

METHODOLOGICAL ISSUES OF RURAL DEVELOPMENT MEASURE “MEETING STANDARDS BASED ON COMMUNITY LEGISLATION”

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The measure “Meeting Standards Based on Community Legislation” was in the list of possible measures for Rural Development (RD) funding according to EU Regulation 1698/2005. The main aim – is to improve the quality of agricultural production and food products. The material of this article is the part of 6th Framework project AGRIGRID. After carried out analysis it was determined that in most of selected countries this measure was not implemented because of complexity. Schemes of payments calculations used in different countries are presented in the following sections. In accordance with countries experience costs components and their assessments are identified, data types and sources are outlined. Review is concluded with main findings and problems which may occur because of changes of farm structure and management.

Meeting Standards, Payments, Relevant commitments and contractual obligations.

Introduction

This estimation is part of the 6th Framework project, AGRIGRID and outlines the principal findings based on analysis of payments calculations methodologies for the Rural Development measure Meeting Standards Based on Community Legislation (131) (further in the text – Meeting Standards). There are general facts/issues in relation to Meeting Standards Measure as defined in EC regulations set down primarily in the review. Schemes of payments calculations used in different countries are presented in the following sections. In accordance with countries experience costs components and their assessments are identified, data types and sources are outlined. Review is concluded with main findings and problems which may occur in the further practical use.

Review shows that Meeting Standards is one of the measures aiming to improve the quality of agricultural production and food products. Meeting Standards payments can be paid on the basis of Articles 20 (c) (i) and 31 of Regulation (EC) No 1698/2005 and Article 21 point 5.3.1.3.1 of Annex II of Regulation (EC) No 1974/2006 in the EU (On Support, 2005; Laying down, 2006).

Two countries are going to implement Meeting Standards: Greece and Veneto region (Italy). Only in Greece Meeting Standards measure was implemented during previous 2000–2006 Programming period. The share of number of animals entering Meeting Standards measure from total is 5.5 per cent. It is comparatively low. Share in total number of farms was even lower – 1.3 per cent. Average payment was 12.85 EUR per animal and 2855 EUR per farm. Payment per farm reached 95% of maximum permitted level (maximum level of payment was 3000 EUR per holding during previous 2000–2006 Programming period) (Zemeckis, 2007; Hrabalova, 2007; On support ..., 1999).

Methodology

The methodology is based on analysis of questionnaires concerning investigated RD measure “Meeting Standards Based on Community Legislation” in selected countries. Two ways of obtaining data on different approaches for payment calculation were defined. The first one was collecting data from accessible literature and from RDPs and the second was conducting interviews with persons responsible for payment calculations. As expected, some of the information either did not exist in some countries / regions or was not relevant because at the time of the research most of the RDPs had not been approved by the European Commission, and data could be changed.

Results

Comparison of basic information for the Meeting Standards measure as a whole

Meeting Standards measure is used for electronic marking of sheep and goats in Greece. Payments are not differentiated and maximum level of payment is 10000 EUR per holding per year. Payments can be paid to all producers with priority to holdings in Natura 2000. In comparison with previous programming period (2000–2006) payments has increased 3.3 times. In the previous version of the measure all ear tag expenses were eligible, while in this version only electronic is included.

There are two sub – measures under the measure in Veneto region (Italy): – Processing of information linked to management of zoo – technical refluents and formulation of feed rations and – Adaptation of environmental management systems.

The first sub – measure is Elaboration of information about management of zoo – technical dejections aiming at environmental friendly fertilization, and adaptation of management systems and formulation of food rations, in a farm integrated project and consists of three main commitments:

- information and data gathering about business organization and management of animal dejections, for their agronomic utilization;
- design and introduction of food rations management systems for a period of 5 years;
- company and management activities necessary to organize breeding management farming, in compliance with the new regulation in force.

Adaptation of new environmental management systems within an integrated business plan:

- design and introduction of the Best Available Techniques (BAT);
- introduction of environmental quality systems, required by the “Environmental Integrated Permit” (Dir. 96/61/CE).

