

## EXECUTIVE SUMMARY

### I.I Study Objectives

EPEC was tasked with undertaking an evaluation study as part of the Commission's Impact Assessment of Rural Development programmes in view of post-2006 rural development policy.

The key objectives of this exercise were:

- To assess the impact of existing rural development measures by synthesising the findings of a selection of 30 mid-term evaluation reports of rural development measures submitted by Member States or regions and, where possible, to analyse the potential synergies of Community and other national / regional rural development schemes.
- To provide conclusions and recommendations regarding the conceptualisation of post-2006 rural development policy based on the results of the aforementioned synthesis, as well as the results of other relevant reports and documents, including European-level synthesis evaluations of Objectives 5a and 5b, analyses of Community Initiative Leader II, Agri-environment measures and SAPARD, and policy documents and Court of Auditors' reports.

This synthesis has been carried out in view of obtaining early results to inform the policy process preparing the programming period 2007-2013. This study does not replace the comprehensive synthesis of all the evaluation documents for the Member States, which will be carried out at later stage,.

### I.II Main Challenges Facing Rural Areas

This section draws on a wide variety of policy documents, with the principal reference sources being the various papers from the Salzburg conference in 2003 and Parts 1-3 of the Commission's extended impact assessment of rural development policy post 2006.

Europe's rural areas face significant economic, environmental and social challenges.

#### I.II.I *Economic Challenges*

Key economic issues facing rural areas include:

- A continuing decline in the economic significance of the agricultural sector, in the face of growing technological, economic and policy change, and in an increasingly competitive global market;
- The need to find new sources of income and employment, especially in more peripheral regions where business opportunities are scarcest.
- Relatively high rates of unemployment; widespread problems of underemployment; and low levels of GDP per head.
- Substantial variations in the structure and development of rural economies across Europe, reflecting different stages in the transition away from a

dependence on the primary sector, with the new Member States particularly heavily dependent on agriculture.

Economic priorities for policy are therefore to:

- Increase GDP and reduce income inequalities between rural and urban areas;
- Reduce rural unemployment;
- Improve the competitiveness and efficiency of the primary sector;
- Encourage diversification of land-based enterprises;
- Promote wider economic opportunities in rural areas.

### ***I.II.II Social Challenges***

Key social issues include:

- Threats to the viability and vibrancy of many rural communities, caused by a scarcity of economic opportunities.
- Rural depopulation in many areas, caused by negative rates of change in natural population and high rates of out-migration (especially among young people), leaving behind an ageing population.
- Population growth in many less remote rural areas, leading to problems such as increased development pressures in the countryside, a change in the balance of rural communities, and shortages of affordable housing.
- Lack of access to public services, education and healthcare in many areas.
- Concerns about institutional capacities and governance structures in rural communities and in relation to the delivery of rural development policy.

The social challenges of rural development policy are therefore to:

- Maintain the viability of rural communities;
- Support new activities that provide incomes and employment in rural areas;
- Encourage opportunities for young people, to rejuvenate the rural population;
- Facilitate the provision of rural services;
- Build capacity among rural communities to help them to improve their future.

### ***I.II.III Environmental Challenges***

Major environmental issues facing rural areas include:

- Abandonment of agricultural and forestry land, brought about by the marginal viability of both agriculture and forestry in many areas, with negative consequences for the landscape and environment.
- Modernisation and intensification of agriculture and forestry practice, bringing widespread changes to the countryside and affecting landscape and wildlife.
- Widespread pollution of soil, water and air, and problems of soil erosion, caused by intensive farming.

- A loss of natural and semi-natural habitats and historic features, and the need to protect and manage those remaining.

Key environmental priorities are therefore to:

- Promote environmentally sustainable agriculture and forestry systems;
- Maintain high natural value farming and forestry practices, preventing abandonment and providing a viable alternative to intensification;
- Tackle problems of pollution and soil erosion;
- Maintain and manage uncultivated features and habitats within land use systems;
- Restore and re-create habitats and landscapes degraded by agriculture and forestry;
- Protect and manage Natura 2000 sites and the built environment.

