



**SEMINAR ON ENVIRONMENTAL SERVICES AND
FINANCING FOR THE PROTECTION AND SUSTAINABLE USE OF ECOSYSTEMS
Geneva, 10-11 October 2005**

AUSTRIA NATIONAL REPORT

I. VALUING ECOSYSTEM SERVICES

A. Determining factors for using payment for ecosystem services (PES)

The Austrian agri-environmental programme, ÖPUL, is the most famous and popular example for PES (payment for ecosystem services). There are also some contracts on Nature Protection on a federal level. But the greatest influence on nature protection is due to the Agri-environmental Programme ÖPUL.

Austria has a long tradition on awareness of environmental concerns and there has always been a lot of encouragement for the environment, which has resulted in the philosophy of compensation payments.

The core aim of ÖPUL was to compensate for environmental services, which farmers had rendered without being rewarded for doing so until then.

The reason to introduce ÖPUL was the accession to the European Union. As a consequence of the accession, prices for agricultural products were cut. For example the price for wheat was reduced by more than 50 %. Especially less favoured areas would have given up their agriculture without the payments of ÖPUL, which would have caused negative consequences for the environment. Other farmers would consequently have had to intensify farming, which would also have meant negative consequences for the environment.

Although there is a longstanding tradition of PES in Austria, the compensation of environmental services has become increasingly important.

ÖPUL also fulfils some of the obligations, which are based on various international conventions, such as the Biodiversity-Convention.

ÖPUL tries to maintain or to even improve the state of all existing natural resources, such as: soil, groundwater, air, biodiversity, countryside, landscape...

B. Characteristics of ecosystems favourable to establishing PES

What were the prominent characteristics that facilitated the establishments of PES?

In Austria there has always been a long tradition of the awareness and commitment for environmental concerns and of the philosophy of compensation payments. There was broad consensus in Austria that the environment was in danger and that measures had to be taken to reduce the risks deriving among others from agricultural production.

There was a distinct support philosophy:

- Work done for the society should be compensated for (environment-related cultivation, abandonment of intensive production)
- The aim is prevention instead remedying environmental damages

- Abandonment of intensity. Farmers who had been farming at level of low intensity, should be encouraged to maintain this way of farming. The more intensively farming holdings should switch to less intensive management.

C. Measuring ecosystem services

Before the introduction of ÖPUL, exact calculations were made.

The amount of payment had to be identified and qualified, in order to realize how much agriculture has to be paid to take part in the programme. The payments should encourage the farmers to participate in the programme, so that the service would be generated. The expected service was well-defined.

ÖPUL had to undergo monitoring before being introduced. ÖPUL foresees accompanying evaluation. River basins have to be observed and the measures have to be evaluated.

Were the users' characteristics and needs also taken into account (e.g. needs for a water supplier)?

No, we didn't see the question from that point of view. We saw it from the point of view of protection of the environment. But, of course, other suppliers benefited from the measures of ÖPUL, although they originally had not been addressed.

D. Social and economic aspects

The conservation of natural resources is highly esteemed in society. It is seen as a social obligation to maintain natural resources and to maintain and protect them. Also the low income sectors should be able to afford high-quality-water. In Austria everybody can enjoy good drinking water.

E. Cost-benefit analysis of land use alternatives and their impact on ecosystem services

Alternative production methods were promoted and supported, e.g. organic farming and extensive farming.

Analyzing the advantage and disadvantage of ecosystem services against technical alternatives was not the aim of ÖPUL. This analysis was not made.

No perverse incentives were derived from the agri-environmental programme ÖPUL.

II. LEGAL AND CONTRACTUAL ASPECTS

A. Legal and regulatory frameworks that can help establish payments for ecosystem services

The basis for the payments of the Agri-environmental Programme is the 'Landwirtschaftsgesetz 1992' and the 'VO Nr.1257/99'. We may say that our national legislation is indeed conducive to the creation of schemes which favour the payment of services rendered to the ecosystem.

Concerning multilateral agreements with neighbour states as for example the Biodiversity Convention, ÖPUL is contributing its part in fulfilling the agreements.

The level of payment is determined by the state, in this case by the Ministry for Agriculture and Forestry, Environment and Water Management. Calculations are made in advance to identify and qualify the payments, which are public and have a long tradition.

ÖPUL payments are made on a permanent basis.

ÖPUL is not coordinated across sectors.

ÖPUL is managed by the official administration.

There are follow-ups and control mechanisms in ÖPUL. Monitoring and evaluation is accompanying the process. They are the basis of further developments of ÖPUL.

B. Contractual arrangements

For contracts public payment schemes are used. The contracts between farmers and the state are made on this basis. In case of defaults, payments have to be paid back by the farmers and they can be sanctioned additionally.

Most of the contracts have a duration of 5 years. The facilitation is managed by semi-official bodies.

Does the contract imply management plans for the ecosystems?

Partly, in nature protection, management plans for ecosystems are compulsory. But not every ÖPUL-measure has a management plan.

There is a large participation in the evaluation and in the development of the agri-environmental programme. Farmers organisations, NGOs, bodies of nature protection and other representatives of interests are participating in the design of the scheme.

C. Socio-economic and environmental impacts of PES

The agri-environmental programme ÖPUL is not part of Austrian poverty reduction strategy papers. Nevertheless ÖPUL fulfils important aspects of poverty reduction. It gives income to small farmers who might otherwise have to give up farming without these subsidies.

ÖPUL is already part of the integrated water management plans (IWRM).

III. CHALLENGES FOR IMPLEMENTATION

A. Challenges for the establishment of PES

The basis to establish a payment scheme in Austria was the high estimation of natural resources in the Austrian society.

One of the trigger was that Austrians believed their natural resources to be in danger.

B. Challenges for the dissemination of best practice

Dissemination of best practices and the exchange of information are common among authorities and institutions at all levels. Consulting companies provide PR.

Society highly estimates PES, Austrians have a high degree of awareness of the value of natural resources.

What would be needed to increase the involvement and active support of the civil society sector?
Information for the public should be intensified to maintain the support of public opinion.