

RDP and agriculture's provision of green and blue services (GBS) in the Netherlands

Assessing the impact of rural development policies (incl. LEADER)

Deliverable D 8.1: Case-study report

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Summary

Long tradition of agri-environmental measures

The Netherlands has a relatively long tradition of agri-environmental measures, as illustrated by the fact that Axis 2 measures are predominantly incorporated in existing national policy instruments for agri-environmental services. These existing instruments are subject of national debate with respect to multiple issues such as efficacy and efficiency, remuneration basis, needs for extra funding from public and private sources to finance agri-environmental measures, etc. Particularly in last decade an intensive search for new instruments and approaches can be witnessed to overcome these different types of limitations of prevailing agri-environmental policy instruments. To facilitate ongoing experiments at different administrative levels (provincial, local), EU approved in 2008 a national Catalogue of Green and Blue Services, which provides a toolbox with new instruments and state-aid control checks for public financial support. Currently this toolbox offers particularly new opportunities for nature and landscape management for individual farmers and/or new collectives as e.g. agri-environmental cooperatives. The integration of blue services, providing temporary water storage capacity at agricultural or water retention services is still under construction due to their complex relationships with prevailing legal frameworks.

RDP and CAP still little stimulating

RDP regulations offer little opportunity to co-finance innovative agri-environmental measures. Length of contract periods (too short), income foregone principle as remuneration basis (little stimulating) and highly limited opportunities to establish contract relationships with collectives as agri-environmental cooperatives, nowadays almost every where present in Dutch rural areas, have been identified as some of the fundamental shortcomings of RDP Axis 2 requirements. More generally also CAP pillar 1 would lack sufficient targeting to respond adequately to the growing willingness but simultaneously differentiating farmers' capacity, to respond actively to new societal demands with respect to sustainable management of natural resources and the preservation of rural amenities.

Institutional learning challenges

- Better targeting of agri-environmental measures (AEM)
- More market conform remuneration systems for AEM
- Reduction of transaction costs of AEM
- Continuity in agri-environmental management
- More adequate monitoring and evaluation of AEM

1. Introduction

The Netherlands knows a vivid debate on agri-environmental measures and an ongoing search for more efficient and attractive agri-environmental measures.

Important drivers of this debate and search are:

- a. A part of the nature and environmental movement related expert system is all but convinced about the effectiveness of current agri-environmental measures and are of the opinion that these continue to be primarily motivated by farm income concerns with little positive environmental impacts.
- b. Several types of farmers' dissatisfaction about existing agri-environmental frameworks (too rigid, little stimulating, etc.),
- c. The need for instruments for tailor made agricultural nature and landscape management for many situations/locations additional to and outside of the agro-environmental schemes in delimit areas (like National Landscapes and nature reserves).

In 2007 a number of the initiatives resulting for this search have been bundled in a so-called Catalogue for Green Services (Ministerie van LNV and IPO, 2007), a set of alternative policy instruments for agriculture's provision of public goods as nature and landscape values, which succeeded to get collectively EU state-support approval to facilitate implementation procedures.

The GBS-practice in the Netherlands results from criticism on and limitations of current existing agro-environmental schemes, is new and in an experimental stage, is linked with ideas and needs of both many stakeholders and local and regional authorities on the one hand and (groups of) farmers on the other. Thus, from a Dutch perspective, it can be interpreted as a promising mechanism for new rural policy and thus can be seen as the potential start of a new cycle in rural development policy. Whether or not this is a realistic perspective at EU-level is an open question.

The Catalogue GBS symbolizes national search for alternative agri-environmental policy instruments and is as such an interesting RuDI-project case within the broader theme of interest 'new delivery systems for agri-environmental performances'.

Main research question

- Which stakeholder claims and concerns explain the emergence of new agri-environmental policy instruments as symbolized by the Catalogue Green Services?
- In what way do these new policy instruments differ from Axis-2 funded agri-environmental measures?
- What are the main factors that explain the role of Axis 2 in relation to the emergence of new policy instruments?

2. Case-study methodology

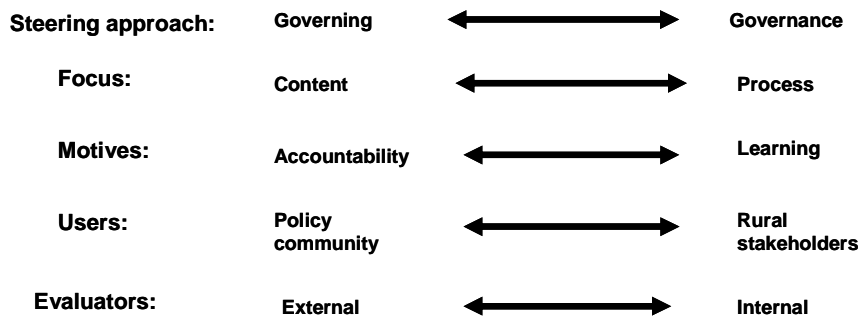
The case-study methodology builds primarily on the analysis of available secondary material since the Netherlands is characterized by multiple available resources to analyze stakeholder claims and concern in relation to agri-environmental measures, agriculture's provision of green (and blue) services, ideas about alternative agri-environmental policy instruments, etc. Consulted secondary data resources include policy and research documents, advisory reports, stakeholder position papers, stakeholder information leaflets, rural journals, stakeholder websites, and digital news archives. Besides a secondary analysis is made of interviews conducted in recent research projects partly oriented on the same subjects as the RuDI-project (agri-environmental schemes, regional rural policy, support of farmers initiatives etc.; a.o. the EU-funded ETUDE-project and the research project 'dynamism and robustness of multifunctional agriculture' in the Netherlands).

