

EVALUATION OF THE IMPLEMENTATION OF ECO-CONDITIONALITY RULES ON SUPPORT SCHEMES AND MEASURES FOR FARMERS IN THE PERIOD 2018-2021

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Abstract

The present work starts from a real truth, namely that agriculture is an important factor of social stability with an essential role in maintaining the ecological balance. The main purpose of the paper is to evaluate the implementation of the eco-conditionality rules on support schemes and measures for farmers in the period 2018-2021 and to optimize the cross-compliance system in the direct payments for farmers in Romania by finding the best model for the implementation of the cross-compliance (ecoconditionalitate) rules in the period 2021-2027 that corresponds to the specific objectives of the PAC and the economic interests of the farmers. The main objectives of the CAP are: increasing agricultural productivity, guaranteeing a fair standard of living for the rural population, stabilizing agricultural product markets and guaranteeing of food security for the population and farmers income. To accomplish this goal, the work aimed at the following study objectives: Assess the implementation of the rules on cross compliance schemes and measures to support farmers in 2018-2020, by analyzing the results for monitoring compliance and cross compliance penalties; Development of a simplified model for implementation of cross compliance rules applicable to schemes and support measures for farmers in the period 2018-2020, based on a set of standards/requirements relevant and an effective administration and control for each area subject to cross compliance. To achieve this goal, the work aims to develop a simplified model for the implementation of the cross-compliance rules applicable to support schemes and measures for farmers in the period 2015-2020, based on a set of relevant standards / requirements and an efficient administration and control system for each domain subjected to cross-compliance.

Key words: Cross-compliance, direct payments, farmers, rural development, production

The new agricultural policy (CAP 2014-2020) aims to increase the competitiveness of agriculture, sustainable development of agriculture and maintaining agricultural activity in disadvantaged areas through the application of direct payment schemes, upon the use of agricultural land, increased production, crop diversification, maintaining permanent grassland, ecological focus areas, landscape features, and other measures to increase competitiveness, risk management, ecosystem conservation and efficient use of natural resources.

By 31 January 2015, Member States notified their decisions regarding the definitions of permanent grassland and agricultural activity, the payment for young farmers, the use of the national/regional reserves for granting entitlements under the BPS, and the rules on transfer of payment entitlements. By 31 March of each year (since 2015), Member States applying SAPS notified their decisions regarding the granting of transitional national aid for the year in question. By 1 August

2015, Member States notified their possible reviews of the financial allocations for the overbooking of BPS and for YFP, as well as their potential review regarding the redistributive payment. The notified changes applied from claim year 2016.

By 1 August 2016, Member States notified their possible reviews of the overbooking of BPS, the financial allocations for the YFP, for the Payment for areas with natural constraints and for the Voluntary Coupled Support, as well as their potential review regarding the redistributive payment. The notified changes applied from claim year 2017.

MATERIALS AND METHOD

Evaluation of cross compliance system is based on the analysis of how defined standards and requirements for each area subject to cross compliance and the results concerning their implementation schemes and support measures for farmers - control of compliance in 2015-2021, in relation to regulations European natural conditions

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specific farming system, farm structures and farming practices relevant. For this purpose, materials and methods were used in the study mentioned above.

RESULTS AND DISCUSSION

Common Agricultural Policy (CAP) is one of the first policies of the European Union is founded on the principles of the single market, Community preference and financial solidarity. The main objectives of the CAP are increasing agricultural productivity, ensuring a fair standard of living for the rural population; stabilize markets for agricultural products and ensuring food security of the population. These objectives were designed in the interests of both producer and consumer, being implemented gradually (Henke R., 2014).

Cross compliance is a key component of the link between CAP payments to farmers (direct payments, rural development support measures, market) and enforcement of environmental, climate change, public health, animal and plant health, animal welfare and maintaining the land in good agricultural condition. Cross compliance rules aimed at farming the farmer and land areas that it manages and applies to the entire agricultural area of the farm, including land ineligible for payment or not used for production purposes.

Any farmer applying direct area payments, agri-environment payments, LFA support payments for the first afforestation of agricultural land, support for wine and other schemes and supporting measures from EU funds and national budget, shall compliance with cross compliance rules. Failure results in the exclusion of the payment or payments in relation to the extent, severity, persistence, repetition and deliberate nature of the failure. Moreover, the allocation of all payments of the European financial package for direct payments to farmers in 2018-2020 will continue to be linked to compliance with the rules of cross compliance in accordance with regulations.

