

**Minutes for the fourth AGRIGRID meeting and second workshop held from Monday 02 June to Wednesday 04 June 2008 at Santorini Palace Hotel, Santorini, Greece**

Present:

Gerald Schwarz (GS) (MLURI, Co-ordinator and Chair); Keith Matthews (KBM) (MLURI); Kevin Buchan (KB) (MLURI); Frank Offermann (FO) (VTI); Judith Hecht (JH) (VTI); Hiltrud Nieberg (HN) (VTI); George Vlahos (GV) (AUA); Emi Tsakalou (ET) (AUA); Stamatis Christopoulos (SC) (AUA); Andrea Hrabalova (AH) (VUZE); Pavla Wollmuthová (PW) (VUZE); Jaroslav Prazan (JP) (VUZE); Romualdas Zemeckis (RZ) (LAEI); Irena Krisciukaitiene (IK) (LAEI); Aiste Galnaityte (AG) (LAEI); Jyrki Aakkula (JA) (MTT); Antti Miettinen (AM) (MTT); Luca Cesaro (LC) (INEA); Filippo Chiozzotto (FC) (INEA); Lorenzo Tarasconi (LT) (INEA); Concha Salguero (CS) (IDRiSi);

Partner numbers:

P1 – MLURI; P2 – VTI; P3 – AUA; P4 – VUZE; P5 – LAEI; P6 – MTT; P7 – INEA; SC1 – IDRiSi

Date	Description	Action
Monday (02 <sup>nd</sup> )		
Monday (02 <sup>nd</sup> )  Morning	<p><b>Welcome and introductions</b></p> <ul style="list-style-type: none"> <li>After welcoming all partners it was agreed to postpone discussions of administrative issues to Wednesday (04/06) to allow as much time as possible for the rehearsal and discussions of the presentations for the workshop with government representatives.</li> </ul> <p><b>Rehearsal of presentations for “end user workshop”</b></p> <ul style="list-style-type: none"> <li>In order to leave some time for revising and finalising presentations for the workshop, it was agreed to focus the rehearsal on the general grid framework and measure-specific grid development, in particular the developed Excel files. In addition, the presentation of a first software outline was discussed.</li> </ul> <p><b>Outcome</b></p> <ul style="list-style-type: none"> <li>The presentations were discussed and suggestions for revisions were made. Based on the group discussions, revisions were agreed for each presentation and implemented until the next day.</li> <li>In addition, a number of key issues for the discussions on Wednesday (04/06) have been identified.</li> </ul>	<ul style="list-style-type: none"> <li>All presenters</li> </ul>
Tuesday (03 <sup>rd</sup> ) All day	<p><b>AGRIGRID workshop</b></p> <p><b>Programme</b></p> <p>Government representatives from 7 project countries followed the invitation and attended the workshop. Overall, about 10 representatives (in addition to the project team) attended the workshop. The programme of the workshop was organised according to the structure of the project and grid development with a brief project introduction and an outline of the general framework for grid development in the first session. This was followed by presentations and discussions on the measure-specific grids in two break-out groups. Group 1 covered agri-environment measures, natural handicap payments and Natura 2000 payments on agricultural land. Group 2 included forestry measures, Natura 2000 payments on forestry land and animal welfare and meeting standard measures. Following the reporting back from the break-out groups, a first outline for the software development and presentations on the case study analysis in WP7 were discussed in the afternoon. Presentations in WP7 included a presentation on the potential of differentiated payment levels based on standard cost approaches and an overview of the LADSS application in farmer workshops. Feedback and key issues from the discussions in the break-out groups are listed in the outcome section below. In addition, some general key issues and conclusions from the workshop discussions are summarised below.</p> <p><b>Outcome:</b></p> <p><b>Discussions in break-out group 1:</b></p> <p>Agri-environment measures:</p> <ul style="list-style-type: none"> <li>Identification and covering of transaction costs <ul style="list-style-type: none"> <li>Not easy to always add calculation</li> <li>Transaction costs were based on expert opinion (GR) - Commission</li> </ul> </li> </ul>	