### **I.III Overview of Rural Development Measures**

#### ***I.III.1 EU Rural Development Policy***

The 2000-2006 Rural Development Policy sets out 26 measures that attempt to tackle the challenges facing rural areas. The measures can be structured around 3 axes addressing the broad issues of: agricultural restructuring, protecting the environment and countryside; and strengthening the local rural economy and rural communities. The concept of the three axes emerged in the course of the preparations for the new rural development regulation post-2006. It was not a guiding idea at the beginning of the programming period.

- **I. Restructuring/Competitiveness** – increasing the competitiveness of the agricultural sector through support for restructuring.
- **II. Environment/Land Management** - enhancing the environment and countryside through support for land management.
- **III. Rural Economy/Rural Communities** - enhancing the quality of life in rural areas and promoting diversification of economic activities through measures targeting the farm sectors and other rural actors.

The 26 measures are listed below:

#### ***I. Restructuring/Competitiveness:***

- Investments in farms (ch I)
- Young farmers (ch II)
- Training (ch III)
- Early retirement (ch IV)
- Meeting standards - temporary support (ch Va)
- Meeting standards – support farm advisory services (ch Va)
- Food quality – incentive scheme (ch VIa)
- Food quality – promotion (ch VIa)
- Investments in processing/marketing (ch VII)

- Land improvement (art 33)
- Reparcelling (art 33)
- Setting up of farm relief and farm management services (art 33)
- Marketing of quality agricultural products (art 33)
- Agricultural water resources management (art 33)
- Development and improvement of infrastructure related to agriculture (art 33)
- Restoring agricultural production potential damaged by natural disasters and appropriate prevention instruments (art 33)

**II. Environment/Land Management:**

- Less favoured areas and areas with environmental restrictions (ch V)
- Agri-environment/animal welfare (ch VI)
- Afforestation of agricultural land (ch VIII)
- Other forestry (ch VIII)
- Environmental protection in connection with agriculture, forestry and landscape management and improving animal welfare (art 33)

**III. Rural Economy/Rural Communities:**

- Basic services for the rural economy and population (art 33)
- Renovation and development of villages, protection and conservation of the rural heritage (art 33)
- Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative sources of income (art 33)
- Encouragement for tourism and craft activities (art 33)
- Financial engineering (art 33)

In the period 2000-2006, Rural Development measures are implemented in 68 Rural Development Programmes and 20 Objective 2 programmes with Rural Development measures, financed from the Guarantee section of the EAGGF, as well as in 69 Objective 1 programmes with Rural Development measures co-financed from the Guidance section of the EAGGF.

**I.III.II Financial Information**

The EU budget for rural development totals €49 billion between 2000 and 2006 (Table I), with the largest recipients being Germany and Spain.

**Table I: EAGGF programmed spend per Members State**

Member State	Programme (2000 - 2006)	% of Total Budget by Member State

Member State	Programme (2000 - 2006)	% of Total Budget by Member State
BELGIUM (BE)	307,707,248	0.6%
DENMARK (DK)	336,420,000	0.7%
GERMANY (DE)	8,661,786,733	17.6%
GREECE (GR)	3,168,187,021	6.4%
SPAIN (ES)	8,448,239,079	17.2%
FRANCE (FR)	5,760,042,421	11.7%
IRELAND (IE)	2,558,291,000	5.2%
ITALY (IT)	7,493,685,000	15.2%
LUXEMBURG (LUX)	91,000,000	0.2%
NETHERLANDS (NL)	418,850,000	0.9%
ÖSTERREICH (AT)	3,247,731,886	6.6%
PORTUGAL (PT)	3,515,032,740	7.1%
FINLAND (FI)	2,393,250,000	4.9%
SVERIGE (SW)	1,232,268,999	2.5%
UNITED KINGDOM (UK)	1,555,299,000	3.2%
TOTAL EURO 15	49,187,791,126	100.0%

Figures show EU Contribution 2000-2006 in €. Source: European Commission -DG Agriculture

Table II gives a breakdown of the budget by measure. Agri-environment measures receive 27.2% of the budget, with the Article 33 measures collectively receiving 25.6% and Less Favoured Areas 12.4%.

