

# **AGRIGRID: Methodological grids for payment calculations in rural development measures in the EU**

**ACTIVITY REPORT Period: January – December 2008**

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**ACTIVITY REPORT Period: January – December 2008**

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## Table of Contents

1	INTRODUCTION.....	8
2	OBJECTIVES AND EXPECTED IMPACTS .....	9
2.1	Objectives.....	9
2.2	Expected impacts.....	10
3	PROJECT WORKPLAN .....	11
3.1.	Project introduction .....	11
3.2.	Planning and timetable .....	14
4	PROGRESS FOR YEAR 1 .....	19
4.1.	Overview of progress in deliverables and milestones .....	19
5	Progress in workpackages .....	23
	<i>Workpackage number</i> WP1 .....	23
	<i>Workpackage number</i> WP3 .....	27
	<i>Workpackage number</i> WP4 .....	31
	<i>Workpackage number</i> WP5 .....	35
	<i>Workpackage number</i> WP6 .....	39
	<i>Workpackage number</i> WP7 .....	43
	<i>Workpackage number</i> WP8 .....	47
	<i>Workpackage number</i> WP9 .....	50
6	PROJECT MANAGEMENT AND COORDINATION .....	52
7	EXPLOITATION AND DISSEMINATION ACTIVITIES .....	55
8	ETHICAL ASPECTS AND SAFETY PROVISIONS .....	62

## 1 INTRODUCTION

The AGRIGRID project develops methodological grids for the calculation of payments in rural development (RD) measures in the EU and its member states. The project covers a representative set of EU member states, including United Kingdom (UK), Germany, Finland, Lithuania, Czech Republic, Italy and Greece and regional case studies in the selected countries. Methodological grids are developed for agri-environment measures, compensatory allowances, Natura 2000 payments, forestry measures and animal welfare and meeting standard measures. The proposed project has three main objectives:

- To carry out an initial brief comparative analysis (representative cross study) of the methods applied by the member states and their regions for calculating the various aids for their current rural development programmes, grouped by measure.
- To elaborate and recommend methodological grids that are based on objective and quantifiable criteria. They should be applicable EU-wide and differentiated by the nature of the measure.
- To elaborate, based on the methodological grid, appropriate software tools for applying this grid in the individual measures and cases and recommendations for the assessment of payment calculations.

The main tasks in the first year of the project was to review existing payment calculations in the different partner countries, including some selected regional examples, and to conduct a representative comparative analysis of the different methods applied to define payments. The review for each of the five RD policy measures includes information about the range of applied practices and schemes, data sources used, assumptions for production techniques, economic calculations applied, or level of payment determined compared to result of the calculation. Towards the end of the first year, first tasks for the development of the methodological grids were carried out building on the successful finalisation of the review of the payment calculations. General frameworks and guidelines for the grid development have been developed, which provide the basis for further elaboration of the measure-specific grids in the second project year.

The main aim of the first annual activity report is to summarise the activities carried out in each workpackage in the first project year. The report outlines the different tasks including their progress, timetable and encountered problems and solutions. The report provides a brief overview of the project objectives and workplan as defined in the original description of work and then assesses the progress of the different activities (e.g. milestones and deliverables) for each workpackage against the original workplan. Finally, the report summarises the management and coordination activities and outlines the dissemination activities in the first year and concludes with ethical considerations in relation to the AGRIGRID project.



## 2 OBJECTIVES AND EXPECTED IMPACTS

The main aim of this project is:

**To develop methodological grids for the calculation of payments in rural development measures in the EU and its member states.**

The project covers a representative set of EU member states, including United Kingdom (UK), Germany, Finland, Lithuania, Czech Republic, Italy and Greece and regional case studies in the selected countries. Further member states are covered by the project through allocating the task of data collection and analysis to sub-contractors. The selected countries cover a range of different natural and agronomic conditions from intensive farming with good soils and favourable climatic conditions, e.g. in some parts of Germany and England, to extensive livestock systems in some of the most marginal and remote areas in the EU with unfavourable natural conditions isolated from markets, e.g. some areas in Scotland, Finland and Greece. The agricultural sectors in the new member states are going through a process of significant structural change and adjustments to new standards. Lithuania and the Czech Republic provide interesting country case studies for the new member states with different farm structures. The priorities in the Rural Development Plans vary between the different partner countries covering all relevant rural development measures. Principally following the new Rural Development Regulation (EC regulation 1698/2005), the project will develop methodological grids for agri-environment measures, compensatory allowances, Natura 2000 payments, forestry measures and animal welfare and meeting standard measures.

Developing methodological grids for the payment calculation in different RD measures requires a detailed knowledge of present conditions and methods at both production level and policy level. At the production level, it is necessary to gather data on the structure and characteristics of the farming sector including natural and agronomic conditions and productions systems and techniques. At the policy level, it is necessary to analyse national and/or regional RD measures, identify the specificities of the measures and link them to cost elements and existing methods for payment calculations in RD measures and their impacts on that structure. This will provide the basis for identifying new methods for payment calculations and, consequently, the development of grids. A central issue in the development of the grids is the evaluation of data requirements and availability. There are several data bases available at national or regional bases like the Integrated Administration and Control System data, as well as other spatially defined data sets that could be used with the appropriate administrative arrangements. Moreover, the new grids are tested through regional case studies and the continuous involvement of policy makers and government agencies ensures the suitability of the grids for the end-users in the project. Policy makers and government agencies in the EU and its member states will be able to use the developed grids to calculate payments in the different RD measures providing a new harmonised, but at the same time flexible, method.

### 2.1 Objectives

The project has three main objectives:

- To carry out an initial brief comparative analysis (representative cross study) of the methods applied by the member states and their regions for calculating the various aids for their current rural development programmes, grouped by measure.
- To elaborate and recommend methodological grids based on objective and quantifiable criteria. They should be applicable EU-wide and differentiated by the nature of the

measure.

- To elaborate, based on the methodological grid, appropriate software tools for applying this grid in the individual measures and cases and recommendations for the assessment of payment calculations.

## 2.2 Expected impacts

The main aspect of innovation in the project is the development of new methodological grids that can be used to aid the calculation of levels of payments for a range of measures under the Rural Development Regulation. These will be based on objective and quantifiable criteria and their application will lead to transparent, verifiable and quantifiable calculations. The project will be in contact with many officials and policy makers in the member states. The project results will help to harmonise the calculations of payments in different RD measures avoiding over- and under-compensation of farmers, hence improving the efficiency of RD measures and their evaluations. It will be a tool for national and EU officials to use the same language and to understand each other better. Moreover, the different member states can use the same methodological framework, flexible enough to consider specific circumstances prevailing in the different countries and regions.

There are two main ways in which this project will contribute to policy objectives. The first is the contribution to cost-effective delivery of rural development policy. In particular the calculation of levels of payments under the range of measures in the Rural Development Regulation must be such that they take account of income foregone, additional costs as a consequence of natural and other handicaps, from compulsory management restrictions or from voluntary commitments to apply certain production methods which go beyond good farming or animal husbandry practice. In addition, in some cases agri-environment and animal welfare payments could include an 'incentive' element of up to 20% of the calculated income foregone/cost incurred. However, this incentive element has been replaced in the new Rural Development Regulation 2007-2013 (EC Reg 1698/2005) through the introduction of the concept of transaction costs in the calculation of the payments for agri-environment and animal welfare measures.

To ensure high levels of uptake of voluntary measures it is important to avoid under-compensation to particular groups of beneficiaries and equally over-compensation needs to be avoided. There also needs to be account taken of the appropriate 'baseline'. For example the requirements for cross-compliance as a condition of Pillar 1 support payments has changed the basic requirements of aspects of land management and this will have to be taken into account in the calculation of Pillar 2 levels of payments under the Rural Development Regulation.

The second main contribution to policy is the harmonisation of methods of calculation of payment levels. While actual levels of payments need to reflect conditions in individual member states, including regional variation etc, it is important that there is harmonisation of the methods of calculation. The proposed methodological grids will assist in this harmonisation process.

### 3 PROJECT WORKPLAN

This section summarises the workplan for the whole duration of the project as agreed and outlined in the Description of Work (Annex1 of the contract). This section forms the basis against which the reporting of the project progress is compared in section 3.

#### 3.1. Project introduction

The project is split into three phases, managed within nine workpackages.

Figure 1 shows the linkages between project phases, workpackages and the objectives of the project.

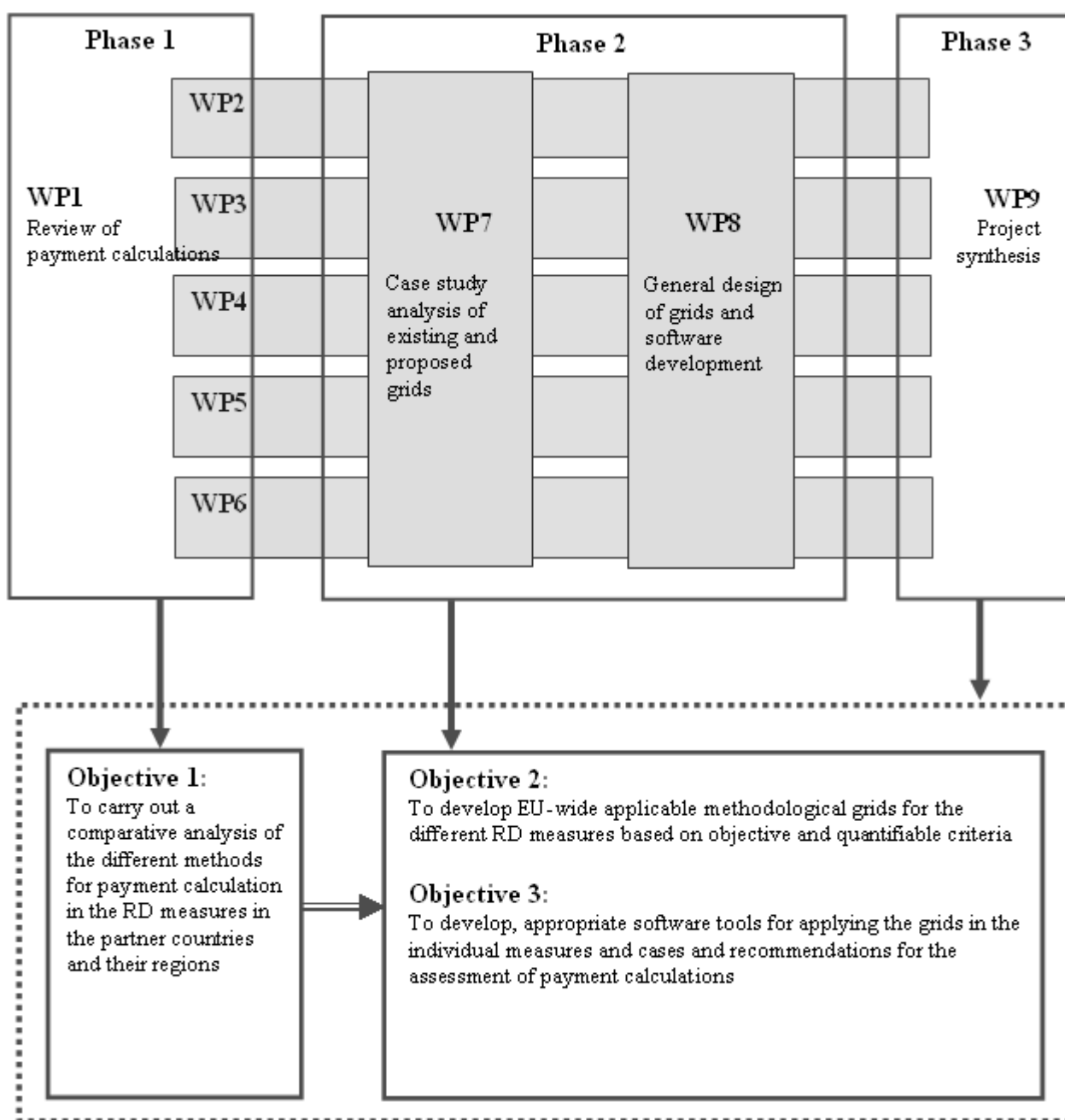


Figure 1 Linkages between project phases, work packages and the objectives of the project

