



Impact assessment of rural development programmes in view of post 2006 rural development policy

DG Agriculture

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DG Agriculture

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EPEC

Brussels Contact Address:
22-28 Avenue d'Auderghem
B1040 Brussels
Belgium

Tel: +322 7402729

Fax: +322 7402720

www.epec.info

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<i>Prepared by</i>	<i>Bianca Holdford/Sophie House</i>
<i>Checked by</i>	<i>Matt Rayment</i>
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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%
TOTAL	49,485,129,064	100.0%

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

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

1 INTRODUCTION

1.1 Objectives of the Study

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, after the policy decision for the next programming period will have been made.

1.2 This Report

This Final Report presents EPEC's findings on completion of this evaluation study. It provides a synthesis of 30 of the Mid Term Evaluation reports, and uses these, as well as other policy documents, to make conclusions and recommendations about post-2006 rural development policy.

This report is structured as follows:

- Section 2 presents the challenges faced by rural areas; introduces the various measures under the EU Rural Development Regulation and provides an overview of the intervention logic that underpins them;
- Section 3 outlines the methods adopted in this study and the key methodological issues encountered;
- Section 4 provides a brief summary of the measures contained within the programmes covered by the evaluation reports;
- Section 5 provides a synthesis of the 30 Mid Term Evaluation reports, in accordance with the Common Evaluation Questions set by the Commission;

- Section 6 addresses a series of wider questions regarding the design and delivery of rural development policy, based on the review of mid-term evaluation reports and EU policy documents;
- Section 7 presents EPEC's conclusions and recommendations on completion of the study.

2 OVERVIEW OF RURAL DEVELOPMENT MEASURES

A brief description of the individual rural development measures and their intervention logic is provided as follows.

2.1 History of Rural Development Policy

The EU's rural development policy has evolved as part of the historical development of the Common Agricultural Policy (CAP) from an agricultural structures policy dealing with the structural problems of the farm sector, to a policy looking at the multiple roles of farming in society and placing the farm sector in its wider rural context.

In its early years, the CAP focused on providing direct support to agricultural production (through the Guarantee section of the EAGGF) and measures to promote the modernisation and structural improvement of agriculture (funded through the Guidance section). In the 1960s, the Guidance fund began to finance investments in processing and marketing, to help to promote the competitiveness of agriculture and the integration of the food chain. In the 1970s, as part of the Mansholt plan, attention was turned to human capital (in the form of early retirement and vocational training measures), and to Less Favoured Areas, introducing a territorial approach to support agriculture in particular areas where its survival was threatened.

The 1988 reform of the Structural Funds saw the integration of agricultural structural policies into Objective 1 programmes, and enhanced support for Objective 5b areas to support rural development and encourage the adaptation and diversification of agricultural production. In its communication on the future of rural society in 1988, the Commission presented a policy concept of rural development going beyond the farm sector. The Community Initiative LEADER was developed to encourage the formation of local integrated rural development strategies, based on a bottom up approach through local partnerships.

In the early 1990s, the first major reform to market support under the CAP was accompanied by three measures – to support early retirement, agri-environment and afforestation of agricultural land – financed by the Guarantee section of the CAP.

2.2 Current Situation

The Agenda 2000 reforms to the CAP and Structural Funds brought together the variety of rural development measures into a single legal framework, and the EU's rural development policy officially became the second pillar of the CAP.

The rural development regulation (RDR) 1257/99 offered Member States and regions a menu of 22 measures from which to develop RD programmes, to promote agricultural restructuring, the environment and rural development beyond the farm. This menu was subsequently extended to 26 measures with the mid term review of the CAP in 2003, with new measures dealing with food quality and animal welfare. In addition, LEADER continued its 3rd generation, as LEADER+. The 2003 mid term review also brought important reforms to the 1st pillar, with further decoupling of support from production, through a Single Farm Payment, subject to cross compliance and modulation (transferring funds to the 2nd pillar).

The second pillar of the CAP has three main domains of intervention: agricultural restructuring, environment/land management, and wider rural development.

The ten new Member States joining in 2004 will have 1st pillar direct payments phased in gradually, and receive substantial allocations for rural development to help them address their restructuring needs.

2.3 Rural Development Programmes, Objective 1 and 2 Regions

Three types of evaluation reports are covered by this study. They refer to:

- **Rural Development Programmes.** These are funded by the EAGGF Guarantee Fund. In non-Objective 1 regions, Rural Development Programmes may, in principle, contain all of the 26 rural development measures. In Objective 1 regions they cover only the 8 “accompanying measures” (early retirement, less favoured areas, agri-environment, afforestation of agricultural land, 2 quality measures and 2 meeting standards measures – the remaining “non-accompanying measures” are integrated into the Objective 1 programmes). In practice, Member States have chosen to implement only a selection of these measures, in accordance with their own needs and priorities. There are 68 RDPs in the EU.
- **Objective 1 regions.** In these regions the 18 “non-accompanying measures” (i.e. those of the 26 measures other than the 8 accompanying measures listed above) are integrated into the Objective 1 programmes, and funded by the EAGGF Guidance fund. There are 69 such programmes.
- **Objective 2 regions.** In Objective 2 regions, Member States were given the option of integrating the “non-accompanying measures” into their Objective 2 programmes (though they would continue to be funded under the Guarantee Fund). Only France took up this option (20 programmes).

2.4 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. This section outlines the major challenges facing rural Europe, which provide the context in which rural development programmes operate.

2.4.1 Economic Challenges

Europe’s rural areas are in the process of major and ongoing economic change. Agriculture, formerly the mainstay of the rural economy, now accounts for a relatively small proportion of economic activity in most parts of rural Europe. Employment in agriculture, forestry, hunting and fishing declined from 12.7m in 1980 to 6.5m in 2002 (less than 4% of the workforce)¹. Even in predominantly rural areas, agriculture now

¹ European Commission (2003) Agriculture in the EU, Statistical and Economic Information, 2003. europa.eu.int/comm/agriculture/agrista/2003/table_en/3512.pdf

accounts for less than 10% of the EU15's workforce. There have been knock-on effects for other industries, especially those supplying farm inputs.

These changes have been brought about by a combination of factors, including continuing technological change, a decline in real food prices and in the proportion of income spent on food, and the difficulties of competing in increasingly global food markets.

Many rural areas have found it difficult to adjust to these changes by finding new sources of income and employment, especially in more peripheral regions where business opportunities are scarcest.

As a result, rural regions face significant economic problems, including:

- high rates of unemployment, which stands at 11.1% in predominantly rural areas, compared to an average of 9.8% across the EU25 as a whole (1999/2001 average);²
- widespread problems of underemployment;
- low levels of GDP per head, which in predominantly rural areas stood at 71% of the EU25 average in 1999-2001³; and
- a relative shortage of new development opportunities in many rural areas.

Different Member States are at different stages in the transition away from a dependence on the primary sector. Within the EU15, employment in agriculture in 2000/2002 varied between 1.4% in the UK and 16.3% in Greece. The new Member States are particularly heavily dependent on agriculture, which accounted for 17.1% of employment in Lithuania and 19.1% in Poland. Again, however, significant variations are apparent – 4.9% of the workforce of the Czech Republic and 6.1% of that of Hungary were employed in agriculture in 2000/2002.⁴

There are also significant variations in rural GDP and unemployment. GDP per head in predominantly rural areas varied from 19.7% of the EU average in Latvia to 110.0% of the EU average in Denmark in 1999/2001, though in every Member States, GDP per head in the predominantly rural areas was lower than the national average. In contrast, unemployment rates in predominantly rural areas were lower than the national average in 7 of the 25 Member States, ranging from 3.1% in Austria to 21.7% in Slovakia⁵.

The continuing declining role of agriculture in the rural economy suggests that developing opportunities for rural economic growth outside the agricultural sector is likely to be a priority. Nevertheless, there is a continuing need to manage the restructuring of the agricultural sector, to improve the viability and competitiveness of farm holdings. This need varies across the EU, reflecting differences in farm sizes and

² Commission Extended Impact Assessment Report Part 1-3

³ Ibid

⁴ European Commission (2003) Agriculture in the EU, Statistical and Economic Information, 2003. europa.eu.int/comm/agriculture/agrista/2003/table_en/3512.pdf

⁵ Ibid

average farm incomes, and is especially apparent in parts of Southern Europe and in the new Member States. There is also a need to promote the diversification of farm enterprises to reduce their dependence on agricultural commodity markets. At the same time it is important to recognise that, despite its declining direct significance, land management plays a broader role in rural development, for example through its management of the countryside (a resource for tourism and recreation), its influence on rural culture, and in its production of raw materials such as food and timber for use by other enterprises.

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; and
- promote wider economic opportunities in rural areas.

2.4.2 Social Challenges

The exodus of people from agriculture also presents significant challenges for Europe's rural communities. The viability and vibrancy of rural communities depends on the ability of rural areas to find new sources of income and employment. This is particularly a problem in more remote rural areas.

Rural depopulation is a widespread phenomenon, especially in more peripheral rural areas. This is caused by several factors. Firstly, negative rates of change in natural population (where there are more deaths than births). Secondly rural areas suffer high rates of out-migration (especially among young people), leaving behind an ageing population. Rural populations depend upon inward migration and there is insufficient in-migration in many areas. The problems faced by the new Member States in rural areas are greater than in many of the existing Member States. In the new Member States, crude death rates exceed birth rates in rural areas. There is a flow from rural to urban areas, especially to capital cities (e.g. in Slovakia and Hungary). In other areas, the migration flow is from urban to rural areas, where people seek subsistence through farming (e.g. Romania). Youth dependency rates are high, as is age dependency. In addition the rural population is usually older than average or ageing.

At the same time, many less remote rural areas in Europe face very different issues, as they often present an attractive alternative to living in cities, and are experiencing population growth. In many of the existing Member States, in-migration to rural areas from urban areas is an increasing trend, often involving increased populations of commuters and retired people. This leads to other problems such as increased development pressures in the countryside, a change in the balance of rural communities, and shortages of affordable housing as wealthier urban incomers out-bid local residents.

Access to public services and healthcare is also a significant issue in many rural areas. In the more remote areas, there are problems with encouraging healthy living and the supply of quality healthcare (especially in the new Member States). This comes hand-in-hand with the problem of lack of access to public services, and inadequacy in rural housing which many rural areas face. Education is extremely important for employment

and income, but a problem often faced by rural communities is the lack of access to higher education and lifelong learning opportunities. In the new Member States rural educational access and attainment is lower than national averages.

Institutional Capacities and Governance are a significant issue in rural communities and in relation to the delivery of rural development policy. Local capacities have been strengthened by initiatives such as LEADER. However in many of the new Member States, local institutional structures and governance remain weak.

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; and
- build capacity among rural communities to help them to improve their future.

2.4.3 Environmental Challenges

Europe's rural environment is subject to a variety of pressures, stemming from the intensification of land management in many areas, and its abandonment in others.

The marginal viability of both agriculture and forestry has brought a widespread risk of land abandonment to many rural areas. Abandonment of agricultural and forestry land has negative consequences for the landscape and environment. Agriculture and forestry are the main land users and play a key role in the management of the natural resources in rural areas and in shaping rural landscapes and wildlife habitats. Managed farmland and forests make an important contribution to maintenance of high natural value areas in the EU.

At the same time, the modernisation and intensification of agriculture and forestry practices, while bringing great benefits through the production of relatively cheap and abundant food and timber, have brought widespread changes to the countryside. Landscape has been affected by changes in cropping patterns, the enlargement of fields, the loss of features such as hedgerows, walls, traditional buildings and uncultivated habitats, and the planting of non-native commercial tree species. Wildlife has been affected by habitat loss, a reduction in the variety of farmed and forested habitats, increased chemical use, and changing cropping patterns. Intensive farming has caused widespread pollution of soil, water and air, and brought problems of soil erosion in many areas.

These impacts are increasingly being recognised, and there is growing public demand to balance the outputs of rural land use to give greater weight to environmental considerations alongside the production of commodities.

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; and
- protect and manage Natura 2000 sites and the built environment.

2.5 Summary and Intervention Logic for Individual Measures

The 2000-2006 Rural Development Policy sets out 26 measures that attempt to tackle the challenges facing rural areas. These 26 measures are grouped around 3 axes:

- 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 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.

Investments in farms

The structure of agriculture in the EU is typified by a large number of holdings which lack the structural conditions to ensure a fair income and living conditions for farmers and their families – investment in the modernisation of agricultural holdings is designed to contribute to the improvement of agricultural incomes and of living, working and production conditions of farmers. This may be achieved by:

- reduction in production costs;
- improving and redeploying production;
- increasing quality;
- preserving and improving the natural environment, hygiene conditions and animal welfare standards; and
- promoting the diversification of farm activities.

Young farmers

Young farmers are recognised as being a key factor in the development of rural areas as they can bring new skills, energy, adaptability and professional management to the farming sector, leading to increased competitiveness and flexibility to respond to new

opportunities. Specific benefits granted to young farmers may facilitate their establishment, but also the structural establishment of their holdings.

This measure is aimed at helping young farmers (under 40 years of age) to establish themselves. The farmer must have the required skill and competence and be setting up an agricultural holding for the first time.

Training

The evolution and specialisation of agriculture requires an appropriate level of general, technical and economic training for people involved in agricultural and forestry activities. This includes new approaches to management, production and marketing. In addition, farmers need to be educated and informed about agricultural methods compatible with the environment.

This measure provides support for vocational training that contributes to the improvement of the occupational skill and competence of farmers and others involved in agricultural activities and forestry activities, as well as to the conversion of these activities. The training is designed specifically to help farmers evolve their practices in keeping with maintenance and enhancement of the landscape and the environment, as well as to ensure improvements in standards of hygiene and animal welfare. These come hand-in-hand with the skills required to manage an economically viable farm. This measure also applies to those involved in forestry activities to improve the economic, ecological or social functions of forests.

Early retirement

The objectives of this group of measures are to:

- provide an income for elderly farmers who decide to stop farming;
- encourage the replacement of elderly farmers by farmers able to improve, where necessary, the economic viability of the remaining agricultural holdings; and
- re-assign agricultural land to non-agricultural uses where it cannot be farmed under satisfactory conditions of economic viability.

To be eligible for support under this measure, a farmer must be not less than 55 years of age, but have not reached official retirement age and have practiced farming for 10 years preceding retirement.

The person taking over the agricultural holdings must show an improvement in the economic viability of the holding within a specified period, and show the required skills and competence to do this. In addition, farming must be practised on the holding for at least 5 years.

Meeting standards – temporary support

The aim of this measure is to help farmers to adapt to demanding standards based on EC legislation in the fields of the environment, public, animal and plant health, animal welfare and occupational safety. This is intended to lead to a more rapid implementation of these standards, the respect of those standards by farmers, and the use of farm advisory services by farmers.

Temporary support is given to farmers who have to apply these demanding standards. The funds are intended to contribute partly to the costs incurred and income foregone by farmers for this purpose. Support is only granted up to 5 years after the standards become mandatory.

To be eligible for support, the standard has to impose new obligations or restrictions on farming practice which have a significant impact on typical farm operating costs and which concern a significant number of farmers.

Meeting Standards – support farm advisory services

This measure provides support for farmers to help them meet costs arising from the use of the farm advisory services which identify, and where necessary, propose improvements relating to the application of statutory environmental, public, animal and plant health and animal welfare standards.

Food Quality – incentive scheme

The overall aim of this measure is to improve the quality of agricultural products and encourage the promotion of those products. More specifically, funding under this measure is intended to meet the objectives of:

- providing assurances to consumers on the quality of the product or of the production process used through the participation of farmers in food quality schemes;
- achieving added value for agricultural primary products and enhancing market opportunities; and
- improving consumer information on the availability and specifications of such products.

The measure covers only products intended for human consumption.

To be eligible for support, food quality schemes are required to match the following criteria:

- the specificity of the final product produced under such schemes is derived from detailed obligations on farming methods that guarantee:
 - specific characteristics including the production process, or
 - a quality of the final product that goes significantly beyond the commercial commodity standards regarding public, animal or plant health, animal welfare or environmental protection.

Food Quality – promotion

This measure provides support to producer groups for activities intended to inform consumers about agricultural products or foodstuffs designated under food quality schemes as described in the measure above. Support covers information, promotion and advertising activities.

Investments in processing/marketing

The purpose of this measure is to facilitate the improvement and rationalisation of processing and marketing of agricultural products, thereby contributing to increasing the competitiveness and added value of these products. It should be ensured that such investments are viable and that farmers have a share in the economic benefits of this.

Such support contributes to one or more of the following objectives:

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

Other measures

A number of measures relating to farming activities and their conversion, and to rural activities, do not fall within the scope of the measures as described above. These are listed separately below. The measures falling under the category of restructuring/competitiveness are:

- land improvement;
- reparation;
- setting up of farm advisory systems as well as farm relief and farm management services;
- marketing of quality agricultural products, including the setting-up of quality schemes as referred to in the food quality measures above;
- agricultural water resources management;
- development and improvement of infrastructure connected with the development of agriculture; and
- restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention instruments.

The purpose of these measures is to facilitate improvements in infrastructure and agricultural practices such as better water irrigation, professional management and better field structures. Such support may contribute to the following objectives:

- to maintain or improve farm incomes and therefore rural incomes through reduction in costs;
- to improve the living conditions and welfare of rural communities through cheaper field accessibility and transport of products from the farm;

- to maintain or increase employment through increased activity on the farm;
- to maintain or improve the structural and productive characteristics of the rural economy; and
- to protect or improve the rural environment through more professional management and better irrigation.

The measures were first identified in the Objective 5b programme, and later in Article 33 of 1257/99 as measures for which Member States were themselves to lay down the conditions for support, as part of their programming given the variation in the nature of such measures. They are included in the Regulation on the grounds that they contribute to agricultural restructuring and competitiveness.

II. ENVIRONMENT/LAND MANAGEMENT

Less favoured areas and areas with environmental restrictions

This group of measures provides support for less-favoured areas and areas with environmental restrictions.

Support provided under this group of measures shall contribute to the following objectives.

- Compensation for naturally less-favoured areas to:
 - ensure continued agricultural land use and thereby contribute to the maintenance of a viable rural community;
 - maintain the countryside;
 - maintain and promote sustainable farming systems which in particular take account of environmental protection requirements.
- Compensation for areas with environmental restrictions to:
 - ensure environmental requirements and safeguard farming in areas with environmental restrictions.

Payments to compensate for costs incurred and income foregone may be made to farmers who are subject to restrictions on agricultural use in areas with environmental restrictions as a result of the implementation of limitations on agricultural use based on Community environmental protection rules. This will be the case where such payments are necessary to solve the specific problems arising from those rules.

Less-favoured areas can be defined as having the following characteristics.

- Mountain areas, characterised by limitation of the possibilities for using the land and an appreciable increase in the cost of working it due to very difficult climatic conditions (which substantially shorten the growing season), and the presence of slopes too steep for the use of machinery or requiring the use of very expensive special equipment. Areas north of the 62nd Parallel and certain adjacent areas are treated in the same way as mountain areas.
- Areas that are in danger of abandonment of land-use and where the conservation of the countryside is necessary. These areas may have land of

poor productivity, difficult cultivation and with a limited potential which cannot be increased except at excessive cost, and which is mainly suitable for extensive livestock farming. In addition, these areas may have a low or dwindling population predominantly dependent on agricultural activity, where the accelerated decline of this population would jeopardise the viability of the area and its continued habitation.

- Other areas affected by specific handicaps, in which farming should be continued in order to conserve or improve the environment, maintain the countryside and preserve the tourist potential of the area or in order to protect the coastline.

Agri-environment/animal welfare

Agri-environmental instruments are necessary to support the sustainable development of rural areas and to respond to society's increasing demand for environmental services.

The type of support provided by this measure is designed to promote:

- ways of using agricultural land which are compatible with the protection and improvement of the environment, the landscape and its features, natural resources, the soil and genetic diversity;
- environmentally-favourable farming and management of low-intensity pasture systems;
- the conservation of high nature-value farmed environments which are under threat;
- the upkeep of the landscape and historical features on agricultural land; and
- the use of environmental planning in farming practice.

Support is granted to farmers who give agri-environmental commitments for at least five years. These commitments must involve more than the application of usual good farming practice.

Afforestation of agricultural land

Afforestation of agricultural land is especially important from the point of view of soil use and the environment and as a contribution to increasing supplies for certain forestry products.

Support is given for the afforestation of agricultural land provided that such planting is adapted to local conditions and is compatible with the environment.

Support under this measure may include, in addition to planting costs:

- an annual premium per hectare afforested to cover maintenance costs for a period of up to five years; and
- an annual premium per hectare to cover loss of income resulting from afforestation for maximum period of 20 years.

Other Forestry

Forestry is an integral part of rural development. This measure aims to develop and utilise woodlands optimally in rural areas and improve the processing and marketing conditions of forestry products. The maintenance and improvement of the ecological stability of forests in certain areas is also important. Finally, this measure is intended to take into account the specific problems of climate change (through the role of forests as carbon sinks).

The aim of a measure dealing with forestry is to contribute to the maintenance and development of the economic, ecological and social functions of forests in rural areas.

The measure aims to meet one or more of the following objectives:

- sustainable forest management and development of forestry;
- maintenance and improvement of forest resources; and
- extension of woodland areas.

The types of activities supported by this measure are:

- investment in forests aimed at significantly improving their economic, ecological or social value;
- investment to improve and rationalise the harvesting, processing and marketing of forestry products;
- promotion of new outlets for the use and marketing of forestry products;
- the establishment of associations of forest holders that are set up in order to help their members to improve the sustainable and efficient management of their forests; and
- restoring forestry production potential damaged by natural disasters and fire and introducing appropriate prevention instruments.

Other measures

One Article 33 measure exists under the Environment/Land Management heading, namely: “Environmental protection in connection with agriculture, forestry and landscape conservation as well as with the improvement of animal welfare”. The objective of this measure is to contribute to better protection or improvement of the rural environment through protection and improvements of habitat, biodiversity and animal welfare.

III. RURAL ECONOMY/RURAL COMMUNITIES

These measures respond to the need for rural development to be based increasingly on non-agricultural activities and services, thereby helping to encourage rural diversification and reverse the trend in many parts of Europe towards economic and social decline and depopulation of the countryside. This includes removing inequalities and promoting equal opportunities for men and women, as well as contributing to converting and improving farming activities. Such activities include development of key services in rural areas, renovation of villages and protection of heritage, promotion of tourism and craft activities, etc.

The specific measures addressing these issues are as follows:

- 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); and
- financial engineering (art 33).

The support provided by these measures can help meet the objectives of:

- income improvements through additional off-farm activities leading to new outlets and job opportunities;
- improved/maintained living conditions and welfare through better basic services, improved amenities, development of attractiveness of the area and reduction in inequalities through improved access;
- better employment opportunities through increased off farm activities and longer tourist seasons;
- maintenance/improvement of structural characteristics maintained/improved through financial engineering and the associated leverage effect leading to the potential for endogenous development; and
- increased environmental protection through improvements in services leading to better sewerage treatment, better use of non-renewable resources and reduction in pollution emissions.

2.6 Financial Information

The EU budget for rural development totals €49 billion between 2000 and 2006 (Table 2.1), with the largest recipients being Germany and Spain.

Table 2.1: EAGGF programmed spend per Members 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%
AUSTRIA (AT)	3,247,731,886	6.6%

Member State	Programme (2000 - 2006)	% of Total Budget by Member State
PORTUGAL (PT)	3,515,032,740	7.1%
FINLAND (FI)	2,393,250,000	4.9%
SWEDEN (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 2.2 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 2.2: 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%
TOTAL	49,485,129,064	100.0%

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

Annex 2 contains more detailed financial tables, including break-downs between Objective 1 and other regions, and accompanying and non-accompanying measures.

3 METHOD OF APPROACH

3.1 Review of Mid Term Evaluation Reports

This study is 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 3.1.

Table 3.1: List of Mid Term Evaluation Reports Reviewed in this Study

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

The 30 mid-term evaluation reports were reviewed by a multi-lingual study team, in accordance with an agreed pro-forma designed to ensure identification and processing of key information in an efficient manner. Study team members were provided with a guidance note and personal briefings explaining how the pro-forma was to be used and the review undertaken.

The pro-forma included two types of questions:

1. The Common Evaluation Questions 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.
2. 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. For convenience these will be referred to hereafter as the “Wider Evaluation Questions”.

A copy of the pro-forma is included in Annex 1.

3.2 Review of Other Documents

The impact assessment and the formulation of conclusions and recommendations for post-2006 policy development were also based on a review of a range of other documents. The following documents were identified as relevant for this part of the exercise:

Other evaluation and research reports

- Ex-Post Evaluation of Measures under Reg. 950/97
- Ex-Post Evaluation of Measures under Reg. 951/97
- Ex-Post Evaluation of Objective 5b Programmes 1994-99
- Ex-Post Evaluation of the Community Initiative Leader II
- “Methods for and Success of Mainstreaming Leader Innovations and Approach into Rural Development Programmes”
- Espon report on “The Territorial Impact of the CAP and Rural Development Policy”
- DG Agriculture in-house analyses of agri-environment measures and SAPARD
- Research reports in the field of rural development such as the IMPACT and the ESPON reports

Policy documents

- The Third Cohesion Report
- The Lisbon Strategy: Conclusions from Lisbon Council, March 2000, and latest progress reports
- The Gothenburg Strategy: Presidency Conclusions from Gothenburg Council, June 2001
- Various documents from the Second European Conference on Rural Development in Salzburg

Court of Auditors reports

- Special Report No 4-2003 Concerning Rural Development: Support for Less Favoured Less Favoured Areas, Together with the Commission’s Reply

- Greening of the CAP. Complemented by Commission answer to the Court of Auditors report.

3.3 Preparation of this Report

The pro-formas completed by the document review team provide answers to both the Common Evaluation Questions and the Wider Evaluation Questions.

This report provides a synthesis of these reviews, to provide answers to these individual questions. The development of conclusions and recommendations about the design and delivery of rural development policy is further informed by reference to the other documents listed in Section 3.2 above.

This has enabled EPEC to draw conclusions about rural development policy in Europe, based largely on experience of policy delivery in different Member States and regions, but also with reference to the changing EU policy context.

3.4 Key Methodological Issues

3.4.1 Overview

This study was essentially a meta-evaluation, summarising the findings of previous evaluation studies, and drawing conclusions for future rural development policy. In conducting studies such as this, methodological issues are encountered at different levels. These can broadly be grouped into:

- issues relating to the organisation and delivery of the **current study**; and
- issues relating to the **material on which the study is based**, e.g. affecting the quality and completeness of the mid term evaluation reports, and the design and delivery of the rural development measures themselves.

3.4.2 Current Study

Issues affecting the current study include:

- **Timescale and Resources** – the tight timescale and limited resources for this study presented significant challenges to the review team, especially given the length and detail of the reports reviewed.
- **Language** – the mid term evaluation reports were all prepared in the languages of the individual Member States necessitating the deployment of a multi-lingual review team and introducing challenges in terms of team co-ordination, management and quality assurance.
- **Sample Size** – the need to focus the study on a limited number of mid term evaluation reports (30, as proposed by the Commission, out of a total of 157 RDP, Objective 1 and Objective 2 programmes), introduced the risk of potential sample bias. The situation was exacerbated by the limitations of some reports and gaps in information relating to particular questions. Though there is no reason to believe that the sample was biased overall, care needs to be taken in studies such as this to avoid the risk of over-generalisations and misleading conclusions based on limited sample sizes. The answers to each

question make clear the number of evaluation reports on which they are based.

- **Quality of Source Material** – this has been found to be variable and in some cases incomplete. The evaluation reports vary widely in the extent to which they provide answers to the Common Evaluation Questions and information relevant to the Wider Evaluation Questions.

3.4.3 Source Material

As indicated in section 3.4.2, the evaluation reports that form the basis for this study are of variable quality, length and detail and in many cases lack answers to the questions being addressed by this study. For example:

- Some evaluations reported on *expected* impacts and concrete conclusions could not be drawn from suppositions. This is particularly the case for ES Extremadura Obj 1 and Sicily Obj 1. The latter was a largely descriptive evaluation, which offered rather limited information on impacts.
- In some instances, vague or unnecessarily complex language was used, limiting reviewers ability to draw conclusions.
- Some evaluations contained long descriptions of indicator criteria, but little analytical evidence of impacts, for example that of DE Bayern RDP.
- The structure of the reports differed considerably, and in some cases it was difficult to extract the relevant information, despite the richness of detail in the reports.
- Some evaluations provided factual evidence only and there was a lack of information relevant to the wider evaluation questions. For example, in Sicily Obj 1, the evaluation fails to address Wider Evaluation Questions, arguing the limited implementation progress of some of the measures.
- The Greece RDP evaluation cited lack of reliable data being an obstacle to assess impacts, and provided little useful information.

To some extent, these problems reflect the quality of the evaluations themselves. However, the usefulness of the evaluation reports is also affected by a variety of factors beyond the control of the evaluators themselves, such as:

- Scope and remit of the evaluation reports – some reports, such as those covering Objective 1 programmes, did not intend to focus specifically on rural development measures.
- Limited experience of the RD measures – many of the measures are relatively new to the Member States and regions in question, or have not been implemented widely enough for conclusions to be drawn about their effectiveness.
- Limitations in monitoring and indicators – data shortages and limitations in monitoring and reporting procedures affect the information available to the evaluators.

- Lack of baseline information available to the evaluators, affecting the ability to make substantiated statements on the extent of impacts.
- Limited availability of financial data relating to specific measures in many instances.

This, coupled with variability in the number of measures implemented in each programme, means that, while the study involved the review of 30 mid term evaluation reports, the sample on which answers to each question are based is always considerably less than this. It is important to be aware of the possible implications in terms of sample bias. For example, for some questions, the quality of information available from some parts of the EU was better than for others, and findings based on the experience of these regions may disproportionately influence the study findings. Care is taken in the text to identify those parts of the EU from which findings are drawn.

4 OVERVIEW OF PROGRAMMES AND FINANCIAL INFORMATION

Table 4.1 summarises the content of the 30 programmes reviewed for this study. The table demonstrates variations in the variety of measures introduced in different parts of the EU. For example, the RDPs for the Netherlands, Bayern and Sweden include a wide variety of measures, including Article 33 Measures. The early retirement measure features most prominently in the southern Member States.

