the needs for a change in mindset, for farmers, administrators and other relevant organisations.

Concerns for the Flemish context were in particular the compatibility with European auditing requirements, and a lack of cross-departmental working and culture of integration. The English participants highlighted IT constraints, matching central database and local information, risk of double funding and potential confusion ensuing from multiple schemes operating in parallel. Both groups shared concerns around the costs of setting up PBR schemes, how to encourage more sceptical farmers to participate, how to keep payment structures, scorecards and whole-farm contracts simple in design and operation, and a concern about a systemic reluctance to switch away from more familiar and embedded action-based approaches (institutional inertia).

The Irish hosts shared many examples and ideas for how these barriers were successfully addressed in their projects. Time, lobbying and investing into building networks and trust were recognised as key



requirements, alongside supporting investment in building capacity and capability of farm advisors and farmers.

In terms of administering a PBR scheme, the Irish examples demonstrated the critical dependency upon a user-friendly mobile app for recording and submitting scores in the field. Such supporting technology was crucial for large-scale deployment of PBR, efficient data management and reducing administration costs. Evidence from the Irish experience showed that transaction costs of PBR schemes are likely higher in the early stages of implementation, but then drop below those associated with conventional schemes.

The range of PBR examples in Ireland and beyond show there is no single ideal 'blue-print' design for PBR contracts but instead scope to adapt design and operationalisation to suit local contexts, policy objectives and delivery mechanisms.

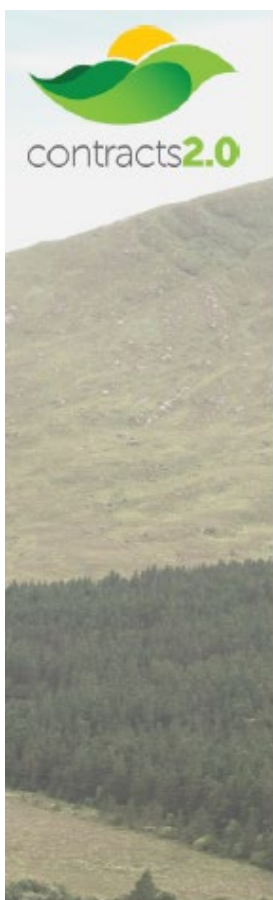


**Derek McLoughlin (Project Manager at Wild Atlantic Nature) explaining the scorecards.**



## 1. BACKGROUND

As part of the activities within WP3 “Contract Innovation Labs” of the Contracts2.0 project, we organised a number of international exchange visits between the Contracts Innovation Labs (CILs). These meetings (InterCIL) supported the exchange of knowledge and experiences around a particular novel contract. The participants engaged in site visits, direct observation of how the contracts and their governance works, and discussed first-hand with farmers, land managers, advisors, facilitators and policy makers.

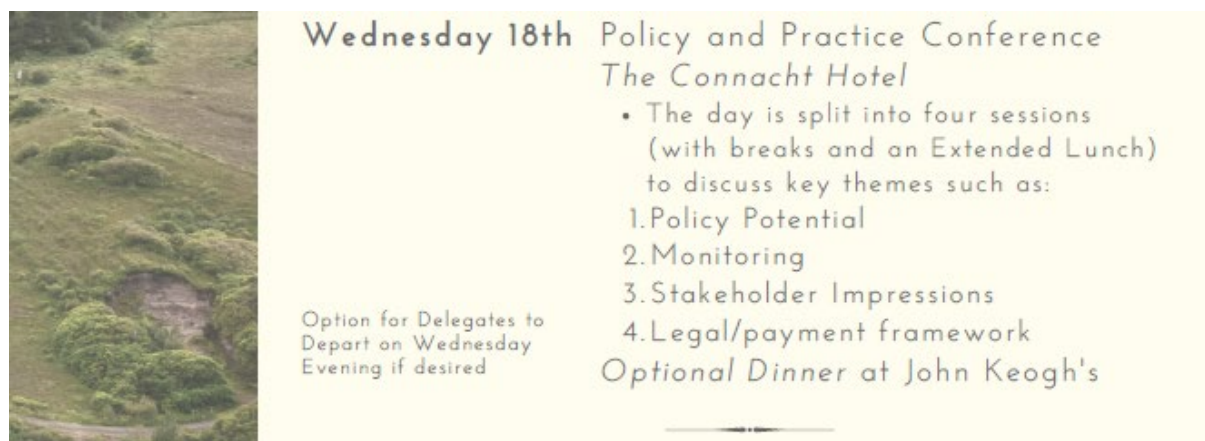
This report covers the exchange visit in Galway, Ireland, that took place from 16-18 May 2022 (with some participants visiting the Burren on 19 May). It focussed on contracts with a payment-by-results (PBR) element. In particular, we wanted to see what lessons could be taken from the experience of the Irish in contracts with PBR in an upland context, and to discuss lessons learned for upscaling of the numerous pilot projects that have been carried out in Ireland to date. Participants included farmers, policy makers and advisors/ intermediaries from Belgium (Flanders), the UK (England), and Ireland. Note that ‘results-based’ and ‘payment by results’ (PBR) are used interchangeably in this report.



