



## Institutional mechanisms for unrelated agricultural support in the Russian Federation and the Federal Republic of Germany

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### ABSTRACT

Unrelated agricultural support is one of the equitable agricultural support mechanisms in developed countries. This paper describes the rules for unrelated support in the Federal Republic of Germany and in the Russian Federation. We proposed various institutional mechanisms to transform the system of rules for unrelated support in the Russian Federation to ensure sustainable long-term growth of the domestic agricultural sector.

**Keywords:** Agriculture, Institutions, Government regulation, Government support, Unrelated support.

**Article type:** Research Article.

### INTRODUCTION

The difficult macroeconomic conditions for the development of the agrarian sector in modern Russia, along with the low efficiency of state regulation institutions of agriculture in terms of a significant positive impact on the financial condition dynamics of agricultural producers (Mazloev, p. 38), show the importance of adjusting the existing rules for the agricultural sector support. An important institution of domestic support for agriculture is the rules of "unrelated" income support for agricultural producers, respecting to the reduction commitments of the World Trade Organization (WTO) are not applied. However, there is a number of conditions under which the budget funds allocated for such programs fall into the WTO green basket: 1) the right to such payments is determined by clearly established criteria (the amount of income from agricultural activities, obtaining the status of an agricultural producer, production load degree) in a certain and fixed base period preceding the period during which budget funds are paid; 2) the amount of support is not linked to or based on the production volume, type or factors in any year after the base period; 3) no production is required to receive payments; 4) the amount of support is not related and is not based on fluctuations and the level of domestic or world food prices after the base period<sup>1</sup>. The study objectives were: 1) descriptions of the rules for unrelated support in the Federal Republic of Germany; 2) description of the rules for unrelated support in the Russian Federation; and 3) determination of trends for improving the rules of agriculture unrelated support in the Russian Federation. The study was based on the dialectical method aimed at identification of causal relationships between the system of rules for unrelated support of agriculture and the suitability of agricultural land for their use. The study used extensively the legal provisions of unrelated support in the Russian Federation and the Federal Republic of Germany.

### MATERIALS AND METHODS

The issues of per hectare "unrelated" support to agriculture were discussed in the works of the following researchers: V, Mazloev; A, Ktsoev; L, Biagini; F, Antonioli; S, Severini; G, DeBoe; K, Deconinck B, Henderson

<sup>1</sup>. Agreement on Agriculture of the World Trade Organization (WTO). [Electronic resource]. Access mode: wto.ru/ru/content/documents/docs/selhozru.doc. app. 2, item 6.

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J, Lankoski; L, Alexandrova; H, Lehtonen; J, Niemi; A, Mamun W, Martin Z, Tokgoz and N, Shagaid. However, the issues related to the assessment of unrelated support mechanisms, including their impact on the well-being of rural areas, and on the effective management of crop production remain outside the research agenda.

## RESULTS

### Basic rules for unrelated per hectare support in the Federal Republic of Germany<sup>2</sup>.

Budget distribution. In the Federal Republic of Germany, unrelated direct support norms suggest different institutional alternatives:

- base subsidy;
- the subsidy for the bioecosystem conservation;
- the subsidy to young farmers<sup>3</sup>;
- redistributed subsidy<sup>4</sup>.

The amount of subsidies varies depending on the federal state and ranges approximately from 176 to 355 euros per hectare.

Requirements for potential program participants<sup>5</sup>:

