



MINISTERO DELLE POLITICHE AGRICOLE
ALIMENTARI E FORESTALI



REPORT ON CROSS COMPLIANCE IMPLEMENTATION IN ITALY

Extended summary

SEPTEMBER 2010

PIANO STRATEGICO DELLO SVILUPPO RURALE
“L’AGRICOLTURA A BENEFICIO DI TUTTI”



1. The regulatory framework and the strategic - programming context

The report prepared by the National Rural Network (NRN) 2007/2013 – ISMEA, analyses the relevant regulatory framework, describing the development process of cross compliance policy standards. From Agenda 2000 to the Fischler Reform, a gradual integration of environmental objectives in the market and rural development policies framework has occurred, thus leading to the set-up of Good Agricultural and Environmental Conditions (GAECs) and Statutory Management Requirements (SMRs) not only in terms of environmental policies but also in food safety, animal welfare and health and plant health.

The cross compliance acknowledgement process and its implementation in Italy takes place through the first Ministerial Decrees, considered the result of an in-depth examination carried out by the Ministry of Agriculture in a technical table with the Regions and the Autonomous Provinces, and with the socio-economic and environmental partnership, up to the technical definition of the GAECs. The effectiveness of such criteria needed be proved and recognized by the agronomical science and, at the same time, complying with GAECs should not be more onerous compared to the common agricultural activities standards.

For the first time in Italy, in the implementation of the first pillar of the CAP, direct payments could be related to territorial aspects, while in the past their importance was related only to Structural Funds and rural development interventions. Together with this “vertical” integration, cross compliance implementation led to a new “horizontal” cooperation aspect between the public competent authorities under Agriculture and those authorities in charge of the other cross compliance areas (Public Health, Environment).

The national importance of strategic objectives related to cross compliance cannot be fully understood if not considering the main agriculture and environment-related critical issues at national level that GAECs and SMRs are trying to cope with. Identifying the basis of strategic objectives connected with cross compliance obligations, means reshaping, in the interests of complementarity, a unitary framework thanks to the Rural Development National Strategic Plan (NSP) key actions and to RDPs 2007-2013 measures.

The critical issues to be taken into account harming soil integrity and functionality refer to soil erosion (Fig.1), organic matter decline, soil compaction, but also to ensure the minimum level of ecosystem maintenance and avoid habitats and landscape deterioration. Starting from this context, the synergy between cross compliance and the rural development strategy – the second pillar of the PAC – plays a new role, also with a view to post 2013. Such synergy, complementary to the Common Agricultural Policy, aims at an integration of interventions under market and income support policies.

It follows an articulated intervention framework that highlights coherence and complementarity between cross compliance and the agri-environmental actions, thanks to the analysis of the logical connections among Italian territory main critical issues. Cross compliance policy areas and objectives are oriented towards such critical issues with their respective statutory requirements and with RDPs measures.

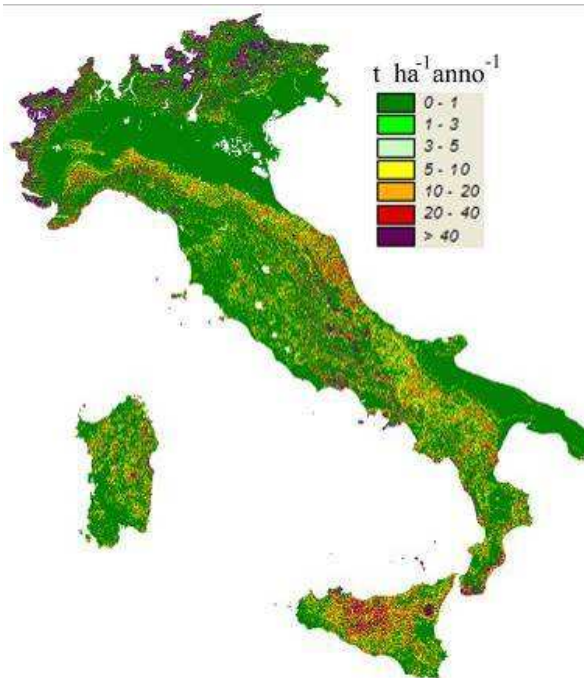


Fig. 1. Actual soil erosion risk
(Jones et al. 2003)

2. Cross compliance implementation in Italy

Cross compliance implementation is directly proportional to the implementation degree of the CAP and rural development measures involved in such implementation.

