

## **S1. Executive summary**

### **S1.1. English executive summary**

#### **S1.1.1. Introduction**

The Rural Development Regulation (RDR) consolidates previous legislation into a 'menu' of measures offering support for rural development under the following Chapters:

<b>Chapter I:</b>	Investments on farm
<b>Chapter II:</b>	Young farmers
<b>Chapter III:</b>	Training
<b>Chapter IV:</b>	Early retirement
<b>Chapter V:</b>	Less Favoured Areas
<b>Chapter VI:</b>	Agri-environment
<b>Chapter VII:</b>	Investments in processing and marketing
<b>Chapter VIII:</b>	Forestry
<b>Chapter IX:</b>	Adaptation and development of rural areas (Article 33)

Rural development is funded through EAGGF Guarantee and Guidance with the former operating across the EU with respect to early retirement, Less Favoured Areas, agri-environmental and forestry measures and outside Objective 1 regions with respect to the other measures listed above. EAGGF Guidance is the funding mechanism within Objective 1 regions, with the exceptions noted above.

The current programming period runs from 2000 to 2006 and the programmes were evaluated at the mid-term point across the EU in 2003. The Directorate-General for Agriculture requested a meta-evaluation, or synthesis, of the mid-term evaluations of EAGFF Guidance measures in Objective 1 regions. The time period of this evaluation is 2000 to 2003 and the evaluation covers the EU-15. This contract was carried out by Agra CEAS Consulting Ltd. at the Centre for European Agricultural Studies, Imperial College at Wye and in Brussels between January and October 2005.

#### **S1.1.2. Evaluation methodology and constraints**

This meta-evaluation was carried out by means of desk research and analysis based on the mid-term evaluation (MTE) reports submitted to the Commission for each Rural Development Programme, supplemented by secondary data. A selection of programmes and measures were selected in conjunction with the Steering Group to be followed up through interviews with implementing authorities and other key

stakeholders in each Member State in order to gather further information where that contained in the mid-term evaluation reports was deemed to be insufficient. Finally, a meeting of the core evaluation team assessed the overall objectives of the RDR. A number of methodological problems and constraints are discussed fully in Chapter 2, but it should be noted that the mid-term evaluation reports on which this evaluation is primarily based often contained limited information as a result of the short period over which the measures had been in operation under this programming period at the mid-term point.

It should also be noted that the MTE of Objective 1 regions was conducted using the methodology prescribed by DG Regio of the European Commission rather than that used by DG Agriculture<sup>1</sup>. The DG Regio methodology did specify the use of DG Agriculture methodology and Common Evaluation Question framework with respect to the rural development measures within the wider evaluations of Operational Programmes and Single Programming Documents. However, in practice, due to the relative weight of the rural development measures within these wider programmes, the extent to which they were a primary focus of these evaluations is variable. Consequently evidence on the impact of EAGGF Guidance funded interventions in the majority of the MTEs for Objective 1 regions is relatively limited (especially when compared to the evidence that is available outside Objective 1 regions).

The answers to the measure-specific evaluation questions are embedded in the following structure. First the measure objectives and intervention logic are set out explaining how the measure is supposed to work. This is followed by a synthesis of evidence from the MTE reports and secondary data. This evidence is used to consider how the measures worked in practice. The conclusions and recommendations build on this structure to consider why the measures did or did not work and to offer recommendations to improve their operation.

### **S1.1.3. Main evaluation findings**

The main evaluation findings are presented below as set out in the contract. Within these sections the conclusions address the Common and Further Evaluation Questions set out in the contract.

#### **Key questions regarding overall objectives of Rural Development**

The Agenda 2000 reform consolidated the previous nine legislative texts on rural development into a single regulation on support for rural development. Although in terms of presentation it appears a more coherent package, the RDR does not

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<sup>1</sup> Mid-term evaluations of Objective 1 programmes were conducted using DG Regio methodology. The majority of evaluations either did not refer to CEQs at all or only made a brief reference to them. Only a minority of evaluations used CEQs and in all these cases only a small proportion of the CEQs were used.

therefore a 'new' menu of measures.. The fact that the menu remains to a degree an agglomeration of previously available and separately implemented measures can reduce overall efficiency in terms of delivering outcomes and meeting objectives at the programme level, not least because there are examples where the objectives, or at least the impacts, of individual measures are in conflict with one another. That said, it is recognised that the choice of measures to offer in the individual programme is the responsibility of implementing authorities and it is incumbent upon them to ensure that the measures selected are appropriate to their rural development needs.

