

# Agri-Environment Schemes, Ecosystem Services & Some Administrative Realities

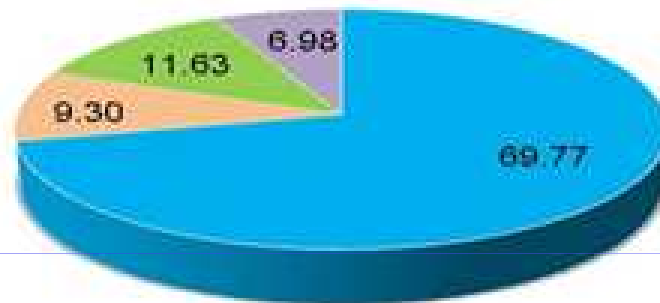
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Presentation on 10/12/2010  
at ECO-DELIVERY seminar  
Stirling University

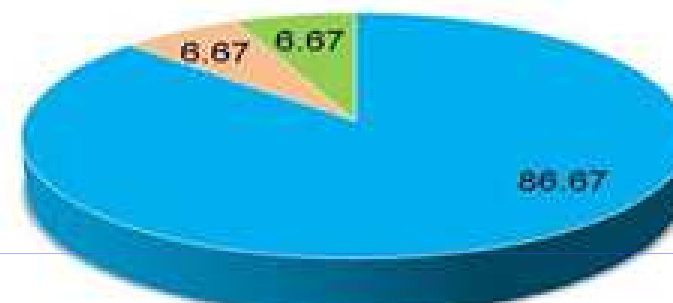
# Payments for Ecosystem Services?

- Bandwagons?
- (Mainly) Familiar problems and remedies