**Table II: EAGGF Guarantee and Guidance programmed spend per measure**

MEASURES (REG. 1257/99)	Programmed 2000-2006	% Programmed per Measure
a) Investment in agricultural holdings	4,682,092,923	9.5%
b) Young farmers	1,823,886,937	3.7%
c) Training	343,875,493	0.7%
d) Early Retirement	1,423,257,569	2.9%
e) Compensatory Allowance	6,127,590,546	12.4%
f) Agri-environment	13,480,202,758	27.2%
g) Marketing	3,760,457,817	7.6%
h) Forestry	2,386,772,003	4.8%
i) Other forestry	2,419,853,896	4.9%
Art. 33 Measures	12,648,801,184	25.6%

Other Measures	388,337,938	0.8%
<b>TOTAL</b>	<b>49,485,129,064</b>	<b>100.0%</b>

*Figures show EU Contribution 2000-2006 in €. Source: European Commission -DG Agriculture*

#### **I.IV Method of Approach**

##### ***I.IV.I Review of Mid Term Evaluation Reports***

This study was based partly on a review of 30 Mid Term Evaluation reports submitted by Member States and selected by DG Agriculture. The reports reviewed are set out in Table III.

**Table III: List of Mid Term Evaluation Reports Reviewed in this Study**

<b>MEMBER STATE</b>	<b>Member States/REGIONS programmes</b>	<b>RDP</b>	<b>Obj.1</b>	<b>Obj. 2</b>
<b>Belgium</b>	Vlaanderen RDP	X		
<b>Denmark</b>	RDP – National	X		
<b>Germany</b>	Bayern RDP	X		
	Niedersachsen RDP	X		
	Thüringen SPD + RDP	X	X	
<b>Greece</b>	RDP – National	X		
	National OP on Agriculture and RD		X	
<b>Spain</b>	RDP Accompanying measures - National-	X		
	Extremadura OP		X	
	OP improvement of agric. structures - National- <sup>1</sup>		X	
<b>France</b>	PDR - National	X		
	Guyane OP		X	
	Midi-Pyrenées SPD			X
<b>Ireland</b>	RDP - National	X		
<b>Italy</b>	Emilia Romagna RDP	X		
	Veneto RDP	X		
	Sicilia ROP + RDP	X	X	
<b>Luxemburg</b>	RDP - National	X		
<b>Netherlands</b>	RDP - National	X		
<b>Austria</b>	RDP – National	X		
<b>Portugal</b>	RDP – Continent	X		
	OP Agric and RD (Continent)		X	
<b>Finland</b>	Horizontal RDP – National	X		
	Eastern Finland SPD		X	
<b>Sweden</b>	RDP – National	X		
	Sorra Norrland SPD		X	
<b>United Kingdom</b>	England RDP	X		
	Highlands and Islands		X	

##### ***I.IV.II Evaluation Questions***

The study was broadly organised around two sets of evaluation questions:

- The Common Evaluation Questions (CEQs) for national/regional evaluations, which are structured in accordance with the objectives of current Rural Development policy, and focus especially on the effectiveness of key rural development measures;
- A set of wider, and more forward looking questions designed to capture information enabling conclusions and recommendations to be drawn about the future design and delivery of rural development policy (Wider Evaluation Questions or WEQs).

A large part of the work carried out in the study consisted of synthesising the findings of the evaluation reviews in order to answer the questions set.

The answers to the CEQs provided a great deal of information on the progress and impacts of the measures in each region or Member State. The questions sought information on the extent to which the measures have achieved or are achieving their objectives. They address a wide range of economic, social and environmental criteria. Some examples of the types of outputs and outcomes measured included:

- Increased employment
- Diversification of activities
- Increased income
- Increased competitiveness of the sector
- Prevention of land abandonment, especially in less favoured areas
- Protection of natural resources and the environment (including increased biodiversity, reduced pollution, landscape management, animal welfare)
- Improved living conditions for rural communities.

The answers to these questions varied from evaluation to evaluation and region to region. This was in part due to some of the methodological issues regarding the quality of the information received, as discussed below, and partly to different implementation strategies of the measures carried out in Member States and the differing results obtained in different regions.