### Programme Outline

<b>Monday 16th</b>	Arrivals & Welcome Evening <i>The Connacht Hotel</i> <ul style="list-style-type: none"> <li>• Introductory Presentations</li> <li>• Welcome Dinner</li> </ul>
	
<b>Tuesday 17th</b>	Field Trip <i>County Mayo</i> <ul style="list-style-type: none"> <li>• Habitat Scoring in the Delphi Valley</li> <li>• Lunch at Glenkeen Farm</li> <li>• Farm Workshop               <ul style="list-style-type: none"> <li>◦ The dynamics of Habitat Conditions, Scoring and Payment Calculations in PBR</li> </ul> </li> </ul> <i>Optional Dinner in Galway</i>
	





On the first day participants visited the Delphi valley, County Mayo where they met land managers and partners involved in a pilot PBR project delivered by the [Wild Atlantic LIFE Integrated Project](#). This upland area in West Ireland is a Special Area of Conservation (SAC) and provides a wide range of ecosystem services including clean drinking water, carbon storage, biodiversity, high quality food and support for resilient rural economies and livelihoods through farming, tourism, recreation and other activities. The Wild Atlantic project's pilot voluntary Results Based Payment Scheme (RBPS) aims to add value to these services by linking payments for land managers to habitat quality. All participating land, both private and commonage, is divided into plots which each receive a habitat score annually of 0 to 10, depending on environmental quality. This score determines the payment levels. The quality of water courses and, in the case of private lands, farmyard management, influences the final payment via whole-farm assessment.

During the field trip, participants learnt how the project team had translated over-arching objectives into 3 simple scorecards for habitat quality in peatlands, woodlands and grassland. The group met local farmers and advisers, tested the peatland scorecard in the field and entered scores via an app on a tablet. They also saw some supporting actions the land manager had undertaken to improve their score e.g. silt traps to improve water quality for Freshwater Pearl Mussels *Margaritifera margaritifera*.

The workshop on the following day was structured into 4 sessions as per table below. The findings from the sessions are reported in that order. A full description of the instructions provided for the workshop sessions is included in Appendix 1.

	Session topic	Group composition
<b>Session 1</b>	Impressions/experiences from the field visit	Participants were split into four groups with mix of farmers, advisors and policy makers
<b>Session 2</b>	Contract design, scorecards & monitoring	
<b>Session 3</b>	Policy potential	The participants were split into two groups of Belgian and UK participants, with Irish spread across both groups
<b>Session 4</b>	Legal & payment framework	

## 2. IMPRESSIONS FROM THE FIELD (SESSION 1)

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The first session asked participants to reflect on the previous day's field trip. We collected positive and negative impressions, reflections on what insights participants took away, and what attracted (or deterred) farmers and policy makers from the PBR approach.

### The positives

In general, there was an overwhelmingly positive reaction to what participants saw in the field and heard about the application of scorecards and experiences with results-based payments. Participants thought the approach developed for the Wild Atlantic Project was simple and easy to pick up, they liked the integrated scorecards and also the easy-to-use app, which was viewed as a very helpful tool for recording and submitting results and could be used to provide support and advice. There was a consensus that trying it all out in the field was crucial to understanding PBR.

PBR could change mindsets by providing a clear link between the natural capital on a farm, its management and delivery of public goods with a resultant financial reward.

Participants felt the results-based approach was relevant and transferable to the different situations in their home countries, had the potential to deliver multiple benefits and would be met with interest. If introduced with the right level of communication, a result-based approach would be welcomed by advisors and (already engaged) farmers.

Summary responses from each participant category were as follows:

#### ***Farmers***

Farmers liked the voluntary aspect, absence of restrictions and payments related to effort. The flexibility was a key point as it put them in charge e.g. to change dates of activities in accordance with the weather or other farm requirements. They also appreciated it would give them choice over how much they wanted to increase their score and allowed them to make comparisons against neighbours. On scorecards and monitoring, farmers liked the simplicity and easy to understand sheets. They liked the Irish system which gives participants direct contact with an advisor who they saw as a necessity for implementing a results-based contract. Farmers anticipated mixed reactions from their neighbours, potentially more sympathetic in locations with mixed intensity farming and beef/sheep operations.

#### ***Policy makers***

Policy makers echoed the view that payment by results would give freedom and responsibility to the farmer, although one cautioned about the risks associated with that flexibility, which could become an excuse for the farmer to "do what they want".

They saw benefits from an approach perceived to be understandable, motivating and likely to raise farmer awareness and engagement much more than management-based contracts. In addition, policy makers appreciated the integrated scorecard which captured multiple outcomes in one total score and saw a clear link to priorities such as water catchments, Natura 2000 sites and the potential to use local plans to integrate PBR. They appreciated the well-developed and "very effective" app that linked to the government's IT system and could be used to collate data and potentially provide feedback and



advice to the farmer. Policy makers also noted the interesting use of opportunity costs in payment rates, the link between scoring and capital, and the scope to tailor the amount of incentive for different sores (a ‘payment curve’).