	<p>indicated that only those transaction costs could be included in AEM payments that arose before contracts started but in Scotland costs of certification were included and accepted by EC.</p> <ul style="list-style-type: none"> <li>- Detail of calculation <ul style="list-style-type: none"> <li>- Depends on data availability and on end-user requirements</li> <li>- Examples in Excel files show different levels of detail</li> <li>- Calculation should be covered in reasonable detail in grids (for example breakdown of gross margin calculation through a sub-layer) and detailed examples must be presented within software and user guide</li> </ul> </li> </ul> <p>Natura 2000 payments on agricultural land:</p> <ul style="list-style-type: none"> <li>- Grids need to account for differences between calculated and implemented payment amount <ul style="list-style-type: none"> <li>- Reason for implementing lower payment levels (than calculated) often political</li> <li>- Suggestion: Actual payments should be shown in % of the calculated figure – seen as more informative.</li> </ul> </li> <li>- Decrease of grass yield due to restriction of fertilizers: <ul style="list-style-type: none"> <li>- Question was whether the calculations included decrease of the grass quality. The answer was that this was perhaps included in the Germany case (and also in Navarra, Spain) but should be clarified and mentioned in the grid reporting.</li> </ul> </li> </ul> <p>Natural handicap payments:</p> <ul style="list-style-type: none"> <li>- In general, the baseline seems to have no impact on the payment calculation: <ul style="list-style-type: none"> <li>- However in Greece, the LFA payment is an old measure which includes limits for livestock units per hectare. This became the baseline over time and was used as common practice. How should we define the baseline now, particularly in cases where non-LFA farms cannot be used for comparison?</li> </ul> </li> <li>- Uncertainty of future LFA designation and its impact on payments: <ul style="list-style-type: none"> <li>- How can the grid be adapted to the proposed redefinition of LFAs?</li> </ul> </li> </ul> <p>Overall discussion of measure-specific grids in group 1:</p> <ul style="list-style-type: none"> <li>- Grids are seen as helpful, mainly in less complicated measures (e.g. Natura 2000) – worse in AEM due to high number of measures, diversity of commitments, variety of goals</li> <li>- Problem is data availability and filling in the system (e.g. LFA in IT, FI)</li> <li>- In some cases processes and outcomes of calculation are influenced by political goals, how can this be captured by grids?</li> <li>- Key advantage is the harmonised approach provided through grids which could help in MSs where different departments are responsible for different measures and so far use different approaches to payment calculation, potentially leading to inconsistency of results</li> <li>- Harmonised grids can also help to consolidate process of payment calculation across regions, countries (example transaction costs in case of organic farming)</li> </ul> <p><b>Discussion in break-out group 2:</b></p> <p>Forestry measures:</p> <ul style="list-style-type: none"> <li>- Differentiation categories: <ul style="list-style-type: none"> <li>- 11 differentiation categories included in current forestry grids based on the review of payment calculations and newly added/developed categories. Amount of categories and level of detail was seen as sufficient and no further categories were identified by government representatives.</li> </ul> </li> <li>- Level of detail in calculations <ul style="list-style-type: none"> <li>- Sub-levels of payment calculations were seen as important to add sufficient detail to calculations, but grids should deal with sub-levels in a flexible way.</li> </ul> </li> <li>- Issues in relation to cost components <ul style="list-style-type: none"> <li>- Government representatives suggested to restrict the cost components to the current list and allow users to add components should this be required.</li> <li>- Different level of detail and aggregation in cost components seen as</li> </ul> </li> </ul>	
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	<p>useful.</p> <p>Meeting standards and animal welfare measures:</p> <ul style="list-style-type: none"> <li>- Meeting standards: <ul style="list-style-type: none"> <li>- Degressivity of payments was pointed out as a specific and important issue for meeting standards payments, which needs to be incorporated in the grid.</li> </ul> </li> <li>- Animal welfare: <ul style="list-style-type: none"> <li>- A number of key issues for the animal welfare grid have been pointed out including the coverage of actual costs (as opposed to standard costs), different payment units and the possible consideration of additional income expected from animal welfare measures in payment calculations.</li> </ul> </li> </ul> <p>Natura 2000 payments on forestry land:</p> <ul style="list-style-type: none"> <li>- Level of detail in calculations: <ul style="list-style-type: none"> <li>- The level of detail of the step-by-step calculation approach shown in the Excel file was seen as sufficient and the need for flexibility in the grid was emphasised.</li> </ul> </li> <li>- Issues in relation to cost components: <ul style="list-style-type: none"> <li>- Government representatives felt that the list of income foregone and cost elements is sufficient and users could then add components should this be required.</li> </ul> </li> </ul> <p>Overall discussion of measure-specific grids in group 2:</p> <ul style="list-style-type: none"> <li>- Step-by-step approach: <ul style="list-style-type: none"> <li>- The step-by-step payment calculation approach used in the Excel files of the grids was seen as useful way to structure the payment calculations.</li> </ul> </li> <li>- Baseline: <ul style="list-style-type: none"> <li>- The need to explore similar problems concerning the definition of baselines in forest environment payments and Natura 2000 payments on forestry land was identified.</li> <li>- Problems in relation to the baseline definition and the quantification of standardised costs for forest environment payments in Scotland were pointed out. To avoid such problems, only the minimum payment is provided and applicants need to justify that their costs are above the minimum payment.