The wider evaluation questions attempted to identify lessons for the future design and delivery of rural development policy, by addressing key issues such as:

- Scope of measures and range of beneficiaries
- Effectiveness of measures
- Efficiency of measures
- Appropriate targeting of measures
- Flexibility of measures
- Payment and delivery mechanisms
- Simplification of administrative and financial procedures
- Adequacy of measures in addressing rural development needs

Though the mid-term evaluation reports were required to address the Common Evaluation Questions, the extent to which they were able to provide insights into these wider policy questions varied significantly. This was due in part to the quality of the source material including:

- More description than analysis;
- Complexity and length of reports;
- Limited focus on rural development in Objective 1 reports; and
- Lack of data available.

The synthesis of the mid-term evaluation reports, together with reference to the policy and other evaluation documents, has enabled EPEC to draw conclusions about rural development policy in Europe. This is based largely on experience of policy delivery in different Member States and regions, but also with reference to the changing EU policy context. The conclusions and recommendations are presented in Sections I.IV and I.V below.

### ***I.IV.III Key Methodological Issues***

Issues affecting the study included:

- The tight timescale and limited resources available for the work;
- Different languages used in the evaluation reports, introducing challenges in terms of team co-ordination, management and quality assurance;
- The limited sample size and implications in drawing conclusions; and
- The variable quality, structure, length and detail of the evaluation reports, which in many cases lacked answers to the questions being addressed by the study. These variations in quality partly reflected the quality and quantity of data available to the evaluators.

## **I.V Overall Conclusions**

### ***I.V.I The Impact of RD Measures***

The review of mid-term evaluation reports suggests that rural development programmes have had a positive impact against a variety of economic, environmental and social objectives.

However, this conclusion is subject to a variety of caveats, in relation to:

#### ***Adequacy of Budgets***

There are numerous examples of rural development budgets being inadequate to meet the needs identified (e.g. in relation to agricultural restructuring in Ireland and England). Thus, even where particular measures are capable of delivering positive impacts, budgetary limitations may restrict the impact of the programme.

#### ***Macro and Micro Impacts***

In general terms, evaluations tend to be more positive in identifying positive impacts at the micro than at the macro level. It is easier to identify positive impacts that arise from



specific measures and in specific instances, than to identify overall impacts with reference to indicators of change in the rural economy, environment and society.

For example, while many evaluations demonstrate that RD measures have created jobs or helped to prevent depopulation, none are able to demonstrate that these effects have been significant enough to influence overall levels of rural population or employment.

This reflects the usually limited scale of RD measures relative to the scale of the challenges facing rural areas, and the number and significance of the wider economic, social and environmental forces at work.

### ***Maturity of RD Measures***

While some RD measures (e.g. agri-environment, forestry and LFA measures) are well established, many Member States have introduced completely new RD measures as part of the current programmes. Generally, it tends to be more difficult to demonstrate early positive impacts for these new measures, many of which are still being adapted and developed. At the same time, some measures (e.g. in relation to agricultural restructuring and forestry) are expected to have impacts only over the longer term.

### ***Agriculture/Rural Focus***

In general, measures can be expected to have a deeper but narrower impact where the targeting of resources is most focused. Some evaluators have commented that programmes focusing heavily on agriculture have achieved positive impacts, but restricted the allocation of resources to meet wider rural policy objectives.

### ***Differences Between Measures***

There is evidence that some measures have been more successful than others. For example, schemes to encourage young farmers appear to have been less effective than the other agricultural restructuring measures.

### ***Monitoring of Impacts***

While many evaluations are positive about impacts, evidence is highly variable and often limited. Many of the mid term evaluations are predictive rather than identifying actual impacts, while others focus on inputs or outputs rather than actual outcomes. For example, with regard to the environmental impacts of LFAs, the bulk of evidence from the mid term evaluations relates to information on scheme uptake, the conditions with which successful applicants are required to comply, and the practices adopted, and very little evidence is available on actual environmental impacts (e.g. effects on biodiversity, landscape and natural resources). To a large extent this reflects the difficulty of quantifying actual impacts, especially over short time periods. It is important to note that it is not always necessary to measure actual outcomes for every scheme, providing clear scientific evidence is available linking inputs, outputs and outcomes. However, more information about outcomes (such as recent independent research into links between LFAs and biodiversity) would help to strengthen evidence of these positive linkages.

