AGRIGRID

Methodological grids for payment calculations in rural development measures in the EU

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Specific Targeted Research Project under priority 8.1 Sustainable management of Europe's natural resources:

8.1.B.1.1 Modernisation and sustainability of agriculture and forestry, including their multifunctional role in order to ensure the sustainable development and promotion of rural areas

Task 14 New methods for calculating premiums in the rural development measures

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Report D9
Methodological grids for meeting standards measures based on Community Legislation (131) in the EU

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List of project partners

Project partner	**Short name**	**EU Member States**
The Macaulay Land Use Research Institute	MLURI	Scotland
Institute of Farm Economics Johann Heinrich von Thuenen-Institute	vTI	Germany
Agricultural University of Athens	AUA	Greece
Institute of Agricultural Economics and Information	ÚZEI	Czech Republic
Lithuanian Institute of Agrarian Economics	LAEI	Lithuania
MTT Agrifood Research Finland	MTT	Finland
National Institute of Agricultural Economics	INEA	Italy
Humboldt University Berlin	HUB	Germany
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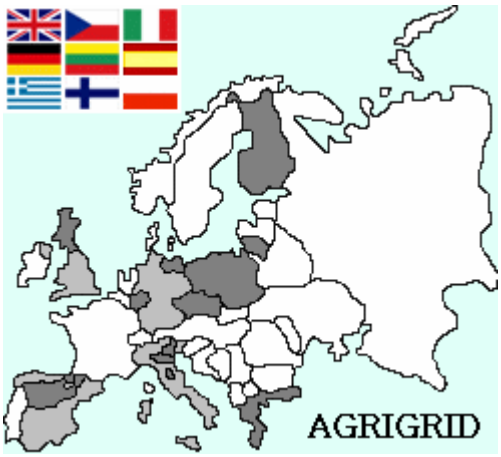
Instituto de Desarrollo Rural Sostenible	IDRiSi	Spain
Agrotec Polska Sp. z o. o.	-	Poland



EXECUTIVE SUMMARY

The aim of the report corresponds to the overall AGRIGRID project aim to develop methodological grid for the Meeting Standards Based on Community Legislation (131) (further in the text - Meeting Standards) measure payments calculation applicable across EU countries. The report covers methodological issues for Meeting Standards measure grid development; main points of EU regulation emphasise baseline requirements, obligatory commitments and related costs components; payment differentiation; review of cost components calculation process; implementation of application of payment limits and RDR requirements; identification of the problems encountered and final remarks.

According EU regulation Meeting Standards is one of the measures aimed 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. Support for Meeting Standards measure shall contribute partly to costs incurred and income foregone caused to farmers who have to apply standards in the fields of the environmental protection, public health, animal and plant health, animal welfare and occupational safety. These standards must be newly introduced in national legislation implementing Community law and impose new obligations or restrictions to farming practice which have a significant impact on typical farm operating costs and concern a significant number of farmers. Regulation (EC) No 1698/2005 determines that support for Meeting Standards payment shall be limited to the maximum amount of EUR10 000 per holding per 5 year

After the research was carried out, it was identified that Meeting Standards measure is not widely applied among the countries analysed because of relatively high implementation costs. So, the research was carried out in two countries, which have chosen to implement Meeting Standards measure: Greece and Veneto region (Italy). It should be noted that in Greece Meeting Standards measure was only implemented during 2000-2006

Selection of approach for payment calculation. During the project period it was noticed that Balance sheet (FADN) approach only partly satisfies data demand for payment calculations. Therefore, the Practices approach was established by project partners. Practices approach is especially exploitable for Meeting Standards measure payment calculation, because of payment

structure particularity and complexity. The list of cost components is directly related to the practices list. Cost components were set up after countries examples were analysed and approved by experts. Every practice has its own operating costs stemming from the obligations or restrictions imposed by the new standards.

The grid for Meeting Standards measure is based on logic framework and includes these main elements: Selection of approach for payment calculation, Definition of measure commitments and relevant baselines, Payment differentiation, Cost/revenue components according to applied differentiation, RDR payment limits, and Total payment.

Commitments and relevant baselines. According to EU legislation SMR's concerning the Public and animal health is obligatory as the baseline for Meeting Standards measure. The main items are as follows: Identification and registration of animals, Public, animal and plant health and Notification of diseases. While GAEC requirements are applied to the measures from the second axis, they are not related with Meeting Standards measure from the first axis. Any other regional, national or EU regulatory requirements were not observed.

The list of practices has been derived from the experience of the countries examined, extending it where necessary: for example Meeting Standards for crop sector beneficiaries.

After the analysis carried out, it was found that Meeting Standards measure payments consist only of Additional farm operating costs stemming from the obligations or restrictions imposed by the new standards. There is one limitation of the costs: costs related to investments shall not be taken into account when determining the level of annual support for Meeting Standard.

Cost components should be verifiable from making clear the source of the figures. It was explored that most of the countries have problems with the data. Expert estimates have been widely used for the calculation. Together with measure implementation ideas data collection and submission have to be solved.

Limits are implemented into the grid for payment calculation. According to EU regulation Meeting Standard payment rates have to be digressive. The case study analysis shows percentage and absolute digression rate. In separate cases digression rates are different. According to the results of the analysis, we propose Digression Rates from 2 percent to 5 percent. In this case payment amount received in the first year compared to fifth year is

accordingly 1,5 and 3 times higher.

