

METHODOLOGICAL ISSUES OF RURAL DEVELOPMENT MEASURE “ANIMAL WELFARE PAYMENTS”

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The measure “Animal Welfare Payments” 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 environment and the countryside. 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 implemented but not in Lithuania. 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.

Animal Welfare, Payments, Relevant commitments and contractual obligations.

Introduction

AGRIGRID aims to develop methodological grids for the payments calculation in rural development (RD) measures in the EU, including Scotland (SCO), Germany (GE), Finland (FIN), Lithuania (LT), Czech Republic (CZ), Italy (IT), Greece (GR) and regional case studies in Spain (ES) and Poland (PL).

There are general facts/issues in relation to Animal Welfare Payments measure (Animal Welfare) as defined in EC regulations set down primarily in the review. Schemes of payments calculations used in partner countries are presented in the following review 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.

Review shows that Animal Welfare is one of the measures targeting the sustainable use of agricultural land under the Axis 2: Improving the environment and the countryside. The code of the Animal Welfare payments is 215. Animal Welfare payments can be paid on the basis of Articles 36 (a) (v) and 40 of Regulation (EC) No 1698/2005 and Article 27 point 5.3.2.1.5 of Annex II of Regulation (EC) No 1974/2006 in the EU. The reference level for calculating income foregone and additional costs resulting from the commitments given shall be the relevant standards and requirements referred to in Article 39(3) and Article 40(2) of Regulation (EC) No 1698/2005 (On support ..., 2005; Laying ..., 2006).

Methodology

The methodology is based on analysis of questionnaires concerning investigated RD measure “Animal Welfare Payments” 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. 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 Animal Welfare

Regulation (EC) No 1698/2005 determines that support for Animal Welfare shall be limited to the maximum amount of 500 EUR/LSU. Support level has to be determined on the basis of: standard costs; standard assumptions of additional costs, income foregone and transaction cost. Animal Welfare commitments shall be implemented at least in one of the following areas: water and feed closer to their natural needs; housing conditions, such as space allowances, bedding, natural light; outdoor access; absence of systematic mutilations, isolation or permanent tethering; prevention of pathologies mainly determined by farming practices or/and keeping conditions (On support , 2005; Laying, 2006).

There are different measures and sub – measures in analyzed countries. Germany has four sub – measures: Cattle on summer pasture, Cattle and pigs in loose housing stables (free stall barn) with grazing, Cattle and pigs in loose housing stables (free stall barn) on straw and Cattle and pigs in loose housing stables (free stall barn) on straw with outdoor run – outs. The last one has ten sub – measures according animal species. There are three sub – measures in Castilla Y Leon (Spain) (ES_{CL}): Laying hens (battery hens, slatted – floor hens, free – range hens), Broilers (conventional production, extensive, open air) and Intensive breeding sows, where first two (see in brackets) are split into sub – measures according animal species. In Finland, animal welfare measure has two sub – measures according to animal species: Bovines and Pigs. During the preparation of Animal Welfare measure, there were discussions to include also poultry, horses, sheep, goats and fur animals into the animal welfare measure. Because the economic significance of those species is not so high as of bovines and pigs, it was decided to exclude those animal groups and maybe include them later. In Scotland Animal Welfare measure differs from other mentioned countries. The measure Animal Health and Welfare Management (AHWM) Programme based on compulsory sub – measure which comprise two parts (AHWM Plan Proactive scheme for treatments and AHWM Plan Proactive scheme for vaccines and routine medications) and voluntary sub – measures (Benchmarking, Bio – security, Sampling and Forage analysis). There are six measures in Emilia – Romagna (Italy) (IT_{ER}) according to animal species: Dairy cattle, Beef cattle, Sheep, Laying hens, Broilers, and Pigs. Animal Welfare payments levels differ among countries' measures and sub – measures (Zemeckis, 2007; Hrabalova, 2007).