### ***Types of Outcomes***

In general, evidence about the impact of RD measures is stronger where there is a direct link to the desired outcome. For example, at this stage in the programmes, there

is significant evidence of the progress of some of the Article 33 measures (e.g. in financing provision or renovation of infrastructure such as village amenities), but less evidence of the impact of agri-environment measures on biodiversity or farm restructuring measures on incomes.

#### ***Scale of Change***

For the agri-environment measures, in particular, there is evidence that greater effort and impact have been observed in influencing less intensive agricultural practices than in achieving significant changes from intensive to extensive systems. While the Court of Auditors report was critical of this, the Commission has argued that there are good reasons for not prioritising intensive systems for agri-environment support, on the grounds that minimum standards should be met by regulation, while the benefits of enhancement measures are likely to be maximised by focusing on high natural value systems. Similarly, greater effort has been devoted to achieving minor adjustments designed to “green” farming systems (e.g. by reducing inputs) than to changing land use and re-creating habitats. Again, this should not necessarily be regarded as a shortcoming of the measures, since maintenance of traditional farming systems that would otherwise be at risk from intensification or abandonment is itself a valid objective, and may be more cost effective than seeking major changes in practice.

#### ***Wider Pressures***

The evaluations identified many examples where the impact of rural development policy is less significant than wider pressures and influences. For example, changes in agricultural markets, CAP reforms, and demographic and economic trends exert major influences on agricultural structures, the environment, and the social and economic development of rural areas.

Rural development programmes still have a role to play in this context, but there are clearly implications in terms of the scale of activity required if they are to have an impact, and the need for measures to take account of these wider forces. EU policy drivers - such as reform of the CAP – are clearly within the influence of the Commission, and there is a clear need for rural development policies to work coherently with them.

### ***I.V.II The Efficiency of RD Measures***

Most evaluations are positive about the overall efficiency of rural development measures, suggesting that in most cases payments are set at appropriate levels to achieve the required outcomes.

However, some inefficiencies are evident. Several examples of deadweight were identified, particularly in relation to the agricultural restructuring measures, with beneficiaries indicating that investments would often take place even in the absence of the scheme.

In relation to agri-environment measures, there is little evidence of over or under compensation at the scheme level, but variations in circumstances between farms mean that over-compensation of individuals is inevitable, especially in cases where equal payment rates are set for whole countries or regions.

There is widespread evidence of over- and under- compensation in relation to LFAs and agri-environment measures in Spain, where equal payment rates are used for regions with very different conditions.

This suggests that payment structures need to take account of differences in costs and income foregone between different farm types and regions, as far as this is appropriate without giving rise to excessive administration costs. Also in relation to agri-environment schemes, there is evidence of continuing tension regarding the boundary between minimum standards set by legislative requirements and Codes of Good Agricultural Practice, and the role of incentives in driving positive environmental improvements. While it is widely recognised that farmers should in theory be paid only to implement practices that exceed minimum standards, in practice the boundaries are often far from clear.

Some evaluations also expressed concern about the scale of administration costs of RD programmes, relative to the overall budgets for the measures concerned. Ensuring that measures meet their specified objectives, and monitoring compliance and impacts, can significantly add to administration costs, while at the same time being important in achieving successful programmes.

#### ***I.V.III Scope and Beneficiaries of EU Rural Development Policy***

Most mid term evaluation reports suggest that the current scope of EU rural development policy is broadly appropriate to meet the needs of rural areas. However, it is clear that current policies and programmes place greater emphasis on some sections of the rural economy, population and the environment than others. This is unsurprising given the evolution of current policy from sectoral agricultural support. Nevertheless, some evaluators favour extending the scope of rural development policy and the allocation of support to give it a wider rural focus. In particular, there are arguments in favour of a more social focus to EU rural policy, targeting particular sections of the rural community such as the elderly. As the evaluator of the England RDP pointed out, "a programme that concentrated on people rather than land and farmers would look very different from the current ERDP".