Analysis of this broad set of available material allowed for preliminary conclusions that needed to different degrees further validation through additional data-collection through interviews. The interviews have been conducted with the objective to: 1) check preliminary conclusions and 2) to collect additional information. Selection of interviewees started with personal networks of involved researchers and followed subsequently the 'snowball approach'. Overall selection of interviewees includes representatives of policy bodies, nature and landscape organizations, agri-environmental cooperatives and national research- and advisory community. As a whole the case-study methodology allowed for a detailed overview of ongoing stakeholder debates, claims and concerns regarding 1) prevailing agri-environmental policy instruments; 2) new policy instruments for agriculture's provision of green and blue services and 3) major factors that explain the role of RDP in these debates, claims and concerns. Section 5 provides an overview of consulted information sources and list of interviewees.

Positioning of the Catalogue GBS in the figure below: the development of the Catalogue GBS can be understood as an attempt to develop an agro-environmental scheme in which:

- the focus is on 'content' (agro-environmental measures that are described precisely in the catalogue);
- the motive is 'accountability' (state aid proof);
- the steering approach is oriented on 'governance' (the relevant stakeholders and administration bodies together construct tailor made location-specific measures)
- the users are both the policy community (esp. provincial administrations) and relevant 'rural stakeholders' (farmers, water boards, rural estates, private funds, etc.)

Structuring components in selection of assessment methods
(Source: Boonstra et al, 2009)



3. Case study findings

3.1 Stakeholder claims and concerns

3.1.1 Agri-environmental measures in general

Relatively scarce land resources, highly intensive agricultural production systems and manifold claims on rural areas are probably most important driving forces for a relatively long tradition of agri-environmental measures to protect and preserve nature and landscape values in the Netherlands. This tradition goes back to late 1970's when national Ministry of LNV (Agriculture, Nature and Food Quality) introduced a policy-framework with two trajectories for nature management that effected agricultural development opportunities seriously (see Relatienota; Ministerie van LNV et al, 1975).

The first trajectory included a significant expansion of nature areas through agricultural land acquisition that subsequently would be managed by professional nature organizations. The second trajectory stimulated and compensated farmers for measures that counteract ongoing loss of biodiversity in rural areas through reduction of chemical fertilization and chemical pesticide- or herbicide control, more extensive grassland management, delay of meadow mowing dates, no grassland renewal, meadow nest protection measures, etc. etc. Since 1990 both trajectories are been incorporated in the policy framework National Ecological Network (NEN) with the objective to interconnect and enlarge isolated nature reserves into a National Ecological Network. Policy intention is to complete this Ecological Network in 2018. By then 180,000 hectares of agricultural land will have to be converted into new nature reserves. The original plan to realize this objective mostly through the purchase of agricultural land and to pass this on to official nature conservation organizations has been gradually changed in the past ten years. At the moment the intention is to have more than a quarter of total 180,000 hectares of nature areas managed by farmers or other private landowners under the condition that 1) total costs will not exceed those for land acquisition and 2) same ecological results will be achieved. In other words, agricultural nature conservation is also expected to be cheaper in comparison to the alternative of land acquisition and/or financial compensation for decrease in land values.

Since 1992, when EU passed its Agri-Environment Regulation 2078/92 to compensate farmers that provide environmental services for income losses, national agri-environmental policy did integrate RDP Axis 2 measures in this national policy framework. National implementation of Regulation 2078/92 did not go along with fundamental differences in already existing agri-environmental measures and contributed mainly to an expansion of available policy budgets and a gradual increase of delineated areas where farmers can apply for agri-environmental measures. Currently about 10,000 farmers are involved in agri-environmental measures covering a total of 80,000 hectares. The national agencies DLG(eligibility, control, inspection, approval), Dienst Regelingen (making of contracts, regulation) and AID (checks on size of area, Good Agricultural Practice)) continue to be most prominent implementation actors. Formal policy responsibility for agri-environmental measures will be in 2010 transferred to provincial administrations as part of the introduction of

performance contracts between national and provincial administrations (see also the other Dutch RuDI WP8 case study on performance contracts).

So far some introduction on the history and current state-of-the-art of agri-environmental policy framework in the Netherlands. To understand differentiating stakeholder claims and concerns with respect to agri-environmental measures it is firstly important to realize that the Netherlands is characterized by sharply contrasting views on the future of farming among stakeholders, including national agri-expert system. The trajectory of multifunctional agricultural enterprises that respond to actively changing societal demands with respect to rural areas and food production that translate in new rural markets for agri-tourism, quality food production, care-provision, nature and landscape management, etc. might become more and more popular among stakeholders, but continues to be certainly disputed. This goes in particular for representatives of national agri-business that continue to promote a segregation of rural functions to facilitate agricultural expansion opportunities and to preserve competitiveness at globalizing food markets. In this ongoing national debate about the future of farming it is little fruitful to position stakeholders in general terms. Farmers and their organizations might take different positions at different scale levels. The same goes for professional nature organizations. National stakeholder organizations might advocate a segregation of rural functions, whereas at lower level these same stakeholder organizations promote new forms of territory based cooperation that stimulate function integration and multifunctional farming.