With regard to the first pillar of the CAP, the total amount of payment entitlements in Italy is around 3,8 billion €, while the average amount for each farm is around 2.500 €. As to the regional allocation, the highest total amount of the decoupled payments, that is the 14,1% of the national total amount, has been allocated to Puglia, followed by Lombardy (12,8%) and Veneto (10,1%); lower amounts have been allocated to Valle d'Aosta (0,1%) and Liguria (0,2%). As to the average amount for each farm, the highest amounts have been allocated to Lombardy (10.221 €) and Piedmont (6.533 €), while the lower amount keeps being allocated to Liguria (5.859 €).

The total number of payment entitlements allocated in 2008 to farmers is equal to a little more than 9,5 million for 8,48 million hectares area, while special payment entitlements amounts to around 46.000, with 311.870 LUs. The regions with the highest number of payment entitlements are Puglia (with just less than 1,2 million payment entitlements) and Sicily (with around 1 million payment entitlements and a little less than 900.000 hectares), followed by Lombardy and Piedmont (respectively with around 831.000 and 766.000 payments entitlements and 783.000 and 733.000 hectares area). While the regions with the lowest number of payment entitlements are Valle d'Aosta (with around 9.400 payment entitlements, less than 1% of the total number and around 8.300 hectares area) and Liguria (with around 30.000 payment entitlements and around 21.000 hectares area).

With regard to the second pillar of the CAP, there are different RDPs axis 2 area measures involved in cross compliance implementation. At national level, the considerable total amount allocated for such measures is equal to more than 6,2 billion € of the total public expenditure for the whole programming period (about the 36% of the rural development total resources), that is 1 billion € per year. A higher amount has been allocated for measures within the RDPs 2007/2013 (updated with the Health Check): the “agri-environmental payments” (214), the “compensation payments” (211), the “first afforestation of agricultural land” (221); while a lower amount has been allocated to the other axis 2 measures related to cross compliance (212, 213, 215, 224, 225).

The data analysis related to the period 2005-2008 has shown in the last two years an increasing non-respect the obligations that turns out to be proportional to the progressive entry into force of the new cross compliance requirements and to the increasing total number of farmers beneficiaries of the CAP direct payments.

3. The analysis of cross compliance policy impacts at farms level

In order to make an assessment of difficulties, costs and opportunities for Italian farmers when complying with cross compliance obligations, the National Rural Network decided to carry out a survey that identifies a representative sample of farms that in 2008 could benefit from CAP payments equal to almost 2.000 €.

Thanks to the survey carried out through telephone interviews with a semi-structured questionnaire, the following issues have been identified:

- issues related to cross compliance implementation:
 - degree of difficulty incurred when meeting cross compliance requirements; the range is between 1 (lowest difficulty level) and 12 (highest difficulty level);
 - costs incurred in terms of administrative additional costs, for employees, for advisory services, for investments and/or services depending on cross compliance implementation;
- the role played by information and advisory services aiming at supporting farmers to comply with cross compliance obligations; included the number of farms complying with RDPs measure 114 related to farm advisory services.

On the whole, 1.503 telephone interviews have been carried out. The results obtained from the survey have been processed and evaluated by expert agronomists selected by the National Council of Doctors of Agronomy and Doctors of Forestry (CONAF), and by representative members of the National Union of Agricultural Machine Manufacturers (UNIMA). Particularly important was the contribution given by the focus group of experts to supplement the opinions collected within the survey in the section related to the costs incurred by farms in order to meet cross compliance requirements: the focus group allowed to collect

more detailed information on cost items in terms of quality and quantity since the answers provided by farms, although coherent and interesting, were not enough.

The survey revealed a cross compliance opportunities increasing awareness that is directly proportional to the farm size level (both in terms of farm area and turnover) and to the interviewees education level. In addition, young people have shown a stronger awareness and a deeper knowledge of the subject.

