

# German Introduction of Single Farm Payments

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Prepared for the National Audit Office



# Preface

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The National Audit Office (NAO) has commissioned RAND Europe to undertake an analysis of the introduction of Single Farm Payments in Germany. This study will be an annex of a wider NAO ‘Value for Money’ (VFM) investigation into the way Single Farm Payments were introduced in the United Kingdom.

Given Germany introduced Single Farm Payments to a similar timescale and on an equivalent basis to the scheme in England, an international comparison could shed light on the relative success of the introduction of payments in England and may draw out examples of interesting practice in terms of the technicalities of the scheme introduced in Germany and any remedial steps taken to address problems in the processing of farm payments.

This report contains two main sections. The section ‘Final Report’ gives the input to the VFM report. The structure of this section follows the questions outlined by the NAO in its invitation to tender and presents the key findings of the research. The section ‘Appendices’ contains additional information on laws and regulations and application procedures in Germany. Methods used in this study consisted of an extensive literature, press and document review (including German and online sources) and seven interviews with government officials and stakeholders in Germany. An ‘Interview Protocol’ is given in Appendix A.

RAND Europe is an independent not-for-profit policy research organisation that aims to serve the public interest by improving policymaking and informing public debate. Its clients are European governments, institutions, and firms with a need for rigorous, impartial, multidisciplinary analysis. This report has been peer-reviewed in accordance with RAND’s quality assurance standards.

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# Contents

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Preface.....	i
Acknowledgments.....	v
Summary.....	vii
<b>Final Report.....</b>	<b>1</b>
<b>REFERENCES.....</b>	<b>11</b>
Reference List.....	13
<b>APPENDICES.....</b>	<b>15</b>
Appendix A: Interview Protocol.....	17
Appendix B: European Law.....	21
<b>Appendix C: National Law.....</b>	<b>23</b>
Appendix D: Application Methods Available in German Federal States.....	25
Appendix E: Types of Payment Agency in German Federal States.....	27



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- *Bundesministerium für Ernährung, Landwirtschaft und Verbraucherschutz* (Federal Ministry of Food, Agriculture and Consumer Protection);
- *Ministerium für Ländliche Entwicklung, Umwelt und Verbraucherschutz Brandenburg* (Ministry for Rural Development, Environment and Consumer Protection of the State of Brandenburg);
- *Deutscher Bauernverband* (Federal Farmers' Association);
- *Landesbauernverband Brandenburg* (Farmers' Association of Brandenburg);
- *Arbeitsgemeinschaft der Grundbesitzerverbände* (Association of Landowner Organisations);
- The European Commission.

Jonathan Grant and Eddy Nason at RAND Europe provided useful and insightful comments during the Quality Assurance process.



# Summary

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1. National Audit Office (NAO), as part of VFM study into the way Single Farm Payments were introduced in England, asked RAND Europe to undertake a comparative analysis of the introduction of Single Farm Payments in Germany. The context of this study is the problematic and delayed distribution of Single Farm Payments by the Rural Payments Agency in England.
2. This comparison aims to shed light on the relative success of the introduction of payments in England and may draw out examples of interesting practice in terms of the technicalities of the scheme introduced in Germany and any remedial steps taken to address problems in the processing of farm payments.
3. The study produced the following findings:
  - **The German decision on the payment model occurred at the end of 2003 after intense negotiations with the federal states and stakeholders.**
  - **The federal states administer payment and measurement systems in Germany.**
  - **The ‘dynamic hybrid model’ will evolve in the period 2009-2013 to a ‘regional model’.**
  - **The 50,000 new claimants in Germany are mainly small and/or specialised farmers.**
  - **There were three main causes of delays of payments in 2005: the determination of entitlements; the Geographic Information Systems used by the federal states; and cross-compliance.**
  - **The German government resorted to partial payments in September 2005 when it became clear that a single final payment could not be made by December 2005.**
  - **Single farm payments in 2006 seem on track.**
  - **The German government effectively managed the expectations of the farming community.**



# Final Report

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1. The Common Agricultural Policy (CAP) Reforms in 2003 required member-states to decouple farm payments from agricultural production starting in 2005.<sup>1</sup> Instead, payments would occur on the basis of agricultural acreage to allow farmers to produce more directly for the market. Member-states had considerable discretion in choosing which system to use to implement this European farm payment framework. Both England and Germany chose a 'dynamic hybrid model', in which part of the payments are made based on 'historical' reference data (2000-2002) and the other part on the basis of a uniform per acreage payment for a specific region. The dynamic aspect of the model refers to the gradual reduction of 'historical' payments in favour of 'regional' payments.<sup>2</sup>
2. The introduction of the Single Farm Payment Scheme in England has been problematic. The Rural Payment Agency (RPA) has had difficulty making the final payments in the time period envisaged. The March 2006 payment date for 2005 payments had to be delayed, as there were persistent problems with the accuracy of acreage and entitlement data. Moreover, the payment system of the RPA had difficulties processing the claims from entitlement holders. As a result, the RPA had to opt for a partial payment system without a definite indication when a full final payment could be made to farmers.
3. Given Germany introduced Single Farm Payments (SFP) on a similar timescale and an equivalent basis to the dynamic hybrid model in England, the National Audit Office asked RAND Europe to undertake an analysis of the introduction of the Single Farm Payment Scheme in Germany to inform a 'Value for Money' (VFM) study. An international comparison could shed light on the relative success of the introduction of payments in England and may draw out examples of interesting practice in terms of the technicalities of the scheme introduced in Germany and any remedial steps taken to address problems in the processing of farm payments. The main findings of the study were:

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<sup>1</sup>There are several caveats. Member-states have the freedom to maintain couplement (so called 'partial decoupling') in a range of 'strategic' commodities. These include cereals and oilseed (up to 25%).

<sup>2</sup> Other models implemented by member-states include the 'historical model' (e.g. France, Wales, and Scotland), the full regional model, and a static hybrid model (e.g. Northern Ireland). The 'historical model' is also widely referred to as the 'standard model'.

**The German decision on the payment model occurred at the end of 2003 after intense negotiations with the federal states and stakeholders.**

4. The main objective of the German federal government in the negotiations on CAP reform was to gradually decouple farm payments towards a full acreage payment by 2013. The German government managed to shape the EU decision on decouplement. Policy makers saw full decoupling as important for the German *Agrarwende*, i.e. the design of a “green” agricultural policy. The *Bundesländer* (federal states) supported the shift towards decoupled payments and assumed that a decoupled acreage payment would reduce the administrative burden.<sup>3</sup> However, a system of tradable entitlements was not part of the original plans of the federal government. Interviews with Federal Ministry of Food, Agriculture and Consumer Protection (*BMELV*) officials indicate that policy-makers in Germany mostly focused on their vision of a decoupled acreage payment and were largely unaware of the complexity of a system with entitlements. Furthermore, the German government had not yet proposed a model for farm payments by the middle of 2003 (for a decision timeline see Figure 1).
5. The negotiations on the payment model between the states and federal government exposed the different positions of the stakeholders. The positions of the states were diverse and did not follow the typical party political lines, but were instead heavily influenced by the agricultural structure of each state.<sup>4</sup> The states of Bavaria and Hessen were strongly opposed to full decouplement and supported a solution based on a ‘historical’ model. The potential major redistributive effects of the reform between the states as well as between farms and regions within the states complicated an agreement.<sup>5</sup> The *Bauernverband* (German Farmers’ Association) was initially opposed to the concept of CAP reform and then lobbied for a historical model. During the negotiations between the federal government and federal states most models were discussed, but a ‘dynamic hybrid model’ seemed the most promising solution in December 2003.<sup>6</sup> The Farmers’ Association at times aligned with the positions of certain states to try to shape the dynamic hybrid model. These federal states and the Farmers’ Association managed to gain considerable concessions when the Law was passed in July of 2004:<sup>7</sup>

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<sup>3</sup> Bundesrat (BR)(2004).

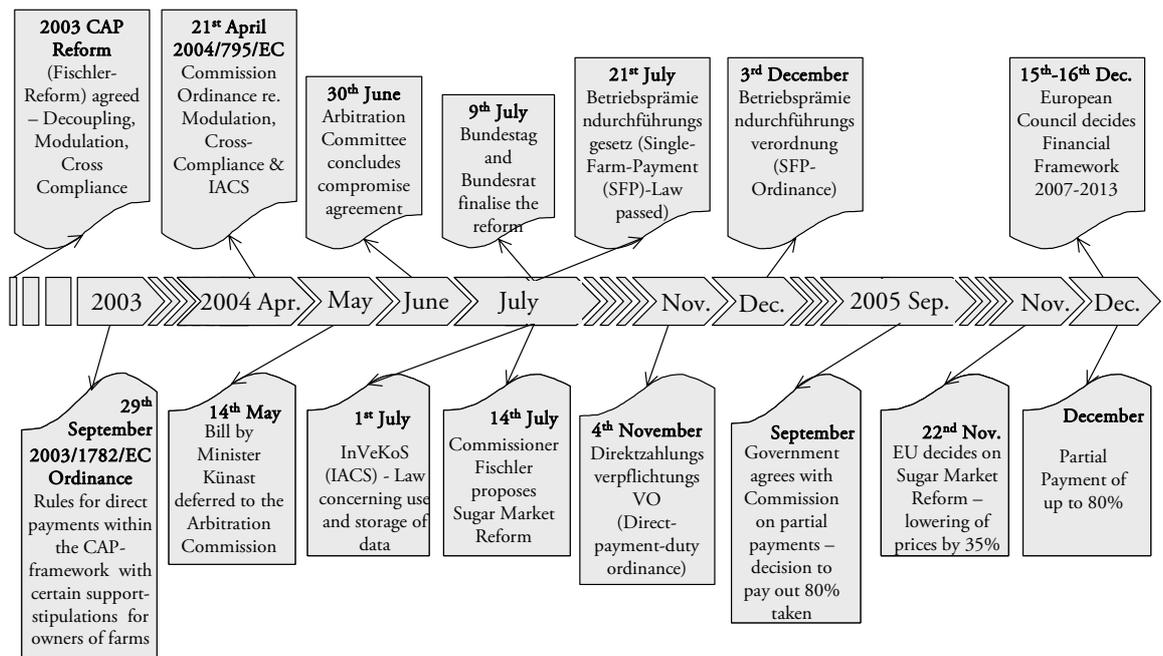
<sup>4</sup> States with less fertile land and extensive farming typically favoured the reform (e.g. Brandenburg), while states with milk and animal production as well as small intensive farming on fertile land were strongly opposed (e.g. Bavaria).