A second crucial issue concerns growing stakeholder awareness of the positive spin-off of growing societal demand for nature and landscape values on rural economies. In last decade all kinds of research material emerged that, more or less convincingly, point at the positive economic spin-off of rural nature and landscape values through its interrelations with e.g. residential preferences, rural estate prices, public tax revenues, consumer spending on tourism and leisure activities, overall dynamics in rural economies, etc. This material has in common that nature and landscape values are increasingly acknowledged as a crucial asset of rural economies. This argument also played a prominent role in a recent national campaign of the Foundation Nederland Cultuurlandschap. This Foundation launched a campaign that aimed for a national investment fund of no less than 12 billion euro to preserve and strengthen regional landscape qualities and identities (Vereniging Nederlands Cultuurlandschap, 2007). The objective is to use the revenues of such a public-private investment fund (€600 million per year) for long term contracts with farmers and other private landowners for landscape management agreements. The campaign did attract a lot of attention and support from a broad variety of societal organizations and its claim that such a financial investment in landscape qualities would bring significant benefits for rural economies was hardly disputed. However, so far response in terms of policy and financial support has been rather defensive, without doubt partly due to ongoing financial and economic crisis. According to some interviewees also national governance reluctance to take a clear position in favor of multifunctional agriculture would be part of the explanation (personal communication representative Nederland Cultuurlandschap)

Obviously, these differentiating views on the future of farming in rural areas intervene with ideas about the pros and cons of agri-environmental measures. Since its relatively early introduction, effectiveness of nature management compensation

payments for farmers has been disputed. In particular advocates of a segregation of rural functions seriously question whether farmers are able to deliver nature objectives given the intensity of their land use systems. This opinion is partly also expressed by the Netherlands Environmental Assessment Agency, an important public advisory institute for nature and landscape management. In a recent report it concludes e.g. that *‘in agricultural nature conservation, achieving the ecological results and desired biodiversity is a particular problem (...) In view of the policy principles, more participation in the high-impact scheme packages is desired than is now the case. Nature development measures such as raising the level of groundwater are also desirable. Such policy adjustments do, of course, entail higher costs for agricultural nature conservation than at present. Raising the annual subsidies for loss of income (for the farmer engaging in agricultural nature conservation) and reimbursing nature development costs may reduce this problem. But a prerequisite is that favorable locations need to be found: locations with a high ecological potential, where the necessary measures for nature development and for on-going management for nature conservation purposes can be fitted into current agricultural operations.* (www.pbl.nl)

The quote refers to different types of concerns regarding the targeting, effectiveness and costs of agri-environmental measures. National scientific community points in the first place at the problem of lack of adequate evaluation material, due to insufficient baseline data and control areas without management agreements. As a consequence, available evaluation material would be too often characterized by lack of robust design and statistical analysis. There are only few studies that do claim to have applied more robust methodologies to assess (lack of) effectiveness of agri-environmental instruments (Kleijn *et al.*, 2001a en 2001b). However, also conclusions of these studies have been strongly criticized for methodological shortcomings (Terwan & Guldemond, 2001). For our case-study objectives it is of little relevance to go into detail in the technicalities of this scientific debate, most important is to remember that effectiveness of agri-environmental measures continues to be subject of scientific, policy and societal debate in the Netherlands. Additionally to a (supposed) lack of effectiveness, available evaluation material refers to other types of stakeholder concerns such as little sensitivity for local ecological conditions and differences in farming styles (in particular farmers), relatively high implementation- and transaction costs (policy makers and farmers) and little stimulating remuneration systems (increasingly broad variety of stakeholders).

Farmers dissatisfaction with available agri-environmental policies explains at least partly the emergence of more than 150 agri-environmental cooperatives in the Netherlands (Joldersma *et al.*, 2009). These territory based farmers' cooperatives increasingly function as intermediaries between public administrations and individual farmers, other landowners and rural dwellers interested in and committed to nature and landscape management. Their claims and concerns could be summarized in more general terms as 1) mobilization of support for more flexible, tailor made and financially attractive agri-environmental measures and 2) contributing to a professionalization of agriculture's provision of nature and landscape values. Their activities might involve territorial coordination of agri-environmental measures, stimulating agriculture's nature and landscape management, provision of study-courses on private nature and landscape management, cooperation with professional nature organizations, etc. (Wiskerke *et al.*, 2003; Joldersma *et al.*, 2009). It makes them

important driving forces for alternative agri-environmental measures, which resulted among others in ongoing policy experiments with more flexible and less prescriptive regulations and more performance dependent remuneration systems. Other policy experiments include leading roles for agri-environmental cooperatives in better territorial coordination of agri-environmental measures to increase their effectiveness (Swagemakers, 2008).