In all analyzed countries Animal Welfare measure is implemented horizontally and support intensity – 100 percent, except Scotland, where support – 75 percent. Current payment levels decreased in comparison with previously existed in Germany, mainly increased in Scotland. Payment didn't exist in

previous programming period in Finland, Emilia – Romagna (Italy) Greece and Castilla Y Leon (Spain) (On support ..., 1999).

Existence of payment differentiation

Animal Welfare payments in all analyzed countries for each sub – measure are not differentiated except Emilia – Romagna (Italy). There is only one payment level for each sub – measure. In Emilia – Romagna (Italy) each of above mentioned types of sub – measures is differentiated according to commitment typology (Improvement of farm and private management, Improvement of breeding and stalling systems; Improvement of environmental monitoring; Improvement of feeding and watering; Improvement of cleanliness, health and behavioural aspects). Additional differentiation by federal state incurred in Germany. Federal states can reduce payments up to 30 per cent or increase allowances up to 20 per cent.

Methodology of the payment calculation

This part of the review summarizes the different eligibility criteria, scheme commitments, cost components and their quantification, base line requirements and linkages with other rural development measures. Additionally this part of the review also investigates problems with payments calculations and their possible solutions. According information provided by other countries the main approaches and components of payment process are presented. The most complex examples of payments calculations from Finland and Emilia – Romagna (Italy) are provided.

Comparison of eligibility criteria, relevant commitments, contractual obligations and land use / management changes are presented too.

EU legislation provides number of general for all the RDP and specific for Animal Welfare measure eligibility criteria what are predominant among the countries for Animal Welfare (On support ..., 2005; Laying ..., 2006; Glebe, 2006, Holm-Müller, 2002). Specific eligibility criteria for Animal Welfare are presented in the table below.

Table 1. Eligibility criteria for Animal Welfare in partner countries

Eligibility criteria	DE	ES _{CL}	FI	GR	IT _{ER}	SCO
Status of applicant	–	√	√	–	√	–
Age of applicant	–	–	18–65	–	–	–
Livestock, LSU/farm	–	–	>10	–	>6	>4*
Region	horizontal	regional	horizontal	–	horizontal	horizontal
Regulations in force	–	√	–	√	–	–
Status of penalties	–	√**	–	–	–	–
Status of animal waste usage system	–	√***	–	–	–	–

* – excluding pigs and poultry.

** – the applicant must not have been found guilty of breaking welfare regulations.

*** – there must be an adequate system for management of animal waste.

The relevant commitment as referred to in Article 40 of Regulation (EC) No 1698/2005 shall provide upgraded standards could be divided into 5 groups (Table 2).

Table 2. Relevant commitments for Animal Welfare in partner countries

Relevant commitments	DE	ES _{CL}	FI	GR	IT _{ER}	SCO
Prevention of pathologies mainly determined by farming practices or/and keeping conditions	–	√	√	√	√	√
Housing conditions, such as space allowances, bedding, natural light	√	√	√	√	√	–
Outdoor access	√	√	–	√	√	√
Water and feed closer to their natural needs	–	–	–	√	√	√
Absence of systematic mutilations, isolation or permanent tethering	–	–	√	√	√	–

The country entering into the Animal Welfare has to keep up with at least one of the above mentioned relevant commitments. Different when countries set different bounds for implementation.

Land use / management changes will occur through three main directions when implementing commitments (see table below).

Table 3. Land use / management changes for Animal Welfare in partner countries

Land use / management changes	DE	ES _{CL}	FI	GR	IT _{ER}	SCO
Relevant animal keeping conditions (appropriate density of livestock LSU/ha, beddings, etc.)	√	√	√	√	√	√
Health care			√			√
Farm management (Systematic production monitoring on the farms, Forage analysis and feeding plans)			√		√	√

Information provided shows that animal keeping conditions (appropriate density of livestock LSU/ha, beddings, etc. will be changed in all partner countries.

Animal Welfare payments calculation process includes three types of elements: additional costs, income foregone and transaction costs. For some countries just additional costs are applicable and for some use different combination of mentioned elements (Table 4).