Table 4.1: Overview of Measures Supported by Reviewed Programmes

Impact Assessment of Rural Development programmes in View of Post-2006 Rural Development Policy

EVALUATIONS

	BE Flanders RDP	DK RDP	DE Bayern RDP	DE Niedersachsen RDP	DE Thüringen RDP	DE Thüringen Obj 1	GR RDP	GR Obj 1	ES RDP	ES Extremadura Obj 1	ES Obj 1	FR RDP	FR Guyane Obj 1	FR Midi Pyrenees Obj 2	IE RDP	IT Emilia Romagna RDP	IT Veneto RDP	IT Sicily	IT Sicily Obj 1	LUX RDP	NL RDP	AT RDP	PT RDP	PT Obj 1	FI RDP	FI East Obj 1	SW RDP	SW Sorra Norrland Obj 1	UK England RDP	UK Highlands and Islands Obj 1	Total Number of Evaluations
1. Investments in farms	x	x		x	x		x			x	x	x	x		x	x		x	x	x	x	x		x	x	x	x	x	x	21	
2. Young Farmers	x	x					x			x	x	x			x	x		x	x	x	x	x		x	x	x	x	x	x	15	
3. Training	x	x		x		x						x	x			x	x	x		x	x	x		x		x	x	x	x	18	
4. Early retirement							x		x			x			x		x	x					x		x					8	
5. Meeting standards - temporary support																														0	
6. Meeting standards- support farm advisory services																														0	
7. Food quality - incentive scheme																														0	
8. Food quality - promotion																x														0	
9. Investments in processing and marketing	x	x	x	x		x		x		x		x	x	x		x	x		x	x	x	x	x			x	x	x	x	20	
10. Land improvements												x	x	x			x													4	
11. Reparcelling		x	x	x		x						x	x								x	x								8	
12. Setting up of farm relief and farm management services								x				x	x				x									x				5	
13. Marketing of quality agricultural products	x	x		x		x			x		x	x	x			x	x				x	x					x			12	
14. Agricultural water resources management				x			x			x	x	x	x			x	x					x	x		x					11	
15. Development and improvement of infrastructure related to agriculture		x		x		x		x		x	x					x	x					x	x		x		x			13	
16. Restoring agricultural production potential damaged by natural disasters and appropriate prevention instruments				x	x			x				x		x											x					7	
17. Less favoured areas and areas with environmental restrictions	x	x	x	x	x		x		x			x			x	x	x	x			x	x	x	x		x		x	x	19	
18. Agri-environment/animal welfare	x	x	x	x	x		x		x			x			x	x	x	x			x	x	x	x		x		x		19	
19. Afforestation of agricultural land	x	x	x	x	x		x		x			x			x	x	x	x			x	x	x	x		x		x		18	
20. Other forestry	x	x	x	x		x		x		x	x	x				x	x			x	x	x	x		x		x	x		18	
21. Environmental protection in connection with agriculture and forestry and landscape management and improving animal welfare	x	x	x	x	x		x		x		x	x	x	x	x	x						x	x		x		x			17	
22. Basic services for the rural economy and population	x	x		x				x		x			x				x				x	x					x			13	
23. Renovation and development of villages, protection and conservation of rural heritage	x	x	x	x		x		x				x	x			x	x				x	x	x				x	x		15	
24. Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative sources of income		x	x					x		x		x	x	x		x	x				x	x	x				x	x	x	17	
25. Encouragement of tourism and craft activities		x		x		x		x				x	x	x			x				x	x					x	x		13	
26. Financial Engineering										x		x					x							x						6	

5 ANALYSIS AGAINST THE COMMON EVALUATION QUESTIONS

1. Chapter I - Investments in agricultural holdings

This measure features in 20 of the 30 programmes.

I.1.To what extent have supported investments improved the income of beneficiary farmers ?

Many responses showed a positive contribution of supported investments to the income of beneficiary farmers, although several evaluators were unable to measure the impacts on income due to lack of data.

The supported investments were reported to have had a positive effect on income in 6 cases (FR RDP, DK RDP, AT RDP, SW RDP, ES Obj 1 and BE Flanders RDP). Stated reasons for the increase in income included a reduction in the use of labour, an increase in productivity and an improved production quality. In Sweden beneficiaries reported that the assistance increased their effectiveness thereby reducing costs rather than increasing gross revenue.

In 2 cases (Sicily Obj 1 and DE Niedersachsen RDP) the evaluators reported a potential/expected impact of supported investments. In DE Niedersachsen business generally expected a clear increase in income due to investment.

In 6 cases (UK England RDP, NL RDP, IE RDP, DE Thuringen Obj 1, IT Emilia Romagna RDP and LUX RDP) no effect on incomes was recorded. This was generally due to a lack of data or because it was considered too early to record an impact, with three evaluators commenting that the measure would only be expected to produce results in the longer term.

Agricultural restructuring measures have an even more important role to play in the new member states. DG Agriculture's initial internal review of SAPARD in the accession countries (hereafter "the SAPARD review") found considerable evidence of enhanced incomes among beneficiaries, with the expansion of production outweighing negative price changes.

I.2.To what extent have supported investments contributed to a better use of production factors on holdings?

Supported investments have contributed positively to a better use of production factors on holdings in 5 cases (NL RDP, AT RDP, DK RDP, DE Thuringen Obj 1, BE Flanders RDP). Some examples cited include enhanced labour productivity, lower veterinary bills, lower piglet mortality and improved working practices.

In the BE Flanders RDP the supported investments were not seen to have had a significant impact in relation to output per hectare. Nonetheless, there have been improvements in terms of output per labour hour for supported holdings. This was due

to more efficient use of employment, with a 14% increase in labour productivity on supported farms in comparison with 5% for unsupported holdings.

In 2 cases (ES Obj 1 and Sicily Obj 1) supported investments were expected to have a positive impact, though no data was yet available. In ES Obj 1, the measure was expected to have an impact on holdings due to the introduction of modern machinery.

In the remaining cases, no impact could yet be reported, generally either because of a shortage of data, or, frequently, because it was too early in the programme for an impact to be apparent.

For the accession countries, the SAPARD review found general improvements in efficiency and productivity as a result of farm investment measures.

I.3.To what extent have supported investments contributed to the reorientation of farming activities?

Most responses showed a limited contribution to the reorientation of farming activities with two cases showing a positive contribution to the reorientation of farming activities.

In 8 cases (FI East Obj 1, Sicily Obj 1, FR RDP, NL RDP, AT RDP, SW RDP, DE Niedersachsen RDP and ES Obj 1 RDP) evaluators found that the supported investments' contribution to the reorientation of farming activities had been limited. In Sweden (RDP) the assistance has helped make existing activities more effective rather than support new activities.

In 2 cases (BE Flanders RDP, LUX RDP) investment support had had a positive impact. In the former, 40% of the investment had supported the enlargement of holdings, and 30% the broadening of the range of crops grown. In LUX RDP, 10% of farms receiving support had diversified their activities.

I.4.To what extent have supported investments improved the quality of farm products ?

The evaluations reported mixed responses to this question, depending to a large extent on whether quality improvements were an objective of the measure. Of 10 evaluations able to answer this question, five (Sicily Obj 1, FR RDP, SW RDP, IT Emilia Romagna RDP and BE Flanders RDP) reported limited improvements, whilst five (DK RDP, AT RDP, LUX RDP, NL RDP and BE Flanders RDP) reported a positive effect in the quality of farm products as measured by price increases. In Denmark 36% of respondents had experienced an increase in the price of their products as a consequence of quality improvements stemming from supported investments. In the case of BE Flanders RDP, some 52% of holdings receiving support reported a positive quality improvement. However, the recorded effect of these improvements on price was weak, averaging only 1.3%, and with little difference recorded between participants reporting a "strong" quality improvement compared to "little" quality improvement.

In ES Obj1, no data was available but a positive impact was expected.

I.5.To what extent has the diversification of on-farm activities originating from supported alternative activities helped maintain employment ?

Responses were mixed.

In 6 cases (UK England RDP, FI East Obj 1, SW Obj 1, DE Niedersachsen RDP, BE Flanders RDP and AT RDP) the diversification of on-farm activities originating from supported alternative activities had helped to maintain, or in some cases, increase employment. In England RDP full time jobs had been created through assistance for alternative activities (energy crops). In the case of Finland more employment had been maintained and created for women than for men. In SW Obj 1, the evaluators reported that 41 new jobs had been created (16 for women) and 328 safeguarded (68 for women) by the end of 2002, compared to targets for 2000-2006 to create 50 new jobs, of which at least 20 for women, and safeguard at least 150 jobs, of which at least 40 were for women. In DE Niedersachsen RDP, the effect on employment, particularly safeguarded employment due to diversification, was regarded as significant. The evaluators calculated, based on a survey of consultants, that 191 jobs (FTE) would be safeguarded and 54 new jobs (FTE) created, the latter mainly in the areas of direct marketing and horse keeping. In BE Flanders RDP, the support given to enlargement activities was estimated to be responsible for 166 additional fulltime equivalent jobs.

In the other 4 cases, (IE RDP, DK RDP, PT Obj 1 and NL RDP) impact was negligible.

In the Netherlands investments had supported the creation of employment but reorganisation had resulted in the loss of employment.

In ES Obj1, no impact had yet been recorded but a positive impact was expected.

I.6. To what extent have supported investments facilitated environmentally friendly farming?

Overall responses were positive with regards to supported investments facilitating environmentally friendly farming, with 2 cases demonstrating limited impacts.

In 7 cases (FI East Obj 1, NL RDP, DE Niedersachsen, DE Thuringen Obj 1, IT Emilia Romagna RDP, BE Flanders RDP and AT RDP) supported investments were reported to have facilitated environmentally friendly farming.

In IT Emilia Romagna RDP it was found that 70.5% of farms were gradually introducing environmental improvements thanks to supported investments. Environmental improvements were considered to be largely a positive side effect of structural investment, resulting from the purchase of machinery and equipment that use fewer pollutants (47.4%) and/or the creation of irrigation systems that made more rational use of available water (23.2%).

In both DE Niedersachsen and DE Thuringen Obj 1, investments were found to have resulted in improvements that go beyond legislative requirements.

In 2 cases (LUX RDP and PT Obj 1) the impact of supported investments had been limited in terms of facilitating environmentally friendly farming. The LUX RDP noted the results have been disappointing.

In 2 cases (Sicily Obj 1 and ES Obj1) positive potential impacts were expected. In the Sicily report, evaluators noted a considerable potential impact as many interventions focused on the introduction of energy saving techniques.

I.7. To what extent have supported investments improved production conditions in terms of better working conditions and animal welfare?

Responses were generally positive regarding the extent to which supported investments improved production circumstances in terms of better working conditions and animal welfare.

In 8 cases (DK RDP, FR RDP, SW RDP, DE Niedersachsen, IT Emilia Romagna RDP, LUX RDP, BE Flanders RDP and AT RDP) evaluators reported that supported investments had improved production in terms of better working conditions and animal welfare.

In the Danish case there was evidence of deadweight costs given that many respondents would have made the investment whether or not they had received the financial support. In addition, other factors affected animal welfare, making it difficult to assess the extent to which changes were attributable to the measure itself. Some examples cited include up-skilling of farmers and provision of information about quality and quantity improvements linked to animal welfare. Despite these and other influencing factors, evaluators assessed that the measure had significant positive effects on both working conditions and animal welfare.

In IT Emilia Romagna RDP, almost all farms (94%) in the sample declared improvements in working conditions determined above all by a reduction in physical stress (81%) and in exposure to substances or climatic conditions harmful to human health (68%). Most farms also achieved better animal welfare conditions, although this was mainly an indirect effect of investments in new or refurbished buildings.

In 2 cases (Sicily Obj 1 and ES Obj1) no evidence was available, but positive impacts were expected.

In 2 (FI East Obj 1, NL RDP) cases responses were mixed. In Finland it was felt that the impact was rather minor and that supported investments only had an indirect influence on animal welfare. In the Netherlands investments were not focused on improvements in animal welfare, although interviews suggest that working conditions had improved.

There is a need for significant improvements in animal welfare and working conditions in the new member states, to raise standards towards those elsewhere in the EU. The SAPARD review reported considerable progress in most countries towards EU animal welfare standards except in Hungary where SAPARD was considered insufficient to meet the challenge.

2. Chapter II - Setting up of young farmers

This measure featured in 15 of the 30 programmes.

II.1. To what extent has the aid for setting up covered the costs arising from setting up?

The extent to which the measure ought to contribute to costs is clearly set out in Regulation (EC) No 1257/1999 which states that setting up aid is either comprised of a single premium up to a maximum of €25,000, or an interest subsidy on loans taken on

to cover the costs of setting up. There is no indication that the support is aimed at covering all costs arising. However some of the evaluators seem to imply that support should cover all costs, which is reflected to a certain extent in the responses below.

The extent to which aid covered set-up costs was found to be very variable. Estimates of the proportion of costs met by grants ranged from 10% in Sweden, to 26% in BE Flanders, 44% in ES Obj 1, 50% in Finland East Obj 1 and 56% in LUX RDP. In Ireland, survey evidence suggested that set up costs such as legal and accounting fees were fully covered by grants. In Denmark RDP, where assistance is in the form of a state guarantee and there were contributions towards the loan repayments, the evaluation indicated that the loan did not cover the full price of the purchased holding, but needed to be supplemented by more conventional types of loans. In France RDP, two thirds of farmers surveyed were satisfied with the level of support received. For holdings with a high capital value, the current support did not cover setting up costs. Young farmers tended to obtain funding from other sources in order to make up for the difference, suggesting that the measure works effectively.

II.2. To what extent has the setting-up aid contributed to the earlier transfer of farms (to relatives versus non-relatives)?

Responses were positive in only 2 cases (FI East Obj 1 and IE RDP) where the setting-up aid was believed to contribute to the earlier transfer of farms. In Ireland for example, despite the lack of baseline data, evidence suggested that installation aid encouraged earlier transfer to relatives than would otherwise be the case ES Obj1 believed that there was an important impact expected.

In Sicily (Obj1) the evaluators felt that there was a limited potential impact.

In 3 cases (DK RDP, AT RDP and SW RDP) it was considered that the measure was not as important as other factors in accounting for early transfer. In Denmark it was said that family holdings changing hands was usually planned and timing depended on factors such as length of education and further skills development plans. In the case of non-relative transfers, factors affecting transfers included the aforementioned and the attractiveness of the holdings.

In the Austrian case, the willingness to take up a holding was greater for larger holdings with high-income capacities. In locations with a stronger presence of family holdings, the willingness to take up a holding was based on social factors and pension rights rather than on financial incentives. The setting up aid could at most be an impetus to take over the holding somewhat earlier, but the decisions upon the future management of the holding did not rest solely on the setting up aid as it was very much dependent on structural, regional, economic and social factors.

II. 2A. To what extent has the setting-up aid contributed to the earlier transfer of farms (to relatives versus non-relatives) in particular, how significant was the synergy with the aid for early retirement in achieving such an earlier transfer?

Only two evaluations provided an answer to this question. In Ireland, evaluators considered that there was a significant synergy with the aid for early retirement in achieving an early transfer, as 59% of beneficiaries were transferees under the early retirement scheme. The ES RDP considered that there had been synergies between early retirement and setting-up of young farmers.

II.3. To what extent has the aid influenced the number of young farmers of either sex setting up?

Although in most cases fewer women benefited from this measure than men, evidence from some programmes suggests that it has made a positive contribution to the number of female entrants to farming.

In 7 cases (FI East Obj 1, AT RDP, SW RDP, LUX RDP, Sicily Obj 1, BE Flanders RDP and PT RDP) evaluators found that, unsurprisingly given that the majority of farmers are male, the aid helped larger numbers of males than female farmers to set up. In Austria (RDP) there were fewer females although there was a high percentage of female acquirers in Salzburg (58%). In Sweden, only 15% of beneficiaries were female, even though women benefited from maximum levels of support.

In Sicily Obj 1 there was a limited potential impact as only about one third of applications were submitted by women. This however was an improvement over previous years. Similarly in IT Emilia Romagna RDP, the female use of aid increased compared to the previous year, while the proportion of female beneficiaries was higher than the proportion of women recorded in the regional agricultural census. However, in BE Flanders RDP, only 11% of beneficiaries were women, similar to the existing proportion of women in farming.

Denmark's RDP was found to have a positive influence on the number of young women farmers setting up, encouraging as many women as men to establish farms.

II.4. To what extent has the setting up of young farmers contributed to safeguarding employment?

Responses to this question were largely positive, although it is unclear to what extent the evaluators considered the displacement of existing employment in their answers.

In 7 cases (FI East Obj 1, SW DP, IT Emilia Romagna RDP, ES Obj 1, LUX RDP, BE Flanders RDP, IE RDP and AT RDP) evaluators considered that the setting up of young farmers contributed to safeguarding or enhancing employment.

In ES-Obj1, the evaluators forecast that 9,350 new jobs would be created by the end of 2003, including 2385 for women. The IT Emilia Romagna RDP evaluators found that newly established farms employed more labour than existing ones. The BE Flanders RDP evaluation estimated that 170 fewer farmers would have set up in the period 2000-2002 in the absence of support, equivalent to about 295 fewer full time jobs per year. The Danish RDP evaluation felt that the measure did not guarantee employment.

3. Chapter III - Training

This measure featured in 17 of the 30 programmes.

III.1. To what extent are the assisted training courses in accordance with needs and coherent with other measures of the programme?

Most evaluations found that assisted training courses addressed needs and were coherent with other measures of the programme. In some cases there was a lack of coordination with other measures and a limited impact.

In 7 cases (UK England RDP, Sicily Obj 1, PT Obj 1, SW RDP, SW Obj 1, BE Flanders RDP and AT RDP) evaluators considered that training courses addressed needs and were coherent with other measures. In Sweden, between 90-100% of training focused on identified needs such as improving farmers' knowledge of how to preserve biodiversity.

In another 2 cases (DK RDP and DE Niedersachsen RDP) there was a lack of coordination with other measures although needs were addressed. In the case of the Danish RDP, training providers and course participants saw training as an isolated measure and the overwhelming focus on productivity and efficiency meant that there was little coherence with other measures.

There was a limited impact in 2 cases (DE Thuringen Obj 1 and FR RDP). The French RDP evaluators commented on the fact that although the training courses were linked to the objectives of the national RDP they had a limited impact on the improvement in qualification levels. There was also limited coherence with other measures. In Thuringen Obj 1 the measure had not been fully implemented as funding had not been fully allocated to this measure due to reduced take-up compared to the previous planning period.

In 3 cases (FI East Obj 1 Obj 1, NL RDP, IT Emilia Romagna RDP and LUX RDP) impacts were not recorded. This was generally because of a lack of data or because progress was limited. In the NL RDP, evaluators were not able to comment on progress as a limited budget was allocated to the measure.

III.2. To what extent have the acquired skills/competence helped improve the situation of the trainees and of the agricultural/forestry sector?

Overall responses were positive. In 6 cases (UK England RDP, FI East Obj 1, PT Obj 1, BE Flanders RDP, DK RDP and SW RDP) evaluators stated that training had improved the situation of trainees. In the case of the English RDP, 85% of trainees had experienced an improvement in their job and in 21% of cases, there had been an increase in remuneration. In Portugal Obj 1 the measure was thought to facilitate employability and, to a lesser extent, adaptability to the labour market. In the Denmark RDP, answers were based on assumptions made on the basis of statements by course providers (although a survey of the beneficiaries themselves might have provided a more rigorous evidence-base, it is nonetheless interesting to have some measure of the impact of acquired skills). The providers assumed that courses had helped to improve the situation of trainees as they put newly taught practices to use as they signed on for top-up courses. The effect of courses would be to improve the ability of the farmer to adapt to structural changes in agriculture, which require increased productivity and efficiency. In the case of the BE-Flanders RDP, questionnaire results indicated that, by promoting professionalism among farmers, training often enhanced the turnover and net income of their operations.

In 3 cases it was too early to provide responses. The DE Niedersachsen RDP reported limited impacts on the situation of trainees as short courses were regarded as not being able to achieve the effects intended by the intervention. The DE Thuringen Obj 1 and FR RDP were not able to quantify the impacts.

The Sweden RDP evaluation, noted that 98% of participants who undertook forestry related training enjoyed improved working conditions through more varied and

meaningful employment. Of these, 11% achieved better pay and 78% of participants started environmental/production improvement initiatives as a result of the training.

4. Chapter IV - Early retirement

This measure features in 8 of the 30 programmes

IV.1. To what extent has aid for early retirement contributed to the earlier transfer of farms?

Of the 6 evaluation reports that answered this question, four considered that the measure had contributed positively to early retirement (ES RDP, IE RDP, GR RDP and PT RDP). In Spain the measure had helped accelerate the process of early retirement and transfer of farms by an average of 5 years. The measure had had greatest success in regions where the problem of an ageing population was greatest. Interestingly in most cases transferors and transferees were close relatives and the measure seemed to be promoting the natural process of transfer between parents and children. In Portugal RDP the measure had contributed to early retirement although to a lesser extent than had been forecast.

In 2 cases (FR RDP and Sicily RDP) the extent to which aid for early retirement had contributed to the earlier transfer of farms was limited. In Sicily RDP the evaluation noted the potential impact was limited due to limited financial resources available for the measure as well as the limited number of potential beneficiaries. In France it appeared that the intervention was less of an incentive to retire early than the personal wish to transfer to young people and ensure a sustainable future for the holding.

IV.1.A. To what extent has aid for early retirement contributed to the earlier transfer of farms. In particular, to what extent has there been synergy between 'early retirement' and 'setting-up of young farmers' in terms of an earlier change of holders?

Of the 3 evaluation reports that answered this question, 2 (ES RDP and IE RDP) considered that there had been synergies between 'early retirement' and 'setting-up of young farmers' in terms of an earlier change of holders. Nonetheless in Spain it was found that a high percentage of transfers had been formalised via renting. This implied that the farm still belonged to the transferor. This rent was slightly higher if the parties involved were not related.

The Portuguese RDP response was somewhat vague simply noting that early retirement could have an important impact on the rejuvenation of farmers and the rural population.

IV.2. To what extent has the economic viability of the remaining agricultural holdings improved?

Of the 4 evaluation reports that answered this question, 2 (ES RDP and PT RDP) provided positive answers. In both the Spanish RDP and Portuguese RDP evaluation reports it was noted that the competitiveness of holdings had been improved by this measure. In the case of Spain, early retirement had improved the use of factors of production. There had also been increases in waged work but not significant changes or/ diversification in what the farmers produce. In Portugal there had been an increase

in the volume of business and the substitution of older farmers by younger ones means that new technologies and longer-term investments could be implemented.

The question was not answered directly in Ireland RDP and Greece RDP. However, the latter report noted several trends suggesting that viability would be improved.

IV.3. Was the income offered to the transferors appropriate in terms of encouraging them to abandon farming and subsequently offering them a fair standard of living?

Of the 3 evaluation reports that answered this question, at least two found that the income offered was appropriate (IE RDP, PT RDP), while the findings of the third (ES RDP) were mixed. In Portugal, the income offered to the transferors, combined with the capital revenue received for the sale of the holdings (on a yearly base) was found to be appropriate to offer a fair standard of living. The measure provides an incentive to abandon farming whilst allowing farmers to have an income. Although the Ireland evaluation did not answer this question directly, it noted that for many farmers (those in less intensive farming in particular) payments offered were fair and offered an improvement on pre-retirement incomes.

The Spanish RDP evaluation found that transferees received an allowance that was lower than expected and the help received by the farmers was generally considered insufficient. Nonetheless half of the farmers benefiting from this measure felt that it was enough to provide an incentive to relinquish the holding and 75% of beneficiaries agreed that their quality of life had risen as a result of the measure.

5. Chapter V - Less-favoured areas and areas with environmental restrictions

This measure features in 20 of the 30 programmes

V.1. To what extent has the scheme contributed to (i) offsetting the natural handicaps in LFAs in terms of high production costs and low production potential, and (ii) compensating for costs incurred and income foregone in areas with environmental restrictions? (concerns both LFA and AER)

In most cases, the scheme was found to compensate for a large proportion of lost income or costs incurred, although two evaluations found that payments covered only a small proportion of lost income.

In 9 (IE RDP, DK RDP, AT RDP, FR RDP, ES RDP, SW RDP, DE Thuringen RDP, FI RDP and DE Bayern RDP) cases it was considered that the scheme had contributed substantial compensation for loss of income. In Finland, on average, the compensatory allowance had covered around two thirds of the difference in production and costs. In DE Thuringen RDP the measure was estimated to offset an average of 52% of income lost, though there were large disparities between different farming systems and areas, and the extent to which farmers were compensated was therefore found to be highly variable. Nevertheless, since compensation payments account for an average of 15% of income in LFAs, the evaluators established that the compensatory allowance had contributed towards bringing down income disparities. In general, compensation was found to be greater in the AER than the LFA areas.

In Emilia Romagna RDP it was reported that the grant paid compensated only a small part of the natural disadvantages of farms located in LFAs, although reasons were not provided. In Portugal (RDP) the amount of compensation made up a very small percentage of the farmers' total income, particularly in mountainous areas.

In the other 5 cases (LUX RDP, UK England RDP, Sicily RDP, NL RDP and DE Niedersachsen RDP) it was not yet possible to provide an answer as progress had been slow or implementation had not started. In LUX RDP it was felt that the measure needed to be evaluated over a longer period.

V.2. To what extent have compensatory allowances helped in ensuring continued agricultural land use (concerns Less Favoured Areas)?

In 8 cases (FR RDP, AT RDP, DE Bayern RDP, DE Thuringen RDP, LUX RDP, DK RDP, FI RDP, and SW RDP) it was reported that the support was seen as helping to continue agricultural land use. However, the extent to which this had been the case is had not quantified in most cases. In the SW RDP evaluation it was stated that the support was likely to have helped prevent the abandoning of agricultural land use, with 13% of beneficiaries stating that they would have stopped agricultural activities without it. Impacts can be even more significant at the local level. In DE Thuringen RDP, the loss of agricultural land had been less in the LFA than in more productive farming areas, and this was cited as evidence that the measure had helped to ensure continued agricultural land use.

In other cases, the effect of this measure was difficult to estimate:

- Abandonment was not known in the LFAs in England (RDP). Though the extent to which LFA payments play a role in preventing abandonment is not clear, the evaluators downplayed the risk of abandonment and concluded that the impact of the measure may be to reduce the expected tendency for restructuring of agricultural units. The evaluators suggested that more extensive farming was the more likely scenario if the allowance was not paid. By supporting the financial viability of the existing farms, the allowance reduced the rate of restructuring towards fewer less intensive farmed units that would otherwise occur).
- In Ireland (RDP), although increased land use was shown in LFAs, it was difficult to attribute this effect to compensatory allowances versus other existing support mechanisms or other factors (e.g. property prices etc).
- In Spain (RDP) the compensatory allowances were believed to have had only a small impact in guaranteeing the continued use of agricultural land, merely complementing the other allowances.

The Court of Auditors report on LFAs produced similar findings in relation to the difficulty of assessing their impacts in preventing abandonment, warning against the reliance on beneficiary questionnaires – “Beneficiaries believe that aid for LFAs has enabled them to continue farming in an area which they might otherwise have had to leave but, in the absence of an overall evaluation, no definite conclusion can be drawn.”

V.3. To what extent have compensatory allowances contributed to the maintenance of a viable rural community (concerns Less Favoured Areas)?

Most evaluators reported that compensatory allowances had contributed to the maintenance of the rural community. In 8 cases (SW RDP, UK England RDP, IE RDP, DK RDP, AT RDP, DE Thuringen, FI RDP and FR RDP) responses were positive, but answers were based solely on the benefits of the measure for the maintenance of farming activity, with no evidence provided that this would be sufficient to maintain the viability of the community as a whole. In Ireland, for example, the answer was based on a finding that Compensatory Allowances equal 16% of family farm income. In Finland RDP, it was noted that the measure had not prevented a decline in the number of farmers, but that it had helped to maintain the future of farming activity, with those farmers that remained growing in significance in their local communities. DE Thuringen RDP the measure had shown improvements in maintaining jobs for young people.

In 3 cases (PT RDP, ES RDP and DE Bayern RDP) the measure was considered to have had little or no impact. In Spain the evaluation considered that the development of other services and activities was necessary and more important to retain a viable rural community. There was limited impact in Germany (Bayern RDP), due to the decreasing importance of the agricultural sector in the rural community in these areas.

In LUX RDP it was noted that the criterion presupposed that support of the agricultural community was a factor in maintaining the viable rural community. However, the evaluators pointed out that Luxembourg did not suffer from rural depopulation, with rural areas closely connected to urban ones, and that the key issue was the changing composition of the community, especially the influx of people from urban areas. In this context the effect of compensatory allowances on the viability of the community was difficult to assess.

V.4.A. To what extent has the scheme contributed to the protection of the environment by maintaining or promoting sustainable farming that takes account of environmental protection requirements in Less Favoured Areas ?

In 9 cases (ES RDP, IE RDP, DK RDP, SW RDP, FR RDP, DE Thuringen RDP, FI RDP, GR RDP and AT RDP) evaluators considered that the scheme had a positive effect on the protection of the environment by maintaining or promoting sustainable farming. In the Irish case the measure helped to promote sustainable farming as 90% of recipients benefited from extensification payments, which helped to reduce the negative impact of grazing. In Spain (RDP), the use of environmentally-friendly practices were recorded as being higher in the LFAs than in the rest of the country. In Finland, several benefits were recorded: all recipients were required to comply with good farming practice; the proportion of agricultural land used for organic farming had increased from 2% to 7% over the programme period; and there had been a 50% increase in the area of grazing land with less than 2 livestock units/ha. In DE Thuringen RDP, the evaluators noted significant progress in promoting extensive farming, especially extensive grazing systems with less than 2 livestock units per hectare, and areas of arable land receiving less than 170 kg N/ha, but little progress in promoting integrated cropping.

V.4.B. To what extent has the scheme contributed to the protection of the environment by increasing the implementation and respect of environmental

restrictions based on Community environmental protection rules (concerns AER)?

Information was available from only two programmes (DE Niedersachsen RDP and DE Thuringen RDP). In each case, little information was available about the contribution of this measure to the protection of the environment. However, both evaluators pointed to very few incidences of sanctions for non compliance as evidence of adherence to environmental restrictions.

6. Chapter VI - Agri-environment

Agri-environment measures feature in 22 of the 30 programmes.

VI.1.A. To what extent have natural resources been protected in terms of soil quality, as influenced by agri-environmental measures?

Responses were generally positive in relation to the protection of soil quality, although it was too early to tell, or insufficient data was provided in other cases.

In 9 cases (UK England RDP, ES RDP, Sicily RDP, AT RDP, DE Thuringen RDP, FI RDP, DE Niedersachsen RDP, BE Flanders RDP and DE Bayern RDP) evaluators noted that soil quality had been improved although a quantified assessment was not generally provided by evaluators. In particular UK England RDP, ES RDP and Sicily RDP stated that the measures had led to a reduction in soil erosion and soil contamination. BE Flanders RDP notes the positive indirect effects resulting from agricultural land such as improved soil fertility and marketing advantages. In DE Thuringen a range of benefits were noted, including reduced soil erosion and reduced chemical soil pollution, through a variety of measures including conversion of arable to grassland, reduced chemical inputs and structural measures.

For the NL RDP it was too early to tell when improvement may take place. In the IE RDP, although there was evidence that soil quality had been protected "to some degree", the impact was considered to be restricted because of a delay in the uptake of measures. There was not enough information to provide an answer in the PT RD, LUX RDP, IT Emilia Romagna RDP and GR RDP.