Existence of payment differentiation

Meeting Standards payments are only differentiated in the Veneto region (Italy). Payments under the measure are not differentiated nor in previous, neither in current Programming period in Greece.

In the Veneto region (Italy) payments are differentiated according to the National and Regional laws what states a differentiated administrative costs, depending on dimensions of zoo – technical farm and nitrogen production of animals. The level of payments in the Veneto region (Italy) for first sub – measure depends on:

a) Cost for first sending in of:

- simple communication: 300 EUR;
- complete communication: 800 EUR;
- simple Agronomic Utilization Plan (PUA) + complete communication: 1500 EUR;
- complete PUA + complete communication: 2000 EUR;
- physical & chemical analysis of soil and refluents, related to complete PUA. Payment based on presented invoices.

b) Payment is for 5 years: payment for a maximum of 5 years with a proportional decrease from 80% (first year) to 40% (fifth year) of the eligible constant payment, which must be stated by invoice.

c) Decreasing values (5 years – 500 EUR per year): 1000–3000 EUR. Payment is given for a maximum period of five years, decreasing from 2500 EUR (first year) to 500 EUR (fifth year), compared to bred live weight and cultivated area (83% – 50%).

Adaptation of environmental management systems:

a) Cost for presentation of “Environmental Integrated Permit”: 2000 EUR.

b) Payment for 5 years must be stated by invoice.

Eligibility criteria

Article 26 of Regulation (EC) No 1974/2006 indicates that beneficiaries of Natura 2000 payments and payments linked to Directive 2000/60/EC shall not be eligible for support pursuant to Meeting Standards, as regards the implementation of Council Directives 79/409/EEC (11) and 92/43/EEC (12).

Eligibility criteria are different because of difference of standards which are going to be implemented.

For electronic marking of sheep and goats in Greece farmers have to be owners of sheep and/or goats, priority is given to holdings within Natura 2000 areas.

For sub – measures “Processing of information linked to management of zootechnic refluents and formulation of feed rations” and “Adaptation of environmental management systems” in Veneto region (Italy) eligibility criteria is:

- The beneficiary of payment must implement actions within measure “Vocational training and information actions” along with at least one of the follow-

ing measures:

- a) Modernisation of agricultural holdings;
- b) Use of advisory services;
- c) Diversification into non – agricultural activities.

- The number of animals and the number of places in the shed cannot be increased.

Relevant commitments and contractual obligations

If the measurement is not to be abided after 1/1/2008, the animals won't be eligible for support and farmers will have to deal with penalties for SMRs in Greece. Additionally farmers will be required to:

- inform veterinary authorities upon starting up a holding with ovine/caprine or a relevant activity within an existing holding;
- add ear tags to animals whether they stay, move to other holdings or are to be slaughtered;
- add ear tags to animals from third countries;
- replace lost ear tags. Removal of ear tags without the permission of the veterinary service is forbidden;
- keep records for all changes either they refer to animals or ear tag numbers and codes;
- make an annual inventory on December of the livestock and inform the veterinary service;
- keep a record of all papers relevant to changes in the holding;
- when an animal is to be moved an approved animal health certificate should be issued and follow the animal.

Relevant commitments and contractual obligations in Veneto region (Italy) are as follows:

- Carrying out a project/process for internal adaptation and reorganization of the farm, and notifying to the Province Administration Offices of “communication” with operating procedures for the agronomic management of zoo – technical effluents;
- Organizing an innovative management of food rations, if an adjustment of production system is necessary;
- Adapting the productive systems to the IPPC (Integrated Pollution Prevention and Control) fixed by regulation in force.

Methodology of the payments calculation

Main points within payment calculation across countries: the support is granted as a flat – rate, digressive aid on an annual basis, for a maximum duration of five years from the date the standard becomes mandatory in accordance with Community legislation (On support ..., 2005; Laying ..., 2006; Glebe, 2006, Holm-Müller, 2002).. For the payment calculation only additional costs element is

used both in Veneto region (Italy) and Greece. Additional costs are basically made up from farm operating costs stemming from the obligations or restrictions imposed by the new standard.