After we carried out the research, some problems were identified within Meeting Standards payment calculation process:

- complexity in pointing out costs according to the EU, National and/or Regional requirements,
- lack of reliable data,
- in any country analysed, any special quantitative software tool for payments calculation was not found.

Above mentioned problems were solved during project period.

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List of abbreviations

EC	European Commission
EU	European Union
EUR	Euro
FADN	Farm Accountancy Data Network
GAEC	Good Agricultural and Environmental Condition
ha	hectare
H^A	Mountain area type in Czech Republic
H^B	Mountain area type in Czech Republic
LFA	Less Favoured Area
LVZ	*Landwirtschaftliche Vergleichszahl*, an indicator measuring the quality of agricultural land
N	Nitrogen
NVZ	Nitrogen vulnerable zone
RDP	Rural Development Programme
RDR	Rural Development Regulation
SMR	Statutory Management Requirement
t	tonne (1,000 kg)
UAA	Utilised Agricultural Area

1. Introduction

The aim of the report corresponds to the overall AGRIGRID project aim to develop a methodological grid for the Meeting Standards Based on Community Legislation (131) (further in the text - Meeting Standards) measure payments calculation applicable across EU countries. The report covers methodological issues for Meeting Standards measure grid development: main points of EU regulation emphasizing baseline requirements, obligatory commitments and related costs components; payment differentiation; review of cost components calculation process; implementation of application of payment limits and RDR requirements; identification of the problems encountered and final remarks.

Methodology of Meeting Standards measure grid development includes the graphical representation of logic framework, a general explanation of main data development approach and a step-by-step template.

According to EU regulation, Meeting Standards is one of the measures aimed at improving 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. Support for Meeting Standards measure shall contribute partly to costs incurred and income foregone to farmers who have to apply standards in the fields of environmental protection, public health, animal and plant health, animal welfare and occupational safety. These standards must be newly introduced in national legislation implementing Community law and impose new obligations or restrictions to farming practice, which have a significant impact on typical farm operating costs and concern a significant number of farmers.

The important part of the report is related to baseline requirements, obligatory commitments and costs components applied for Meeting Standards measure. SMRs concerning the Public and animal health is obligatory as the baseline for Meeting Standards measure.

Regulation (EC) No 1698/2005 determines that support for Meeting Standards shall be limited to the maximum amount of EUR10000 per holding. Support shall be modulated by the Member

States per standard with regard to the level of obligations resulting from the application of the standard. Member States may fix the level of support on the basis of standard costs and standard assumptions of income foregone. In the case of Meeting Standards measure, calculations and the corresponding support cannot contain elements linked to fixed investment costs. EC regulation 1974/2006 from the Member States requires: the list of standards based on Community legislation eligible for support under Meeting Standards measure; the date from which each standard is mandatory in accordance with Community legislation and justification of choice; a description of the significant impact on farm operating costs stemming from the obligations or restrictions imposed by the new standard and amount of support per eligible standard and methodology used to determine it.

The object of analysis is two countries, which have chosen to implement Meeting Standards measure: Greece and Veneto region (Italy). It should be noted that it was only in Greece that the Meeting Standards measure was implemented during 2000-2006

The section Payment differentiation shows different options of differentiation implementation among the countries explored. After the research was carried out, differentiation categories, sub-categories and elements were identified and adopted to the grid for Meeting Standards measure payment calculation.

Calculation of cost components section outlines determination of the costs eligible for the Meeting Standards payment calculation, main points within payment calculation across countries (the compensatory payment for Meeting Standards measure shall be granted as a flat rate, on a temporary basis (for a maximum duration of five years), and is a digressive annual payment) and overview of data sources.

The section on implementation of application of payment limits and RDR requirements reviews payment characteristics, which has influence on the payment calculation process.

Problems identified within the payment calculation process and solutions are stated in the report. These mainly originate because of the complexity in identifying costs according to the requirements of regulations, and the lack of reliable data.