The FR-RDP evaluation considered that agri-environment measures had had an insignificant effect on soil quality because of the small number of projects and their dispersed nature.

VI.1.B. To what extent have natural resources been protected in terms of the quality of ground and surface water, as influenced by agri-environmental measures?

Overall responses were positive. In 12 cases (UK England RDP, ES RDP, Sicily RDP, AT RDP, DE Bayern RDP, NL RDP, IE RDP, PT RDP, SW RDP, DE Niedersachsen RDP, DE Thuringen RDP and FR RDP) evaluators reported that water quality had been improved, or was likely to have been improved, by the agri-environment schemes. However, the extent and intensity differed in several cases. In the UK England RDP and Sicily RDP, it was estimated that there was reduced water pollution in 8% and 7% respectively of the total land area eligible under the programme.

In many of these examples, impacts on water had not been measured, but water resources were considered to have been affected by changes in practice. For example, the DE Thuringen RDP evaluators noted progress in reducing fertiliser and pesticide inputs and promoting organic farming and integrated crop management.

In ES RDP, SW RDP and NL RDP the evaluations indicated a positive impact on ground and surface water quality, although there was little data available to quantify this. In the IE RDP report, the evaluators based their estimation on assessments of previous similar schemes. The reduction in use of fertilizers and pesticides as a result of the agri-environmental measures in DK RDP, AT RDP and DE Bayern RDP suggested that water quality was expected to have improved in those areas, although this was not explicitly stated.

The FR RDP evaluators reported very little reduction in the negative impacts of agriculture on water quality. This was thought to be partly due to the lack of articulation of the agri-environment measures concerned with national agricultural policies and instruments.

Lastly in FI RDP, IT Emilia Romagna RDP, LUX RDP and BE Flanders RDP there was little information available on this aspect of the agri-environment schemes. In GR RDP the evaluation noted there was no systematic monitoring and that longer-term studies would be necessary in order to establish impacts.

VI.1.C. To what extent have natural resources been protected (or enhanced) in terms of the quantity of water resources, as influenced by agri-environmental measures?

Very few reports provided an answer to this question. This is due in part to the nature of the programmes: in IE RDP, DK RDP, SW RDP, DE Thuringen RDP, FI RDP, DE Niedersachsen RDP, LUX RDP and AT RDP, the protection of water resources in terms of quantity was not an objective of the programme. In other cases (IT Emilia Romagna RDP, ES RDP and GR RDP) no data were available to provide an answer. The ES RDP evaluation considered that the sub-measure on saving irrigation water and extensification of production has had little impact on water quantity, and that benefits do not go beyond those generated by the rational use of water proposed by agricultural best practice.

The FR RDP evaluation considered that there was very little impact of these measures on the management of water resources. This was thought to be due to the internal quality of the programme lack of convergence and compatibility with other national agri-environment measures.

VI.2.A. To what extent has biodiversity (species diversity) been maintained or enhanced thanks to agri-environmental measures through the protection of flora and fauna on farmland?

Overall responses provided were positive, though direct evidence was limited. Two (ES RDP and UK England RDP) evaluations stated that biodiversity had been maintained through these measures.

In 11 instances (Sicily RDP, AT RDP, DE Bayern RDP, DK RDP, IE-RDP, PT RDP, SW RDP, DE Thuringen, FI RDP, IT Emilia Romagna RDP and FR RDP) evaluators

stated that positive effects on biodiversity could be expected, but that this was mostly implied through the reduced use of chemicals, reduction in agriculture, improvement of landscape elements or uptake of organic farming. For example in the AT-RDP the significant take-up of measures concerning organic farming and reduced use of pesticide were considered to contribute to maintaining and improving biodiversity. The FR-RDP stated that the measures had had some impact on biodiversity especially through the maintenance of grazing land and landscape. In FI RDP, impacts were limited by the very low proportion of agri-environment spending (2-3%) targeted at biodiversity, and the evaluators commented that this should be increased significantly. The Finnish evaluators considered that specific, targeted agri-environment measures (especially promoting management of traditional biotopes) were more effective than basic agri-environment measures, which were considered to have little impact. Even so, the benefits were limited by the small proportion of the most valuable and species rich habitats covered by existing agreements.

The SW RDP evaluation stated that agri-environment measures related to land management, managed wetlands and biotopes and landscapes have probably enhanced species diversity although there were no studies relating to the RDP measures in relation to specific species in the current programme. In the Netherlands, the evaluators commented that the improvement in the quality of the environment on farmland is generally slow and thus species diversity has been minimally maintained.

There was limited data available in 3 cases (IE RDP, LUX RDP and DE Niedersachsen RDP). The IE-RDP evaluation stated that the measures “appeared to have been successful in protecting habitats at risk” but there was limited data available, although studies conducted generally indicate some positive impacts on flora and fauna.

VI.2.B. To what extent has biodiversity been maintained or enhanced thanks to agri-environmental measures through the conservation of high nature-value farmland habitats, protection or enhancement of environmental infrastructure or the protection of wetland or aquatic habitats adjacent to agricultural land (habitat diversity)?

Most evaluations found that agri-environment programmes had a positive impact on biodiversity through the conservation of high natural value farmland habitats.

In 8 instances (UK England RDP, ES RDP, NL RDP, SW RDP, DE Thuringen RDP, DE Bayern, PT RDP, and IE RDP) evaluations stated that measures relating to reduction in chemical use, land and landscape management and wetland management had had a positive impact on biodiversity. In the England RDP for example, 176,000 ha of high value farmland habitats were protected, and 44,000 km of field boundaries protected/enhanced. The PT RDP evaluation noted that the measures contributed towards high value habitat conservation, although the actual environmental impact of these measures had not be estimated. The Castro Verde Zonal Plan, which began in 1995 under the previous programming period demonstrated measurable impact on biodiversity conservation.

In 2 cases (DK RDP and FR RDP) evaluators considered that agri-environment measures had little impact on conservation. The DK RDP evaluation noted that the measures on pesticide-free zones and changes in irrigation patterns had little value-added as the areas eligible were already protected by other national regulations. In the FR RDP, the measures on maintenance of pasture land and landscape elements were

considered to have had little impact, in part due to the fact that the specific contracts taking into account the constraints of managing Natura 2000 sites had not yet started. In addition, it was considered that there may be greater take-up of projects on sites other than Natura 2000, where agri-environment measures would be easier to implement.

In Finland RDP the agri environment support did not include measures aimed at protecting valuable natural wetlands or types of waterways. In other cases (DE Niedersachsen RDP, IT Emilia Romagna RDP, BE Flanders RDP, LUX RDP, Sicily RDP, GR RDP and AT RDP) information was either not available or an exact quantification was not possible.

VI.2.C. To what extent has biodiversity (genetic diversity) been maintained or enhanced thanks to agri-environmental measures through the safeguarding of endangered animal breeds or plant varieties?

Few evaluations responded to this question, in part because these specific measures were not objectives in many of the programmes. The evaluations of ES RDP, PT RDP, SW RDP, DE Thuringen RDP, FI RDP, DE Niedersachsen RDP and AT RDP stated that biodiversity was being maintained through the protection of endangered animal and plant varieties. In Austria, an average of 85% of registered animal races were being promoted within the programme. The Swedish RDP evaluation noted that the specific measure that protects endangered domesticated animals had increased their numbers. However, numbers continued to be low and the evaluation recommended a simplification of rules to further uptake of this measure. In DE Niedersachsen RDP, a total of 5859 animals benefited from this measures. All of these could be categorised as endangered. 1877 fell within the categories of the indicator (i.e. EU and international lists). The evaluators stated that animals were often held in traditional farming systems. The ES RDP evaluation reported that sub-measure 6 (special systems of exploration with high agri-environmental interest) had helped in the conservation of *chamaecytisus proliferus palmensis*. This plant, native to the Canary Islands and La Palma, is at the risk of extinction due to the increased demand for more profitable land uses.

The IE RDP considered that the measure on rearing animals of local breeds in danger of extinction had had a limited impact on biodiversity conservation due to the low-take-up of support in the first half of the programming period.

In 8 cases (UK England RDP, Sicily RDP, LUX RDP, NL RDP, DK RDP, DE Bayern RDP, IT Emilia Romagna and LUX RDP) either not enough information was provided or the measure was not an objective of the programme.

VI.3. To what extent have landscapes been maintained or enhanced by agri-environmental measures?

Responses were generally positive. The evaluations of UK England RDP, ES RDP, Sicily RDP, AT RDP, DK RDP, NL RDP, IE RDP, PT RDP, SW RDP, DE Thuringen RDP, FI RDP, PT RDP, DE Bayern and FR RDP considered that agri-environment measures had had a positive impact on the landscape. In the UK England RDP, the effects were considered important, with 0.75 million ha of farmland contributing to improved visual coherence and differentiation of landscape. The NL RDP evaluation stated that the positive impact on landscape differentiation also improved the

recreational value, in turn contributing to improved incomes due to increased recreation and tourism activities in the areas affected. The PT RDP study also recognised direct social benefits although these could not be quantified. In DE Thuringen RDP, supported areas made an important contribution to the maintenance of cultural landscapes, especially through the maintenance of extensive land use and traditional livestock systems. In FI RDP, key impacts related to the maintenance of farming landscapes themselves, as well as smaller scale landscape features such as headlands, filter strips, ponds and wetlands.

In contrast, the DK RDP evaluation considered that the added-value of the geographically targeted measures in improving landscapes was not clear. The FR RDP evaluation showed mixed results. The measures have contributed to maintaining landscape quality in pastures or areas of mixed farming/livestock breeding, whereas there have been little or no effects in areas of intensive arable farming.

The DE Niedersachsen RDP, IT Emilia Romagna RDP and LUX RDP evaluations could not provide answers due to lack of data, and BE Flanders evaluators considered that a global quantification was not possible.

7. Chapter VII - Improving processing procedures and marketing of agricultural products

This measure features in 16 of the 30 programmes

VII.1. To what extent have the supported investments helped to increase the competitiveness of agricultural products through improved and rationalised processing and marketing of agricultural products?

Ten evaluations (DK RDP, SW RDP, AT RDP, PT Obj 1, ES Extremadura Obj 1, DE Thuringen, LUX RDP, BE Flanders RDP, LUX RDP and FR RDP) reported that supported investments had helped to increase the competitiveness of agricultural products through improved and rationalised processing and marketing. In Portugal Obj 1, supported investments had improved competitiveness by increasing the concentration of internal supply, increasing farmers' income, promoting better quality produce and reducing labour costs due to process rationalisation. Most evaluations were qualitative rather than quantitative. However, the IT Emilia Romagna RDP evaluation found that 49% of supported farms had attained quality certification for their product processing systems.

In the other 2 cases (UK England RDP and NL RDP) the impact was not as positive. Impact was considered negligible in the English RDP as only a 5% or less change in processing/marketing costs per unit of basic product was reported, and there was limited progress in the Netherlands RDP.

The SAPARD review commented that the programme was generally found to have increased value added and competitiveness in participating accession countries.

VII.2. To what extent have the supported investments helped to increase the added value and competitiveness of agricultural products by improving their quality?

Overall responses were positive. Eight evaluations (PT Obj 1, FR RDP, AT RDP, SW RDP, IT Emilia Romagna RDP, LUX RDP, BE Flanders RDP and DE Bayern RDP) expressed positive answers with regards to the extent to which supported investments had helped increase competitiveness and quality of agricultural products. In Portugal Obj 1, for example the responses were positive in terms of added value although there was some doubt surrounding the actual economic impacts. The added value came about through reductions in costs such as packaging and energy more than it did from product differentiation or creation.

Three cases (ES Extremadura Obj 1, DK RDP and UK England RDP) identified limited impacts. In Denmark RDP the quality of products improved marginally and in English RDP the impact was thought to be negligible.

The Irish RDP evaluation results were not possible to assess but were thought to be negligible (the basis for this statement was not made clear by the evaluators). DE Thuringen Obj1 did not provide information.

VII.3. To what extent have the supported investments improved the situation of the basic agricultural production sector?

Overall answers were mixed. This is probably a reflection of the different level of detail and quality of the evaluation reports.

In 6 cases (PT Obj 1, FR RDP, DE Thuringen Obj 1, IT Emilia Romagna RDP, SE RDP and DE Bayern RDP) the evaluators considered that the supported investments had resulted in a positive improvement in the situation of the basic agricultural production sector, although very little firm evidence was provided. In the case of France RDP, it was not clear what the value-added effects of the investments were, although the measure had contributed to additional income, employment and stability of the rural population through its effects on local development rather than on the agricultural sector per se. In Portugal Obj 1 the impact on the basic agricultural production sector was found to vary between regions, although the evaluators considered that the overall impact was positive by improving access to markets.

The UK England RDP, IE RDP, DK RDP, ES Extremadura Obj 1 and BE Flanders RDP reports identified limited impacts. In Ireland the impact was low, although evaluators noted that future potential could be quite significant if uptake could be increased.

Lastly there is not data available for LUX RDP, AT RDP and BE Flanders RDP.

VII.4. To what extent have the supported investments improved health and welfare?

Responses were, in general positive. Seven evaluations (AT RDP, PT Obj 1, SW DP, LUX RDP, BE Flanders RDP, ES Extremadura Obj1 and DK RDP) indicated positive responses with respect to supported investments improving health and welfare, although the extent of the improvements differed. Different types of improvements were apparent – while in some cases progress had been made in improving food safety and hygiene, other investments (e.g. BE Flanders RDP) recorded improvements in working conditions, including improved safety, reduced noise and better working spaces. In the Austrian RDP and Portuguese Obj 1 reports, improvements were found

in both hygiene and animal welfare, whereas in LUX RDP investments have only contributed to food hygiene. In the Danish RDP, investments have led to significant improvements in health and safety for employees. The supported investments were rarely aimed at improving animal welfare and effects on this were therefore marginal.

In another 4 cases (UK England RDP, IE RDP, DE Bayern RDP and IT Emilia Romagna RDP), responses were not as positive. There were no improvements in the English RDP and very small improvements in the Irish RDP. In England the share of assisted investments in processing and marketing related to health and welfare was 0%.

VII.5. To what extent have the supported investments protected the environment?

5 evaluations (FR RDP, AT RDP, BE Flanders, LUX RDP and SW RDP) indicated that the measure had made a positive contribution to the protection of the environment. In France (RDP) for example there have been environmental improvements through the reduction of waste, discharges and environmental pollution and supplying of products made through environmentally friendly farming practices. In Luxembourg, projects in the dairy sector with specific environmental objectives were found to have reduced water use by 40%.

The England RDP evaluators were unable to obtain data while in Denmark and ES Extremadura Obj 1 impacts were limited, in the latter case because of poor uptake of environmental measures.

8. Chapter VIII - Forestry

Forestry and afforestation measures feature in 29 of the 30 programmes.

VIII.1.A. To what extent are forest resources being maintained and enhanced through the programme particularly by influencing land-use and the structure and quality of growing stock?

The majority of responses provided by evaluations were positive. In 12 instances (UK England RDP, ES RDP, Sicily Obj1, Sicily RDP, IE RDP, DK RDP, AT RDP, PT RDP, DE Bayern RDP, DE Thuringen RDP, DE Niedersachsen RDP and DE Thuringen Obj 1) it was reported that the measures had had a positive impact on maintaining forest resources. The extent and nature of the impact differed in several cases. In IE RDP and DK RDP, the evaluators stated that the support provided had a significant impact on afforestation and the decision of farmers to convert their land. However in terms of forest regeneration, the DK evaluation found that there was some deadweight effect on areas of high quality land, where farmers were more likely to have converted from coniferous to deciduous forestry in any case.

The DE Thuringen RDP evaluation noted a greater impact on the area afforested than the quality of growing stock. Even so, the area of land afforested was less than 17% of the target area in 2000-2002, largely because of competition with agriculture and incentives being insufficient to make forestry financially attractive. In DE Thuringen Objective 1, capital investments, especially construction of forest tracks, were found to have encouraged the development of forestry and utilisation of timber. The DE Niedersachsen RDP evaluation noted a conflict between environmental and timber

production objectives – by encouraging progress towards more natural forestry, the measures had reduced the overall volume of growing stock.

In 6 cases (PT Obj 1, FR RDP, NL RDP, BE Flanders RDP, GR RDP and LUX RDP) a limited impact was noted by evaluators. For example the LUX RDP evaluation estimated that the support provided under this measure was not a sufficient incentive to motivate forest owners to carry out the necessary work to improve the quality of their stock, and the NL RDP evaluation noted a slow rate of progress in afforestation compared to the previous programme. The IT Emilia Romagna RDP evaluators pointed out that forestry was a long term business, and suggested that it would be inappropriate to attempt to measure improvements in forest resources at this stage.

VIII.1.B. To what extent are forest resources being maintained and enhanced through the programme particularly by influencing the total carbon storage in forest stands?

There was a wide range of results.

In 7 cases (ES RDP, IE RDP, UK England RDP, Sicily Obj 1, NL RDP, FR RDP and DE Thuringen RDP) the evaluators concluded that the programme had contributed positively to carbon storage, largely by increasing the area of land in forestry. In the UK England-RDP, the net carbon storage was estimated at 0.18MtC/year from 2000-2012 and 0.5MtC/year until 2020, while the IE RDP estimated that afforestation measures have increased total carbon storage by 3.4m tonnes/year. The NL RDP evaluation stated that the net carbon storage was likely to increase after 2012, and the French RDP evaluation considered that the impact was likely to be positive given the increase in forest stands.

In contrast, both the AT RDP and PT RDP evaluators considered that this measure would have a limited contribution to carbon sequestration. The Austrian evaluation reported difficulties in calculating carbon sequestration although it provided a speculative figure of 1.584 tonnes (released yearly), which it considered minimal.

In one case, DE Niedersachsen RDP, the programme was estimated to have reduced carbon storage capacity by 6900t. This was the net effect of measures to promote afforestation (which have increased storage capacity) and those to promote more natural forestry (which have reduced capacity). However in the longer term, these measures were expected to contribute to a rise in carbon storage capacity.

VIII.2.A. To what extent have the assisted actions enabled forestry to contribute to the economic and social aspects of rural development by maintenance and encouragement of the productive functions on forests holdings?

Responses were mixed. In 8 cases (UK England RDP, ES RDP, FI East Obj 1, DK RDP, DE Niedersachsen RDP, DE Thuringen RDP, IT Emilia Romagna RDP and IE RDP) evaluators noted no impact of economic and social aspects of rural development by the maintenance and encouragement of the productive functions on forests holdings. Several evaluators noted that it was impossible to detect impacts at such an early stage, because of the long timescales over which forestry gave rise to economic and social impacts.

In 5 cases (PT RDP, FR RDP, AT RDP, DE Bayern and BE Flanders RDP) a positive impact was reported. In the Austrian RDP, the cooperation between large and small holdings brought about through this measure had led to improved marketing and more cost-effective arrangements for delivery and payment. The measure had also led to an increase in income and decrease in costs in the DE Bayern RDP. In the FR RDP, the evaluators noted that the increased mechanisation which has come about as a result of this measure may lead to a reduction in the total no of jobs, but may also lead to better working conditions. Support for the promotion of forestry products has had positive effects. Although the opportunities created by this support provide greatest direct benefit to those producing and marketing timber products, this demand has indirect benefits in maintaining the productive functions of forestry holdings.

VIII.2.B. To what extent have the assisted actions enabled forestry to contribute to the economic and social aspects of rural development by maintenance and development of employment and other socio-economic functions and conditions?

Responses were predominantly positive. Eight evaluations considered that there had been a positive impact on employment (UK England RDP, FI East Obj 1, PT RDP, DK RDP, DE Bayern-RDP, FR RDP, FR Guyane Obj 1 and DE Thuringen Obj 1), with the creation of jobs as a result of the interventions. In addition, some evaluations (DK RDP and ES RDP) noted the potential contribution of tree planting to an increase in tourism, although the increase in jobs was difficult to estimate. The Portugal RDP evaluation noted that the measure contributed to local employment but this was perceived as being of limited impact due to the seasonal nature of the work. One caveat is that most evaluations considered gross impacts only, and did not assess displacement of employment in other activities such as agriculture as a result of afforestation.

Negligible impacts were reported by DE Thuringen RDP, ES RDP, NL RDP and IE RDP. The Spanish RDP evaluation report stated that it was not possible to determine the extent of job creation through this measure, but it found that the intervention had not improved the opportunities for access to the labour market for females.

VIII.2.C. To what extent have the assisted actions enabled forestry to contribute to the economic and social aspects of rural development by maintenance and appropriate enhancement of protective functions of forest management?

Several reports suggested that forestry measures have helped to enhance the productive functions of forests, though the overall impact of these functions on rural development is less clear. The UK England RDP, ES RDP, AT RP, DE Bayern RDP, DE Thuringen, DE Thuringen Obj 1, DE Niedersachsen and FR RDP evaluations all considered that the measure had had a positive contribution on the protective functions of forests, although these impacts were largely predicted rather than measured. The DE Thuringen RDP report commented that important results had been achieved in previously forest-poor areas, where afforestation measures had helped impact positively on the quality of life of the population, by improving drinking water quality, providing protection from erosion, improving habitats for animals and plants, and thus promoting biodiversity.

9. Chapter IX – Promoting the adaptation and development of rural areas

IX.1. To what extent has the income of the rural population been maintained or improved?

Responses were mixed, with reports of positive contributions to income in 6 cases (England RDP, Austria RDP, Bayern, RDP, FR RDP, Sicily Obj 1 and ES Obj 1). In the remaining cases the impacts were indirect, negligible or not possible to determine.

In England RDP, despite the evaluator's difficulties in measuring income effects with precision, survey results suggested that 43% of participants thought the Rural Enterprise Scheme had made "some contribution" to income, and 33% thought it had made "a significant contribution". Austria RDP also noted the difficulties in determining income effects but noted that biomass projects were estimated to enhance incomes by € 845,000 per year on average. Without this investment it was estimated income would have been € 6.6556 per participant. The Bayern RDP evaluation provided specific estimates of income effects of reparcelling measures. The evaluation reported that between 2000 and 2002, 7,500 workers were estimated to have benefited from an increase in income. The total income increase for the Bavarian agrarian sector was 2 Mio € per year. In the France RDP, income had improved in areas where projects target diversification, and setting up of farm accommodation. In ES Obj 1 and Sicily Obj 1a positive impact on rural incomes was expected. In Spain this was based on increased production levels and reduced production costs.

In DE Thuringen Obj 1 the evaluators reported that the town regeneration measure had contributed towards increased activity and income, and the improvements in rural infrastructure had given rise to diversification of income sources. In Denmark, Article 33 measures were primarily focused on local service provision but were considered to have indirectly helped draw in tourists with a positive effect on local incomes.

Impacts were reported to have been limited in NL RDP and DE Niedersachsen RDP. The Netherlands RDP this was due to the small proportion of the rural population who benefit from RDP measures, and the fact that most projects had not been running long enough to show visible results. In DE Niedersachsen RDP the direct income effects were found to be small, although the evaluators suggested that income effects would be more likely to be achieved indirectly. However these impacts would be harder to evidence as changes would take place over the longer term and would be difficult to be attributed.

In 3 cases (FI East Obj1, ES Extremadura Obj 1 and BE Flanders) it was difficult to estimate and comment on the impact on income. The Finland East Obj 1 report considered that it was not possible to estimate income effects based on the data available. In ES Extremadura Obj1 impacts on income were found to be negligible and in BE Flanders it was felt too early to draw conclusions.

Lastly, there was a lack of information regarding this aspect of the Art 33 measures in IT Emilia Romagna, GR RDP, PT Obj 1 and LUX RDP evaluation reports.

IX.2. To what extent have the living conditions and welfare of the rural population been maintained as a result of social and cultural activities, better amenities or by the alleviation of remoteness?

Out of 12 evaluations with comments to this question, most provided evidence in terms of the types of facilities and projects funded.

In 8 cases (DK RDP, IE RDP, AT RDP, DE Bayern RDP, SW RDP, DE Niedersachsen, DE Thuringen Obj 1 and IT Emilia Romagna) evaluators reported that living conditions and welfare of the rural population had been maintained as a result of social and cultural activities, better amenities or by the alleviation of remoteness (measures cited include renovating villages, building playgrounds, roads and cycling/walking paths, developing public facilities and basic services). In SW RDP, projects have benefited the rural population at local level through improvement of the social and cultural environment. Similarly in DE Bayern RDP, 190 individual measures have contributed to the improvement of leisure activities. Article 33 has had significant success in improving the quality of life in DE Niedersachsen RDP, through improved villages and roads, and better leisure activities and facilities. Reparcelling measures have benefited both DE Bayern RDP and DE Thuringen Obj 1, although for different reasons. While reparcelling measures in Thuringen achieved positive synergy effects from their successful combination with village development measures, reparcelling in Bayern directly helped to improve structural development and helped resolve conflicts between farm and non-farming interest groups, thus improving the population's living sphere and living conditions.. Finally, the DK RDP and SW RDP evaluators reported similar benefits from article 33 measures, such as improvements in local quality of life and increased attractiveness and opportunities for tourism.

In Sicily Obj 1 a limited potential impact was expected- mainly with regard to improved territorial integration and reduced isolation. Finally, both the BE Flanders RDP and LUX RDP evaluators stressed that no or little statistical evidence was available to date, though the Flanders evaluation expressed doubt that measures on basic services and renovation and development of villages had had significant effects in alleviating remoteness, supporting social or cultural activities or improving amenities.

IX.3. To what extent has employment in rural areas been maintained?

Out of 25 answers drawn from evaluation reports, most indicated that measures have helped to secure or create employment, but often only to a limited extent.

In 6 cases (AT RDP, FR RDP, UK H&I Obj 1, DE Thuringen Obj1, ES Obj 1 and DE Niedersachsen RDP) employment in rural areas had been maintained, while four of these reports indicated creation of new employment as a result of implemented measures (AT RDP, UK H&I Obj 1, DE Niedersachsen RDP and DE Thuringen). In the UK H&I Obj 1, the evaluation estimated that around 150 new jobs had been created, and over 500 safeguarded, whilst 50 jobs were reported to have been created in DE Niedersachsen RDP for direct non-agri employment. In Thuringen Obj 1, village renovation and development and encouragement for tourism have contributed towards increased activity and income, while increased employment opportunities have emerged through marketing, village renovation, diversification, and converting biomass activities in the AT RDP.

DK RDP and DE Bayern RDP reported indirect effects on employment, through increased tourism on grounds of improved local areas in Denmark and through productivity gains within diversification measures in DE Bayern.

In other cases the impact of employment was seen to be limited (ES Extramadura Obj and ES Obj 1), or small (DE Niedersachsen and BE Flanders RDP). In FI RDP, employment had dropped, as measures had not been able to counteract an unrelated

decrease in the number of small farms suggesting that the intervening exogenous factors were stronger than the effects of the measure itself.

No data or insufficient data was available to answer this question accurately in 4 cases (LUX RDP, UK England RDP, NL RDP and IT Emilia Romagna RDP). Finally, employment growth was not within the Operational Programme's remit of PT Obj 1, while SW RDP expected positive employment effects although it was too soon to establish these at this stage of the programme.

IX.4. To what extent have the structural characteristics of the rural economy been maintained or improved?

Nineteen reports commented on this question, and answers were generally positive. In 7 cases (Finland East Obj 1, FR RDP, AT RDP, ES Extremadura Obj 1, DE Thuringen Obj1, IT Emilia Romagna RDP and BE Flanders RDP) measures have helped to improve the structural characteristics of the rural economy, though in different ways. The most significant impacts were reported in FI East Obj 1 and France RDP. In Finland, measures have contributed towards increasing activity and capacity for independent rural development work, expanding cooperation, developing villages and bringing further benefits through environmental development and cooperation. In France, measures have helped to maintain and develop the economic fabric of rural areas through the development of local networks. ES Extremadura Obj 1 reported its greatest impacts under measures focusing on access to farms, increasing farm size and establishing cooperatives. DE Thuringen Obj 1 reported improved structural characteristics through a number of measures. Village renovation contributed to improved living conditions and increased attractiveness of the rural area, reparable contributed to better UAA utilisation and encouragement of tourism has helped to modernise and develop activities. Furthermore, AT RDP reported benefits under diversification measures. SW RDP, DK RDP, IT Emilia Romagna RDP and DE Bayern RDP commented that an evaluation was too early at this stage, and DE Niedersachsen and LUX RDP reported not having relevant data at present to analyse this question.

UK England RDP, Sicily Obj 1, NL RDP, IE RDP and FR Obj 2 have not provided sufficient information for evaluators to report on findings, and 7 cases did not have relevant Article 33 measures in place for this question.

IX.5. To what extent has the rural environment been protected or improved?

Most evaluations indicated positive effects on environmental protection through the implementation of measures relating to reparable, agricultural water resource management; development and improvement of infrastructure related to agriculture; environmental protection in connection with agriculture, forestry and landscape management and improving animal welfare; basic services for the rural population; renovation and development of villages; protection and conservation of rural heritage; diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative sources of income. Seven evaluations (AT RDP, DE Bayern RDP, ES Extremadura Obj 1, FI RDP, DE Thuringen Obj 1, BE Flanders RDP and IT Emilia Romagna RDP) provided specific evidence of the extent to which rural development has been protected or improved. Among these seven, the most cited positive outcome evolved around improved water resource management and water protection. AT RDP and DE Bayern RDP registered similar effects, both commenting on positive effects on water, soil and environmental quality while Austria counted

further effects in terms of reduced fossil energy use (from biomass projects) and habitat creation. The ES Extremadura Obj 1 and FI RDP evaluations both referred to improved environmental conditions stemming from a greater focus given to good farming practices, and DE Thuringen Obj 1 specifically stressed the role that reparcelling measures have had on enhancing sustainability and environmental protection. Furthermore, IT Emilia Romagna RDP pointed towards positive effects on the environment and the landscape as a result of village development and environmental protection measures – however the extent to which these contributed was not precisely established. Finally, BE Flanders RDP cited a number of projects targeting improved environmental conditions, although the extent to which these have impacted on the environment was not stated.

Insufficient or no data for accurate evaluation was found in four evaluations (UK England RDP, ES Obj 1, DE-Niedersachsen RDP and LUX RDP). However positive impacts on the environment were expected in ES Obj 1, and Article 33 measures were said to positively complement agri-environment measures in DE Niedersachsen RDP.

Finally, IE RDP reported that effects on the rural environment were not considered significant, partly due to the fact that up-take of funding under relevant measures (relating to renewable energy and waste management) has been very low.

10. Cross-cutting evaluation questions

Transv.1. To what extent has the programme helped to stabilise the rural population?