- if the amount of subsidy does not exceed 5,000 euros (corresponding to 15 ha approximately), then the applicants receive support regardless of whether they are the current owners of an agricultural enterprise or not;
- if the size of the subsidized agricultural land exceeds 38 hectares, then the applicants are considered to be active agricultural producers, regardless of the main type of activity;
- if agriculture is the main activity in the official registers, the applicant is recognized as a valid agricultural producer;
- if the amount of unrelated support is at least 5% of the total income of the enterprise from non-agricultural activities, then the applicant is recognized as an active agricultural producer. Entitlement of enterprises with the rights to receive subsidies. If an enterprise meets the requirements, then by May 15<sup>6</sup> of each year it can submit a set of documents (approved application forms) for participation in subsidy programs under unrelated support programs in writing or electronically. The minimum size of an enterprise to receive support is 0.3 hectares. If, in addition to the basic subsidy, the farmer applies for other forms of support, then it is necessary to provide the certificates of compliance with the criteria: young farmer certificate; small producer certificate; environmentally friendly or biological production certificate. As a rule, all payments take place in December, but they can also be made between December 1 and June 30 of the next year. All potential participants in the subsidy are concentrated on a single portal. (Zentrale InVeKoS Datenbank<sup>7</sup>). Also, post factum, a special portal publishes all information about the recipients of funds, the amounts transferred and the description of the funded activities<sup>8</sup>.

<sup>2</sup>. During the material preparation, they used legal information about the budget of unrelated support in FRG: Gesetz zur Durchführung der Direktzahlungen an Inhaber landwirtschaftlicher Betriebe im Rahmen von Stützungsregelungen der Gemeinsamen Agrarpolitik (DirektzahlungenDurchführungsgesetz - DirektZahlDurchfG). The Law on the implementation of direct payments to farmers under the EU CAP support program. [Electronic resource]. Access mode: <http://www.gesetze-im-internet.de/bundesrecht/direktzahldurchfg/gesamt.pdf>, free (reference date: 03.08.2017). They also used the materials of the German-Russian agrarian-political dialogue. The main aspects of the formation and application of unrelated per hectare support system in Germany. Part I. II. [Electronic resource]. Access mode: <http://agrardialog.ru/prints>, free (reference date: 03.08.2017).

<sup>3</sup>. In case of young farmer demand increase for a subsidy, the funds allocated for it are increased at the expense of the base subsidy, the amount of which is proportionally reduced.

<sup>4</sup>. Also, the systems of payments to farmers conducting production in unfavorable conditions per 1 ha of farmland have been developed in most federal states at the regional level.

<sup>5</sup>. Read §9 for a complete list of requirements to "active farmers": Verordnung über die Durchführung von Stützungsregelungen und des Integrierten Verwaltungs- und Kontrollsystems. Regulation on the implementation of projects to support and operate the Integrated Administration and Control System. [Electronic resource]. Access mode: [http://www.gesetze-im-internet.de/invekosv\\_2015/](http://www.gesetze-im-internet.de/invekosv_2015/), free (reference date 04.08.2017).

<sup>6</sup>. In the event of force majeure circumstances, the deadlines for submitting documents may be extended by 25 days.

<sup>7</sup>. Zentrale InVeKoS Datenbank (ZID). Central electronic database of the integrated management and control system. [Electronic resource]. Access mode: <https://www.zi-daten.de/>, free (reference date: 04.08.2017).

<sup>8</sup>. Bundesanstalt für Landwirtschaft und Ernährung. Agrar-Fischerei-Zahlungen. Federal Institute of Agriculture and Food. Payments under the EU CAP. [Electronic resource]. Access mode: <https://www.agrar-fischerei-zahlungen.de/index.html>, free (reference date: 04.08.2017).  
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Institutional mechanisms for the allocation of support funds.

I. The base subsidy is allocated for arable land, perennial meadows and pastures, perennial plantations, fruit and forest nurseries<sup>9</sup>; specially protected areas<sup>1 1 1</sup>; the areas under protective forest belts; the areas taken out of agricultural use within the framework of other EU UAP programs.

II. Redistributive subsidy with a regressive scale. Thus, there is an additional subsidization of small agricultural producers.