  - e.g. excludability, diffuseness, contiguity, bundling...
  - user fees, cap&trade, coasian bargaining...
- Publicly-funded land management dominates

# PES funding source



- government based
- trust fund based
- NGOs based
- community based



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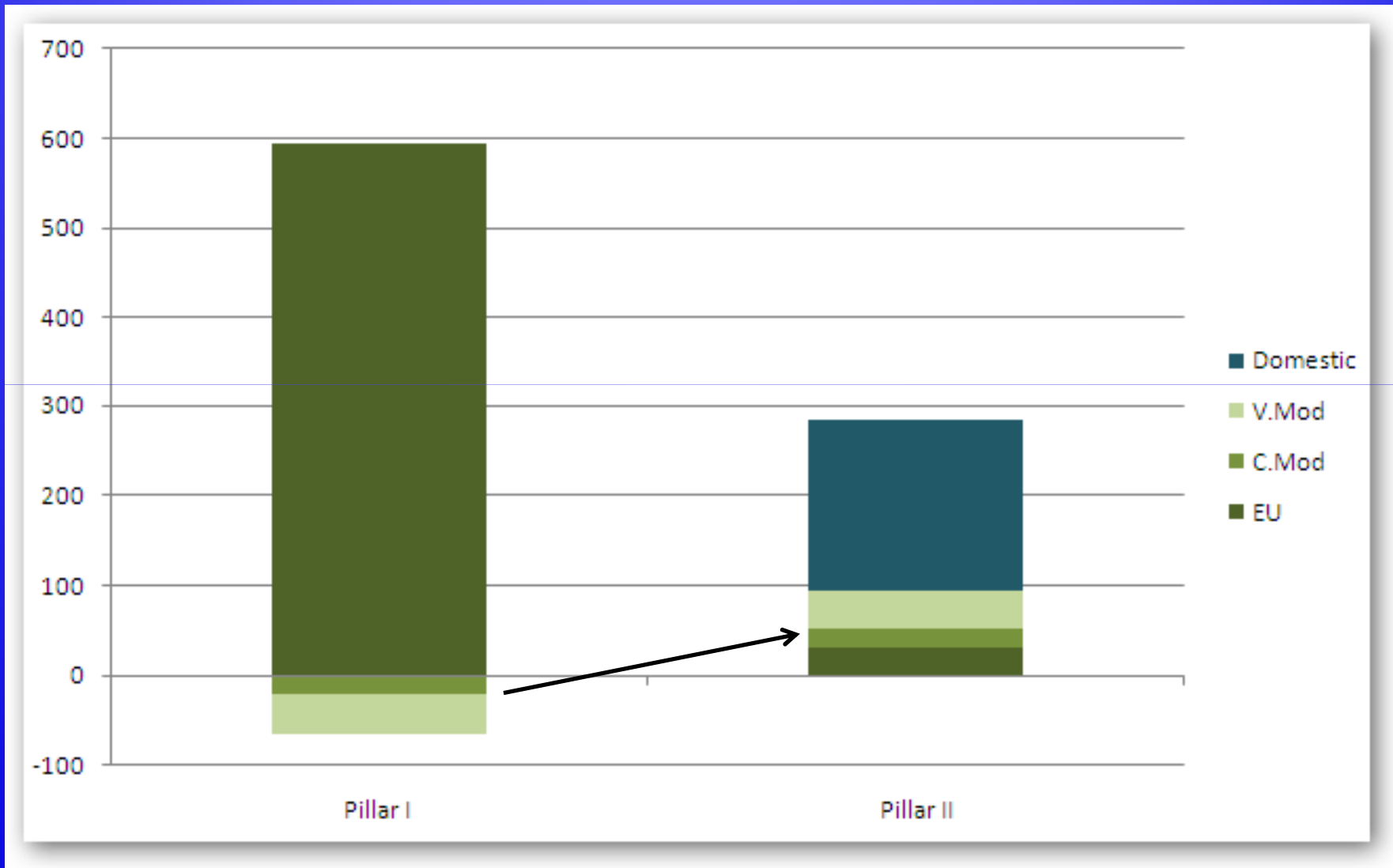
# Economics vs. Public Administration