<sup>5</sup> The first proposal (promoted by the federal government) was for full equalisation of the payment per hectare/acre across the states. This proposal was vetoed in subsequent discussions.

<sup>6</sup> Allowing federal states to choose their own payment model was one option discussed. This position was not pursued, because of the complexity involved and the preferences of federal states to have uniform guidelines and frameworks.

<sup>7</sup> The compromise was finalised in the “*Betriebsprämien durchführungsgesetz*” (SFP-law), which was discussed in the Arbitration Committee of both chambers of parliament (*Bundesrat and Bundestag*) and passed both chambers on July 21, 2004.

- The postponement of the reduction of historical model payments until 2009;<sup>8</sup>
- Agreement on modulation (reduction of the national reserve payment from 1.5 to one percent);
- Consistency of standards (cross-compliance and the general implementation framework for single payments) throughout the Federation.



**Figure 1: German Decision-making Timeline**

**The federal states administer payment and measurement systems in Germany.**

6. *BMELV* sets policy and standards, often after consultation between federal and state level experts in designated working groups. The 13 states implement, measure land, perform compliance and acreage controls, and pay farmers.<sup>9</sup> The administrative structures of the states differ. While in some states county (similar to districts or boroughs) administrations implement the payment model (e.g. Brandenburg), other states use specialised agencies (e.g. Bavaria) and some even authorise regional Chambers of Agriculture<sup>10</sup> to make farm

<sup>8</sup> As the minutes of the *Bundesrat* session show (BR Plenarprotokoll 802), the discussion of the postponement also took into account the next review of the CAP Reforms, i.e the review in 2008 would offer another chance to influence policy at EU level (the Bavarian position). On the other hand, some states such as Sachsen-Anhalt pushed for earlier implementation to consolidate reform.

<sup>9</sup> Single farm payments in the city-states are administered by neighbouring states: Berlin is administered by Brandenburg, Bremen by respectively Lower Saxony and Hamburg by Schleswig Holstein (BMELV 2005).

<sup>10</sup> The chambers of agriculture can be traced back to the 19<sup>th</sup> century. They were founded to increase the weight of the farmers’ lobby in politics and to regulate the agricultural market. After the end of the ‘Third Reich’ only the northern states decided to restore the chambers, while the southern states chose to either build

payments (e.g. Northrhine Westphalia) (for an overview see Appendix E). However, it does not appear from interviews that these different administrative structures lead to noticeable differences in how payments are processed and made. Little is known about the cost of processing payments in state administrations.<sup>11</sup>

7. Most states have different measurement and payment systems. However, working groups consisting of federal and state level experts and officials agreed upon specifications in the software to guarantee a minimum of compatibility and a uniform application of the laws and ordinances. Although some federal states cooperated in the purchase of new payment processing and database software, there still exist a wide variety of solutions across the federal states. Some federal states, such as Brandenburg, try to standardise and automate the processing of the payments as far as possible. Others only use the basic features prescribed by the working groups.
8. There are three different measurements systems in place, which differ in the method used to measure land.<sup>12</sup> For over 50 percent of the land remote sensing methods are used, which rely on aerial or satellite imagery. All other land is measured by on-site inspections, which cover at least 50 percent of the acreage of the chosen farms. In cases of disputes, GPS measurements are used. The level of accuracy, i.e. the maximum tolerance level, follows EU specifications.<sup>13</sup> The Integral Administrative Control System (IACS [*InVeKos*]) database is run by the State of Bavaria on behalf on the federal states. *InVeKos* registers entitlements as well as the control activities put in place by the federal states.
9. Application procedures also differ between federal states. Some federal states (e.g. Brandenburg, Hessen or Saxony) offer online and CD-ROM/offline applications as well as conventional paper applications, while some only allow for conventional paper applications (e.g. Saarland and Schleswig-Holstein). For an overview see Appendix D.