Compared to the above, the paper aims to optimize the system of cross compliance in direct payments to farmers, assessing the situation on the enforcement of cross compliance in 2015-2021 and finding the best implementation model for the period 2015-2020, according with the objectives of the common agricultural policy. To achieve this goal, the paper covers the following learning objectives:

- Assess the implementation of the rules on cross compliance schemes and measures to support farmers in 2015-2021, by analyzing the results for monitoring compliance and cross compliance penalties;

- Development of a simplified model for

implementation of cross compliance rules applicable to schemes and support measures for farmers in the period 2015-2020, based on a set of standards/requirements relevant and an effective administration and control for each area subject to cross compliance;

- Developing an action plan on information, training and advice to farmers under cross compliance, called Farm Advisory System (FAS).

The application of cross compliance system may lead to the achievement of at least two key objectives of the common agricultural policy, such as: development of sustainable agriculture and increase compatibility CAP payments to farmers by targeting providing public goods. In this respect, the development of specialized studies on the implementation of cross-compliance, leading to better decisions on its review in accordance with European regulations in this area.

On this line is part of our option in choosing the theme doctoral thesis, the main goal is a clearer understanding of the conditionalities applicable schemes and measures to support farmers and their effective implementation of the objectives of the common agricultural policy, specific natural conditions and interest of farmers.

As a result, the Romanian authorities took measures to revise GAEC standards, in the sense recommended by the European authorities, as follows: in 2016, it reworded GAEC 7 by completing the table of contents; in 2018 there are several additions / modifications (*table 1*), as follows: reformulation of GAEC 6 (which was identical to GAEC 2) by modifying the content, modifying the GAEC 7 by filling in the table of contents, deleting from the list of GAEC standards the obligation for permanent pasture and introducing a new standard on water management for irrigation in agriculture, GAEC 11 (*table 1*). In the period 2018-2020 the condition regarding the maintenance of permanent meadows (GAEC 7) was applied in different ways, as follows:

- Maintenance of permanent meadows by ensuring minimum grazing or mowing at least once a year" for the 2018 and 2019 campaigns;

- Maintenance of permanent meadows by ensuring a minimum grazing level of 0,3 UVM / ha and / or mowing them at least once a year, highlighted in the Registry of activities performed on permanent grasslands according to the model approved by APIA" for the campaign 2020;

- Maintenance of permanent meadows by ensuring a minimum grazing level of 0, 3 UVM / ha and / or mowing them at least once a year" for the 2021 campaign. Identifying standards and requirements for each subject

area of cross compliance was achieved by analysis of European regulations on the financing, management and monitoring of the

common agricultural policy and national legislation.

Table 1

Good agricultural and environmental conditions applied in 2018-2021

Objectives	Standards
I. Avoiding soil erosion	1. In winter, arable land must be covered with autumn crops and / or remain unworked after harvesting on at least 20% of the total arable land area of the farm
	2. Soil working on arable land with a slope of more than 12% cultivated with hoeing plants shall be carried out along the level curves
	3. Maintain existing terraces on agricultural land on 1 January 2015
II. Maintaining the optimal content of organic matter in the soil	4. Sunflower is not grown on the same plot for more than 2 consecutive years
	5. Burning of stubble and vegetal debris on arable land is not permitted
III. Maintain soil structure	6. It is not allowed to perform the plowing operation in conditions of excessive soil humidity
IV. Ensure a minimum maintenance level of agricultural land	7. Maintenance of permanent meadows by ensuring a minimum grazing level of 0,3 UVM / ha and / or mowing them at least once a year (*)
	8. Burning of permanent meadows is not allowed
	9. It is not allowed to cut the solitary trees and / or the groups of trees on the agricultural land
	10. Avoiding the installation of unwanted vegetation on agricultural land, including land not exploited for production
V. Standards for water protection and management	11. Compliance with legal norms on water use for irrigation in agriculture
	12. It is forbidden to apply fertilizers and plant protection products to agricultural land which constitute protection strips in the vicinity of surface water, the minimum width of which is 1m on land with a slope of up to 12% and 3m on land with a slope greater than 12% (*)
VI. Surface maintenance of permanent meadows	13. The permanent grassland area is maintained at the national level on 1 January 2015 by keeping the ratio between the area of permanent pasture land and the total agricultural area declared by farmers in 2015

(*) Applicable from 1 January 2020

The analysis shows the existence of a large number of standards on good agricultural and environmental condition (GAEC) and the statutory management requirements (SMR) in continuous revision, difficult to understand by land surveyors and farmers have to comply. This led to a large number of non-conformities and sanctions for certain standards/requirements (approx. 23.029 cases of non-compliance, i.e. 25, 86% of the farmers control and penalties totaling 1.412.690 € for the period under review), the impact negatively on the use of European funds for agriculture. In response to the matters referred propose simplification of cross compliance, reducing the number of standards and mandatory requirements

for farmers in the new deployment model, effective management and control, and an action plan on informing farmers under cross compliance.