- Efficiency under heterogeneity requires flexibility
- Public accountability for expenditure
- Distribution of costs & funds (& benefits?)
- Observed institutional behaviour and processes

# Fungible funds?

- “Free from Brussels” vs. Domestic Resources
- Co-financing, voluntary modulation
- Pressure on domestic exchequers
- UK rebate
- (Scottish) Programme vs. Running Costs

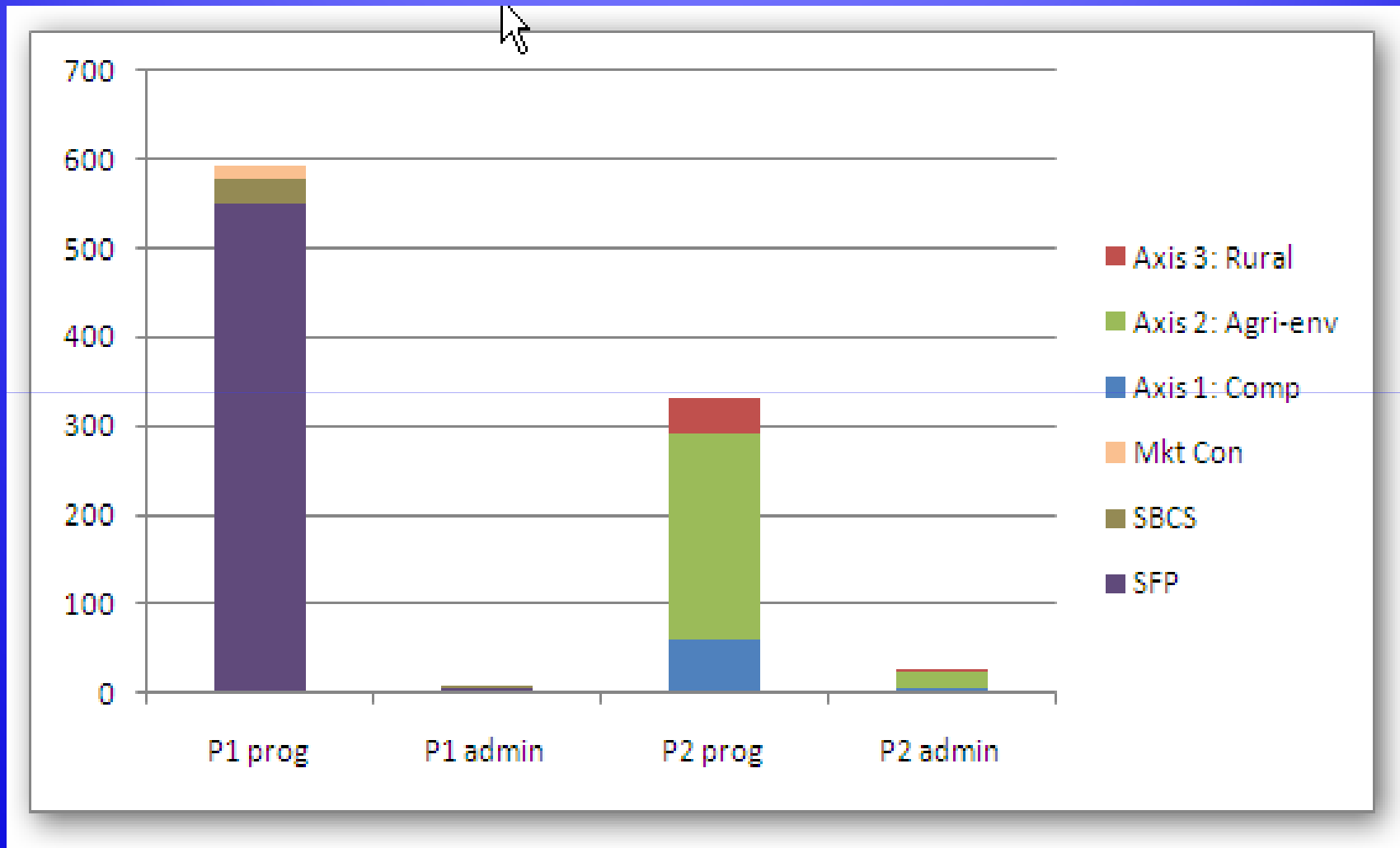
# Funding composition (€m/year)