Payment for Meeting Standards: electronic marking of sheep and goats measure in Greece is calculated on additional costs background only. There neither were used Land use / management changes nor Income foregone for payment calculations. Calculated payment is paid per animal per 5 years. Total payment consists of: microchip for aged sheep or goat; microchip for young sheep or goat and Reserve.

Payments for Meeting Standards in Veneto region (Italy): first sub measure – Processing of information linked to management of zootechnic refluent and formulation of feed rations and sub measures – Adaptation of environmental management systems sub – measures in Veneto region (Italy) are calculated on additional cost background. There neither were used Land use / management changes nor Income foregone for payment calculations. Veneto region (Italy) example of payment calculation shows complexity of calculation. For each obligation additional are calculated on minimum – maximum basis. Additional costs are mostly based on fees for technical advice and laboratory analysis. It will be required to document mentioned fees by invoices. Italian experts found that it was difficult to carry out the *ex – ante* quantification: expenses were noticeably different in different farms quite influenced by the characteristics of each farm.

There are some common issues in the process of calculation of payments which have been identified in the comparison between the Veneto region (Italy) and Greece. Methodologically, payment calculation for measure in Greece is adequate to one sub – measure in Veneto region (Italy) (Introduction of quality environmental systems). Payment is fixed for 5 years and is proportionally decreasing annually: from fixed maximum amount of payment in the first year up to fixed minimum amount of payment in the fifth year. In case of Veneto region (Italy) besides the above mentioned methodology was used flat rate contribution that means the payments are made in equal amounts during 5 year. Additionally participants have to contribute from his private budget from 6 to 40 percent.

Comparison of baseline requirements affecting payment calculation

Baseline requirements cover relevant GAEC included in Annex IV and SMRs included in Annex III of Regulation (EC) No 1782/2003, which are not included in payment calculation process (On common, 2003; On support, 2005). GAEC and SMRs both are used in Greece and Veneto region (Italy) as baseline requirements for payment calculation under Meeting Standards measure. Any other regional, national or EU regulatory requirements are not mentioned by Greece and Veneto region (Italy).

Table 1. Existence of baseline requirements affecting payment calculation

Baseline requirements	GR	IT _{VEN}
GAEC	√	√
SMRs	√	√
Others	–	–

√ = yes, – = no

In Veneto region (Italy) additional requirements which had impact on payment calculations come from directives concerning the protection of waters against pollution caused by nitrates from agricultural sources and requirements for integrated pollution prevention and control. Meanwhile in Greece farmers will have to deal with additional SMRs related to identification and registration of animals, submitting of the special forms for the holding setup, approval of labelling, filling special forms concerning changes (including interruption of operation) that happen in the holding regarding ear tags, keeping passports and holding registers.

Interrelations between the Meeting Standards measure and other measures

Article 26 of Regulation (EC) No 1974/2006 indicates that beneficiaries of Natura 2000 payments and payments linked to Directive 2000/60/EC shall not be eligible for support pursuant to Meeting Standards, as regards the implementation of Council Directives 79/409/EEC and 92/43/EEC (Laying ..., 2006). Any other interrelations between the Meeting Standards measure and other measures (in or out RDP) were not identified in Veneto region (Italy) and Greece (countries what are going to implement this measure).

Data sources and administrative issues

For payment calculation were used different data types and sources:

- legal acts: EU Regulations, National legal acts, RDP 2007–2013;
- statistics: SD publications (annual, quarterly, monthly), FADN, agrimarket publications;
- literature: Scientific, handbooks;
- other: Information from professional experts in the zoo – technical and agronomical sector, data from National Paying Agency NPA.

Professional experts in the zoo – technical sector were helpful to determine costs for technical advice, laboratory analysis and editing of action plans (farm level data). Scientific literature and official documents were used to clarify difficulty of determination of technical advice and laboratory analysis costs.

