

## 0. EXECUTIVE SUMMARY

The present report synthesises the main findings, conclusions, and recommendations of the mid-term evaluation reports of the “Special Accession Programme for Agriculture and Rural Development” (Sapard) in 10 applicant countries of Central and Eastern Europe in the period from 2000 to 2003. The scope of the report is influenced by the fact that programme implementation was still at its early stages in most countries at the time when the mid-term evaluations were carried out in 2003. Therefore, the evaluations often had to concentrate on the administrative set-up, financial inputs, and physical outputs. Analyses in relation to the programmes’ results are based on qualitative rather than quantitative data.

Sapard sets a framework for Community support for sustainable agriculture and rural development in Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia. The main objectives of Sapard are to contribute to the implementation of the *acquis communautaire* concerning the common agricultural policy and related policies and to solve specific problems for the sustainable adaptation of the agricultural sector and rural areas in the applicant countries.

The Sapard programme marks the first time in the history of the EU that external aid is conferred to applicant countries on a fully decentralised basis, requiring an enormous legislative and administrative effort in the participating countries and at Community level. Detailed procedures had to be developed to ensure adequate control of public funds, as prior to accession no Community legislation was directly applicable in any of the applicant countries.

Taking into account the novelty of the challenge to develop and implement a complex decentralised programme like Sapard, all national evaluation reports state clearly that Sapard made a significant contribution to the development of the institutional capacity of the national administration. Sapard is described as an extremely useful learning process and generally as a remarkable success with a view to the preparation for Structural Funds programmes after accession.

For the period 2000-2006, the funds available amount to a total of EUR 520 million annually (at 1999 value). Until the end of the year 2003, in total only 1 190 million € of Sapard contribution were committed.

The programme is realized through a ‘National Agriculture and Rural Development Plan’ for each country. From the range of different measures that Sapard offers, each participating country could choose the appropriate menu for the implementation of its specific strategy for rural development. On average the accession countries included nine measures (out of 15 possible measures) in their national development plan and had on average five measures implemented at the time when the mid-term evaluation was carried out. Only four measures were implemented in a significant number of applicant countries when. By the end of the year 2003 this measures absorbed about 95 % of the funds. Below the main findings for these measures are summarised.

- **Investments in Agricultural Holdings**

All Sapard Countries implemented Measure 1 and a total share of 25% of Sapard funds was allocated to it. The measure was found to be relevant in order to contribute to improved agricultural competitiveness in the Accession Countries. The national evaluation's results showed that the effects the measure has produced are to a large extent

positive: Increased income of the beneficiary farmers, better use of production factors, improved product quality, better working conditions and animal welfare. Only in environmental terms positive results were largely lacking. The national evaluations see the effectiveness of the measure therefore in accordance with the Programme objectives, even if effects are visible rather at micro than at macro level.

- **Improving the Processing and Marketing of Agricultural and Fishery Products**

All Accession Countries implemented this measure. 23% of Sapard funds were allocated to improve the processing and marketing of agricultural and fisheries production in order to become able to meet EU requirements regarding food safety and quality, hygiene, health, animal welfare, and the environment. The measure was widely considered to be relevant to the needs of the agricultural sector in the Sapard countries and in coherence with the main Sapard objectives. Regarding the effectiveness of the measure, evaluation reports conclude that progress in the above sense is being made. On the whole, agro-processing businesses are moving towards becoming EU compliant and competitive in the Single Market.

- **Development and Diversification of Economic Activities, Providing for Multiple and Alternative Income**

This measure was implemented by seven countries (BG, CZ, EE, LV, LT, SK, SI) and absorbed a share of 5.3% of available Sapard funds. The objective of the measure is to reduce rural population dependence on the agricultural sector and to create new employment opportunities and alternative sources of income on and off farms. Support for economic diversification is seen as highly relevant in order to contribute to improved and sustainable income of agricultural households. As regards its effectiveness, Measure 5 only partly met its operational objectives. Supported investments to some extent have helped to increase the income and ultimately living standards of the beneficiary population. However, in this respect exogenous factors may have been far more influential (e.g. development of prices, impact of other Sapard measures, other national programmes) than this diversification measure. Turning to job creation, diversification is found to have slowly started to increase job opportunities, with agro-tourism being the most affected sector.