The potential for a lack of coherence between individual measures at the programme level is clearly acknowledged by the Commission and the new Regulation for the 2007-2013 programming period takes a more strategic approach to rural development through the definition of three core objectives which will be addressed by three main axes, together with a LEADER axis. This will transform rural development policy from a measure-led to an objective-led system and as a consequence it is likely to improve programme efficiency and internal coherence with respect to the overall policy objectives targeted within each programme.

**Recommendation**

- Implementing authorities should ensure that the measures that they decide to implement form a coherent package at the programming level.

Several measures under the RDR can be expected to have an indirect impact beyond the agricultural sector in terms of, for example, employment, in addition to the support targeted explicitly on the wider rural population under Chapter IX: Adaptation and development of rural areas (Article 33). The impact of this targeted support is likely to increase over time as Article 33 suffered from late implementation in many cases. Whilst the Structural Funds provide a mechanism to increase cohesion generally across the EU, Article 33 provides for support targeted specifically on rural areas and is therefore a useful addition to this overall policy framework.

There is a high degree of complementarity between rural development policy and the Structural Funds at the conceptual level in terms of their contribution to EU cohesion and this generally results in coherence at the operational level through co-operation between the relevant implementing authorities.

The overall approach to implementing rural development measures and the Structural Funds is considered to be appropriate and as long as regions/Member States continue to be encouraged to implement these policies with synergy in mind, as they currently are, then the approach is satisfactory.

### **Individual measures**

Measure-specific concluding comments and recommendations are presented below. These address the Common and Further Evaluation Questions set out in the contract.

#### **Chapter I: Investments on farm**

The objectives of this measure are to reduce production costs; improve and re-deploy production; increase quality; preserve and improve the natural environment; hygiene conditions and animal welfare standards; and, promote the diversification of farm activities.

There is mid-term evaluation evidence from some regions/Member States to suggest increases in income and a positive impact in terms of the better use of production factors as a result of support under this Chapter, for example, improvements in productivity in Greece and Portugal.

Whilst evidence from Finland and Greece suggests that measures under this Chapter have resulted in a re-orientation of farming activities, this is by no means a universal finding.

A generally positive impact on job maintenance and creation has been realised as a result of the diversification of on-farm activities resulting from supported activities, although there is considerable regional variation. In Portugal, for example, increases of between 2.3% and 32.7% in terms of Annual Work Units were noted depending on the region.

The issue of deadweight was little addressed in the MTE reports, most likely because the nature of many of the specified indicators does not explicitly request a consideration of this. This means that we cannot comment on the extent to which deadweight is present. It is also important to bear in mind that investments sometimes require a longer time period in which to demonstrate expected impacts and that therefore impact of the supported investments, and as a result the impact of the measure, may be underestimated at the mid-term point.

Overall the evidence suggests that investments directed at improving product quality are having a positive impact, both where this is a direct objective of the supported investment and also indirectly, for example, in the case of Ireland where support for dairy hygiene helps ensure continued compliance with the Dairy Hygiene Directive 92/46/EEC.

There is evidence from a range of regions/Member States (for example, Italy, Finland, Ireland, Greece, Spain, Germany, France and Portugal) to suggest that supported investments have facilitated more environmentally friendly farming. Positive environmental benefits are often supported investment aims (whether this is a main aim or otherwise) and positive outcomes have been reported. Even where measures do not directly address environmental concerns the need to comply with minimum environmental standards should have ensured that investments were at least environmentally neutral and as such these standards are successful in terms of protecting the environment.

The potential for supported investments to enhance working conditions and animal welfare is widely recognised and some positive impacts have been detected. However, where there has been a positive impact on animal welfare this has, in most cases, been indirect. The role of farm advisory services was cited as being of particular importance in ensuring that improvements to working conditions and animal welfare are maximised.

This measure remains relevant at the RDR level and implementing authorities are free to target it at the programme level on those issues that they feel are most appropriate given their needs, i.e. on economic (including diversification) issues where the agricultural sector has structural problems and on other issues such as working conditions and the environment where these are considered to be more pressing concerns.

