

SIXTH FRAMEWORK PROGRAMME
SPECIFIC TARGETED RESEARCH PROJECT n° SSPE-CT-2006-044403



AGRIGRID

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

General logic model for the development of measure-specific grids and software tools

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Preliminary information

- This logic framework is organized as a flowchart that should illustrate both the calculation process and the software's desired functionalities
 - The **BLUE** boxes represent the operations performed by the user
 - The **ORANGE** boxes stand for the automatic functions of the software
- Along the flowchart, you will find some “link buttons”:
 - The **?** buttons lead you to additional explanatory text regarding the different tasks that must be carried out for the grid development
 - The **ⓘ** buttons link to additional information for the software designers
 - The **📄** buttons open the (mainly Excel) files that contain (or will contain) data necessary for the grid development
 - The **⬆** buttons take you back to the logic diagram
- Each WP2-WP6 leader must adapt the logic framework to the specificities of his/her RD measure(s)
- In order that the links work, please do not rename files and keep them in the original folder

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Assessment of Baseline

According to the WP8 Guidelines the assessment of the relevant baseline requirements is structured in three steps:

SMRs				
1	2	3	4	5
Act	Regulation	SMR description	Reference code	Related measure(s)
A1	Council Directive 79/409/EEC of 2 April 1979 on the conservation of wild birds			
A2	Council Directive 80/68/EEC of 17 December 1979 on the protection of groundwater against pollution caused by certain dangerous substances			

1. Listing all relevant SMRs, GAECs and additional (national and/or regional) baselines for each investigated RDP/country

GAECs				
1	2	3	4	5
Issue	Standard	GAEC description	Reference code	Related measure(s)
Soil erosion	Minimum soil cover			
	Minimum land management reflecting site-specific			
	Retain terraces			
	Other			
	Other			

2. Creating a coding system to link Baseline with payment calculation (see pgs. 6-10 of the guidelines for details on how to create codes)

Additional baseline				
1	2	3	4	5
National/regional baseline	Description	Reference code	Related measure(s)	
Minimum requirements for the use of fertilizers				
Minimum requirements for the use of plant protection products				
Other				