Table 4. Elements of Animal welfare payment

Payment elements	DE	ES _{CL}	FI	GR	IT _{ER}	SCO
Additional costs	√	√	√	√	√	√
Income foregone	–	√	√	–	–	–
Transaction costs	–	√	√	–	√	–

Summarizing the investigations results on Animal Welfare payment process the conclusion could be drawn – payment could comprise from five elements:

additional costs, savings, income foregone, additional profit and transaction costs.

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 (On Common, 2003), which are not included in payment calculation process. GAEC and SMRs both are used in Germany, Finland, Emilia – Romagna (Italy) and Scotland as baseline requirements for payment calculation under Animal Welfare. Any GAEC requirements affecting payment calculation specified in Greece and Castilla Y Leon (Spain). In Castilla Y Leon (Spain) SMRs are not specified either.

Limitation of payment level

The maximum amount for the Animal Welfare measure is 500 EUR/LSU/year set by Regulation (EC) No 1698/2005 (On support ..., 2005). There are no sub – measures which payments exceeding this limit across the countries. Only mentioned limitation per LSU is applied in Germany, Finland, Castilla y Leon region (Spain) and Greece. But there are additional bounds depending on animal species, regional aspects in Emilia – Romagna region (Italy).

In order to ensure sufficient funding to all farms entering Animal Welfare measure and to prevent overcompensation maximum limit of 5000 EUR per farm is applied in Finland. Fence maintenance payment is limited to 3000 metre per farm that equals 450 EUR per farm in Scotland.

Interrelations between the Animal Welfare payments measure and other measures

Certain relationship of the Animal Welfare measure (sub – measures) to other measures (in or out of RDP) is observed in Germany, Finland, Greece and Scotland.

Farms that have concluded a special agri – environment contract for organic livestock production in Finland cannot select such additional conditions: cattle farms – “Grazing during the growing period and exercise during the winter” and pig farms – “Free farrowing for sows”. This restriction may affect the payment level for organic farms. Animal Welfare payments in Finland can also be promoted with other RDP measures such as training, agricultural investments and related building instructions, as well as measures of the rural network (e.g. production of advisory material and guides, and training events). Provision for complementarities with investment aid to livestock farms through the RDP measure “Modernisation of agricultural holdings” are observed in Greece.

Farm investment support programme within the National Framework Regulation in Germany is intended for investments which aim to fulfil specific requirements of improvement of Animal Welfare and animal hygiene. There exists the possibility to grant a payment of up to 30 per cent. Animal health and welfare

can also be promoted with nationally financed advisory services and measures related to the quality strategy in Finland. The measures are complementary.

There are no direct linkages or interdependencies between the Animal Welfare measure and other rural development measures in Scotland. However, the Animal Welfare measure is part of the Land Management Contracts (LMCs) recently implemented in Scotland and as such affected by the rules defined for the overall framework of LMCs. While there are no direct linkages between any of the measures on the Menu, the overall amount of support a farm can receive through LMCs is limited which potentially restricts the ability of the farm(er) to take up the Animal Welfare measure. The maximum amount that will be payable to a farm has been implemented depending on the size of the farm.

Data sources and administrative issues

Animal Welfare payment calculations are based only on different statistics in Castilla y Leon (Spain). Statistical data in combination with scientific recommendations are used to calculate payments in Germany and Emilia – Romagna (Italy). Annual Standard Gross Margins, Farm management manual and Management book for organic farming, procedures, cost calculations building solutions were used in order to calculate Animal Welfare payments in Germany. FADN, CRPA data in accordance with scientific literature were used in Emilia – Romagna (Italy). In addition to Census data complying with Farm Management handbook justified tariffs for labour and veterinary were used for payments calculations in Scotland. Finland was the one which has used model calculations in addition to different statistics, price lists of agro – market stores, justified tariffs for veterinary and Artturi web service on feed analysis.

The lack of data on specific commitments of Animal Welfare schemes leads to a calculation made of broadly estimates, based on expertise. On the other hand, depending on future policy developments, the potential future need for more detailed and localised data with respect to existing and “new” farming systems.