</li> </ul> </li> <li>- Level of detail of calculations: <ul style="list-style-type: none"> <li>- Required level of detail for the grids varies between measures and case-by-case application. Consequently, grids must have flexibility to allow users to choose between different levels of detail in calculating payments with the grids.</li> <li>- Generally, government representatives felt that 2 levels of calculations plus a third level providing guidance on further calculation details would probably be sufficient in most cases.</li> </ul> </li> <li>- Cost components: <ul style="list-style-type: none"> <li>- Importance of using a harmonised terminology for cost and revenue components was pointed out.</li> <li>- Rather short and measure-specific lists of cost and revenue components covering the most commonly applied components were seen as the best approach.</li> <li>- Grids should provide flexibility for users to add components</li> </ul> </li> </ul> <p><b>General key issues:</b></p> <ul style="list-style-type: none"> <li>- Overall <b>feedback</b> from government representatives on the grid development (including software and case studies) was <b>positive</b> and it was felt that there would be scope for using the developed grids.</li> <li>- The grids need to provide enough <b>flexibility</b> to be applicable under different circumstances. Users require scope to add cost/revenue components and differentiation elements and should be able to choose different levels of detail they want to apply in the payment calculation.</li> <li>- <b>Data availability</b> is another key issue to be considered in the grid development. Grids need to take into account different levels of data availability across the measures and countries. Suggestions for additional data requirements would be a useful contribution of the project.</li> <li>- Creating a <b>transparent</b> tool for payment calculations through a clear</li> </ul>	
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	<p>design and level of detail to justify the calculations was considered as one of the main advantages of such grids.</p> <ul style="list-style-type: none"> <li>- Linked with the issue of transparency, a <b>harmonised terminology</b> (for example for cost components and differentiation categories) is another important aspect and challenge of the new grids.</li> <li>- The grids and the software should consider <b>measure-specific</b> aspects and should, for example, only include relevant baseline requirements and activity lists. The approach to implement a measure-specific configuration of the grid software by allowing the user to select the measure at the beginning was seen as a useful tool.</li> <li>- Results of the <b>case study analysis</b> will be integrated in the user guide for the grids providing examples for applications of differentiated payments in the various measures.</li> </ul>	
<p>Wednesday (04<sup>th</sup>) all day</p>	<p><b>Discussion of remaining key issues for the next tasks</b></p> <p><b>Discussion of key issues</b> At the beginning GS presented a short overview of some of the main issues identified in the workshop. This was followed by an overview of the remaining tasks and open questions in WP8 presented by LC, building on the discussions on Monday and the workshop. After the discussion of most of the remaining key issues, it was decided to continue the discussion of the production process approach in a small group and report back to the whole project team after lunch. This also allowed ample time for bilateral discussion of specific issues between different partners and WPs including collaborations on the case study analysis. In the afternoon, FO gave an overview on remaining issues in WP7 and discussions in WP7 and WP8 were finalised putting together timetables with lists of future tasks for the next few months. The different issues and tasks are listed under outcomes below and a timetable is added.</p> <p><b>Outcome</b></p> <p><b>WP7: Case study analysis: Tasks and timetable:</b></p> <ul style="list-style-type: none"> <li>- Extended case study analysis of differentiated payments in other countries and measures will focus on variances in costs, farm individual indicators and regional differentiation.</li> <li>- P2 will send guidelines for the case study analysis to partners who participate in the case study analysis on <b>20 June 2008</b>. Suggestion for a detailed timetable will be provided with the guidelines for case study analysis by P2.</li> <li>- The integration of the LADSS work of P1 with the case study analysis of P2 will be discussed in bilateral discussions between both partners synchronising scenarios and key questions for workshops.</li> <li>- Contribution of WP7 to user guide and software tool: Measure-specific examples for use guide should be sufficiently detailed, apply a widely used calculation approach and avoid duplication between different measures. Selection of examples, template and timetable will be discussed with responsible partners.</li> </ul> <p><b>WP8 and WP2 – WP6: Grid development:</b></p> <ul style="list-style-type: none"> <li>- Two general calculation approaches for the user to choose from in the grids: FADN approach and production process approach. <ul style="list-style-type: none"> <li>- The FADN list is based on the structure and terminology of FADN.</li> <li>- The production process approach uses a multi-layer approach of commitments, activities and associated cost/revenue components. Within the production process approach users can choose, depending on the measure or sub-measure, between selecting specific activities and a whole farm approach. If specific activities are identified and selected, cost and revenue changes are calculated for each activity, while with the whole farm approach (i.e. without selecting specific activities) income foregone or gross margin changes are calculated at farm level.</li> </ul> </li> <li>- P7 will send a list of cost/revenue components for the FADN approach and production process approach by the <b>end of June</b>.</li> <li>- Examples of commitments and activities will be provided by partners P7 and P1 by the <b>end of June</b>.</li> <li>- Lists of commitments and activities for each of the measure-specific</li> </ul>	<ul style="list-style-type: none"> <li>• P2</li> <li>• P1 and P2</li> <li>• P2 and all</li> <li>• P7</li> <li>• P1 and P7</li> <li>• P1, P3, P4, P5 and P6</li> </ul>