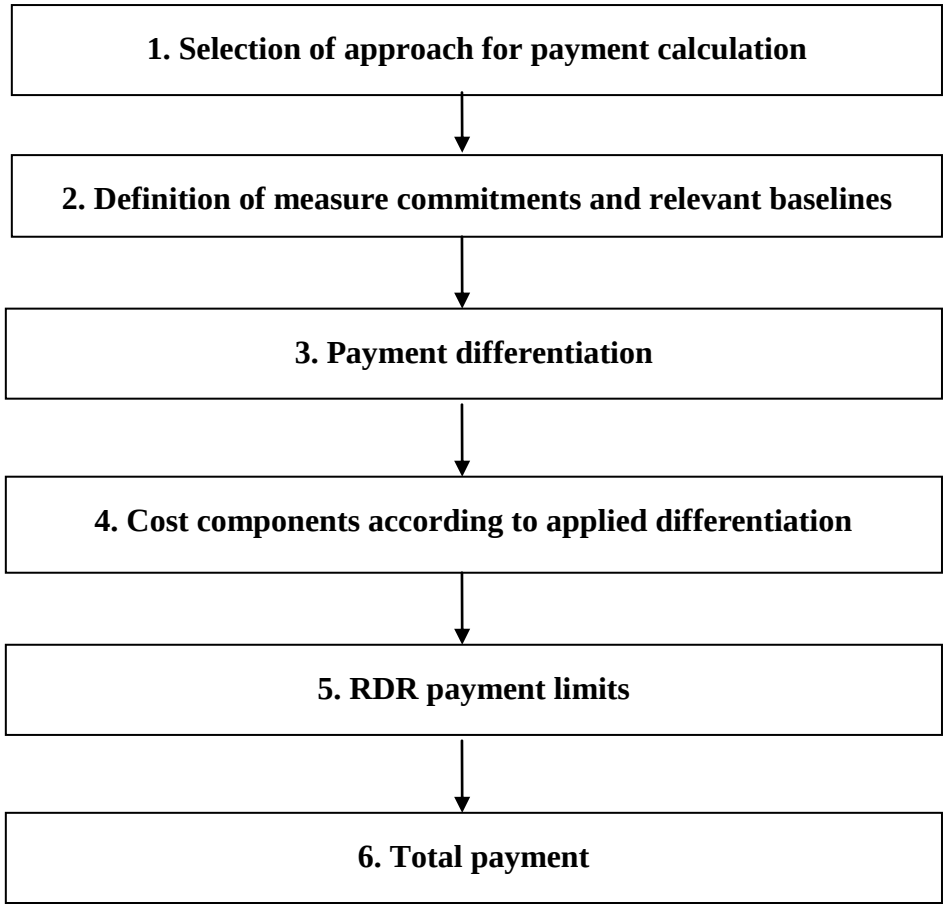
Finally in the report, there are concluding remarks related to the results of the project: the

creation of a unified data base, grid for Meeting Standards measure payment calculation process, up-to-date software tools for Meeting Standards payment calculations, which simplify the payment calculation process for policy makers and EU experts are presented.

2. Methodology

In this section methodological issues for **Meeting Standards** measure grid development are described. Methodology of **Meeting Standards** measure grid development includes a graphical representation of **logic framework**, general explanation of main data development approach and step-by-step template. The logic framework is presented in Figure 1.

Figure 1. Logic framework for Meeting Standards measure grid development



The logic framework enabled the construction of a unified payment calculations approach for

all countries analysed to be applied to all EU countries. Clarification of the main components of logic framework is presented below.

Selection of approach for payment calculation. During the project period it was noticed that the Balance sheet (FADN) approach only partly satisfies data demand for payment calculations. Therefore, the Practices approach was established by project partners. Practices approach is especially exploitable for Meeting Standards measure payment calculation, because of the particularity and complexity inherent in the payment structure.

Step-by-step template is the most important part of the methodology and presents Meeting Standards measure grid development process (Annex 1). It is based on the logic framework and used as the background for the software tool.

3. Baseline, commitments and identification of cost components

In this section, commitments, relevant baseline, practices and costs applied for the Meeting Standards measure are discussed including an analytical review and proposed list after countries' examples were analysed and approved by experts (Annex 2).

Commitments and relevant baselines.

According to EU legislation, SMRs concerning the Public and animal health is obligatory as the baseline for the Meeting Standards measure. The main items are as follows: identification and registration of animals, public, animal and plant health, and notification of diseases. While GAEC requirements are applied to the measures from the second axis, they are not related to the Meeting Standards measure from the first axis. Any other regional, national or EU regulatory requirements were not taken into account.

In general, the commitment for the Meeting Standards measure is to impose new obligations to farming practice, while the baseline presently is not obligatory. We propose the following practices to be included in the grid: Purchase of material; Transportation; Processing; Services; Plan writing; Management; Certification; Health care visiting; Irrigation; Storage; Rent and Other if necessary after the newly implemented standard.

The list of practices has been derived from the experience of the countries examined extending it with where required: for example Meeting Standards for crop sector beneficiaries.

The list of cost components is directly related to the practices list. Cost components were set up after the partner countries were analysed and approved by experts. Every practice has its own operating costs stemming from the obligations or restrictions imposed by the new standards. For example, the practice "Irrigation" consists of costs for machinery and equipment, water, payments for external services, wages for permanent and seasonal work, opportunity cost of family work.

4. Payment differentiation

Meeting Standards measure payments could be differentiated, taking in to account regional or local site conditions and actual land use as appropriate. During the project period, differentiation categories, sub-categories and elements were identified and agreed by partners. After the research was carried out, it was concluded that the Meeting Standards measure payments can be differentiated according Administrative land division, Farm characteristics, Land characteristics, Type of animals, Type of crops, Planning and management, Year of commitment and others if necessary after newly implemented standard.

Practical examples show that the Meeting Standards measure in Greece is not differentiated, while in the Veneto region of Italy it is. Very many variants were observed in Italy according to the complexity of the required Communication (Simplified or complete) and of the Agronomic Utilization Plan (simplified or complete). In the case presented, the First variant includes simplified Communication and without Agronomic Utilization Plan.

For example in the Veneto region of Italy one of the differentiation categories is Administrative land division. It has two differentiation sub-categories, which includes two differentiation elements each:

Sub-category 1: Regional laws

Element 1: NVZ Area

Element 2: Other areas

Sub-category 2: Administrative land differentiation based on specific indicators

Element 1: Municipality with average of >210 kg of N/ha of UAA

Element 2: Other areas

Details of the proposed Meeting Standards measure payment differentiation is presented in Annex 3.