- **Development and Improvement of Rural Infrastructure**

All Sapard countries implemented this measure. The share of allocated funds to Measure 12 is 42%, driven by Romania and Poland who spent large shares of their funds on this measure. Rural areas in the Accession Countries lag significantly behind the urban areas in physical infrastructure. Therefore Measure 12 was mostly considered as being very relevant. At large, this measure is also considered to be effective. In Poland and Romania which approved a large number of projects, beneficiaries positively assessed the potential impact of completed projects on the local economy and quality of life. However, even in these countries, Sapard funds allocated to this measure were too small for significant impacts at sector level seen in the light of the great infrastructural needs. Moreover, in many cases social infrastructure needs (such as schools, medical centres, kinder gardens...) were found as being most urgent, but they are not covered by the scope of Sapard.

- **Overall Objectives and Impacts**

*Contributing to the Implementation of the Acquis Communautaire*

The Sapard Programme supported the Accession Countries to aim at compliance with EU standards, in the field of environmental protection, food quality, consumer protection, animal health and welfare, and working conditions. This had not necessarily been in the focus of national support measures for rural areas before 2000. It is widely considered that assisted holdings either will or already have adjusted their production to comply with EU standards. Therefore, Sapard has contributed to the implementation of the *acquis communautaire* concerning the Common Agricultural Policy (CAP) in the Accession Countries. Moreover, the awareness of EU regulations and standards among the rural population has increased.

*Contributing to Solve Priority and Specific Problems in the Agricultural Sector and Rural Areas in the Applicant Countries*

The Accession Countries more or less suffer from the same threats and weaknesses in agriculture and in rural areas. The most common needs are related to high unemployment in rural areas, low living standards of rural population when compared with the urban population, decreasing rural population, low diversification rate in the rural economy and low standards in relation to environmental protection. Since Sapard targeted at these adverse factors, it is generally relevant in addressing rural needs.

Although there is no reliable quantitative evidence, national surveys indicate that Sapard so far has had a rather modest impact on stabilising rural population, but has facilitated a positive development in relation to creating and maintaining jobs. Evidence from the national evaluation reports indicates that also positive effects regarding the quality of life of the population affected by the projects. However, even though Sapard managed to improve the situation, the Programme's potential impact on rural development was limited due to a relatively low amount of financial means given the great needs in Central and Eastern agriculture and rural areas.

In environmental terms the accession countries face a serious challenge in adopting the EU environmental *acquis*. Common standards have been adopted in the fields of waste management, noise pollution, air pollution, water pollution and the protection of nature and biodiversity. Generally, Sapard has contributed to bring assisted holdings into conformity with EU environmental standards. Hence, the investments had an impact on the environmental situation in the assisted enterprises. On the other hand, the overall environmental impact achieved is rather limited, due to the relatively low amount of financial means. Another factor contributing to this was that measures targeted at the environment were either not implemented or have under-performed both financially and in terms of the number of projects.

- **Programming and Delivery System**

The Commission approved the Sapard programmes of the applicant countries between October and December 2000. The time needed by the applicant countries to draft their programmes and to get them approved is comparable to the time needed by Member States to draft their Rural Development Programmes and get them approved. Nevertheless, the late accreditation and conferral of management to the Sapard agencies

put great time pressure on national authorities. This situation led to a delayed implementation of all national programmes and an initial under-utilisation of Sapard budgets.

As for the **programming**, the majority of evaluations found that the strengths, weaknesses, opportunities and threats analysed in the ex-ante evaluation were still relevant. As to the internal coherence, several measures were regarded as being coherent to each other (e.g. Measure 1 and 2), but national evaluations identified for the majority of the Sapard countries the need for additional effort in order to further enhance the coherence among programmes.

**Administrative procedures** were very often criticised as being too complex and bureaucratic. An indicator for the constraints resulting from complex procedures is the high number of rejected applications in many Sapard countries. The costs involved in applying for Sapard assistance, and the economic viability criteria which were used as eligibility criteria, indirectly disfavoured smaller farmers and companies who could not afford private consulting services for project applications.

The **slow implementation of the programmes** was not only a result of the long accreditation and programming process. It was also reinforced in some countries by a continuous high turnover of staff in the Sapard agencies. The slow start of Sapard led to a significant under-utilisation of the Sapard budget in the initial years, a trend which seems to have been reversed as of the year 2004.

Despite such shortcomings, and taking account of the novelty of the challenge to develop and implement a complex decentralised programme like Sapard, several national reports describe Sapard as an extremely useful learning process for national administrations and generally as a remarkable success with a view to the preparation for Structural Funds programmes after accession.