



AGRIGRID

SSPE-CT-2006-044403

Workshop 2

Review of payment calculations in rural development measures in the EU

WP6

Review of Payments Calculations in Animal Welfare (215) Measure

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Prague, 17 July 2007



Content

- Legal basis;
- Existence of respectively payments; calculations in the partner countries;
- Scheme of Payments calculation;
- Costs components and their assessment;
- Data types and sources;
- Problems within Payments calculation;
- Conclusions.



Legal basis for Animal Welfare Measure

- Council Regulation EC No **1698/2005** on support for rural development by the European Agricultural Fund for Rural Development (EAFRD);
- Commission Regulation No **1974/2006** laying down detailed rules for the application of Council Regulation EC No 1698/2005;
- Council Regulation (EC) No **1782/2003** on common rules direct payment schemes according CAP;
- (CE) n. Council Directive **98/58/EC** concerning the protection of animals kept for farming purposes;
- Council Directive **91/629/EEC** laying down minimum standards for the protection of calves;
- Council Directive **91/630/EEC** laying down minimum standards for the protection of pigs;
- Reg. (CE) n. **1804/1999**, Dir. N. **2001/93/CE**; Reg. (CE) n. **1274/91**; Dir. **1999/74/CE**; Dir. **2002/4/CE**, Reg., etc.



Legal basis: Regulations (EC) No 1698/2005 and 1974/2006

Maximum Support for Animal Welfare measure - **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 commitment shall be at least one of the following areas:

- (a) water and feed closer to their natural needs;
- (b) housing conditions, such as space allowances, bedding, natural light;
- (c) outdoor access;
- (d) absence of systematic mutilations, isolation or permanent tethering;
- (e) prevention of pathologies mainly determined by farming practices or/and keeping conditions.



Existence of payment differentiation

	CZ	DE	ES	FI	GR	IT	LT	PL	UK
Animal Welfare Implemented in RDP 2007-2013	n.a.	√	√	√	-	√	n.a.	n.a.	-



Selected sub-measures by partner country within Meeting Standards Based on Community Legislation (131)

DE

1. Cattle on summer pasture
2. Cattle and pigs in loose housing stables (free stall barn) with grazing
3. Cattle and pigs in loose housing stables (free stall barn) on straw
4. Support is granted to husbandry of dairy cows, cattle for breeding, beef cattle and pigs in animal welfare friendly stables with free roaming

IT

1. Improvement of farm and private management
2. Improvement of breeding and stalling systems
3. Improvement of environmental monitoring
4. Improvement of feeding and watering
5. Improvement of cleanliness, health and behavioral aspects

FI, GR, UK – no sub-measures



Animal Welfare Payments are differentiated according to:

- **Animal species (DE*, FI; IT, ES);**
- **Applied husbandry conditions (DE*);**
- **Farm system (IT, ES);**
- **Commitment typology (IT).**



Calculation of payments for the Animal Welfare Payment Basic conditions – cattle farms – FI

Contractual obligation	Land use / management changes	Additional cost (EUR/LSU)	Income foregone (EUR/LSU)	Transaction costs (EUR/LSU)	
Health care plan	Health care plan	2.81	3.69	2.92 (20% of Additional Costs and Income Foregone)	
Disease protection	Farm-level disease protection and bringing animal matter and feed to the farm	1.03	1.02		
Prevention of pathogens	Preventing the spreading of faecal pathogens	1.23	7.16		
Production monitoring	Systematic production monitoring	0.20	5.72		
Feeding	Written feeding plans	10.78	2.80		
Watering	Water flow measurement	11.42	0.08		
Absence of isolation	Animals not kept in isolation	-	3.03		
Equipment	Written plan for backup system in case of ventilation, feeding or watering equipment failure	-	3.43		
Testing and maintenance	Testing and maintenance costs of an aggregate unit	-	1.02		
Health care	Health care agreement	0.33	-		
Health care	Health care visits	5.25	-		
Total v)	x	33.05	27.95		2.92
Approved payment (EUR/farm)					17.50



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Cost assessment

1. For **non-market goods** (normative valuation based on market price approach);
2. For **market goods** and/or **services** (normative or on open procurement base);
3. **Labour cost** (hired - FADN, family –based on an average salary in agriculture).



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, Agricultural Wages Order
Other	Data from NPA;



Problems within payment calculation process (1)

Problems	Solutions
There are no adjusted and appropriate typical (reference) husbandry system, which for it is necessary to estimate additional costs.	The most frequently used stable husbandry method has been used for calculations (DE).
Lack of technical and economic data , and of scientific literature .	Use of estimated hypothesis based on the few available scientific works.