The evaluations presented a mixed response in relation to impacts on the stabilisation of the rural population. Out of 18 evaluation reports providing sufficient information, responses to this question reflected its varying relevance to different Member States. Although the minority of 7 reports indicated limited to unnoticeable effects of the programme on the stability of the rural population (DE Thuringen RDP, UK England RDP, FI East Obj 1, NL RDP, DK RDP, FR RDP and part of ES RDP), the other 10 evaluation reports concluded that measures have helped to maintain the population in the rural area (ES Extremadura Obj 1, FI RDP, ES Obj 1, IT Emilia Romagna RDP, BE Flanders RDP, IE RDP, AT RDP, PT RDP, SW RDP and part of ES RDP).

The conclusions greatly reflect the methods used to identify impacts. Where evaluators drew conclusions from the likely impact of different types of measures, they were generally positive. However, those evaluations that focused on overall trends in rural population generally concluded that the programmes had little impact. The overall conclusion therefore is that a variety of rural development measures may have positive effects on population, but that the programmes are insufficient to counteract wider socio-economic changes.

The evidence provided for ES RDP is mixed. Agri-environment and forestry measures have had a positive impact in stabilising the rural population by reducing the risk of land abandonment. Compensatory allowance were considered to have had a small impact and early retirement measures had little or no impact. A similar evaluation was found in ES Obj 1, where only the measures on setting up young farmers and investment in agricultural holdings were judged to have had positive impacts at this stage.

This question was not of great relevance to most rural areas in England, where the programme was considered to have negligible effects on population. Minimal impacts were also recorded in the Netherlands, where the numbers of farmers and farm workers continue to decline. In Finland Obj1, a slower rate of population decline was observed, but this was considered to be due mainly to wider socio-economic factors. The DK RDP evaluation found that the measures relating to investment in agricultural holdings, setting up of young farmers, training, LFAs and improving processing have not had a significant effect on stabilising the rural population.. Agri-environment measures were considered to have contributed to retaining people in rural areas who might otherwise have moved. Article 33 measures helped improve living conditions in rural areas but were found to be too modest to make a significant difference. The DE-Thuringen RDP evaluation found that the programme was insufficient to prevent an ageing population and out-migration. Finally, the FR RDP evaluators reported no noticeable effect in either agricultural or non-agricultural populations.

Of the evaluations reporting positive effects on stabilising the rural population, SW RDP and FI RDP were the most positive:the SW RDP evaluation commented that the programme had helped prevent the abandonment of farms and agricultural land, as well as contributing to several local projects that were likely to encourage growth and development at the local scale. However, the programme's ability to influence demographic trends in rural areas more generally was seen as marginal, due to its focus on agriculture. In FI RDP compensatory allowances have been particularly important in helping to make it possible for farmers to earn a livelihood and continue to live on their farms. The evaluation reported that the success of other non-farming small scale entrepreneurship in the rural areas has had an indirect effect on farmers' livelihoods, offering them employment opportunities which have helped maintain the rural infrastructure and communities.

The evaluation for IT Emilia Romagna reported a positive impact of the programme - increasing the number of farmers has helped to prevent depopulation and ageing of the population.

The AT RDP evaluation concluded that the depopulation process would have been much higher without the programme's support - however there was little firm evidence to support this conclusion. In PT RDP, the income provided by LFA and agri-environment measures potentially stabilised population and employment. Finally, the IE RDP evaluators concluded that the programme contributed to the overall maintenance of a balanced population, but that greater economic and social forces were more powerful than the programme in changing the demography in rural Ireland.

Finally, the BE Flanders RDP evaluation reported a slower rate of decrease in the agricultural population, with the targeting of support to younger farmers expected to have benefits, though no impact on the rural population as a whole was noted.

Little evidence was given in the DE Bayern RDP evaluation, however benefits from support to young farmers were anticipated, and the DE Niedersachsen RDP evaluation did not regard the question as relevant for the region.

Transv.2. To what extent has the programme been conducive to securing employment both on and off holdings?

The evaluations presented a mixed picture in relation to impacts on employment.

Positive effects on employment were noted under the following 11 programmes:

- UK England RDP - evaluators estimated about 11,000 FTE jobs created or maintained, net of deadweight and displacement effects.
- NL RDP – increased employment in farming and forestry but unquantified, and insufficient to compensate for overall job losses; impossible to comment on effects in wider rural economy
- Ireland RDP – evaluators questioned the significance and sustainability of employment created, which depended on ongoing grant funding, but estimated around 1,000 jobs created in administering the schemes (planners preparing and monitoring the programme); around 1,200 to 1,400 jobs created by forestry measures, mostly off-farm contract labourers; 145 full time, 124 part time and 153 seasonal jobs created under the Area Development provisions of the National RDP.
- Austria RDP – a total of 134,117 jobs were connected to programme support measures, directly or indirectly (presumably most being existing rather than new jobs).
- DE Bayern RDP – though employment effects in farming could not be quantified across the whole programme, measures such as village regeneration, forestry and re-parcelling measures were thought to secure in the region of 1,500 FTE jobs.
- Sweden RDP - several projects have created and safeguarded jobs on and off farms, although the numbers of jobs created in some instances have fallen short of the stated targets.
- DE Thuringen RDP – targets have been met for job creation in farming, but no data on wider employment effects
- ES – Extremadura Obj 1- 637 jobs created and 150 maintained for the three measures).
- ES-Obj 1 - significant impact securing employment on holdings (mainly related to investments in modernisation); more limited impact off holdings
- BE-Flanders RDP - RDP has slowed (but not stopped) declining farm employment, by safeguarding 1,300 jobs. Smaller effect on employment in non-agricultural businesses, with an estimated 120 jobs created and 780 safeguarded

Limited effects were observed in the following 5 programmes:

- The Spain RDP –forestry measures have had limited impacts due to the small amount of land afforested under the programme, though early retirement and agri-environment measures may have secured some jobs.
- Portugal RDP - LFA payments too low to significantly affect employment, but agri-environment measures have positive effect by helping to maintain the viability of farming systems.
- Denmark RDP - very limited effects.
- France RDP - very little net job creation, but some job creation through investments in processing/marketing, and jobs safeguarded by LFA measures.

- DE Niedersachsen RDP – impacts limited and hard to quantify

Transv. 3. To what extent has the programme been conducive to maintaining or improving the income level of the rural community?

Out of 19 evaluations providing information, the overall trend was that the programme has had positive impacts on incomes, although the scale of these impacts and the extent to which they were substantiated and quantified varied between the programmes.

9 cases reported positive impacts on incomes (DE Thuringen RDP, FI RDP, UK England RDP, FI East Obj 1, IE RDP, AT RDP, DE Bayern RDP, FR RDP and SW RDP) though the AT RDP and SW RDP evaluations provided positive assumptions rather than supported evidence. Lack of data led the AT RDP report to evaluate the impact in terms of 'strong to medium' and 'positive'. The DE Bayern RDP and FR RDP evaluations both considered this question mostly in terms of the direct positive support provided to the community, rather than overall net impacts on incomes. Specifically in France, LFA measures impacted on income levels by the level of subsidy that they provided, which represented 44% of farm incomes in mountain areas. Overall the programme was deemed to contribute to improving the income of those most in need and thus meeting the objectives of convergence. The IE RDP evaluators estimated that total farm incomes in 2002 were € 2.3 billion, with direct payments under the four RD measures amounting to 24% of the total income for that year. The UK England RDP evaluation indicated that 60% of respondents from different schemes stressed having benefited in terms of their income, while an estimated total of 15,380 members of the non-agricultural community had benefited from maintained or improved incomes.

Conclusions from the ES RDP evaluation varied between schemes, as LFA and forestry were found to have had low impacts on incomes while Early Retirement and Agri-Environment measures achieved significant positive effects. Early Retirement measures impacted as a result of increases in the size of holdings, while Agri-Environment measures provided income security through the integration of certain production techniques.

For Sicily RDP, BE Flanders RDP and DK RDP the impact of the programme on incomes was found to be relatively marginal overall, while the Sicily Obj 1 evaluators pointed towards potential positive effects only. In Denmark payments to farms were considered to have positive impacts, but to be insignificant relative to the CAP as a whole, while effects on the non-farming community were considered even less significant. The BE Flanders RDP evaluation produced similar conclusions. In the NL RDP case it was too early to say and a longer timescale would be needed to establish accurate trends, although overall impacts were considered likely to be small because of relatively low levels of expenditure and the variety of other variables that impact on income. Finally, in ES Extremadura Obj 1 and ES Obj 1, important positive impacts were expected but not confirmed to date.

Transv.4. To what extent has the programme improved the market situation for basic agricultural/forestry products?

Eleven evaluations provided information to answer this question, of which the majority indicated positive trends in the market position for basic products.

Seven evaluations (ES Extremadura Obj 1, ES Obj 1, DE Niedersachsen RDP, AT RDP, DE Bayern RDP, ES RDP and BE Flanders RDP) reported an improved market situation for basic products, within which AT RDP appeared to have experienced the most positive trends at all levels of production for both agricultural and forestry products. Indeed, the Austrian evaluators reported increased profits for beneficiaries, increases in certified quality products, increased turnover, increase in hygiene and enlargement of production chains. Furthermore, significant results have also been achieved for forestry products (yielding price increases of €2 to €3 per cubic metre). ES Extremadura Obj 1 and DE Niedersachsen RDP both reported similar findings in terms of increased competitiveness and reduced production costs, while the former benefited from enhancing product quality and introducing quality certificates and organic farming methods. The ES Obj 1 and DE Bayern RDP evaluators both reported significant impacts, though neither could quantify the extent. The Bayern evaluation stressed that improvements of market positioning were mainly linked to the large coverage of two measures: forestry and improving marketing/processing of agricultural products. ES RDP and BE Flanders RDP evaluators commented on improved availability, quality and chain production of certain products, but provided little supporting evidence. The BE-Flanders RDP evaluation commented that, while specific projects have had positive effects, overall impacts were limited by the lack of an integrated approach to the food chain from farmer to end consumer.

Four reports (ES RDP, PT RDP, NL RDP and DE Thuringen RDP) indicated no significant improvement to their situation. Limited local impacts were noted in the PT RDP, while NL RDP has had little impact since payments are restricted to primary agrarian holdings (thus having no beneficiaries in the production chain) and focus more on improving production conditions than on products themselves. The only exception related to the early retirement measure in Spain, which has helped to improve market position, by supporting investments oriented towards improving the quality of products, and encouraging growth of farms. This was because early retirement supported transfer to younger farmers, which were more likely to invest in new equipment, in turn leading to higher quality products.

Transv.5. To what extent has the programme been conducive to the protection and improvement of the environment?

All 19 evaluations answering this question identified positive impacts on the environment, though the strength of evidence is highly variable. Forestry, LFA and agri-environment measures were generally most cited in relation to their positive effects. The UK England RDP and DE Bayern RDP evaluations both stressed the high levels of overall investment in environmental protection, with the UK England RDP evaluators reporting that 98% of projects were aimed at environmental protection, directly or indirectly, while the figure amounted to 94% for DE Bayern RDP (with 66% focused primarily on environmental improvement). The RDP was found to have had environmentally beneficial effects on farming practices in about 25% of the land area of England. The Netherlands RDP evaluation also pointed to success in relation to the protection and improvement of the environment. The number of forests has been increased, watercourses have been restored, groundwater quality improved and water depletion reduced.

The Ireland RDP evaluation found that the programme was strongly conducive towards environmental protection and improvement. 41% of all RDP spending was for the Rural Environmental Protection Scheme (REPS), which had been successful in

reducing use of fertiliser and the quantity of effluents entering water supplies, though take-up of the scheme by farmers could be increased. LFA payments also had an environmental focus and indicator data show a positive environmental impact. However, forestry measures had a more ambiguous impact. Increased carbon sequestration was a positive result, but there were also concerns about the impact of large Sitka Spruce plantations on visual perceptions of landscapes.

The evaluators of the Sicily RDP reported that result indicators showed that targets have been achieved and even exceeded, but that overall impacts were limited by the size of the budget, while those of the SW RDP based their positive conclusion on increased uptake of compensation allowances together with assessments from regional evaluators that the programme had positive effects on environmental protection and improvements.

Environmental improvements were considered to have resulted from water resources and environmentally friendly farming methods in ES Extremadura Obj 1. Despite an inability to quantify measures, PT RDP noted that the early retirement, LFA and agri-environment measures have contributed to environmental protection. The combination of these measures produced positive environmental impacts and the programme contributed towards maintaining several rural landscapes and their future sustainability.

The DE Thuringen Obj 1 evaluation concluded that investments have promoted organic farming and supported the protection of animals and hygiene, adding that environmental protection is well represented under the programme, and that measures generally go beyond legal requirements.

In the case of ES RDP, the evaluation found positive impacts as a result of forestry (based on views of survey respondents), LFA (based on requirement to adhere to good farming practice) and agri-environment measures, though no data were provided on the extent of actual improvements, and the evaluators commented on the lack of baseline data to facilitate such an evaluation. The AT RDP evaluation reported that 64% of the programme's budget had been targeted at improving the environment, resulting in improvements in water resources, reduced carbon emissions and soil protection. The DE Thuringen RDP evaluation commented on effective reduction in water pollution, reduction in greenhouse emission and maintenance of the diverse cultural landscape as its most positive effects.

The Danish RDP evaluation considered that there had been some impact on the environment, but that many impacts were hard to assess due to poor monitoring and documentation. The impact was smaller than expected for agri-environment measures, but satisfactory for the afforestation measure. The prime environmental effects of the programme were: change in land use, protection of water resources, and reduction in the release of nitrogen into the environment. The situation was similar in BE Flanders RDP, where effects were more limited for use of land than they were for rural landscape protection measures. However, the evaluators were encouraged by the more positive attitude to the environment among the farming community. The DE Niedersachsen RDP evaluator commented that the majority (60%) of measures had a positive impact on the environment.

The FR RDP evaluation concluded that measures targeted at improving biodiversity have had very little impact biodiversity. The measures implemented to improve water quality through pollution reduction were also considered to have had little impact due to

the bad design of the programme. However good practice in soil management and some benefits in terms of landscape protection have emerged. In the case of the Finland East Objective 1 programme, the assessment was limited to an analysis of the types of projects supported. All projects were classified at the proposal stage as positive, neutral or negative according to their environmental impact. By 30 June 2003 EAGGF funds equivalent to 31% of all committed EAGGF funds had been committed to positive projects in terms of environmental impact, compared to a target of 20%.

Transv. 6. To what extent have the implementing arrangements contributed to maximising the intended effects of the programme?

16 evaluations provided information to this question and answers very much reflected different approaches while also exposing very similar issues. Seven evaluations provided positive comments to this question (NL RDP, IE RDP, DK RDP, DE Bayern RDP, UK H&I Obj 1, DE Thuringen RDP and ES Extremadura Obj 1). Most argued that implementation arrangements contributed to maximising programme effects and that measures brought about advantageous effects. UK H&I Obj 1 indicated that while implementation arrangements were fundamentally sound, the types of measures and the overall strategic framework within which they were carried out rendered the added value fragile - without the incentive of programme resources the commitment to partnership arrangements in particular might disappear. The evaluators also stressed the need for a clearer overall vision on how the Programme was to address rural development issues and for greater integration between different schemes.

The DE Thuringen RDP was probably the most positive report of them all, highlighting the following: 70% of indicators reached a good to very good effect, the programme was beneficial for employment, synergy effects have been achieved, implementation decisions were focused on maximising effects, unintended effects have been avoided and measures brought about positive and flexible effects since the programme overall was regarded to be well tailored to the regional needs of Thuringen. Interestingly, this report on its own positively commented on all aspects other reports appear to have an issue with.

The UK England RDP evaluation presented a rather mixed picture where there is a high degree of synergy between organisations involved in different schemes, while the application processes remain burdensome and payment schedules too long. BE Flanders RDP presented a similar picture, though contrasting different aspects: while their organisation of financial management had guaranteed correct and transparent processing of payment transactions, and treatment of applications was fast and effective, monitoring the RDP was found to be difficult and measures have not been sufficiently coordinated to maximise the effects. A further 4 reports pointed to progress in ensuring that different measures complemented each other and that different aspects of the programme met shared objectives (NL RDP, IE RDP, DE Bayern RDP, UK England RDP).

Four evaluations commented critically on this question, mostly around implementation processes, lack of coherence and synergy. In the Sicily RDP, despite progress, implementing procedures remained too complex, lengthy and costly, as a result of strong decentralisation with limited flexibility. Similar conclusions were made in FR RDP, where the current programme still lacked clarity and was not known well enough by potential beneficiaries. However, progress in improving implementation was noted in both Sicily and France RDP. The SW Obj 1 evaluation reported a lack of synergy

between Obj 1 and adopted RDP measures within it, an obstacle for maximising the effects of the programme, while the ES Obj 1 evaluation indicated deficiencies in the implementation system in terms of coordination, delays, human resources, monitoring and payments.

6 ASSESSMENT AGAINST WIDER POLICY ISSUES

Rural Development Measures linked to restructuring and improving competitiveness in agriculture

- 1. Are the existing Rural Development measures for agricultural restructuring (e.g. scope, level of public funding and co-financing rates) sufficiently comprehensive and flexible to meet the different contexts and needs of different rural areas? Would the support of the non-agricultural sector in rural economies be supportive of agricultural restructuring ?**

The existing measures for agricultural restructuring are: investment in farms (investment in the modernisation of agricultural incomes); support for young farmers in facilitating their establishment and the structural establishment of their holdings; support for training including new approaches to management; production and marketing and environmentally-friendly farming; early retirement; helping farmers to meet standards based on EU legislation; support for farmers to help them meet the costs of using farm advisory services; food quality incentive scheme and food quality promotion which provides support to producer groups to inform consumers about quality foodstuffs; facilitating the improvement and rationalisation of the processing and marketing of agricultural products; and other measures listed below:

- land improvement;
- reparation;
- setting up of farm advisory systems as well as farm relief and farm management services;
- marketing of quality agricultural products, including the setting-up of quality schemes as referred to in the food quality measures above;
- agricultural water resources management;
- development and improvement of infrastructure connected with the development of agriculture; and
- restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention instruments.

The total level of EU funding of these measures across the 15 Member States is approximately €18,500 million or 38% of mainstream rural development funding in the 2000-2006 period. This represents a significant part of total funding and reflects the importance of agricultural restructuring to the Member States and regions. Although significant differences exist between Objective 1 and other regions with regard to the importance of agricultural restructuring in the programming documents (this share is 45% in Objective 1 regions and 27% in the other regions), the above figures demonstrate the high importance Member States attach to agricultural restructuring in the period 2000-2006.

The extent to which current measures on agricultural restructuring and competitiveness are relevant to the challenges facing rural areas is important for future rural policy. As discussed earlier, the nature of challenges facing the regions within the 25 Member

States differ widely, with most variation seen in the new Member States. In some Member States the agricultural sector is characterised by many very small farms and there is a need for large scale structural change. In these areas, the early retirement measure is often prominent.

In other Member States (especially in North West Europe) farms are generally bigger and more efficient, and becoming larger over time. In these cases other priorities such as training, developing new opportunities like energy crops, better marketing, and meeting higher standards (for example for animal welfare) are often the main issues.

The issue of the scope and flexibility of farm restructuring measures was one of the issues raised by the Salzburg conference. The panel on competitiveness recommended that rural policy should take into account the diversity of the regions. A paper by Tangermann argued that improving off-farm employment in rural areas was a contribution that policy could make to well being in agriculture, on the grounds that raising the opportunity cost of farm labour was an important factor in driving agricultural restructuring.

Evidence from the mid-term evaluations suggests that two aspects of these measures may require reconsideration: scope, and level of funding. The scope and flexibility of the measures were considered in some regions to be adequate, in others the scope of the measures was considered to limit their ability to support agricultural restructuring. However, in all cases comments referred not to the scope of the measures available under EU rural development policy, but to the scope of measures chosen at the programme level.

In this respect the level of funding appears to be a significant constraint to the ability of policy to meet the needs of different rural areas. Several evaluators noted that the level of funding was too low to have an effect on current trends determined in large part by exogenous factors.

Agricultural restructuring measures featured in 29 of the 30 programmes, and 13 of the evaluation reports provided information relevant to this question. Unsurprisingly the responses differed across both Member States and regions, although overall, responses were positive. In three cases (FI East Obj 1, ES RDP and IE RDP) regional variations in the effectiveness of these measures were noted. For example, in Spain RDP (where the only relevant measure is early retirement), the measure's success had not been the same across the regions. In some Autonomous Communities there was greater demand for early retirement than there is financial capacity to implement it. Ireland too noted regional variations in the uptake of different measures, although the evaluators did not recommend major changes to the programme in order to address this, and the comprehensiveness and flexibility was not seen as being a problem. In the Finnish case, evaluators called for more scope for tailoring at the regional level if the region's economic base was to be maintained.

In six cases (UK England RDP, Sicily Obj 1, DK RDP, SW RDP, ES Extremadura Obj 1 and DE Niedersachsen RDP), the evaluators made generally positive comments about the scope and flexibility of measures, although comments regarding the level of funding were made in some cases. In the UK England RDP, for instance, the evaluators did not note deficiencies in the scope of the measures in meeting the needs of different rural areas, implying that scope was not an area for concern. However, overall levels of funding, from all sources, were very small in relation to the overall size

of the rural economy. As a result the evaluators found no appreciable influence on agricultural markets in England as a whole, though they noted an impact in some specific niches. The level of funding was also an issue in Ireland. Only 30% of all RDP funding related to restructuring related measures, and the evaluators questioned whether this adequately acknowledged the challenge to the agricultural sector from wider pressures such as increasing international competition.

In Denmark RDP, comments were generally positive, though the scope of some measures was questioned. For example, it was noted that, under investment in agricultural holdings, the measure was less attractive to farmers than the previous one. The current measure focused specifically on investments to improve animal welfare whereas the previous one could support investments to improve production. The attraction was also limited by the fact that support was only given for investments to improve the situation of existing herds at a time when many farmers were trying to expand their herds. The ES Extremadura Obj 1 evaluators commented that measures were considered sufficiently comprehensive, especially considering that restructuring measures were also included under Leader+ and the national programme for rural development in Objective 1 regions. In three instances responses noted significant shortcomings. The SW Obj 1 evaluation noted that a potential drawback was that the measures focus narrowly on agriculture rather than on broader rural areas and that targets were achieved simply because they had been set very low. In BE Flanders RDP evaluators reported that currently almost half of the agricultural holdings were excluded on the basis of the limitation that the employment income per full-time worker must be at least €21,577. This excluded holdings that were in need of support and for whom the effect of support was stronger in terms of deciding whether or not to invest. Under the training measure it was felt that more attention should be paid to marketing, which was seen as an obstruction for farmers going into organic farming. This needed more attention if farmers were to make the improvements in farming techniques. The Sicily RDP evaluation noted that available RDP resources for early retirement only met about 10% of demand, i.e. the measure's resources were not sufficient to achieve the corresponding objective of contributing to restructuring and increased competitiveness.

2. (a) Effectiveness: What have the existing agricultural restructuring measures achieved so far, and how has this been measured?

The restructuring axis comprises a variety of very diverse measures that together aim to increase the competitiveness of the agricultural sector through support for restructuring. However, within this overall objective, the different measures are each designed to meet more specific aims, for example by training the agricultural workforce, encouraging more young people to enter the farming sector, improving the marketing of agricultural products and enhancing food quality. Thus effectiveness can be assessed both in terms of overall progress in promoting a more competitive agricultural sector, and in terms of progress against more specific objectives at the measure level.

In practice, however, overall effects on agricultural restructuring are likely to be difficult to identify in the short to medium term, especially given the range of wider economic and social factors affecting agricultural structures. As a result, effectiveness is more likely to be measurable by observing the impact of different types of measures.

Previous experience suggests that different types of restructuring measures may vary in effectiveness. For example, the earlier evaluation of Objective 5a concluded that:

- the farm investment scheme proved more effective in areas where restructuring was a major element, such as in small farms in Objective 1 regions;
- the young farmers scheme appeared to have had limited effectiveness but may have contributed to some increase in the number of farm heads under 45 in 10 Member States; and
- the effect of the marketing scheme on primary producers was limited because of the increasing concentration of marketing and processing facilities in large firms and the market power of retailers and wholesalers. There were greater gains to primary producers when marketing and processing activities were organised by producer associations.

The evidence from the evaluation reviews echoes some of these findings, especially concerning the lack of effectiveness of the young farmers initiatives compared to the other restructuring measures.

Fourteen evaluations provided information on the degree of achievement of these measures, which varied across the programmes.

In UK England RDP, the evaluators considered that the programme as a whole had been less successful in relation to restructuring measures than environmental ones especially because many of the former are new whereas the latter are well established. New activities were perceived to have more risks and a greater need for flexibility because the planning of these new activities at the outset was less accurate (due to lack of experience). Effectiveness was a particular concern in relation to both energy crops and vocational training, however evaluators noted that these were still at an early stage and developments were being made to improve them. In Finland East the rural development priority had made quite a good start, and had helped to maintain existing jobs and to increase cooperation between companies and other actors. However, success had clearly been weaker in agricultural development, while the evaluators also expressed concern that too few younger people were among the beneficiaries. In Ireland the measure had been successful and there had been 1,257 holdings transferred under the early retirement scheme, although the evaluators considered that outcomes such as higher productivity and greater diversification could only be observed in the longer term. In France the measure on marketing of quality agricultural products was considered to have had a positive impact on the consolidation of jobs, and the measure on farm investment was found to significantly enhance incomes.

From questionnaire results, the DK RDP reported that the measures had made progress against a range of criteria – increasing labour income and turnover, increasing productivity, increasing product prices and quality, significantly improving working conditions and animal welfare, up-skilling farmers, improving competitiveness of food processors – though responses were generally qualitative only. In contrast measures had been ineffective in encouraging earlier set-up by young farmers, while processing and marketing measures had only marginal impacts on the competitiveness of primary producers and the environment.

In BE Flanders RDP, investments in farm holdings were found to have a significant positive impact on labour productivity.

Other evaluations (Sicily RDP, Sicily Obj 1, NL RDP, ES Obj 1, UK H&I Obj 1 and DE Niedersachsen) were not able to produce conclusive responses as a result of limited

progress or lack of information. In the Sicily RDP and UK H&I Obj 1 areas, for example, achievements in this area were not considered significant relative to the scale of the challenge, mainly due to the financial resources available. In ES Obj 1 only a potential impact was noted due to delays in implementation.

The evaluations also suggested that effectiveness varied by measure, with the young farmers measure less effective than the others.

- A measure of effectiveness was not provided in all cases and there was some variety in the way this was measured. For example Denmark has used beneficiaries surveys, where information on increase in labour income and turnover, increase in productivity, increase in price of products due to increase in quality is queried. Sweden provided more cautious responses and quantification was undertaken where possible, and no significant impacts in terms of new jobs or enhanced incomes were identified, although improvements in efficiency with regards to competitiveness were noted. The achievements of the Luxemburg RDP have been measured using a combination of indicator data and consultation with beneficiaries. In the UK the impact of agricultural restructuring measures has been measured using input data (e.g. number of businesses assisted) and output data (e.g. number of jobs created).

2 (b). Are they adequate and effective to address the problems of the agricultural sector?

Europe's agricultural sector faces substantial problems and challenges. It is widely recognised that substantial restructuring of the sector is necessary if it is to respond to further reforms of the CAP and be competitive in an increasingly globalised world market.

While the restructuring measures under the rural development programme are an attempt to respond to this challenge, some economists argue that on their own they are unable to address the scale of the task. For example, at the Salzburg conference, Tangermann identified factors such as high land prices (capitalizing CAP support), supply management measures (for sugar, milk, set-aside), low labour productivity and the farm size structure as affecting agricultural competitiveness. While restructuring measures can address some of these problems (notably farm size structure), others depend on wider CAP reforms and longer-term developments.

Tangermann argued that while some measures (e.g. training, early retirement, land improvement/reparcelling) helped to enhance competitiveness, others were actually counter-productive. For example, he argued that farm investment and processing/marketing measures are essentially income support and add to overcapacity rather than promoting self-sustained competitiveness, and that the young farmers measure adds to excess farm labour. He also suggested that further new measures would be helpful, including farm advisory services, assistance for restructuring/liquidation of failing farms, and facilitating access to credit and improving the infrastructure of rural finance.

The Salzburg panel on competitiveness concluded that there was unanimous support for some restructuring measures, such as those supporting training, farm advice, quality products, local marketing and adding value. New actions should be considered in relation to R&D, non food production, renewable energy, improved access to

investment, assistance to restructuring/liquidation of failing farms, and planning of land use. The panel concluded that restructuring measures were indispensable for the competitiveness of EU agriculture; that they need to take account of the diversity of regions; that some new measures were appropriate, especially in the new Member States; and that young farmers deserve special attention.

Clearly adequacy and effectiveness depends not just on the suitability of the measures themselves, but also on the scale of challenges being faced, the levels of resources allocated to the programme, and the other forces at work. The evaluation findings suggest that although the measures themselves are considered appropriate to address the challenges facing the sector, the relatively low levels of funding and range of wider factors at work are a barrier to their effectiveness.

Twelve evaluations provided information relevant to this question. Of these, only Sicily-Obj1, ES Obj 1, ES Extremadura Obj 1, DE Niedersachsen RDP considered the measures adequate and effective. The Sicily RDP evaluation found that the effectiveness of the measures was limited by the limited financial resources allocated to the programme. The evaluators also considered that effectiveness could be increased by improved coordination with related Objective 1 rural development measures.

The level of funding seemed to be an issue in some evaluations. The UK England RDP reflected on how the level of funding was small. There were, however, noticeable results in specific market niches. In Ireland the evaluators suggested the measures were well-chosen to address the challenges facing the sector. However, relative levels of funding (compared to non-restructuring related measures), and low levels of uptake (due to relatively weak incentives) meant the measures were probably insufficient to fully address the restructuring tasks required.

In UK Highlands and Islands Obj 1 evaluators drew attention to the lack of strategic focus for the programme as a whole, but not for individual measures. The IT Emilia Romagna RDP evaluation noted that the selection criteria were inadequate because resources were not concentrated where impacts could have been more effective. This was not expanded on however.

3. Efficiency: (a) Are the agricultural restructuring measures efficient? Are the incentives stronger than necessary so that windfall profits are created?

It is clear that, as far as possible, the restructuring payments must provide incentives for farmers to carry out practices otherwise not used, whilst avoiding effective subsidy to beneficiaries who intend to make changes at their own cost. In addition, it is desirable for the objectives of the measures to be reached at least cost.

In practice, it will be impossible to ensure that all schemes provide the minimum payment necessary for all participants to make the required change, because of variations in individual objectives and cost structures and gaps in information. Nevertheless, it is important to avoid widespread instances of overcompensation or deadweight.

The evaluations provided a mixed picture of the efficiency of the measures.

Ten evaluations provided responses to this question. Responses were mixed, with widespread examples of deadweight effects, and in other cases perceived level of support too low to provide sufficient incentives.