5. Calculation of cost components

This section includes calculation of the costs eligible for the Meeting Standards payment, the main points within payment calculation across countries and an overview of data sources.

The support is granted as 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. Payment should consist of eligible costs approved by authorities according to the standard implemented.

After the analysis was carried out, it was found that Meeting Standards measure payments consist only of Additional farm operating costs stemming from the obligations or restrictions imposed by the new standards. There is one limitation of the costs: costs related to investments shall not be taken into account when determining the level of annual support for Meeting Standard. Eligible costs list consists of Purchase of material, Transportation, Processing, Services, Plan writing, Management, Certification, Health care visiting, Irrigation, Storage, Rent and Other.

Cost components for the calculation of Meeting Standards measure payments are mostly material and labour cost. Material costs have to be calculated by the multiplying of material quantity and price. It is more complicated to estimate labour cost, especially to determine labour price. Cost components are detailed to the sub-costs level until the primary data.

Main points within payment calculation across countries. Some common issues in the process of calculation of payments have been identified in the comparison between the Veneto region

(Italy) and Greece. Methodologically, payment calculation for the measure in Greece equates to one sub-measure in Veneto region (Italy) (Introduction of quality environmental systems). Payment is fixed for five 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 the case of Veneto region (Italy) besides the above mentioned, the methodology used was a flat rate contribution that means the payments are made in equal amounts during the five year period. Additionally, participants have to contribute between 6 and 40 percent from their private budget.

Cost components should be clearly verifiable from the source of the figures. It was explored that most of the countries have problems with the data. Meeting Standards measure is related to specific activities, and data in FADN and Governmental Statistics Departments are not adequate. Expert estimates have been widely used for the calculation. Together with measure implementation ideas, data collection and submission has to be solved.

6. Implementation of application of payment limits and RDR requirements

Regulation (EC) No 1698/2005 determines that support for Meeting Standards payment shall be limited to the maximum amount of EUR10000 per holding per 5 year. Limits are implemented into the grid for payment calculation. According to EU regulation, Meeting Standard payment rates have to be digressive. The analysis of partner countries shows percentage and absolute digression rate. In separate cases, digression rates are different. According to analysis results, we propose Digression Rates from 2 percent to 5 percent. In this case payment amount received in the first year compared to the fifth year is accordingly 1,5 and 3 times higher.

Total payment for the Meeting Standards measure cannot exceed RDR limit. For example in Veneto region of Italy, despite the calculated costs EUR12000 per holding, payment according EU regulation will be cut up to EUR10000.

7. Problems encountered and future tasks

After the research was carried out, some problems were identified within the Meeting Standards payment calculation process. First of all there were difficulties in spreading the maximum payment per farm (EUR10000) among the different actions provided by the measure. Another problem was the complex process of setting up commitments for farms that were extremely different from each other.

Ye another problem occurs because of the complexity in identifying costs according to requirements fixed by regulations, with changes in farming systems and management resulting in a variety of costs included in the payment calculations.

It is evident that there is undetermined base line and lack of reliable data condition distinctions and inequalities for the Meeting Standards payment calculation. This problem was solved together with project partners developing Practices approach.

The next problem is related to the interpretation of economic categories in different countries. It was found that the content of the same economic categories differs in the examined countries. This problem partly was solved within the project framework, but in general it is the subject of future research.

Finally, the essential problem is related to the quantitative tool for payments calculation because it was found that there was not any special tools for payments calculation in any country. Payment calculations were based mostly on expert estimations. It was time-consuming and costly. This problem was solved by building software that accelerates the payment calculation process.

It is our opinion that it would be very useful to create analogous tool to evaluate the support effectiveness.

Further dissemination has to be implemented by publications and by training.

8. Conclusions and policy recommendation

After the research had been carried out, it was identified that Meeting Standards measure is not widely applied among the countries analysed because of relatively high implementation costs.

Because of complexity of setting up Meeting Standards measure commitments for EU farms that are extremely different from each other, the payment amount of EUR10000 per farm could be differentiated according to region specificity.

The results of the project are as follows: creation unified data base; grid for Meeting Standards measure payment calculation process; up-to-date software tool for Meeting Standards payment calculation, which simplifies the payment calculation process for policy makers and EU experts.

To our mind it would be useful to have such a tool before forthcoming programming period.

At the moment we propose to develop a research software tool related to support efficiency evaluation.

Grid for Meeting Standards measure is based on a logic framework including these main elements: Selection of approach for payment calculation; Definition of measure commitments and relevant baselines; Payment differentiation; Cost/revenue components according to applied differentiation; RDR payment limits; and Total payment.

The list of practices has been derived from the experience of the partner countries and extending where required: for example Meeting Standards for crop sector beneficiaries.

Due to the fact that the balance sheet (FADN) approach only partly satisfies data demand for payment calculations, the Practices approach was established.

For the Meeting Standards measure, the commitment is to impose new obligations to farming practice while baseline presently is not obligatory.

Meeting Standards measure payments could be differentiated taking into account regional or

local site conditions and actual land use as appropriate.

Meeting Standards measure payments can be differentiated according to: Administrative land division, Farm characteristics, Land characteristics, Type of animals, Type of crops, Planning and management, Year of commitment and others if necessary after newly implemented standard.

