



2.1 Use of standard costs to incentivize the interactive participation of farmers/foresters to cooperation for innovation

Rationale

The implementation of multi-actor approaches (MAA) to cooperation for innovation is a challenge for farmers/foresters, as it requires certain commitment and the distraction from typical on-field farming activities which is due to their participation in interactions with the partners within the EIP-Agri Operational Groups (OG) (e.g. participation in project meetings, European CAP Network).

This represents a deterrent to farmer'/forester's active participation in multi-actor innovations. During the project life of an OG, in addition to the investment on innovative tangible/intangible assets, a farmer/forester is committed to two overarching types of interactive activities with other partners of the OG that are instrumental to the effective implementation of the multi-actor and interactive innovation process: (1) joint actions of the OG for internal coordination and interactions, external dissemination and peer-to-peer activities (e.g. general assembly of the partners, demonstration of innovation, showcases, cross-visits, CAP network events) and (2) technical meetings aimed at co-development, co-adaptation and adoption of innovation (e.g. practical on-field and laboratory tests).



Keywords

Simplification, Standard costs, interactive innovation, Operational Groups, agricultural income



Potential users

Managing authorities of the CAP strategic Plans, Paying agencies, auditors and certifying bodies, Partners of OGs, Advisors, Innovations brokers.



Country

Italy



During these cooperation actions, the farmer/forester provides some relevant contribution during the development and dissemination of the innovation, through sharing his practical and exclusive knowledge and experience within and outside the OG.

It is, therefore, relevant to properly recognize such an important contribution of the farmer/forester by establishing an adequate remuneration corresponding to the time spent on such collaborative work.

Solution

During the programming period 2014-2022, the National Rural network (NRN), through a guideline document, provided the methodologies for the determination of standard costs to apply to some cases relating to the OGs implementation, including the ones for calculating the remuneration of farmers/foresters participating in joint actions of the OGs. That document included also the indication of the number of man/days to make eligible in relation to the participation of OGs' partners in national (internal to the OG or, for example, organized by the NRN) or international (e.g. organized by the EU level CAP networks, H2020 projects) relevant meetings. That number of man/days had been calculated based on a series of data collected by the NRN over the programming periods 2007-2013 and 2014-2020.

Territoriality of the meeting		Duration	Eligible man/days
A	Local/regional level	1/2 - 1 day	1
B	Country level	1/2 - 1 day	1
C	EU level	1/2 - 1 day	2
D		2 days	3

One of the methodologies proposed by the NRN to recognize to farmers/foresters a remuneration corresponding to the time spent on joint actions of the respective OG is based on the conventional agricultural income of farmers that it is normally used as social security taxable base to determine the contributions owed by them. It is concerted between the Ministry of Labour and Social Policies and the farmers' unions, and it is based on the average of daily wages relating to the agricultural income from the land and/or from animal husbandry. The amount of the conventional agricultural income is determined at national level, updated on yearly basis and established by a ministerial decree.

In practice...

The managing authority of the RDP 2014-2022 (MA) of Abruzzo Region adopted the methodology based on the conventional agricultural income to determine the standard cost for recognizing to farmers/foresters a remuneration corresponding to the time spent for the type 1) of joint actions applied within the respective OG and this was established within the RDP 2014-2023 as it was requested by in force EU regulation.

As it was suggested by the NRN, to avoid updating the basic parameter on yearly basis, the standard cost was then determined as the average of the conventional incomes established for the years 2014 to 2018, that is equal to 56,20 euros/day.

In practice, for example, the remuneration recognizable to a farmer participating in a full day meeting of the European CAP network is determined as showed in Box 1.

Box 1: Remuneration of the farmer/forester

$$\text{Eligible amount of remuneration} = \text{EUR } 56,20 \times 2 \text{ (C)} = \text{EUR } 112,40$$

Besides, the documentation to provide for the probation of the effective participation to the meeting was established by the call for applications of the OGs (e.g. list of participants with signatures).

Practical implications for replicability

The use of standard costs under the CAP Regulation 2023-2027 has been furtherly simplified.

However, some administrative arrangements remain relevant:

- This practice implies that a conventional income has been already established at Country/regional level.
- The methodology for standard costs determination should be better shared with the paying agency and made clear by the calls for applications. As well, MA must clearly list the documentation that is required to demonstrate the effective participation of the farmer/forester in joint actions of the OG.
- For the case of open or periodic call for applications of the OGs along the programming period, yearly updates of the conventional income in use as the basis for the standard cost determination is needed; in alternative, it can be used an average income that it is based on a period of 3 or 4 years.

Benefits

- Incentivization for farmers/foresters to actively participate in OG.
- The use of this reference income ensures an equal treatment to farmers as it represents the best possible approximation to an economic treatment that it is already in use for their category of workers, and it is co-decided with their representative organizations.
- Administrative simplification due to the reduced use of probative documentation and of time to spend for budgeting.
- The reference income is easily verifiable, as it established by ministerial decree.
- Equal treatment of farmers/foresters and other OG's partners (e.g. researchers, academics).

Further information

- [Public call for applications for OGs \(IT\)- Abruzzo Region](#)
- [NRN Guidelines Simplified costs for operational groups \(2018\) \(EN\)](#)
- [Decree of 11/05/2018 n.195 of the Director-General for Social Security and Insurance Policies at the Ministry of Labour and Social Policy \(IT\)](#)

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