**The ‘dynamic hybrid model’ will evolve in the period 2009-2013 to a ‘regional model’.**

10. The German dynamic hybrid model is 65 percent ‘historic’ and 35 percent ‘regional’ until 2009 (for an overview of both types of payments see Figure 2).<sup>14</sup> The percentage of regional payments will start to increase in 2009. In 2009, a final regional premium will be calculated and used as reference for determining subsequent payments. The difference (positive or negative) between the payment before 2009 and the regional reference is then modulated until 2013: 10 percent in 2010; 30 percent in 2011; 60 percent in 2012; and 100 percent in 2013. Payments are divided over arable land and grassland, and differ

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up specialised agencies or to use the county administrations for implementation of agricultural policy. They played no role in the SFP decision-making process and have no discretion in how they implement federal and state level policy and directives.

<sup>11</sup> Mann (2001).

<sup>12</sup> The basic difference is not technological, but definitional. Systems differ in terms of the basic unit of land measurement. Some states chose to modernise their existing land registers based on cadastral data, while others went to new systems based on land parcels, see e.g. AFL (2004).

<sup>13</sup> See EU-Regulation 795/2004 Art. 12. paragraph 6.

<sup>14</sup> See BMELV (2006) or DBV (2006).

between states (see Table 1). This distribution of payments between arable land and grassland can also be changed by the states. There is a nationwide “*de minimis*” payment amount of €100 as well as a minimum acreage of 0.3ha required to claim direct payments.<sup>15</sup> Milk and animal farmers do not have minimum acreage requirements to claim payments (and have the same nationwide minimum payment amount, €100). The decision to have an acreage requirement at the upper limit of the European Commission regulation (795/2004, Art. 12, paragraph 6) was a federal decision and appears to be an attempt by the *BMELV* to limit payments to ‘professional farmers’ rather than to include so called ‘hobby farmers’.<sup>16</sup> The *BMELV* in a similar way determined the minimum payment amount. Certain crops remain partially coupled (e.g. hops, important to the beer brewing industry, remains 25% coupled). Until 2009, 40 percent of the premium will be decoupled. From 2010, 50 percent will be decoupled and the remaining 50 percent used for Pillar II (rural development) measures. Modulation of payments will be three percent in 2005, four percent in 2006, and five percent in 2007-2012, with no modulation over the first €5,000 received by the claimant.

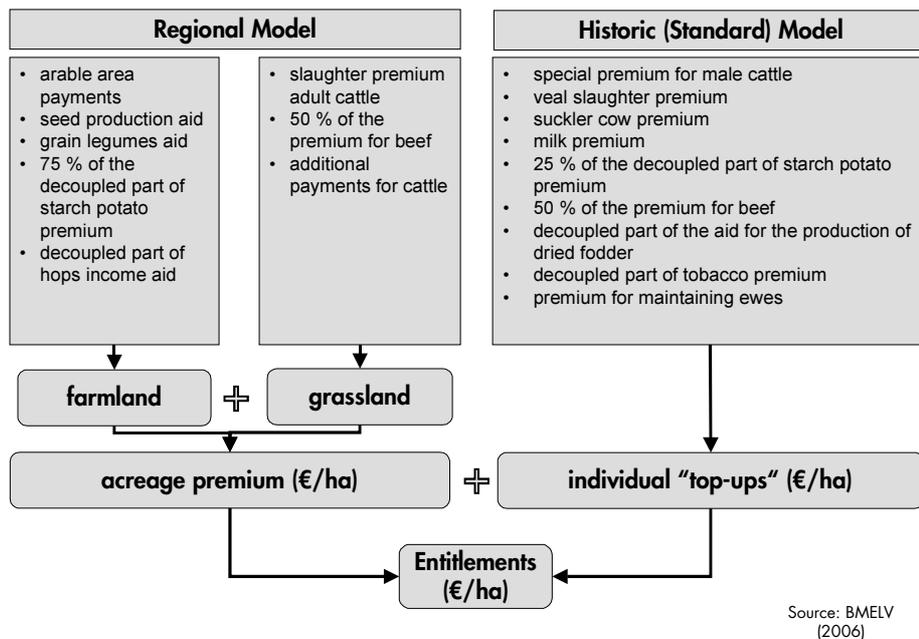


Figure 2: Overview of German dynamic hybrid model

<sup>15</sup> The minimum acreage of 0,3 ha is established in federal law (paragraph 10, *der dritten Verordnung über die Durchführung von Stützungsregelungen und gemeinsamen Regeln für Direktzahlungen im Rahmen des Integrierten Verwaltungs- und Kontrollsystems (InVeKoS) vom 3. Dezember 2004 [Bundesgesetzblatt I Seite 3194]*). The minimum payment amount of €100 is established in paragraph 4 of the same directive (listed directly above).

<sup>16</sup> This assessment is derived from interviews with officials from the Farmers’ Association. The minimum acreage and payment requirement were not a major concern to interest groups such as the Farmers’ Association, as they related mostly to ‘hobby farmers’, and were consequently not actively debated between stakeholders.