**Phase 1:** The first phase of the project comprises the review of payment calculations in the different partner countries, including some selected regional examples, and conducting a representative comparative analysis of the different methods applied to define payments. The review for each of the five RD policy measures will include information about the range of applied practices and schemes, data sources used, assumptions for production techniques, economic calculations applied, or level of payment determined compared to result of the calculation. Phase 1 is co-ordinated by Workpackage 1 which provides the general framework for the review of payment calculations in the different RD measures conducted in the horizontal workpackages (WP2 – WP6) (Milestone M1.1). WP2 – WP6 will conduct the comparative analysis of the different payment calculation methods divided in two steps: Firstly, team members from each partner country and the two sub-contractors will collate the relevant information for their country case study and provide an internal national report for each country in each RD measure-specific workpackage. Secondly, the workpackage leading team will then summarise the national information in an internal review report for each RD measure and present their findings at the review workshop (Milestones M2.2, M3.2, M4.2, M5.2 and M6.2). The review workshop (WS2) (Milestone M1.2) will be held in month 6 with the whole project team and a range of end-users and representatives from government agencies to discuss and assess the different reviews provided by WP2-WP6 (Milestones M2.1-M6.1). Workpackage 1 concludes Phase 1 by providing a summary and synthesis report of the review to the WP2-WP6 and the case study analysis WP7 (Milestone M1.3) and thus the first main objective of the project will be achieved at the end of this first phase in month 7.

**Phase 2:** Based on the outcome of the review, Phase 2, the main phase of the project, consists of the case study analysis and the development of the methodological grids, which will be carried out parallel. Workpackage 7 will conduct the case study analysis of methods for calculating payments in the RD measures. In a first step, based on the internal reports provided by WP2-WP6 (Milestones M2.1-M6.1) and WP8 (Milestones M8.1 and M8.2), selected existing approaches will be analysed to identify the impacts of data availability and detail of differentiation on the calculated payment levels. The results of the case studies of existing payment calculation will be presented at a mid-term workshop in months 12 (Milestone M7.1). The mid-term workshop (WS3) will also provide the platform for the presentation of the preliminary grids developed in WP2 – WP6 (Milestones M2.3, M3.3, M4.3, M5.3 and M6.3). In a second step, WP7 conducts case study analysis of the proposed preliminary grids for the different RD measures. The case study analysis will provide useful information on farm level implications of the different payment calculation methods to the grid development (Milestone M7.2). Moreover, Workpackage 7 provides explicit examples for the grids developed which will be added to software tool and its user guide (Milestone M7.3). Workpackage 8 will be responsible for the co-ordination of the grid development providing the general design and structure for the measure-specific grid development in the horizontal workpackages (Milestone M8.1). WP8 will also conduct an assessment of baseline requirements of the different RD measures and deliver an internal report to WP2-WP7 (Milestone M8.2). Following the mid-term workshop (Milestone M8.3) and the development of the methodological grids for the payment calculations in the different RD measures in WP2 – WP6 (Milestones M2.4, M3.4, M4.4, M5.4 and M6.4), WP8 will then summarise the grid developments in WP2 – WP6 and transform the methodological grids and case study examples developed in WP7 into a software tool applicable by Commission services and government agencies (Milestones M8.4) and forward the summary report to WP9 (Milestone M8.5), achieving objectives 2 and 3 of the project.

**Phase 3:** In the third and last phase Workpackage 9 will synthesise the project results and an internal assessment of the project outcome and the achieved objectives will be conducted

involving the whole project team. Finally, Workpackage 9 will co-ordinate the dissemination of the project results and the presentation of the developed grids and software tools at a final workshop (WS4) and will be responsible for the submission of the final report to the Commission (Milestones M9.1 and M9.2).

The different project Milestones are summarised in Table 1 below.

**Table 1 List of milestones**

	<b>Milestones</b>	<b>Start month</b>	<b>End month</b>
M1.1	General framework and methods for data collection and the comparative analysis of the payment calculations for the different RD measures developed and provided to WP2-WP6	1	2
M1.2	Review workshop (WS2) held and the outcome of the measure-specific reviews provided by WP2-WP6 assessed	6	6
M1.3	Synthesis and summary report of reviews on the payment calculations for the five different RD policy measures in the partner countries completed and provided to other WPs	5	7
M2.1	Review of methods for payment calculations in agri-environment measures in the partner countries finalised and internal national reports delivered to WP coordinator	2	4
M2.2	Summary of review of methods for payment calculations in agri-environment measures finalised and internal report delivered to WP1 and presented at the review workshop	5	6
M2.3	Preliminary national grids completed and presented at the mid-term workshop	8	12
M2.4	Methodological grid for payment calculation in the agri-environment measure completed and delivered to WP8	13	21
M3.1	Review of methods for the calculation of compensatory allowances in the partner countries finalised and internal national reports delivered to WP coordinator	2	4
M3.2	Summary of review of methods for the calculation of compensatory allowances finalised and internal report delivered to WP1 and presented at the review workshop	5	6
M3.3	Preliminary national grids completed and presented at the mid-term workshop	8	12
M3.4	Grid for the calculation of compensatory allowances completed and delivered to WP8	13	21
M4.1	Review of methods for the calculation of Natura 2000 payments in the partner countries finalised and internal national reports delivered to WP coordinator	2	4
M4.2	Summary of review of methods for the calculation of Natura 2000 payments completed and internal report delivered to WP1 and presented at the review workshop	5	6
M4.3	Preliminary national grids completed and presented at the mid-term workshop	8	12
M4.4	Grid for the calculation of Natura 2000 payments completed and delivered to WP8	13	21
M5.1	Review of methods for payment calculations in forestry measures in the partner countries completed and internal national reports delivered to WP coordinator	2	4
M5.2	Summary of review of methods for payment calculations in forestry measures completed and internal report delivered to WP1 and presented at the review workshop	5	6
M5.3	Preliminary national grids completed and presented at the mid-term workshop	8	12
M5.4	Grid for payment calculation in the forestry measure completed and delivered to WP8	13	21
M6.1	Review of methods for payment calculations in animal welfare and meeting standards measures in the partner countries completed and internal national reports delivered to WP coordinator	2	4
M6.2	Summary of review of methods for payment calculations in animal welfare and meeting standard measures completed and internal report delivered to WP1 and presented at the review workshop (WS2)	5	6
M6.3	Preliminary national grids completed and presented at the mid-term workshop	8	12
M6.4	Methodological grid for payment calculation in animal welfare and meeting standard measures completed and delivered to WP8	13	21
M7.1	Case study analysis of existing grids completed and results presented at the mid-term workshop	4	12
M7.2	Case study analysis of proposed grids from WP 2-6 completed	13	18

M7.3	Documentation of examples of new grids completed and delivered to WP 8	19	<b>21</b>
M8.1	General structure of the methodological grids developed and provided to WP2-WP6	5	<b>9</b>
M8.2	Assessment of baseline requirements of the different RD measures completed and internal report delivered to WP2-WP7	5	<b>9</b>
M8.3	Mid-term workshop held to assess the progress in grid development and experiences from case study analysis	12	<b>12</b>
M8.4	Software tool for methodological grids completed and tested	16	<b>22</b>
M8.5	Summary report and user guide for grid development completed and forwarded to WP9	21	<b>23</b>
M9.1	The dissemination of the project results coordinated and final workshop (WS4) held	24	<b>24</b>
M9.2	The project results synthesised and final report completed	21	<b>24</b>

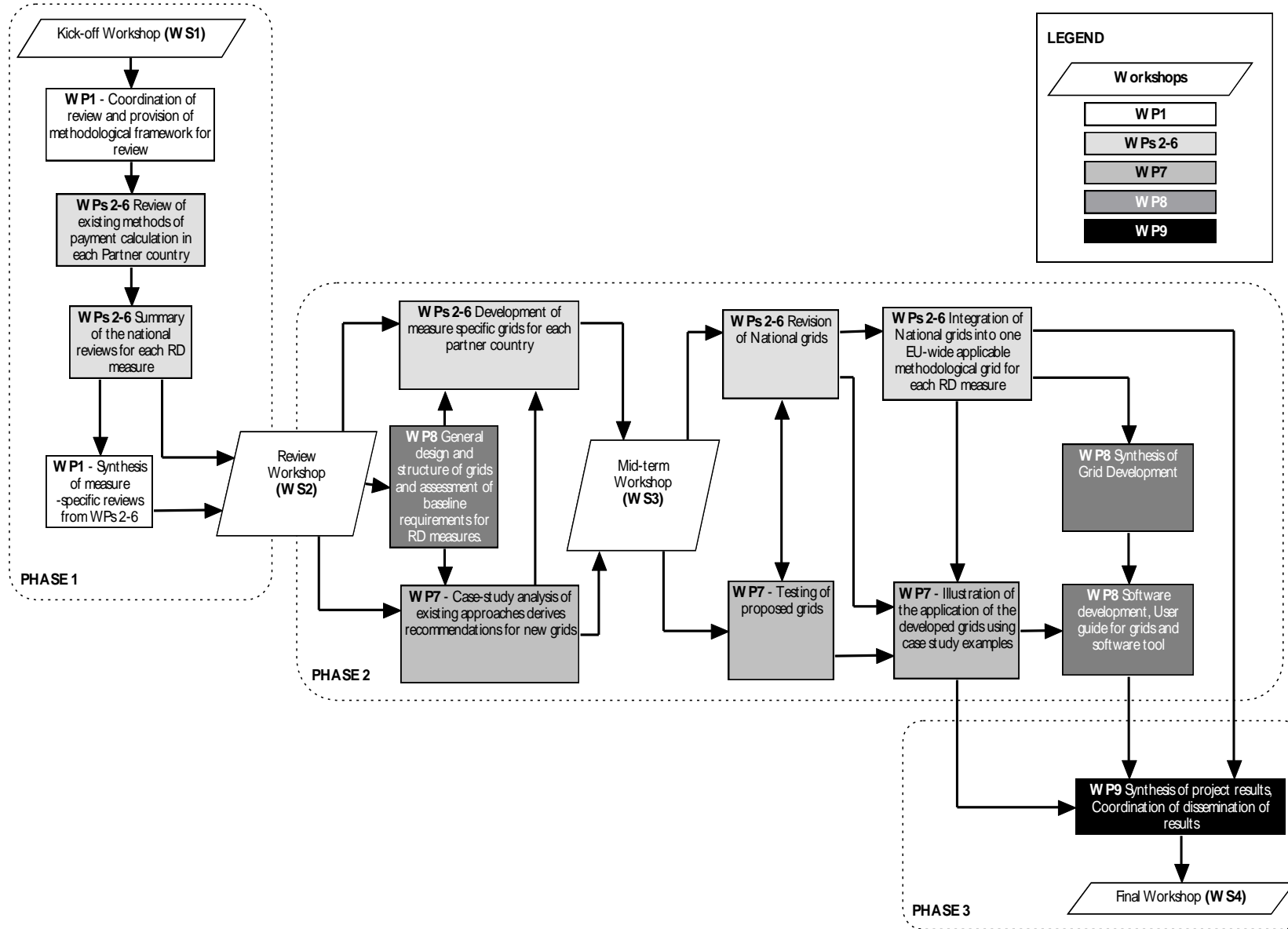
### 3.2. Planning and timetable

The overall project span is two years. The length of the project is given by the description of Task 14 provided by the Commission and the different milestones of the project, as outlined in section 2.1, have been defined to achieve the objectives within the two year period.