	<p>grids will be provided by partners P1, P3, P4, P5 and P6 by <b>mid July</b>.</p> <ul style="list-style-type: none"> <li>- Step-by-step approach: <ul style="list-style-type: none"> <li>- It was agreed that step-by-step approach as presented for agri-environment, Natura 2000 and forestry measures provides a useful presentation and structure for the Excel grids. A revised generic template will be provided by P1 and P7 <b>beginning of July</b>.</li> <li>- Partners P1, P3, P4, P5 and P6 will revise the measure-specific grids by the <b>end of August</b>.</li> </ul> </li> <li>- Baselines <ul style="list-style-type: none"> <li>- Each measure should have a baseline for the grids. Baselines for Natura 2000 on forestry land and forestry environment payments will be developed by P1 and P4 by <b>mid July</b>.</li> </ul> </li> <li>- Software: <ul style="list-style-type: none"> <li>- A revised outline of the software description will be circulated by P1 by <b>20 June 2008</b>.</li> <li>- Comments on the software description will be sent by partners to P1 by the <b>end of June</b>.</li> <li>- A first software version will be developed by partner P1 and presented at the meeting in Berlin on <b>18 September 2008</b>.</li> </ul> </li> <li>- Deliverable reports: <ul style="list-style-type: none"> <li>- P7 will provide a common structure for the summary reports of the measure-specific grids (deliverable reports D4 – D9) by <b>mid September</b>.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• P1 and P7</li> <li>• P1, P3, P4, P5 and P6</li> <li>• P1 and P4</li> <li>• P1</li> <li>• All</li> <li>• P1</li> <li>• P7</li> </ul>
<p>Wednesday (04<sup>th</sup>) evening</p>	<p><b>Other issues (dissemination, next meetings, new project ideas)</b>  In the last session on Wednesday late afternoon, other remaining project issues such as dissemination, next meetings and options for follow-on projects were discussed.</p> <p><b>Dissemination</b>  Dissemination activities were discussed, in particular with respect to the data collated during the review, and already available ideas collated.</p> <p><b>Outcome:</b>  The following specific paper ideas were mentioned by partners:</p> <ul style="list-style-type: none"> <li>• AEM</li> <li>• JA outlined a paper idea in relation to the Commission proposals for future LFA designations</li> <li>• AH mentioned a paper idea on calculations in measures 224 and 225 in Czech Republic and Scotland involving P4 and P1.</li> <li>• GS outlined the idea to write a paper on the logic model diagrams and payment calculations in forestry measures. LC expressed to be involved.</li> <li>• IK explained publications on animal welfare and meeting standards measures in Lithuanian journal.</li> <li>• FO explained that the conference paper will be submitted to a journal and further case study papers will be discussed with partners.</li> </ul> <p>Joint group publication:</p> <ul style="list-style-type: none"> <li>• HN suggested to target a special edition of the journal ‘Landbauforschung Voelkenrode’ for a joint publication of a set of papers focusing on a comparative analysis of payment calculations across the partner countries in the different rural development measures. This was seen as a good opportunity to make use of the large amount of data collated during the review in terms of a joint publication.</li> <li>• GS to provide outline for the publication in a special edition of the journal ‘Landbauforschung Voelkenrode’ by the <b>end of July</b>.</li> <li>• GS to provide template for a table for dissemination activities to be filled in by partners with dissemination activities and ideas <b>beginning of July</b>.</li> </ul> <p><b>Next meetings</b>  In addition to the final project meeting in Brussels, the team agreed on holding another meeting in Berlin September.</p> <p><b>Outcome:</b></p> <ul style="list-style-type: none"> <li>• One full day project meeting on <b>18 September 2008</b> in Berlin. The meeting will be organised by GS.</li> <li>• The final project meeting will be held in Brussels on <b>11 and 12 December 2008</b></li> </ul>	<ul style="list-style-type: none"> <li>• P1</li> <li>• P1</li> </ul>