III. Subsidy payment receiving scheme for the bioecosystem conservation: if an agricultural producer has applied for a basic subsidy, then next year he will be responsible for taking measures to protect the climate and the environment. In such conditions, significant changes take place in the structure of the agricultural producer area<sup>1</sup> :

- if the arable land area makes 10-30 hectares, then at least two crops must be grown on this area, and one of them cannot occupy more than  $\frac{3}{4}$ ;

- it is prohibited to reduce the area of land under specially protected areas falling under special EU directives;

- it is forbidden to change the status of lands under perennial meadows and soil cultivation in such territories is allowed, which does not lead to the destruction of the surface soil horizon. All works on such lands must be notified to the authorized body three days before they are carried out. In case of actions that violate these rules, the owner of the enterprise must restore the land to its original state at his own expense;

- if the arable land area exceeds 15 hectares, then 7% of this territory should be left for fallow, terraces, landscape elements, field sides (from 1 to 20 meters), buffer strips along water bodies (from 1 to 20 meters), forest edges (from 1 to 20 meters), protective forest belts, the areas under intermediate or cover crops, the areas under legumes and fodder legumes. At that, to calculate the area of arable land left for the preservation of the bioecosystem, depending on the land ecological significance, they use the weight coefficients from 0.3 to 2.0<sup>1</sup> .

IV. Subsidies to support young farmers under the age of 40. In the framework of unrelated support, protection mechanisms are also applied, when 5% of all applicants are checked for compliance with the submitted requirements for real business practice. Usually, agricultural producers are notified about the inspection 2-14 days before its start. At the same time, the sanction mechanism assumes various sanctions for violations in four thematic areas and assumes their amount from 1 to 20% of all support in the event of an unintentional offense. 100% of all support may be withdrawn in the event of an unintentional offense. All enterprises that participate in unrelated support programs must adhere to the principles of "EU cross-conformity" and comply with all individual regulations of the European Commission in the organization and conduct of agricultural production (more than

<sup>9</sup> . Land areas must be continuously used for 12 months (at least minimal activity must be carried out: mowing of grass once a year, grass chopping and its even distribution along the field after June 30) before this period and meet the criteria for subsidizing.

<sup>1</sup> . Richtliche 2000/60/EG des europäischen Parlaments und des Rates vom 23. Oktober 2000 zur Schaffung eines Ordnungsrahmens für Maßnahmen der Gemeinschaft im Bereich der Wasserpolitik. The Directive 2000/60 of the European Parliament and the European Council on 23.10.2000, establishing Community activities in the field of water protection. [Electronic resource]. Access mode: [http://eur-lex.europa.eu/resource.html?uri=cellar:5c835afb-2ec6-4577-bdf8-756d3d694eeb.0003.02/DOC\\_1&format=PDF](http://eur-lex.europa.eu/resource.html?uri=cellar:5c835afb-2ec6-4577-bdf8-756d3d694eeb.0003.02/DOC_1&format=PDF), free (reference date: 04.08.2017).

<sup>1</sup> . Richtliche 2009/147/EG des europäischen Parlaments und des Rates vom 30. November 2009 über die Erhaltung der wildlebenden Vogelarten. The Directive 2009/147 of the European Parliament and the European Council on 30.09.2009 establishing Community activities in the field of bird protection. [Electronic resource]. Access mode: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:020:0007:0025:DE:PDF>, free (reference date: 04.08.2017).

<sup>1</sup> . Richtliche 2009/147/EG des europäischen Parlaments und des Rates vom 30. November 2009 über die Erhaltung der wildlebenden Vogelarten. The Directive 2009/147 of the European Parliament and the European Council on 30.09.2009 establishing Community activities in the field of bird protection. [Electronic resource]. Access mode: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:020:0007:0025:DE:PDF>, free (reference date: 04.08.2017).

<sup>1</sup> . The general rules are stated in EG-Öko-Basisverordnung. Verordnung (EG) Nr. 834/2007 des Rates auf ökologischer / biologischer Produktion und die Kennzeichnung von ökologischen / biologischen Produkten. Regulation (EU) 834/2007 on ecological and organic production and labeling of organic and biological products. [Electronic resource]. Access mode: [http://www.bmel.de/SharedDocs/Downloads/Landwirtschaft/OekologischerLandbau/834\\_2007\\_EG\\_Oeko-Basis-VO.pdf;jsessionid=F98824AA586D90C2B4713D499CC507F2.2\\_cid376?\\_\\_blob=publicationFile](http://www.bmel.de/SharedDocs/Downloads/Landwirtschaft/OekologischerLandbau/834_2007_EG_Oeko-Basis-VO.pdf;jsessionid=F98824AA586D90C2B4713D499CC507F2.2_cid376?__blob=publicationFile), free (reference date: 04.08.2017).

