

How can farmers be convinced to afforest? A choice experiment approach.

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Many regions in the EU aim to increase their forest cover in order to expand timber production, sequester CO₂ or to provide more opportunities for recreation. Despite funding opportunities to support afforestation on private land, some of these regions do not succeed in enhancing their forest area. The objective of this study is to explore the institutional, economic and biodiversity-related conditions that would encourage farmers to enrol in an agri-environmental scheme for afforestation in Saxony. Using choice experiments, farmers' demand for varying contract designs are estimated. The findings show that farmers have a strong disutility for large forests and long contracts and would be willing to receive less subsidy if they receive technical forest management advice and have the opportunity to return to agricultural land-uses after the contract ends. Ecological factors such as biodiversity, timber production and recreational access do not influence farmers' choices.

Keywords: Afforestation, agri-environmental scheme, contract design, willingness to accept, choice experiment, Germany.