**Table 2 Timetable**

Milestones	Months																								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
WP1: M1.1	█	█																							
M1.2						█	█																		
M1.3					█	█	█	█																	
WP2: M2.1	█	█	█	█																					
M2.2					█	█	█																		
M2.3								█	█	█	█														
M2.4												█	█	█	█	█	█	█	█	█	█	█	█	█	█
WP3: M3.1	█	█	█	█																					
M3.2					█	█	█																		
M3.3								█	█	█	█	█													
M3.4													█	█	█	█	█	█	█	█	█	█	█	█	█
WP4: M4.1	█	█	█	█																					
M4.2					█	█	█																		
M4.3								█	█	█	█	█													
M4.4													█	█	█	█	█	█	█	█	█	█	█	█	█
WP5: M5.1	█	█	█	█																					
M5.2					█	█	█																		
M5.3								█	█	█	█	█													
M5.4													█	█	█	█	█	█	█	█	█	█	█	█	█
WP6: M6.1	█	█	█	█																					
M6.2					█	█	█																		
M6.3								█	█	█	█	█													
M6.4														█	█	█	█	█	█	█	█	█	█	█	█
WP7: M7.1			█	█	█	█	█	█	█	█	█	█													
M7.2													█	█	█	█	█	█	█	█	█	█	█	█	█
M7.3																			█	█	█	█	█	█	█
WP8: M8.1					█	█	█	█	█	█	█	█													
M8.2					█	█	█	█	█	█	█														
M8.3												█	█												
M8.4																			█	█	█	█	█	█	█
M8.5																						█	█	█	█
WP9: M9.1																									
M9.2																									

**Figure 2** Graphical presentation of the project components and sub-tasks



The above figure summarises the linkages between the different workpackages. WP1 first will define the framework for the review of the different methods applied for the calculation of payments in the RD measures in the partner countries and provide an internal report to the RD measure-specific Workpackages WP2 – WP6. WP2 – WP6 will conduct the comparative analysis of the different payment calculation methods divided in two steps: Firstly, team members from each partner country will collate the relevant information for their country case study and provide an internal national report for each country in each RD measure-specific workpackage. Secondly, the workpackage leading team will then summarise the national information to an internal review report for each RD measure and present their findings at the review workshop (WS2). WP1 will based on these findings produce a review synthesis and deliver a report to the other WPs (deliverable D2). With the review workshop the first phase of the project will be completed.

Following the review, the second phase of the project starts with the definition of the general structure and design of the methodological grids, conducted in WP8, which will be provided to the measure-specific workpackages to develop national grids for each RD measure in each partner country and present preliminary grids at the mid-term workshop (WS3). Parallel, WP7 will be analysing case studies of the existing methods for payment calculations, provide the outcome to the Workpackages 2 – 6 and present the results and the mid-term workshop. The mid-term workshop, organised by WP8, will be used to discuss the progress and potential problems of the grid development as well as evaluate preliminary results of the case study analysis and their consequences for the design and structure of the grids. The workshop will bring together representatives of government agencies from the partner countries and other relevant stakeholders, update end-users on the project progress and allow to incorporate their feedback.

The workshop results will provide the basis to revise the national grids in the Workpackages 2 – 6 and to test these grids through case studies in WP7. The findings of the case study testing will inform the revision of the national grids. However, this is seen as an iterative process where in close collaboration national grids will be revised and tested at various stages of the revision. In the next step the national grids will be integrated to one methodological grid for each RD measure by the relevant workpackage leading team and finally delivered to WP8 (deliverables D4, D5, D6, D7, D8 and D9). After testing the final grids, WP7 will be illustrating examples for the application for each grid choosing suitable case studies for each partner country and some selected regions and forward the case study report to Workpackages 8 and 9 (deliverable D10). It will then be the responsibility of WP8 to carry out the final steps of phase 2 of the project. WP8 will synthesise the grid development and provide a summary report on grid development (deliverable D11) and based on the information provided by, and in collaboration with, WP2 – WP7 develop the software tool for the application of the grids. At the end of phase 2, WP8 will have produced the software tool including its documentation and user guide (deliverable D12).

The project synthesis in Phase 3 will summarise the overall project outcome and it will be the responsibility of the project co-ordinator to manage the dissemination of the project results and organise the final project workshop (WS4). At the final workshop the methodological grids for the calculation of payments in the different RD measures will be demonstrated to government agencies from the partner countries and Commission Services. Finally, the final project report will be delivered to the Commission (deliverable D14).

The complex nature of the project with a large number of cross-linkages between the different workpackages requires a suitable control system to ensure that the project progresses on time and all milestones and deliverables all fulfilled. This will be achieved through monthly progress reports from all partners, the delivery of internal reports and the deliverables and milestones outlined in the workpackage description ensuring that the required data and information will be made available on



time for the teams in the various workpackages. It will be the responsibility of the project coordinator, supported by the management board, to manage the on-line project platform and to guarantee the punctual delivery of all reports (for more details on project management see section 6).

Table 3 and Table 4 summarise the workpackages and deliverables for the whole duration of the project.

**Table 3 Workpackage list (full duration of project)**

<b>Work-package No</b>	<b>Workpackage title</b>	<b>Lead contractor No</b>	<b>Person-months</b>	<b>Start month</b>	<b>End month</b>	<b>Deliverable No</b>
WP1	Review of payment calculations	4	12	1	7	D2
WP2	Elaboration of a methodological framework for the payment calculation in agri-environment measures	3	22	2	21	D4
WP3	Elaboration of a methodological framework for the payment calculation for compensatory allowances	6	20	2	21	D5
WP4	Elaboration of a methodological framework for the payment calculation for Natura 2000 payments	4	14	2	21	D6
WP5	Elaboration of a methodological framework for the payment calculation for forestry measures	1	14	2	21	D7
WP6	Elaboration of a methodological framework for the payment calculation for animal welfare and meeting standard measures	5	14	2	21	D8, D9
WP7	Case study analysis of existing and proposed grids	2	28	4	21	D10
WP8	General design of grids and software development	7	18	5	23	D11, D12
WP9	Project synthesis	1	11	21	24	D14
	<b>TOTAL</b>		<b>153</b>			

**Table 4 Deliverables list (full duration of project)**

<b>Deliverable No</b>	<b>Deliverable title</b>	<b>WP no</b>	<b>Lead participant</b>	<b>Estimated person months</b>	<b>Nature</b>	<b>Dis-semination level</b>	<b>Delivery date</b>
D1	Internal and public website	1-9	1	1	O	PU	3
D2	Summary report on review of payment calculations for RD measures	1	4	12	R	PU	7
D3	First annual report to Commission	1-9	1	1	R	CO	12
D4	Methodological grid for agri-environment measures	2	3	22	P, R	PU	22
D5	Methodological grid for compensatory allowances	3	6	20	P, R	PU	22
D6	Methodological grid for Natura 2000 payments	4	4	14	P, R	PU	22
D7	Methodological grid for forestry measures	5	1	14	P, R	PU	22
D8	Methodological grid for animal welfare measures	6	5	7	P, R	PU	22
D9	Methodological grid for meeting standards measures	6	5	7	P, R	PU	22
D10	Summary report on case study analysis of existing and proposed grids	7	2	28	R	PU	22
D11	Summary report on grid development	8	7	1	R	PU	23
D12	Software tool for methodological grids and user guide on grid development	8	7	17	P, R	PU	23
D13	Second annual report to Commission	1-9	1	1	R	CO	24
D14	Project synthesis and final report to Commission	9	1	11	R	CO	24
D15	Technical implementation plan to Commission	1-9	1	1	R	CO	24

## **4 PROGRESS FOR YEAR 2**

### **4.1. Overview of progress in deliverables and milestones**

Before progress in the different workpackages is reported in more detail in the section 4.2, an overview is provided on the progress at project level by indicating which deliverables and milestones have already been completed or are in progress.

In the second year of the project the remaining 12 deliverables were expected to be finished. The nature of the project with the development of the methodological grids in the second year implied that most of the deliverables are scheduled towards the end of year 2. As Table 5 and Table 6 show, all research tasks have been carried out and completed as planned in the Description of Work. The methodological grids have been developed for the different rural development measures and the case study analyses have been completed (deliverables D4 – D10). Also, the summary report on the grid development and the software and its user guide (deliverables D11 and D12) have been completed and sent to the European Commission. The completion of deliverable D12 marked the successful end of the research tasks of the project.

The final report and the technical implementation plan (deliverables D14 and D15) have been finished and will be submitted within one week of the submission of this second annual report.

**Table 5 Status of Deliverables**

<b>Deliverable No</b>	<b>Deliverable title</b>	<b>WP no</b>	<b>Lead participant</b>	<b>Estimated person months</b>	<b>Nature</b>	<b>Dis-semination level</b>	<b>Delivery date</b>
D1	Internal and public website	1-9	1	1	O	PU	3
D2	Summary report on review of payment calculations for RD measures	1	4	12	R	PU	7
D3	First annual report to Commission	1-9	1	1	R	CO	12
D4	Methodological grid for agri-environment measures	2	3	22	P, R	PU	22
D5	Methodological grid for compensatory allowances	3	6	20	P, R	PU	22
D6	Methodological grid for Natura 2000 payments	4	4	14	P, R	PU	22
D7	Methodological grid for forestry measures	5	1	14	P, R	PU	22
D8	Methodological grid for animal welfare measures	6	5	7	P, R	PU	22
D9	Methodological grid for meeting standards measures	6	5	7	P, R	PU	22
D10	Summary report on case study analysis of existing and proposed grids	7	2	28	R	PU	22
D11	Summary report on grid development	8	7	1	R	PU	23
D12	Software tool for methodological grids and user guide on grid development	8	7	17	P, R	PU	23
D13	Second annual report to Commission	1-9	1	1	R	CO	24
D14	Project synthesis and final report to Commission	9	1	11	R	CO	24
D15	Technical implementation plan to Commission	1-9	1	1	R	CO	24