<sup>1</sup> . Only those enterprises are exempted from these norms in which more than 75% of arable land is under grasses or fallow; perennial meadows or grasses.



20 provisions and regulations in total)<sup>1</sup>. The Institute for Unrelated Agricultural Support in the Federal Republic of Germany creates clear rules for state support of the agricultural sector and allows to create the conditions for sustainable long-term growth of the agricultural sector.

### 3.2 Unrelated support for agricultural producers in the Russian Federation<sup>1</sup>

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Budget distribution. In Russia, unrelated support is provided to agricultural producers, with the exception of citizens who have personal subsidiary plots, to reimburse part of the costs for carrying out a set of agrotechnological works, increase the level of agricultural production environmental safety, and improve soil fertility and quality. Budgetary funds are allocated for two institutional alternatives:

1) support for crop production: provision of unrelated support to agricultural producers in the field of crop production to reimburse part of the costs for the reporting year to carry out a set of agro-technological works, increase the level of agricultural production environmental safety, as well as to improve soil fertility and quality per 1 hectare of sown area occupied by cereals, legumes and forage crops;

2) support for the production of seed potatoes, seeds and open field vegetables: provision of unrelated support to agricultural producers in the development of seed potatoes, open field vegetable seeds, corn seeds, sunflower seeds, sugar beet seeds and open field vegetables production development, per 1 ha of sown area under crops<sup>1</sup>.

The scheme for bringing subsidies is based on the allocation of funds from the federal budget (on terms of co-financing: 5-10% of regional budgets) to the budgets of the federation subjects. The methodology by which funds are distributed between the constituent entities of the Russian Federation is divided into two components - the basic (minimum) - 60%<sup>1</sup> and the stimulating (40%), depending on soil fertility coefficient<sup>1</sup> and the coefficient of the sown area use intensity in the region<sup>2</sup>. Such support is not allocated in some regions during some years. So, for example, in 2017, the support for crop production in accordance with the paragraph 5 of the Rules is not allocated for eight regions (Belgorod, Voronezh, Kursk, Lipetsk, Tambov and Rostov regions, Krasnodar and Stavropol Territories).

The scheme of the distribution of subsidies between the subjects, the requirements to the subsidy performance indicators for the subjects have a stimulating effect on the activities in the field of crop production, which leads to the redistribution of support from the "green" to the "amber" WTO basket.

Requirements for potential participants. General requirements from the RF Ministry of Agriculture:

<sup>1</sup>. Verordnung (EU) Nr. 1306/2013 des<sup>5</sup> europäischen Parlaments und des Rates vom 17. Dezember 2013 über die Finanzierung, die Verwaltung und das Kontrollsystem der Gemeinsamen Agrarpolitik. The Regulation 1306/2013 of the European Parliament and of the European Council on 17.12.2013 about the financing, control and monitoring of the EU CAP. [Electronic resource]. Access mode: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:347:0549:0607:DE:PDF>, free (reference date: 04.08.2017).

<sup>1</sup>. The analysis is based on the following legal framework: Decree of the Russian Federation Government N 717 issued on July 14, 2012 (as amended on July 29, 2017) "On the State Program for the Development of Agriculture and Regulation of Agricultural Products, Raw Materials and Food Markets during 2013 - 2020". [Electronic resource]. Access mode: <http://www.consultant.ru/cons/cgi/online.cgi?req=doc&base=LAW&n=221649&rnd=263249.78277102&from=215137-71374#0>, free (reference date: 05.08.2017).