Problems within payment calculation process (2)

Problems	Solutions
Misunderstanding the Commission requirements (what Commission exactly expects from the Animal Welfare Measure)	To extend cooperation with the Commission





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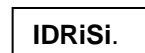
WP6

Review of Payment Calculations in Meeting Standards Based on Community Legislation (131) Measure

Speaker Irena Krisciukaitiene

Team members – R. Zemeckis, A. Galnaityte, G. Kuliesis; LAEI, Lithuania

Prague, 17 July 2007



Legal Basis for Meeting Standards Based on Community Legislation Measure

- Council Regulation EC No **1698/2005** on support for rural development by the European Agricultural Fund for Rural Development (EAFRD);
- Commission Regulation No **1974/2006** laying down detailed rules for the application of Council Regulation EC No 1698/2005;
- Council Regulation (EC) No **1782/2003** on common rules direct payment schemes according CAP.



Legal basis-Regulations (EC) No 1698/2005 and 1974/2006

Maximum Support level -10 000 EUR/holding/year

EC regulation requires:

- **list of standards** based on Community legislation eligible for support;
- **description of** the significant impact on farm **operating costs** stemming from the obligations or restrictions;
- **amount of support** per eligible standard and methodology used to determine this amount.



Meeting Standards Payments are Based on the following groups:

- environmental protection,
- public health,
- animal and plant health,
- animal welfare and
- occupational safety.



The Expenditures Derived from the Standards must:

- be **newly introduced** in national legislation implementing Community law;
- have to impose new obligations or restrictions to farming practice;
- have to have a significant impact on **typical farm operating costs**;
- cover a **significant number** of farmers.



The support shall be granted as:

- a flat-rate,
- temporary (for a maximum duration of five years),
- digressive,
- annual,
- Can have sub-measures,
- can be differentiated.



Existence of Meeting Standards Measure in the Partner Countries

	CZ	DE	ES	FI	GR	IT	LT	PL	UK
Meeting Standards Implemented in RDP for 2007-2013	n.a.	n.a.	n.a.	n.a.	√	√	n.a.	n.a.	n.a.

In IT payments are **differentiated according** to the National and Regional laws what states a **different administrative costs, depending on dimensions of zoo-technical farm and nitrogen production of animals.**



Selected sub-measures by partner country within Meeting Standards Based on Community Legislation (131)

GR

- Meeting standards based on community legislation: electronic marking of sheep and goats

IT

- Processing of information linked to management of zootechnic refluent and formulation of feed rations
- Adaptation of environmental management systems



Detail explanation of payment calculation for Meeting standards based on community legislation: electronic marking of sheep and goats measure GR

	1 st year	2 nd year	3 rd year	4 th year	5 th year	Total
Microchip for aged sheep and goats	3.30	2.64	1.98	1.32	0.66	9.9
Microchip for young sheep and goats	4.95	3.95	2.95	1.95	0.95	14.75
Reserve 15%	0.33	0.32	0.3	0.29	0.28	1.52
Total Additional cost, EUR/animal	8.58	6.91	5.23	3.56	1.89	26.17



Process of payment calculation for Meeting Standards Based on Community Legislation (131) measure sub-measure 131/1 – Processing of information linked to management of zoo-technical discharges and formulation of feed rations in IT

Contractual obligation	Additional cost (EUR/holding)	
	Min	Max
131/1a Flat-rate contribution		
simplified Communication	500	1000
complete Communication	800	1600
Simplified PUA (Agronomic Utilization Plan)	1600	2400
complete PUA and Communication	2400	4500
physical & chemical analysis of soil and refluent, related to complete PUA	1500	3000
Total 131/1a	6800	12500
131/1b Payment for 5 years		
livestock feeding plan	2500	4500
Total 131/1b	2500	4500
131/1c decreasing values(5 years – 500 €/year)		
Design/introduction of BAT	3000	1000
Total 131/1c	3000	1000



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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 NPA



Problems within payment calculation process (Italy)

Problems	Solutions
Complexity in pointing out management costs according to requirements fixed by EC Regulation 91/676/CEE.	A calculation method is being looked for to express dejections management costs.
Difficulties in spreading the maximum payment per farm (10.000 €) among the different actions provided by the measure.	
It's too complex to set commitments falling on numerous number of farms, extremely differentiated with each other	



Cost assessment

1. For **non-market goods** (normative valuation based on market price approach);
2. For **market goods** and/or services (normative or on open procurement base);
3. **Labour cost** (hired - FADN, family –based on an average salary in agriculture);



Key Issues

Complexity of cost payment calculations because of changes of farming system and management;

Complicated to determine base line;

Lack of reliable data;

Measure was not chosen in countries because of high costs of the measure (huge amount of beneficiaries would be expected).