 Complete

**Table 6 Status of Milestones**

	Milestones	Start month	End month
M1.1	General framework and methods for data collection and the comparative analysis of the payment calculations for the different RD measures developed and provided to WP2-WP6	1	2
M1.2	Review workshop (WS2) held and the outcome of the measure-specific reviews provided by WP2-WP6 assessed	6	6
M1.3	Synthesis and summary report of reviews on the payment calculations for the five different RD policy measures in the partner countries completed and provided to other WPs	5	7
M2.1	Review of methods for payment calculations in agri-environment measures in the partner countries finalised and internal national reports delivered to WP coordinator	2	4
M2.2	Summary of review of methods for payment calculations in agri-environment measures finalised and internal report delivered to WP1 and presented at the review workshop	5	6
M2.3	Preliminary national grids completed and presented at the mid-term workshop	8	12
M2.4	Methodological grid for payment calculation in the agri-environment measure completed and delivered to WP8	13	21
M3.1	Review of methods for the calculation of compensatory allowances in the partner countries finalised and internal national reports delivered to WP coordinator	2	4
M3.2	Summary of review of methods for the calculation of compensatory allowances finalised and internal report delivered to WP1 and presented at the review workshop	5	6
M3.3	Preliminary national grids completed and presented at the mid-term workshop	8	12
M3.4	Grid for the calculation of compensatory allowances completed and delivered to WP8	13	21
M4.1	Review of methods for the calculation of Natura 2000 payments in the partner countries finalised and internal national reports delivered to WP coordinator	2	4
M4.2	Summary of review of methods for the calculation of Natura 2000 payments completed and internal report delivered to WP1 and presented at the review workshop	5	6
M4.3	Preliminary national grids completed and presented at the mid-term workshop	8	12
M4.4	Grid for the calculation of Natura 2000 payments completed and delivered to WP8	13	21
M5.1	Review of methods for payment calculations in forestry measures in the partner countries completed and internal national reports delivered to WP coordinator	2	4
M5.2	Summary of review of methods for payment calculations in forestry measures completed and internal report delivered to WP1 and presented at the review workshop	5	6
M5.3	Preliminary national grids completed and presented at the mid-term workshop	8	12
M5.4	Grid for payment calculation in the forestry measure completed and delivered to WP8	13	21
M6.1	Review of methods for payment calculations in animal welfare and meeting standards measures in the partner countries completed and internal national reports delivered to WP coordinator	2	4

M6.2	Summary of review of methods for payment calculations in animal welfare and meeting standard measures completed and internal report delivered to WP1 and presented at the review workshop (WS2)	5	<b>6</b>
M6.3	Preliminary national grids completed and presented at the mid-term workshop	8	<b>12</b>
M6.4	Methodological grid for payment calculation in animal welfare and meeting standard measures completed and delivered to WP8	13	<b>21</b>
M7.1	Case study analysis of existing grids completed and results presented at the mid-term workshop	4	<b>12</b>
M7.2	Case study analysis of proposed grids from WP 2-6 completed	13	<b>18</b>
M7.3	Documentation of examples of new grids completed and delivered to WP 8	19	<b>21</b>
M8.1	General structure of the methodological grids developed and provided to WP2-WP6	5	<b>9</b>
M8.2	Assessment of baseline requirements of the different RD measures completed and internal report delivered to WP2-WP7	5	<b>9</b>
M8.3	Mid-term workshop held to assess the progress in grid development and experiences from case study analysis	12	<b>12</b>
M8.4	Software tool for methodological grids completed and tested	16	<b>22</b>
M8.5	Summary report and user guide for grid development completed and forwarded to WP9	21	<b>23</b>
M9.1	The dissemination of the project results coordinated and final workshop (WS4) held	24	<b>24</b>
<b>M9.2</b>	<b>The project results synthesised and final report completed</b>	<b>21</b>	<b>24</b>



Completed

## 4.2. Progress in workpackages

<i>Workpackage number</i>	<b>WPI (Review of payment calculations)</b>							
<b>Phase:</b>	<b>1</b>							
<b>Start date:</b>	<b>Month 1</b>							
<b>Completion date:</b>	<b>Month 7</b>							
<b>Partner responsible:</b>	<b>4</b>							
<b>Partner:</b>	1	2	3	<b>4</b>	5	6	7	8
<b>Person months allocated:</b>	1	1	1	<b>6</b>	1	1	1	0
<b>Used in year 1:</b>	1	1	1	<b>7</b>	1	1.2	1	0
<b>Used in year 2:</b>	0	0	0	0	0	0	0	0
<b>Total:</b>	<b>13.2</b>							

### Objectives

1. To provide the general framework for data collection and the comparative analysis of payment calculation methods for the different RD measures in selected partner countries
2. To provide the review synthesis and produce the summary report on payment calculations for the different RD policy measures in the selected partner countries

<b>Deliverable</b>	<b>Description</b>	<b>Status</b>
D2	Summary report on review of payment calculations for RD measures	Complete

<b>Milestone</b>	<b>Description</b>	<b>Status</b>
M1.1	General framework and methods for data collection and the comparative analysis of the payment calculations for the different RD measures developed and provided to WP2-WP6	Complete
M1.2	Review workshop (WS2) held and outcome of measure-specific reviews provided by WP2-WP6 assessed	Complete
M1.3	Synthesis and summary report of reviews on the payment calculations for the five different RD policy measures in the partner countries	Complete

**Current status:** Completed in Year 1.

<b>Workpackage number</b>	<b>WP2 (Elaboration of a methodological framework for the payment calculation in agri-environment measures)</b>							
<b>Phase:</b>	<b>1</b>							
<b>Start date:</b>	<b>Month 2</b>							
<b>Completion date:</b>	<b>Month 21</b>							
<b>Partner responsible:</b>	<b>3</b>							
<b>Partner:</b>	1	2	<b>3</b>	4	5	6	7	8
<b>Allocated person months:</b>	2	2	<b>9</b>	2	2	3	2	0
<b>Used in first year:</b>	1	1.5	<b>7</b>	1	1.25	3	2	0
<b>Used in second year:</b>	1	0.5	<b>12</b>	1	0.75	0	2	0
<b>Total:</b>	<b>34</b>							

Objectives

1. To carry out a comparative analysis of the different methods for payment calculation in the agri-environment measure in the partner countries and their regions
2. To identify and incorporate quantifiable criteria in the proposed methodological grids
3. To develop national grids for the calculation of agri-environment payments
4. To develop a methodological grid for payment calculation in the agri-environment measure

<b>Deliverable</b>	<b>Description</b>	<b>Status</b>
D4	Methodological grid for agri-environment	Complete

<b>Milestone</b>	<b>Description</b>	<b>Status</b>
M2.1	Review of methods for payment calculations in agri-environment measures in the partner countries finalised and internal national reports delivered to WP coordinator	Complete
M2.2	Summary of review of methods for payment calculations in agri-environment measures finalised, internal report delivered to WP1 and presented at the review workshop (WS2)	Complete
M2.3	Preliminary national grids completed and presented at the mid-term workshop	Complete
M2.4	Methodological grid for payment calculation in agri-environment measure completed, delivered to WP8	Complete



**Current status:** Complete

**Progress during second reporting period**

**Milestones M2.3 and M2.4**

During the second year of the project the methodological framework for the payment calculation in agri-environmental measures was presented, tried, debated and finalised. Agri-environment measures are the most complex rural development measures covered by the project. In the 12 member states and regions examined, there are at least 177 different types of agri-environment contracts available. Following the review, partner 3 started with preparatory work for the development of preliminary methodological grids for agri-environment measures (Milestone M2.3). Using the first draft of the general framework for the grid development provided by partner P7 in workpackage WP8, partner P3 prepared a first draft for the ‘agri-environment grids’ including first ideas for the inclusion of baseline criteria in the payment calculations. A revised and elaborated draft has been presented at the mid-term workshop in Venice in February 2008.

The draft grids includes the different core parts of the calculation process including baseline requirements, relevant commitments defined in the rural development measures, lists of practices reflecting required changes in farm management, lists of cost, revenue and income components and payment differentiation categories and elements. Further improvements and expansions have been incorporated in the methodological grid for agri-environment measures and the application of the revised version with a couple of examples has been presented at the project meetings in Santorini in June 2008 and Berlin in September 2008. Feedback from government representatives was implemented in the final version which then presented at the final project meeting in Brussels in December 2008. The results were reported in deliverable D4 and the final methodological grids delivered to WP8 (milestone 2.4).

**Discussion**

In a situation complex as is the case of AEMs, policy makers and administrators tend to adopt measures easier to handle. Proposed innovative schemes that could be not easily

monitored requiring complicated calculations for their design and assessment should not be very popular.

That is the main argument for the usefulness of the calculation grids produced by the project. The proposed methodological grid for the calculation of AE payments as well as the software will enable policy makers at all levels of administration to overcome the problem of complexity, increase their flexibility and thus allow them to adopt innovative measures.

**Workpackage number**

**WP3 (Elaboration of a methodological framework for the payment calculation for natural handicap payments)**

<b>Phase:</b>	<b>1</b>							
<b>Start date:</b>	<b>Month 2</b>							
<b>Completion date:</b>	<b>Month 21</b>							
<b>Partner responsible:</b>	<b>6</b>							
<b>Partner:</b>	1	2	3	4	5	<b>6</b>	7	8
<b>Person months allocated:</b>	2	2	2	2	2	<b>8</b>	2	0
<b>Used in first year:</b>	1	1.5	1	1	1.25	<b>6</b>	1	0
<b>Used in second year:</b>	1	0.5	1	1	0.75	<b>2</b>	1	0
<b>Total:</b>	<b>20</b>							

Objectives

1. To carry out a comparative analysis of the different methods for payment calculation in compensatory allowances in the partner countries and their regions
2. To identify and incorporate quantifiable criteria in the proposed methodological grids
3. To develop national grids for the calculation of compensatory allowances
4. To develop a methodological grid for the calculation of compensatory allowances

<b>Deliverable</b>	<b>Description</b>	<b>Status</b>
D5	Methodological grid for compensatory allowances	Complete

<b>Milestone</b>	<b>Description</b>	<b>Status</b>
M3.1	Review of methods for the calculation of compensatory allowances in the partner countries finalised and internal national reports delivered to WP coordinator	Complete
M3.2	Summary of review of methods for the calculation of compensatory allowances finalised and internal report delivered to WP1 and presented at the review workshop (WS2)	Complete
M3.3	Preliminary national grids completed and presented at the mid-term workshop	Complete
M3.4	Grid for the calculation of compensatory allowances completed and delivered to WP8	Complete

**Current status:** Complete

**Progress during second reporting period**

Milestones M3.3 and M3.4

The first version of the natural handicap payments grid was completed in January 2008. In close collaboration with WP8, partner P6 had started the development of the measure-specific grid for natural handicap payments and the implementation of baseline requirements in the methodological framework already during the first reporting period.

The report on the assessment of baselines in Finland and the improved second version of the national natural handicap payments grids were sent to all partners in February 2008. A presentation on natural handicap payments grid development was given at the Venice project meeting where partners compared experiences on grid development between workpackages.

The development of natural handicap payment grids continued after the Venice project meeting and P6 sent the proposal for the logic framework for the natural handicap payment measures to the other partners in April 2008.

In May and June, the cost components and differentiation categories and elements of the grids were harmonised before the Santorini workshop and project meeting where a presentation on the draft of natural handicap payment grids and their application was given and progress in the grid development and the remaining key issues were discussed.

The lists of commitments and activities based on the two country-specific examples of natural handicap payment grids were compiled in July 2008 and comments and feedback on issues raised in the software tool document draft were provided and discussed.

The revised measure-specific natural handicap payment grids were presented at the project meeting held in Berlin in September 2008.

In October, the document containing the step-by-step approach for natural handicap payments was sent to all partners and the list of cost/revenue components, practices and differentiation categories/elements was completed.

The methodological grid for calculating natural handicap payments was completed and forwarded to WP8 in November. At the same time, the deliverable report D5 (Methodological grids for natural handicap payments) and the executive summary of the deliverable report were also finalised.

