



ADVISORY SERVICE PACKAGE 1 ASSESSMENT OF THE SITUATION

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ADVISORY SERVICE PACKAGE 1 – “ASSESSMENT OF THE SITUATION”

➤ Obligatory package

➤ Main goal:

Assess the specific situation of the agricultural holding or rural enterprise

➤ Key assessment elements

-level of compliance with the local obligatory standards

-situation with machinery and equipment

-type of infrastructure

-economic performance of the entity



WORK PROCESS FOR DELIVERY OF ADVISORY SERVICE PACKAGE (ASP) 1

- The submission of an application form for receipt of ASP
- Preparation for providing the advice to the farmer
- Farm visit
- Providing the advice to farmer



ACTIVITIES BEFORE THE VISIT TO THE FARM

- Become acquainted with the type of farm, grown cultures, reared animals and size of holding
- Check and review any farmer information which is already saved in the records of the advisory service provider from previous consultations, visits, etc.
- Define and become acquainted with relevant legislation connected to farmer activities
- Research and read about new technologies, techniques, practices and equipment connected with the operations and sectors of activity of the agricultural holding



ACTIVITIES BEFORE THE VISIT TO THE FARM

- Acquaint with market situation for products produced by farmer (prices, future development, demands of products, consumer needs, etc)
- Send in advance to the farmer the list of necessary information
- Schedule the on-farm appointment (date and time) with farmer

Indicative duration of the activities: 4 hours



ADVISORY SERVICE PACKAGE 1 – “ASSESSMENT OF THE SITUATION”



➤ Delivery of the advice

- Performing the on-farm visit
- Processing and interpretation of information and data

Indicative duration of the activities: 16-24 hours

➤ Post-advisory activities including preparation of report

Indicative duration of the activities: 8-16 hours



PERFORMING THE ON-FARM VISIT

- The meeting shall be carried out with the farmer or manager of the holding
- Complete the cross compliance check list
- Complete the Questionnaire for utilized technologies, machinery, equipment and infrastructure and for assessment of the farm economic performance, animal-breeding and plant-production situation
- Take photos of the farm (crops, animals, buildings, equipment, machinery to ensure photographic evidence)



PERFORMING THE ON-FARM VISIT

➤ Collect specific information (for grown cultures and utilized technology) in the case of crop husbandry related holdings:

- Collection of information on the grown agricultural land and parcels ;
- Examination of the state of grown cultures and technologies utilized for cultivation
- Get information on any recommendations / prescriptions, etc issued by relevant competent authorities (e.g. for plant protection, fertilizer, etc.), including also the situation with implementation/use;
- Undertaking of a review on the fulfillment of EU Cross Compliance rules including completion of the cross compliance check list
- Complete the part of Questionnaire on the grown cultures and utilized technologies (part 1)





PERFORMING THE ON-FARM VISIT



➤ Collect specific information in the case of animal husbandry related holdings:

- Examine the general conditions (wellbeing) of the herd/flock, technology and practices applied for breeding;
- Gather information on any recommendations/prescriptions, etc issued by relevant competent authorities (e.g.. Veterinarian / departments, etc. for animal disease eradication), including also the situation with implementation;
- Undertaking of a review on the fulfillment of EU Cross Compliance rules for livestock using the checklist
- Fill in the part of Questionnaire on the reared animals and utilized technologies (part 2)





PERFORMING THE ON-FARM VISIT



- Collect information for assessment of the farm infrastructure:
 - Collect information about all existing buildings on the holding such as animal breeding premises, agricultural stores, on-farm processing buildings/premises, etc.
 - Collect information about existing waste collection systems
 - Collect information about existing water cisterns/infrastructure
 - Collect information about existing access roads
 - Collect information about internet
 - Collect information about existing energy infrastructure
 - Collect information about other existing infrastructure - ownership, type and situation
 - Fill in the part of Questionnaire on the existing farm infrastructure (part 3)