### ***Advisors***

Advisory participants felt that the results-based approach encourages high ‘buy-in’ from farmers, gives room for farmers to make a ‘mental switch’ (to considering the whole landscape) and inspires more interest in the economic performance of the enterprise. Advisors described their impressions of the strength of the approach as “straightforward; farmer friendly/relatable; location based; practical.” Feedback praised the focus on positive management (what farmers can do to improve performance instead of what not to do), the way the approach raises awareness and recognition of the nature value of farmland, and the potential for scorecards to serve multiple functions (as a diagnostic and advisory tool as well as payment calculator). They viewed it as simple and easy to understand, yet solid and based on complex ecosystem thinking and science. One advisor highlighted that a results-based approach aligns potentially divergent policy objectives, echoed by a policy maker who saw the risk of trade-offs between objectives reduced due to the use of integrated scorecards.

With regard to the strengths of the scoring system, advisors highlighted: the simple to apply field assessments which use easily identified species as indicators; the detailed, nuanced scoring system that produces an overall total score; and the way in which a local advisor reviews the score and management with the farmer and follows it up with management advice.

They emphasised that the payment system needed to be transparent and fair for both farmers and society – a point supported by policy makers. In particular, communication around scorecards and policy objectives needed to be carefully considered and put across in clear, consistent messaging.

### **The uncertainties**

On the other hand, the field visit also raised many questions, in particular for policy makers and advisors. Some of the questions resulted from a lack of in-depth understanding of how the approach works as the field visit only gave initial insights into some of the mechanism. Other questions were based on participants considering the applicability and transferability to their own settings, including more intensively farmed landscapes and different institutional structures. Views on who should do the scoring varied and could perhaps be attributable to experience; in Ireland the scoring is undertaken by an advisor employed by the farmer while in the UK pilot the farmers undertook a self-assessment. Participants voiced concerns about the potential administration costs, how to encourage more sceptical farmers to participate and potentially complex payment structures.

Many of the concerns were addressed in the following sessions. Participants’ understanding improved considerably, although some key questions remained open as there is no single right or wrong way of going about implementing a results-based approach. The details remain to be worked out in the respective country, region, and farming system.

### ***Policy makers***

Policy makers were principally concerned with the potential complexity of developing and implementing a results-based scheme, although there was considerable discussion and mixed views within the workshop groups around this.

One particular area was around the payment structures and one policy lead commented that significant thought needs to be given to the policy priorities that drive these. Policy makers cited concerns about the long time it would take to develop a results-based approach in their country, how well the approach would transfer to more intensive farming contexts, the perceived complexity in implementation, how it could ‘stack’ with other non-PBR schemes, how to ensure additionality, and whether society gets value for money. They saw a risk that (in particular hobby) farmers could be paid for doing very little which would be questioned by auditors (although this may not be unique to PBR?). One policy maker expressed that if private investors were involved, robust indicators would be crucial. Interestingly, only policy makers and advisors were concerned about the high risk of no payment or uncertainty of payment levels, while none of the farmer participants raised this.

Managing budgets year to year was also raised as a potential issue by policy makers, although one Irish project reduces this risk by paying part of a results-based element as a dividend spread across eligible farmers from a fixed budget.

It was noted that to be successful, an approach needs buy-in from both farmers and advisors. Policy makers were somewhat sceptical of the heavy reliance on advisor input in the Irish model and the likely associated costs, although this was countered by an argument that the overall administration costs of the Irish pilot were low e.g. 6% in the Burren Programme. Another comment was around capacity and capability in the advice sector and that advisor training and capacity building would be necessary. One query focussed on whether PBR would engage farmers in the long-term, once initial enthusiasm had perhaps waned.

### *Advisors*

Advisors and intermediaries were unsure how they could tackle resistance from government linked to a ‘fear of the unknown’, specifically where the different bodies work in their sectors without a joined-up approach, and what payment agencies thought about the results-based approach. They queried financial aspects such as income forgone and extra costs and emphasised that the payment structure must offset loss of income from production. Advisors were unsure how linking to private funding initiatives would work, and how budget control could be implemented.

Policy makers and advisors alike questioned to what extent the results-based approach would be feasible on intensively farmed land and in settings with multiple habitat types or mosaics of different habitats that may require separate scoring approaches rather than ‘simple’, more homogeneous habitats. In response, one advisor emphasised that the approach could be translated to more intensive conditions outside of High Nature Value farming land. An advisor wondered whether three scorecards across a large area (as used by the Wild Atlantic project) takes local variation sufficiently into account. A further point raised by an advisor related to the applicability across farm types and social dynamics: would result-based contracts require a certain philosophy; and was it equally suitable to professional farmers and hobby farmers.

There were varied opinions on whether the scoring should be undertaken by an advisor or farmer as there are pros and cons for both. One advisor commented that scoring required an advisor while another thought if only advisors carry out the scoring, it might reduce the buy-in, motivation and understanding amongst participating farmers.