After the analysis had been carried out, it was found that Meeting Standards measure payments consist only of additional farm operating costs stemming from the obligations or restrictions imposed by the new standards.

Meeting Standards measure is related to specific activities, and data in FADN and Governmental Statistics Departments are not sufficient. Together with measure implementation ideas, data collection and submission have to be solved.

As a result of our analysis, we propose Digression Rates from 2 percent to 5 percent.

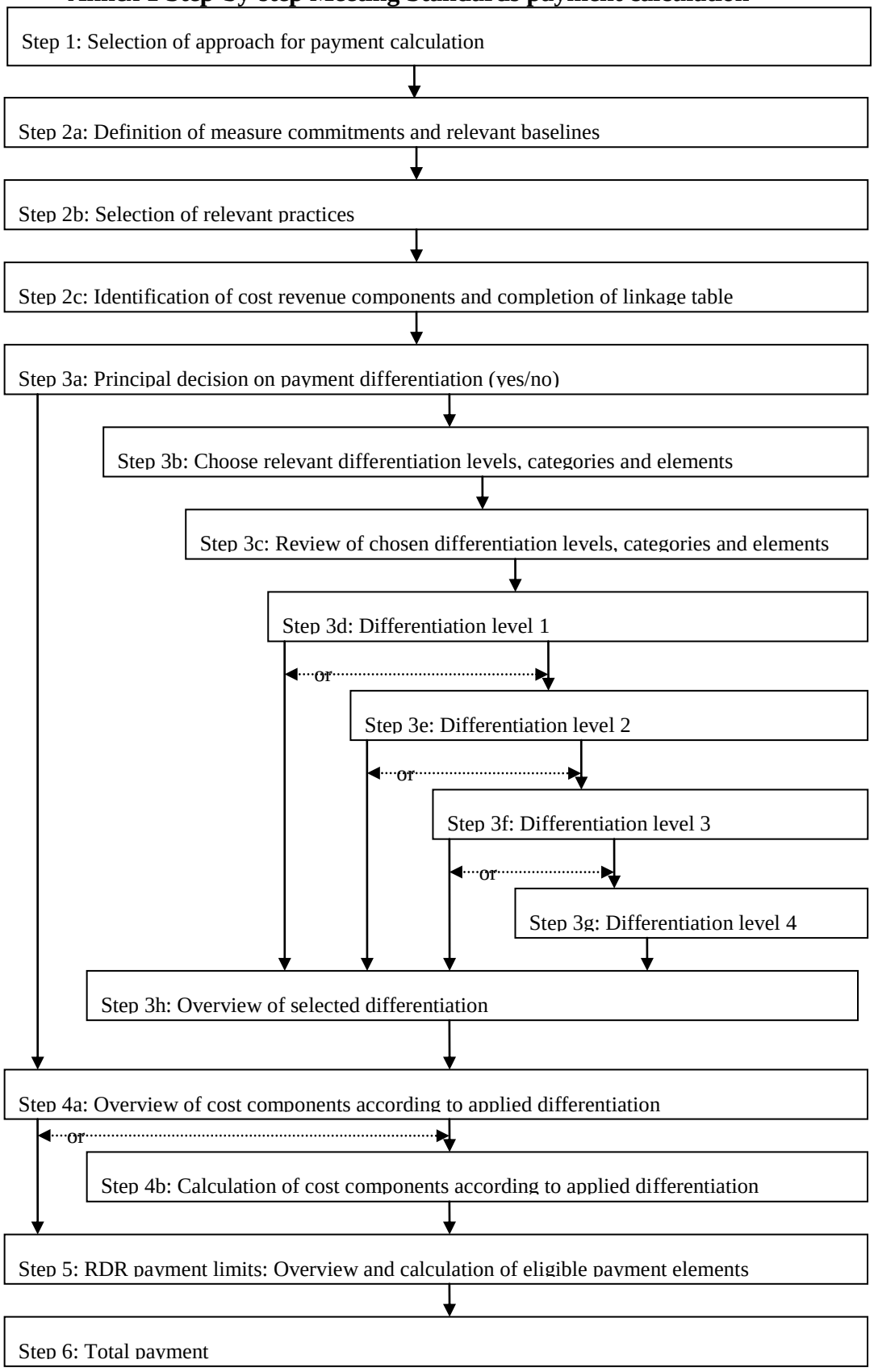
After the research had been carried out, some problems were identified within the Meeting Standards payment calculation process:

- complexity in pointing out costs according to the EU, National and/or Regional requirements,
- lack of reliable data,
- in any of the countries we analysed, there was no special quantitative software tool for payments calculation.

The above-mentioned problems were solved during the project period.