PERFORMING THE ON-FARM VISIT



➤ Collect information for assessment of the farm machinery and equipment:

- Collect information about existing machinery and equipment for crop production
- Collect information about existing machinery and equipment for animal breeding
- Collect information about existing transport vehicles
- Collect information about existing other machinery and equipment on the holding
- Fill in the part of Questionnaire on the used machinery and equipment (part 4)





PERFORMING THE ON-FARM VISIT



➤ Collect Information for Assessment of the Farm Economic Performance:

- Gather information on variable costs in livestock and plant production including seeds, planting material, fertilizers, pesticides, fuel, external services, seasonal labour costs, water, animal feed, medicines, etc.
- Gather information on permanent costs of the farm - rent, insurance, interest, security, permanent labor cost, fees, etc.
- Collect information on the records and documentation kept on the holding (accounting books / registers, primary accounting documents, book for plant protection measures and used fertilizers, veterinary diaries, zoo technical reports including primary documentation related to livestock breeding, etc.)
- Collect information on any subsidies received
- Collect information for credits lines received and their type



PERFORMING THE ON-FARM VISIT



➤ Collect Information for Assessment of the Farm Economic Performance:

- Collect information on the labor force used on the holding
- Collect information on the selling price/s and the approach of selling of the production produced on the holding
- Collect information on the organization and management of the activities on the holding
- Collect information on whether the farmer undertakes non-farming activities and if he has additional income sources
- Collect information on whether the farmer participates in producers' market groups or cooperatives
- Fill in the part of Questionnaire on the farm economic performance (part 5)



PERFORMING THE ON-FARM VISIT



➤ Collect information about farmer's development plans:

- Information on whether the farmer has new ideas for development in respect to his holding and farming operations
- Information on whether the farmer plans to start new agricultural activities, services of other farms, processing of agricultural products, etc.
- Information on whether the farmer plans to start non-agricultural activities
- Information on willingness of farmer to participate in producers' market group or similar organizations



PROCESSING AND INTERPRETATION OF INFORMATION AND DATA



- The “level of compliance with the local obligatory standards”:
 - Assessment if there are any shortcomings in meeting any of the obligatory operational requirements, definition what these are and why they are not met
 - The assessment should cover primary production as well as processing of agri-food products
 - After that it should be recommended actions by which the farmer can comply to these standards



PROCESSING AND INTERPRETATION OF INFORMATION AND DATA



➤ The “situation with machinery and equipment”:

- Review of the technology employed and the conditions of existing farm / field / processing equipment.
- Determination whether the farmer needs to maintain, replace and/or purchase / install new equipment and/or machinery in line with the production type and volumes (current situation and potential performance) and the needs arising from the findings related to the conformity with standards.



PROCESSING AND INTERPRETATION OF INFORMATION AND DATA



➤ The “type of Infrastructure”:

- Determination the current situation with infrastructure present on the agricultural holding and if the infrastructure is adequate or if it needs maintenance, replacement or new installations/works to be undertaken.
- It should cover assessment of animal housing, waste collection systems, water cisterns / infrastructure, access roads, agricultural stores (for tools, machinery, equipment, fertilizer, pesticides, etc.), on-farm processing infrastructure (e.g. for cheese, honey, processed meat), quality broadband internet, energy infrastructure, etc.
- It should be done taking into consideration the type of production, services offered and the minimum obligatory requirements for legal operationalization.



PROCESSING AND INTERPRETATION OF INFORMATION AND DATA



➤ The “economic performance of the entity”:

- Check and assessment the existing economic performance (i.e. costs, sales, profit, etc.)
- Analysis of the production potential
- The assessment must also cover the reasons for poor production, limited profitability and/or loss.