***Farmers***

The issues raised by farmers centred on how PBR would operate at a whole farm scale. The site visit had only looked at a couple of field parcels from a much larger holding, so had not been a full demonstration of whole-farm PBR and there were uncertainties over ‘scaling-up’. One farmer from the UK expressed concern that the viability of a whole-farm PBR approach would be linked to farm size and payments may not be enough on their own to support a viable business. There was also concern at operating PBR at scale if farmers had to carry out all the assessments, although the UK farmers generally supported the principle of doing assessments themselves because this builds their own knowledge and reduces costs.



**Workshop participants attempting to score habitats in the Delphi Valley, Co Mayo.**

### **3. CONTRACT DESIGN, SCORECARDS & MONITORING (SESSION 2)**

This session focussed specifically on aspects related to the design of a contract with results-based elements, the design and use of scorecards, and the annual (or multi-annual) in-field assessment and scoring (monitoring) that serves as a basis for payment in a result-based approach.

As an overarching point it was stressed that only by involving all actors (administrators, advisors, farmers, farmer groups) can a level of trust be built. This is of key importance in the design process: “Trust is the basis of it all.”

## Identifying the target/ objective

At the beginning of the contract design process there needs to be discussion, negotiation and agreement of the objectives and target. As an overall principle, the **objective(s)** of the results-based scheme should be clear, simple and fair to all involved.

The Irish experts stressed the importance of starting with a clear objective, for example relating to habitat condition, species, or water quality. This was understood by the participants but raised questions around handling multiple, potentially conflicting objectives. This would require a close look at how big the trade-offs are, and whether they are acceptable.

**Scorecards** are key in a results-based approach. They should be straightforward to use but still capture the underlying complexity (“hiding the wiring”). Designing scorecards for heterogeneous landscapes is particularly challenging but important. Scorecards should encourage management measures that lead to desirable, intended results but designers should be mindful of other potential consequences that may be less desirable (e.g. what is the social impact of an increase of a desired species?) In some situations a modelling approach could be used to predict outcomes but these must be validated.

The integrated scorecards developed in Ireland use a common but flexible framework where weightings between different scored elements can be adjusted to accommodate local priorities or specific targets. For example, the weighting for hedges may be reduced where the priority is to create habitat for wading birds who need open landscapes, while the weighting for grassland structure may have to come up. Integrating multiple objectives into one scorecard also reduces the number of different scorecards needed overall e.g. it could be possible to have as few as 6-7 scorecards covering all main habitat types (grassland, woodland, arable margins etc) which makes it easier to select the most relevant one for a particular field parcel.

The results-based scheme design can offer baseline payments which are linked to the scores of the habitat. If a target species is present, a bonus payment can be an option. An example of this is in the [Hen Harrier project](#) in Ireland. The Harrier is a mobile species. In order to change the attitude of farmers, a bonus is provided when there is a nest 1km from farmers field (10% of total budget). As a result, persecution of Harrier has stopped.

Scorecards are more than just a payment indicator; they can also act as a multi-functional communication tool among farmers and advisers. They can provide a **signpost** to where the farmer is standing with his/her management - both where they stand on the payment scale overall but also on what is working (benefiting their score) and what is holding them back (not achieving the optimum score). In turn, this can be linked to relevant advice and guidance on how to improve a score.

## Localisation

It has been a strength of the Burren Programme and other projects that the project officers live in the local community and build relationships. The project sponsors local groups and is much more present than ‘just’ a farm advice programme. Although the scheme payments are important, farmers particularly appreciate being told ‘why’ they are asked to do something.



### Role of advisors

In Ireland, **scorecards are completed by local advisors** (rather than self-assessment by the farmer) and they are contracted by the farmer and submit the score on their behalf to the paying authority. This could lead to potential conflicts of interest and concern around their independence, so it is important to have mechanisms in place for advisors to be accredited and audited.

An advantage of using a network of local advisers is this encourages knowledge transfer and collaboration. However there may be issues with capacity of individuals and organisations to deliver PBR at scale. Advisors need training on the use of scorecards, and on understanding the ‘why’ (objectives) behind the scheme. Using trained advisors increases the efficiency of field monitoring (fewer to train and check). Advisors also provide the farmer with feedback, advice and may help farmers choose measures within the scheme to suit their individual farm. The general consensus was farmers should not be required to pay advisors (this is different from project to project in Ireland, in some the farmers received the bill to pay their advisor). There is a potential conflict of interest for advisors (i.e. farmer would like the advisor to score their parcels higher so might select the advisor who is known to score more generously), therefore it is better if the advisor is directly paid by the organisation administering the scheme.

### Role of farmers

There are advantages in farmers scoring their own fields, not least it promotes a strong engagement in the process and outcomes but also it can be useful where there is limited advisor resource. But there are a number of issues associated with farmers undertaking the monitoring:

- Validating the data
- Training demands (advisors equally need training although perhaps less than farmers)
- Farmers overscoring themselves
- Age profile (e.g. older farmers not as tech-savvy, use of apps)

However, it has been shown that there is a lot of variation in advisors’ scores, not just between advisors and farmers. And even where scoring is undertaken by advisors some farmer training is still necessary, both on recognising species and habitats, but also on management practices to improve. Farmers need consistent training to a common base level to avoid potential issues with how comparable the resulting data is across regions (for national/regional scale monitoring). It is important to recognise the time input required of farmers involved in monitoring and training and provide payments to cover this.