In three cases (UK England RDP, Sicily Obj 1 and Extremadura Obj 1), the evaluators did not consider that the incentives were stronger than necessary. Even so, the ES Extremadura Obj 1 evaluation suggested limited additionality - a questionnaire based survey revealed that only 23% of survey participants would not have carried out projects on improving processing procedures and marketing of agricultural products without receiving support under the programme. In contrast, between 61% and 71% of entry into restructuring measures in England was found to be additional. In IT Emilia Romagna RDP, BE Flanders RDP and FR RDP, many farmers stated they would have set up without the grant. In France 19% of beneficiaries said that they would have carried out new processing approaches with or without investment, and 74% said that they would have modified these types of projects without investments. Similarly in BE Flanders 56% of farmers would set up without the grant. In IT Emilia Romagna RDP, incentive payments for setting-up were considered to be higher than needed.

In Ireland RDP, the evaluators concluded that incentives for farmers to retire under the Early Retirement Scheme should be raised as they were set too low. In Denmark RDP, 65% of respondents would still have made a contribution to investment in agricultural holdings without incentive payments, although there was some evidence that payments accelerated and improved the standard of animal welfare investments. In contrast, if no support was available for training, the evaluators considered that it would be less likely that courses would be demanded by farmers, because of cost considerations. Since incentives for young farmers were found not to influence behaviour, the evaluators concluded that they resulted in windfall gains. A similar conclusion was made in the Sweden RDP, where transferees under the young farmers scheme were seen to receive windfall profits as transfers would have happened in a majority of cases even without the assistance.

3. (b) Do shortcomings in the current implementation practice of rural development programmes exist, and what alternative financing mechanisms might be considered (e.g. loans and revolving funds)?

The implementation of rural development measures is one aspect of their efficiency, and lessons from existing best practice (as well as pitfalls to be avoided) are useful in the formulation of future policy.

Twelve evaluations provided answers to this question. Overall evaluators found that the current implementation practices and administrative procedures were complex, presenting several weaknesses. Shortcomings associated with implementation included: the need to enhance communication about the programme; complex application procedures; short deadline for applications; continuity problems in some measures; narrow focus of certain measures and complicated, time consuming applications for changes.

In three cases (FI East RDP, Sicily RDP, and DE Bayern RDP) dissatisfaction was expressed with how long it took to start the programme up. The DE Bayern evaluation commented on how the agreement on the programme took far longer than expected, leading to the late implementation of the first measure, and noted that restructuring measures were more difficult to implement than previous EU programmes. The Sicily

RDP evaluators reported on the lengthy and complicated application procedures. The FR RDP evaluation reported similar delays and complexities with regard to the training measure.

In 2 cases (DK RDP and IE RDP) the small amount of money paid to holdings was reported as being a limitation. In IE this was said to have had an impact on the number of participants in the scheme, and in Denmark the small amount of support paid to each individual holding has a limited effect on larger investment projects.

In Sicily Obj 1 evidence on shortcomings was limited to a recommendation for stronger concentration of resources in favour of disadvantaged areas and in ES Extremadura Obj 1 and UK H&I OP shortcomings were not identified.

Since agricultural restructuring measures often fund investments designed to enhance productivity and competitiveness, many can be expected to result in enhanced financial returns for the beneficiary. On this basis, there is a strong case for considering alternative financial measures (such as loans and revolving funds) rather than grants. However, none of the evaluation reports commented on this particular issue.

Rural Development Measures linked to Environment and Land Management.

4. (a) One of the main objectives of the LFA measure is to prevent the abandoning of agricultural land-use. How effective is the measure in this sense? Are the currently used criteria for the classification of Less Favoured Areas and for fixing the level of Compensatory Allowance transparent and adapted with regard to the objective of avoiding over- or under-compensation.

The risk of land abandonment is a widespread concern in many rural areas in Europe, and particularly in less favoured areas where the productivity of land is low (e.g. due to adverse soil, climatic and topographic conditions) and the viability of agriculture often marginal.

LFA policy aims to prevent the abandonment of agricultural land in marginal areas, by targeting support through compensatory allowances. The effectiveness of the LFA measure depends on its ability to target adequate levels of support to the appropriate areas.

The classification of LFAs is important in this context. Given limited resources, it is important to ensure that LFAs are classified correctly, to ensure that land at risk of abandonment receives adequate support, while resources are not wasted in paying compensatory allowances in areas where there is no such threat. Setting appropriate levels of compensatory allowances is important for the same reasons.

Where criteria for classifying LFAs and setting compensatory allowances are clear and transparent, it will be easier to assess whether payments are being targeted correctly, and whether criteria and payment levels need to be amended. Clear and transparent criteria have wider implications in helping to justify LFA measures both in debates about the allocation of the EU budget, and in world trade negotiations.

There is widespread risk of land abandonment in many of the new EU Member States, where the issue of classification of LFAs and setting of payment rates is also likely to be significant.

EU policy allows for LFAs to be classified on a wide range of criteria, covering mountain areas, other less favoured areas (in danger of abandonment of land-use and where conservation of the countryside is necessary), and areas affected by specific handicaps (where farming should be continued in order to conserve or improve the environment, maintain the countryside and preserve the tourism potential of the area or to protect the coastline). However, specific rules for application of these criteria are developed at the Member State level.

There has been considerable policy debate in recent years about the effectiveness of LFA policy, the classification of LFAs and setting of payment rates.

The Court of Auditors report on LFAs raised questions about evidence of the effectiveness of the policy. The report acknowledged evidence that beneficiaries believe that LFA aid helps them to continue farming, but questioned whether definite conclusions could be drawn in the absence of an overall evaluation. The report was also critical of the lack of quantified objectives specific to this measure.

The report was also critical of the Commission on the issue of classification of LFAs, citing a failure to complete an earlier review of existing classifications, and the lack of amendment of the existing regulatory framework despite changes in social and economic conditions. The report pointed to the wide range of indicators used by Member States, poor definitions in the regulations (especially in relation to productivity and risk of abandonment), wide variations between Member States in area of land classified as LFA, and increases in LFA area over time in some Member States.

The Court of Auditors report also criticised the Commission for having insufficient evidence of appropriate levels of compensation, stating that, in the absence of such information, over-compensation may occur. The Commission response pointed out that several elements of regulation No 1257/1999 minimise the risk of overcompensation. The regulation specifically states that compensatory allowances should be set so as to avoid overcompensation. Member State total funding is fixed over the programming period and it is up to the Member State how funding is allocated across all rural development measures. In addition the regulation puts a ceiling on the compensatory amount above which the Commission requires supplementary information. However it is important that the extent of over-compensation is examined in the current programme so that steps can be taken in the next stages to avoid this.

The mid term evaluations were of variable assistance in addressing these questions. They provided some evidence that LFAs were effective in preventing abandonment, though once again much of this was derived from beneficiary surveys. They suggested that the degree of clarity and transparency of the classification criteria varied between Member States. With regard to payment rates, some instances of under- and over-compensation were apparent, particularly in schemes that set flat payment rates and failed to distinguish between the different characteristics of different parts of the LFA.

Effectiveness in preventing the abandonment of agricultural land-use: The LFA measures were considered to have helped to continue agricultural land use in 8 cases

(FR RDP, AT RDP, DE Bayern RDP, DE Thuringen RDP, LUX RDP, DK RDP, FI RDP, and SW RDP). However, the extent to which this had been the case was not quantified in most cases. In the SW RDP evaluation it was stated that the support was likely to have helped prevent the abandoning of agricultural land use, with 13% of beneficiaries stating that they would have stopped agricultural activities without it. Impacts could be even more significant at the local level. In DE Thuringen RDP, the loss of agricultural land had been less in the LFA than in more productive farming areas, and this was cited as evidence that the measure had helped to ensure continued agricultural land use.

In other cases, the effect of this measure was difficult to estimate:

- In Ireland (RDP), although increased land use was shown in LFAs, it was difficult to attribute this effect to compensatory allowances versus other existing support mechanisms or other factors (e.g. property prices etc).
- In Spain (RDP) the compensatory allowances were believed to have had a small impact in guaranteeing the continued use of agricultural land, merely complementing the other allowances.

Classification criteria: Varying levels of details were provided for this question. For instance in Spain RDP the characterisation of LFA was based on the analysis of municipal data, in UK England RDP, Ireland, LUX RDP and France RDP they must meet specific land and population characteristics. In Luxembourg RDP, for example characteristics included unfavourable irrigation conditions, low economic indicators, and low population density.

Transparency: The level of transparency differed from case to case. In two evaluations (UK England RDP and IE RDP), this was considered to be good, with the criteria applicable across the entire Member States. Criteria were also considered to be good and transparent in DE Thuringen RDP. In one case (ES RDP), the evaluation noted that the LFAs varied greatly and that the programme applied to areas which had vastly different problems. It was considered in this case that the programme failed to address the problems of areas in greatest difficulty.

Understanding Criteria: In one case (ES RDP), the evaluation considered that most beneficiaries didn't understand the objective of the support, leading to high levels of delay in payment. In UK England RDP and Finland RDP, most of the beneficiaries found the allowances easy to understand, though in Ireland, the evaluators concluded that there was potential for clearer dissemination of information.

Over/under compensation: In ES (RDP), the scheme produced under-compensation in low income areas, but overcompensation in better off areas. In DE-Thuringen RDP and DE Niedersachsen RDP, overcompensation was considered to be limited in extent.

Desired results: The Ireland (RDP) response considered that the aims would definitely not have been achieved without support, and that the measure was effective in helping maintain rural incomes, as payments contributed an average of 16% to family farm incomes. The DE Thuringen RDP report commented on major positive effects in maintaining high levels of land use, whilst fulfilling social and economic functions.

4. (b) What suggestions in view of a revision of the criteria can be derived from the evaluation report? Could e.g. the financial incentives be increased in areas facing particular natural or structural handicaps (e.g. mountain or remote areas), or could they be lowered in areas where this is not the case?

The previous question highlighted the importance of ensuring that LFAs are classified correctly and that appropriate payment rates are set. Issues such as a lack of clarity in the classification criteria of some LFAs, and instances of over/under compensation, suggest that a revision of classification criteria and payment rates may be required. Furthermore, while the geography of LFAs does not change over time, changing socio-economic factors, developments in farming methods and the lessons of implementing policy all suggest a case for periodic reviews of LFA classification criteria and payment rates. For these reasons the Court of Auditors report was critical of the Commission's failure to review classification criteria.

The mid term evaluation reports put forward a variety of suggestions regarding the revision of the criteria for LFAs. These can be broadly divided into 2 categories: those that suggest a different focus and those that propose greater complementarity with other measures.

In 6 cases (ES RDP, Sicily RDP, IT Emilia Romagna RDP, PT RDP, DK RDP and FR RDP) evaluators suggested that the classification of LFAs should have a different focus, prioritising areas where it would make the greatest difference. In ES RDP it was suggested that compensatory allowances should focus on areas with the greatest difficulties. In the same vein, the Sicily RDP recommendations suggested that support should be limited to areas threatened by environmental degradation. In Denmark RDP, evaluators proposed that targeting allowances at smaller islands where the impact was the greatest should be considered. This would allow a higher rate of compensation per hectare, and thus increase the chances of ensuring the full compensation for extra costs that was envisaged in the programme. Lastly, in IT Emilia Romagna RDP, the report proposed considering an approach of implementing more "selective" and fewer general measures "open to all" designed to concentrate limited financial resources exclusively to farms and areas at greatest risk of abandonment and environmental damage.

The DE Bayern RDP evaluation suggested that variations in population density should be considered when allocating compensation allowances to different areas. In Luxembourg RDP, no specific recommendation was made about revision of criteria or incentives, but the evaluators suggested that more information should be collected to enable the economic impact of handicaps to be better understood and compensatory allowances to be set accordingly.

In other cases evaluations considered greater complementarity with other measures. In IE RDP there was currently no age limit for compensatory allowances so farmers who could be suitable participants in the ERS (early retirement scheme) continued to receive allowances. This may inhibit participation in ERS. Thus, evaluators recommended examining whether allowance payments to farmers over 66 years old should be reduced. In Denmark RDP, evaluators suggested that it might be useful to increase the synergies between support for LFAs and the other rural development measures (e.g. investment in agricultural holdings, support for young farmers and the Article 33 measures) although reasons were not given. Another recommendation put forward was to offer a higher allowance to farmers demonstrating environmentally

friendly practices, as this would enable the measure to better complement other rural development measures.

5. Agri-environment measures – effectiveness. What have the measures achieved so far, and how has this been measured?

The overall aim of the agri-environment measures is to support agricultural production methods designed to protect the environment and maintain the countryside. There are several related and varied objectives contributing to the overall aim, and sub-measures associated with these.

- Use of agricultural land compatible with protection and improvement of: the environment, landscape, natural resources, soil, genetic diversity.
- Conservation of high nature-value farmed environments under threat.
- Upkeep of landscape and historical features.

Because different agri-environment measures can be expected to have a variety of impacts on biodiversity, landscape, the built environment⁶, genetic resources and the quality of soil, air and water, impacts that are likely to vary between areas and farming systems, it is difficult to generalise about their overall effectiveness. The Court of Auditors report on Greening of the CAP made a variety of comments about the effectiveness of agri-environment support in the pre-2000 programming period. Many of these remarks were contested by the Commission in its response to the report, and others have been addressed in the current programming period. Nevertheless, the debate stimulated by the report is worth revisiting in the context of the current programme. The Court of Auditors report concluded that the agri-environment measures have had some beneficial impact, particularly in providing incentives to farmers to maintain their extensive farm practices, and avoiding the abandonment of farm lands or their conversion to intensive farming. However, the report commented that the measures have had little effect in converting intensive practices to extensive farming. The Court of Auditors acknowledged that maintaining existing practice rather than changing practice is a valid objective of agri-environment policy if it can be shown that a lack of support would lead to environmentally damaging practices (such as abandonment or intensification), but was critical of the Commission for not requiring Member States to demonstrate this. Note that there is currently a requirement for Member States to evaluate measures.

The report was also critical of the difficulty of assessing the effectiveness of the measures, given a failure to set quantitative objectives and widespread lack of baseline surveys of environmental state at both the Community and Member State level. Efforts have since been made to address this issue by the development of common evaluation indicators.

The Commission's reply to the Court of Auditor's report pointed to the success of the policy in delivering support on 20% of farmland as evidence of progress towards

⁶ Defined as "part of the physical surroundings which are people-made or people-organized, such as buildings and other major structures, roads, bridges and the like" (Goodall: Dict. of Human Geography, Penguin, 1987).

greening agriculture, and identified positive trends such as the significant reduction in fertiliser use over the last 10 years.

The mid-term evaluation reports very much mirrored this debate, pointing to significant achievements against a variety of criteria, but highlighting continuing limitations in data and evaluation. The evaluations suggested that progress in addressing these issues has been variable.

- Despite widespread improvements, the ability to measure progress against quantified data was very variable. The availability of baseline data was often a constraint, while many measures were based on outputs (e.g. area of land in agreements) rather than environmental outcomes.
- A large proportion of the successes identified related to maintaining or adjusting existing practices – e.g. reducing inputs or protecting landscapes – and there were relatively few examples of major changes (e.g. habitat re-creation or significant extensification of intensive agriculture). Note, however, that maintaining existing practices may often be an effective outcome, especially in areas of high natural value that are at risk of abandonment.

Very few measures were targeted at reducing air pollution. This may be due to existing effective tools such as the Nitrates Directive. Overall, most evaluators concluded that agri-environment measures had had a number of positive effects - not only in terms of environmental improvements, but also socio economic improvements. This was because agri-environment measures established a payment for environmental services provided by farmers. Since providing such services was a gainful activity, agri-environment measures represented a new source of income.

Agri environment measures have shown positive results in 13 cases (UK England RDP, Sicily RDP, NL RDP, IE RDP, DK RDP, FR RDP, SW RDP, DE Thuringen RDP, FI RDP, DE Niedersachsen RDP, DE Thuringen Obj 1, GR RDP and BE Flanders RDP). To date a variety of environmental improvements have been achieved, namely the protection of soil quality, water quality, biodiversity, high nature value farmland habitats, reduced pollution (especially in environmentally sensitive areas), protection of flora and fauna, development of organic farming, and decreased levels of nitrogen.

Selected examples of positive impacts are given as follows. In England output data was used to measure the effectiveness of agri-environment measures. Progress against environmental targets was mainly measured through quantifying the amount of land subject to agreements that promote various forms of environmental protection. Evaluators noted some positive side effects from the agri-environment schemes, such as positive social impacts (e.g. enhanced sense of well-being from work) although these have been hard to quantify from the information available. Sicily RDP has measured effectiveness in terms of ha of agricultural land protected from chemical pollution and ha of agricultural land which experienced a decrease in agricultural activity. Evaluators reported significant impacts in terms of reduced pollution especially in environmentally sensitive areas; as well as protection of flora and fauna. In the Netherlands too output data was used. Indicators used included the gross income of the farmers on farms which had made the transition to organic farming; nitrogen emissions; and extent of pesticide use.

In France RDP the evaluation showed a significant impact on the maintenance of biodiversity and landscapes in pasture land and areas of mixed farming/livestock

breeding, and a reduction in negative environmental impacts. However, the evaluators concluded that the impacts were limited by the scale of the programme, which was not sufficient to ensure environmental sustainability in agriculture as a whole. In the Netherlands between 2000-2002, 82,000 ha of land had converted to organic farming. It was expected that with the shift to organic farming, the income of these farms would also improve.

In DE Thuringen RDP, a wide range of quantified environmental benefits was recorded, including significant reductions in nitrogen inputs, protection of natural habitats, and increased biodiversity and populations of target species.

Socio-economic impacts were also recorded as a result of the agri-environment measures. In IE RDP the programme provided positive externalities in terms of tourism and recreational benefits (e.g. improved public access). These were regarded as significant by the evaluators, but could not be quantified. In DE Niedersachsen RDP the evaluation reported indirect impacts in employment, income and marketing.

In PT RDP, agri-environmental measures did not achieve many results as there were low levels of implementation. In IT Emilia Romagna RDP the effects of the intervention were still in progress and no conclusions could be drawn. In DK RDP, the evaluation found relatively modest reductions in pesticide and fertiliser use and continuing trend to organic conversion, but concluded that the greater effects had occurred in the previous programming period. These impacts were measured by the number of hectares included under various agreements to reduce nitrogen use; number of hectares included under agreements to reduce / stop pesticide use and number of holding conversions.

Qualitative and quantitative measures have been used to measure effectiveness. In LUX RDP, attempts to measure effectiveness have been made using a combination of indicators and case studies. However at this stage in the programme there was very little data available, although high rates of participation were noted. In Sweden RDP, despite the positive response regarding effectiveness, the evaluation report was keen to point out that further study was needed to establish causality and the direct effects of the measures as opposed to other trends.

6. (a) Agri-environment measures – efficiency: Is there evidence that the support for Agri-environment measures could be more targeted or restricted to priority areas (e.g. areas of high nature-value or areas with intensive farming) and/or to measures that contribute specifically to the implementation of EU-strategies and activities in the field of environment (e.g. biodiversity, organic farming)?

A key issue is the extent to which agri-environment schemes should be spread widely in an attempt to bring about environmental improvements over as large an area of farmland as possible, or more targeted, focusing on specific areas, farming systems and habitats. Clearly this has implications for the levels of payments and numbers of recipients – a more targeted approach is likely to enable higher levels of individual payments, and hence more ambitious prescriptions, than a scheme that aims to reach large numbers of farmers over a wide area.

This “narrow and deep” or “broad and shallow” debate has been prominent since the introduction of agri-environment policy, and both approaches are evident among current agri-environment programmes. In 2000, agri-environment payments covered

an average of 20% of the EU land area, but significant variations are apparent between different schemes.

More targeted approaches enable agri-environment programmes to address specific environmental issues (such as tackling the problems of intensive agriculture or protecting and managing high natural value farming systems), and to contribute to the implementation of other EU and national strategies and programmes (such as the management of the Natura 2000 network). While “broad and shallow” schemes may also be used in this context, they are less likely to deliver profound environmental change, and instead offer the potential of promoting sustainable agriculture over wider areas, engaging more farmers in the process.

The Court of Auditors report on Greening the CAP was highly critical of the lack of targeting of agri-environment schemes to pre-established environmental priorities by either the Commission or Member States, in the pre-2000 programming period. The current programme requires a detailed environmental analysis and Member States are expected to take this into account in drawing up programmes. The report argued that, as a consequence, schemes had not been targeted either at areas with greatest environmental problems or those with greatest potential. At the EU level, before 2000, more spending took place in regions where environmental concerns were prioritised and match funding available – the result was much higher levels of spending in Austria than in Greece, or Germany than in Spain (with similar land area). The report described this allocation on the basis of co-financing as “a fundamentally inefficient approach to aid distribution”, on the grounds that the allocation does not reflect environmental priorities. However, the report also noted that the measures are very flexible and able to reflect different environmental conditions and priorities, pointing to wide variations in the degree of targeting, with different programmes covering whole territories, administrative regions or topographical zones such as river valleys.

In its reply to the Court of Auditors report, the Commission pointed out that the RDR 1999 requires Member States to address many of these issues; it is more precise on programme justification; and it requires Member States to build a strategy to deal with environmental problems, outlining environmental needs and potential and outlining measures to deal with them including those outside the a-e programme. The Commission also noted that there are limitations in the extent to which schemes can be targeted at areas with pollution problems, given that this is likely to contravene the Polluter Pays Principle and requirements that payments must reward services that exceed the requirements of Codes of Good Agricultural Practice.

Recent policy developments at the EU level suggest that the question of targeting of payments is likely to be increasingly important. For example, there is a need to finance the management of the Natura 2000 network, which contains large areas of high natural value farmland. Enlargement also brings new challenges, adding significant areas of high natural value farming to the EU.

The programmes examined in the current study included a variety of approaches to targeting. Some schemes covered the whole territory, others were organised at the regional level, while some (such as the UK Environmentally Sensitive Areas scheme) were targeted at specific zones. The mid term evaluations suggested that, while some schemes were already considered to be sufficiently targeted, there was a case for many to be more targeted at environmental priorities.

The UK England RDP evaluators reported no evidence to suggest that measures should be better targeted. The Swedish RDP evaluation also agreed that there was a sufficient degree of targeting.

In LUX RDP and BE Flanders respectively, evaluators suggested that the measures should be more focused on environmentally sensitive areas and that several environmental measures should be improved and strengthened.

Recommendations from five other evaluations are presented below:

- In Sicily RDP the evaluation proposed that strict “zoning” should be applied and that support to “priority areas” (e.g. areas covered by the Nitrates Directive) should be limited.
- In IE RDP the evaluators suggested modifications to the scheme to increase positive environmental outcomes including a supplementary bio-diversity measure, with additional payments for pro-active habitat management actions.
- In Denmark the evaluation suggested a need to target measures at particular high priority geographical areas, especially in the case of measures providing support for pastures. There was a case for focusing support on larger contiguous areas of land in order to reduce the high administration costs and in order to achieve a greater environmental effect by clustering supported holdings, e.g. supported pasture land or organic farms. At present, supported holdings were scattered across the countryside, which reduced the effect of the activities promoted by the support.
- In the DE Niedersachsen RDP, evaluators identified a greater need for targeting of agri-environmental measures at local level to reflect the disparities within the regions. In France RDP, there was concern about the current lack of projects within Natura 2000 sites and there was a recommendation that agri-environment projects could be made to measure for these sites.
- The FI RDP evaluator suggested that more support could be targeted at areas of Southern Finland where water pollution problems are most severe.

It was interesting to note that some evaluations argued for greater targeting towards high nature value areas, while others continued to call for schemes to be more targeted at addressing environmental problems. Some of these arguments appear debateable on the grounds of the Polluter Pays Principle.

6. (b) What evidence is there of over- or under-compensation of recipients of agri-environmental support?

Under the Rural Development Regulation, payments must be based on income foregone as a result of entering the scheme plus costs incurred, with an additional incentive of up to 20% when justified to encourage scheme entry.

It is important that payments are set as accurately as possible and that over- and under-compensation is avoided. Under-compensation is likely to lead to too few farmers entering the scheme, while over-compensation results in windfall profits, reducing the number of potential participants. Payment rates are also relevant in relation to world trade negotiations – evidence of overcompensation could result in

agri-environment schemes being challenged under the WTO on the grounds that they are a form of income support.

While the rules regarding compensation are clear, their implementation is often more problematic, due to differences in farm conditions and cost structures, as well as uncertainties and information gaps. As a result, the authorities may have some difficulty in setting appropriate payment rates. The evidence we have is presented in the sections that follow. Furthermore, because payments are calculated as averages, differences between holdings mean that a payment appropriate to one farmer may over-compensate another and under-compensate a third. The scope for under or over-compensation on this basis is likely to increase, the wider the area over which equal payments are set.

The Court of Auditors report on greening the CAP pointed to cases of both under- and over-compensation.

The mid-term evaluation reports suggest that many of these problems remain, although there are few instances of widespread windfall gains. Even though most schemes are deemed to provide appropriate levels of compensation overall, differing circumstances mean that over- or under-compensation of individual farmers is inevitable.

Seven of the evaluation reports provided information relevant to this question, showing evidence suggesting that, in most cases, there was no overall over- or under-compensation of recipients of agri-environmental support.

In 5 cases (UK England RDP, NL RDP, IE RDP, FR RDP and SW RDP) there was no strong evidence of over- or under-compensation of beneficiaries. The Ireland evaluation reported that it had been hard to assess deadweight but concluded that in relation to agri-environment measures it was probably insignificant. The reasoning was that comparison with previous farming practices suggested that it was unlikely farmers would farm in an environmentally-friendly manner in the absence of the Rural Environmental Protection Scheme and the environmental requirements of the compensatory allowances measure.

The UK England RDP evaluation found that indicators of additionality for the three agri-environment measures, as indicated by beneficiary surveys, were reasonably high. Proportions of respondents saying their projects would not have gone ahead without funding were 61%, 44% and 52% for the Countryside Stewardship Scheme, Environmentally Sensitive Areas scheme and Organic Farming Scheme (OFS) respectively. The evaluators noted negative income effects as a result of RDP engagement and highlighted the Countryside Stewardship Scheme, as an example, suggesting that over-compensation did not take place in this scheme.

In 2 cases evidence of over- or under-compensation is presented. In the Sicily RDP the evaluation suggested that available resources were not sufficient. Beneficiaries were “abandoning” environmentally-friendly agricultural methods due to the discontinuity of funding, or limitations in or difficulty in accessing payments. In the Swedish RDP report, over-compensation was mentioned only with regard to one area, whilst under-compensation was discussed in relation to several measures.

In the case of Denmark RDP according to case studies and interviews with organic farmers the decision to farm organically did not depend to any great extent on the support given. However, as the price of organic milk was dropping the importance of the support is expected to increase.

The France RDP evaluation identified evidence of deadweight effects with regard to the maintenance of biodiversity and landscapes within grazing land and mixed farming/livestock breeding, and measures to reduce water pollution by nitrates and pesticides. In the latter case, many of the beneficiaries would have carried out these projects without support, anticipating a future regulatory requirement, or future market demand for these changes in farming practice.

7. Do the rules regarding good farming practice as currently defined in the rural development programmes for the agri-environment and Less Favoured Areas measures transparently ensure that agri-environmental support delivers more environmental benefits than the standard statutory requirements?

The Rural Development Regulation requires the application of good farming practice as a condition of receipt of LFA payments. Furthermore, agri-environment payments “shall involve more than the application of good farming practice.” This is not defined precisely by the Regulation itself, which refers to practices “compatible with the need to safeguard the environment and maintain the countryside, in particular by sustainable farming”.

The rules on good farming practice therefore have an important role to play in promoting sustainable agriculture, by ensuring that farming in LFAs helps to maintain and enhance the environment, and by providing baseline environmental standards above which agri-environment schemes must deliver positive environmental benefits. The implementing regulation stipulates that “good farming practice” includes at least all mandatory requirements and a level of environmental care that one can expect a reasonable farmer to apply. Given the diversity of natural conditions and agricultural structures, the implementing regulation requires that Member States have to provide a more precise definition. The effectiveness of the rules on good farming practice therefore depend on the definition and enforcement of these rules by Member States.

The Court of Auditors’ Report on Greening of the CAP, referring to the pre-2000 programming period, argued that it was often not possible for the Commission to ensure that EU aid was securing real improvements in farmers environmental performance, because Codes of Good Agricultural Practice were often absent or underdeveloped and therefore compatibility with the Polluter Pays Principle could not be assessed. In its response, the Commission stated that it believes that ‘usual good practice’ is the only sound and coherent basis on which to develop agri-environment programmes and that it enshrined this ‘baseline standard’ into the agri-environment chapter of the Rural Development Regulation. While accepting that Codes of Good Practice are often not present, the Commission argued that the absence of a code does not mean that a region is devoid of good practice. The Commission further argued that approval of programmes depends on the provision of agronomic data that demonstrates exceedance of ‘usual good practice’ to support payment calculations.

Five mid-term evaluation reports provided information in relation to this question. These all suggested that codes of good agricultural practice played a potentially positive role in setting minimum standards, and represented a base level above which agri-environment payments could provide positive environmental benefits. However, the effectiveness of these arrangements was not always evident, in that it was often unclear to what extent agri-environment measures provided improvements above good farming practice, and also to what extent adherence to good practice was monitored.

Both the Spain and Ireland RDP evaluators considered that the measures delivered additional environmental benefits. However, in Spain, the implementation of good practice presented difficulties in some regions, especially with respect to conventional farming techniques on slopes and the burning of stubble. Another example was the requirement that farmers remove old pieces of plastic from their land (horticulture). The evaluation stated that beneficiaries were critical of this requirement as there was currently no technology that was able to successfully remove all the plastic. The Sweden RDP evaluation stated that beneficiaries must observe good farming practice in a number of areas that were in addition to, and go beyond, existing statutory requirements.

The DK-RDP evaluation report pointed out that a range of areas farmed or otherwise maintained with support from agri-environmental schemes were already governed by a range of statutory restrictions. This meant that they would not be intensively farmed in any case, and that the measures were therefore not achieving maximum impact in terms of reducing nitrogen, pesticides, increasing biodiversity and protecting / enhancing landscapes. Similarly in the France RDP, deadweight effects were perceived under the agri-environment measures, as the projects would have been carried out anyway, especially in relation to nitrate and pesticide pollution. Recommendations included the need to ensure better cohesion with other environmental policies.

8. (a) Could the afforestation of agricultural land measure be re-targeted more explicitly towards environmental objectives (e.g. combating climate change, enhancing biodiversity, reducing the risk or impact of natural disasters (e.g. flooding), or production of renewable energy)?

Afforestation has the potential to contribute to a variety of environmental objectives, such as the creation of wildlife habitats, enhancement of landscape, development of carbon sinks, production of renewable energy, and provision of eco-system services (such as flood protection, control of erosion, and protection of water resources). However, the provision of these services depends on a variety of factors such as the location of afforestation, selection of species and forestry methods employed.

Many of these services can be expected to increase in importance in the near future, in response to the environmental challenges facing the EU. For example, increased concern about climate change is increasing interest in the role of afforestation in enhancing capacity for carbon storage, and in promoting new sources of renewable energy.