Against this, it could be argued that broadening the scope of the RDR too widely could result in the resources for rural development being spread too thinly. It is clear that, with current levels of expenditure, RD programmes are able to make only limited impacts on the range of social, economic and environmental challenges facing rural areas. It is currently unrealistic to assume that EU RD policy can solve all of the problems of rural areas, and it will need to work in combination with other EU, national and regional policies and programmes. From this perspective, it is perhaps less of a problem that EU rural development policy, financed by the CAP, retains a strong agricultural focus while gradually extending its outreach to wider rural policy issues. While several evaluations criticise the continuing focus of many RD programmes on agriculture, and point to agriculture's diminishing role in rural development, others note the difficulty of influencing wider rural development in the EU within the existing RD budget.

Since there are variations in the economic, environmental and social issues facing rural areas across the EU, as well as differences in national and regional policies and programmes, there is a strong case for applying the principle of subsidiarity to the allocation of resources to RD programmes. However, the scope of policy and the

menu of measures on offer needs to be developed sufficiently to allow Member States to allocate resources accordingly. An approach that defined eligible measures more broadly, in terms of their overall objectives, rather than in terms of specific activities, would facilitate the allocation of resources according to the rural policy priorities in different parts of the EU.

While in general the 26 measures met most of the priorities of the areas in question, the study also identified arguments for particular new activities to be eligible for support, such as a new vocational training scheme open to all members of the rural community. This does not necessarily imply that the current list of 26 measures needs to increase – these measures could be defined more broadly than at present, increasing their scope rather than their number.

#### ***I.V.IV Organisation of Rural Development Programmes***

A common theme of this study has been the complexity of the policy framework for rural development in the EU. While the Rural Development Regulation brought EU rural development measures together under a single legal instrument, the large number of different measures (26), the distinctions between them (e.g. the accompanying and non-accompanying measures), the differences in the ways in which they operate between different parts of the EU (Objective 1, 2 and other regions) and role of modulation in introducing an additional source of finance all add to the complexity of the policy environment. These are reflected in the administrative burden placed on the Member States and regions, which in turn can affect the coherence and transparency of programmes for beneficiaries and other stakeholders.

While identifying some suggestions for new rural development activities to be eligible for funding, the study also identified some support for the idea of reducing the overall number of RD measures. Since the study found little support for eliminating particular measures, such a simplification would require current measures to be redefined, to broaden their scope. Some of the present 26 measures are quite broadly defined and encompass a wide range of activities under a chosen theme. For example, the agri-environment programme provides support for a wide range of agri-environmental activities. Others, however, are quite specific and narrowly defined – broadening their definition would offer opportunities to reduce their number.

The evaluations also identify examples where programme organisation could be improved within Member States. For example, a criticism of the RDP for Spain is that there is insufficient regional flexibility, such that early retirement, agri-environment and LFA measures do not reflect differences in needs and priorities between different regions.

#### ***I.V.V Targeting***

The mid term evaluation reports identify numerous examples where targeting of RD measures could be improved. For example, six evaluators considered that LFA support needs to be more closely linked to the risk of abandonment and environmental degradation. The need for better targeting of agri-environment and forestry measures in certain parts of Europe, to meet specific needs and priorities, is also identified.

While improved targeting is arguably the responsibility of Member States, the Commission has a significant potential role to play in helping to guide and inform this process.

#### ***I.V.VI Integration and delivery of objectives across measures***

There are some positive examples of different rural development measures working together to meet shared objectives. For example, the evaluations note that restructuring measures have contributed to environmental outcomes, there are examples of forestry investments delivering both economic and environmental returns, and agri-environment schemes delivering socio-economic benefits. However, there are also examples of conflicts between rural development measures. For example, measures designed to improve the commercial potential of forestry may conflict with environmental objectives. Similarly, at the programme level, some evaluations report good synergies between measures and working practices that promote integration, while others point to the need for significant progress in this respect.

Also important is the need for better integration of rural development programmes with wider policies, including Pillar 1 of the CAP, the Structural Funds, environmental policy and national and regional rural development policies. Better integration is needed at different levels – EU, Member State, regional and sub-regional. Experience suggests that this requires the development of effective partnerships involving key policy stakeholders.