**Table 1: Regional acreage premium (without "historical top ups") (Bundesländer)**

Region	Farmland Euro/ha	Grassland Euro/ha
Baden-Wuerttemberg	303.82	72.00
Bavaria	298.46	88.34
Brandenburg/Berlin	269.65	68.49
Hesse	300.39	61.58
Mecklenburg-Western Pomerania	308.50	59.84
Lower Saxony /Bremen	255.12	99.75
Northrine Westphalia	267.70	104.95
Rhineland-Palatinate	276.89	48.45
Saarland	280.55	53.86
Saxony	309.76	111.20
Saxony-Anhalt	317.18	97.69
Schleswig-Holstein/Hamburg	304.61	79.80
Thuringia	322.10	80.52

Source: Bundesministerium für Ernährung, Landwirtschaft und Verbraucherschutz (BMELV)(2006)

**The 50,000 new claimants in Germany are mainly small and/or specialised farmers.**

11. According to *BMELV* the number of claimants rose from 338,000 in 2004 to around 388,000 in 2005. This increase can mainly be attributed to three groups of claimants: grassland owners who were not eligible for payments before (e.g. pony ranches, horse breeding); specialised vegetable farmers producing fruits not-eligible for payments; and 'hobby farmers' who own small lots between 0.3 and five ha and did not claim benefits before.

**There were three main causes of delays of payments in 2005: the determination of entitlements; the Geographic Information Systems used by the federal states; and cross-compliance.**

12. From the start, it was clear to most stakeholders (Farmers' Associations at federal and state levels) that the introduction of a dynamic hybrid model would be complex. A risk analysis was not undertaken. The stakeholders describe it as a political decision, which then had to be implemented.
13. There were three main causes of delays in payments in 2005: the determination of entitlements; the new Geographic Information Systems (GIS) used by the federal states; and cross-compliance. Specific implementation problems were:
  - The switch by several federal states to new GIS in 2005 combined with the continued use of 2002 as the main reference year led to inaccurate measurements in some federal states and made cross-checking of data more difficult.
  - Payments depended on all federal states delivering data to the InVeKos database, which meant delays in one state would lead to an overall delay in payments.
  - Claimants tried to maximise their acreage in the application process when they realised the importance of the initial distribution of entitlements, leading to an increased need for inspections and controls.

- Ministries and agencies had little time to plan ahead or divide the workload over the time available for implementation, because most farmers used the whole time-period available for handing in claims.
- IT systems had to be continually adjusted, also because of coordination problems (primarily) within the federal states.
- Interpretation and controlling (inspections and enforcement) of cross compliance regulations have proven very difficult (e.g. hygiene regulations).
- The European Commission had to clarify regulations as implementation progressed and problems in member-states emerged, which led to implementation delays, especially in the area of cross-compliance where this clarification was slow or is still forthcoming.

14. Several steps were taken in Germany to assist in the implementation, including:

- The implementation was coordinated in three working groups (*Arbeitskreise*) consisting of federal and state level officials, which focused on specific aspects of the coming reform (one working group on cross compliance, one on entitlements, and one on the basic definitions for the new acreage information system);
- A ‘rolling schedule’ was used in the working groups, which allowed for a systematic assessment of the state of implementation.
- The federal and state levels of government published a uniform guideline/handbook for cross compliance checks (on site) and criteria to determine the selection of farms visited for cross compliance controls;
- The claim forms were in most cases drafted jointly by federal and state officials.

**The German government resorted to partial payments in September 2005 when it became clear that a single final payment could not be made by December 2005.**

15. *BMELV* became aware in May 2005 that a full final payment on the basis of the data available could be problematic. The option of ‘partial payments’ had already been discussed in various Management Committee meetings at the European level in 2004. By late Summer 2005, the *BMELV* received further information and data from the federal states. In September 2005 the federal states asked *BMELV* to apply for European Commission approval for partial payments. This was subsequently granted. The position of the European Commission was broadly that partial payments could be made as long as controls were in place to ensure the accuracy of payments, there was no inherent risk to the Fund, and a suitably high percentage of payments were made (75-80 percent).<sup>17</sup>
16. Partial payments were made at the end of December 2005 on the basis of a calculation of regional acreage premiums for farmland and grassland, and top-up payments. A risk analysis took place before payments were made. Claimants whose estimated amount was

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<sup>17</sup> The states wanted to avoid having to make partial payments. The use of partial payments meant having to run a parallel system and delayed the process of introducing a full final payment (by two to three months). If partial payments would be introduced, the states hoped to pay out only 40 percent, so as not to require controls of individual farmers.

deemed accurate received 80 percent of the payments. Certain high-risk groups, e.g. fruit farmers, saw a further deduction to account for the higher risk. The value of partial payments amounted to 78% of total value of payments.<sup>18</sup> One to three percent of farmers received no payments. These included: special hardship cases; cases in which the status of the land was not yet established; cases in which the controlling activities were not yet completed; and cases with farmland across different state borders. Final payments (the remaining amount) started in April 2006. The federal states made the remaining payments before the end of June 2006.