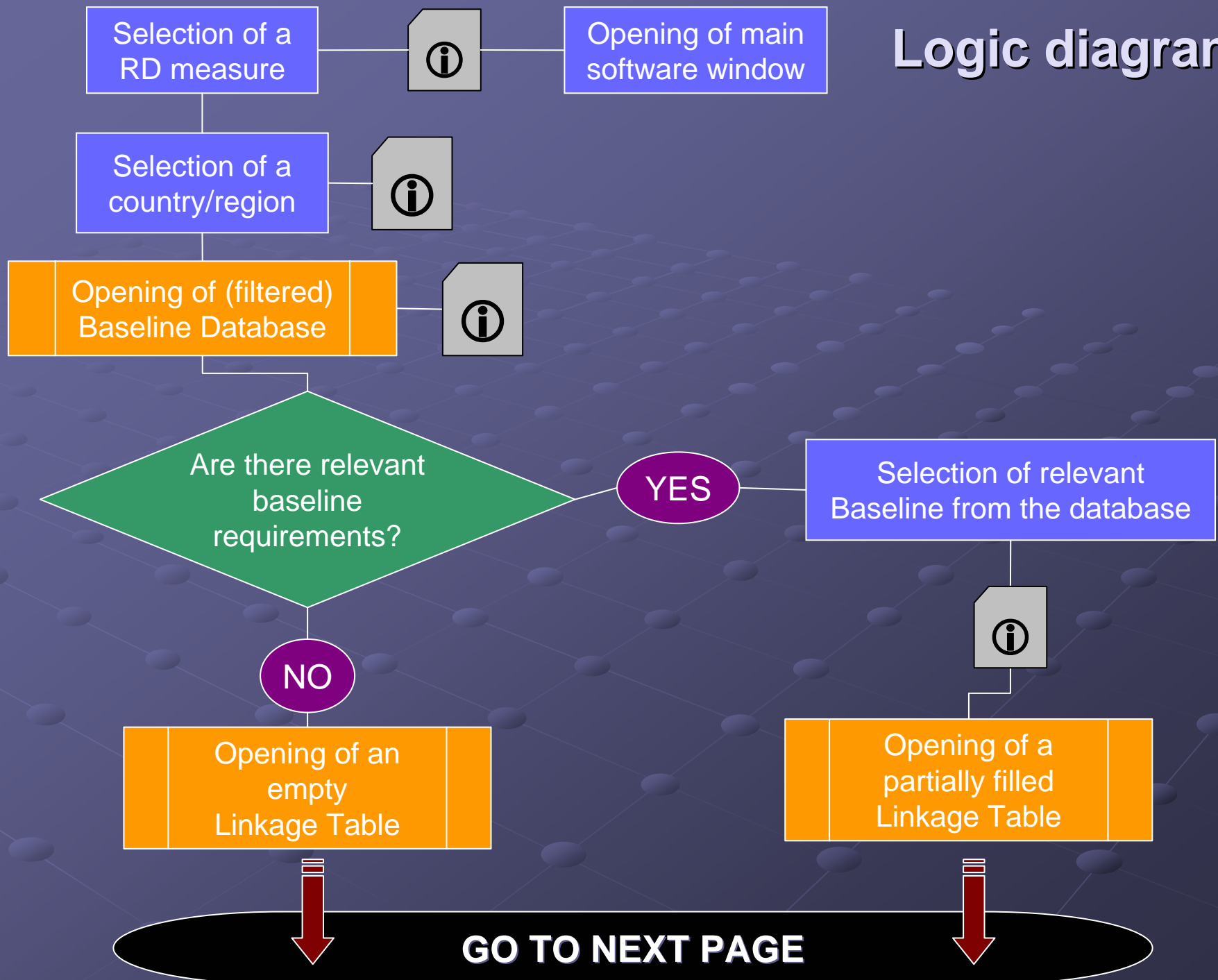
3. When possible, indicating for which RD measure(s) a particular baseline requirement is relevant