At the moment some of these policy experiments are being re-discussed within ongoing transfer of agri-environmental policy responsibilities to provincial administrations in 2010. IPO, national interest organization for provincial administrations, proclaimed that it will probably stop with ongoing exploration of more performance based remuneration systems (IPO, 2007). Experiences would learn that manifold reasons for non-compliance makes it extremely difficult to decide if lower remunerations might be justified. In its position paper on agricultural nature and landscape management, IPO summarizes provincial ambitions with respect to agri-environmental policies as follows: 1) more room for region specific and tailor made solutions; 2) more coherence between nature and landscape management and broader rural development challenges 3) less policy steering on detail to reduce implementation costs and 4) extra financial flows for landscape management (IPO, 2007).

To realize these ambitions provincial administrations will develop so-called Regional Nature Management programs within the broader framework of their multi-annual rural policy programs (see also the first Dutch case-study). Regional Nature Management programs will have to focus on organizational aspects of nature and landscape management, covering issues as financial commitment and responsibilities and coherence with broader national (National Ecological Network) and European policy frameworks (Natura-2000). As emphasized, provincial administrations will have to stay at sufficient distance from nature and landscape management in practice, which will be primarily the responsibilities of different providers as professional nature organizations, agri-environmental cooperatives, other private landowners, etc. Different suppliers are expected to cooperate more intensively and to strengthen consistency and coherence of regional nature and landscape management. Provincial administration plan to reduce implementation costs through the introduction of certification systems for nature and landscape providers. These certification systems will have to guarantee internal quality control mechanisms through mandatory participation of individual and collective providers of nature and landscape values. This certification system will be introduced firstly for professional nature organizations. Other organizations like agri-environmental cooperatives can be certified as well (<http://www.natuurbeheersubsidie.nl>).

3.1.2 Green and Blue Services (GBS)

Variety of stakeholder claims and concerns with respect to agri-environmental schemes in the Netherlands is increasingly expressed in terms of agriculture's provision of green and blue services (GBS), a concept introduced in national policy discourse in 2002 through the policy document National Structure Scheme on Green Environment. The GBS concept refers firstly to a spatial expansion of existing agri-environmental schemes. These were exclusively implemented in National Ecological

Network (NEN), whereas especially Provinces increasingly wanted to include also areas outside the NEN for agri-environmental support measures.

Parallel to these provincial demands for a spatial expansion, in last decades several initiatives emerged around alternative policy instruments based on the premise that not just governments can subsidize agri-environmental services but that also opportunities for more market approaches could be explored. This exploration of private financing opportunities is a second crucial characteristic of the GBS concept. Meanwhile different, mostly still relatively small scale regional or local, initiatives around private fund raising for farm based nature and landscape management can be witnessed. Just to mention a few, so-called 'landscape auctions' try to seduce rural dwellers and urban citizens to adopt landscape elements for certain periods and to support its maintenance by farmers (cooperatives) financially (www.landschapsveiling.nl).

Other regions created Landscape Funds to mobilize (additional) private money for nature and landscape management. Regional Account Groene Woud is a well known example based on an interest rate bonus system for public and private funds willing to support regional nature and landscape management by farmers (www.GroeneWoud.nl).

An experiment that seems to be promising, attracts a lot of attention and that might indicate one of the next steps in the development of GBS is 'Farming for Nature' (for a brief description see PLUREL 2008a: 25; for extensive information, also in English, see www.boerenvoornatuur.nl). It is an experiment in the Polder Biesland and on rural estate Twickel. It is a public service for which the farmer receives a payment from a regional fund (filled by different local, regional and national governments like municipalities, provinces, city regions, water boards and Ministry of LNV). The Farming for Nature agreements should be long-term (thirty years), but the EU (state aid decision) only approved a pilot-project for 10 years regarding four farmers; so this is an insurmountable problem to expand this approach to other areas (Lubbers, 2009). Farmer for Nature is a modality of Green and Blue Services, but this experiment exceeds the opportunities offered by the Catalogue Green and Blue Services. The Catalogue GBS only defines measures for (parts of) fields and landscape elements and includes no farming systems whereas Farming for nature is a farming system, a whole-farm approach. Farming for Nature is deliberately not outcome-based, but the farmer is paid for creating favorable conditions for the development of on-farm nature. These include a closed-cycle farming system, a more natural water regime and the establishment and maintenance of (preferably functional) landscape elements. The farmer is challenged as entrepreneur. Within the strict boundaries of zero-input and a natural water regime, the farmer is free to carry out his own management. The initiative attracts many supporters and volunteers: around the four farms that started, hundreds of people are involved in the development of the concept, the local lobby and in monitoring and evaluation.