In December 2008, AGRIGRID library and grid files and the tutorial, which will demonstrate how to apply the AGRIGRID software tool to the calculation of natural handicap payments, were prepared for the final workshop and the project meeting held in Brussels. The library and grid files and the tutorial were updated after the workshop and included into the final version of the software.

### **Discussion**

All milestones from M3.1 to M3.4 have been successfully completed.

Natural handicap payments are paid to farmers in Less Favoured Areas in recognition of higher production costs and/or lower incomes due to adverse natural conditions. Since the methods for the calculation of payments vary considerably among the EU member states and regions, there was an apparent need for the development of a unifying approach which would set common guidelines and practices for the calculations. In workpackage 3, the methodological grid for natural handicap payments was developed for this purpose.

The starting point of the grid development was a logic framework which captures key elements relevant to the design of natural handicap payment schemes. The natural handicap payments should be determined based on farmers' additional costs and income foregone related to the permanent natural handicap for agricultural production in the area concerned. Since the severity of natural handicap and thus the productivity of arable land and the income received from agriculture vary between the areas, it is necessary to differentiate payments according to biological, geological and physical characteristics of land. In the calculation of additional costs and agricultural income foregone, either the Balance Sheet (FADN) approach or the Practices approach may be utilised depending on the availability of data required in the calculation process.

The purpose of the developed methodological grid is not to set guidelines on how to define the characteristics and degree of natural handicaps in different areas but to provide a well-grounded calculation procedure which makes it possible to both compare existing natural handicap payment schemes and design new ones in a transparent and methodologically sound way. The determination of actual payment levels is a political issue which must be based on argumentation understandable and detailed enough to be critically assessed and evaluated in all relevant policy contexts and by all involved stakeholders.

<b>Workpackage number</b>	<b>WP4 (Elaboration of a methodological framework for the payment calculation of Natura 2000 payments)</b>							
<b>Phase:</b>	<b>1</b>							
<b>Start date:</b>	<b>Month 2</b>							
<b>Completion date:</b>	<b>Month 21</b>							
<b>Partner responsible:</b>	<b>6</b>							
<b>Partner:</b>	1	2	3	4	5	<b>6</b>	7	8
<b>Person months allocated:</b>	1	1	1	6	1	<b>3</b>	1	0
<b>Used in first year:</b>	0.5	1	0.5	5	0.5	<b>1</b>	1	0
<b>Used in second year</b>	<b>0.5</b>	0	0.25	5	2	<b>1</b>	0	0
<b>Total:</b>	<b>18.25</b>							

Objectives

1. To carry out a comparative analysis of the different methods for the calculation of Natura 2000 payments in the partner countries and their regions
2. To identify and incorporate quantifiable criteria in the proposed methodological grids
3. To develop national grids for the calculation of Natura 2000 payments
4. To develop a methodological grid for the calculation of Natura 2000 payments

<b>Deliverable</b>	<b>Description</b>	<b>Status</b>
D6	Methodological grid for Natura 2000 payments	

<b>Milestone</b>	<b>Description</b>	<b>Status</b>
M4.1	Review of methods for the calculation of Natura 2000 payments in the partner countries finalised and internal national reports delivered to WP coordinator	Complete
M4.2	Summary of review of methods for the calculation of Natura 2000 payments completed and internal report delivered to WP1 and presented at the review workshop (WS2)	Complete
M4.3	Preliminary national grids completed and presented at the mid-term workshop	Complete
M4.4	Grid for the calculation of Natura 2000 payments completed and delivered to WP8	

**Current status:** Complete

**Progress during second reporting period**

The work in workpackage WP4 focused in the second year on fulfilling remaining objectives 2 and mainly 3 and 4 – to develop national and lately general grid for the calculation on Natura 2000 payments.

**Milestones M4.3 and M4.4**

Based on previous work (Review of calculation methods) and the general framework for the grid development provided by partner P7 in workpackage WP8, partner P4 prepared first raw measure-specific grids for investigated RD measure (i.e. one grid for 213 measure – Natura 2000 payments on agricultural land and one grid for 224 measure - Natura 2000 payments on forestry land). This first version of the adjusted measure-specific grids for Natura 2000 payments was circulated among project partners to check an adaptation of grids to their country-specific conditions. Likewise the relevance and applicability of developed drafts of other measure-specific grids (e.g. for compensatory allowances, forestry measures etc.) were reviewed according to the Czech specificities and needed modification reported to WP2-WP6 leading partners.

Following the guidelines for the grid development provided by partner P7 as well as DoW, an identification and assessment of Czech baseline requirements including their linkage to the payment calculations was provided. Within the reviewed Natura 2000 payment calculations the baselines are represented mostly by *common practice* and by the *requirements of additional national legislation* which applicants have to meet in the Natura 2000 areas. The current cross-compliance requirements relate to agricultural activities and are not applied for forestry measures in most of the investigated countries and regions. In fact, there is little to no evidence available from the review that existing baseline requirements are directly considered in the payment calculations.

A second revised version of the national Natura 2000 grids was presented at the mid-term workshop in Venice in February 2008 (Milestone M4.3). Taking into account the



outcome of the mid-term workshop, national grids were consolidated to one methodological grid for calculation Natura 2000 payments (especially to two grids – one for 213 and second for 224 measure). The work covered mainly a consolidation of the core parts of the grid such as commitments and relevant practices, cost and revenue components, differentiation criteria of payments and the calculation process of income foregone and additional costs.

The consolidated methodological grid for the calculation of Natura 2000 payments (213 and 224) including excel examples of calculation process (based on step by step approach) was presented at forth project meeting and second workshop with government representatives in Santorini in Greece in July 2008. Government representatives felt that the grids are helpful, mainly in less complicated measures (e.g. Natura 2000) can improve the low transparency of payment calculations. The harmonized grids can help to consolidate the process of payment calculations across different department within one country, regions and countries and also between countries and EU. A key issue for the grid application is data availability.

For the purpose of software tool development (WP8), further work on form of grids and cooperation with partner P1 was carried out. The different core parts of the Natura grids were provided to WP8, including lists of the most frequent commitments and practices and cost and revenue components.

Based on outcomes from the Santorini workshop and Berlin meeting, the methodological grid for Natura 2000 payments was improved, completed and finally delivered in form of deliverable report D6 in November 2008 (Milestone M4.4).

### **Discussion**

Although payment calculations is not possible without the identification of the baseline requirements since only commitments going beyond the minimum mandatory requirements can be compensated for, the baseline requirements for Natura 2000 payments have not been clearly defined at all in most investigated RDPs. In addition the current cross-compliance requirements relate to agricultural activities and are not applied

for forestry measures in most of the investigated countries and regions. Since each measure should have a baseline for the grids, the baseline for Natura 2000 on forestry land payments was formulated by partner P4 mainly based on requirements of national legislation regulating protected areas such as Natura 2000.

Natura 2000 payments are often based on aggregated items such as gross margin or forestry income without any detailed information about how these items were calculated. In addition, a direct linkage between payment calculation and commitment / practices does not exist in all cases. Since the level of detail for payment calculations varies between countries, the grids provide flexibility to allow users to choose between different levels of detail in calculation process.

Natura 2000 payments on forestry land (224) and forestry environment payments brought similar issues during grids development. For example, specific cost and revenue components are not included in FADN, baseline requirements do not exist, and a similar terminology and (sometimes) methodology to determine the rate of compensation is used. Consequently, some issues were discussed and developed in close collaboration with partner P1, in particular during a visit to partner 1 in Scotland in March 2008.

<b>Workpackage number</b>	<b>WP5 (Elaboration of a methodological framework for the payment calculation in forestry schemes)</b>							
<b>Phase:</b>	<b>1</b>							
<b>Start date:</b>	<b>Month 2</b>							
<b>Completion date:</b>	<b>Month 21</b>							
<b>Partner responsible:</b>	<b>1</b>							
<b>Partner:</b>	<b>1</b>	2	3	4	5	6	7	8
<b>Person months allocated:</b>	<b>5.5</b>	1	1	3	1	1	1	0.5
<b>Used in first year:</b>	<b>2.5</b>	1	0.5	1	0.5	1	1	0
<b>Used in second year:</b>	<b>3</b>	0	0.5	2	0.5	0	1.5	0.5
<b>Total:</b>	<b>15.5</b>							

Objectives

1. To carry out a comparative analysis of the different methods for payment calculation in the forestry measure in the partner countries and their regions
2. To identify and incorporate quantifiable criteria in the proposed methodological grids
3. To develop national grids for the calculation of forestry payments
4. To develop a methodological grid for payment calculation in the forestry measure

<b>Deliverable</b>	<b>Description</b>	<b>Status</b>
D7	Methodological grid for forestry measures	

<b>Milestone</b>	<b>Description</b>	<b>Status</b>
M5.1	Review of methods for payment calculations in forestry measures in the partner countries completed and internal national reports delivered to WP coordinator	Complete
M5.2	Summary of review of methods for payment calculations in forestry measures completed and internal report delivered to WP1 and presented at the review workshop (WS2)	Complete
M5.3	Preliminary national grids completed and presented at the mid-term workshop	Complete
M5.4	Grid for payment calculation in the forestry measure completed and delivered to WP8	Complete

**Current status:** Complete

**Progress during second reporting period**

Milestones M5.3 and M5.4

Following the review, partner P1 started with preparatory work for the development of preliminary methodological grids for forestry measures (Milestone M5.3). Using the first draft of the general framework for the grid development provided by partner P7 in workpackage WP8, partner P1 prepared a first draft for the ‘forestry grids’ based on examples of existing payment calculations in forestry measures in Scotland and Germany including first ideas for the inclusion of baseline criteria in the payment calculations. The first draft also built in particular on the logic framework models for payment calculations in forestry measures which were developed for afforestation measures 221 – 223 and forestry environment payments in collaboration between partners P1 and P7. The first drafts were then presented at the project meeting in Venice in February 2008.

Following detailed discussions with all partners at the meeting, in a first step the logic framework have been revised and expanded. The revised logic frameworks differentiate between core elements for the payment calculations as identified in the review in the first project year and additional (new) core elements added following a gap analysis of existing payment calculations. The logic frameworks thus provide a generic structure and a clearer exposition of the calculation process. In a second step, the developed drafts of the forestry grids were revised according to a step-by-step template developed by partner P1. The revisions entailed the compilation of lists of relevant elements for the different core parts of the methodological grids including baseline requirements, relevant commitments defined in the rural development measures, lists of practices reflecting required changes in farm management, lists of cost, revenue and income components and payment differentiation categories and elements. These parts have then been integrated in the revised methodological grids. The developed grids take into account natural, agronomic and silvicultural conditions and production systems and techniques as well as existing methods for payment calculations in RD measures. Each partner provided input by email to updated versions of the forestry grids and elaborated drafts of the forestry

grids were presented at the workshop with government representatives in Santorini in June 2008.

The step-by-step payment calculation approach used in the Excel files of the methodological grids was seen by government representatives as a useful way to structure the payment calculations. Discussions of the forestry grids emphasized that the grids should address that required level of detail for the grids varies between measures and case-by-case application. Consequently, the grids must provide flexibility to allow users to choose between different levels of detail in calculating payments. Moreover, users should be able to add components to the developed grids. 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. Overall, the importance of using a harmonised terminology for cost, revenue and income components was pointed out.

