

Foreword

Agri-environmental payment schemes, defined as voluntary programmes paying farmers to achieve certain environmental criteria, have gained increasing interest and popularity amongst policy makers and farmers. They are also an important part of the policy toolkit governments can use to abate greenhouse gas emissions from agriculture and contribute to Paris Agreement objectives.

Building on past OECD work, this report identifies “best practice” design principles for cost-effective agri-environmental payment schemes that take into account both governmental budgetary constraints and the need for schemes to attract sufficient farmer participation to be environmentally effective.

To this end, the report reviews the literature, develops a Policy Spectrum Framework that classifies payment types based on key design features for achieving cost-effective outcomes. It then presents policy simulations undertaken to assess the cost-effectiveness of different payment designs and a multi-country choice experiment conducted with farmers to explore their preferences for different types of payments, ranging from practice-based to results-based payments.

This report is a collaborative effort between the OECD Trade and Agriculture Directorate and experts participating in the external Expert Steering Group. Jussi Lankoski and Santiago Guerrero ensured its overall co-ordination. Jussi Lankoski is the principal author of Chapters 1, 2, and 3. Jared Gars, Santiago Guerrero, Laure Kuhfuss and Jussi Lankoski are the authors of Chapter 4. Laure Kuhfuss co-ordinated the design and econometric analysis of choice experiments.

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