National support of new initiatives that combined public and private funding has been in particularly of relevance in relation to necessary European state aid procedures. The rather diverse nature of the initiatives due to variety in local ambitions and physical characteristics, made that European Commission and national Ministry of LNV (Agriculture, Nature management and Food quality) had to invest relatively much time in relatively small initiatives and their interrelations with established policies. Moreover, length of procedures was frequently experienced as discouraging and

frustrating by those involved in the initiatives (Zwaan and Goverde, 2007). It was the European Commission that requested national government to develop a framework for Green and Blue Services, in order to avoid that each and every local initiative would require lengthy and complex decision making procedures about state support. This resulted in the Catalogue Green and Blue Services that passed the state aid procedure in February 2007. The Catalogue defines GBS as 'the provision of supra-legal public achievements aimed at the realization of public demands concerning nature, landscape, water management and recreational use (accessibility), for which a cost recovering compensation is given' (Ministerie van LNV & IPO, 2007). Since official EU approval, the Catalogue provides a set of extra additional remuneration opportunities for nature and landscape management under EU state-aid proof conditions. It functions as a toolbox of instruments that might be used to strengthen nature and landscape values. Most relevant differences with prevailing agri-environmental schemes can be summarized as follows (as described in the PLUREL-project: PLUREL, 2008a):

1. GBS funds originate at lower administrative levels – Municipalities, Provinces, Water Boards, etc. - while in the case of national AES linked to the CAP, funds are provided mostly by the European Union and the national government.
2. Green and Blue Services initiatives often include the possibility of private financial contributions. Several area funds have emerged to enable the bundling of contributions from different sources.
3. Measures and schemes are generally developed together with farmers and other local stakeholders, with the aim to match measures with the local landscape, ecology and the local needs.
4. GBS initiatives are an expression of new relationship between urban and rural areas. This new rural-urban balance can be achieved not only by the recognition of the important services that agro-ecosystems provide to cities, but also through the implementation of economic measures that encourage farmers to provide these services.

In other words, the Catalogue aims to challenge farmers to develop own proposals and to start negotiations with potential financiers, although in practice this might be difficult to realize without adequate institutional support. Its toolbox approach makes it a rather flexible instrument that allows knowing in advance how to develop measures that are EU state-aid proof and to avoid lengthy procedures. It covers a broad variety of nature and landscape activities that have been bundled in several clusters as meadow bird management, field margin management, hedgerow management, etcetera to stimulate internal coherence between measures. Partly also based on an inventory study among similar initiatives elsewhere within the European PLUREL project, it is suggested that current set of measures might be in the future expanded with measures that cover additional issues as:

- Compensation for disadvantage of small plots
- High water levels
- Occasional flooding
- Renovation and management of archaeological sites

- Drinking water protection (avoiding certain crops and use of specialized technology)
- Traditional cattle breeds
- Organic farming

It shows how the national GBS debate is increasingly related to a broad wide variety of services that are thought to be of relevance in relation to societal demands with respect to rural areas. Additionally to previous mentioned initiatives to mobilize additional public and private money for these services, policy also experiments with so-called Green for Red constructions based on the principle of green compensation payments in the case of urban expansion, infrastructural works, extra opportunities for new rural residences, business expansion opportunities, etc. Again, a broad range of initiatives can be witnessed. Through a policy instrument as New Rural Estates provincial administration provide extra building permissions for new residences in rural areas in combination with private investments in local nature and landscape values (see a.o. Commissie Hoeksche Waard, 2005; Provinciale Staten Zuid-Holland, 2005, etc.). Another example concerns Provincial experiences with planning permissions that combine e.g. expansion opportunities for small-scale agri-tourism facilities with serious investments in local nature and landscape qualities (this could be interpreted as a form of indirect GBS). Stakeholder opinions about the pros and cons of these –and other- examples of Green for Red constructions continue to be subject of debate. Advocates belief strongly in the provision of public rural services as nature and landscape management based on a co-sharing of responsibilities between public and private actors and new institutional arrangements to mobilize extra private money. Others are more critical and raise issues as: Do new policy instruments indeed deliver what is expected? How vulnerable becomes nature and landscape management with prominent roles for private investors? Are new policy instruments not in particular beneficial for social classes that can afford to buy themselves rural idylls?

These policy attempts to generate private money for nature and landscape management or other types of rural services raises in relation to agriculture another rather fundamental question: How to delineate a farm- enterprise at times that farm-households are more and more involved in multiple income generating activities? Since 2008 the Netherlands have a Taskforce Multifunctional Agriculture, which joins public and private actors that aim to double turnover of multifunctional farm-enterprises in coming five years (www.multifunctionelelandbouw.nl). This is not only a symbol of the growing national societal and political awareness of the significance of rural enterprises that integrate different rural functions at business level. It also learns that it is increasingly impossible to draw sharp lines between farm- and other rural enterprises, as a consequence of growing diversity of function combinations as food production, nature and landscape management, rural tourism and leisure activities; care-facilities; on-farm sales, educational activities, etc. The strategic meaning of agricultural land use time and again varies and depends on its place within broader businesses activities. Sometimes it is difficult to determine whether the central activity or function of a certain ‘farm’ is agriculture, nature and landscape management, care or something else. The emergence of a broad pallet of multifunctional rural enterprises, albeit with significant regional differences and specificities, also makes it increasingly necessary to look for more region specific and tailor made agri-environmental support measures.