Annexes

Annex 1 Step-by-step Meeting Standards payment calculation



Annex 2 Meeting Standards measure commitments, relevant baseline, practices and costs

Commitment	Baseline	Practices	Cost
To impose new obligation to farming practice	No obligatory presently	Purchase of material	Seeds and seedlings purchased and produced
			Fertilizers and soils improvers
			Crop protection products
			Other crop specific costs
			Purchased feeding stuffs
			Feeding stuffs produced on the farm
			Other livestock specific costs
			Machinery and equipment
			Land improvements and buildings
			Electricity, lubricants and heating fuels
			Water
			Other farming overheads
		Transportation	Machinery and equipment
			Electricity, lubricants and heating fuels
			Wages for permanent and seasonal work
			Other farming overheads
			Interest and financial charges
		Processing	Machinery and equipment
			Electricity, lubricants and heating fuels
			Water
			Payments for external services
			Other farming overheads
			Wages for permanent and seasonal work
			Opportunity cost of family work
		Services	Payments for external services
			Opportunity cost of family work
		Plan writing	Payments for external services
			Opportunity cost of family work
		Management	Machinery and equipment
			Land improvements and buildings
			Electricity, lubricants and heating fuels
			Water
			Payments for external services
			Other farming overheads
			Wages for permanent and seasonal work
			Opportunity cost of family work
		Certification	Payments for external services
		Health care visiting	Payments for external services
		Irrigation	Machinery and equipment
			Water
			Payments for external services
			Wages for permanent and seasonal work
			Opportunity cost of family work
		Storage	Machinery and equipment
			Land improvements and buildings
			Electricity, lubricants and heating fuels
			Water
			Payments for external services
			Other farming overheads
			Wages for permanent and seasonal work
			RENTS
			Opportunity cost of family work
		Rent	RENTS
		Other	

Annex 3 Meeting Standards Payment differentiation

Differentiation category: Administrative land division

Differentiation sub-categories	Differentiation elements
EC Regulations / National laws / Regional laws	LFA Area
	Natura 2000 Area
	NVZ Area
	Protected Areas (National or Regional)
	Other areas
Administrative land differentiation based on specific indicators	Municipality with average of >210 kg of N/ha of UAA
	Municipality HA
	Municipality HB
	Area OA
	Area OB
	Area S
	Area SX
	Gemarkung 1 (LVZ)
	Gemarkung X (LVZ)
	Choerent Region 1
	Choerent Region 2
	Choerent Region 3
	Area HUA
	Area LUA
	Standard regions (transport cost)
	Fragile regions (transport cost)
	Very fragile regions (transport cost)
	More disadvantaged land (grazing categories
	Less disadvantaged land (grazing categories)
	Ratio 1 (degree prot/usage restrictions)
	Ratio 2 (degree prot/usage restrictions)
	EMZ range 1
	EMZ range 2
	Other areas

Differentiation category: Farm characteristics

Differentiation sub-categories	Differentiation elements
Size classes (Other than FADN)	< 3000 kg of N produced
	3000 - 6000 kg of N produced
	> 6000 kg of N produced

Differentiation category: Land characteristics

Differentiation sub-categories	Differentiation elements
Slope	1° range of slope
	2° range of slope
Soil fertility/quality	1° degree of fertility
	2° degree of fertility
	Improved soil
	Unimproved soil
Altitude	Mountain
	Hill
	Plain

Differentiation category: Type of animals

Differentiation sub-categories	Differentiation elements
Horse	Horse for fattening (meat)
	Breed Žemaitukai
	Breed Lithuanian Weighted
	Other
Cattle	Calves for fattening (meat)
	Other cattle < 12 months
	Male cattle 12 - 24 months
	Female cattle 12 - 24 months
	Male cattle > 24 months
	Breeding heifers
	Heifers for fattening (meat)
	Dairy cows
	Other cows
	Breed Burlina
	Dying breeds
Sheep	Ewe (female for breeding)
	Other sheep (male for breeding)
	Various breeds
	Sheep for milk
	Sheep for fattening (meat)
Goat	Goat for breeding (female)
	Other goats (male for breeding)
	Goat for fattening (meat)
Pig	Piglets
	Breeding sow
	Pigs for fattening (meat)
	Other pigs (boars)
	Various breeds
Poultry	Table chickens (meat)
	Laying Hens
	Other poultry
	Breed gees
Other animals	

Differentiation category: Type of crops

Differentiation sub-categories	Differentiation elements
Cereals	Durum Wheat
	Soft Wheat
	Maize
	Rye
	Barley
	Oats
	Rice
	Other cereals
Other field crops	Dry pulses
	Potatoes
	Sugar beet
	Sunflower
	Soya
	Hops
	Cotton
	Peas
	Field beans

	Beans
	Groundnut
Vegetables and non-perennial fruit	Under shelter
	Tomatoes
Flowers and ornamental plants	
Seeds	
Fodder crops and fallows	Fodder Maize
	Other silage cereals
	Other fodder plants (alfalfa)
	Permanent pasture
	Temporary grass
	Fallows and set aside for previous regulation
	Rough grazing
	Peas
	Field beans
	Beans
	Alfalfa
	Meadows
	Other
Permanent crops (excludes forestry)	Vines
	Wine grapes
	Table grapes
	Raisins
	Olives grooves
	Table olives
	Olive oil
	Fruit and berry orchards
	Nuts
	Citrus fruit orchards
	Nursery (excludes tree nurseries)

Differentiation category: Planning and management

Differentiation sub-category	**Differentiation elements**
Specific practices (management level)	Animal Ration with low N and P
	Fertirrigation
	Solid fertilization
	Normal/Typical

Differentiation category: Year of commitment

Differentiation sub-categories	**Differentiation elements**
1	
2	
3	
4	
5	

Differentiation category: Others

Annex 4 Step-by-step examples of Meeting Standards payment calculation in Veneto region, Italy (IT_{VE}) and Greece (GR)