**Single farm payments in 2006 seem on track.**

17. Most of the factors that caused delayed payments in Germany seem one-off problems in gathering accurate data. The German Farmers' Association and *BMELV* indicated in interviews that as soon as entitlements are determined and land areas are measured, the system is relatively easy to administer. This leaves cross-compliance as the main outstanding issue. Though problems in producing accurate data remain in some federal states (e.g. Saarland), most German stakeholders (*BMELV*, Farmers' Association, and state level government) expect a full single payment in 2006 (paid by the end of December 2006). A minor complicating factor in the processing of payments in 2006 was that claim forms were sent out later in 2006 than in 2005. In most states, the forms were only sent in the middle of March, leaving only a short time to finalise individual applications.

**The German government effectively managed the expectations of the farming community.**

18. The relationship between the federal and the state level officials and the representatives of the farmers' association can be described as a close policy community. However, Germany does not show many examples of interesting or exceptional formal consultation procedures. Rather there is a strong informal network between the associations and governments at state and federal levels. This is characterised by:
- Frequent informal exchanges between the Farmers' Association and the government, rather than institutionalised consultations (although formal consultations also occur, e.g. ministries asking for comments on bills, hearings in Parliament etc.);
  - The relative strength of the Farmers' Association (90 percent of the farmers are members) makes it a political necessity to consult farmers;
  - There exist close personal links between officials in the ministries and the associations and some Members of Parliament are also members of a Farmers' Association;
19. The Farmers' Associations (at federal and state levels), the federal government and the federal states closely consulted during the implementation of the Single Payment Scheme. This consultation was not exceptional and followed the normal ways of consultation on other policy issues in the past.<sup>19</sup> The Farmers' Associations were fully aware of the administrative problems that were occurring throughout the implementation period. Key

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<sup>18</sup> MLUV (2006, p.12).

<sup>19</sup> Derived from interviews with officials of the Farmers' Association.

to the continued cooperation of farmers was the decision of the federal government to keep its promise of partial payments in December 2005. By informing farmers of problems and setting and meeting the deadline for partial payments the German government managed the expectations of the farming community. During the process of implementation, there was relatively little press attention. This can be attributed to the willingness of the Farmers' Associations to cooperate with the federal and state governments as long as the partial payment would be paid out in a satisfactory and timely manner.



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## **APPENDICES**

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# Appendix A: Interview Protocol

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## Introduction

The National Audit Office (NAO) has commissioned RAND Europe to undertake an analysis of the introduction of Single Farm Payments in Germany. This study will be an annex of a wider NAO ‘Value for Money’ investigation into the way Single Farm Payments were introduced in the United Kingdom.

Given Germany introduced Single Farm Payments to a similar timescale and on an equivalent basis to the scheme in England, an international comparison could shed light on the relative success of the introduction of payments in England and might draw out examples of interesting practice in terms of the technicalities of the scheme introduced in Germany and any remedial steps taken to address problems in the processing of farm payments.

This document serves as an interview protocol. The aim is to speak to about 6 officials in different organisations. The organisations contacted are: Deutscher Bauernverband, BMELV, the European Commission, Arbeitsgemeinschaft der Grundbesitzerverbände, and MLUV Brandenburg. Some questions might be more specific to a certain organisation and can be treated as such in the protocol.

It is important to note that the protocol simply provides guidance as to the areas we aim to cover. It is likely that additional questions will be identified through background desk research and through the course of interviews. These questions can then be added to the interview protocol. Certain questions will likely also be organisation-specific. In this sense, the protocol is a dynamic document.

## Deciding on the dynamic hybrid model

1. EU rules leave little discretion to member-states to decide on how to decouple direct payments. Which alternative models were discussed in Germany? What were the decisive factors in the choice of the current model? Did the government change its ideas or was their choice always clear and consistent?
2. How much of a departure from the previous system is the current system? Did an ex-ante analysis/evaluation of the possible impact take place?
3. What are the main characteristics of the model?

4. What was the role of farmers in deciding this model (how effective was lobbying?)? (linked to the question below) or what kind of stakeholder representation was there in the decision process or law-making?
5. How were the differences of opinion between government and the states represented in the choice of system?
6. Did the *länder* have/gain freedom to influence how they implemented the system, i.e. processed the payments?
7. To what extent was the administration/processing of payments fixed?
8. What were the consequences of the chosen system on the complexity of the administration of single payments?
9. Was administrative complexity part of the initial discussion?
10. Were remedial steps discussed before implementation (i.e. were contingencies in place?) How well thought out was the government strategy?
11. What kind of specific concessions were made to aid implementation (e.g. to farmers' groups or to the *Länder*, or deviations from the original system) and why?