The UK farmers wanted flexibility over who can undertake assessments so they are not obliged to use an advisor. It was felt that as a minimum, farmers should be enabled to **be part of the in-field monitoring process and decision making** (flexibility), as this can increase farmers' awareness of both the intrinsic and monetary value of nature and thus support an attitude shift. Farmers are usually practice-oriented, and are attracted to actions in the field and visual results (more than to documents and spreadsheets). The use of visuals is therefore important.

### Flexibility in the human resource for monitoring

Another issue is that for the scoring, a lot of people are needed within a short period of time, and the question is what do they do the other months of the year when they are employed full time? The plan



here (in current Irish projects) is to make flexible use of the in-house resource represented by the project team, the advisor resource, and the farmer resource. It is unlikely that all scoring will be done by farmers; they still need a (professional) contact point to ask questions.

As familiarity with PBR improves, alternate field scoring between farmers, advisors and (local) administrators could provide the answer. For example, one suggestion is to adopt a transition within an agreement from initially advisor-scored to farmer-scored as the farmer gains confidence and expertise over time. In this situation the original advisor scores can act as a baseline from which change-related triggers for verification/control checks can be identified. There was some discussion to what extent it might be possible for 'lead' farmers to take on an advisory role and scoring (potential to earn off-farm income, common in the Burren project), and in 'changing' (= influencing) other farmers (a Champion Farmer role, although need to be chosen carefully).

### Role of technology

The more the monitoring and scoring can be automated, the less costly the programme becomes. The plan in the Hen Harrier Project is to use remote sensing, and have more monitoring done by the project team, with fewer advisors being needed. According to Irish experience, you need to (at least partially) automate the screening of capital investments and supporting actions (as linked to the scorecard data). An advantage of the scorecard app is that it is geotagged and timestamped, which represents an audit trail for the Commission that results were indeed present, when and where. This technology also helps with the limited season that is available to collect field-based data.



Discussing payment levels, increments and costing approaches.

## 4. POLICY POTENTIAL, LEGAL & PAYMENT FRAMEWORK (SESSION 3 & 4)

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This session moved the focus from the farm to the policy level. We wanted to explore what is needed to implement a PBR approach beyond pilots, beyond a single plot or field (scaling up), and integrating more than one environmental outcome (scaling out). We put the following questions to participants:

- In what way would existing policy need to change?
- What are the potentials for ‘scaling up’ PBR and hybrid contracts for landscape-scale or collective delivery of environmental public goods (EPGs)?
- How can a PBR approach be used (in the uplands) for the delivery of EPGs other than biodiversity?
- What are the barriers to uptake and what are Ireland doing to make it successful? So, how can or should the approach be ‘sold’?

### 4.1 Flemish group

#### Introducing PBR in Flanders, scaling up and out

The Flemish had a number of concerns that could stifle their efforts to promote PBR further in Flanders:

- **Working with and across several departments** will be necessary, involving both environmental and agricultural administration. This is not common at present.
- Departments may not be ready for the integration needed. Make efforts to ‘sell’ the idea of integration (of diverse, integrated objectives, of their representation and measurements in scorecards). Prioritising one (e.g. carbon) at the expense of another (e.g. biodiversity) can be detrimental to sustainable farming overall.
- PBR needs a **change in the mindset** of administrators (as well as farmers). They need time to learn and adjust: a) Farmers are risk averse; they do not think a PBR approach is feasible, and b) Administrators struggle to see how to fit this approach into their existing, administrative system
- Environmental organisations often take the stance ‘this isn’t good enough’. They need to be convinced of the advantages first. **Finding and emphasising the ‘middle ground’** might be a successful strategy.
- There are doubts with regard to the transfer of PBR in the uplands (extensive agricultural system) to the intensive agriculture dominant in Flanders. This needs **careful adaptation**.
- Evidence would be needed to proof to the Flemish administration that PBR are compatible with **European auditing requirements** (i.e. “Europe-payment-proof”).

#### The Irish experts shared insights from their experience:

In the Burren, the starting position was a serious environmental problem which was addressed by declaring it Natura 2000 and part of a National Park. Farmers detested that, as they had no control over their land. The existing AECM conflicted with the local culture and farming practices; and farmers wanted a scheme that fit more to their context.

In Ireland, the following sequence of steps led to success with PBR:

1. Demonstrate that PBR works (make sure you have the supporting data available)
2. Get the right actors together

3. Run pilots (in Ireland the EIP projects)
4. Start small (projects) and then scale up in steps (e.g. by species and habitats, or by geographical region)
5. Jointly design how the pilots and the PBR approach fit into the AECM context

There was a recognition that this process needs a) **time**, b) **lobbying** (get others to help in lobbying, e.g. farmers, organisations), and c) the **building of networks and trust**. Good places to start are the Water Department, and the National Parks and Wildlife Service (or equivalent organisation). Ideally you can help them to understand how agriculture can be a driver that is damaging to their objectives (e.g. water quality, biodiversity) and how this can be addressed and measured through PBR. Identifying the right people is important – find those that make the decisions, and bring them into the pilots so they can become part of the story. For example, bring Ministers on site and convince them (they are the main barrier). Invest in nurturing local relationships.