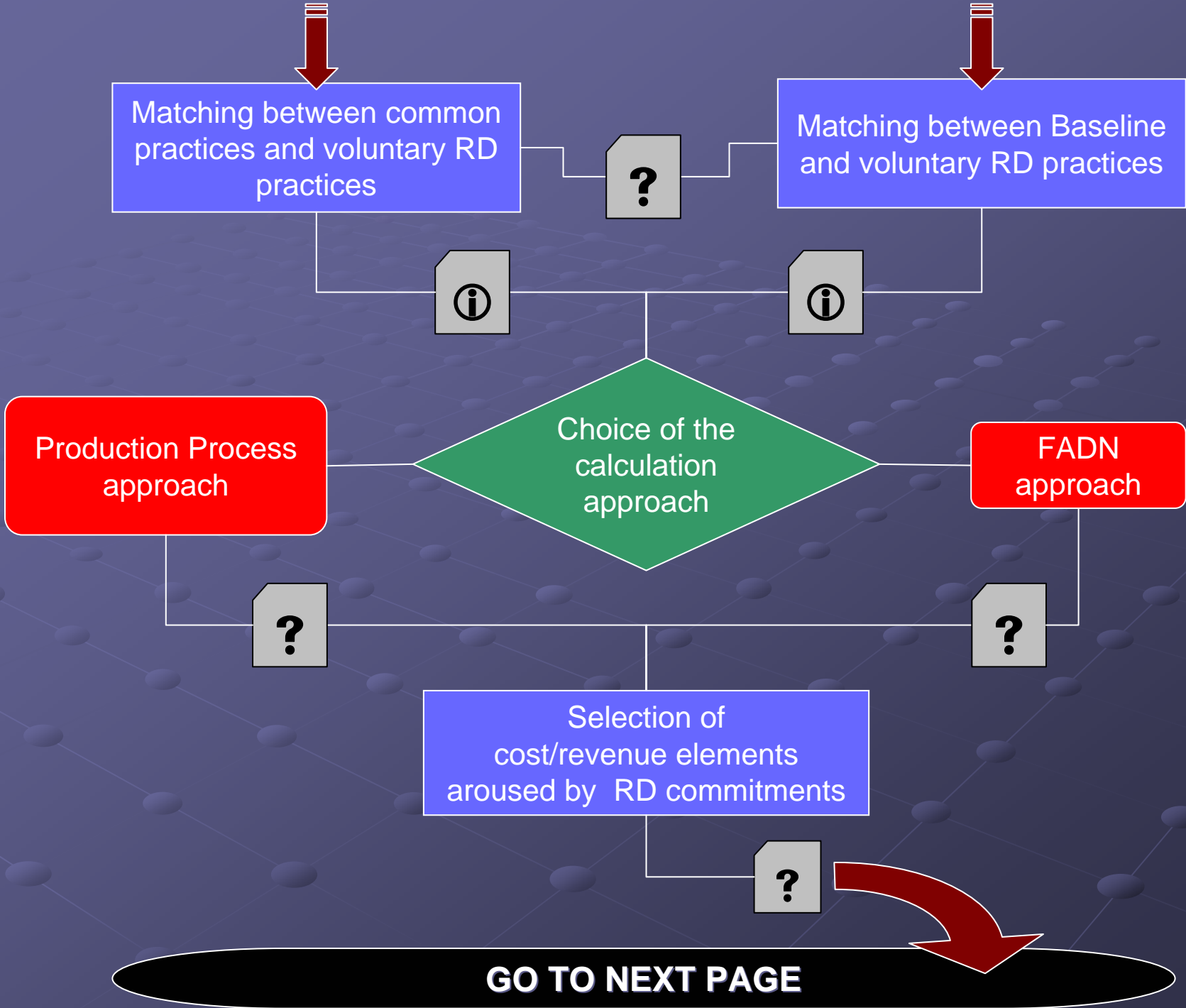
The first two steps should have been already completed by all partners. In order to create a functional database, also the last one should be accomplished.