## **Chapter II: Young farmers**

Although not stated explicitly in the RDR, the implicit objective of this measure, based on Article 8 of Regulation 1257/99, is to facilitate farm transfer thus reducing the average age of those in the sector.

The evidence provided by the evaluation indicates that support covers upwards of one third of setting up costs (Castilla-La-Mancha, Spain) rising to almost all of the costs (Murcia, Spain), although it is more typically around 50%. Qualitative evidence also suggests that the interventions have contributed positively to the earlier transfer of farms, albeit very marginally.

There is evaluation evidence from some regions/Member States of positive synergy from a few regions/Member States between setting-up aid and aid for early retirement in achieving the earlier transfer of farms. For example, evidence from Finland and Spain indicates that transferees benefiting from both schemes tend to be marginally younger which might suggest that the measures in combination

contribute to an earlier transfer of farms compared to the operation of the measure in isolation.

Whilst it is clear that young farmers set up with support under this measure, the extent to which the existence of the support influences their decisions is not known and as a result it is not possible to attribute causality to the scheme itself. In terms of gender, whilst a varying proportion of young farmers are female, the majority are male in all regions/Member States.

Even at the mid-term stage evidence suggests that the measure has made positive contributions to the safeguarding of employment, although, as is indicated above, the extent to which the measure is the cause of young farmers setting up is generally not known. However, in Spain in particular and southern Europe in general, this measure is reported to be one of the main contributors to the maintenance and creation of employment across the programmes.

In conclusion, the available evidence at the mid-term stage suggests that this measure does facilitate farm transfer, although the extent to which it is a key driver in the decision to set up remains unclear.

#### **Recommendation**

- A survey of supported farmers should be undertaken to establish the extent to which the scheme had an impact on their decision to set up and the extent to which the measure covered their setting up costs.

### **Chapter III: Training**

Training within the RDR is designed essentially to facilitate access to the other available measures. Monitoring data from the CAP-IDIM system records the areas in which training is offered where it is funded through EAGGF Guarantee, but does not monitor training carried out within Objective 1 regions. The absence of this monitoring information obviously reduces the evidence available with which to address the use of this measure. However, there is clear evidence from some regions/Member States (for example, Finland, Germany and Spain) to suggest that assisted training courses have been tailored to meet previously identified needs and they do exhibit coherence with the other measures in the programme.

Evidence from some regions/Member States (for example, Finland and the UK) suggests that acquired skills/competence have helped to improve the situation of the trainees and of the agricultural/forestry sector with roughly three-quarters of training beneficiaries receiving qualifications and/or experiencing job improvements.

In conclusion, this measure is considered to be relevant and to work well with other measures under the RDR.

### **Chapter VII: Investments in processing and marketing**

The objectives of this measure are to guide production in line with foreseeable market trends or encourage the development of new outlets for agricultural products; improve or rationalise marketing channels or processing procedures; improve the presentation and preparation of products or encourage the better use or elimination of by-products or waste; apply new technologies; favour innovative investments; improve and monitor quality and health conditions; and, protect the environment.

There is evidence from a wide range of regions/Member States to suggest that supported investments have helped to enhance the competitiveness of agricultural products. In many cases the bulk of the improvements stem from technological investments which have improved and rationalised processing procedures (for example, in the UK), although there is some evidence that support to producer groups has also enhanced marketing ability (for example, Austria).

There is also evidence to indicate that supported investments have helped to increase the added value and competitiveness of agricultural products through quality improvements. In some cases, for example in Spain and Portugal, producers are increasingly using regional/national labelling schemes (as well as other quality devices) and technology to differentiate and promote their products as a result of the support.

Interview evidence (from in particular Spain and Greece) highlights the importance of formal long-term and multi-annual contracts (or equivalent instruments) between producers and processors in delivering benefits to the basic agricultural production sector as well as leveraging quality and technological improvements. The existence of 'top-ups' in the level of assistance was reported in Austria to have delivered additional improvements that might not otherwise have been realised.

Positive impacts on health and welfare, particularly on the nutritive and hygiene aspects of products and on workplace conditions, have been observed as a direct result of measures in some regions/Member States (whereas positive impacts on animal welfare tend to derive from collateral effects). That said, whether the improvements noted here go beyond minimum standards is often unclear.