There is no **incentive to change** in the (administrative and political) system. That makes it very important to identify what could be incentives for change. Not only farmers struggle with the complexity of PBR (and AECM) but also policy stakeholders and administrators. The complexity of a results-based scheme (and corresponding scorecard design) is likely to influence involvement and farmer uptake.

**The participants jointly produced the following suggestions for Flanders:**

What is needed is proof of concept in the Flemish context. Invest in more exchange between Boerennatuur and Regional Landscapes, and help farmers to develop their own ideas.

It can help to highlight the physical and mental limits of conventional (intensive, world-market) farming in the wider farming community. Continuous investment should be made to remind society and policy makers that farming is not solely about food production, but also about diversification, tourism, multi-functionality and landscape stewardship. It can help to emphasise the benefit of PBR, i.e. that it helps to align policies related to food, environment, biodiversity and avoid unintended outcomes.

Alongside deciding on the objectives and targets for the scheme, boundary conditions (e.g. existing rules and regulations) need to be agreed on. This is perhaps not unique to PBR schemes, but worth highlighting. Within those boundaries, farmers have flexibility and autonomy to choose the adapted measures suitable for their individual situation. Participants noted that the results-based scheme should also aim to represent and incorporate current market and policy requirements. Involvement can be affected when payments do not follow market prices.

**Ideas regarding networking and funding included:**

- Finding PhDs to work on relevant topics, collaborate with universities.
- Linking with projects and networks in other countries – this helps with lobbying, momentum and proof of concept.
- Making use of the EU Green Week and go to discuss the topic in Brussels.
- Regional Landscapes already have multi-stakeholder working groups and had very good experiences with integrating feedback from local farmers and residents. This speaks to the idea promoted in the Burren of 'localising efforts' when promoting PBR, for example in the Local Action Plans.

- Identifying and utilising a diverse range of funding sources: LIFE funding, EIP Operational Groups, national and regional budgets/ projects.
- The Irish model going forward utilises funding via 3-4 streams: a) Art 70 for AECM to integrate PBR, b) Art 35 – cooperation support, will be used for cooperation bonus in Irish approach; c) a further Article for supporting actions which are paid as non-productive investment, and d) a separate Article for payments for project administration. This is the framework they have developed for the agri-environmental work going forward, and written into their CAP Strategic Plan to allow them to build PBR into the mainstream AECM.

### How to administer PBR?

There were a number of suggestions based on experience that the Irish participants shared. As an overarching guideline they advocated “Don’t go for ‘the most easily-administrated’ option”.

### IT solutions and development

- It is important to ensure you can **link instantly between score** (entered in the field via app) – **to the database – to management advice**. This IT solution is integral for the PBR approach to work.
- Keep bigger scale (higher number of farms, the necessary admin/IT system, ...) in mind when designing a ‘suitable’ approach, even when you start out small scale. Once you have more than 100 farmers in a project, it is no longer feasible to walk through every individual scorecard. Therefore, **consider data management early on** (how will the data be collected, where is it stored and processed, how is it displayed and analysed, how does it link with existing databases).
- You have to consult early on with administration and negotiate access to administration’s server. The suggestion was, however, not to hand over responsibility for the database design. The Irish suggested ‘speed-dating’ of experts such as: GIS, Database builders, Finance team, etc. (in Ireland, this has been developed within the projects, e.g. Burren, Hen Harrier).
- In one project, the cost of the database design was between 15-20,000 Euros.

### General Data Protection Regulation (GDPR)

A number of issues were discussed with regard to GDPR. The take home message was to be aware of rules, and inventive how to deal with barriers. For example, projects may not be allowed to store names of farmers and sign-in details even if the farmer has signed an agreement. In Ireland they had to change to an alternative legal basis (the justification used was ‘avoiding risk of double funding’). Farmers then signed an agreement to grant access to their Land Parcel Identification System (LPIS) data. Having the link to LPIS is important to ensure information on parcel – payment band – paid amount is all available for audit trail.

### Audits and checks

In the Irish context, the arrangement is for the ministry/ department to control the team that delivers (i.e. project team) instead of checking the scores themselves – this is referred to as ‘witness audit’.

There were ongoing queries about penalties and when they are applied. No penalties for farmers have been enacted yet as the projects are pilots. It would likely be advisors who scored wrongly who might be subject to penalties. The EU Commission insisted on introducing a penalty, so the compromise was: if the original score drops by an average of more than 20% after 5 years in the scheme then there would be a penalty for the concerned farmer.

Note that in the Irish pilots, farmers can be in both, the conventional AECM and a results-based scheme. This was not easy to implement as there is the **risk of a double payment**. A workaround was identified that means farmers are paid less in the AECM if they are in both schemes.