3.2 Critical factors to explain RDP impacts

Previous analysis of stakeholder claims and concerns with respect to prevailing agri-environmental measures and new policy instruments for agriculture's provision of green and blue services only referred more indirectly to the relevance of EU policy frameworks. In this section we will focus more in detail on the interrelations between RDP characteristics, specifically Axis 2 measures, and ongoing discussions on agri-environmental policies in the Netherlands by distinguishing some critical factors that explain (lack of) RDP impacts:

3.2.1 Still important financial source for agri-environmental measures

National budget for nature and landscape management continues to be primarily allocated to the realization of NEN objectives through agricultural land purchases that are subsequently transferred in nature areas and managed by professional organizations. In other words, growing societal and policy attention for farmers' (differentiating) capacity and willingness to provide nature and landscape values as described in the preceding only translates slowly in extra national budgets for agriculture's provision of nature and landscape values. Consequently, RDP funds are a relatively important financial source for agri-environmental payments.

RDP2 co-financing budget for agri-environmental measures includes a total of ± 145 million euro for the period 2007-2013. Its financial relevance can be in another way illustrated by the conclusion of a recent position paper on the future role of provincial administrations in agri-environmental policies. As stated, RDP Axis 2 measures might be characterized by serious shortcomings but their overall contribution to national policy budget for agri-environmental measures is much too significant to consider continuing without European funding (IPO, 2009).

3.2.2 Little opportunities for collective contracts

RDP co-financing of agri-environmental measures continues to be strongly based on contracts with individual beneficiaries; all contracts and payments have to be made on individual basis. For different reasons this EU requirement is perceived as a bottleneck in the Netherlands. Firstly there is a relatively broad agreement on the relevance of territory based cooperation in relation to the effectiveness of agri-environmental measures. Secondly, there is the issue of relatively high implementation and transaction costs of frameworks with individual beneficiaries, whereas there would be sufficient opportunities to experiment with more collective approaches in the Netherlands. This also explains national attempts to develop contracts with agri-environmental cooperatives, but transfer of contract compliance to collective entities turned out to be incompatible with EU regulations. There are several attempts to deal creatively with this restriction. E.g. there is the possibility that individual farmers authorize an environmental cooperative to apply for the agricultural nature-management subsidies and there is a system that stimulates farmers and other nature-management organizations to coordinate and attune their activities in an area to increase the goal-orientedness and effectiveness of the nature management. However, these new possibilities don't take away the mentioned disadvantages.

This focus on individual measures could also be a reason why there are little serious attempts to use RDP money for the co-financing of new measures as symbolized by the Catalogue for Green and Blue Service. Additionally to EU state-support-proofing

this Axis 2 requirement would further undermine opportunities for more flexible and tailor made agri-environmental measures.

3.2.3. Shortness of contract periods

National initiatives within the Catalogue Green and Blue Services include also some experiments with significantly longer term contracts with farmers than the 6-years contract periods for conventional agri-environmental measures. Such longer contract periods are thought to be for multiple reasons of importance. Firstly it is expected that these will contribute positively to institutional trust among farmers in continuity of public financial support. Secondly it is expected that longer contract periods will contribute positively to effectiveness of agri-environmental measures since improvement of nature values simple requires longer time periods. Thirdly, longer contract periods offers farmers more serious opportunities to give nature and landscape management also strategic meaning within their business strategies. This is e.g. illustrated by farm dynamics within rural areas that started to implement agri-environmental measures relatively early. In Laag-Holland, e.g., this early introduction has been followed by the emergence of different kinds of territory based initiatives to stimulate multifunctional farm-enterprises, with an important supporting role for its regional agri-environmental cooperative. This steadily expansion of the multifunctional character of regional farm enterprises within new territory based networks relations, is being identified as one of the driving factors of current strategic interest in nature and landscape management among regional farmers (Broekhuizen *et al.*, 2008). Furthermore, there are new initiatives in which farmers are willing to radically switch their farm management and strategy over to a real nature-oriented management (e.g. 'Boeren voor natuur', Farming for nature; right now there is pilot approved by the EU with four farmers with contracts for a period of 10 years). Such a radical and often irreversible switch will be made only if there is a long term perspective, at least longer than a period of six years.

3.2.4. Market conform remuneration systems

Under Dutch pressure RDP regulation 1698/2005 includes a section that where appropriate, the beneficiaries may be selected on the basis of calls for tender, applying criteria of economic and environmental efficiency. This idea was that the introduction of tender based remuneration systems would allow for market conform price settings and that the best and most efficient nature and/or landscape managers get precedence. However the final contract-prices are not completely free: the prices are limited to the maximum amount laid down in the Catalogue for GBS that has been approved by the EU (that means the systems is state aid proof).

In 2004-2005 the Ministry organized a first small pilot with such a tender system for GBS. This tender has not been evaluated officially but it turned out to be most successful with respect to developing small new nature and landscape elements (e.g. new hedgerows, ponds, footpaths, ecological management of ditch-sides, water-retention etc.). It turned out to be more complex to remunerate also management needs of new nature and already existing landscape elements through a tender system since there were little opportunities to resolve the problem of land owners as single providers. Until now the Ministry did not continue with these pilot experiments with tenders. However the in the pilot involved partners are of the opinion that tendering concerning GBS could be a promising mechanism to realize a higher cost-efficiency and a better price-quality relation (the limited funds are selected for those who are willing and are the best managers) and that maybe it could be applied more broadly in

Dutch nature and landscape management in the future (personal communication). Be it tendering or other comparable systems, there seems to be a tendency in view and approach in the direction that farmers will have to compete with other providers of rural services on public markets. Potential suppliers as professional nature organizations, farmers' collectives or other private land users will have to demonstrate to what extent they will be capable to contribute to policy goals and to compete with other providers for public contracts.