National reports "On the progress and results of the state program implementation for the development of agriculture and regulation of markets for agricultural products, raw materials and food during 2013-2020." [Electronic resource]. Access mode: <http://mcx.ru/activity/state-support/programs/program-2013-2020/>, free (reference date: 05.08.2017). The website of the RF Ministry of Agriculture. State support measures for the agro-industrial complex: Subsidy for the provision of unrelated support in the field of crop production. [Electronic resource]. Access mode: <http://mcx.ru/activity/state-support/measures/crops-subsidy/>, free (reference date: 05.08.2017).

<sup>1</sup>. Since about 1% of the total amount of funds is allocated to support the production of seed potatoes, seeds and open field vegetables, only the first type of support will be considered in the analysis.

<sup>1</sup>. The Order of the RF Ministry of Agriculture No. 4 dated on January 11, 2013 "On the establishment of a minimum subsidy rate per hectare of sown area of agricultural crops in the Russian Federation" [Electronic resource]. Access mode: <http://mcx.ru/upload/iblock/354/35402f28d3f29b1cc2d2e810eb4404f1.pdf>, free (reference date: 05.08.2017).

<sup>1</sup>. The Order of the RF Ministry of Agriculture No. 5 (January 11, 2013) "On approval of the Methodology for calculating the soil fertility indicator in the constituent entity of the Russian Federation". [Electronic resource]. Access mode: <http://mcx.ru/upload/iblock/d67/d67b21ebac1d07dad2ae39f2d69f8977.pdf>, free (reference date: 05.08.2017).

<sup>2</sup>. The Order of the RF Ministry of Agriculture No. 6 (January 11, 2013) "On approval of the conversion coefficients to the grain units of agricultural crops." [Electronic resource]. Access mode: <http://mcx.ru/upload/iblock/2c4/2c41b6c33b8356fcaa2067a7ec2260e0.pdf>, free (reference date: 05.08.2017).



- to receive subsidies, it is necessary to submit the approved reporting forms to the RF Ministry of Agriculture<sup>2</sup> (balance sheet, form 6-APK);
- personal subsidiary plots of the population cannot be the recipient of subsidies;
- document consideration term cannot exceed 15 days, the term for granting subsidies is 10 days.

On the part of the RF constituent entities, a number of requirements are also established for potential recipients of subsidies. The provision of documents on an agricultural enterprise operation partially violates the WTO requirements in terms of the fact that subsidies cannot be linked to production requirements. However, there may be an explanation that “zero” reporting forms may be presented. In accordance with the requirements, a standard list of documents is requested from all potential participants: on non-receipt of funds to other programs for similar purposes; about the absence of debt to the budget; about the absence of restrictions on economic activities; the documents on property that is not a foreign legal entity; extract from the unified state register of legal entities for 30 days; the form 6-APK for the previous period, 9-APK, the form No. 1-KFH; the document that the company is not bankrupt; an application for a subsidy; reference-calculation for the payment of subsidies; information on the adjusted sown areas of agricultural crops as of January 1 of the current year; the document confirming the ownership of land plots; the recipients of subsidies must be registered and carry out their activities in the region. The grounds for subsidy provision refusal are the following:

- non-confirmation of an agricultural producer status;
- non-compliance of an agricultural producer with the requirements for a subsidy granting;
- submission of an incomplete set of documents;
- detection of inaccurate information in the submitted documents;
- the absence of budgetary obligation limit balance. However, this minimum requirement exists only in 12 constituent entities of the federation, the rest have no additional conditions for subsidy obtaining, most of which violate the rules of the WTO green basket:
  - some regions also require a complete set of documents: charter, constituent documents, the documents for the right to sign, the passports of directors and accountants, etc.;
  - there are the rules according to which subsidies are calculated depending on the costs of agricultural crop production in the current year (depending on the region, subsidies cover no more than 65-70-90-100% of costs);
  - in more than half of the regions, the rules are spelled out one way or another according to which the agricultural producer is obliged to increase the sowing under cereals, legumes or fodder crops in the current year: for this purpose, they take warranty obligations from the enterprises; they conclude special comprehensive agreements where such obligations are spelled out; at the application stage, they are required to submit documents that would show the sowing of winter crops increase and preparation for a larger sowing of spring crops (information on the harvest of agricultural crops for the reporting financial year: the forms No. 29-CX, No. 2-farmer; information on the results of sowing for the harvest of the current financial year: the forms No. 4-CX, No. 1-farmer; information on the results of winter sowing: the form No. 41; achievement of a certain average regional level of grain yield). In case of non-fulfillment of such prescriptions, the funds of subsidies should be returned back to the regional budgets;
  - A number of regions puts forward the requirements that only those agricultural producers who have already received such support can become the recipients of unrelated support, which limits the right to receive support for new and young farmers;
  - some regions put forward quite specific requirements for the recipients of subsidies: the obligation to bring the level of wages to the average level in the region or to increase it systematically to double the minimum wage, while they can hire the minimum number of employees at enterprises (for individual entrepreneurs - more than 2, for agricultural enterprises - more than 5);
  - in some regions, support applies only to certain types of crops: only cereals, only seeds, only vegetables, etc.;

<sup>2</sup> . The Order of the RF Ministry of Agriculture No. 209 (05/03/2017) "On approval of reporting forms for the first half of 2017". [Electronic resource]. Access mode: <http://mcx.ru/upload/iblock/e04/e04eba982c58716143f56addc0eb6fcd.zip>, free (reference date: 05.08.2017).

- certain regions continue to require the insurance of agricultural crops, for which budget subsidies will be allocated;
- specific rules: the need to control the gross harvest of sunflower and its delivery to the processing enterprises of the subject; the need to implement large investment projects that are significant for the entire subject; provision of cows and goat livestock safety; the need to increase the herd to 200 conventional heads; allocation of subsidies only for the enterprises with the crops of more than 50 hectares for individual entrepreneurs and 200 hectares for agricultural enterprises; the need to apply fertilizers in the amount of at least 5 kg/ha in the active substance; the presence of an agronomist in the organization staff. Despite a wide range of rules that, in one way or another, violate the requirements of the WTO green box, regional requirements have developed positive practices that can be applied in all regions when granting subsidies for unrelated support to crop production:
  - more than half of the regions accept the documents only in sectoral departments or ministries of agriculture located in the administrative center of a constituent entity of the federation, which brings additional difficulties for agricultural producers. However, some regions accept the documents through district administrations, the MFC or electronically, which simplifies the procedure for subsidy obtaining;
  - a scheme has been implemented in some regions, according to which the recipients of subsidies only fill out an agreement to receive subsidies, and the regional ministry requests all other documents independently through the channels of interdepartmental information exchange;
  - about a third of the regions require the written consent from the agricultural producer to carry out inspections concerning the recipient's compliance with the conditions, goals and the procedure for their provision by the Department and state financial control bodies;
  - some regions provide the right to resubmit documents in case of inaccuracies or errors, while the Department of Agriculture is obliged to provide a reasoned letter of refusal and indicate what needs to be corrected. In other regions, if the requirements are not met, the agricultural producer is deprived of the right to receive a subsidy for one or two years;
  - some regions prescribe the rules for the return of subsidies, according to which, in case of violations, it is necessary to return not the entire amount, but a percentage of violations; force majeure circumstances are also prescribed. If such circumstances occur, budgetary support cannot be withdrawn from agricultural producers. Granting rights to producers. There are no single rates for unrelated support in Russia today. The rate itself is divided into two parts: the basic-minimum (60%) and the stimulating rate, depending on soil fertility and the intensity of sown area use (40%). At the same time, the calculation of the incentive rate through soil fertility indicators is advanced from the point of view of agrotechnological science. However, the last comprehensive measures to assess soil grading, to determine the agrochemical and ecological-toxicological quality of soils in the Russian Federation were carried out in 1989 (Mukha, pp. 34-70). Thus, the independent determination of these indicators by enterprises imposes an excessive financial burden on them, which they cannot bear on their own. In such conditions, the regions of the Russian Federation use several institutional alternatives when granting producers the right to receive subsidies:
    - support is allocated one-time under the conditions of receiving the base subsidy in full;
    - support is allocated two times: first time on the basis of a basic subsidy (from 60 to 80% of the total amount), the second time on the basis of a basic subsidy, but subject to crop area increase;
    - support is allocated within the framework of the basic subsidy (60%) and incentive subsidy (40%), however, the parameters of the incentive subsidy are determined by the legislative body of the federation constituent entity for the entire region as a whole or for municipalities;
    - support is allocated in full compliance with federal requirements and enterprises must determine the indicators of soil fertility (14 subjects). A multilevel system of unrelated support for agriculture has been developed in the Russian Federation, depending on the rules that have been formed in the Federation constituent entities.