With regard to the cross compliance obligations complexity, for most of the farms meeting cross compliance requirements, SMRs represent, compared to GAECs, the most articulated and complex package of rules to comply with. The SMRs particularly complex to comply with are those related to agricultural requirements implementation in the Nitrate Vulnerable Zones (NVZs), to traceability and food safety, as well as to livestock management provisions; while the SMRs that turns out to be less complex to comply with are those related to meet bureaucratic requirements.

Within GAECs standards, the most complex requirements farmers must comply with appears to be those related to prevent soil erosion through temporary drainage ditches, mowing set-aside land, as well as through maintaining olive groves in good vegetative condition. It turns out to be less complex, instead, to comply with the following standards: the retention (not the removing) of landscape features, included the retention of terraces and the prohibition of continuous cropping. The reasons are different and it is worth underlining, first of all, the fact that SMRs (even if existing “before and although” cross compliance implementation) often refer to farms structural aspects that involve considerable administrative and economic burdens, as reported in the cost-related section.

On the other hand, as revealed by the experts in the focus group, GAECs standards fall often within the rational and usual agricultural and agri-environmental management practices adopted by farms, thus showing a low complexity level. This last observation is obviously influenced by farms geographical location and by the prevalence, in some agricultural area rather than in others, of specific agronomical techniques consolidated over the years just in function of the territorial climatic and geopedological conditions.

With regard to the knowledge sharing and information spreading aimed at supporting farmers to comply with cross compliance obligations, and in particular with the more complex SMRs standards, the survey reveals the key role played by advisory services (public/private) compared to the less important role played by “passive” information acquisition channels (e.g. the press).

The limited role played by public authorities in the spreading information process depends on the fact that, in general, they do not aim at providing advisory services for farms, they provide instead an indirect, relevant service that is to train farm advisers significantly deployed on the territory and able to face farms needs.

The survey also confirms the marginal role played by advisory services financed by RDPs 2007/2013 and, at the same time, the importance of qualified technical support services, especially to comply with the complex SMRs standards.

As to the economic impact on farms, most of the costs incurred by farms to meet cross compliance obligations refer for the most part to pre-existing expenses - in particular to comply with SMRs standards – or to ordinary costs incurred by farms to comply with the Good Agricultural Practice. Additional outlay costs can refer only to some standards and are effective for most of the Italian territory (in particular, for standard 4.2 on set-aside land); additional outlay costs can also refer to single standards whose agricultural practice is less prevalent at local level. In general, the costs incurred to meet SMRs standards turn out to be higher compared to those incurred to meet GAECs obligations as they are often related to farms structural aspects.

In theory, starting from a hypothetical baseline of non-respect of the obligations, the average costs incurred per year by a cereal production farm to comply with the standards, could range from 20-50€/ha; such costs could double for farms located on sloping lands at risk of erosion. This hypothesis would imply a cross compliance costs impact equal to the 10-15% of the payments entitlement value.

In conclusion, it appears necessary, however, to reduce the impact of costs incurred for administrative burdens as well as for the cross compliance red tape, fostering instead good practices “productive” costs aimed at meeting the European standards of competitiveness.

4. Analysis of GAECs impact on the agricultural and environmental system and GAECs integration with RDPs

The analysis of GAECs impact on the agricultural and environmental system required by the Ministry of Agricultural, Food and Forestry Policies (MiPAAF) has been carried out in cooperation with the NRN-ISMEA evaluating the standards effectiveness through the preliminary experimental results of case studies. Such results are provided for by the Agricultural Research Council (CRA) through the findings of the EFFICOND project or data collected from other national researches, carried out in the past, in which the experimental design included the evaluation of the environmental effect of treatments similar to those of the GAECs standards (Ex. old experiments on the effect of set aside on soil erosion). This intense process of research, selection, collection, and harmonization of the data coming from the Italian scientific literature on agriculture, is shown within the complete reports with the answers to the questions.