In the search for a more market conform system, the RDP regulation that prescribes the use of the income foregone principle as the basis for agri-environmental payments, could be an obstacle because the maximum price is fixed. In particular farmers do already for longer time dispute how this principle is being applied and criticize in particular its lack of sensitivity for diversity in agricultural practices and its consequences for integration opportunities of nature and landscape management. It could be postulated that this principle only can function well if it is possible to use 'conventional agricultural practice' as a point of reference. However more and more completely new and diverse practices are developed for which it increasingly becomes very difficult to use this point of reference (e.g. farmers whose main product is nature, or water-retention in combination with some other multifunctional activities etc.). Thus it is doubtful whether or not the introduction of more market conform remuneration systems for agriculture's provision of green and blue services is possible in an efficient and goal-oriented way on the basis of the income foregone principle.

3.3 Strategic focus on pillar 2 as future financier of green and blue services

It is important to realize that pillar 2 is of little strategic importance for the Netherlands in comparison to pillar 1 payments. This is probably one of the explanations why national debate focuses much more on the future of CAP pillar 1 after 2013 then on RDP related issues. This is e.g. clearly expressed in national ideas about the future of CAP as e.g. recently published by National Social and Economic Council, an advisory committee that joins a broad range of stakeholder organizations. Its report distinguishes four different clusters of land-based agriculture which has been ordered along two axes. The first Axis makes a distinction between enterprises that produce only food and others that in addition provide green and blue services. The second Axis distinguishes farm enterprises in Less Favoured Areas, subject to natural disadvantages or additional administrative restrictions as e.g. in National Landscape Areas, and enterprises that are not troubled by these factors. This categorisation is presented as a promising guideline to structure future CAP according to the logic as presented in the framework as presented in figure. As shown, farm enterprise support claims are being differentiated according 1) the presence or absence of natural or administrative restrictions 2) farmers' willingness to provide collective services.

Areas with restrictions (natural or administrative) ?	
No	yes

Provision of collective services?	No	<p>1</p> <p>Enterprises that produce in areas not subject to restrictions and only produce “food”</p>	<p>2</p> <p>Enterprises that produce in areas subject to restrictions and only produce “food”</p>
	Yes	<p>3</p> <p>Enterprises that produce in areas not subject to restrictions and also provide other (“green” or “blue”) services</p>	<p>4</p> <p>Enterprises that produce in areas subject to restrictions and also provide other (“green” or “blue”) services</p>

In the Netherlands there seems to be a preference to integrate pillar 1 and pillar 2 objectives through green and blue services. This idea amongst other things results from the broadly shared opinion that the pillar 1 income subsidies are not defensible and sustainable on the long run. GBS, both concept and practice, is still in its infancy and is still developing, but it seems that it is developing towards one of the central concepts in thinking on the future of rural policy in the Netherlands (until now oriented on the land outside the nature reserves managed by the large nature conservation organizations, but more and more the management of ‘nature reserves’ by farmers and other private organisation is explored). E.g. some provinces (esp. Overijssel) are working hard to elaborate GBS further. Also exemplary is the spending of the €150 million that is added to the Dutch RDP due to adaptations resulting from the ‘health check’ of the CAP (the EU contributes €110 million, national government and provinces €40) (Ministerie van LNV, 2009). The budget is almost completely reserved for contributions to biodiversity, water management, landscape, renewable energy etc. through GBS (e.g. ecological management of field edges, agricultural landscape management in National Landscapes, ecological water management, water retention, etc.).

Important to realize is that the primary ‘GBS-logic’ is different to the ‘CAP logic’. In the CAP agriculture is the starting point of reasoning, whereas in the ‘GBS-logic’ this is not agriculture but the society as a whole: the societal needs, demands and goals. Basically GBS is not ‘agriculture-oriented’ (to support farmers) but ‘society oriented’; *only if* farmers (or other organisations like rural estates etc.) are willing and able to contribute to the realization of these societal goals, that is the delivery of green and blue services, *then* they can make a claim to financial remuneration. Thus, the integration of pillar 1 and pillar 2 in this way can be interpreted as an attempt to stimulate ‘re-socialisation of agriculture’. The GBS-idea often is presented as

promising and the broad outlines of intentions and strategic reasoning may be clear, the concrete future of EU-policy, and Dutch policy as well, is full of uncertainties.