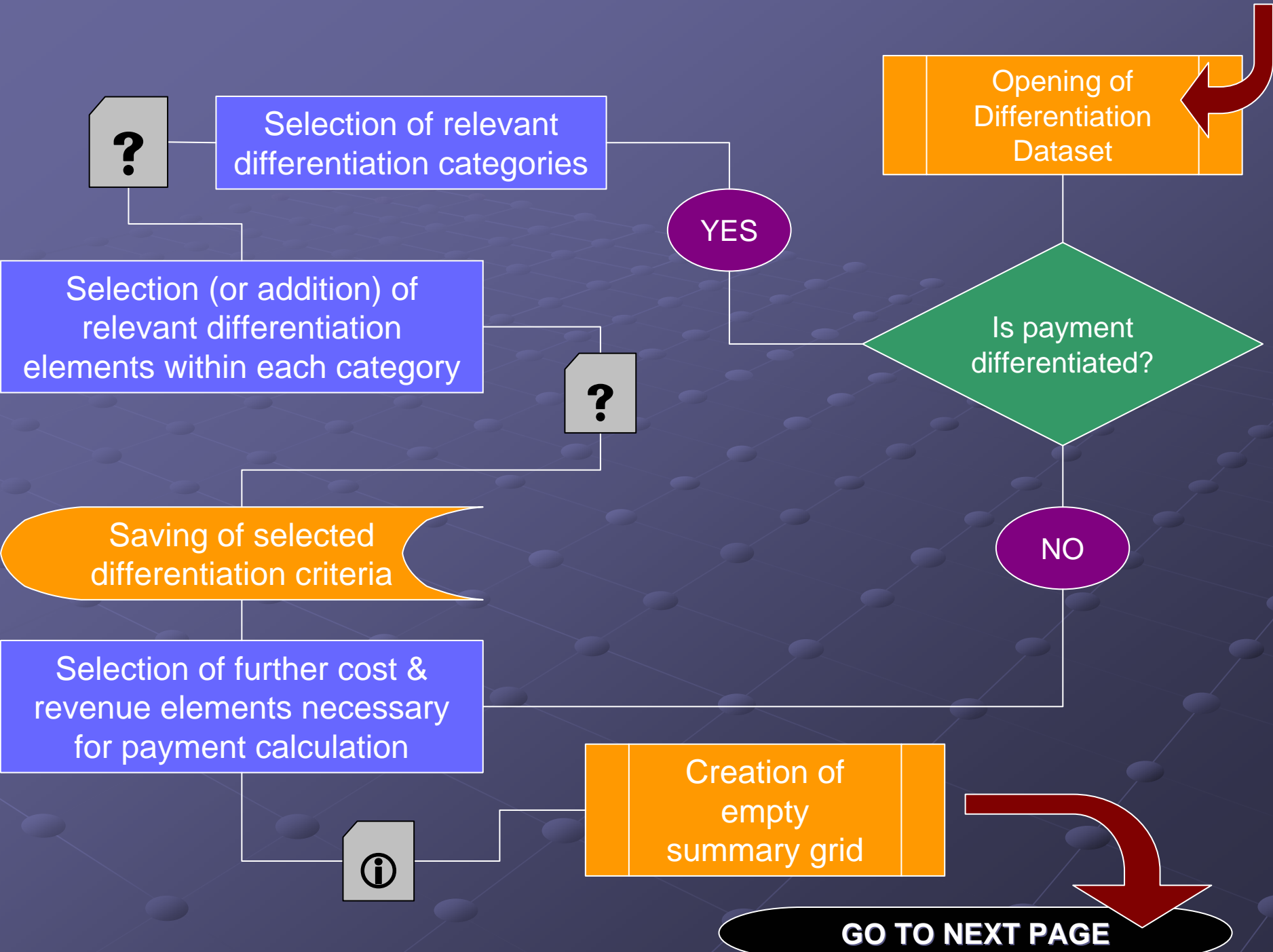
GO TO LOGIC DIAGRAM



Logic diagram







Summary grid



	DIFF 1.1						DIFF 1.2					
	DIFF 2.1			DIFF 2.2			DIFF 2.1			DIFF 2.2		
	BL	RD	Δ	BL	RD	Δ	BL	RD	Δ	BL	RD	Δ
SE175												
K138												
SE295	X			X			X			X		
...	X			X			X			X		
Total												
TC												
Payment												

Summary grid

- In our opinion, the software should place the differentiation elements in a “tree” order similar to the one shown in the proposed table
- The arrangement criteria must be defined (e.g. order of selection?); maybe Kevin is the best placed to suggest how (if) this could be done
- Maybe the possibility to select further cost/revenue elements necessary for payment calculation could be given after the creation of the summary grid
- Each cell should be filled in using an “insertion mask”, similar to those proposed by Kevin
- Transaction costs could be calculated choosing between two options:
 - 20% of Total Amount
 - Indicating specific transaction cost components in a sub-mask

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Cost component [X]

Description

☐ Value

☐ Min-Max

☐ Submask

Data source [v]

Cost component [X]

Description

Baseline

☐ Value

☐ Min-Max

☐ Submask

Data source [v]

RD commitment

☐ Value

☐ Min-Max

☐ Submask

Data source [v]

These masks are quite similar to the one proposed by Kevin in his presentation

In the first option one mask must be filled in per each cell of the summary grid (i.e. separate masks for baseline and RD commitment)

In the second option one mask must be filled in per a so-called “baseline / RD commitment” pair

In a single mask the choice of inserting a single value, a range of values (min-max) or a sub-calculation is exclusive (i.e. only one method allowed)

AGRIGRID - Sub-mask [] [X]

Equation

Elements of Equation

A	Labour (hr)	143.00
B	Wage (EUR/Hr)	10.50
C	Avg Area (Ha)	30.00
D	<input type="text"/>	0.00
E	<input type="text"/>	0.00

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Timetable?