Table 2 presents the results of the verification of area payment claims for the period 2015-2021 in terms of eligibility conditions, area declared payment entitlements and surface control sanctions.

During the analyzed period, 7,800,417 payment applications (applicants) were filed, for a declared area of 9,684,116 ha (annual average) with a total payment claim of approx. € 6,018,442.1 thousand. Following the verification of the areas declared by farmers, SAPS sanctions (unpaid amount) of € 372,122.8 thousand were applied.

Table 2

Situation of applying direct area payments in the period 2014-2021

Specification	2014	2015	2017	2018	2019	2020	2021
Number of requests	1396970	1271553	1258122	1226714	1219041	1206300	1170401
Area declared by farmers (ha)	10916966	10563593	10935972	10914488	10959158	11087304	11185215
Amount of payment requests (€)	685712081	790966980	834058313	826681641	1000463354	119663538	139008529
Unpaid sums - SAPS sanctions (€)	165996329	117114053	43235085	37734756	14476696	17560352	22698667
Eligible area RO (ha)	9805916	9805916	9805916	9805916	9805916	9805916	9805916
National ceiling of EU payments (€)	522666000	566221500	701323875	821095875	1020907125	122243400	142253100

Source: statistical reports APIA (agri-iacs-statistics@ec.europa.eu)

In 2018, there is a 8.58% reduction in the Pp ratio (comparing the 2018 value with the 2015 benchmark), which was a warning signal to the competence authority about a possible non-compliance with the obligation to maintain permanent grassland area. Thus, the competent authority has adopted legal measures to maintain the permanent grassland area at national level. Table 3 shows the evolution of the currently applying the SAPS have decided to maintain this form of basic payment until the end of 2022. This also means that no Member State has opted for the possibility to differentiate the SAPS payment which was conditioned to the need to switch to BPS by 2020 at the latest;

- Amongst the 18 other Member States, 5 opted for the possibility offered under Article 23 of the basic act to regionalize the BPS;

- In claim year 2021, 10 Member States apply the redistributive payment. The 9 Member States having implemented the redistributive payment in claim year 2018, continued to do so in claim years 2019, 2020 and 2021: BE (Wallonia only), BG, DE, FR,

HR, LT, PL, PT15 and RO. SK started to implement the redistributive payment in 2021.

Amongst these, 6 have decided not to apply the reduction of payments mechanism. LT has decided to apply the reduction of payments for Claim Year 2019 only. PL, SK and BG grant the redistributive payment while applying the reduction of payments mechanism;

Table 3

Flexibility between pillars								
Financial year	2015	2016	2017	2018	2019	2020	2021	2022
Claim year	2014	2015	2016	2017	2018	2019	2020	2021
France	3.0%	3.3%	3.3%	3.3%	7.5%	7.5%	7.5%	7.5%
LV	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	0.0%	7.4%
LT					3.4%	6.5%	0.0%	0.0%
BE		2.3%	3.5%	3.5%	4.6%	4.6%	0.0%	0.0%
CZ		3.4%	3.4%	3.4%	1.3%	1.3%	0.0%	0.8%
DK		5.0%	6.0%	7.0%	7.0%	7.0%	8.0%	7.0%
DE		4.5%	4.5%	4.5%	4.5%	4.5%	6.0%	6.0%
EE		6.1%	14.3%	15.0%	14.9%	15.0%	0.0%	0.0%
EL		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
NL		4.0%	4.1%	4.2%	8.3%	8.4%	9.8%	7.8%
RO		1.8%	2.3%	2.2%	0.0%	0.0%	0.0%	0.0%

Data analysis shows an increased share of non-compliance for GAEC (71.37% of total non-compliance), compared to 28.34% for SMR and 0.29% for CM. Figure 1 graphically presents the

evolution of these data. 23.029 cases of non-compliance (25.86% of the farmers controlled) were found after the on-the-spot checks, out of which: 4.178 unannounced minor deviations

(4.69% of the farmers controlled) and 18.851 penalties for reduction of payments, 17%).