Problems, solutions and remaining key issues for payment calculations

Problems within payment calculation process were noticed only in Veneto region (Italy) (Table 2).

Table 2. Problems within payment calculation process in Veneto region (Italy)

Name of sub – measure	Problem	Solution
Processing of information linked to management of zoo – technical discharges and formulation of feed rations	Complexity in pointing out management costs according requirements fixed by EC Regulation 91/676/CEE.	A calculation method is being looked for, to express dejections management costs in EUR per kg of live weight, in order to find a useful parameter for the classification of management costs by classes of produced nitrogen (as fixed by regulations): 1000–3000 kg, 3000–6000 kg, > 6000 kg. The use of this parameter should lead to a homogeneous application among different breeding typologies (also regarding administrative management by the paying agency).
Adapting of environmental management systems Adaptation of environmental management systems	Difficulties in spreading the maximum payment per farm (10000 EUR) among the different actions provided by the measure; The maximum limit of 10000 EUR may lead to under – compensation. Some farms could even drop breeding activities because of too strict requirements.	

Additionally it was noticed, that it would be interesting to see how farmers who didn't present the notification will behave, cause this is the first time this measure is implemented, with such binding requirements (as those fixed by ministerial decree 07/04/2006 on general criteria and technical rules for regional control of the agronomic use of livestock effluents, as stated by art. 38 of legislative decree n. 152/2006).

Conclusions

Concluding the review it is important to emphasize that compensatory payment for Meeting Standards measure shall be granted as a flat rate, temporary (for a maximum duration of five years), and digressive annual payment. While Meeting Standards measure can have sub – measures and can be differentiated, it determines wide range of options and complexity of payments calculations. However there are some common issues in the process of payments calculations in the comparison between the Veneto region (Italy) and Greece. Methodologically, payment calculation for measure in Greece is adequate to one sub – measure in Veneto region (Italy) (Introduction of quality environmental systems). Payment is fixed for 5 years and is proportionally decreasing annually: from fixed maximum amount of payment in the first year up to fixed minimum amount of payment in the fifth year. In case of Veneto region (Italy) besides the above mentioned methodology was used flat rate contribution that means the payments are made in equal amounts during 5 year. Additionally participants have to contribute from his private budget from 6 to 40 percent.

There were several problems identified within payment calculation process. First of all difficulties are faced in spreading the maximum payment per farm (10000 EUR) among the different actions provided by the measure. Complexity of setting up commitments for the number of farms what are extremely differentiated

with each other is identified as a problem too.

One more problem originates because of complexity in pointing out management costs according to requirements fixed by regulations. Changes of farming system and management tend to variety of costs included into payment calculations.

It is evident that undetermined base line and lack of reliable data condition distinctions and inequalities of payment calculations among countries.

Literature

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KAIMO PLĖTROS PRIEMONĖS „STANDARTŲ LAIKYMASIS PAGAL BENDRIJOS ĮSTATYMUS“ METODOLOGINIAI ASPEKTAI

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Santrauka

Straipsnyje pateikta analizė yra dalis ES 6 – ojo Rėmo AGRIGRID projekto medžiagos. Čia analizuojama KPP 2007–2013 metų priemonė „Standartų laikymasis pagal Bendrijos įstatymus“. Šios priemonės pagrindinis tikslas – pagerinti žemės ūkio ir maisto produktų kokybę.

Šiame straipsnyje pateikiama priemonės „Standartų laikymasis pagal Bendrijos įstatymus“ pagal 2007–2013 KPP pagrindinės nuostatos ir pasirinktų šalių (Graikijos ir Italijos Veneto regiono) analizės rezultatai.

Detaliau straipsnyje dėstomi minėtų šalių nustatyti pagrindiniai reikalavimai standartams įgyvendinti ir su jais susijusių papildomų išlaidų įvertinimas. Svarbiausias dėmesys skiriamas išmokų nustatymo metodologiniams klausimams ir problemoms susijusioms su duomenimis, reikalingais išmokų apskaičiavimui bei jų dydžiui, pasikeitus ūkio struktūrai ir valdymui.