4. Conclusions

Foregoing analysis of stakeholder claims and concerns regarding agri-environmental measures in the Netherlands revealed that 1) agriculture's contribution to nature values remains a controversial issue in the Netherlands due to the co-existence of contrasting sustainability paradigms in relation to the future of farming; 2) prevailing agri-environmental measures are subject of serious criticism with respect to their effectiveness and efficiency although there is still relatively little scientifically robust evidence for a supposed lack of effectiveness in comparison to e.g. nature provision by professional organizations; 3) The Netherlands is characterized by different types of public and private fund raising to expand financial resources for agri-environmental measures. Firstly this is symbolized by the Catalogue of Green and Blue Services, a recently introduced toolbox with additional policy instruments for in particular lower administrative levels as e.g. municipalities and provinces or other stakeholders as Water Boards. GBS can be seen as a flexible and local goal-oriented mechanism to tune supply (by farmers and others) to societal demands Secondly, there are all kinds of experiments to generate extra public and private funding based on compensation principles and to combine these funds. Background, emergence and introduction of this catalogue reflect different kinds of claims and concerns among rural stakeholders, as has been summarized in table.

The role of RDP within ongoing national debate about agriculture's capacity to preserve and strengthen nature and landscape values and how to stimulate this more adequately through policy interventions is somewhat ambiguous. On the one hand RDP remains a relatively important co-financing source for agri-environmental measures that is for that reason appreciated. On the other hand there is rather widely shared critique on the limitations of the RDP framework. This goes in particular for the lack of more collective approaches that are expected to contribute positively to effectiveness and efficiency of existing agri-environmental measures and to enlarge opportunities to build on territory based social capital as expressed by agri-environmental cooperatives that cover most rural areas in the Netherlands. The income foregone principle as basis for agri-environmental payments and shortness of contract periods are frequently mentioned as two other bottlenecks that limit current national policy opportunities to support agriculture's provision of green and blue services. At the same time it is important to remember that Dutch strategic focus is much more on the future of pillar 1 than on trying to adapt regulatory frameworks within RDP, as e.g. also expressed by national preference to integrate both CAP pillars in one framework that distinguished four categories of farm enterprises based on the dimensions 1) 'areas with or without physical or administrative restrictions and 2) farm enterprises with or without capacity /willingness to provide collective green and blue services. GBS is a central and promising instrument in such a new integrated framework in which pillar 1 and pillar 2 objectives are realised through green and blue services.

Table 4.1. Overview of differentiating stakeholder claims and concerns

Stakeholders:	Major claims	Major concerns	Role of RDP
National government / Ministry of Agriculture, Nature and Food	The Catalogue enlarges regional and local opportunities to develop agri-environmental measures that meet EU state aid conditions	Will Catalogue initiatives contribute to national and European policy objectives as formulated within National Ecological Network and Natura 2000 frameworks?	Primarily co-financing source of nationally defined agri-environmental measures supportive to the realization of National Ecological Network and Natura 2000 objectives
Lower level administrations (provinces, municipalities)	The Catalogue enlarges opportunities to actively support farmers initiatives with respect to nature and landscape management outside national Ecological Network	How to mobilize financial resources for the Catalogue approach? How to reduce relatively high policy implementation costs of prevailing agri-environmental measures?	RDP co-financed agri-environmental measures do not allow for provincial preference for 'steering at distance' based on contract relationships with collectives that develop internal certification systems for quality control
Farmers / Agri-environmental cooperatives	The Catalogue allows for more adequate / effective / stimulating / tailor made / longer term agri-environmental measures that might contribute positively to a further professionalization of agriculture's provision of nature and landscape values.	How to mobilize extra financial resources for agriculture's contribution to nature and landscape values? How to develop more trust based and long term partnerships with public bodies and professional nature organizations in the provision of nature and landscape values?	The Catalogue continues to focus primarily on those areas that are not eligible for RDP co-financed agri-environmental measures. Additionally to these accessibility limitations, the latter are also criticized for other fundamental shortcomings as income foregone as the basis for remuneration, too short contract periods to integrate the provision of green and blue services also strategically in overall farm development, little opportunities for collective contracts to reduce relatively high transaction and implementation costs of current framework, , etc.
Professional Nature and Landscape organizations	The Catalogue allows to mobilize extra financial resources to improve agri-environmental performances	Which nature objectives can be realized in combination with agricultural activities? What kind of nature images underlies agri-environmental measures? Are farmers able to provide the 'real nature' as expected from them?	Traditionally in particular within this group of stakeholders disputed as co-financer of little effective and efficient agri-environmental measures. Currently more differentiated attitudes towards the role of farming in relation to nature and landscape preservation with sometimes interesting new coalitions and local /regional level
Green expert system	The Catalogue symbolizes national demand for additional and new remuneration systems for agriculture's provision of nature and landscape values	How to transfer current agricultural policy frameworks into a system that will be able to focus more explicitly on those farmers that are willing and capable to provide green and blue services?	Pillar 2 represents a relatively small financial source, certainly in comparison to pillar 1 direct-income support for Dutch farmers. Thus, the question how to re-orient pillar 1 payments towards a more stimulating framework for agriculture's provision of green and blue services is mostly perceived of more relevance than how to adapt RDP in a similar direction.

5. Information resources

5.1 Scientific Reports, Stakeholder position papers, workshop minutes, etc.

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5.3. Rural Magazines

Spil (www.platteland-in-perspectief.nl)
Landwerk (www.landwerk.nl)
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5.4. Additional interviews

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