The evaluation results are presented as answers to precise questions phrased within the NRN-ISMEA working group in order to address the questions which can be formulated on the basis of the issues and standards of Annex III and IV of Council Reg. No 1782/2003 (Ex. To what extent the maintenance of retain terraces determines a decrease of soil erosion?). To each question, a single scientific dossier - produced by the EFFICOND scientists and whose main results can be found in the cross compliance Report – shows a more detailed and substantiated analysis of the GAECs standards, state of the arts, methods, experimental results and bibliographic sources. Due to the on-going scientific knowledge development, the EFFICOND dossiers are constantly updated and enriched in content; furthermore, they can be accessed in the near future on the rural network website: www.reterurale.it

The answers given to the questions are grouped by GAECs environmental objectives (issues) in order to ensure a coherent and logical text comprehension, thus strengthening the integration of cross compliance requirements with the rural development objectives and measure as well as focusing the attention on the standards that most integrate with the objective itself.

Table 1 shows the standards effectiveness as regards the specific agronomic and environmental objective (the “issue” in the annex III) to which the standard itself was addressed by the Council Reg. No 1782/2003. It is not reported, instead, the standards possible effectiveness as regards other objectives because the table is based only on the experimental findings related to the implementation of the main environmental objective. Exception is made for 4.4b, 4.2 and 4.4a standards as they have been assessed also for the soil erosion mitigating effect.

The report describes also, for each group of standards related to the same objective, observations and prescriptions aimed at better identifying cross compliance obligations that could integrate the need for farmers to better comply with minimal agricultural obligation with the environmental protection effectiveness required by the CAP.

Table 1. Standards effectiveness

Regulation implementation previous to the Health Check					
Cross compliance standards		Effectiveness of standards vs. Issues			
		Issue 1 Soil erosion	Issue 2 Soil organic matter	Issue 3 Soil structure	Issue 4 Minimum level of habitat maintenance
standard 1.1	Temporary retention of surface water in sloping land	High			
standard 3.1a	Soil structure protection through effective surface water drainage interventions (letter a)			High	
standard 4.4b	Retention of landscape features (prohibition of unauthorized land levelling, letter b)	Low			Low
standard 4.2a	Set-aside land management (minimum soil cover, letter a)	High			High
standard 4.4a	Retention of landscape features (retain terraces , letter a)	High			High
standard 2.1	Arable stubble and crop residues management		Low		
standard 2.2	Crop rotation		Low		
standard 3.1b	Soil structure protection through appropriate machinery use, good tilth (soil moisture) condition before ploughing (letter b)			High	
standard 4.1a,b	Protection of permanent pasture (area reduction, letter a, conversion to other land use, letter b)				High
standard 4.1c	Protection of permanent pasture (livestock, letter c)				High
standard 4.2b	Set-aside land management (weed control agricultural techniques, letter b)				Low
standard 4.3b	Maintenance of olive groves and vineyards (vegetative development cultivation techniques, letter b)				High
standard 4.4c d	Retention of characteristic landscape features (retain terraces) (landscape protection, letter c -d)				High

Some examples from the experimental research

Soil erosion

The effectiveness of temporary drainage ditches and grass buffer zones to face water run-off and reduce soil erosion (GAECs standard 1.1) has been proved through the results of field researches carried out, over the years, by different research institutes on experimental plots.



Fig. 2. New-made drainage ditch (left side – October 2009) and the same ditch at the end of the experimental research (right side – April 2010). It is possible to see the sediments deposition in the ditch and the consequent erosion material held on the slope.

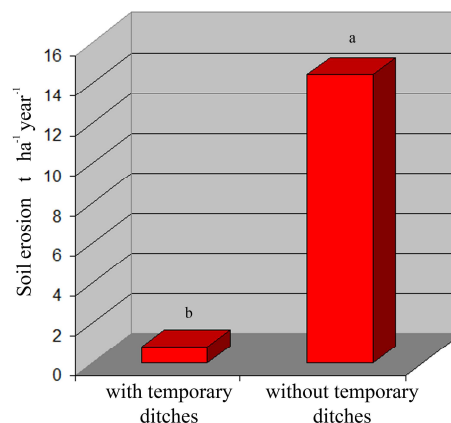


Fig. 3. Experimental research results on drainage ditches effectiveness in Guiglia (Bombere farm – Modena). Mean differences are statistically significant for $p < 0.05$.

Simulations by applying the RUSLE model (Revised Universal Soil Loss Equation, Foster et al. 1999) have been carried out in different study areas devoted to cereal cultivations on the whole national territory.