Problems, solutions and remaining key issues for payment calculations

During Animal Welfare payment calculations all of the explored countries faced with number of different problems. Main problems faced areas are laid out in the Table below.

In some countries such as Germany over and under compensation was not seen as an important issue in designing the animal welfare measure, but it was seen as an important issue in other countries such as Scotland, Emilia – Romagna (Italy) and Finland. In Scotland national payment rates based on national averages are used as sufficient, taking into account higher administration costs of more complex schemes and payment calculations. It was question if a regional approach would improve the payment calculations. It was recognized that some required actions and tasks would differ between different livestock systems, but these differences appeared not big enough to justify higher administration costs. In Emilia –

Romagna (Italy) Payment calculations have been carried out on hypothesis that farm implements one commitment per each improvement category. This may cause over – but above all under – compensation for farms implementing a different number of commitments. But it confronts with higher administrative costs. Calculations were based on real costs Castilla y Leon (Spain), under or over compensation were considered.

Table 5. Problems and solutions undertaken within payment calculation

Problem	Solution
Lack of technical, economical data, and scientific literature.	Estimated hypothesis based on the few available scientific works.
Misunderstanding the Commission requirements .	Extension of the cooperation with the Commission.
There was no adjusted and appropriate typical (reference) husbandry system, for which it is necessary to estimate costs.	Simplifications and simplifying assumptions were adopted.
Absence of a counterfactual situation.	Testing. Changes or adjustments are potential.

Conclusions

Concluding the review it is necessary to notice that the compensatory payment for Animal Welfare payments measure shall be granted as: a flat rate, annually, can have sub – measures, can be differentiated. The Animal Welfare payment level has to be determined on the basis of standard costs with regard to standard assumptions of additional costs, income foregone and transaction cost, moreover calculated payment cannot exceed 500 EUR/LSU per year.

It was noticed that different countries use different approaches for Animal Welfare payments differentiation. They are differentiated according to: animal species (DE, FI; IT_{ER}, ES_{CL}), applied husbandry conditions (DE), Farm system (IT_{ER}, ES_{CL}), and commitment typology (IT_{ER}).

Summarizing the investigations results on Animal Welfare payment process there were noticed that payment could include two additional elements – savings and additional profit – besides additional costs, income foregone and transaction costs, which are mentioned in EU Regulation.

Various combinations of different data sources such as legal acts, statistical data, scientific literature, handbooks, and experts' recommendations, even the model were used to calculate Animal Welfare payments across the countries.

This measure is newly introduced in most of the explored countries, therefore the fact that there was no reference model to follow made the whole process more complicated. There is no typical husbandry system, which is necessary to estimate additional costs. Lack of technical and economic data, and of scientific literature was identified as a problem too. In one case market prices were included into calculation of income foregone that means payment calculation was based on a market assumption for the future that is not certain.

With reference to accomplished comparative analysis it is noticed that

during the payment calculation process it was complicated to determine base line, were observed absence of reliable data and complexity of costs which are components of payment calculations because of changes of farming system and management.

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KAIMO PLĖTROS PRIEMONĖS „GYVŪNŲ GEROVĖS IŠMOKOS“ METODOLOGINIAI ASPEKTAI.

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Santrauka

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Šiame straipsnyje pateikiama priemonės „Gyvūnų gerovės išmokos“ pagal 200–2013 KPP pagrindinės nuostatos ir pasirinktų šalių (Vokietijos, Škotijos, Suomijos, Emilia – Romagna (Italijos), Graikijos, Castilla Y Leon (Ispanijos)) analizės rezultatai.

Detaliau straipsnyje dėstomi minėtų šalių nustatyti pagrindiniai gyvūnų gerovės reikalavimai ir su jų įgyvendinimu susijusių papildomų išlaidų įvertinimas. Daugiausia dėmesio skiriama išmokų nustatymo metodologiniams klausimams ir problemoms.