Based on the feedback from the Santorini workshop, the methodological grids for forestry measures were again revised and completed. The lists of the different core parts such as practices and cost, revenue and income components were revised applying a harmonized terminology across the different workpackages. The actual calculation process in the grids has been adjusted to 2 levels of calculations plus a third level providing guidance on further calculation details. However, users of the forestry grids have the opportunity to add more calculation levels as well as the option to add practices and cost, revenue and income components. Moreover, baselines for forestry environment payments were revised in collaboration between partners P1 and P4 and partners P1 and P8 developed a classification of the practices included in the grids to enhance the user friendliness of the grids.

For the purpose of software tool development (WP8), further work on the forestry grids was carried out in cooperation between partner P1 and P8. The different core parts of the grids were adjusted to fit with the design of the software and provided to the software development in workpackage WP8. Finally the completed forestry grids were delivered

in form of deliverable report D7 (Milestone M5.4).

### **Discussion**

Lack of suitable and current data is one of the identified key problems in relation to the calculation of forestry payments. Other remaining key issues to be taken into account in future calculations are, for example, the limitations of standard cost approaches and constraints resulting from RDR requirements. Discussions with government representatives confirmed the constraining effects of RDR requirements, additional data requirements, transparency of calculations and the need for suitable incentives at farm level.

The differences in payment calculations between the investigated countries and regions emphasised one of the main challenges in developing methodological grids: trying to create a harmonised method for payment calculations which, at the same time, allows consideration of regional circumstances and maintains relatively low administration costs. The developed grids provide an attempt to develop such a harmonized method for payment calculations. Government representatives saw the flexibility of the developed grids and the harmonized step-by-step approach as the main improvements of the calculation process in forestry measures.

Similar key issues (for example specific baseline requirements are difficult to define, specific cost and revenue components are not included in FADN, and a similar terminology and methodology to determine the rate of compensation) have been identified for forestry environment payments (225) and Natura 2000 payments on forestry land (224). Consequently, some issues were discussed and developed in close collaboration with partner P4, in particular during a visit of partner P4 in Scotland in March 2008.

**Workpackage number**

**WP6 (Elaboration of a methodological framework for the payment calculation in animal welfare and meeting standard measures)**

<b>Phase:</b>	<b>1</b>							
<b>Start date:</b>	<b>Month 2</b>							
<b>Completion date:</b>	<b>Month 21</b>							
<b>Partner responsible:</b>	<b>5</b>							
<b>Partner:</b>	1	2	3	4	<b>5</b>	6	7	8
<b>Person months allocated:</b>	1	1	1	1	<b>8</b>	1	1	0
<b>Used in first year::</b>	0.5	1	0.5	0.5	<b>6</b>	1	1	0
<b>Used in second year:</b>	0.5	0	0.5	0.5	<b>2</b>	0	1	0
<b>Total:</b>	<b>15</b>							

Objectives

1. To carry out a comparative analysis of the different methods for payment calculation in the animal welfare and meeting standard measures in the partner countries and their regions
2. To identify and incorporate quantifiable criteria in the proposed methodological grids
3. To develop national grids for the calculation of animal welfare and meeting standard payments
4. To develop a methodological grid for payment calculation in these two measures

<b>Deliverable</b>	<b>Description</b>	<b>Status</b>
D8	Methodological grid for animal welfare measures	Complete
D9	Methodological grid for meeting standards measures	Complete

<b>Milestone</b>	<b>Description</b>	<b>Status</b>
M6.1	Review of methods for payment calculations in animal welfare and meeting standards measures in the partner countries completed and internal national reports delivered to WP coordinator	Complete
M6.2	Summary of review of methods for payment calculations in animal welfare and meeting standard measures completed and internal report delivered to WP1 and presented at the review	Complete

workshop (WS2)		
M6.3	Preliminary national grids completed and presented at the mid-term workshop	Complete
M6.4	Methodological grid for payment calculation in animal welfare and meeting standard measures completed and delivered to WP8	Complete

**Current status:** Complete

### **Progress during second reporting period**

#### **Milestones M6.3 and M6.4**

WP6 was responsible for the grid development for Animal Welfare and Meeting Standard measures.

#### **Animal Welfare**

This year, methodological grids for calculating payments in the animal welfare measures were developed. Six countries out of the nine partner countries in the AGRIGRID project have chosen to implement the Animal Welfare measure in their RDPs for 2007-2013: Mecklenburg West-Pomerania (Germany), Castilla Y Leon (Spain), Finland, Greece, Emilia – Romagna (Italy), Scotland. In Germany and Scotland, the Animal Welfare measure was already implemented during the 2000-2006 programming period.

After the research was carried out, differentiation categories, sub-categories and elements were identified and adopted to the grid for Animal Welfare measure payment calculation. Summarising the results on Animal Welfare payment calculation process, it was noticed that payment could include two additional elements – savings and additional profit - as well as additional costs, income foregone and transaction costs, which are mentioned in EU Regulation. The Partners concluded that only three elements - additional costs, income foregone and transaction costs - have to be used for Animal Welfare payment calculation. It is very difficult to estimate additional income because its amount mostly depends on market conditions. With the exception of Finland, where additional income is incorporated in to the Animal Welfare payment calculation, it was decided not to include it in the grid because of fluctuations in prices which influence income, and additional



income could not appear at all.

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. Due to the fact that balance sheet (FADN) approach only partly satisfies data demand for payment calculations, the Practices approach was established. The Grid for Animal Welfare measure is based on a logic framework model which includes the main calculation structure. The logic frameworks provide a generic structure and a clearer exposition of the calculation process. The different core parts of the calculation process have been identified including baseline requirements, relevant commitments defined in the rural development measures, lists of practices reflecting required changes in farm management, lists of cost, revenue and income components and payment differentiation categories and elements. These parts have then been integrated in the methodological grids, providing a new harmonized and flexible method to calculate payments. An early version of the grid was presented at the project meeting in Venice in February 2008, followed by presentations of revised and expanded grids at the project meetings in Santorini in June 2008 and Berlin in September 2008. Feedback from government representatives was implemented in the final version which then presented at the final project meeting in Brussels in December 2008. The result of the work in WP6 is an up-to-date tool for Animal Welfare payment calculation, which simplifies payment calculation process for policy makers and EU experts.

### **Meeting Standard**

Meeting standard measures differ from the other RD measures covered by the AGRIGRID project. Firstly, it is not an area-based measure of axis 2 of the RDR and, secondly, only two partner countries (Greece and Italy) have opted to implement this measure. However, following the same approach as described for the Animal Welfare measure, a logic framework model was developed based on the review of payment calculations in Meeting Standard measures in Greece and Italy, which provided the generic framework for the grid development. The different core parts of the calculation process have been identified including baseline requirements, relevant commitments defined in the rural development measures, lists of practices reflecting required changes in farm management, lists of cost,

revenue and income components and payment differentiation categories and elements. Similar to the Animal Welfare measure, these parts have then been integrated in the methodological grids. Again, an early version of the grid was presented at the project meeting in Venice in February 2008, followed by presentations of revised and expanded grids at the project meetings in Santorini in June 2008 and Berlin in September 2008. Feedback from government representatives was implemented in the final version which then presented at the final project meeting in Brussels in December 2008.

### **Discussion**

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 or farm types.

Tasks during the second year were fulfilled according to the initial plan. Very few difficulties were faced during the year. All problems faced were solved with effective contribution with project coordinator, WP leaders and other Partners.

Finally, we continually collaborate with other colleagues from LAEI and representatives of the Ministry of Agriculture of the Republic of Lithuania. We organised round tables with valuable outcomes which fed back into, and improved, our work. The grid is complete and ready to use.

<b>Workpackage number</b>	<b>WP7 (Case study analysis of existing and proposed grids)</b>							
<b>Phase:</b>	<b>2</b>							
<b>Start date:</b>	<b>Month 4</b>							
<b>Completion date:</b>	<b>Month 21</b>							
<b>Partner responsible:</b>	<b>2</b>							
<b>Partner:</b>	1	2	3	4	5	6	7	8
<b>Person months allocated:</b>	3	10	3	3	3	3	3	0
<b>Used in first year:</b>	1	3.5	0.5	0.25	1	2	2	0
<b>Used in second year:</b>	2	10	0.25	2.75	2	1	2	0
<b>Total:</b>	<b>30.25</b>							

Objectives

1. To analyse selected existing approaches to highlight impacts of standard costs and more differentiated approaches on calculated premium levels
2. To derive recommendations for differentiated approaches in new grids
3. To test the proposed grids of WP 2-6
4. To provide examples for the application of the new grids for the software tool and its user guide

<b>Deliverable</b>	<b>Description</b>	<b>Status</b>
D10	Summary report on case study analysis of existing and proposed grids	Complete

<b>Milestone</b>	<b>Description</b>	<b>Status</b>
M7.1	Case study analysis of existing grids completed and results presented at the mid-term workshop	Complete
M7.2	Case study analysis of proposed grids from WP 2-6 completed	Complete
M7.3	Documentation of examples of new grids completed and delivered to WP 8	Complete

**Current status:** Complete

**Progress during second reporting period**

M7.1 The results of the case study analysis of existing grids were presented at the mid-term workshop in Santorini. Discussions with government representatives at this meeting showed that there is a general awareness that flat-rate payments do not reflect farm-level

heterogeneity, but the authorities involved prefer flat-rate payments due to administrative simplicity. The high requirements on data quality and quantity for the calculation of differentiated payment levels, as well as higher administration costs incurred by differentiated payment levels, were identified as key problems.

M7.2 Methodology and evaluation algorithms (SAS; GAMS) for a systematic evaluation of efficiency and effectiveness of payment differentiation based on FADN data were finalized. Specifically, the OECD framework for evaluating the implementation costs of agricultural policies was adopted and modified with a view to the evaluation of payment differentiation. For selected partner countries, access to the national FADN data bases was established, and potential differentiation criteria were identified. Exemplar case studies for selected agri-environment programmes were carried out for Germany, Italy, the Czech Republic and Scotland based on the respective national FADN data. The results were presented and discussed at workshops with government representatives in Santorini and Brussels and with stakeholders in Edinburgh, and in a scientific setting at the Annual Conference of the Agricultural Economics Society.

The above analysis was accompanied by a workshop based farm level analysis using the LADSS model. The workshop-based farm level analysis was led by partner P1. The farm-scale part of the case-study analysis was undertaken with stakeholders (from both policy and practice communities) and sought to assess whether both the payment *methods* and the payment *rates* “make sense” to stakeholders and aimed to highlight any unintended consequences. Since the only measure common to all EU27 countries was payment for conversion to, and support for organic production and this was chosen as the measure to be assessed. This measure was also of interest since it entails significant enterprise and management change and as such has significant opportunities for changes to both additional costs and income forgone. The lessons from organic conversion/production are thus relevant to agri-environmental, animal welfare and other measures. The outcomes of the farm-scale analysis were presented and formed the basis for deliberation in a multi-perspective stakeholder workshop hosted by the Scottish Government in September 2008. This included participants from government, NGO’s, trade-bodies and

practitioners. Taking into account the feedback from the workshop, a synthesis of the results was provided to partner P2 and included in deliverable D10.

M7.3 P9 developed guidelines for a harmonised tutorial based on documented examples of an application of the software tool. All partners applied the final grids to selected measures in different countries to illustrate the payment calculations for representative examples. The tutorials as well as related exemplar libraries were delivered to WP8 to be included in the software and the manual. The documented examples were also used to demonstrate the software tool to the Commission and government representatives at the final workshop in Brussels.

D10: The WP7 summary report on case study analysis of existing and proposed grids (D10) was finalised and sent to the Commission in month 23.