The Court of Auditors Report on the Greening of the CAP was critical of afforestation policy before 2000, under Regulation 2080/1992, for doing too little to emphasise environmental aspects, permitting some Member States to submit programmes which

overemphasised commercial considerations. The report pointed to frequent use of non-native species, often at expense of habitats of high biodiversity value.

Current policy for afforestation under the Rural Development Regulation places greater emphasis on the environmental aspects, identifying afforestation of agricultural land as being important to meet environmental objectives. The Regulation requires afforestation to take place only where it is compatible with the environment.

Six mid-term evaluations provided information relating to this question. While some evaluations were positive about the contribution that afforestation measures made to environmental objectives, others called for the need for more targeting. The use of non-native tree species continued to present concerns in some parts of Europe.

In 3 cases (UK England RDP, IE RDP and DE Niedersachsen) evaluators considered that the scheme contributed to environmental objectives. In the UK England RDP, however, the evaluators were unable to quantify these benefits and also noted some opacity in the economic rationale for the forestry schemes, recommending an urgent economic analysis of support under one of the two schemes (the Woodland Grant Scheme). Similarly, the Ireland RDP evaluation stated that environmental objectives are already built into the measure (e.g. requirement for planting different species, protection of wildlife etc). However, the evaluators noted argument among stakeholders as to whether these measures are satisfactory (citing, for example, dissatisfaction about environmental effects of afforestation with non native species) but did not draw conclusions about re-targeting the measure more explicitly towards environmental objectives.

In Denmark, it was noted that there was no need for re-targeting, on the grounds that the schemes are expected to lead to an increase in biodiversity.

In 3 cases (DE Bayern RDP, BE Flanders RDP and DE Thuringen RDP) re-targeting was considered necessary. The Bayern evaluation noted that the targeting of measures towards existing forest areas did not maximise the scope for environmental improvement as the programme objectives related in particular to financial gain through re-use of existing forest domains. In DE Thuringen RDP it was suggested that the support should be adjusted to zones with low or missing forest cover and to special environmental targets. The report suggested that the forestry target should be modified so that forest poor areas were specifically targeted and for measures to become goal oriented. The BE Flanders RDP evaluation recommended a cessation of support for afforestation of agricultural land with exotic tree species, on the grounds that this has had negative impacts on native flora.

8. (b) If yes, how can a reasonable balance between sometimes conflicting objectives (markets – restructuring – environment) be ensured ?

While forestry has the potential to provide a variety of environmental, social and economic benefits, there may sometimes be conflicts between alternative objectives. For example, the use of fast growing, non-native tree species may contribute to commercial objectives, but at the expense of the environment, creating woodlands of low value for biodiversity and landscape. As noted above, the Court of Auditors report on greening the CAP was critical of pre-2000 EU policy in failing to strike the right balance, giving too little emphasis to environmental considerations.

The mid-term evaluation reports provided little help in answering this question. For example, where changes were recommended to meet environmental objectives (e.g. ceasing support for non-native species), the implications for other objectives of forestry were rarely considered.

The Bayern RDP evaluation reported that the main objectives of forestry measures have been to improve the economic prospects of this sector, rather than meeting environmental objectives as such. However the evaluators also pointed out that measures have contributed to both socio-economic and environmental objectives. For example the intervention has allowed small owners to invest in more modern technologies, in turn contributing to more environmentally friendly treatment of forests. In addition, this has encouraged a greater coverage of afforested areas, leading to improvements in the ecological functions of this area and the attractiveness of the landscape.

9. Is there evidence that changes in the current delivery mechanisms could improve the efficiency and effectiveness of agri-environment measures in terms of:

(a) Defining and optimizing environmental benefits?

It is important that agri-environmental policy and programmes make progress in defining and optimising environmental benefits, in order to enhance their environmental effectiveness, and to enable them to be justified to taxpayers and trade partners. The Court of Auditors report on Greening the CAP was highly critical of the failure to set quantifiable objectives for agri-environment policy.

The Rural Development Regulation allows for agri-environment support to promote a wide range of environmental benefits, through extensification of farming, management of low intensity pasture, conservation of high natural value farmed environments, upkeep of landscape and historical features, and the use of environmental planning.

Though the Regulation itself does not give detailed information on how environmental benefits are to be defined and optimised, considerable progress has been made in the definition of the common evaluation questions, criteria and indicators, which help to define the specific environmental benefits of agri-environment measures. This provides a framework against which the environmental benefits of schemes can be assessed.

Within this broader framework, the definition and optimisation of environmental benefits of particular schemes is largely the responsibility of the Member States and regions.

Three evaluations provided information regarding this question.

The IT Emilia Romagna RDP evaluation report underlined that it would be useful in future to favour the concentration of available resources in areas or farms in which there is greater “scope for improvement”. Measures should not only provide incentives to adopt eco-compatible farming models (e.g. changing to organic farming), but they should also consolidate these models from an economic viewpoint, trying at the same time to limit as much as possible the return to conventional methods as a consequence of lower direct subsidies.

The BE Flanders RDP evaluators stated that the measures' objectives needed to be better formulated and closer connected to the indicators used in monitoring and evaluation.

Similarly, the France RDP evaluation identified the need to improve the clarity and coherence of the agro-environmental policy by clarifying its policy principles (such as "the introduction of new environmentally-friendly farming practices"). This would mean supporting only the types of projects that were clearly relevant to the stated objectives, were not financed by other means and would not be more efficiently undertaken by other methods. This would also lead to trying, at national level, to articulate better this measure with other environmental policies. The evaluators commented on the need to improve the targeting of measures against objectives.

9. (b) better value for money (e.g. using, where appropriate, tender procedures for the delivery of environmental services)?

Achieving better value for money from agri-environment measures can be achieved by optimising benefits and by reducing the costs of scheme delivery. Key issues include:

- Setting appropriate payment rates and avoiding over- or under- compensation, to maximise the effectiveness of the budget;
- Optimising administration costs – at an appropriate level to contribute effectively to scheme delivery while minimising waste;
- Finding appropriate payment mechanisms that deliver benefits at least cost.

Examples of over-compensation suggest that there is some scope to enhance value for money by fine-tuning payment rates. However, cases of over-compensation are inevitable under a system that calculates payment rates according to average income foregone, because of the different circumstances of beneficiaries. This has led to interest in alternative payment mechanisms such as tender schemes, which, in theory, have the potential to increase value for money by encouraging participants to bid the lowest price at which they would be prepared to participate.

The mid term evaluations provided limited insight into this issue. Only DE Niedersachsen RDP commented on the role of tender procedures, and the only comments regarding value for money related to administration and delivery of the programme.

The DK-RDP evaluation suggested that given the relatively modest and uncertain environmental benefits of the the agri-environment measures relating to organic farming and reduction in nitrogen use, due to limited uptake, the administration costs seemed high. At present agri-environmental measures were administered at county level, however, it was not clear how much a transfer to national level would save. Such a transfer would require that more resources were spent on assessing applications and on ensuring that the areas covered lie within those designated as 'particularly sensitive rural areas'. Both of these factors were seen as likely to benefit from administration by people with local knowledge. A centralisation of administration would require that county staff were still involved in providing information about the measures and in selecting applicants.

In the DE Niedersachsen RDP, the evaluators considered that better value for money would be achieved by financing consultants to provide advice about environmental conservation to agricultural businesses, and as mediators with agencies. In addition, evaluators suggested a greater use of demonstration projects to include aspects of management /delivery of measures such as competitive tendering and the feasibility of staggered premiums versus the greater effort, expense and complexity that this may imply.

In BE-Flanders RDP, the evaluation suggested that value for money could be improved by involving rural experts to advise on how the integration of measures could be improved.

9. (c) greater flexibility (e.g. contract terms shorter than 5 years)?

The Rural Development Regulation requires that support shall be granted to farmers who give agri-environment commitments for at least five years. Where necessary, a longer time period can be specified to meet particular environmental objectives.

The requirement for five year contracts has the advantage of providing some stability and security for agri-environment benefits. A potential drawback is that they may discourage some farmers from applying, especially those who have difficulty in planning five year commitments.

All evaluations that provided an answer to this question suggested that greater flexibility could be provided. Note, however, that there was often a trade-off between flexibility and administration costs, an issue raised in the last question.

The Spain RDP evaluators felt that the agri-environmental measures' horizontal character did not reflect the needs of the different autonomous communities. Suggestions were made for a less rigid programme structure to be put in place, allowing exceptions so that autonomous communities were able to tailor the measures to their needs. The Sweden RDP evaluation recommended greater flexibility in general with regard to all measures, as structures were very rigid and rules complex. However, it was also pointed out that the programming period was actually shorter than many of its intended effects, thus complicating evaluation. In the Danish RDP programme, farmers mentioned the lack of flexibility relating to the inability to change the designated area for which support is received from one area of their holding to another, and the tight rules on the purchase of replacement land, which prevents change in use of areas which could be of particular environmental interest.

The 5 year commitment period was considered positive in the DE Bayern RDP evaluation. Over this period, longer term planning and development of practices could be envisaged. Nevertheless, it was suggested that the measures could be more flexible in terms of being able to tailor them to the specific circumstances of the holdings. To give farmers more security and scope for longer-term planning, the extension of this period on a voluntary basis could be envisaged. This would be particularly useful for measures requiring significant investments from the farmer.

The Finland RDP evaluation suggested that, given the weighting of most agricultural support payments towards the end of the year, payments could be made in at least 2 instalments, with the first one being in the first half of the year. In addition to the 5 year commitments, the support system could also examine the application of shorter

commitment periods in special cases such as farmers who rent a significant part of their land through short term rental agreements, and farmers approaching retirement age.

9. (d) simpler management (e.g. simplified premium calculations, simplified procedures for the providers of green services)?

There are clear benefits in simplifying the management of agri-environment measures as far as possible, to reduce administration costs, streamline application procedures and to improve their transparency to stakeholders and beneficiaries. At the same time, management procedures need to be able to deal with the variety and complexity of agri-environment measures implemented and situations in which they apply, and to ensure adequate levels of monitoring and evaluation.

Seven of the mid-term evaluations provided recommendations on simplification of procedures.

The Sicily RDP evaluation noted that complex and lengthy application procedures constitute an obstacle for many potential applicants and the Danish programme evaluators suggested that administration at central level would simplify procedures.

The Portugal RDP evaluation called for greater simplification in relation to the overall structure of measures, territorialisation, clearer definition of objectives (particularly in relation to the Natura 2000 network), and restructuring of management and information systems. The DE Thuringen RDP evaluation found that a target-focused delivery measure is needed to accommodate specific contexts and needs and intended objectives.

Changes in payment calculation were supported by 2 cases. The DE Bayern RDP evaluators suggested that the ceiling allowance, which was currently €18,400 per holding should be more flexible as the aim was to develop as large an area as possible. DE Niedersachsen RDP suggested that small structures should be included in calculating eligible land.

In relation to the Countryside Stewardship Scheme, within the UK England RDP, one of the three agri-environmental schemes, the evaluators noted poor renewal rates for the scheme's ten year agreements, threatening the sustainability of environmental gains. They suggested introduction of the "entry level/higher tier" scheme to address this.

Although the LUX RDP evaluation did not provide evidence that changes in the current delivery mechanisms could improve the efficiency and effectiveness of agri-environment schemes, it noted that appropriate control structures should be put into place at the national level in order to ensure that infringements of conditions are monitored and sanctioned.

The France RDP evaluation recommended that the role of regional and local bodies in implementation should be reinforced. Implementation was currently carried out at departmental level, but a more local approach would allow for the different agricultural contexts to be better taken into account. The evaluators also commented on the need to improve the environmental expertise within the existing implementation process. This would include the increased participation of environmental experts on the

approval of contracts/projects and their implementation, thereby improving the relevance and scope of the projects.

Rural Development measures linked to Wider Rural Economy and Community

10. (a) What have the current measures relating to this theme achieved so far and how has this been measured?

Basic services for the rural economy and population

Article 33 of the Rural Development Regulation allows support to be granted for measures concerning the provision of basic services for the rural economy and population. These measures are not defined further under the Regulation. However, reference to the Common Evaluation Indicators suggests that the measure is intended to improve services such as transport, telecommunications and social and cultural facilities.

The importance of such measures was highlighted by Dwyer and Depoele at the Salzburg Conference. They noted the need to complement existing service provision in rural areas, emphasizing the its role in facilitating uptake of other measures such a diversification and tourism.

Overall, the mid term evaluations suggest that the impact on basic services for the rural economy and population has been good. Improvements have been measured in a variety of ways. In Denmark, for instance, case studies of projects, telephone interviews with beneficiaries, a focus group and workshops for stakeholders were carried out. The DE Niedersachsen RDP evaluation made assessments based on analysis of data, a literature review, expert interviews, case studies and surveys of beneficiaries, approval authorities, residents, farmers and businesses in beneficiary villages and project managers. Other evaluations (UK England RDP and ES Extremadura Obj 1) provided quantitative measures such as number of projects undertaken and number of jobs created.

In 5 (ES Extremadura Obj 1, DE Niedersachsen RDP, DK RDP, NL RDP and UK England RDP) cases, positive impacts were noted. In ES Extremadura Obj 1, despite delays in the launching of the measures, impacts were recorded in the areas of improved rural infrastructure, improved services for the rural economy and endogenous development of the areas concerned. The Denmark evaluation showed that there has been improvement in basic services like community halls, IT infrastructure, playgrounds, and leisure facilities through the implementation of these measures. Twelve projects were contributing to this objective under the Dutch RDP programme. Despite difficulties in estimating results at this stage, there appeared to be limited progress with respect to the content, although the financial progress is good.

Renovation and development of villages, protection and conservation of the rural heritage

This measure aims to promote the maintenance and improvement of neighbourhood amenities, housing conditions and the rural heritage. Relevant Common Evaluation criteria Indicators refer to the share of rural population enjoying access to amenity land/ nature or shared rural heritage sites, and the share of rural accommodation improved.

The mid-term evaluations suggested substantial progress with regard to the renovation and development of villages, and protection and conservation of the rural heritage. Most evaluations have identified impacts by recording the inputs and outputs of the programmes (i.e. the number and value of projects supported and the types of output purchased). In Denmark for instance a beneficiary consultation process was used, and case studies of projects, telephone interviews with beneficiaries, a focus group and workshops for stakeholders were carried out.

DE Niedersachsen RDP has used 95% of planned funding for 2000-2002. 877 projects fell into the category village renewal, and 365 projects related to the development of typical countryside and rural areas. The most significant group of projects were village renewal and the development of the countryside. In addition, positive impacts were identified with regard to income, quality of life, employment, structural characteristics and the environment. In Denmark, Article 33 has focused largely on improvements to new build of facilities, which has a positive effect on renovation and development of villages, although perhaps less on rural heritage.

Responses were mixed for the Netherlands RDP. Only 40 projects linked to this objective have been supported in the Dutch RDP against an expected target of 313 projects. However the existing projects on renovation of cultural and historical assets and village centres were more extensive than expected with 75% of the funds having been used under these measures.

In Sweden RDP and UK England RDP progress has been limited. In UK England RDP, 16.5% of the village initiatives have been put into place and it unlikely the target will be achieved. The Swedish RDP evaluation noted that support has been given for renovation/restoration activities, and achievements are measured in terms of the creation and safeguarding of jobs. Achievements visible to date have been very modest due to the late start of the project. In addition, the very small number of projects in all of these measures made any effects difficult to measure.

Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative sources on income

Diversification of agriculture is an important objective of EU agricultural policy, helping farms to reduce their reliance on agricultural commodity markets, and to pursue new growth opportunities. Dwyer and Depoele at the Salzburg Conference pointed out that the socio-economic vitality of rural areas needs local employment beyond agriculture, such as:

- micro-business
- small and medium sized enterprises
- crafts, artisan activities.

The Common Evaluation Indicators seek to measure progress in promoting diversification by assessing changes in employment.

Few mid-term evaluations provided information on this question. The diversification of agricultural activities has been measured using a range of quantitative and qualitative measures, identifying inputs (number and value of projects supported) and outputs (jobs created or supported). In Denmark, indicators on the number of agricultural

holdings with other activities, the gross income of supported holdings and employment of the other economic contributors, were used to assess the achievement of the measures.

Three evaluations (UK England RDP, ES Extremadura Obj 1 and DE Niedersachsen RDP) suggested positive results, although data was not available to show the extent of the diversification of agricultural activities themselves. The UK England RDP evaluation reported that in terms of the number of jobs created or sustained, 149% of the target had been achieved. The ES Extremadura Obj 1 evaluators expected significant impacts based on indicator measures. According to evaluators 66 jobs have been created and 150 jobs maintained.

Two evaluations reported limited progress. In the Netherlands RDP, 12 applications for projects focusing on development and stimulation of agro tourism were accepted. This was below the target. Despite the support given to the development and introduction of new activities that were connected to agriculture and forestry, such as farm tourism, farm shops, nature/culture activities, or wider rural diversification, the achievements in the Swedish RDP so far have been very modest.

Encouragement for tourism and craft activities

Tourism represents a significant potential growth area for many rural areas, including parts of Europe that have relatively few alternative economic opportunities. The Common Evaluation Indicators seek to measure progress against this measure by recording employment and income associated with tourism and craft activities.

Six evaluations provided information relevant to this question, five of which showed a positive contribution in encouraging tourism and craft activities. The Swedish RDP showed very modest achievements towards this objective. Outcomes were measured quantitatively and qualitatively, with indicators measuring both numbers and values of projects supported and outputs and outcomes such as job creation, accommodation occupancy and income effects. The Finland East Obj 1 evaluation carried out a survey of rural tourism in 2002 and the Dutch RDP evaluation used indicators such as income from tourism for agricultural holdings, the number of jobs in the tourism sector and tourist spend on daytrips and overnight stays.

3 cases (DK RDP, FR RDP and FI East Obj 1) provided positive responses with regard to tourism. In France, tourism projects were reported to have had an impact on the consolidation of jobs. The creation of farm accommodation (gites ruraux) was also considered to have had a role on income diversification and improvement. The survey carried out in the Finnish East Obj 1 evaluation showed that the occupancy rate of rural tourism farms has risen since the beginning of the programme (excluding the summer months and February) and the increase in autumn occupancy rates in particular was good. In addition, the occupancy rate figures for bed places have approached the occupancy rates of tourist farms.

The Netherlands RDP evaluation noted that recreation and tourism in the countryside had increased through improvement in infrastructure and recreation areas and the renovation and improvement of tourist facilities. The evaluators pointed out that most of the applications for assistance were from government authorities, so the farmer was not a direct beneficiary. However benefits to the farmer existed through tourism (attractions and sales).

UK England RDP did well overall, overachieving in terms of project numbers in some areas. For example 118 new rural craft practitioners were created against a target of 3.

Financial engineering

Though financial engineering is included in six of the programmes, the evaluations provided no information on this issue.

10. (b) Are there ways to raise the efficiency of measures under Article 33 of Reg. 1257/99?

Key issues relating to the efficiency of Article 33 measures include:

- The variety of different measures included in Article 33, and hence the need to adopt flexibility in the approach;
- The significant overlaps between these measures and other national and regional programmes, and the need for a coherent approach to policy implementation.

This is reflected by the presentation by Dwyer and Depoele at the Salzburg which noted that the Current rural development menu provides the scope to restore and enhance the competitiveness of rural areas, and to contribute to the maintenance and creation of employment in rural areas. However, Dwyer and Depoele also remarked that:

- aims and means are insufficiently linked - lack of transparency
- programmes are too close to agriculture
- lack of awareness of stakeholders
- complicated financial management

Some of these issues were reflected in the recommendations on raising the efficiency of measures under Article 33 provided by three of the evaluations (NL RDP, SW RDP and DK RDP).

The Dutch RDP recommended that further publicity for the programme was carried out in order to encourage the uptake of projects. Evaluators also suggested that more effective results might occur through the combination of farming and non-farming activities. A recommendation was therefore to encourage the cooperation of farms and other enterprises such as the hotel and catering industry.

The evaluation report for the Sweden RDP highlighted that achievements have been very low, but very little has also been spent. Suggestions made by evaluators included a simplification of application procedures, the complexity of which appeared to repel potential applicants, particularly individual farmers, and financing pilot projects as demonstration projects. As with many of the other measures, delays in payments were a problem.

Suggestions made by the Danish evaluators included reconsidering the separation of Article 2 schemes into a group of Restructuring and Competitiveness focused schemes and a group of Rural Economy and Rural Communities schemes, and re-examining the

relevance of maintaining agriculture related schemes within Article 33. If agricultural schemes were maintained, greater efforts needed to be made to make them attractive to farmers. Secondly, the evaluators recommended enabling the transfer of unused funds between the two groups of measures in order to increase flexibility. Lastly they called for a greater degree of integration of Article 33 schemes within the rural development programme in order to develop a coherent rural development policy and improvements in the monitoring of Article 33 schemes.

In IT Emilia Romagna RDP, implementation of the measures has proceeded in two stages. The experience acquired in the first stage informed the development of improved applications in the second, in line with revised priorities and policies for "integrated local development". This enabled the integration of the different financial programming instruments to meet two priorities - improving the quality of products and recognising and improving the value of mountain areas. This has helped to improve demand and promote a more joined up approach.

10. (c) What specific additional measures could be offered?

Articles 33 already contains a variety of broadly defined measures relating to rural economies, communities and the environment.

Almost no evaluations provided information in answer to this question. The Danish evaluation suggested considering an increased focus on vocational training and commercial projects, as long as this does not create an overlap with Objective 2 / ERDF measures.

The Swedish RDP evaluation mentioned that there would be benefits in introducing a new measure involving release of agricultural land for other purposes in certain areas.

10. (d) Are there ways of re-orienting Rural Development measures which are not listed under Article 33 to better meet the needs of the wider rural economy and community?

The wider rural economy and community benefit from a wide range of rural development measures, not just from the Article 33 measures. For example, farm restructuring, LFA, agri-environment and afforestation measures all affect the wider rural economy and community. Examples of impacts occur from the purchase of farm and forestry inputs, the contributions that these activities make to the maintenance of rural population (and hence services), and the impacts on the rural economy resulting from the effects of agriculture and forestry on tourism.

Given the continuing decline in the primary industries, the impacts that such measures have on the wider rural economy, society and environment are likely to demand increasing attention in future.

Re-orientation of these non-Article 33 measures might involve changing their focus to embrace wider rural objectives (though that risks compromising their core objectives), and/or finding ways of encouraging them to work together more effectively with Article 33 measures.

Most mid-term evaluations did not provide an answer to this question.

The Swedish RDP evaluation was fairly critical of this group of measures, stating that it had achieved little and was neither particularly complementary to nor integrated with the other measures whose effects it is intended to enhance. The absence of Swedish national policy for rural development was mentioned as a disadvantage. There were however regional growth plans, into which the measures could be embedded.

11. What new opportunities are arising for widening the diversity of employment and business activities in rural areas?

New opportunities to widen the diversity of employment and business opportunities are likely to include the development of renewable energy, and progress in information and communications technology.

However, none of the mid-term evaluations identified new opportunities for widening the diversity of employment and business activities.

12. How can the involvement of local groups and partnerships in rural development programmes, such as implemented through the Community Initiative LEADER, be increased? How can administrative structures be adapted to facilitate this development? In how far can benefits of trans-regional or trans-national networking and co-operation be identified?

As rural development programmes become increasingly concerned with meeting the needs of the whole rural community, the involvement of local groups and partnerships is likely to grow further in importance. Local groups and partnerships offer opportunities to tailor rural development programmes according to local needs and priorities. At the same time, it is important to note that local, bottom-up approaches will not always be appropriate for all rural development measures. For example, more centralised approaches may be desirable where there is a need to target programmes to meet EU or national objectives.

The community initiative LEADER is widely seen as having provided benefits in the creation of local partnerships and bottom-up approaches to rural development, decentralising the management of funding and facilitating networking and co-operation between areas. The Salzburg Conference, for example, concluded that the lessons of LEADER should be applied more widely in developing local partnership approaches to rural development, and ensuring that rural development programmes meet local needs and priorities.

This is a key issue in the new Member States, with DG Agriculture's SAPARD review reporting low and/or absent capacities for bottom-up planning and implementation of local development projects in rural areas. [Some evidence shows that these approaches, even though Accession Countries did not target them, could have added value to rural development strategies. The desire to be able to use a tool like the LEADER CI was widely expressed.](#)

Unfortunately, the mid-term evaluation reports gave little insight into LEADER's potential role in relation to rural development programmes. Very few evaluations provided information relevant to this question and answers vary in depth and detail.

The UK England-RDP evaluators suggested that the regional Rural Affairs Forum should be used to integrate ERDP and non-ERDP measures better.

In the Netherlands RDP, the external coherence of the programme was considered satisfactory because existing national instruments were included in the RDP. In addition, the RDP formed part of the broader Dutch EU Rural Areas Programme consisting of LEADER+, Interreg, parts of the Structural Funds (Objective 2 – rural and transitional areas) current national government policy and other programmes funded by the EU, with the Ministry of Agriculture, Nature and Food Quality acting as co-ordinating ministry.

The evaluators of the Ireland RDP referred to the LEADER CI but did not describe ways in which involvement of groups / partnerships can be increased except through capacity-building activities (no further detail included in report).

13. Are there ways to better exploit the synergies and complementarities between measures linked to the wider rural economy and community and other EU policies promoting growth, competitiveness, employment, and cohesion?

In seeking to benefit the rural economy and community, it is important that rural development policies work together with other EU policies concerned with economic and social development.

The most obvious synergies and complementarities exist between rural development and the Structural Funds. Efforts have been made to ensure complementarity at the programme level between rural development and the Structural Funds. For example in Objective 1 regions, the non-accompanying measures are integrated into Objective 1 programmes. Integration of these measures into Objective 2 programmes is optional, with France the only Member State to take-up this option to date. These arrangements, however, raise questions as to the complementarity of RDP and Objective 2 measures in the other Member States, and of the complementarity of accompanying measures and Objective 1 programmes.

Few evaluation reports provided information relevant to this question. The evaluators in the UK England RDP noted that the schemes did not conflict, but there was little sign that they worked together to create synergies across the Programme. The ERDP has not had a significant effect in catalysing other types of programmes. Recommendations to improve this included:

- Coherence with non-ERDP activities can be improved at the sub-national level with “further work over time, and more clearly defined roles for the various stakeholders”. “Integrated targeting statements for different schemes may be the best way to improve coherence”.
- “Better integration with non-Defra funding streams at the sub-regional level should be achieved. One possible way forward might be to use the Rural Affairs Forums in each region.”

The UK H&I Obj 1 evaluators recognised that “there is a need for partners to work together to identify opportunities for and to communicate greater understanding of integrated rural development.” They too recommended an establishment of a specific forum to consider how a fuller integration of the Programme with other initiatives and broader strategic objectives of restructuring the Highlands & Islands economy could be achieved.

In terms of synergy effects, the DE Thuringen Obj 1 evaluation report suggested that these should be improved through better cross-measure coordination. What was said to be missing is a location-based coordination for overlapping measures.

The France Midi-Pyrenees Objective 2 evaluation reported that the original draft SPD for the programme had integrated the rural development measures much more thoroughly within the overall Objective 2 priorities. It was finally decided that it would be simpler if the measures were grouped under one specific pillar. However the role of the various rural development measures in meeting EU priorities had been made explicit. For example:

- The measure relating to young farmers was specifically linked to the objective of social and economic cohesion.
- The rural development pillar was considered to be directed towards the promotion of products and procedures which protect the environment and meet the objectives of environmental sustainability.

14. To what extent have past and present RD measures fostered the development of energy crops related to agriculture and influenced energy demand in rural areas?

Concerns about climate change have led to increasing efforts to promote renewable sources of energy, including through the development of energy crops in agriculture. Although the Rural Development Regulation does not explicitly mention energy, Member States have supported energy crops through other measures.

Only two of the evaluations provided information relating to this question, reflecting the absence of relevant measures in most programmes.

The UK England RDP evaluation report suggested that measures to promote the development of energy crops under the Energy Crops Scheme (ECS) of the ERDP appear to have had very limited success so far. By the point of the evaluation, the ECS had achieved only 1-3% of its overall programme target. The evaluators noted that this reflected the fact that there was currently a limited market for energy crops in the UK, and that funding for this measure may need to be scaled back in the second half of the ERDP. It followed that the impact of these measures on energy demand in rural areas had been negligible to date.

In contrast, the AT RDP identified substantial progress in relation to biomass projects. 52 biomass projects were estimated to enhance incomes by € 845,000 per year, that is an average of €16,268 per project.

Simplification and programme administration

15. (a) Does current practice suggest that a simplification of programming in terms of types and number of programmes, e.g. a move to one programming, financial management, and control system for rural development, should be envisaged and how it might best be achieved?

The Cohesion report commented on the overall complexity of the programming infrastructure for rural development. It noted that the Rural Development Regulation has facilitated the integration of different measures for rural development within an

overall strategy, whether in Objective 1 or 2 regions or in relation to a horizontal application, and this has increased the coherence and complementarity of the measures concerned. Nevertheless, the report noted that the co-existence of two systems of programming, management and control, one based on Structural Fund regulations and the other on those of the EAGGF-Guarantee, has often been regarded as a source of complication and rigidity and as difficult to understand by Member States, especially those comprising Objective 1 and non-Objective 1 regions.

The Salzburg Conference also concluded that there is an urgent need for a significant simplification of EU rural development policy, proposing that delivery must be based on one programming, financing and control system tailored to the needs of rural development. This would be coordinated with the Objective 1 programming in the regions concerned in order to ensure coherence.

The Cohesion report proposed a new architecture for cohesion policy post 2006, focusing on investment in a limited number of Community priorities. The number of funds would be limited to three (ERDF, ESF and Cohesion Fund) compared to the current six. The current instruments linked to rural development policy would be grouped in one single instrument under the Common Agricultural Policy designed to increase the competitiveness of the agricultural sector through support for restructuring; enhance the environment and countryside through support for land management; co-finance rural development actions related to Natura 2000 sites; and enhance the quality of life in rural areas and promote diversification of economic activities.

Though the need for programme simplification was a common theme, none of the mid-term evaluations made recommendations about the need for change at the EU scale. Fourteen reports made recommendations about the need to simplify programme administration.

Numerous comments were made by evaluators about how programme administration could be improved. Some of the examples cited amongst evaluators included: the need for greater clarity and transparency regarding the schemes' objectives; the need to raise awareness about the measures; better understanding of the content of rural development measures on the part of authorities; the need for qualified staff to provide guidance; improvement of procedures that currently waste time; and the need to simplify procedures for people to access support.

In two cases (FR RDP and DE Thuringen Obj 1) evaluations suggested that implementation of the programme should be regionalised. The French evaluators recommended that the programme should be regionalised in order to encourage a multi-sectoral approach to rural development. In order to be effective, this regionalisation must come hand in hand with greater subsidiarity in order to simplify the long and complex procedures of revision and notification to the Commission. The DE Thuringen Obj 1 evaluation suggested that, in the interests of development in rural areas, the support and monitoring systems for all measures should be regionalised.