- Logic framework at measure level produced by WP2-WP6 leaders by 21th of March
- Software description produced by Kevin by 31st of March
- Meeting between MLURI and INEA teams on the first or second week of April



Main software window

- In his presentation, Kevin proposed a good example of starting window for the software

AGRIGRID - Main

Description of measure
221 - First afforestation of agricultural land

Differentiation datasets
RDR payment rates
Balance Sheet

Differentiation dataset ▼

AGRIGRID is a software tool for developing methodological grids for the calculation of payments in rural development (RD) measures in EU member states.

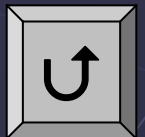
The development of the methodological grids focuses on agri-environment measures, compensatory allowances, Natura 2000 payments, forestry measures and animal welfare and meeting standard measures. These grids enable policy makers and government agencies in the EU and its member states to apply a new harmonised, but at the same time flexible, method for the calculation of payments in the different RD measures.



Agricultural income foregone (prod, subs)	<input type="text" value="70.00"/>
RDR maximum payment per Ha	<input type="text" value="300.00"/>
RDR minimum payment per Ha	<input type="text" value="100.00"/>
Adjusted agricultural income foregone	<input type="text" value="100.00"/>
Additional costs (costs, trans costs)	<input type="text" value="80.05"/>
RDR payment rate	<input type="text" value="0.7"/>
Adjusted additional costs	<input type="text" value="56.04"/>
OVERALL FINANCIAL SUPPORT	<input type="text" value="156.04"/>

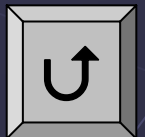
- In our opinion, the starting window should contain the following information:

- Description of the measure, with possibility for the user to specify the name of the sub-measure
- Option to select a specific Member State / Region
- Details about RDR minimum/maximum payments
- Etc.



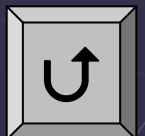
Selection of a country/region

- The software should give the possibility to choose a particular Member State or Region
- If the cost/revenue components (i.e. the Balance Sheet) and the differentiation datasets are linked to one or more countries/regions, there will be the chance to obtain “filtered” datasets during the calculation
- However, there should also be the possibility to see (and use) the entire datasets, as well as to add a new Member State or Region



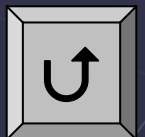
The Baseline Database

- The idea is to include in the software a database with all the relevant Baseline collected so far, but the software should also give the chance to add new SMRs, GAECs or Additional Baseline
- There should be a direct link between the description of the SMR/GAEC/Additional Baseline (columns 1 to 3 of the assessment tables) and the respective RD measure(s) (column 5); this would give a preliminary filter, once selected a measure for the calculation
- The coding system (column 4) contains the acronym of the country/region, in order to link the baseline requirements also with the countries/regions for which they are relevant; of course a better coding system can be thought up
- The combination of column 4 & 5 should also give the chance of future comparative analyses of Baseline across Member States and/or Regions



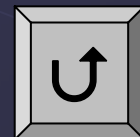
Selection of relevant Baseline from the database

- In the database, the baseline requirements will be classified by relevant RD measure(s) and countries/regions
- However, the calculation is carried out at sub-measure (or lower) level, therefore only part of the baseline requirements will be relevant for the concerned calculation
- The user must have the possibility to select the requirements that are relevant for the particular sub-measure he is justifying