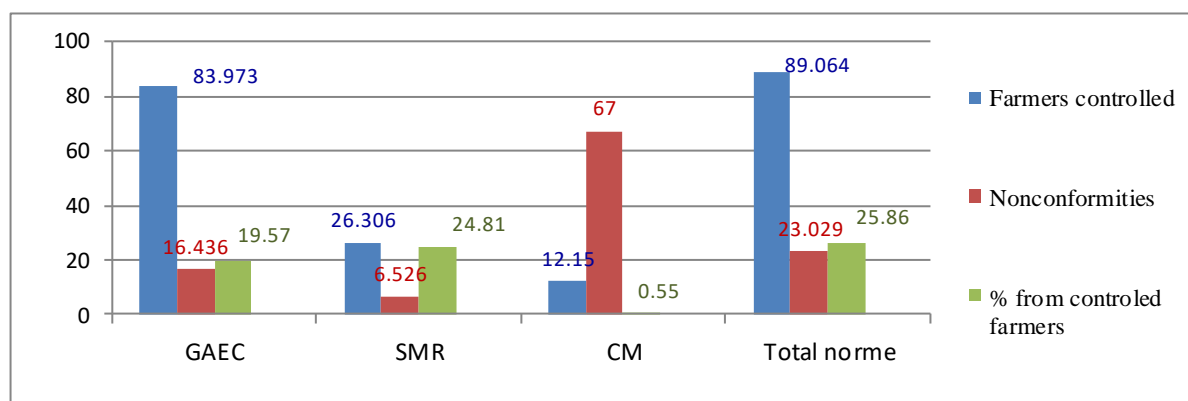


Figure 1 Situation of nonconformities on categories of standards/requirements (total period)

Control of cross-compliance compliance with schemes and support measures for farmers as follows:

- Good agricultural and environmental condition (GAEC) and statutory management requirements (SPS) for Single Area Payment (SPS), complementary national direct payments (NDP), LFA support, agro-environment

payments, payments for the first afforestation of agricultural land, support for reconstruction / reconversion of vineyards and specific aid in the milk / meat / organic farming sectors.

- Relevant minimum requirements (CM) for agri-environment payments under Axis II RDP 2015-2021;

Table 4

Statutory management requirements (SMR) implemented in 2019-2021

SMR objectives	Mandatory requirements for farmers (*)
Domain A: Environment	
SMR 1 - Conservation of wild birds	In the perimeter of the protected natural areas, the management plan and the regulations of the area are respected, regarding the regime of activities and the use of agricultural land surfaces.
SMR 2 - Protection of groundwater against pollution with dangerous substances	The regulatory acts in the field of environmental protection/water management are requested and obtained, for the activities they carry out and to comply with the conditions regarding the use, storage and discharge into the environment or into a water resource of hazardous substances. Products used in agriculture that contain dangerous substances: pesticides (biocides, herbicides, fungicides, insecticides, acaricides), medicines, antiparasitic substances, fuels, lubricants, chemical fertilizers, etc.
SMR 3 - Protection of the environment, especially the soil, when sewage sludge is used in agriculture	Treated sewage sludge can be applied on agricultural land, for which the application permit has been issued by the environmental protection authority. The technical rules regarding the use of sewage sludge in agriculture are respected, as regards the destination of the agricultural land, the type of crop, the slope of the land, the incorporation of sludge into the soil, crop rotation, provided by the legislation in force.
SMR 4 - Water protection against nitrate pollution from agricultural sources	In areas vulnerable to nitrate pollution from agricultural sources, the Code of Good Agricultural Practices and the Action Program for Nitrate Vulnerable Areas are respected, regarding the storage of manure, the prohibition periods for the application of fertilizers, the maximum amount of 170 kg of nitrogen/ annual ha, water protection strips, sanitary protection zones, farm record documents, fertilization plan for agricultural crops, application of fertilizers on sloping land, on wet or snow-covered land, or with excess moisture) Regulatory acts in the field of environmental protection/water management for agricultural activities are requested and obtained, and the measures regarding water protection against nitrate pollution from agricultural sources are respected.

CONCLUSIONS

Cross compliance is a key component of the link between CAP payments to farmers (direct payments, rural development support measures,

market) and enforcement of environmental, climate change, public health, animal and plant health, animal welfare and maintaining the land in good agricultural condition. Cross compliance rules aimed at farming the farmer and land areas that it

manages and applies to the entire agricultural area of the farm, including land ineligible for payment or not used for production purposes.

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The study results and their interpretation” presents results of the application of cross compliance system for direct payments for farmers in Romania, in 2015-2021, in terms of allocation of direct payments (SAPS eligibility control), performance obligation of maintaining permanent grassland area nationally (monitoring report reference), the results of the compliance of the rules of cross compliance farmers by category of standards and requirements (compliance control), and the penalties to reduce payments or exclusion payment for non-compliance.

The main shortcomings were highlighted reported in the implementation of cross compliance rules for the period under review, due in particular to the large number of standards and mandatory requirements, the system for the control and the lack of a functional system of information and training for farmers, the formulation proposals to improve (simplify) the cross-compliance system.

Reducing the number of standards and mandatory requirements (from 13 standards GAEC

and 18 requirements SMR currently in one list with seven standards GAEC and 13 requirements SMR in the new deployment model), their formulation in an explicit manner, involving more competent authorities in control, and information of farmers (farm advice), form a basis for optimization of cross compliance.

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