Four cases (Sicily RDP, NL RDP, DK RDP and PT RDP) referred to the need for better coordination and more integration as a solution to programme/administration simplification. The Sicily RDP evaluation called for more active coordination between the RDP and the ROP Objective 1 rural development measures. Possibilities for synergies were noted in relation to the early retirement measure. The Denmark RDP

evaluators noted that increasing programme cohesion could be done bottom-up by promoting support under different measures, or top-down by prioritising the same intended activity under different measures. The PT RDP evaluators suggested the greater integration of management of different measures in order to create more synergy. They also argued for the need to reinforce dissemination and target it at the relevant population.

Information technology is often identified as a solution to programme administration. The PT RDP evaluation suggested the creation of an integrated information system for all its measures while the SW RDP evaluation proposed a shared IT system for all administering councils to improve financial management.

In two cases programme adjustments were not seen to be needed. The DE Thuringen RDP evaluation found no need to simplify financing or implementing arrangements. In Ireland (RDP) the evaluators did not conclude that programme adjustment is required at this stage. They made some recommendations with regard to the operation of individual measures, but noted that these should be implemented within the existing design of the programme.

15. (b) What are the advantages and disadvantages of differentiated and non-differentiated credits for the individual measures?

Community support for rural development from the EAGGF Guarantee section is subject to financial planning and accounting on an annual basis, unlike the Structural Funds, which operate on a system of multi-annual programming, within which budget appropriations need to be spent within 2 years.

The Cohesion report noted that multi-annual programming has been one of the main successes of the Structural Funds method and the benefits of this approach have become clearer over time as Member States capacity to plan programmes over a number of years has developed. The relative consistency and coherence in programming since 1989 has facilitated longer-term and more strategic planning. From a financial perspective, multi-annual programming gives rise to a greater degree of certainty and stability as regards the availability of funding than annual budgeting. This is particularly relevant in the context of major infrastructure investment that takes years to complete. However, there is significant dissatisfaction among Member States that even the n+2 rule (budget appropriations need to be spent within 2 years or forfeited) is too inflexible.

The system of annual budgeting for rural development reflects its origins in the CAP, where annual budgets are well suited to granting annual payments under the first pillar. However, there has been significant debate about the suitability of annual programming for rural development. For example, at the Salzburg conference, Barbaroux argued that annual budgeting is not well suited to the second pillar of the CAP, especially to measures where payments are not annual but may be spread over more than one year. At the same conference, Schulze Pals argued for extension of n+2 rule to all RD measures to facilitate multi-annual projects, and greater flexibility to transfer budget from one year to another. The conference concluded that the n+2 rule is better suited to funding multi-annual projects.

Few evaluation reports provided information in relation to this question. However, where comments were made, they generally supported the use of multi-annual financial agreements in rural development programmes.

Two evaluations (NL RDP and DK RDP) in particular found the current system of annual finance agreements unhelpful. The Dutch RDP evaluation commented that lengthy applications could sometimes lead to applicants being disappointed as assistance lapses, while the rule was not conducive to the continuity of projects. The evaluators of the Denmark RDP also commented that one-year finance agreements were not suitable in the case of measures that involved multi year projects. Furthermore, they considered that the Commission's funding model was difficult to use as an instrument of financial control, as it prohibited transfer of unspent funds from one year to the next unless other Member States report an under-spend. If other countries reported an over-spend, unspent funds in Denmark would have to be transferred to these countries.

In DE Niedersachsen RDP, the evaluation concluded that the principle of annuality can be problematic for projects that are: large; new and innovative; required a substantial length of planning; or involved investment in agricultural holdings. For this reason the evaluators recommended that the "n+2 rule would be useful". Alternatively, they suggested that a rule could be established such that each year a specific share of funding (i.e. n %) could be rolled over into the next year.

The BE Flanders RDP evaluation recommended that a more flexible attitude towards bringing over funds yearly between different measures would be beneficial.

16. Does the analysis of current Rural Development programmes suggest that the programming content can be simplified, e.g. by streamlining or reducing the number of co-financed RD measures. Or is a differentiated menu of co-financed measures necessary to meet the specific needs of different rural areas?

There are currently 26 rural development measures, across the three different axes (restructuring, environment/land management, and rural economy/communities). Some of these are quite broad in their scope (e.g. the agri-environment measure) while others are more specific (for example there are two measures relating to marketing and two relating to food quality). The mid term review of the RDR brought four new measures to take the total to 26, and it is likely that the range of measures could increase further under future policy reforms.

The number of measures at the EU level is not necessarily related to the number of schemes introduced by Member States or regions, which are able to combine measures at the programme level to enable them to offer a shorter list of schemes to applicants. Nevertheless, the large and growing number of measures at the EU level causes some difficulties for administering authorities and stakeholders.

As a result of this, there has been some debate about the merits of shortening the list of co-financed rural development measures. For example, at the Salzburg conference, a paper by Barbaroux argued for a reduction in the number of measures from 26 to 10 broader measures at the most. One of the conclusions of the conference was that the rural development measures should be regrouped into the three main axes.

It is important to note that the specific needs of different rural areas are not necessarily better served by introducing larger numbers of measures, and that a smaller list of more broadly defined measures may be most flexible to the different and changing priorities of Member States and regions.

Five mid-term evaluation reports gave specific answers to this question and responses were mixed. Three evaluations argued for a reduction in the number of measures, while two considered that this was unnecessary. Comments referred mainly to the number of measures in the regional and national programmes, rather than at the EU level, though there is some correlation between the two.

The UK England RDP evaluation recommended that a reduction in the number of schemes would make the programme more accessible. The report also recommended that the mechanics of funding sources, budgets, accounting, detailed rules and data integration should also be taken care of “behind the scenes” where possible. The evaluators of the France RDP called for a simplification of the programme structure, while encouraging progressive evolution of the programme. The report suggested reducing the number of measures and sub-measures, especially to reconsider the inclusion of those measures that provide low support. These could be more effectively funded through simpler procedures than co-financed measures. Evaluators favoured a progressive evolution of programmes and measures compatible with the capacity of the agricultural sector to adapt and react to change, arguing that a sudden interruption of measures could have negative repercussions on the programme dynamics. The Swedish RDP evaluation also recommended a programme simplification through the replacement of the current groupings of measures with a smaller number of measures organised according to key objectives.

On the other hand two other evaluations – the RDPs for Ireland and Denmark – concluded that there was no evidence that simplification was required. In Ireland, there were only four measures, and the evaluators noted evidence that effort had been made to ensure complementarity. In Denmark, while synergies between measures could be promoted, streamlining or reducing the number of measures was not recommended.

17. Does current practice suggest ways for a simplification of eligibility conditions at the level of individual measures and for improved access to measures for beneficiaries? Could an integrated approach combining several measures contribute to fulfilling the simplification objective?

Simplification of rural development measures is most important at the level of the individual beneficiaries, most of whom are likely to have limited knowledge of rural development policies and programmes, and will be deterred by over-complex eligibility conditions and application procedures. While this is largely the responsibility of Member States and regions, there is a role for the Commission to share experience and promote best practice.

Identifying simpler eligibility conditions and application procedures is a particular priority in the new Member States, where new schemes are being developed and implemented, and where large numbers of beneficiaries are coming into contact with rural development measures for the first time. DG Agriculture’s SAPARD review identified the need for application procedures to be simplified, and made specific recommendations regarding: certification documents; verification procedures; quality of

service; simplification of business plan requirements; fast track application, approval and payment procedures (especially for smaller applications); and information provision.

Nine evaluations provided answers to this question, with several reports (UK England RDP, Sicily RDP, NL RDP and UK H&I Obj 1) suggesting that simplification of the eligibility conditions is needed.

The evaluators of the UK England RDP argued that appraisal, scoring and application approval criteria needed to be made more transparent. This was likely to improve standards of applications, and ensure that time and funds of applicants were not wasted on unsuccessful applications. Facilitation for applications would help to address the bias in ERDP towards large holdings and would help ensure that it was not only those applicants who could afford to hire an intermediary who apply. Where possible this should be funded from non-ERDP sources.

The evaluator of the Sicily RDP noted a high number of ineligible applications due to beneficiaries' limited knowledge of the RDP, and suggested providing training for implementing authorities and beneficiaries.

The evaluator of the Dutch RDP considered that applications for support were discussed thoroughly internally, but that the application process was unclear for the applicants. The decision-making period was also long and the applicant was obliged to make an application within a set time. The UK H&I Obj 1 evaluators also noted the bureaucratic requirements of the programme administration. They suggested streamlining the grant application process in order to reduce costs and increase speed.

The evaluators of the Ireland RDP, on the other hand did not make major recommendations on this issue, recommending changes to some eligibility conditions for schemes, often involving fine tuning to help achieve particular targets (e.g. environmental) rather than to increase access. The low take up of measures was generally held to be a result of low incentives rather than over-complex eligibility criteria.

In two cases (ES Extremadura Obj 1 and DE Niedersachsen RDP) the eligibility procedure were seen to be less of an obstacle. In Extremadura the evaluation noted eligibility and selection criteria as one of the programme's best features and in DE Niedersachsen RDP a survey of beneficiaries had shown that most were satisfied with the funding procedures. Nonetheless, the evaluators recommended the reconsideration of specific detailed rules, such as the test of "good practice" for the businesses, (when only part of an area was eligible).

The BE Flanders RDP evaluation considered that an integrated approach would be beneficial. Different measures of the RDP should be better integrated. Presently, each measure functioned in isolation, while value could be added if different measures worked together to meet joint aims.

18. Do current programmes give evidence of shortcomings with regard to the financial management and control system on the side both of the managing authorities and the Commission? Is there a need for adaptations identified?

The development of effective and efficient financial management and control systems is clearly an essential component of the successful delivery of rural development policy. The Regulation requires Member States to introduce provisions to ensure the effective and correct implementation of rural development plans, including monitoring and evaluation, and arrangements for controls and sanctions.

In practice, management and control systems for rural development in many Member States have been adapted from those developed for Pillar 1 of the CAP, and there has been some debate as to their adequacy in implementing rural development programmes.

For example, the Salzburg Conference made a series of recommendations about simplified control systems, including the need for: a tailor-made control system for rural development; a specific piece of legislation for rural development controls; clear Community implementing rules announced sufficiently before the beginning of the new programming period; increased coordination of Member States and EU controls; and a contract of confidence based on agreement on the Member State's control system. The Conference concluded that improving administration and control systems in these ways should allow a reduction in the number of EU controls.

In relation to agri-environment measures, the Court of Auditors report on Greening the CAP noted that measures are very demanding of European and national administrative infrastructures. Control problems stem from weaknesses in the co-ordination of agri-environment measures with the Integrated Administration and Control System (IACS) and from failures to address specific control risks generated by agri-environment and AF measures. For example it is very difficult to verify that farmers are respecting limits on fertiliser use. Administrative costs are therefore high for Member States.

Nevertheless, the presence of high administration costs should not in itself be regarded as a shortcoming of the system, given the importance of administration and monitoring in the deliver of successful schemes. In evaluating agri-environment policy, it is necessary to consider both the costs and the benefits of its implementation, and to examine whether or not similar outcomes are achievable at lower cost.

The Court of Auditors report on LFAs also identified a number of examples of weaknesses in management and control systems relating to LFA payments in different Member States.

Development of finance, administration and control systems in the accession countries presents new challenges. The Cohesion Report noted that, despite slow implementation, SAPARD has had a positive effect in the accession countries by encouraging them to set up financial structures and control systems similar to those in existing Member States, so helping to build up administrative capacity.

Many of these issues were reflected in the mid term evaluations. Ten evaluations noted shortcomings or challenges with regard to financial management and control systems. These can be summarised as follows:

- High administrative costs (UK England RDP, where they exceed 20% of total costs in five of ten schemes). Though this was not necessarily a shortcoming, given the importance of management and control systems in meeting scheme objectives, it was an issue, given that administration costs consume resources that could otherwise be allocated to other public spending priorities.

- The need to account separately for accompanying / non-accompanying and modulated funds was a cause of relatively high running costs for the Programme (UK England RDP).
- Ponderous management systems, administrative delays and slow payment, exacerbated by fragmented management structures (Finland East Obj 1).
- Problems in control systems, including poor management of sanctions in the case of irregularities, tensions between central management and control and regional priorities, IT problems (Sicily RDP).
- Lack of co-ordination of national RDP and Objective 2 programmes, leading to cumbersome procedures (France Objective 2).
- Complexity of financial planning systems, especially for multi-year programmes (Denmark RDP).
- Shortcomings in relation to managing authorities, particularly regarding cooperation with Objective 1 in programming and data management (Sweden RDP).
- Payment delays (affecting payment flows between national and regional level – ES Extremadura Obj 1).
- Lack of staff and high staff turnover resulting in staff who were not very experienced, lack of partnership working between different organisations, lack of clearly defined roles within managing authorities and lack of structure and leadership (FR Guyane RDP).
- The EU financial year alignment to the calendar year would simplify implementation of investment measures (DE Niedersachsen RDP).
- In BE Flanders RDP financial monitoring got more attention than the content follow-up. There was also the issue of under spending as a consequence of non-realistic estimations for the next budget year.

Evaluations suggested there was a widespread need for adaptations, although only two cases (UK England RDP, UK H&I Obj 1) provided specific recommendations.

The UK England RDP evaluators called for simplified administrative requirements, including greater attention to the issue of proportionality i.e. small applications should be subject to cheaper procedures than big ones. They also recommended dropping the requirement for business plans, or the requirement for staff to visit applicants in all cases.

In UK H&I Obj 1, evaluators suggested that performance could be improved, particularly with regard to payment administration, which was slow and unresponsive. Presently this was being addressed through the implementation of a web-based applications and claims process. Nonetheless evaluators were concerned given the different levels of IT literacy and access within the programme partnership.

19. Are current monitoring and evaluation systems adapted to contributing to an efficient and effective use of public funds in Rural Development programmes? More specifically, are monitoring and evaluation systems sufficiently harmonized? Is the rhythm of evaluations adapted for providing useful input for programme adaptations and policy decisions?

Monitoring and evaluation systems have an important role to play in rural development policy, by:

- helping to define the objectives of rural development programmes and to ensure that these are measurable and achievable;
- informing the development of rural development policies and programmes over time;
- enabling value for money assessments of rural development programmes; and
- demonstrating the legitimacy of rural development measures in world trade negotiations.

While the Court of Auditors reports on LFAs and Greening of the CAP were critical of inadequate monitoring and evaluation systems for LFA and agri-environmental policies, significant progress has been made in the current programmes. The introduction of a series of Common Evaluation Questions, criteria and indicators, and the requirement for Member States to provide annual progress reports to the Commission, provides a framework against which the impact of rural development measures can be assessed.

The mid term evaluation reports made extensive use of monitoring data and evaluation systems in place in the different Member States and regions. In doing so, most reports noted shortcomings in the monitoring and evaluation systems in place.

Ten evaluation reports identified the need for improvements in monitoring and evaluation systems, and in their implementation. Problems noted included:

- Complexity caused by differences between monitoring and evaluation methods between schemes (UK England RDP).
- Data systems were difficult to use. The availability, accuracy, relevance and timeliness of data were identified as major concerns and caused difficulties in carrying out the MTE (UK England RDP).
- Insufficient use of qualitative indicators (Finland East Obj 1).
- Insufficient checks on accuracy of performance data (Finland East Obj 1).
- Insufficient coordination between administrative authorities (Sicily RDP).
- Gaps in the monitoring database due to transfer problems between beneficiaries and implementing authorities (IT-related) (Sicily RDP).
- The need for greater specification of the link between overall objectives and specific interventions, and for these changes to be built into overall monitoring arrangements (Ireland RDP).
- Limitations with some indicators and need for introduction of new ones (Ireland RDP).
- Lack of transparency of existing monitoring data. Two budgeting systems existed, which were not comparable (Denmark RDP).
- Indicators focus on outputs and lack focus on actual outcomes and impact (IE RDP, DK RDP).
- Lack of quantifiable objectives and baseline data on the basis of which to determine impact of measures (Denmark RDP).

- Over-bureaucratic elements, poor guidance, delays in reacting to errors (UK H&I Obj 1).
- Indicators were not always relevant or reflect progress or impact of the measures (FR Guyane Obj 1, SW Obj 1).
- The request for data for the evaluation asked for by the Commission was not sufficiently linked to the data asked for the yearly follow-up. Also every management service had its own registration system (BE Flanders RDP).
- Programmes had different systems for collecting, monitoring and evaluating data (SW Obj 1).

ES Extremadura Obj 1 was the only evaluation that considered that monitoring and evaluation systems were adequate. The following suggestions were made about improvements in evaluation systems:

- Both the Danish and Irish evaluators called for a more coherent system based on input, output, result and outcome indicators. Data collection needed to support this system through processing of application forms, reporting mechanisms for beneficiaries and improved IT infrastructure for programme administrators.
- The Swedish RDP evaluator suggested the inclusion of a small number of key evaluation criteria in the programming stage, and then to have more in-depth studies of particular areas of interest at later stages of the programme.
- The ES Obj 1 evaluation noted that the monitoring and evaluation system could be improved, establishing common approaches in all concerned regions.
- The DE Niedersachsen RDP evaluators recommended greater harmonisation of EU and national programmes. Evaluation criteria should be available at the programming period, to avoid extensive additional data collection exercises, and develop time series.
- The BE Flanders evaluation recommended: the use of a permanent central database to make best use of the data; screening performed by the Commission in terms of the demands for monitoring and evaluation; better registration of the content data and financial data per management service and per (sub) measure; and the establishment and communication of an overview of progress with regard to implementation, from the beginning until the end.

20 a. Do existing priorities for Community rural development policy correspond to actual needs?

Section 2.4 discussed the substantial economic, social and environmental challenges facing rural areas in Europe. These are reflected in the definition of rural development policy under three priority axes, dealing with farm restructuring, the environment/land management, and wider economic and social development in rural areas. The 26 rural development measures are wide-ranging and aim to address the various needs and challenges that rural areas face.

There was some debate on this issue at the Salzburg conference. A presentation by Bryden outlined some of the key needs and priorities of rural areas, and noted some key policy priorities – such as the need for improved health and education systems – that are currently only marginally or indirectly impacted by EU rural development

policy. Bryden concluded that, despite substantial progress, a great deal more needs to be done to secure 'healthy' or 'sustainable' rural communities in the EU-25, and that there is a need for both EU and national policies to work in a more integrated way if the broader concerns of rural people in terms of jobs, incomes, employment, quality of life, health and education are to be addressed.

The rural development challenges facing the new Member States are especially great, and differ somewhat from the needs of the EU15, because of differences in the structure of farms and the rural economy, and different environmental, social and economic conditions. As a result, the priorities for Community rural development policy may need to be re-evaluated in response to the needs of the new Member States.

Most of the 14 evaluation reports providing answers agreed that Community policy corresponds to actual needs, although it appeared that programmes were not always tailored to the particular needs of different regions.

Eleven reports were generally positive about Community priorities (Sicily RDP, Sicily Objective 1, NL RDP, DK RDP, IE RDP, UK H&I Obj 1, ES Extremadura Obj 1, ES Obj 1, DE Niedersachsen RDP, GR RDP, BE Flanders RDP), although details were rarely provided. In the case of Sicily RDP and Obj 1, NL RDP and DK RDP, evaluations considered that priorities matched actual needs well. The UK H&I Obj 1 evaluators responded positively, though stressing that a more strategic approach of the programme would address needs more effectively, while the ES Extremadura Obj 1 OP and ES Obj 1 evaluators simply confirm the validity of the programme. The GR RDP and IE RDP evaluations both concluded that the strategic objectives of the programme were still valid and accurate mid-way through the programme, thus confirming its validity in meeting needs. Finally, DE Niedersachsen RDP praised the wide-ranging nature of measures and target groups, while no evidence was found to suggest that the programme would not meet needs in this region.

Three evaluations pointed to a divergence between policy and actual needs. The SW RDP evaluators feared that the strong focus of rural development measures on agriculture was a potential drawback as agriculture was considered to be a small part of rural development. The evaluator of the UK England RDP commented that in some cases the economic rationale for individual schemes was not always clear. For example, development of tourism and craft industries was specified under Article 33, even though tourism was one of the fastest growing industries in the world. However, the logic of the evaluator's argument could be questioned, since even the fastest growing industries may require some support to establish themselves in particular areas. According to the evaluators, the reasons for market failure in this instance were obscure. In framing the successor to RDR, the evaluators recommended that more attention needed to be given to rationales to ensure they address market failures as directly as possible. Those which did not have a clear economic rationale should be challenged. The ES RDP evaluation reported the failure of priorities to meet the needs of areas undergoing the greatest difficulties, stressing that the horizontal character of the agri-environment programme did not reflect the different needs of more autonomous communities. However, this problem appeared to relate more to the national RDP than to the Community policy itself.

20 b. How did Members States/regions decide on the allocation of the support to the different measures? Do the evaluation reports show any good practice with regard to criteria or decision procedures used by the responsible authorities in

the allocation decision, in particular with respect to the necessary balance between measures?

While the Rural Development Regulation sets the overall framework for support for rural development, the impacts of rural development programmes depend to a large extent on which of the 26 measures Member States and regions decide to implement, and how they decide to allocate support between these measures.

Only four mid-term evaluations (SE RDP, UK H&I Obj 1, DE Thuringen RDP, DE Niedersachsen RDP) gave relevant information on how allocation of support to different measures was decided upon.

Two reports were positive about practices and targeting (DE Niedersachsen RDP, DE Thuringen RDP) in terms of allocation procedures. Efforts were made in DE Thuringen RDP to ensure that those beneficiaries most in need and with the greatest potential for development were properly supported, thus demonstrating positive strategic decision making in allocating resources. DE Niedersachsen RDP's evaluation stressed a multiple stakeholder approach within decision-making, where, following allocation of resources between States, a bottom up approach involved consultation of social and business partners, regional organisations and state agencies.

Two other reports demonstrated shortcomings in allocation procedures. The SW RDP evaluation stressed that a wider representation away from the leading Agricultural Department could have given the programme a wider rural focus. In the case of the UK H&I Obj 1, the evaluator expressed regret that the chosen approach followed the patterns of the previous programming period (94-99) rather than reflecting a considered strategic approach – thus resources have essentially been absorbed rather than strategically directed.

21. Is the current menu well adapted to the needs of rural areas as well as to the need for an efficient use of Community resources in Rural Development Programmes? Are there additional measures needed in the light of emerging Community policies? Are there measures which no longer respond to current needs and which should be abandoned or redeveloped?

The current menu for rural development comprises 26 measures across the three axes. The balance of measures reflects the evolution of rural development policy under the CAP and Structural Funds, as well as the needs of rural areas and the limitations of the rural development budget. As a result, the menu reflects certain needs of rural areas more than others. For example, there is more emphasis on farm restructuring than on social inclusion, health and education in rural areas.

Given that the rural development budget is limited relative to the needs of rural areas, an efficient use of Community resources in rural development requires them to be focused where they are able to make the greatest difference. There is a need to ensure that rural development measures complement other EU programmes such as the CAP and Structural Funds, as well as national and regional policies.

It is important that the menu of rural development measures adapts to changing rural needs, and reflects wider policy developments in the EU. The latter include enlargement, further reform of the CAP and Structural Funds, and the need to fund the management of the Natura 2000 network.

Eleven mid-term evaluations provided information relevant to this question, covering a wide range of issues on which recommendations are made and opinions given. Six evaluations were positive about the current menu (IE RDP, DK RDP, Sicily Obj 1, DE Thuringen RDP, ES Obj 1 and DE Niedersachsen RDP). The IE RDP, DK RDP, and Sicily Obj 1 evaluators concluded that the current menu was well adapted to the needs of their rural areas. The DE Thuringen RDP evaluator considered that no additional measure was required, and the ES Obj 1 evaluation confirmed the overall validity of the programme's strategy and allocation of resources. The DE Niedersachsen RDP report, in the context of agri-environmental measures, suggested a greater use of demonstration projects. The rationale was that these measure needed an additional effort to operationalise them – a role demonstration projects may be able to fill. Example of these included aspects of management and delivery such as outcome-orientated compensation, competitive tendering and the feasibility of staggered premiums versus the requirements for greater expense and complexity.

The SW Obj 1 evaluation was the most critical, particularly regarding inclusion of RDP-related measures in the Objective 1 programme.

The ES RDP evaluation identified a need for training support (especially in the Canary Islands) as included in the previous programme, and suggested greater support aiding the improvement of farm management, cooperation, research, conversion to organic fertilisers, and maintenance of legumes as an alternative to cereals. The Spain RDP evaluation suggested greater flexibility in the menu overall, in particular asking for an approach better tailored to autonomous regions (a problem already identified under WEQ 20a).

Recommendations from the evaluation of the RDP for France included the need to direct support for activities on improving quality, diversification and alternative activities and organic farming. Support for these activities in the current programme was mostly in terms of investment support, whereas other types of support were just as important, if not more so. This included: technical advice, facilitation, networking, implementation of marketing strategies, availability of quality business advice, promotion of production labels, and for organic farming, market reorganisation. This could involve better integration of non-RDP and RDP measures. The evaluators also recommended increased support to sub-urban areas, to strengthen the link between urban and rural areas. The evaluation also recommended that support for the management of fertilisers could be reconsidered, and replaced by eco-conditionality within the first pillar.

Lastly, the BE Flanders RDP evaluation assessed the relevance of measures against the economic dimension, social dimension and peripheral regions (including the environmental dimension). With regard to the economic dimension, the report noted progress with regard to farming investment, but considered that too little was done to develop alternatives to agriculture. Furthermore, apart from training for farmers, social issues were insufficiently tackled. Moreover, the report indicated that energy and other environmental issues (including water, pollution and fertilisers) ought to be further addressed, while suggesting that a more integrated approach should be applicable at the vertical and horizontal level. Indeed, strong urbanisation in BE Flanders, for example, required a special approach differing from rural policies in more remote areas in the EU.

22. Could a widening of eligibility and scope of measures towards non-agricultural beneficiaries be a means for better achieving the objectives of rural development?

While rural priorities outside agriculture were previously addressed through the Structural Funds, they are now also firmly embedded in rural development policy under the CAP. The third axis contains a variety of measures aiming to strengthen the wider rural economy and society.

While the principle of granting support to non-agricultural beneficiaries is now well established, debate continues about the balance of resources allocated to farmers and other rural people. For example, the Cohesion report – commenting on rural development support under EAGGF – noted that analysis of the measures implemented shows that of the total amount of EUR 49.5 billion (this refers to the 2000-2006 programming period) only around 10% is being spent on measures to strengthen the rural economy which are not linked to agricultural activities (such as diversification towards tourism and craft trades, services and the development of villages).

The Salzburg Conference conclusions, on the “A Living Countryside” theme, noted that investment in the broader rural economy and rural communities is vital to increase the attractiveness of rural areas, promote sustainable growth and generate new employment opportunities, particularly for young people and women. The conference concluded that this must be based on the specific needs of different areas and build upon the full potential of local rural areas and communities. A living countryside is essential for farming, just as agricultural activity is essential for a living countryside. The conference further concluded that rural development policy must serve the needs of broader society in rural areas and contribute to cohesion. Strengthening the wider rural community will promote the sustainable development of rural areas sought by all rural stakeholders.

The importance in serving the requirements of the wider rural community was reflected in the findings of the Espon Project 2.1.3 on the Territorial Impact of CAP and Rural Development Policy, which states the need to “ensure that allocation of rural development assistance should extend the range of supports beyond the farming community”.

It is clear that the current allocation of support to farmers is greatly out of proportion with their contribution to the rural economy and society. It does not necessarily follow, however, that allocation of EU rural development support should be adjusted proportionately. It is important to note that Pillar 2 funding is limited in relation to the scale of challenges facing rural areas, that EU programmes need to work in combination with national and regional initiatives, and that it would not be desirable to spread resources too thinly across the range of rural policy priorities.

Of 4 evaluations answering this question, two made firm recommendations in favour of widening the eligibility and scope of measures towards non-agricultural beneficiaries.

The UK England RDP evaluation considered that the social sustainability of the ERDP could be developed by widening the groups who can benefit beyond those who own or work on farm/forestry holdings. This could include groups such as elderly people. The evaluators stated that “A programme that concentrated on people rather than land and farmers would look very different from the ERDP”.

Specific recommendations included:

- development of the Rural Enterprise Scheme (the only ERDP scheme with potential to reach out to wider social groups in rural areas), including more effort in the second half of ERDP to ensure RES targets are achieved;
- the need for vocational training measures to promote rural development by improving access to potential beneficiaries (including through simplified application and appraisal processes and “fast track” training programmes);
- In the longer term, new activities to combat poverty and exclusion and promote access to justice and participation.

The France RDP evaluators also recommended that the programme should be open to a greater extent to other non-agricultural parties, including associations and local government organisations. This did not mean that these parties would be specifically eligible for funding, but that they should be more involved in the selection and implementation of projects. This would allow for a better integration between the RDP and regional strategies.

The SW Objective 1 evaluation was also critical of the agricultural focus of the reviewed measures, and commented in favour for widening eligibility and the scope of measures, but made no suggestion as to how this should occur, other than expanding the content of training course to non-agricultural/forestry activities.

While making no specific recommendation, the BE Flanders RDP evaluators commented that measures not directly targeted at farmers had made less impact in terms of their reach.

7 OVERALL CONCLUSIONS AND RECOMMENDATIONS

7.1 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 focused 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 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.

7.2 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.

7.3 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.

7.4 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.

7.5 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.

7.6 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.

7.7 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.

7.8 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.

7.9 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; and
- the lack of prioritisation between the many indicators listed, leading to patchy and inconsistent reporting.

7.10 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 individual organisations.

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.

ANNEX 1 - PRO-FORMA FOR REVIEWING RDP AND OBJECTIVE 1 & 2 MID TERM EVALUATION REPORTS

PRO-FORMA FOR REVIEWING RDP AND OBJECTIVE 1 & 2 MID TERM EVALUATION REPORTS

1. Descriptive Questions

1.1 Provide an overview of inputs in terms of financial allocations (overall and EU-contribution; committed funds and actual spending) to:

- Programmes
- Individual measures inside the programmes.
- In the case of Objective 1 or 2 programmes the relative weight of Rural Development measures financed from EAGGF must be identified.
- *(Based on sections in the report addressing financial issues related to the evaluated programme and measures. Please draw a table that includes, as far as possible, data on originally budgeted funds, any budgetary revisions, committed funds, and actual expenditure. Present the information according to origin of funds, i.e. Member State, Commission and private funding, years covered by the programme / measure and currency used. It is possible that evaluators have split their figures into a set for expenditures incurred under pre-2000 regulations and those incurred as a result of the 1257/99. In that case please use the total of the two, as long as they refer to the years from 2000 onwards).*

2. Rural Development Measures linked to Restructuring and Improving Competitiveness in Agriculture

2.1 Investments in agricultural holdings

2.1.1 To what extent have supported investments improved the income of beneficiary farmers (CEQ I.1)?

2.1.2 To what extent have supported investments contributed to a better use of production factors on holdings (CEQ I.2)?

2.1.3 To what extent have supported investments contributed to the reorientation of farming activities (CEQ I.3)?

2.1.4 To what extent have supported investments improved the quality of farm products (CEQ I.4)?

2.1.5 To what extent has the diversification of on-farm activities originating from supported alternative activities helped maintain employment (CEQ I.5)?