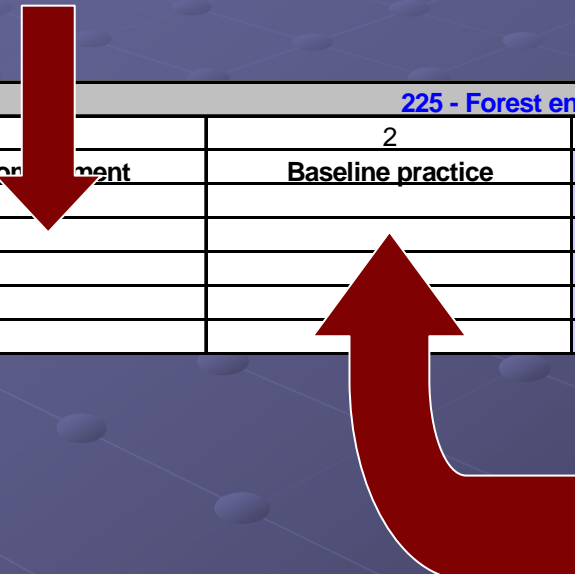
Examples

- For LFA payments, non-LFA farms could be used as baseline
- For AEMs, GAEC seem to be the most common relevant Baseline (except when there are more restrictive common practices)
- In the forestry schemes, national forestry legislation and common forestry practices can be used as baseline



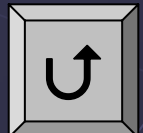
Matching between common practices and voluntary RD practices

1. If for a particular sub-measure there are no relevant baseline requirements, the first step consists in listing in the Linkage Table all the different voluntary commitments of the concerned sub-measure, which influence the calculation of the RD payment



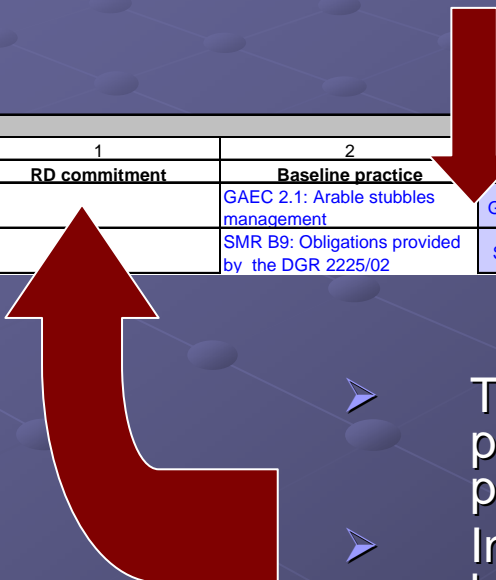
225 - Forest environment Payment - Typology 4				
	2	3	4	5
RD commitment	Baseline practice	Reference code	Additional cost element	Additional revenue element

2. The following step consists in paring the listed RD commitments with the respective common practices



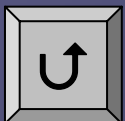
Matching between baseline and voluntary RD practices

- If for a particular sub-measure there are relevant baseline requirements, the software should report in the Linkage Table those practices reflecting the baseline and above which the RD commitments should go



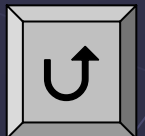
c - Organic Farm				
1	2	3	4	5
RD commitment	Baseline practice	reference code	Additional cost element	Additional revenue element
	GAEC 2.1: Arable stubbles management	GAEC_IT-VE_02		
	SMR B9: Obligations provided by the DGR 2225/02	SMR_IT-VE_12		

- The following step consists in paring the listed baseline practices with the RD commitments that tighten up those practices.
- In the software there should be also the chance to replace a baseline practice with a more restrictive common practice
- The user should then add other relevant RD commitments and relate them to common practices (when no SMR/GAEC/Additional Baseline exists)



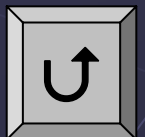
Production Process approach

- Costs and revenues related to specific cultivation/livestock/forestry/etc. practices can be used
- INEA provides a complete tidy list of all non-FADN components come out during the development of the grids
- Each WP2-WP6 leader must “clean” the Balance Sheet list, taking out cost/revenue components which are not relevant for the investigated RD measure;
- Partners have also the chance to add other cost/revenue components not come out yet, but which in their opinion should be part of the future grids
- Multiple entries referring to the same practice should be combined in a single one
- In our opinion the “*Mixed approach*” should be merged in the Production Process approach, giving the user the possibility to select also FADN entries (even if figures will not be taken from the FADN)