#### **Directions for improving the rules of unrelated support in the Russian Federation.**

- Changing the rules of unrelated support at the federal level to reduce transaction costs and overcome institutional barriers:
- changes in performance indicators for budget subsidy allocation to comply with WTO requirements;

- introduction of uniform rules to determine the number of subsidies and rates per hectare of sown area of crops for all federation subjects<sup>2</sup> ;
  - crop list expansion for which basic support can be provided;
  - fair distribution of budgetary support funds among the regions according to one of the options:
    - a) provide for the same level of allocation, depending on the land area (as in FRG);
    - b) in case of distribution through the coefficient of soil fertility: allocate additional budgetary funds to agricultural universities and research institutes to develop the maps with soil fertility indicators for all constituent entities of the Federation in the context of various land plots in farms and municipalities (it will also be in the framework of the "green" box).
    - c) if the soil fertility coefficients and the intensity of land area use are preserved, refer this amount to the incentive payment and carry out methodological work to define it clearly, so that all agricultural producers understand the methodology;
  - allocation of additional incentive payments for crops which demand additional support measures (and here it is possible to indicate cereals, legumes, fodder, etc.);
  - the allocation of special incentive payments or the creation of a special simplified program for small producers based on the experience of FRG;
  - to remove the norms of "collective responsibility": still ensure the allocation of budget subsidies for bona fide agricultural producers in the conditions of sanction imposing on a constituent entity of the federation.
2. Change the support provision rules in the regions to create equal competitive conditions for agricultural producers throughout the country:
- the differentiation of the regulatory framework in the constituent entities of the federation leads to high transaction costs for agricultural producers, which requires the development of uniform rules or framework conditions for the provision of subsidies in the regions that do not violate the WTO requirements;
  - remove the requirements that are additionally put forward by the constituent entities of the federation and that violate the WTO requirements from the regional Rules and distribute the positive experience of some regions;
  - to make calculations based on the data for the previous year or for the previous 3-5 years, which makes it possible to predict the number of recipients effectively, which, when determining the amount of support, makes it possible to determine the expected level of subsidies for the next year quickly and correctly.

## DISCUSSION

The study analyzed various institutional mechanisms for unrelated agricultural support.

1. The rules of unrelated support in the Federal Republic of Germany were described including base subsidy, the subsidy for the conservation of the bioecosystem, the subsidy for young farmers, and redistribution subsidy.
2. The rules for unrelated support in the Russian Federation were described including base subsidy, and incentive subsidy.
3. The various institutional mechanisms were proposed to transform the system of rules for unrelated support in the Russian Federation. Alterations of the system of rules for unrelated support in the Russian Federation to meet the WTO requirements will provide fair support to all agricultural producers. Such a fair system will improve the situation with crop production in the constituent entities of the Federation and, over time, will make it possible to return part of the unused 45 million hectares of land to agricultural use.

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<sup>2</sup> . For example, the spread of support level is more than 60 times in the Saratov region (from 29 rubles to 1851 rubles per hectare) (Alexandrova, 176 p.).

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