#### ***I.V.VII Budgeting***

The evaluations identified some strong support for the application of the n+2 rule to rural development budgeting, in place of the current system of annual budgets, at least for measures involving more complex and longer-term projects. There was also support for allowing Member States greater flexibility to transfer budgets between years.

#### ***I.V.VIII Administration***

The evaluations identified strong support in several Member States for clearer, more transparent and better-publicised systems for administering rural development measures, and for dealing with applications and selection. Complex and bureaucratic administrative procedures and payment delays are a widespread concern. Administrative costs are a significant concern in many places, especially where schemes are more complex and where there is greatest focus on achieving specific outcomes.

While significant progress needs to be made in individual Member States and regions, there is also a role for the Commission in simplifying the overall framework for rural policy, and in developing common guidance and sharing best practice regarding administration systems.

#### ***I.V.IX Monitoring and Indicators***

Development of common monitoring and evaluation systems, and common indicators, has contributed to more consistent procedures for evaluating the impacts of RD policy. However, significant issues remain to be tackled, including:

- Highly variable reporting against common indicators;
- Gaps in baseline data;
- Criticisms about the relevance and appropriateness of particular indicators;

- The lack of a coherent evaluation framework linking inputs, outputs and outcomes, and hence variable reporting against these;
- Different approaches to reporting – some evaluators produce large amounts of data with little interpretation – others are far more qualitative;
- The lack of prioritisation between the many indicators listed, leading to patchy and inconsistent reporting.

## **I.VI Recommendations**

This report has identified a variety of potential changes that would help to improve the effectiveness and efficiency of rural development measures. Action to improve the delivery of rural development policy is needed both at the EU policy level, and in the delivery of programmes by Member States and regions.

The Commission should:

1. Examine means of simplifying the rural development policy framework in the EU. This could for example be achieved by reducing the number of RD measures while broadening their scope in view of maintaining the range of potential activities eligible for support under the current RD measures. Simplification could also be achieved by simplifying funding and delivery mechanisms, including the relationship between rural development and the Structural Funds.
2. Examine the scope to group rural development measures according to broader objectives, to reduce the number of co-financed measures and to give Member States greater flexibility in meeting rural policy priorities.
3. Continue to recognise the principle of subsidiarity in rural development policy, reflecting the different characteristics and needs of different rural regions and the need for EU rural development policy to work in concert with other policies and programmes.
4. Work with Member States to investigate approaches to improve the targeting of RD measures, especially LFA, agri-environment and afforestation measures.
5. Consider the need to instigate a review of the classification of Less Favoured Areas across Europe.
6. Consider the need to develop specific guidance on the links and boundaries between rural development and other EU policies (e.g. environmental legislation).
7. Continue to investigate ways of improving integration and coherence between Rural Development and other EU policies.
8. Investigate the feasibility of changes in budgetary procedures, including introduction of the n+2 rule and greater flexibility regarding annual budgeting.

9. Work with Member States to develop common guidance and share best practice regarding administration and control systems for rural development.
10. Review the list of common monitoring and evaluation Indicators in the light of experience in their use.
11. Develop a clearer, more integrated evaluation framework for RD policy linking inputs, outputs and outcomes and specifying monitoring procedures and indicators for each.

There is significant potential to improve the delivery of rural development policy in the Member States and regions. However, because of the large number of individual programmes across Europe, it is not possible to make specific recommendations about the actions that need to be taken by programme authorities.

Nevertheless, it is possible to identify a series of key themes that emerge. These include the need to:

- Improve targeting of LFA, agri-environment and forestry measures.
- Enhance the flexibility of programmes and schemes to meet the differing needs and conditions of different areas. Prescriptions and payment rates must be appropriate to reflect these variations.
- Simplify and improve the transparency of delivery of rural development measures, examining opportunities to streamline delivery frameworks and application procedures.
- Improve the administration of rural development measures, identifying opportunities to improve the efficiency, speed and effectiveness of administration procedures.
- Achieve better integration and coherence between measures and with national policy, eliminating conflicts and promoting opportunities to exploit synergies between different types of measure, by improving delivery mechanisms and partnership approaches.
- Improve the provision of monitoring and evaluation indicators, including their completeness and timeliness.