FADN approach

- Only FADN entries are allowed
- Any needed entry, which is not in the list yet, must be taken from the FADN
- INEA provides a complete tidy list of all FADN components come out during the development of the grids
- Each WP2-WP6 leader must “clean” the Balance Sheet list, taking out cost/revenue components which are not relevant for the investigated RD measure
- Partners have also the chance to add other cost/revenue components not come out yet, but which in their opinion should be part of the future grids
- The purpose of creating an “FADN-only” approach is to be able, in the future, to connect the software with the FADN database



Selection of cost/revenue elements aroused by RD commitments

Once listed all the relevant RD commitments and the respective baseline and/or common practices, the user must match them with the relevant cost/revenue elements, picking them from the revised Balance Sheet (and according to the selected approach)

The idea is to give the software the possibility to produce tables similar to those required at present by the Commission

214/c - Organic Farm				
1	2	3	4	5
RD commitment	Baseline practice	Reference code	Additional cost element	Additional revenue element
Observance of the organic prescriptions for the maintenance of soil fertility (leguminous cultivation, incorporation of manure etc.)	GAEC 2.1: Arable stubbles management	GAEC_IT-VE_02		
Observance of organic methods of fighting pathogen agents and weeds (indirect fighting, physical methods etc)	SMR B9: Obligations provided by the DGR 2225/02	SMR_IT-VE_12		

Production (Yield * Price)

SE131-Total output

SE135-Total output crops & products

SE140-cereals
SE145-protein crops
SE146-energy crops

SE206-Total output livestock & products

SE216-cows milk & milk products
SE220-beef and veal
SE225-pigmeat

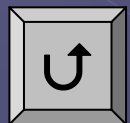
Costs

SE270-Total Inputs

SE281-Total specific costs

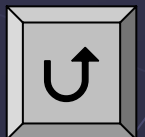
SE285-seeds and plants
SE286-fertilisers
SE287-plant protection
SE288-total farming overheads
SE289-machin.&build. current costs
SE345-energy
SE350-contract work
SE365-Total external factors
SE370-wages paid
SE375-rent paid
SE380-interest paid
Opportunity cost of family work

If the necessary cost/revenue element does not exist, the software must give the chance to add a new one



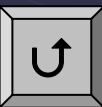
Selection of relevant differentiation categories

- INEA provides a limited list of differentiation categories, drawing them from the analyses of all the differentiation elements come out so far
- Each WP2-WP6 leader can suggest new measure-specific categories, but the total number of categories must remain “limited”
- Where applicable, please refer to terms used in European standard classifications (FADN, Eurostat, etc.)
- Once defined, the categories should not be modifiable anymore!



Selection (or addition) of relevant differentiation elements within each category

- Differentiation elements are criteria under which a RD payment is differentiated: they must not be confused with possible different cost/revenue elements used in the calculation of an individual payment. For example:
 - If a RDP states that a payment is different for cereals and industrial crops, then these two types of crop are differentiation elements;
 - **If cereals and industrial crops are characterized by the same payment but the calculation refers to both crops (e.g. calculating the average value of cost/revenue), then the two types of crop cannot be considered as differentiation elements**
- INEA provides a complete and tidy list of all the differentiation elements come out so far, grouped under the provisional categories
- Each WP2-WP6 leader must check all relevant differentiation elements under each category, taking out those elements which are not relevant for the investigated RD measure
- Where applicable, please refer to terms used in European standard classifications (FADN, Eurostat, etc.)
- Eligibility criteria (e.g. minimum area under contract, or payments granted only for NVZs) cannot be considered as differentiation elements
- The software should give the chance to add new elements in the future



Selection of further costs & revenues necessary for payment calculation

- In the software we should give the possibility to select more cost/revenue components that could be necessary for the calculation, but are not linked to any RD commitment and/or baseline/common practice