COMPARISON INCOME AND COSTS

➤ Costs for last two years

- purchase of assets; construction and reconstruction; seeds; planting materials; fertilizers; pesticides; fuel; water; external services; animal feed; medicines; electricity; machinery and equipment repairs and spare parts for machineries and equipment; small reconstruction works; social and health insurance; other insurance; interest; permanent labour costs; seasonal labour costs; fees, taxes and duties; other

➤ Income from activities within the farm for last two years

- realization of agricultural production; subsidies and other public support; food-processing activities; rent of machinery and land; provided external services and non-farm undertaken by the farmer activities including rural tourism, etc



GROSS MARGIN FOR GROWN CULTURES AND RARED ANIMALS



- gross margin for any agricultural crop is determined by deducting variable costs for cultivation of a given crop from the gross farm income (from selling of products received in result of cultivation of this crop including subsidy) for a given period of time (usually per year or per cropping season)
- gross margins for any animal is determined by deducting variable costs for breeding of a given animal from the gross farm income (from selling of products received in result of breeding of this animal including subsidy) for a given period of time (usually per year)
- It is not a measure of farm profit as it does not include capital (land, buildings, machinery, irrigation equipment etc.) or fixed costs (building and machinery depreciation, administration, insurance, rates, taxes etc.).



GROSS MARGIN FOR GROWN CULTURES



- gross margin for any agricultural crop is determined in most cases per land size unit
- the per donum income from the respective crop is the on-farm price received per unit sold (tonne, kg, bunch, carton, bin etc.) multiplied by the number of units produced per donum. It includes all kind sold products received in result of cultivation of this crop. The on-farm price is calculated by deducting freight, commissions, and levies per unit from the market price. It also includes area-based subsidies per donum
- variable costs for cultivation of a given crop: seeds; planting materials; fertilizers; pesticides; fuel; water; external services; electricity; harvesting equipment costs (including trailers and pallets), packaging materials, cooling or storage expenses; labour costs for cultivation



GROSS MARGIN FOR RARED ANIMALS



- gross margin for any animal is determined in most cases per 1 or 100 or 1000 animals
- the per 1 animal income from the respective animal is the on-farm price received per unit sold (tonne, kg, etc.) multiplied by the number of units produced per 1 animal. It includes all kind sold products received in result of breeding of this animal The on-farm price is calculated by deducting freight, commissions, and levies per unit from the market price. It also includes animal-based subsidies per 1 animal.
- variable costs for cultivation of a given crop: seeds; planting materials; fertilizers; pesticides; fuel; water; external services; electricity; harvesting equipment costs (including trailers and pallets), packaging materials, cooling or storage expenses; labour costs for cultivation



BREAK EVEN GROSS MARGIN ANALYSIS



- It can be used to determine what minimum level of output (yield) must be achieved to 'break even' at a given average market price.
- Sensitivity tables can be used to test the impact of a good or bad year by comparing the impact of different yields and prices on overall gross margins received from growing the particular crop or animal



PROCESSING AND INTERPRETATION OF INFORMATION AND DATA



➤ Advisor should formulate an informed opinion on:

- Sustainability of the operations
- Capacity of the client to invest
- Areas in which greater efficiency may be achieved



POST-ADVISORY ACTIVITIES

- Preparation a detailed draft report
- Sending a copy of the report to the farmer
- Invitation to farmer or visit farmer to discuss content of the report
- On the basis of discussions finalization the report and provision of one final copy to the farmer



ADVISORY SERVICE REPORT

- Data for natural persons and/or legal entity received ASP
- Data for Advisory Service Body and advisors delivered ASP
- Location/s of provided advice under ASP
- Start and end dates of advisory service provided under the ASP
- Brief description of the type of advisory service provided under the ASP
- Short description of information and data about farm and farmer which was collected during delivery advisory service including farm visit and which was processed and interpreted for assessment, conclusions and findings



ADVISORY SERVICE REPORT

- Conclusions and findings on the basis of processing and interpretation of collected information and data
- Final recommendations on the basis of conclusions and findings including for:
 - Fulfillment of obligatory standards
 - Technical support for farm/business development
 - Investment requirements and funding needs
- Opinion of the recipient of advisory service
- Annexes