# Running costs

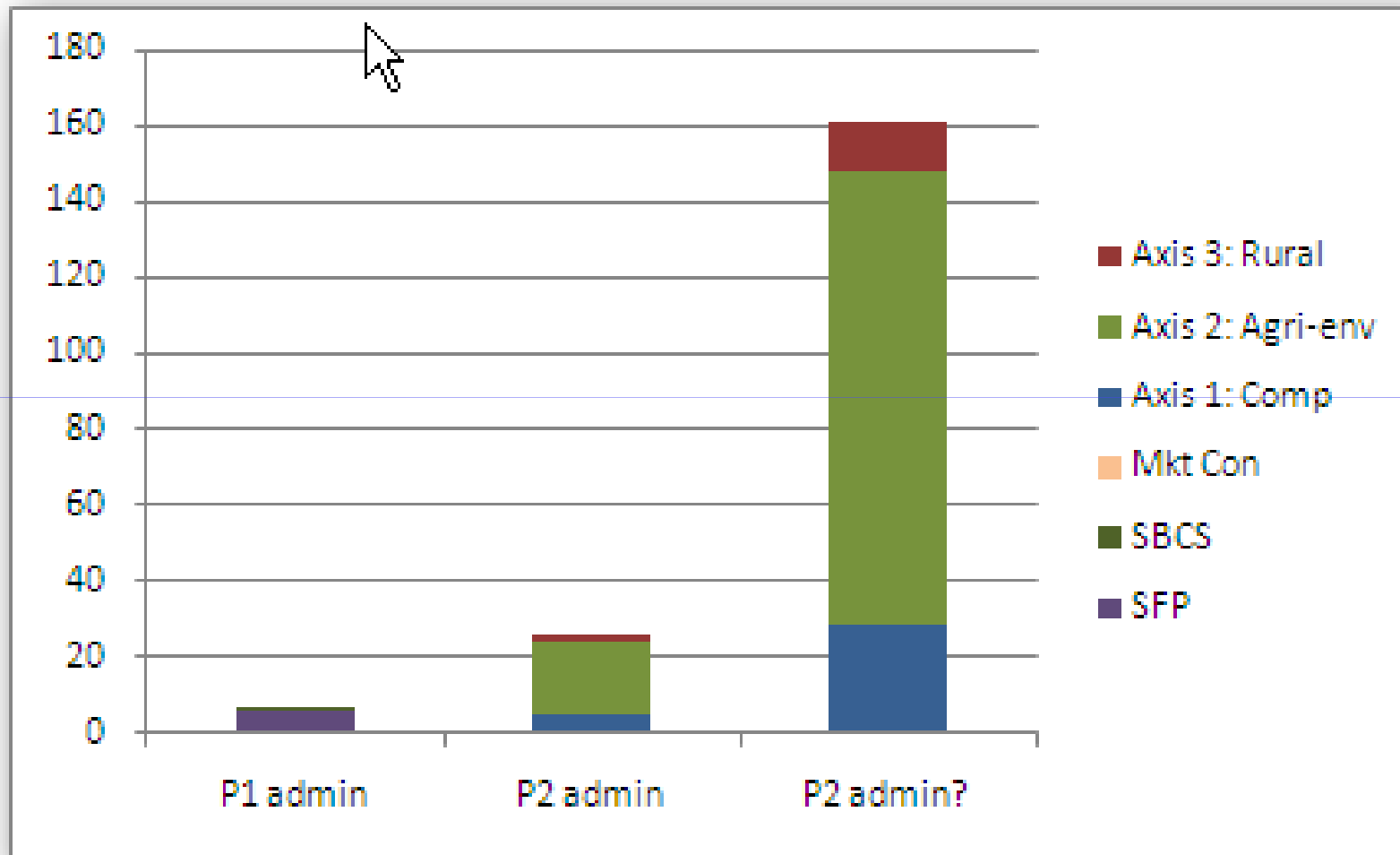
- SFP & LFASS less than 1p in the pound
- SBCS (National Envelope) about 3p in the pound
- AES up to 14p in the pound
- Scale effects
- Administrative complexity & monitoring

## Spending within & between Pillars (€m/year)





## Admin costs across Pillars (€/year)



# Administrative processes

- “Entitlements” vs. Competitive bidding
- Tick boxes vs. Active application
- SFP, LFASS, LMOs vs. RPs
- Applicants’ & administrators experience
- Managing expectations (feedback/signaling)

# Monitoring

- Flexibility vs. Standardisation
- “Efficiency savings” - combined inspections
- Inspection rate, targeting & competency
- Proportionate penalties?
- Proportionate monitoring costs?

# Payment rates

- Evidence base? Scientific uncertainty
- Spatial and/or temporal variation
- Stakeholder involvement/lobbying
- External scrutiny?
- Auctions?

## Misc. Admin Issues

- Baselineing - of what, by whom & who pays?
- Public sector monitoring vs. advisory role?
- Self-monitoring?
- Process compliance vs. Outcome achievement?
- Costs incurred & income foregone?

# Governance

- National vs. Regional vs. Local
- Centralisation vs. Devolution; Ring-Fencing
- Flexibility & local priorities or post-code lotteries?
- Local competency/diligence/accountability
- RPACs, LGMGs, DMGs (budget responsibility?)

# Some random other thoughts

- Supply-chain analogies? Fungible outcomes?
- Payment by results? Time-lags & Risks
- Private funding? Bonds, carbon markets etc.
- Water customers - catchment management
- WTO interpretation, CAP reform, Climate Change

# Some conclusions

- Irreconcilable tensions?
- Administrative concerns constrain policies
- Simpler processes and monitoring needed
- Conditionality e.g. Pillar I, planning
- Integration of environmental policy