Fig. 4. Geographical location of the 60 study-areas and statistical results.

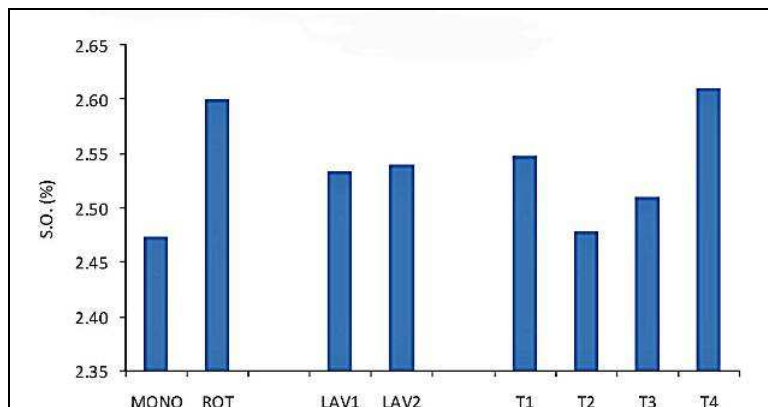


Statistical parameters	Area (ha)	Average slope (%)	Erosion in absence of drainage ditches (t ha ⁻¹ year ⁻¹)	Erosion in presence of drainage ditches (t ha ⁻¹ year ⁻¹)	Soil erosion reduction through drainage ditches (t ha ⁻¹ year ⁻¹)	Soil erosion reduction through drainage ditches (%)
Averages	26,51	12,01	32,88	10,32	22,57**	67,44**
Confidence -95%	20,30	10,74	25,67	8,30	17,22	65,35
Confidence +95%	32,71	13,28	40,09	12,33	27,92	69,54

Soil Organic matter

The crop rotation effectiveness assessment (standard 2.2) was based on experimental results carried out on field, over the years, in different parts of Italy. In a case-study, in Foggia, after 19-year treatments, the two-year rotation (ROT) triggered a soil organic matter (SOM) average increase equal to around the 5% of the SOM in wheat continuous cropping (MONO) areas.

Chart 1. SOM quantity after 19-year treatments. Source: CRA-SCA: Mono=continuous cereal; Rot=2-year Rotation; Lav1=traditional ploughing; LAV2 = surface ploughing; T1 = stubble burning; T2 = residue burial with addition of 100 kg/ha of N in spring; T3 = Residue burial with addition of 50 kg/ha of N at burial time and 50 kg/ha in spring; T4= Residue burial with addition of 100 kg/ha of N at burial.



5. The future outlook for post 2013

The report reveals how cross compliance policy plays a key role in the actual and future CAP framework.

During the first years of cross compliance implementation, important observations have been carried out; such observations point out future choices, at national and international level, within the post 2013 CAP debate.

The following four points are considered of particular importance:

- giving cross compliance a strategic approach; improving the first and second pillar integration and complementarity, emphasizing the link with the public goods;
- enhancing cross compliance effectiveness and verifiability; setting up concrete and quantified objectives; strengthening the integration with the monitoring and evaluating system already provided for by the rural development;
- reducing the number of standards and obligations coherently with the standards simplification process; fostering a systemic approach that, from one hand, allows to move from “one objective - one standard” structure towards a multi-objective approach and, from the other hand, contributes to set up a single regulatory framework coherent with the provisions related to spatial planning on land;
- strengthening the role played by farm advisory services supporting farmers to meet cross compliance requirements.

