



AGRIGRID

SSPE-CT-2006-044403

Workshop 2

Review of payment calculations in rural development measures in the EU

Conclusions

Speaker

Team members - Affiliation

Prague, 17 July 2007



Outline

- Key issues from discussion and questionnaires
- “Wish list”



Measure specific key issues

- Stakeholder influences (AEM)
- Fixed costs (AEM)
- Constraints due to Commission guidelines (AEM, FM)
- Difficulties in calculations hinder innovation in application of new measures (AEM)
- Definition and calculation of baseline requirements (AEM, LFA, AWM)
- Different implementations and payment calculations are driven by different objectives between the member countries (LFA)
- Changes in the policy and economic environment, e.g. market developments (LFA)
- Uncertainty in relation to transaction costs (AEM, AWM)

General key issues (1/3)

From discussion:

- Lack of data
- Transparency of calculations
- Complexity of calculations versus keep it simple
 - Difference between scientific approaches and political acceptability and necessity
- Political targets determine payment levels
- Suitable farm level incentives
- Differentiate issues in relation to implementation and justification
- Rigidity of WTO framework does not allow to consider payments for environmental benefits and differences between intensive and extensive farming

General key issues (2/3)

From questionnaire:

- Uncertainties with respect to costs
 - Considerable uncertainties of specific parameter values used for calculations
 - Calculations are based on data collected before program implementation and are presumed to be appropriate up to the end of programming periods
 - For some premiums different calculation approaches can be used and respective payment levels depend on the chosen approach
- > these problems are aggravated by the fact that adjustments of payment levels are hardly ever made once the program is in place due to high administration costs*

General key issues (3/3)

From questionnaire:

- Payment levels are not only determined by “calculations”, but to a large extent by a) financial considerations (budgets), b) policy objectives, c) interest groups and d) by payment levels of previous programmes (“path dependency”)
- Issues in relation to payment differentiation
 - Flat-rate payments do not reflect farm-level heterogeneity
 - Involved authorities prefer flat-rate payments due to administrative simplicity
 - **Calculation** of differentiated payment levels (high requirements on data quality and quantity)
-> increasing administration costs
 - **Implementation** of differentiated payment levels
-> increasing administration costs
 - Approval system of EU Commission is seen as rather complex

“Wish list”

- Did we miss any key points?
- Which key issues would you see as most important for consideration in future payment calculations?
 - From the Commission’s point of view:
 - Calculations have to be applicable under a range of different circumstances
 - From the point of view of policy administration:
 - Keep it workable