



Feasibility study on the Revision of Council Decision 2009/470/EC

to develop a harmonized EU framework for
Cost and Responsibility Sharing Schemes (CRSS)
in the occurrence of outbreaks and epidemics

FINAL REPORT

by IBF



International Consulting ■

Your Partner for Sustainable Results

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European Commission
Unit G2 "Animal Health"
DG Health and Consumers

Why a review?

Drawbacks of the current system

-> Objectives (CVO'Adlebrecht process)

-> Criteria

- prevention-driven and incentive oriented approach
- balanced distribution of costs and responsibilities
- maximisation of effectiveness and efficiency on prevention and eradication
- prevention of distortion of competition
- simple and clear rules
- avoiding risks for the EU and MS budgets
- economic sustainability of farming business
- consistency with EU policies and international commitments of the EU

CRSS: on all criteria rooms for improvement.

Option identified

- Option 1: **no-change scenario**
- Option 2: EU rules are maintained but **maximum percentage for public contribution** to is defined
- Option 3: Development of a **EU harmonized framework for Cost and Responsibility Sharing Schemes (CRSS)**
 - Option 3a: **obligation** for gradual introduction of CRSS
 - Option 3b: **possibility** for individual MS to establish CRSS allowing others to maintain EU co-financing according to current rules
- Option 4: **Deregulation**
 - Option 4 a: limit EU intervention to **catastrophic events**
 - Option 4 b: grant **lump-sum payments** instead of co-financing
- Option 5: Establishment of a **fully harmonized centralised EU CRSS** managed by the Commission.



FINAL REPORT:

Overview of the existing systems and mechanisms compensating animal disease losses

- Present regulation in the EU for compensating direct animal disease losses and risk prevention support
- Past expenditure
- Overview of existing systems and compensating mechanisms in the EU MS
- Overview of existing systems and compensating mechanisms **for direct losses** in the EU MS
- Overview of existing systems and compensating mechanisms **for indirect losses** in the EU MS

Gathering experts' opinion on policy options

- CVOs'
- Farmers

FINAL REPORT: PEST analysis

- Current system (Option 1) revealed it has on all criteria room for improvement, hence considering a new CRSS is sensible.
- **Option 3a (mandatory gradual introduction of harmonised scheme) offers on all included criteria the prospect of improvement, both compared to the default Option 1 and to all other alternatives. There are no indications that future developments would dramatically endanger the performance or robustness of this option**
- Option 2 (public-private system) and Option 5 (fully harmonised) could also be considered; they also offer improvement although with less support from all stakeholders involved.
- Option 3b (voluntary harmonisation) and Option 4 (deregulation) either do not offer the prospect of major improvements compared to the current system, or have even the risk of decreased performance.

FINAL REPORT: proposal for a EU harmonised framework for a CRSS

EU-MSs

- Bonus element (B)
- Malus element (M)

- Reduction in reimbursement for large claims

MSs- FARMERS

- Public-private-partnership (PPP)
- Coverage of consequential losses

FINAL REPORT: main elements for an Impact Assessment of CRSS

■ Historical analysis

■ Modelling approach to analyze the impact of CRSS tentative modalities

- Epidemiological risk analysis
- Economic risk analysis

1. Three groups of MS's identified

- MSs with densely populated livestock areas (NL)
- Old MSs mainly medium or sparsely populated livestock areas (FI)
- New MSs mainly medium or sparsely populated livestock areas (RO)

2. Three selected diseases CSF, FMD and HPAI

Part 1: estimation of the probability of occurrence of outbreak/epidemic:

Part 2: estimation of the size of outbreaks

FINAL REPORT:

Evaluation of a CRSS on 8 criteria

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FINAL REPORT: Stakeholders consultation

- Assessment of the CRSS components:
- Ranking the different policy alternatives:

	<i>Copa Cogeca</i>	<i>Clitravi</i>	<i>AVEC</i>	<i>UECBV</i>	<i>FESASS</i>	<i>FVE</i>
BM	0	20	20	20	0	50
PPP	0	50	70	50	20	30
Indirect Costs	100	30	10	30	80	20

				Livestock sector		Processors/ trade		Others	
BM	PPP	Coverage of part of indirect costs	<i>Copa Cogeca</i>	<i>Clitravi</i>	<i>AVEC</i>	<i>UECBV</i>	<i>FESASS</i>	<i>FVE</i>	
No	Voluntary	Excluded	-	7	8	7	-		
No	Voluntary	Included	1	3	6	3	1		
No	Compulsory	Excluded	-	5	1	5	-		
No	Compulsory	Included	-	1	3	1	2		
Yes	Voluntary	Excluded	-	8	7	8	-		
Yes	Voluntary	Included	-	4	5	4	-	3	
Yes	Compulsory	Excluded	-	6	4	6	-	2	
Yes	Compulsory	Included	-	2	2	2	-	1	

FINAL REPORT:

Stakeholders' consultation

■ Assessment of the CRSS components

- Farmers: coverage of indirect costs
- Processing industry and trade: PPP
- Vets: BM

■ Ranking the different policy alternatives

- Farmers: NO BM, voluntary PPP, indirect costs included
- Processing industry and trade: NO BM, compulsory PPP
- Vets: BM, compulsory PPP, indirect costs included



FINAL REPORT: 4 Recommendations

1. Harmonising EU reimbursement rate between diseases
2. Risk based EU compensation
3. Share responsibility and costs between public and private sector
4. MSs flexibility in expanding PPP cover by including indirect losses

What's next?

- IA: first quarter 2012

- Proposal: adopted end 2012

Thank you for your attention