### **The EU and negotiations**

12. Was the position of Germany during the negotiations at the EU level consistent (i.e. did the Germans have a clear and consistent negotiations strategy and was it clear Germany would negotiate on the basis of a dynamic hybrid model)?
13. Did Germany gain any specific concessions relating to the implementation of the dynamic hybrid model?
14. Were there any attempts to talk to or with the EC when difficulties/problems emerged in the system?
15. It appears that in November of 2004 the EC was particularly unhappy with the way Germany had translated the cross-compliance regulations (especially about land not in production). How was this issue resolved and how did it affect the eventual system put in place?
16. Were there specific agreements between the European Commission and Germany after problems with the model emerged?
17. Were these agreements or discussions based on previous concessions or discussions between Germany and the EC?

### **Implementation of the new model**

18. Did preparations for the implementation of the new model take place before May 17, 2005? What were the specific measures or preparations?

19. Which administrative measures were associated with the initial implementation of decoupled payments? Was a risk analysis done before implementation?
20. Did a clear implementation strategy exist? Was the implementation plan communicated to the stakeholders?
21. Was Germany well-prepared?
22. Which problems emerged in the course of 2005? Which of these problems led to the delays in payments and the eventual decision to pay out 80% of payments in December 2005? What are the main causes of these problems?
23. Which measures/steps were taken to make sure payments could be made and to ensure a certain level of payments would be made by a certain time? Were alternative plans discussed? What would these alternatives have looked like?
24. Who was paid and how? Was this in the spirit of the law or a one-time emergency measure? Was there a difference between the various *Länder* in how they paid? What did the federal government do to help? What was the role of the *Länder* and farmers?
25. How long were the payment delays on average and who did they affect most? Were there any direct consequences on farmers' income (economic situation etc.) due to the implementation?
26. What were the consequences of granting interim payments for the implementation of the final system?
27. How did the German government tackle the issue of mapping? What was the system of mapping and how was it implemented? What was done to address specific problems? How did it turn out?
28. What was the origin of the IT system and was it the same in the various *Länder*?
29. Were there any specific problems with the IT system? Did the IT system hinder or facilitate payments?

### **Preparation for the next round of payments**

30. What is the risk that payments will be delayed for the next payment period?
31. Are measures being taken to ensure that payments will be made? If so, what are these measures?
32. Are remedial steps taken to address the problems of implementation changing the model and the way the German government had envisioned rolling out the model?
33. What problems do these remedial steps specifically address?

## Statistics and general information

34. The NAO wants to see if the following statistics for Germany can be found:
- Number of existing claimants, before introduction of single payments-*Anzahl der Empfänger/Antragsteller von Direktzahlungen vor und nach der Reform*;
  - Number of new claimants-*Anzahl neuer Empfänger seit 2005*;
  - The distribution of the value of claims-*Verteilung der Höhe der Zahlungen auf die Empfänger*;
  - The timing and value of payments-*Zeitpunkt und Höhe der Zahlungen*.
35. Is there any further material, which might be applicable to our research?
36. What is your view on the differences between Germany and the UK?
37. What is your view on the problems now faced by the UK?

## Contact

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## Appendix B: European Law

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The key provisions in the European law include following regulations and their subsequent changes:

Commission Regulation (EC) No 1973/2004 of 29 October 2004 establishing detailed rules for the application of Council Regulation (EC) No 1782/2003 as regards the support schemes provided for in Titles IV and IVa of that Regulation and the use of land set aside for the production of raw materials.

Commission Regulation (EC) No 796/2004 of 21 April 2004 establishing detailed rules for the implementation of cross-compliance, modulation and the integrated administration and control system provided for in of Council Regulation (EC) No 1782/2003.

Commission Regulation (EC) No 795/2004 of 21 April 2004 establishing detailed rules for the implementation of the single payment scheme provided for in Council Regulation (EC) No 1782/2003.

Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers and amending Regulations (EEC) No 2019/93, (EC) No 1452/2001, (EC) No 1453/2001, (EC) No 1454/2001, (EC) 1868/94, (EC) No 1251/1999, (EC) No 1254/1999, (EC) No 1673/2000, (EEC) No 2358/71 and (EC) No 2529/2001.



## Appendix C: National Law

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The following overview<sup>20</sup> summarises the key federal laws and federal ordinances of the single payment scheme. It shows the initial regulations and the subsequent changes.