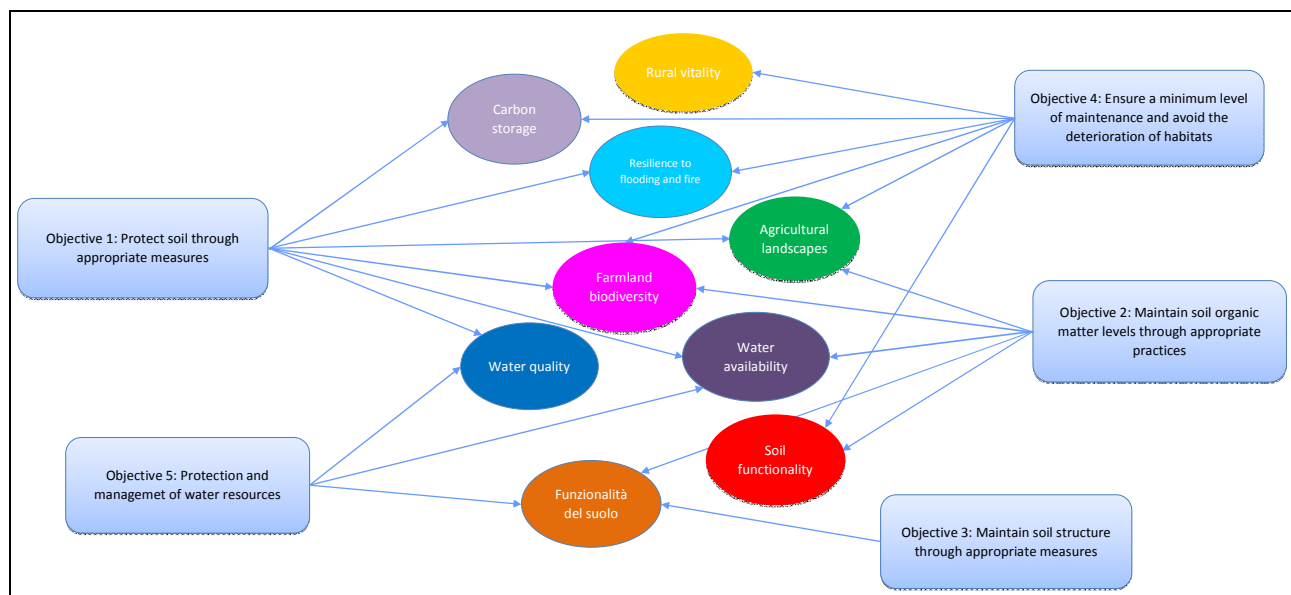
The first point aims at giving cross compliance a strategic approach: in the actual programming period, although the evident relations between the first and the second pillar as regards the cross compliance policy, this relations are prevalently related to bureaucratic aspects (assessments, advisory services), while a unitary and strategic approach is needed.

The cross compliance report reveals the autonomous character of cross compliance objectives within the direct payments regulation, while RDPs objectives come from a Community, national and regional strategic framework often independent also as regards those objectives that fit exactly with the cross compliance objectives.

It is therefore necessary to enhance the integration of cross compliance first and second pillar in a single strategic framework, emphasizing the link with public goods that seems to be the “bridge” between market policies and rural development policies purposes.

Here follows a synoptic framework where contact points between public goods and cross compliance policy actual objectives have been enhanced.

Chart 2. Link between cross compliance objectives and areas with the relevant public goods. Source: NRN



Particularly important is to enhance cross compliance verifiability and effectiveness, setting up concrete and quantified objectives aimed at strengthening the integration with the monitoring and evaluating system already provided for by the rural development, thus preventing the bureaucratic burden.

Coherently with the standards simplification process and the reform of the second pillar of the CAP, a systemic approach is needed to identify and implement the minimum GAECs standards that farmers must comply with in order to be eligible for the public aid, thus moving from “one objective - one standard” structure towards a multi-objective approach.

As shown in the report, the same standard can contribute to reach different environmental objectives/priorities. According to this approach, the standards mix should be identified at territorial and/or farm level in order to 1) ensure that all the objectives to be reached in function of the farm and of the territory are met, 2) act coherently with the standards simplification procedures, setting up the standards according to the needs of the single farm/territorial context and get rid of the unnecessary/not functional standards.

It is worth underlining the important contribution given by the cross compliance policy to the new strategic challenge at wide range on climatic changes; such challenge needs a coordinated intervention between the first and the second pillar of the CAP.

In conclusion, the role played by farm advisory services needs to be strengthened. For this reason, as a priority action, a farm check-up should be applied and a specific financing system in the pillar of the CAP should be implemented in areas with a higher environmental risk or a fragile agro-ecosystem, as well as for standards particularly complex to comply with or characterised by a potential low effectiveness level due to the lack of a highly qualified support.

RETE RURALE NAZIONALE 2007-2013

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