A positive impact on the environment was noted mainly as a result of the requirement to meet minimum environmental standards and there was no suggestion of any negative environmental impact.

The evidence in relation to company size is mixed with some regions/Member States reporting greater effectiveness for medium sized companies, for example companies with up to 50 employees in Greece, and others noting that larger companies were more likely to carry out investments unaided than smaller ones, for example, Spain.

Finally, it is also important to bear in mind that investments sometimes require a longer time period than currently available at the mid-term point in which to demonstrate expected impacts. The impacts noted at this time may therefore underestimate the impact in the longer-term which will be more apparent in the *ex-post* evaluation.

### **Chapter VIII: Forestry**

The objectives of these measures are to provide sustainable forest management and development of forestry; the maintenance and improvement of forest resources; and the extension of woodland area.

Many regions/Member States reported positive impacts in relation to the maintenance and enhancement of forest resources, although due to the long-term nature of the resource involved, these impacts were marginal at the mid-term stage.

There is evidence in some regions/Member States (for example, Finland, Greece and Spain) to suggest that the assisted actions contribute positively to the maintenance and development of employment (as well as other socio-economic functions and conditions), with, for example, some 372 full-time jobs maintained in Finland and a further 343 created. While some regions/Member States provided evidence of positive outcomes in terms of maintenance and encouragement of productive functions on forest holdings (Finland, for example), the evidence overall was too variable to allow a definitive assessment of impact.

Evidence from a number of regions/Member States suggests that assisted actions have contributed to the ecological functions of forests by maintenance of their health and vitality, including Greece, for example, where some 2,000 hectares of forest is maintained and a further 24,000 hectares protected. Assisted actions have resulted in the maintenance, conservation and appropriate enhancement of biological diversity in a number of cases, including Portugal where approximately 600 hectares of critical sites were being maintained or improved and over 200 hectares of indigenous species were planted or restored.



**Recommendations**

- Longer-term monitoring and evaluation, independent of financial programming periods, should be established to provide a proper assessment of impacts in this area.

**Chapter IX: Adaptation and development of rural areas**

A range of measures are available under this Chapter targeted at both the agricultural and the non-agricultural sectors. These include measures promoting competitiveness in the agricultural sector, protecting the environment and the adaptation and development of rural areas.

There is a body of evidence to suggest that Article 33 measures have at least helped to maintain incomes in the rural population. Tourism-related projects were identified by some regions/Member States as being effective in delivering positive income-related outcomes. In Finland, for example, the share of tourism-related turnover in total turnover of supported enterprises was 19% in the east and 3% in the north; and in Corsica (France), supported investments in agro-tourism resulted in income increases of between 15% and 30%. Positive effects on employment maintenance (and to a lesser extent employment creation) were also widely reported and were substantial in some cases, for example, Finland, Spain, Ireland and Greece. However, these positive employment effects tend to involve the farming population rather than the non-farming population.

Positive environmental outcomes were reported in a number of regions/Member States, although these tended to be quite modest. In southern regions/Member States the interventions have been focused primarily on more fundamental issues such as water resources management and environmental awareness, whereas regions/Member States in the north have tended to focus on rural advice, conservation and the support of local community projects.

Whilst there have been some positive impacts on living conditions as a result of supported actions, particularly in Portugal, these generally remain small-scale at this point in the programme.

Projects supported by Article 33 measures have involved a wide range of beneficiaries which has contributed positively to the maintenance/improvement of the structural characteristics of the rural economy.

In conclusion, although the implementation of this measure has been hampered by delays in many cases, the early evidence suggests that positive impacts are already filtering through.

### **Delivery system**

The evidence available suggests that the implementing arrangements have contributed positively to maximising the intended effects of the programme (although in some cases it was too soon for effects to have become visible). In some situations (for example Austria), programmes have become more complementary, due largely to the prior assessment of projects, which has helped to ensure consistency and coherence. Several Member States reported funding leverage effects ranging from, for example, 3.6:1 in relation to supported biogas assistance in Sachsen, Germany to 1.5:1 in relation to the young farmer measure in East Finland. There was evidence of only minimal deadweight with, for example, less than 5% associated with supported projects in East Finland and approximately 1% in North Finland.