2.1.6 To what extent have supported investments facilitated environmentally friendly farming (CEQ I.6)?

2.1.7 To what extent have supported investments improved production conditions in terms of better working conditions and animal welfare (CEQ I.7)?

2.2 Setting up of young farmers

2.2.1 To what extent has the aid for setting up covered the costs arising from setting up (CEQ II.1)?

2.2.2 To what extent has the setting-up aid contributed to the earlier transfer of farms (to relatives versus non-relatives) (CEQ II.2)?

2.2.3 To what extent has the setting-up aid contributed to the earlier transfer of farms (to relatives versus non-relatives) in particular, how significant was the synergy with the aid for early retirement in achieving such an earlier transfer (CEQ II.2A)?

2.2.4 To what extent has the aid influenced the number of young farmers of either sex setting up (CEQ II.3)?

2.2.5 To what extent has the setting up of young farmers contributed to safeguarding employment (CEQ II.4)?

2.3 Training

2.3.1 To what extent are the assisted training courses in accordance with needs and coherent with other measures of the programme (CEQ III.1)?

2.3.2 To what extent have the acquired skills/competence helped improve the situation of the trainees and of the agricultural/forestry sector (CEQ III.2)?

2.4 Early retirement

2.4.1 To what extent has aid for early retirement contributed to the earlier transfer of farms (CEQ IV.1)?

2.4.2 To what extent has aid for early retirement contributed to the earlier transfer of farms in particular, to what extent has there been synergy between 'early retirement' and 'setting-up of young farmers' in terms of an earlier change of holders (CEQ VI.1.A)?

2.4.3 To what extent has the economic viability of the remaining agricultural holdings improved (CEQ VI.2)?

2.4.4 Was the income offered to the transferors appropriate in terms of encouraging them to abandon farming and subsequently offering them a fair standard of living (CEQ VI.3)?

2.5 Improving processing procedures and marketing of agricultural products

2.5.1 To what extent have the supported investments helped to increase the competitiveness of agricultural products through improved and rationalised processing and marketing of agricultural products (CEQ VII.1)?

2.5.2 To what extent have the supported investments helped to increase the added value and competitiveness of agricultural products by improving their quality (CEQ VII.2)?

2.5.3 To what extent have the supported investments improved the situation of the basic agricultural production sector (CEQ VII.3)?

2.5.4 To what extent have the supported investments improved health and welfare (CEQ VII.4)?

2.5.5 To what extent have the supported investments protected the environment (CEQ VII.5)?

Wider Evaluation Questions on Rural Development Measures linked to Restructuring and Improving Competitiveness in Agriculture

[These questions relate to the measures in 2.1 to 2.5 above and other measures specified in the list in Annex 4].

2.6 Are the existing Rural Development measures for agricultural restructuring (e.g. scope, level of public funding and co-financing rates) sufficiently comprehensive and flexible to meet the different contexts and needs of different rural areas (WEQ 1)? *(Based on comments made in individual reports or comparative assessments).*

2.7 Would the support of the non-agricultural sector in rural economies be supportive of agricultural restructuring (WEQ 1)? (Based on:

- Experience of particular types of support for the non-agricultural sector (list the kinds of support available).
- How these types of support contribute to agricultural restructuring, e.g. by:
 - Offering an alternative source of income or way of making a living in rural areas (switch to other occupations / types of business).
 - Providing a market for new types of agricultural products.)

2.8 Degree of effectiveness of existing agricultural restructuring measures (WEQ 2):

2.8.1 What have the existing agricultural restructuring measures achieved so far, and how has this been measured? (Draw overall conclusions based on questions above, and identify how progress has been measured Refer to “The Set of Common Evaluation Questions with Criteria and Indicators” for information on how achievement is supposed to be measured. Other achievements than those focused on in the Common Evaluation Questions may have been seen, as Member States may have formulated objectives for the measures in addition to those prescribed by the Commission. Achievements of such objectives also need to be taken into account. This relates not least to Article 33 measures for which Member States themselves set the objectives. However, Common Evaluation Questions with criteria and indicators have been formulated for Article 33 measures (see Q. 6.1.1 – 6.1.5 in this proforma), and answers to these also need to be taken into account, even if Member State objectives and measured achievements go beyond what has been focused on in given the Common Evaluation Questions. Finally, unintended positive side effects of all

agricultural restructuring measures may have been seen, which have not been envisaged in the Common Evaluation Questions. Make sure to identify these too.).

2.8.2 Are they adequate and effective to address the problems of the agricultural sector? (Based on assessments made in reports of measures' ability to address sector problems defined by the European Commission or national/regional authorities. National/regional authorities will have posed their own evaluation questions in order to reflect the national/regional context in which the measure operates, i.e. the particular problems that the measure is supposed to address in that country/region).

2.9 Degree of efficiency of existing agricultural restructuring measures (WEQ 3):

2.9.1 Are the incentives stronger than necessary so that windfall profits are created? (Based on assessments made in reports of the efficiency of rural restructuring measures, e.g. is there evidence that payments are higher than the minimum necessary to achieve the desired results, or that recipients would have taken particular actions whether or not they had received the support?)

2.9.2 Do shortcomings in the current implementation practice of rural development programmes exist, and what alternative financing mechanisms might be considered (e.g. loans and revolving funds)? *(Based on assessments of implementation practices contained in answers to CEQs relating to agricultural restructuring as well as in answers to national / regional evaluation questions).*

3. Rural Development Measures linked to Environment and Land management

3.1 Less-favoured areas and areas with environmental restrictions

3.1.1 To what extent has the scheme contributed to:

- i. offsetting the natural handicaps in LFAs in terms of high production costs and low production potential (CEQ V.1)?
- ii. (ii) compensating for costs incurred and income foregone in areas with environmental restrictions? (concerns both Less Favoured Areas and Areas with Environmental Restrictions) (CEQ V.1)?

3.1.2 To what extent have compensatory allowances helped in ensuring continued agricultural land use (concerns Less Favoured Areas) (CEQ V.2)?

3.1.3 How effective is the Less Favoured Areas measure in preventing the abandoning of agricultural land use (WEQ 4)?

3.1.4 To what extent have compensatory allowances contributed to the maintenance of a viable rural community (concerns Less Favoured Areas) (CEQ V.3)?

3.1.5 To what extent has the scheme contributed to the protection of the environment by maintaining or promoting sustainable farming that takes account of environmental protection requirements in Less Favoured Areas (CEQ V.4.A)?

3.1.6 To what extent has the scheme contributed to the protection of the environment by increasing the implementation and respect of environmental restrictions based on

Community environmental protection rules (concerns Areas with Environmental Restrictions) (CEQ V.4.B)?

3.1.7 Are the currently used criteria for the classification of Less Favoured Areas and for fixing the level of Compensatory Allowance transparent and adapted with regard to the objective of avoiding over- or under-compensation (WEQ 4)? *(Based on information / assessments provided in the reports of:*

- What are the criteria for classification of Less Favoured Areas.
- What are the criteria for fixing the level of Compensatory Allowances
- Transparency:
 - How applicable are the criteria across different regions and localities within the Member State
 - How well understood are the criteria by potential beneficiaries and Managing Authorities
- Over- / under-compensation:
 - Is there evidence that payments are higher or lower than the amount necessary to achieve the desired results.
 - Is there evidence that the desired results would be achieved whether or not support was provided?
 - Is there evidence that the policy would be more successful if the support had been greater.)

3.1.8 What suggestions in view of a revision of the criteria for the classification of Less Favoured Areas and for fixing the level of Compensatory Allowance can be derived from the evaluation report? Could e.g. the financial incentives be increased in areas facing particular natural or structural handicaps (e.g. mountain or remote areas), or could they be lowered in areas where this is not the case (WEQ 4)?

3.2 Agri-environment

3.2.1 To what extent have natural resources been protected in terms of soil quality, as influenced by agri-environmental measures (CEQ VI.1.A)?

3.2.2 To what extent have natural resources been protected in terms of the quality of ground and surface water, as influenced by agri-environmental measures (CEQ VI.1.B)?

3.2.3 To what extent have natural resources been protected (or enhanced) in terms of the quantity of water resources, as influenced by agri-environmental measures (CEQ.VI.1.C)?

3.2.4 To what extent has biodiversity (species diversity) been maintained or enhanced thanks to agri-environmental measures through the protection of flora and fauna on farmland (CEQ VI.2.A)?

3.2.5 To what extent has biodiversity been maintained or enhanced thanks to agri-environmental measures through the conservation of high nature-value farmland habitats, protection or enhancement of environmental infrastructure or the protection of

wetland or aquatic habitats adjacent to agricultural land (habitat diversity) (CEQ VI.2.B)?

3.2.6 To what extent has biodiversity (genetic diversity) been maintained or enhanced thanks to agri-environmental measures through the safeguarding of endangered animal breeds or plant varieties (CEQ VI.2.C)?

3.2.7 To what extent have landscapes been maintained or enhanced by agri-environmental measures (CEQ VI.3)?

3.2.8 Degree of effectiveness of Agri-environment measures (WEQ 5):

3.2.8.1 What have the measures achieved so far, and how has this been measured? *(Based on answers to 3.2.1 to 3.2.7, as well as other achievements of Agri-environment measures. For information on how the achievements described in answers to 3.2.1 to 3.2.7 would have been measured, refer to "The Set of Common Evaluation Questions with Criteria and Indicators").*

3.2.9 Degree of efficiency of Agri-environment measures (WEQ 6):

3.2.9.1 Is there evidence that the support for Agri-environment measures could be more targeted or restricted to priority areas (e.g. areas of high nature-value or areas with intensive farming) and/or to measures that contribute specifically to the implementation of EU-strategies and activities in the field of environment (e.g. biodiversity, organic farming)?

3.2.9.2 What evidence is there of over- or under-compensation of recipients of agri-environmental support *(i.e. is there evidence that compensation has been higher or lower than the level needed to achieve the intended effect, that recipients would have taken action whether or not they had received the support, or that potential recipients would have taken action provided the support had been greater.)?*

3.10 Is there evidence that changes in the current delivery mechanisms could improve the efficiency and effectiveness of agri-environment measures in terms of WEQ 9):

3.10.1 Defining and optimizing environmental benefits?

3.10.2 Offering better value for money (e.g. using, where appropriate, tender procedures for the delivery of environmental services)?

3.10.3 Providing greater flexibility (e.g. contract terms shorter than 5 years)?

3.10.4 Facilitating simpler management (e.g. simplified premium calculations, simplified procedures for the providers of green services)?

3.3 Forestry

3.3.1 To what extent are forest resources being maintained and enhanced through the programme particularly by influencing land-use and the structure and quality of growing stock (CEQ VIII.1.A)?

3.3.2 To what extent are forest resources being maintained and enhanced through the programme particularly by influencing the total carbon storage in forest stands (CEQ VIII.1.B)?

3.3.3 To what extent have the assisted actions enabled forestry to contribute to the economic and social aspects of rural development by maintenance and encouragement of the productive functions on forests holdings (CEQ VIII.2.A)?

3.3.4 To what extent have the assisted actions enabled forestry to contribute to the economic and social aspects of rural development by maintenance and development of employment and other socio-economic functions and conditions (CEQ VIII.2.B)?

3.3.5 To what extent have the assisted actions enabled forestry to contribute to the economic and social aspects of rural development by maintenance and appropriate enhancement of protective functions of forest management (CEQ VIII.2.C)?

3.3.6 Could the afforestation of agricultural land measure be re-targeted more explicitly towards environmental objectives (e.g. combating climate change, enhancing biodiversity, reducing the risk or impact of natural disasters (e.g. flooding), or production of renewable energy) (WEQ 8)? *(Based on answers above, and assessment of the degree of targeting of afforestation measures on environmental objectives expressed in the national RDP).*

3.3.7 If yes in Q. 3.3.6, how can a reasonable balance between sometimes conflicting objectives (markets – restructuring – environment) be ensured (WEQ 8)?

Wider Evaluation Questions on Rural Development Measures linked to Environment and Land management

3.4 Do the rules regarding good farming practice as currently defined in the rural development programmes for the agri-environment and Less Favoured Areas measures transparently ensure that support under agri-environmental support delivers more environmental benefits than the standard statutory requirements (WEQ 7)? *(Based on answers above, in so far as assessments are made in the report of the benefits delivered by these measures compared to benefits delivered by standard statutory measures. Reviewers are also likely to need to consult the national RDP to obtain information about the rules of good farming practice and other reports on benefits delivered by statutory measures).*

4. Rural Development Measures linked to the Wider Rural Economy and Rural Community

Wider Evaluation Questions on Rural Development Measures linked to the Wider Rural Economy and Rural Community

4.1 What have the current measures relating to the wider rural economy and rural community (see Section III of list of measures) achieved so far and how has this been measured (WEQ 10):

4.1.1 Basic services for the rural economy and population?

4.1.2 Renovation and development of villages, protection and conservation of the rural heritage?

4.1.3 Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative sources on income?

4.1.4 Encouragement for tourism and craft activities?

4.1.5 Financial engineering?

(As these are Article 33 measures for which Member States set their own objectives, answers for what has been achieved and how it has been measured will need to refer to the specifications for this in the MTE reports or the Rural Development Programme documents. That is, “The Set of Common Evaluation Questions with Criteria and Indicators” cannot be used to guide the review of these measures).

4.2 Are there ways to raise the efficiency of measures under Article 33 of Reg. 1257/99 (WEQ 10)? *(Based on possible discussion of Article 33 measures in the report. See list of Article 33 measures in Guidance Note. Look at:*

- Evidence that the same achievements could have been made at a lower cost.
- Suggestions made by national / regional evaluators of ways of raising efficiency (e.g. changes to programme management, financing and delivery systems).

4.3 What specific additional measures linked to the wider rural economy and community could be offered (WEQ 10)? *Are there any suggestions in the report?*

4.4 Are there ways of re-orienting Rural Development measures which are not listed under Article 33 to better meet the needs of the wider rural economy and community (WEQ 10)? *(Based on answers to all Common Evaluation Questions and possible separate discussion in the report of the possibility of re-orientating measures other than Article 33 for this purpose).*

4.5 What new opportunities are arising for widening the diversity of employment and business activities in rural areas (WEQ 11)? *Please refer to specific examples where available.*

4.6 How can the involvement of local groups and partnerships in rural development programmes, such as implemented through the Community Initiative LEADER, be increased? How can administrative structures be adapted to facilitate this development? In how far can benefits of trans-regional or trans-national networking and co-operation be identified (WEQ 12)? *(Based on report insofar as it addresses these issues. Answer also to come from Project Managers’ review of the “Ex-post evaluation of the Community Initiative Leader II” and policy / strategy documents like the discussions at Panel 4 Salzburg Conference).*

4.7 Are there ways to better exploit the synergies and complementarities between measures linked to the wider rural economy and community and other EU policies promoting growth, competitiveness, employment, and cohesion (WEQ 13)? *(Based on report insofar as it addresses this issue. It is likely that Objective 1 and 2 reports may have more to say about this. Project Managers to draw on lessons from other*

evaluations, policy/strategy documents (e.g. Third Cohesion Report) and Community Regulations in answering this question).

4.8 To what extent have past and present RD measures fostered the development of energy crops related to agriculture and influenced energy demand in rural areas (WEQ 14)? *(Based on CEQ I.3, as well as other sections of the report insofar as they address these issues. Project Managers to draw on lessons from other evaluations, Community research, policy/strategy documents and Community Regulations in answering this question).*

5. Simplification and programme administration

5.1 Cross-cutting evaluation questions

5.1.1 To what extent have the implementing arrangements contributed to maximising the intended effects of the programme (CEQ Transv. 6)?

Wider Evaluation Questions on Simplification and programme administration

5.2 Does current practice suggest that a simplification of programming in terms of types and number of programmes, e.g. a move to one programming, financial management, and control system for rural development, should be envisaged and how it might best be achieved (WEQ 15)? *(Based on reports insofar as they address these issues. Project Managers to draw on lessons from other evaluations, policy/strategy documents (e.g. Panel 5 discussion at Salzburg Conference) and Community Regulations in answering this question).*

5.3 What are the advantages and disadvantages of differentiated and non-differentiated credits for the individual measures (WEQ 15)? *(Based on the report insofar as it addresses this issue. Project Managers to draw on lessons from other evaluations, policy/strategy documents (e.g. Panel 5 discussion at Salzburg Conference) and Community Regulations in answering this question).*

5.4 Does the analysis of current Rural Development programmes suggest that the programming content can be simplified, e.g. by streamlining or reducing the number of co-financed RD measures. Or is a differentiated menu of co-financed measures necessary to meet the specific needs of different rural areas (WEQ 16)? *(Based on the report insofar as it addresses this issue. Project Managers to draw on lessons from other evaluations, policy/strategy documents (e.g. Panel 5 discussion at Salzburg Conference) and Community Regulations in answering this question).*

5.5 Does current practice suggest ways for a simplification of eligibility conditions at the level of individual measures and for improved access to measures for beneficiaries? Could an integrated approach combining several measures contribute to fulfilling the simplification objective (WEQ 17)? *(Based on the report insofar as it addresses this issue. Project Managers to draw on lessons from other evaluations, policy/strategy documents (e.g. Panel 5 discussion at Salzburg Conference) and Community Regulations in answering this question).*

5.6 Do current programmes give evidence of shortcomings with regard to the financial management and control system on the side both of the managing authorities and the Commission? Is there a need for adaptations identified (WEQ 18)? *(Based on the*

report insofar as it addresses this issue. Project Managers to draw on lessons from other evaluations, policy/strategy documents (e.g. Panel 5 discussion at Salzburg Conference), and Community Regulations in answering this question).

5.7 Are current monitoring and evaluation systems adapted to contributing to an efficient and effective use of public funds in Rural Development programmes? More specifically, are monitoring and evaluation systems sufficiently harmonized? Is the rhythm of evaluations adapted for providing useful input for programme adaptations and policy decisions (WEQ 19)? *(Based on the report insofar as it addresses these issues, assessments of those reviewers who have reviewed more than one report, views of Commission and other programme stakeholders, as well as any evidence of change to policy/programme following monitoring and evaluation results).*

6. Key general questions

6.1 Promoting the adaptation and development of rural areas (CEQs relating to Article 33 measures)

6.1.1 To what extent has the income of the rural population been maintained or improved (CEQ IX.1)?

6.1.2 To what extent have the living conditions and welfare of the rural population been maintained as a result of social and cultural activities, better amenities or by the alleviation of remoteness (CEQ IX.2)?

6.1.3 To what extent has employment in rural areas been maintained (CEQ IX.3)?

6.1.4 To what extent have the structural characteristics of the rural economy been maintained or improved (CEQ IX.4)?

6.1.5 To what extent has the rural environment been protected or improved (CEQ IX.5)?

6.2 Cross-cutting evaluation questions (CEQs relating to all rural development measures)

6.2.1 To what extent has the programme helped to stabilise the rural population (CEQ Transv.1)?

6.2.2 To what extent has the programme been conducive to securing employment both on and off holdings (CEQ Transv.2)

6.2.3 To what extent has the programme been conducive to maintaining or improving the income level of the rural community (CEQ Transv. 3)?

6.2.4. To what extent has the programme improved the market situation for basic agricultural/forestry products (CEQ Transv. 4)?

6.2.5 To what extent has the programme been conducive to the protection and improvement of the environment (CEQ Transv. 5)?

Wider Evaluation Questions

6.3 Do existing priorities for Community rural development policy correspond to actual needs (WEQ 20)? (Based on the report insofar as it addresses this issue. Answers to question 2.6 above might provide insight as far as restructuring measures are concerned. Project Managers to draw on policy documents/debates, e.g. the Salzburg Conference, other evaluation reports and Community research).

6.4 How did Member States/ regions decide on the allocation of the support on the different measures? Do the evaluation reports show any good practice with regard to criteria or decision procedures used by the responsible authorities in the allocation decision, in particular with respect to the necessary balance between measures (WEQ 20)? (Based on the report insofar as it addresses this issue. Answers to question 1.1 above might provide insight).

6.5 Is the current menu well adapted to the needs of rural areas as well as to the need for an efficient use of Community resources in Rural Development programmes? Are there additional measures needed in the light of emerging Community policies? Are there measures which no longer respond to current needs and which should be abandoned or redeveloped (WEQ 21)? (Based on the report insofar as it addresses these issues. Project Managers to draw on lessons from other evaluations and policy documents).

6.6 Could a widening of eligibility and scope of measures towards non-agricultural beneficiaries be a means for better achieving the objectives of rural development (WEQ 22)? (Based on the answer to question 2.7 above as well as sections of the report insofar as they address these issues. Project Managers to draw on lessons from other evaluations and policy documents).

ANNEX 2 – FINANCIAL INFORMATION

Table 1: Rural Development Spending EAGGF, by Member State

Member State	Structural Measures			Accompanying Measures			TOTAL EAGGF		
	Programme 2000 - 2006	Spend 2000 - 2002	% Spend/ Prog	Programme 2000 - 2006	Spend 2000 - 2002	% Spend/ Prog	Programme 2000 - 2006	Spend 2000 - 2002	% Spend/ Prog
BELGIQUE	187,645,748	29,470,058	16%	120,061,500	44,096,493	37%	307,707,248	73,566,551	24%
DENMARK	136,630,000	54,379,349	40%	199,790,000	65,096,335	33%	336,420,000	119,475,684	36%
DEUTSCHLAND	5,100,216,433	1,595,913,521	31%	3,561,570,300	1,457,919,389	41%	8,661,786,733	3,053,832,910	35%
ELLAS	2,232,287,021	356,071,634	16%	935,900,000	336,005,457	36%	3,168,187,021	692,077,092	22%
ESPAÑA	6,116,865,693	1,598,696,007	26%	2,331,373,386	1,001,372,007	43%	8,448,239,079	2,600,068,013	31%
FRANCE	3,457,866,677	593,496,942	17%	2,302,175,744	1,280,018,280	56%	5,760,042,421	1,873,515,223	33%
IRELAND	169,391,000	27,389,660	16%	2,388,900,000	999,928,922	42%	2,558,291,000	1,027,318,582	40%
ITALIA	4,277,286,000	835,300,221	20%	3,216,399,000	1,720,091,533	53%	7,493,685,000	2,555,391,755	34%
LUXEMBOURG	25,463,232	4,661,731	18%	65,536,768	24,407,578	37%	91,000,000	29,069,309	32%
NEDERLAND	299,910,000	119,116,325	40%	118,940,000	41,030,192	34%	418,850,000	160,146,518	38%
ÖSTERREICH	494,131,886	168,677,903	34%	2,753,600,000	1,196,578,308	43%	3,247,731,886	1,365,256,211	42%
PORTUGAL	2,079,902,562	457,275,374	22%	1,435,130,178	503,451,137	35%	3,515,032,740	960,726,511	27%
FINLAND	311,144,000	45,913,468	15%	2,082,106,000	965,014,901	46%	2,393,250,000	1,010,928,369	42%
SVERIGE	197,498,999	47,930,560	24%	1,034,770,000	465,888,340	45%	1,232,268,999	513,818,900	42%
UNITED KINGDOM	592,729,000	54,286,019	9%	962,570,000	482,354,860	50%	1,555,299,000	536,640,879	35%
TOTAL EURO 15	25,678,968,250	5,988,578,773	23%	23,508,822,876	10,583,253,733	45%	49,187,791,126	16,571,832,506	34%

Note: Technical. Ass, Evaluation and other measures not included.

Figures show EU Contribution 2000-2006 in €

Table 2: Rural Development Spending EAGGF, by Member State

Member State	Non Obj 1 (EAGGF Guarantee)			Obj 1 EAGGF Guarantee and Guidance			Total EAGGF		
	Programme 2000-2006	Spend 2000-2002	Spend/Prog	Programme 2000-2006	Spend 2000-2002	Spend/Prog	Programme 2000-2006	Spend 2000-2002	Spend/Prog
BELGIQUE	360,195,300	104,885,650	29%	41,571,748	7,664,019	18%	401,767,048	112,549,669	28%
DENMARK	336,420,000	119,475,684	36%				336,420,000	119,475,684	36%
DEUTSCHLAND	4,082,728,000	1,658,477,843	41%	4,579,058,733	1,395,355,066	30%	8,661,786,733	3,053,832,910	35%
ELLAS				3,253,700,000	740,783,113	23%	3,253,700,000	740,783,113	23%
ESPAÑA	1,614,957,051	658,063,972	41%	6,900,989,797	1,975,963,650	29%	8,515,946,848	2,634,027,622	31%
FRANCE	5,086,578,570	1,766,204,941	35%	675,953,218	107,614,901	16%	5,762,531,788	1,873,819,843	33%
IRELAND				2,558,291,000	1,031,399,196	40%	2,558,291,000	1,031,399,196	40%
ITALIA	2,905,905,000	1,198,290,394	41%	4,587,780,000	1,357,101,361	30%	7,493,685,000	2,555,391,755	34%
LUXEMBOURG	91,000,000	29,069,309	32%				91,000,000	29,069,309	32%
NEDERLAND	417,000,000	165,235,094	40%	10,000,000	928,242	9%	427,000,000	166,163,336	39%
ÖSTERREICH	3,208,100,000	1,352,702,074	42%	41,345,471	12,789,288	31%	3,249,445,471	1,365,491,362	42%
PORTUGAL				3,552,483,178	969,173,257	27%	3,552,483,178	969,173,257	27%
FINLAND	1,514,273,000	440,715,377	29%	879,021,000	570,256,675	65%	2,393,294,000	1,010,972,051	42%
SVERIGE	977,160,000	451,265,703	46%	255,108,999	62,553,197	25%	1,232,268,999	513,818,900	42%
UNITED KINGDOM	1,015,505,000	438,843,292	43%	540,004,000	99,085,681	18%	1,555,509,000	537,928,973	35%
TOTAL EURO 15	21,609,821,921	8,383,229,333	39%	27,875,307,144	8,330,667,645	30%	49,485,129,064	16,713,896,979	34%

7% advance

Without Leader

Figures show EU Contribution 2000-2006 in €

Table 3: Rural Development Spending EAGGF, by measure

MEASURES (REG. 1257/99)	EAGGF Guarantee			EAGGF Guidance			TOTAL EAGGF Guarantee and Guidance		
	Programme 2000-2006	Spend 2000- 2002	% Spend /Prog.	Programme 2000-2006	Spend 2000-2002	% Spend/ Prog.	Programme 2000-2006	Spend 2000-2002	% Spend/ Prog.
a) Investment in agricultural holdings	1,331,335,584	289,439,906	22%	3,350,757,339	770,704,902	23%	4,682,092,923	1,060,144,808	23%
b) Young farmers	952,941,384	242,447,478	25%	870,945,553	293,319,431	34%	1,823,886,937	535,766,909	29%
c) Training	202,402,734	36,814,726	18%	141,472,759	19,642,072	14%	343,875,493	56,456,797	16%
d) Early Retirement	1,423,257,569	667,495,824	47%				1,423,257,569	667,495,824	47%
e) Compensatory Allowance	6,127,590,546	2,519,751,032	41%				6,127,590,546	2,519,751,032	41%
f) Agri-environment	13,480,202,758	6,256,506,817	46%				13,480,202,758	6,256,506,817	46%
g) Marketing	1,192,571,595	276,527,992	23%	2,567,886,222	407,975,845	16%	3,760,457,817	684,503,836	18%
h) Forestry	2,386,772,003	1,110,430,751	47%				2,386,772,003	1,110,430,751	47%
i) Other forestry	803,778,479	337,140,470	42%	1,616,075,418	349,047,102	22%	2,419,853,896	686,187,572	28%
Art. 33 Measures	3,866,623,976	1,119,710,029	29%	8,782,177,209	1,845,808,821	21%	12,648,801,184	2,965,518,850	23%
Other Measures	227,791,569	106,658,881	47%	160,546,369	64,474,900	40%	388,337,938	171,133,782	44%
TOTAL	31,995,268,196	12,962,923,906	41%	17,489,860,869	3,750,973,072	21%	49,485,129,064	16,713,896,979	34%

Note

EAGGF Guidance without Leader +

EAGGF Guidance with 7% advance

Figures show EU Contribution 2000-2006 in €

Table 4 – Rural Development Spending EAGGF, by measure. Objective 1 and Non-Objective 1

MEASURES (REG. 1257/99)	Non Obj 1 EAGGF Guarantee			Obj 1 EAGGF G+G			Total EAGGF G+G		
	Programme 2000-2006	Spend 2000-2002	% Spend/ Prog.	Programme 2000-2006	Spend 2000-2002	% Spend/ Prog.	Programme 2000-2006	Spend 2000-2002	% Spend/ Prog.
a) Investment in agricultural holdings	1,331,335,584	289,439,906	22%	3,350,757,339	770,704,902	23%	4,682,092,923	1,060,144,808	23%
b) Young farmers	952,941,384	242,447,478	25%	870,945,553	293,319,431	34%	1,823,886,937	535,766,909	29%
c) Training	202,402,734	36,814,726	18%	141,472,759	19,642,072	14%	343,875,493	56,456,797	16%
d) Early Retirement	298,971,396	170,750,618	57%	1,124,286,173	496,745,206	44%	1,423,257,569	667,495,824	47%
e) Compensatory Allowance	4,014,984,535	1,610,217,858	40%	2,112,606,011	909,533,174	43%	6,127,590,546	2,519,751,032	41%
f) Agri-environment	8,059,310,751	3,855,792,864	48%	5,420,892,007	2,400,713,953	44%	13,480,202,758	6,256,506,817	46%
g) Marketing	1,192,571,595	276,527,992	23%	2,567,886,222	407,975,845	16%	3,760,457,817	684,503,836	18%
h) Forestry	659,109,919	337,728,511	51%	1,727,662,084	772,702,240	45%	2,386,772,003	1,110,430,751	47%
i) Other forestry	803,778,479	337,140,470	42%	1,616,075,418	349,047,102	22%	2,419,853,896	686,187,572	28%
Art. 33 Measures	3,866,623,976	1,119,710,029	29%	8,782,177,209	1,845,808,821	21%	12,648,801,184	2,965,518,850	23%
Other Measures	227,791,569	106,658,881	47%	160,546,369	64,474,900	40%	388,337,938	171,133,782	44%
TOTAL	21,609,821,921	8,383,229,334	39%	27,875,307,144	8,330,667,645	30%	49,485,129,064	16,713,896,979	34%

Note

EAGGF Guidance without Leader +

EAGGF Guidance with 7% advance

Figures show EU Contribution 2000-2006 in €

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