### **Discussion**

The results from the FADN-based case-studies show that though overcompensation can be reduced by payment differentiation in most cases, savings in budget expenditures are often small and are even offset by increasing PRTCs. The evaluation of the overall performance of payment differentiation strongly depends on the weights attached to the objective of reducing unintended transfers. Generally, the scope for effective and efficient differentiation depends on specific measure characteristics. Potential benefits of differentiated approaches are higher if

- variances of participation costs in the universe of farms are high, which is generally more likely for measures which affect output rather than measures which lead to additional costs
- the correlation between costs of participation and environmental benefits are strong, and
- administration costs for differentiation approaches are low.

It is essential that the discriminatory power of the indicators used for differentiation is significant. For regional differentiation, differences between sub-regions need to be high while variances within sub-regions should be low. For farm individual differentiation, the correlation between actual farm individual costs of participation and selected indicators

for payment determination must be high.

Future research on the contribution of payment differentiation in the presence of pure windfall profits seems to one promising extension of the approach presented in this report. Further, taking into account nonlinear correlations between participation costs and ecological benefits might change outcomes considerably, though finding an empirical basis for such a specification will remain a challenge.

The workshops with government representatives and other stakeholders indicated a fairly large interest in improving payment calculations and differentiations and identified lack of information as well as the fear of increased administrative burdens as key restraints. Datasets, tools and methods that can look beyond “average values” and that allow a more in-depth exploration, and which structure data and process, were seen as helpful in overcoming these constraints. Future workshops should also aim to include farmers, as acceptance of payment differentiation schemes (e.g., as being ‘just’) by the target group is vital for the success of the respective rural development measures.

<b>Workpackage number</b>	<b>WP8 (General design of grids and software development)</b>								
<b>Phase:</b>	<b>2</b>								
<b>Start date:</b>	<b>Month 5</b>								
<b>Completion date:</b>	<b>Month 23</b>								
<b>Partner responsible:</b>	<b>7</b>								
<b>Partner:</b>	1	2	3	4	5	6	7	8	
<b>Person months allocated:</b>	5	3	1	1	1	1	6	0	
<b>Used in first year:</b>	1.5	0.5	0.2	0.5	0.5	0	8	0	
<b>Used in second year:</b>	3	2.5	0.8	3.5	0.5	1	12	0.5	
<b>Total:</b>	<b>35</b>								

Objectives

1. To develop the general structure and design of the methodological grids for the RD measures
2. To assess the different baseline requirements of the selected RD measures
3. To develop a software tool for the methodological grids
4. To producer a summary report and use guide for grid development

<b>Deliverable</b>	<b>Description</b>	<b>Status</b>
D11	Summary report	Complete
D12	Software tool for methodological grids and user guide for grid development	Complete
<b>Milestone</b>	<b>Description</b>	<b>Status</b>
M8.1	General structure of the methodological grids developed and provided to WP2-WP6	Complete
M8.2	Assessment of baseline requirements of the different RD measures completed and internal report delivered to WP2-WP7	Complete
M8.3	Mid-term workshop held to assess the progress in grid development and experiences from case study analysis	Complete
M8.4	Software tool for methodological grids completed and tested	
M8.5	Summary report and user guide for grid development completed, forwarded to WP9	

**Current status:** Complete

**Progress during second reporting period**

Milestones M8.2 – M8.5

According to the Description of Work, WP8 was charged with the provision of the general structure of the methodological grids and was responsible for the development of the software tools.

The project meeting held in Venice during month 14 helped assessing the progress made by WP2-WP6 leading partners in developing the measure-specific grids, in accordance with the *General guidelines* circulated in month 11. What emerged from the meeting was the need of a more precise logic scheme, in order to harmonize the structure of the different grids.

Therefore, partner P7 produced a schematic framework with a better definition of the various phases of development; above all, this logic framework introduced the concept of two separate calculation approaches: one based on FADN and another one based on production processes.

Following the framework, WP2-WP6 leading partners produced a set of draft measure-specific grids that have presented at the mid-term workshop (M8.3), held in month 18. At the workshop the first ideas and frames of the software have been also introduced.

Based on the forestry grid presented by partner P1, the consortium decided to implement a step-by-step structure in all the other grids. Moreover, the concept of calculations based on production processes led to the design of what has been called “practices approach”.

The remaining months have been spent to finalize grids’ structure according to the decisions taken at the workshop, and to test the various beta versions of the software tool. The software tool was developed in several stages by partner P1. The software tool was developed with NET Framework 2.0 and pdf-format for the reporting documents, which implies that users need the Adobe Reader software. Partner P1 collated and adjusted the



different components (e.g. lists of classified practices, lists of cost, revenue and income components etc.) of the various grids provided by the other partners and incorporated those in the software. The developed software transforms the methodological grids into a new payment calculation tool. The user-friendly design of the software tool and a user guide enable government agencies within the EU to calculate payments applying a harmonized step-by-step approach while maintaining sufficient scope to account for variations in available data. The application of the software is expected to facilitate the justification of rural development payments between the member states and the European Commission.

The different beta versions of the software were presented and discussed at project meetings and workshops. The final version of the software have been tested (M8.4) and presented to the Commission in month 24 and at the same time the *Summary report* and the software's user guide (deliverables D11 and D12) have been completed and sent to the European Commission (M8.5). In addition, a CD with the software tool has been provided to the European Commission, too.

### **Discussion**

One of the issues faced during the development of the grids is related to the assessment of transaction costs. After experiencing various calculation approaches and facing a permanent lack of regulation at European level regarding transaction costs, the consortium decided to implement in the final grids two general methods for the assessment of those costs: a) as a percentage of the calculated payment or b) as amount directly stated by the calculation body.

Another remaining open issue is related to data sources and their heterogeneity: the grids provide only general information for the calculation and must be fulfilled with data taken from external datasets available at European, national and regional level.

<b>Workpackage number</b>	<b>WP9 (Project synthesis)</b>							
<b>Phase:</b>	<b>3</b>							
<b>Start date:</b>	<b>Month 21</b>							
<b>Completion date:</b>	<b>Month 24</b>							
<b>Partner responsible:</b>	<b>1</b>							
<b>Partner:</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
<b>Person months allocated:</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>0</b>
<b>Used in first year:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Used in second year:</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>1</b>
<b>Total:</b>	<b>11</b>							

Objectives

1. To synthesise the project results and produce a final project report
2. To coordinate the dissemination of project results and organise a final workshop with government agencies and Commission services

<b>Deliverable</b>	<b>Description</b>	<b>Status</b>
D14	Project synthesis and final report	Complete

<b>Milestone</b>	<b>Description</b>	<b>Status</b>
M9.1	The dissemination of the project results coordinated and final workshop (WS4) held	Complete
M9.2	The project results synthesised and final report completed	Complete

**Current status:** Complete

**Progress during second reporting period**

Partner P1, with support from all other partners, was responsible for coordinating the project synthesis and to produce a final project report. Partner P1 coordinated the dissemination of results and organised a final workshop in December 2008 in Brussels to present and demonstrate the methodological grids to representatives of the government agencies from the partner countries and the Commission Services (M9.1).

For the synthesis of the project results partners P1 and P8 have collated the deliverable reports (D2, D4 – D12) and developed a synthesis of the main finding, taking into account country and RD measure-specific outcomes and characteristics of the grids. The synthesis of the main project results formed the basis for the final report which will be

delivered to the Commission one week after the submission of the annual reports (D14, M9.2)

### **Discussion**

The workshop provided a successful opportunity to present the final results and to test the software tool with government representatives from various EU member states. It would have been desirable to obtain also direct feedback on the project findings and the software tool from representatives from DG Agri, but no representative was able to follow the invitations. The benefits of further dissemination of the software tool through meetings with national policy administrations and management authorities in order to promote the possible application of the new calculation tool was emphasized by government representatives. Such meetings are planned at national and regional level over the next few months.

Changes in the composition of partner teams towards the end of the project and during the preparation of the final report required the reorganization of work tasks and led to a delay in the submission of the final reports. However, the final report will be submitted one week after the submission of annual reports.

## 5 PROJECT MANAGEMENT AND COORDINATION

<b>Start date:</b>	<b>Month 01</b>						
<b>Completion date:</b>	<b>Month 24</b>						
<b>Partner responsible:</b>	<b>1</b>						
<b>Partner:</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
<b>Person months allocated:</b>	<b>5</b>	0.5	0.5	0.5	0.5	0.5	0.5
<b>Used in first year:</b>	<b>2</b>	0.25	0.25	0.25	0.25	0.25	0
<b>Used in second year:</b>	<b>2.5</b>	0.25	0.25	0.25	0.25	0.25	0.5
<b>Total:</b>	<b>7.5</b>						

### Overall management

Partner P1 was responsible for the management, timetabling and production of deliverables from the project, and the reporting of expenditure to the EU. The management team of partner P1 consisting of the project coordinator and a project administration officer have carried out these tasks throughout the reporting period. Partner P1 has overseen the receipt of the monthly progress forms and analysis of potential problems and has coordinated as required the inter-WP liaison and scheduling of exchange of WP outputs. Partner 1 has also carried out all required editing tasks in relation to the deliverable reports and all other published reports. The project meetings and workshops have been organised in collaboration between partner P1 and the hosting partner.

In addition, each partner has supervised their own activities and safeguarded the adequate progression of their activities and the responsible deployment of the financial resources provided by the project. Particular attention was paid by each partner to the management of the workpackage they are responsible for and all workpackages have been successfully finalised. In their role of workpackage manager, each partner carried out the quality control and assurance of the work in their workpackage and ensured the completion of the project milestones. Problems have been quickly identified and delays in the delivery of work, using agreed reporting forms, have been reported to the coordinator and management board.

The project management board has regularly discussed the progress of the project in meetings around the project meetings as well as through regular phone and email exchange. The management board has reviewed the progress of the project against the original timetable, and taken appropriated action such as adjusting the deadlines of a small number of milestones to take into account occurring problems to resolve the situations.

#### Project reporting, progress monitoring and quality assurance

Workpackage and partner team managers have provided monthly report forms (using proforma provided by Partner P1) throughout the second year indicating key tasks being undertaken, key results, problems encountered and progress with respect to the project timetable. This, as well as the project management board meetings, enabled detailed assessments of the project status at various stages. Each partner has provided the required financial statements to partner P1, for collation and providing financial reports to the European Commission.

Partner P1 has carried out the overall technical co-ordination, administration, and quality control. Each internal report has been reviewed by the responsible partner team and workpackage manager and then finally been discussed by the project management board. The deliverables have been internally reviewed by partner P1 and the project management board, before the deliverables have been published.

#### Communication flow

An email listserver has been established at the beginning of the project by partner P1, enabling communication of administrative and general information across the partnership, including sub-contractors. A project World Wide Web (WWW) platform hosts 'public' and 'private' sections. The public pages disseminate the project's aims and objectives, progress and published results. The private pages allow communication between partners and are secured by user identifiers and passwords.

#### Sub-contracting

No further sub-contracts have been made in the second project year.

### Other

The Humboldt University has joined the consortium in October 2008. The team from the Chair of International Agricultural Trade and Development, Humboldt University Berlin, brought additional expertise in rural policy analysis and additional technical know-how and experience with development of on-line and software tools to the AGRIGRID consortium. In particular their extensive experience with the development of user-friendly on-line and software tools facilitated the final stages of the development of the software tool for payment calculations in the AGRIGRID project. The team also contributed to the grid development for forestry measures in workpackage WP5.