### Transaction costs

There are various definitions and uses of transaction costs, and synonymously used terms include ‘overheads’ and ‘administrative costs’. The level of costs depends on what is included, e.g. advice, cost for running the database and app. The current level of transaction costs in the Irish examples is 20% (with PBR requiring 30% of this, and supporting actions 70%). The plan is to reduce the overhead to 5%, via the use of local teams. Brendon Dunford emphasised there is no evidence that PBR cost more, but there is plenty of evidence that PBR delivers more and better results.

## 4.2 English group

### Expanding PBR in England, scaling up and out

The English identified a number of barriers to expanding PBR in England further. Several of them related to administrative challenges related to the legal framework and payments. Barriers to Scaling Out included:

- a. Spatial Databases. It is a challenge to **match central databases and local information**.
- b. Central database technology must be able to ‘speak’ to new emerging technologies which might be used. In that context it is key to understand **IT constraints** (financial as well as technical) and their exposure to risks. Risks for the validation of scores/results may increase if IT solutions are not taking on the ground practical elements into account. Participants had doubts whether the English government’s database is sophisticated enough to deal with PBR scorecards.
- c. Scale of land parcels, number of farmers, and number and timing of scoring assessments tie into the IT capacity and ease of delivery at all levels
- d. With political decisions apparently targeting ELM schemes towards **equal opportunity access for all farmers**, participants questioned whether a nationally available PBR component would work rather than geographically defined projects (as in Ireland) with locally tailored scorecards.
- e. The **current policy assumption** that PBR would be optional and run in parallel with management-based alternative choices, leading to increased complexity for farmers and administrators.

Barriers to Scaling Up included:

- f. **Separate enabling funds** are needed for supporting actors and capital works (these would need to be separate to the three existing schemes of Sustainable Farming Incentive, Local Nature Recovery and Landscape Recovery)
- g. Existing grants would need to be reframed to meet or help PBR targets
- h. There is a risk of **double funding**, if elements do not complement each other
- i. There is a risk of too many schemes on the same farm which increases paperwork burden, leads to contradictory advice and a lack of clarity on what is needed at parcel level
- j. Factors outside of farmer control, e.g. public rights of way. Participants queried how flexibility can be built into schemes to ensure that public, livestock and environmental deliverables remain secure.



## How can barriers be addressed?

In terms of ‘Scaling Out’, participants discussed that **IT needs a Common Framework** which defines the scale and scope of how and where PBR will be most effective. This needs to be based on understanding IT constraints and audit risks. In order to avoid transcription errors, data entry and assessments are best done in-field. On site validation can bridge the gap between person error and authorisation. If the assessment is done *in situ*, it can be agreed between farmer and advisor at the time.

Suggestions with regard to scorecards included checking what is already working in ‘traditional’ existing schemes. This process should also identify which schemes are currently not working, and where targets are best delivered through PBR. Participants recognised the risk of falling into the trap of trading off ‘**simplicity vs accuracy**’ – **when scorecards actually need to do both**. The sentiment was expressed as “Hiding the wiring”.

Ideas around what scorecards could work and would be needed in the UK context included:

- Grassland (including a regional-specific indicator list)
- Peatland (also regional list of positive indicators)
- Arable (inc. Bird Cover, Pollinators, Winter+ Spring Sown Cereals)
- Woodland & Natural Scrub

A possibility was outlined to have options built into the scorecards to take into account potential delivery levels, e.g. i) Wet Grassland (Basic), ii) Species Rich Wet Grassland (Intermediate), and iii) Additional Ecosystem Services (Advanced, bonus scores to help get to 10/10). Support and training on the use of different scorecards would need to be made available. This could be on broad categories, but needed to be meaningful and tying into existing knowledge, and combined with a capacity to “simplify” into scorecards.

**Reworking the scheme structure** was seen as a necessary precondition. The basic scheme (the Sustainable Farming Incentive in the English ELM scheme) should have no PBR component. Then there could be the option offered to build up points to get rewarded for higher-level delivery.

In the context of Scaling Up, a ‘One plan’ approach was seen as desirable to deliver multiple objectives, with integrated scoring systems where possible. The integrated scoring needs to take biodiversity, water, cultural services etc. into account (this was linked to the Irish perspective discussed by James Moran of moving from a species-focused approach to an Ecosystems approach). There would need to be accessible links that highlight how to access funding for supporting actions for these additional services.

## Making PBR feasible: Administration

The scheme needs to have a user focus. Research on user-centred design and policy should be utilised to make the scheme understandable and engaging.

A central question was how to **reconcile the compliance and monitoring approach** for two different types of schemes (action and result-based). Participants felt they cannot be provided side-by-side as this would lead to confusion for uptake. They considered whether PBR could be the preferred option

where prescription-based is so generic that it could be replaced by indicators, or where PBR would be more effective than a management-based approach.