*Gesetz zur Durchführung der einheitlichen Betriebsprämie (Betriebsprämien-Durchführungsgesetz - BetrPrämDurchfG) vom 21. Juli 2004 (Bundesgesetzblatt I Seite 1763)*

- *Zweites Gesetz zur Änderung des Betriebsprämien-Durchführungsgesetzes vom 27. April 2006 (Bundesgesetzblatt I Nr. 20, Seite 942)*
- *Bekanntmachung der Neufassung des Betriebsprämien-Durchführungsgesetzes vom 26. Juli 2004 (Bundesgesetzblatt I Seite 1868)*

*Verordnung zur Durchführung der einheitlichen Betriebsprämie (Betriebsprämien-Durchführungsverordnung - BetrPrämDurchfV) vom 3. Dezember 2004.*

- *Verordnung zur Änderung der Betriebsprämien-Durchführungsverordnung und der InVeKoS-Verordnung (Bundesanzeiger vom 29.04.2006).*
- *Fünfte Verordnung zur Änderung der Betriebsprämien-Durchführungsverordnung vom 28. Februar 2006 (Bundesanzeiger Nummer 44 vom 03.03.2006 Seite 1407).*
- *Vierte Verordnung zur Änderung der Betriebsprämien-Durchführungsverordnung vom 3. Februar 2006 (Bundesanzeiger Nummer 26 vom 07.02.2006 Seite 779).*

*Verordnung zur Änderung der Betriebsprämien-Durchführungsverordnung und zur Änderung der Zweiten und Dritten Verordnung zur Änderung der Betriebsprämien-Durchführungsverordnung vom 21. Dezember 2005 (Bundesgesetzblatt Jahrgang 2005 Teil I, Nummer 75, Seite 3630 ausgegeben zu Bonn am 28. Dezember 2005).*

- *Dritte Verordnung zur Änderung der Betriebsprämien-Durchführungsverordnung vom 2. September 2005 (Bundesanzeiger Seite 13 447).*
- *Zweite Verordnung zur Änderung der Betriebsprämien-Durchführungsverordnung vom 11. Juli 2005 (Bundesanzeiger Seite 10741).*
- *Erste Verordnung zur Änderung der Betriebsprämien-Durchführungsverordnung vom 29. April 2005 (Bundesgesetzblatt I Seite 1213).*

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<sup>20</sup> Taken from the website of the federal ministry: [http://www.bmelv.de/cdn\\_045/nn\\_751434/DE/04-Landwirtschaft/Foerderung/Direktzahlungen/NationalesRecht.html\\_\\_nnn=true](http://www.bmelv.de/cdn_045/nn_751434/DE/04-Landwirtschaft/Foerderung/Direktzahlungen/NationalesRecht.html__nnn=true) (accessed June 2006).

*Verordnung über die Durchführung von Stützungsregelungen und gemeinsamen Regeln für Direktzahlungen im Rahmen des Integrierten Verwaltungs- und Kontrollsystems (InVeKoS) vom 3. Dezember 2004 (Bundesgesetzblatt I Seite 3194)*

- *Verordnung zur Änderung der InVeKoS-Verordnung und der Hauptzollamtszuständigkeitsverordnung vom 23. Dezember 2005 (Bundesgesetzblatt Jahrgang 2005 Teil I Nummer 76 Seite 3720-3724, ausgegeben zu Bonn am 30. Dezember 2005).*
- *Verordnung über die Grundsätze der Erhaltung landwirtschaftlicher Flächen in einem guten landwirtschaftlichen und ökologischen Zustand (Direktzahlungen-Verpflichtungenverordnung - DirektZahlVerpflV) vom 4. November 2004 (Bundesgesetzblatt I Seite 2778).*

## Appendix D: Application Methods Available in German Federal States

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**Table 2: Application methods in German federal states**

Region	Online	CD /offline	Paper	Comment
Baden-Wuerttemberg	■	■	■	
Bavaria	■	■	■	a print out is still necessary
Brandenburg/Berlin	■	■	■	online only proof of acreage/area
Hesse	■	■	■	
Mecklenburg-Western Pomerania	■	■	■	only partial CD/offline application
Lower Saxony /Bremen	■	■	■	
Northrine Westphalia	■	■	■	
Rhineland-Palatinate	■	■	■	online only proof of acreage/area
Saarland	■	■	■	
Saxony	■	■	■	
Saxony-Anhalt	■	■	■	
Schleswig-Holstein/Hamburg	■	■	■	
Thuringia	■	■	■	
■	available			
□	not available			

Source: Own survey



## Appendix E: Types of Payment Agency in German Federal States

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**Table 3: Types of payment agency in German federal states**

Responsible payment agency		
County administration	Specialised agencies	Chambers of agriculture
<ul style="list-style-type: none"> <li>▪ Baden Wurttemberg</li> <li>▪ Brandenburg/Berlin</li> <li>▪ Rhineland – Palatinate</li> <li>▪ Hesse</li> </ul>	<ul style="list-style-type: none"> <li>▪ Bavaria</li> <li>▪ Mecklenburg- Western Pomerania</li> <li>▪ Saxony</li> <li>▪ Saxony-Anhalt</li> <li>▪ Schleswig- Holstein/Hamburg</li> <li>▪ Thuringia</li> </ul>	<ul style="list-style-type: none"> <li>▪ Northrine Westphalia</li> <li>▪ Saarland</li> <li>▪ Lower Saxony /Bremen</li> </ul>

Source: Own survey