Step 1: Selection of approach for payment calculation

GR - Practices approach
IT_{VE} - Practices approach

Step 2a: Definition of measure commitments and relevant baselines
Step 2b: Selection of relevant practices
Step 2c: Identification of cost revenue components and completion of linkage table

Country/ region	Commitment (Step 2a)	Baseline (Step 2a)	Practices (Step 2b)	Cost (Step 2c)
GR	To add ear tags for sheep and goats	No obligatory presently	Purchase of material	Other livestock specific costs
			Services	Payments for external services
IT_{VE}	To protect the environment from pollution deriving from agriculture	No obligatory presently	Transportation	Machinery and equipment
				Wages for permanent and seasonal work
			Services	Payments for external services
			Plan writing	Payments for external services
			Management	Wages for permanent and seasonal work
			Rent	RENTS

Step 3a: Principal decision on payment differentiation (yes/no)

GR - No
IT_{VE} - Yes

Step 3b: Selection of relevant differentiation category and elements
Step 3c: Review of chosen differentiation levels, categories and elements
Step 3d: Differentiation level 1
Step 3e: Differentiation level 2
Step 3f: Differentiation level 3
Step 3g: Differentiation level 4
Step 3h: Overview of selected differentiation

Overview of selected differentiation for Meeting Standards measure in Veneto region of Italy

Differentiation level 1	1 Differentiation category		Administrative land division										
	2 Differentiation sub-category		EC Regulations / National laws / Regional laws										
	3 Differentiation element		NVZ Area						Other areas				
Differentiation level 2	1 Differentiation category		Farm characteristics										
	2 Differentiation sub-category		Size classes (Other than FADN)										
	3 Differentiation element		< 3000 kg of N produced		3000 - 6000 kg of N produced		> 6000 kg of N produced		< 3000 kg of N produced		3000 - 6000 kg of N produced		> 6000 kg of N produced
Differentiation level 3	1 Differentiation category		Planning and management										
	2 Differentiation sub-category		Specific practices (management level)										
	3 Differentiation element		Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical
Differentiation level 4	1 Differentiation category		Year of commitment										
	3 Differentiation element	1	X		X		X			X		X		X
		2	X		X		X			X		X		X
		3	X		X		X			X		X		X
		4	X		X		X			X		X		X
		5	X		X		X			X		X		X

Differentiation level 1	1 Differentiation category	Administrative land division											
	2 Differentiation sub-category	Administrative land differentiation based on specific indicators											
	3 Differentiation element	Municipality with average of >210 kg of N/ha of UAA						Other areas					
Differentiation level 2	1 Differentiation category	Farm characteristics											
	2 Differentiation sub-category	Size classes (Other than FADN)											
	3 Differentiation element	< 3000 kg of N produced		3000 - 6000 kg of N produced		> 6000 kg of N produced		< 3000 kg of N produced		3000 - 6000 kg of N produced		> 6000 kg of N produced	
Differentiation level 3	1 Differentiation category	Planning and management											
	2 Differentiation sub-category	Specific practices (management level)											
	3 Differentiation element	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical
Differentiation level 4	1 Differentiation category	Year of commitment											
	3 Differentiation element 1												
	3 Differentiation element 2												
	3 Differentiation element 3												
	3 Differentiation element 4												
	3 Differentiation element 5												

Step 4a: Overview of cost components according to applied differentiation

GR

Cost components	**Cost, EUR/animal**
Cost of microchips for sheep or goats	**9.90**
Cost of microchips for young sheep or goats	**14.75**
Other direct costs and services	**1.52**
Total costs	**26.17**

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Additional farm management	Differentiation level 1	1 Differentiation category		Administrative land division										
		2 Differentiation sub-category		EC Regulations / National laws / Regional laws										
		3 Differentiation element		NVZ Area						Other areas				
	Differentiation level 2	1 Differentiation category		Farm characteristics										
		2 Differentiation sub-category		Size classes (Other than FADN)										
		3 Differentiation element		< 3000 kg of N produced		3000 - 6000 kg of N produced		> 6000 kg of N produced		< 3000 kg of N produced		3000 - 6000 kg of N produced		> 6000 kg of N produced	
	Differentiation level 3	1 Differentiation category		Planning and management										
		2 Differentiation sub-category		Specific practices (management level)										
		3 Differentiation element		Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical
	Differentiation level 4	1 Differentiation category		Year of commitment										
		3 Differentiation element	1	1340		2200		3000			840		1700		2500
			2	1160		1800		2500			660		1300		2000
			3	1000		1500		2000			500		1000		1500
			4	830		1200		1500			330		700		1000
			5	670		800		1000			170		300		500
Total additional cost				5000		7500		10000			2500		5000		7500

Submission of livestock effluent spreading Communication	Differentiation level 1	1 Differentiation category		Administrative land division											
		2 Differentiation sub-category		EC Regulations / National laws / Regional laws											
		3 Differentiation element		NVZ Area						Other areas					
	Differentiation level 2	1 Differentiation category		Farm characteristics											
		2 Differentiation sub-category		Size classes (Other than FADN)											
		3 Differentiation element		< 3000 kg of N produced		3000 - 6000 kg of N produced		> 6000 kg of N produced		< 3000 kg of N produced		3000 - 6000 kg of N produced		> 6000 kg of N produced	
	Differentiation level 3	1 Differentiation category		Planning and management											
		2 Differentiation sub-category		Specific practices (management level)											
		3 Differentiation element		Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical
	Differentiation level 4	1 Differentiation category		Year of commitment											
		3 Differentiation element	1	740		1660		2800			300		680		1600
			2	740		1660		2800			300		680		1600
			3	740		1660		2800			300		680		1600
			4	740		1660		2800			300		680		1600
			5	740		1660		2800			300		680		1600
Total additional cost				3700		8300		14000			1500		3400		8000