There was a sentiment that PBR in the UK is triggering more substantial changes from the baseline than in Ireland, possibly due to a more intensive agricultural context and the need to address the consequences of this by buying more significant change. PBR was seen to **work best on priority habitats and species**. In terms of feasibility of **farmer uptake**, participants highlighted flexibility of the scheme, its setting within appropriate rules and standards, and an acceptable level of risk (considered higher in arable options). It was reiterated that ‘choice paralysis’ needed to be avoided, where too many schemes are competing for attention.

Finally, the capacity for scoring was discussed. Participants questioned to what extent **self-assessment might be acceptable both to farmers and to RPA** (Rural Payments Agency). It could be aided by simple-to-use technology (app) and developing a targeted approach for inspections at a similar level to current schemes (5%) e.g. Earth Observation could be used to identify apparent mis-matches in scoring for follow-up in the field. An effective scorecard would not just allow farmers to see their payment, but how they can *improve* the payment (missing species, habitat quality, habitat proportions etc). Participants also felt the RPA might have concerns about paying agency control: seeing ‘self-assessment’ effectively as ‘self-certification’ of one’s own payment. There was uncertainty whether the agency could be convinced that it is evidence provision and validation. Underlying issues relate to the need for a **different framing and mentality, and a move towards a more trusting approach** supported by technology. Currently, the agency is seen as remaining evasive about self-monitoring.

## 5. APPENDICES

### Appendix 1 – Overview of workshop session (Wednesday)

Session 1: Impressions/experiences from the field visit		
9.30 – 10.30	Background information to be provided by facilitator (read out as intro to your breakout group)	Questions to write on flipchart so they are visible for participants
	<p>Yesterday you had a chance to hear more about the results-based approach and experiment with scorecards. We would like to collect and share your impressions with the wider group.</p> <p>What are your positive and negative impressions of what you heard? What extra effort would this create for you? What benefits would it create for you? What would attract you to this approach? <b>Farmers</b>, would you tell your neighbours about it and do you think they would be interested in it? How would you encourage your neighbours to participate in PBR? When would it be a barrier to entering an AES?</p> <p><b>Policymakers</b>, what do you find attractive in this approach? Would your colleagues be open to this?</p>	<ul style="list-style-type: none"> <li>• What did you learn? What are you taking home as relevant to/feasible in your country?</li> <li>• Farmers: what attracts you (your neighbours) to the PBR approach?</li> <li>• Policy: what attracts/ deters you from a PBR approach?</li> </ul>
10.30 – 11.00	COFFEE BREAK	
Session 2: Contract design, scorecards & monitoring		
11.00 – 12.00	<p>This session looks at how best to design the contract between farmer and agency, what scorecards and the monitoring <b>on the ground</b> should look like. What are your views on who should undertake monitoring of results in the field? What would reduce administrative burden on both the farmer and the contracting organisation?</p> <p>What is the trade-off between simplicity of scorecards and ensuring they accurately reflect environmental quality? Is there evidence that tested the rigour of those scorecards, i.e. that the environmental quality has indeed increased where scorecard scores suggest that? What about visual components alongside check lists/tables?</p> <p>How can we set reference levels for payments? What if objectives differ, how do we combine them?</p> <p>How do we keep flexibility in the system in order to make adjustments if necessary (e.g. to indicators), and how are observations fed back into adjusting scorecards?</p>	<ul style="list-style-type: none"> <li>• What roles in field monitoring for administrators, advisors, farmers, others?</li> <li>• What do they need to make it work, i.e. implement a scoring system? Simple vs accurate scorecards?</li> </ul>
12.00 – 13.30	LUNCH BREAK	

<b>Session 3: Policy potential</b>		
13.30-14.30	<p>This session will move from the farm to the policy level. We want to explore what is needed to implement a PBR approach beyond pilots, beyond a single field (scaling up), and perhaps integrating more than one environmental outcome (scaling out). In what way would existing policy need to change? What are the potentials for 'scaling up' PBR and hybrid contracts for landscape-scale or collective delivery of environmental public goods (EPGs)?</p> <p>How can a PBR approach be used (in the uplands) for the delivery of EPGs other than biodiversity?</p> <p>What are the barriers to uptake and what are Ireland doing to make it successful? So, how can or should the approach be sold?</p>	<ul style="list-style-type: none"> <li>• What are the potential and the barriers for 'scaling up' and 'scaling out'?</li> <li>• How can barriers be addressed?</li> </ul>
14.30 – 15.00	COFFEE BREAK	
<b>Session 4: Legal &amp; payment framework</b>		
15.00 – 16.00	<p>This session continues at the policy level and is concerned about the legal framework for PBR approaches such as the EU or UK framework. How to make the payment and control system EU-proof (or Defra/RPA-proof)? Does the EU allow for hybrid systems?</p> <p>Although farmers/advisor may not be able to discuss this directly, their views are important to ensure that payment administration is also efficient from their point of view. How to administer payments efficiently from the payer and payee perspectives?</p> <p>How to cope with budget instability? How to keep the budget of payments under control when the scores keep rising?</p>	<ul style="list-style-type: none"> <li>• What is needed to make PBR administratively feasible?</li> <li>• Steps to make payment administration more efficient?</li> </ul>