Some negative effects were reported. Administrative and bureaucratic burdens were reported to have added significant complexity to the programme in some cases, for example, in relation to delays in project approval processes. In some cases, excessive bureaucracy was cited as resulting in programme inefficiency and bureaucracy was also found to present a barrier to entry, especially in relation to smaller-scale projects. In such situations the decentralisation of decision-making to the local level (i.e. to Local Action Groups or umbrella groups) was proposed in order to improve access. While some of these inevitably stem from the slow start to some of the programmes, others, such as insufficient funding, were cited in several cases as having prevented the involvement of all rural actors.

From the evidence available it is clear that feedback from the mid-term evaluations has resulted in some improvements to implementation mechanisms in some cases, for example, in relation to information provision and guidelines in Northern Ireland.

### **Evaluation system**

There is no reason to suppose that the relevance of CEQs will be any different within Objective 1 regions compared to their relevance outside Objective 1 regions. Essentially, there is a core of CEQs across most Chapters which are always likely to be relevant even where contextual circumstances differ, for example, those relating to the impact of measures on income, employment, etc. where the measure objectives are designed to have such an impact. Beyond this core it appears that setting CEQs centrally to apply in all evaluations reduces the extent to which they are targeted to the specific circumstances found across the different regions/Member States,

although it is accepted that this increases consistency across the EU in terms of the coverage of evaluation reports. Examples where CEQs are less relevant are those relating to investment measures where impacts are not necessarily expected in the short-term. However, this is clearly an issue of timing rather than of the relevance of the CEQs themselves. In general it is felt that the CEQs are usually sufficiently relevant to evaluate the quality of the rural development measures (provided that they are used as envisaged under the DG Agriculture evaluation guidelines).

The use of the specified indicators was less widespread due to the lack of data and in some cases the limited relevance of the indicator specified in the regional/national context. That said, the use of alternative indicators and additional national questions was low suggesting that the specified indicators were generally appropriate and the range of questions asked was sufficient to provide a satisfactory evaluation of the RDR. An additional issue here is that where multiple indicators were proposed it was quite common for evaluators to simply use the most straightforward of these.

Evaluation effectiveness and efficiency would be improved by evaluating all rural development measures together regardless of funding source (although evaluations are, in practice, often necessary for financial control reasons as well as to provide feedback into policy design). Unsurprisingly, evaluations tend to focus on the measures accounting for a greater proportion of expenditure and, given the weight of rural development measures within Operational Programmes and Single Programming Documents, attention given to measures funded through EAGFF Guidance is relatively light.

Additionally, it is considered that the efficiency and effectiveness of the evaluation system depends in part on the attitude of the region/Member State. In those regions/Member States where it is felt that evaluation feeds back into better policy design, monitoring systems are better adapted to facilitating evaluation. Finally, the collection of monitoring information relating to the rural development measures within Objective 1 regions is not as widespread as it is outside these areas. This has reduced the efficiency of the mid-term evaluations by necessitating additional data collection. Evaluation effectiveness is compromised where this additional data was not, or could not, be collected.

#### **Recommendations**

- A smaller set of core questions relating to more broadly relevant issues such as income and employment, etc. would increase the general relevance of the evaluation system. Greater freedom should be allowed in areas where regional context is more likely to be a factor in terms of relevance.

- Many indicators require an assessment of change over time and in this context greater effort should be made to establish suitable baselines.
- Whilst having central evaluation guidelines is considered to be useful a greater degree of flexibility in the choice of indicators should be permitted- the point is to answer the evaluation questions, not address the indicators as such. Also, it should be recognised that certain data requirements impose a greater burden on beneficiaries and a greater cost on implementing authorities. Where possible, specified indicators should be simple rather than complex.
- A greater effort should be made to persuade regions/Member States of the use of evaluations in feeding in to better policy design in order to encourage monitoring systems more capable of facilitating evaluation.
- In order to ensure thorough evaluation in Objective 1 regions rural development measures should either be evaluated separately, i.e. outside the framework of the wider Operational Programmes and Single Programming Documents, or they should be evaluated alongside the measures funded through EAGGF Guarantee.
- Whether or not the above recommendation is taken up, monitoring in relation to rural development measures should be encouraged inside Objective 1 areas.