Submission of Agronomic Utilization Plan	Differentiation level 1	1 Differentiation category		Administrative land division													
		2 Differentiation sub-category		EC Regulations / National laws / Regional laws													
		3 Differentiation element		NVZ Area						Other areas							
	Differentiation level 2	1 Differentiation category		Farm characteristics													
		2 Differentiation sub-category		Size classes (Other than FADN)													
		3 Differentiation element		< 3000 kg of N produced		3000 - 6000 kg of N produced		> 6000 kg of N produced		< 3000 kg of N produced		3000 - 6000 kg of N produced		> 6000 kg of N produced			
	Differentiation level 3	1 Differentiation category		Planning and management													
		2 Differentiation sub-category		Specific practices (management level)													
		3 Differentiation element		Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical		
	Differentiation level 4	1 Differentiation category		Year of commitment													
		3 Differentiation element	1	900		900		900			500		500		500		
			2	900		900		900			500		500		500		
			3	900		900		900			500		500		500		
			4	900		900		900			500		500		500		
			5	900		900		900			500		500		500		
Total additional cost				4500		4500		4500			2500		2500		2500		
Total additional costs				13200		20300		28500			6500		10900		18000		

Step 4b: Calculation of cost components according to applied differentiation

GR

Cost components	Sub-element 1	Sub-element 2	Sub-element 3	Sub-element 4	Equation
Cost of microchips for sheep or goats	Quantity	Price	Time	Labour Price	=Quantity x Price + Time x Labour price
Cost of microchips for young sheep or goats	Quantity	Price	Time	Labour Price	=Quantity x Price + Time x Labour price
Other direct costs and services	Services	Service Price	Material	Price	=Services x Service price + Material x Price
Total costs					**SUM of cost components**

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Cost components	Sub-element 1	Sub-element 2	Sub-element 3	Sub-element 4	Sub-element 5	Sub-element 6	Sub-element 7	Equation
Additional farm management	Time	Labour Price	Machinery cost	Distance	Rent	Services	Service Price	Time x Labour price + Machinery x Distance + Rent + Services x Service price
Submission of livestock effluent spreading Communication	Time	Labour Price	Machinery cost	Distance	Rent	Services	Service Price	Time x Labour price + Machinery x Distance + Rent + Services x Service price
Submission of Agronomic Utilization Plan	Time	Labour Price	Machinery cost	Distance	Rent	Services	Service Price	Time x Labour price + Machinery x Distance + Rent + Services x Service price
Total costs								**SUM of cost components**

Step 5: RDR payment limits: Overview and calculation of eligible payment elements
Step 6: Total payment

GR

	EUR/animal	Number of animals	Total
Total payment	**26.17**	**1**	**26.17**

Degressivity rate	Enter degressivity rate (from 2 to 5 %)
Proposed percentage degression rate	5.00%

	GRID		Greece*	
Total costs for 5 year	**26.17**	**100%**	**26.17**	**100%**
1 st	7.851	30%	7.234	x
2 nd	6.543	25%	6.234	x
3 rd	5.234	20%	5.234	20%
4 th	3.926	15%	4.234	x
5 th	2.617	10%	3.234	x

*Fixed amount for degression =1

	EUR/animal	Assumed number of animals	Total	RDR payment limits, EUR/holding	Maximum payment amount
Total payment	**26.17**	**500**	**13085**	**10000**	**10000**

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Degressivity rate	Enter degressivity rate (from 2 to 5 %)
Proposed percentage degression rate	5.00%

	GRID	
Total costs for 5 year	**100%**	**100%**
1 st	30%	x
2 nd	25%	x
3 rd	20%	20%
4 th	15%	x
5 th	10%	x

	Administrative land division											
	EC Regulations / National laws / Regional laws											
	NVZ Area						Other areas					
	Farm characteristics											
	Size classes (Other than FADN)											
	< 3000 kg of N produced		3000 - 6000 kg of N produced		> 6000 kg of N produced		< 3000 kg of N produced		3000 - 6000 kg of N produced		> 6000 kg of N produced	
	Planning and management											
	Specific practices (management level)											
	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical	Animal Ration with low N and P	Normal/ Typical
	Year of commitment											
1	**3000**		**3000**		**3000**			**1950**		**3000**		**3000**
2	**2500**		**2500**		**2500**			**1625**		**2500**		**2500**
3	**2000**		**2000**		**2000**			**1300**		**2000**		**2000**
4	**1500**		**1500**		**1500**			**975**		**1500**		**1500**
5	**1000**		**1000**		**1000**			**650**		**1000**		**1000**
Total costs for 5 year	**13200**	**0**	**20300**	**0**	**28500**	**0**	**0**	**6500**	**0**	**10900**	**0**	**18000**
Total payment	**10000**	**0**	**10000**	**0**	**10000**	**0**	**0**	**6500**	**0**	**10000**	**0**	**10000**