## 6 EXPLOITATION AND DISSEMINATION ACTIVITIES

### Common dissemination activities

#### Website

The following reports have been published on the website:

- **Workpackage WP2:**

Tsakalou, E. and Vlahos, G, et al. (2008) Methodological grids for agri-environment payments. Deliverable report to the European Commission, AGRIGRID project (SSPE-CT-2006-044403).

- **Workpackage WP3:**

Aakkula, J., Miettinen, A., et al. (2008) Methodological grids for natural handicap payments. Project report, AGRIGRID project (SSPE-CT-2006-044403).

- **Workpackage WP4:**

Hrabalova, A., Wollmuthova, P. et al. (2008) Methodological grids for Natura 2000 payments. Project report, AGRIGRID project (SSPE-CT-2006-044403).

- **Workpackage WP5:**

Schwarz, G., Buchan, K., Matthews, K., Morrice, J., Messenger, P., Bohne, A., et al. (2008) Methodological grids for forestry measures. Project report, AGRIGRID project (SSPE-CT-2006-044403).

- **Workpackage WP6:**

Zemeckis, R., Krisciukaitiene, I., Galnaityte, A. et al. (2008) Methodological grids for animal welfare measures. Project report, AGRIGRID project (SSPE-CT-2006-044403).

- **Workpackage WP7:**

Schwarz, G., Buchan, K., Matthews, K., Morrice, J., Messenger, P., Bohne, A. (2008). Methodological grids for forestry measures. Project report, AGRIGRID project (SSPE-CT-2006-044403).

- **Workpackage WP8:**

Zemeckis, R., Krisciukaitiene, I., Galnaityte, A. (2008). Methodological grids for payments in animal welfare measures (215) in the EU. Project report, AGRIGRID project (SSPE-CT-2006-044403).

- **Workpackage WP9:**

Zemeckis, R., Krisciukaitiene, Galnaityte, A. (2008). Methodological grids for meeting standards measures based on Community legislation (131) in the EU. Project report, AGRIGRID project (SSPE-CT-2006-044403).

- **Workpackage WP10:**

Hecht, J., Nieberg, H., Offermann, F., Matthews, K., Buchan, K., Schwarz, G., et al. (2008) Case study analysis of existing and proposed grids. Project report, AGRIGRID project (SSPE-CT-2006-044403).

- **Workpackage WP11:**

Cesaro, L., Chiozzotto, F., Tarasconi, L. (2008) Summary report on the development of methodological grids for payment calculations. Project report, AGRIGRID project (SSPE-CT-2006-044403).

- **Workpackage WP12:**

Buchan, K., Schwarz, G., Morrice, J., Matthews, K., Messenger, P. et al. (2008) User manual for AGRIGRID Software Tool. Project report, AGRIGRID project (SSPE-CT-2006-044403).



In addition, the website has been used to disseminate project news such as descriptions of meetings and other events.

### Workshop

As part of the dissemination activities of the AGRIGRID project, two workshops have been held in 2008 to present results and obtain feedback on the results during the different stages of the project. In June 2008, a workshop was held in Santorini (Greece), hosted by the Agricultural University of Athens, to discuss the draft versions of the methodological grids and to identify key issues for further developments and applications of the methodological grids and the final software tool.

Government representatives from eight of the nine project countries and the project officer from the European Commission attended the workshop. Overall, about 15 representatives (in addition to the project team) attended the workshop. The programme of the workshop was organised according to the structure of the grid development for the different rural development measures, the case study analysis and the development of the software tool. The workshop started with a brief project introduction and outline of the methodological framework for the grid development followed by parallel sessions on agri-environment, natural handicap payments, Natura 2000 payments, forestry measures and animal welfare and meeting standard measures, where the draft grids were presented in detail to the government representatives. Each session had sufficient time allocated to discuss emerging questions and key issues. The discussions on the different presentations produced a number of key issues for future methods of payment calculations, some rather general and some rather measure-specific, which were incorporated in the final grid development and are summarised in the various grid reports. Key issues included:

- The grids need to provide enough flexibility 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.
- Data availability 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.

- Creating a transparent tool for payment calculations through a clear design and level of detail to justify the calculations was considered as one of the main advantages of such grids.
- Linked with the issue of transparency, a harmonised terminology (for example for cost components and differentiation categories) is another important aspect and challenge of the new grids.
- The grids and the software should consider measure-specific 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.
- Results of the case study analysis will be integrated in the user guide for the grids providing examples for applications of differentiated payments in the various measures.

The final project workshop was held in December 2008 in Brussels, hosted by the European Commission. The aim of the final workshop was to give an overview on the overall project findings and to present the final AGRIGRID software tool for payment calculations in EU rural development measures.

Government representatives from seven of the nine project countries and the project officer from the European Commission attended the workshop. Overall, about 12 representatives (in addition to the project team) attended the workshop. The programme of the workshop placed an emphasis on allowing government representatives sufficient time to test the calculation software and run a few examples of calculating payments in the different rural development measures. The potential for the application of the software through national and regional administrations and payment agencies was acknowledged and the flexibility of the software tool to deal with different levels of detail concerning available data was emphasized. Further meetings at national level to present and test the software were agreed.

Other common dissemination activities

Schwarz, G., Buchan, K., Matthews, K., Morrice, J., Messenger, P., Hecht, J., Nieberg H., Offermann, F., Vlahos, G., Tsakalou, E., Hadjigeorgiou, I., Hrabalova, A., Wollmuthova, P., Kapler, P., Zemeckis, R., Krisciukaitiene, I., Kuliesis, G., Galnaityte, A., Miettinen, A., Aakkula, J., Kroger, L., Cesaro, L., Chiozzotto, F. and Tarasconi, L. (2008) AGRIGRID: Methodological grids for payment calculations in rural development measures in the EU. The Parliament Magazine, Issue 276, 27 October 2008.

Schwarz, G., Buchan, K., Matthews, K., Morrice, J., Messenger, P., Hecht, J., Nieberg H., Offermann, F., Vlahos, G., Tsakalou, E., Hadjigeorgiou, I., Hrabalova, A., Wollmuthova, P., Kapler, P., Zemeckis, R., Krisciukaitiene, I., Kuliesis, G., Galnaityte, A., Miettinen, A., Aakkula, J., Kroger, L., Cesaro, L., Chiozzotto, F. and Tarasconi, L. (2009) Harmonising payment calculations in EU rural development measures – a new software tool. Public Service Review, Issue 17, February 2009.

Schwarz, G., Buchan, K., Matthews, K., Morrice, J., Messenger, P., Hecht, J., Nieberg H., Offermann, F., Vlahos, G., Tsakalou, E., Hadjigeorgiou, I., Hrabalova, A., Wollmuthova, P., Kapler, P., Zemeckis, R., Krisciukaitiene, I., Kuliesis, G., Galnaityte, A., Miettinen, A., Aakkula, J., Kroger, L., Cesaro, L., Chiozzotto, F., Tarasconi, L. and Bohne A. (accepted) Developing new methods for payment calculations in EU rural development measures – the AGRIGRID project. Paper to be presented at the International Scientific Conference: The EU Support for 2007–2013: New Challenges and Innovations for Agriculture and Food Industry, 27 – 29 May 2009, Vilnius, Lithuania.

**Partner specific dissemination activities**Reports

Cesaro, L., Chiozzotto, F., Tarasconi, L. (2008). Progetto AGRIGRID. INEA Informa N. 4/Anno 1.

Cesaro, L., Chiozzotto, F., Tarasconi, L. (2008). Confronto del livello dei pagamenti nelle

varie regioni tra i PSR 2007-2013 e i PSR 2000-2006. In: Ricognizione e confronto dei finanziamenti previsti nei PSR 2007-2013 a favore dell'agricoltura biologica. Quaderni della Rete Rurale Nazionale.

Hrabalova, A., Wollmuthova, P. (2007): Metodologie výpočtu plateb na opatření pro rozvoj venkova v ČR a EU (The methodology of payments calculation in the rural development measures in the Czech Republic and EU). Thematic report for the Czech Ministry of Agriculture.

Hrabalova, A., Wollmuthova, P. (2007): Návrhy úprav agroenvironmentálních opatření v ČR (The proposal of adjustments of agri-environmental measures in the Czech Republic). Thematic report for the Czech Ministry of Agriculture.

Hrabalova, A., Wollmuthova, P. (2009): Analýza metod a přístupů používaných při kalkulacích plateb u vybraných opatření pro rozvoj venkova (The analysis of methods and approaches used in payment calculations in selected rural development measures). Exploratory study of the Institute of Agricultural Economics and Information.

#### Conference presentations

Cesaro, L. (2008). Forestry measures in rural development policies – new needs in statistics and accountancy data. Proceedings of the International Symposium 'Emerging needs of society from forest ecosystems: towards the opportunities and dilemmas in forest managerial economics and accounting', Ljubljana, Slovenia, 22-24 May 2008.

Hecht J, Offermann F and Nieberg H. Potentials of differentiated payment levels based on standard cost approaches: A case study of selected rural development measures in Germany. Paper submitted and accepted for presentation at the 82nd Annual Conference of the Agricultural Economics Society, 31st March to 2nd April 2008.

Schwarz, G. (2008): Payment calculations and biodiversity targets in agri-environment measures: Experiences from Scotland. Paper presented at the conference 'Using Evaluation to Enhance the Rural Development Value of Agri-environmental Measures' in

Parnu, Estonia, 17 – 20 June 2008.

### Articles

Hecht J, Nieberg H, Offermann F, and Schwarz G (2009) AGRIGRID: Prämienkalkulation nach Standardkosten für Maßnahmen der ländl. Entwicklung. *LandInform* 2/2009.

Krisciukaitiene, I., Galnaityte, A., Zemeckis, Z. And Kuliesis, G. (2008) Methodological issues of rural development measure ‘meeting standards based on community legislation’. *Management theory and studies for rural business and infrastructure development*, 12 (1), 84 – 91.

Krisciukaitiene, I., Galnaityte, A., Zemeckis, Z. And Kuliesis, G. (2008) Methodological issues of rural development measure ‘Animal welfare payments’. *Management theory and studies for rural business and infrastructure development*, 12 (1), 76 – 83.

### Other presentations

Offermann F, Hecht J and Nieberg H: Analyse und Bewertung von Ansätzen zur Prämien differenzierung in Agrarumweltprogrammen. Agrarökonomisches Kolloquium des vTI. 20th May 2009.

Hrabalova, A., Wollmuthova, P. (2008): Presentation of AGRIGRID project and main results. During the Disseminating meeting of TERA project in region Vysocina, Kouty, Czech Republic, concerns “Development of rural areas and multifunctional agriculture” 2.-3.12.2008.

Schwarz, G., Offermann, F. and Ramirez Harrington, D. (2008) EU agri-environment programmes and the WTO: Exploring new methods of payment calculations in a transatlantic context. Presentation to the Edinburgh Seminar of Agricultural Economists, January 2008.

## **7 ETHICAL ASPECTS AND SAFETY PROVISIONS**

No activities have been undertaken that involve the release of genetically modified organisms, nor any materials that can be described as 'infected'. No ethical issues have arisen during the period of this contract, and thus no requests have been submitted for specific authorisation.

In the course of the workpackages all efforts were made to ensure no detrimental effect on the environment due to any aspect of normal working practices. These efforts included the recycling of waste paper and printing materials, and low emission computer monitors.