



## Cost-effectiveness of buying vs. borrowing land in a Natura 2000 site in Northern Germany

**Topic:** Land acquisition for nature conservation - an empirical analysis

**Title of Talk:** Cost-effectiveness of buying vs. borrowing land in a Natura 2000 site in Northern Germany

**Press Release:** Nature conservation agencies face a crucial decision to make at the beginning of every conservation project: is it better, i.e. more cost-effective, to buy areas of interest and implement environmental farming measures themselves, or to offer compensation payments to landowners, e.g. farmers, to motivate them for a voluntary implementation of nature conservation activities on their land.

In our research we analyse the cost-effectiveness of the buy option and compare it with the compensation option in a case study of a lake, the Bültsee, in Schleswig-Holstein, Germany. At and around the lake, a project is operated by the Stiftung Naturschutz Schleswig-Holstein, a federally funded nature conservation agency, which buys and manages land for grassland conservation in the federal state of Schleswig-Holstein, Germany. The actual implementation of nature conservation activities is performed by a contractor, the local cooperative Bunde Wischen e.G..

Both options are in their cores different in the resulting costs. Buying land typically causes large one-time payments in the moment of land purchase, while the compensation of landowners requires repeated, e.g. annual, payments. Based on data from our study partners and from a detailed literature review we are able to estimate the costs for both options and compare them.

Additionally, we provide a framework of costs in either alternative and show that the optimal decision depends on parameters like transaction costs, leasehold conditions and agricultural land prices. Consequentially, the compensation option is performing better in short projects, while buying land outperforms in the long run.

Insights from this study help nature conservation agencies and political planners in their decision making process and thus might lead to an optimization of planning nature conservation areas and improve the spending of tax money.

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