

# **Interim evaluation of objective 5b regions in Germany 1994 to 1996**

## **1 Summary of results and recommendations**

### **1.1 Sources of information and contents of the study**

The study is based on results of single evaluations of the regions and additional analysis by the evaluators using actual regional statistics and information from planning documents as well as annual reports. In accordance with the terms of reference the summary covers the main topics regarding coherence of the development strategy, financial and physical realisation of the programmes, assessment of impacts and efficiency of the programmes, use of indicators, administrative and organisational aspects of implementation, application of the principles of the structural funds reform as well as some conclusions with respect to the continuation of rural development policy. A brief statement of recommendations is added to each chapter.

### **1.2 Coherence of the development strategy**

In Germany there exist eight objective 5b programs. The Bavarian and the program of Lower Saxony represent the two largest programs with regard to the financial volume, the population and the surface. Both regions together receive about two third of the total structural funds volume allocated to the German objective 5b regions. Usually each program consists of three sub–programs or development axes. Each of those sub–programs is financed by a single fund. Altogether the financial sources are allocated in the relation 40/42/18 between EAGGF/ERDF/ESF with certain deviations between individual programs of the states (Laender) corresponding to their regional problem situation. By the three sub–programs similar determined aims are pursued: „diversification of the farm sector“, „development of non agricultural sectors“ and „development of human resources“.

Main emphasis is given in most programs on the renewal and development of villages and consolidation of farmland, the regional promotion of economic development, the qualification of persons for new employment opportunities by vocational training, and technical measures for environment protection and landscape preservation. Two third of total public expenditure are assigned to the above mentioned measures in Germany.

#### *Recommendation:*

Basically, the development strategies of the programs correspond to the initial problems and the observable tendencies of adjustment in the support regions. With the exception a few single measures in some of the regions, which obviously are not fitting to the specific needs of certain target groups as provided by the support schemes, the development path of the chosen strategy should be maintained until the end of the programming period.

### **1.3 Financial achievement of targets**

In general, the financial implementation of interventions by the three structural funds involved in support of objective 5b regions in Germany - measured at the status of the commitments and payments - have been proceeded during the period 1994 to 1996 in accordance with the standards and targets of the programming documents. Only certain ESF - co–financed measures tend to lag behind others according to the financial records due to initial uncertainties about the interpretation of qualified national measures in concordance with the ESF- specific support conditions. Up to

now, major shifts between the funds have not been considered by the responsible authorities, since timely realisation of the implementation is expected for all programs until the end the programming period. Altogether, about 56 % of the planned public funds were committed and about 36 % were disbursed at the end of 1996. Based on the commitments and disbursements the programs of Baden–Wuerttemberg, Bayern and Schleswig-Holstein progressed furthest. In the regions of Saarland and in Rhineland-Palatinate, the financial implementation was initially rather lagging behind.

*Recommendation:*

With the intention to accelerate the financial implementation process, it is recommended to intensify the endeavours for a better flow of information on support conditions to final beneficiaries and the granting procedures in the lagging regions.

#### **1.4 Physical achievement of targets**

The availability of physical indicators is very different in the individual evaluation reports. In the annual monitoring reports and partly in the evaluation studies a large number of indicators was collected. The comparability of those specified data between the Laender programs is however only very limited. Furthermore, the quantitative degree of target achievement is depending on the level of targets which have been fixed only to a limited number of cases in the planning documents. Many of the specified indicators for physical program achievement – for example the counting of 'km constructed road length' as a technical measurement in relation to the costs of construction works– have to be interpreted only in a local context. Those specific indicators are not suitable for aggregation purposes with the intention to assess the effectiveness of measures. As far as quantitative data are presented in the single evaluation studies under those restricted conditions for achievement of targets, the available information indicate a sufficient degree of target reaching.

*Recommendation:*

It is recommended to define and select more uniform and consistent criteria for quantitative target achievement with the intention to improve the comparability of results.

#### **1.5 Impacts and efficiency of measures**

During the course of implementation, macro-economic changes of the national economy have affected economic conditions in the 5b regions to a large extend, as from the current development of labour market data is recognised for the support regions in comparison with non-support regions up to the year 1996, therefore partial economic impacts at the macro-level of the regions could not be identified as ceteris paribus effects due to the programmes.

Direct effects have been demonstrated in the studies for a variety of measures and partially through results from case studies, particularly with regard to the creation and/or securing of jobs in addition to other strategic aims with the intention to reduce existing disparities. By calculation at the measure level, the labour market effects account for a number of up to 19.500 jobs. At least 4.300 of these have been new created job. Thereby the measures co-financed by ERDF made the main contribution to these job-creating effects. It is not possible however to isolate from the job-creating effects any possible dead-weight effects. Additionally the expected long-run and side effects cannot be measured yet with sufficient precision, therefore the available results are rather preliminary and should be discussed with care for an assessment of final program impacts.

*Recommendation:*

Because of the pressure of labour market conditions in all regions a strengthened alignment of the measures on job-creating measures as well as strengthened diversification of income and employment conditions of farm activities is recommended during the remaining period of programming. A change of the priorities of support in favour of women is suggested among other things based on findings from case–studies in Lower Saxony and Schleswig-Holstein. Basically, it is recommended to retain the chosen development strategy during the remaining period. A uniform strategy for all eight programs to increase efficiency is not capable in accordance with the differences of the regional development concepts between the Laender.

### **1.6 Methods of program management and administrative procedures**

Summing up the recommendations from the different interim evaluations, the following main issues regarding the program management and administrative procedures have been identified:

Most frequently, an improvement of the existing monitoring schemes and the actual use of these systems for the program guidance are recommended. An integrated information system supported by electronic data processing (EPD) for the respective program does not exist up to now. Particularly with regard to ex-post evaluation purposes, but also for the strengthening of monitoring the introduction and/or application of such a system is highly recommendable. In view of the applicability of qualified indicators it has to be distinguished between the interest of the Commission and the interest of the Land as the responsible authority for program administration. The Land is rather interested in an indicator system, which enables an active management of the program. In contrast to this the Commission has a stronger interest in a meaningful report on the socio-economic effects of the program. For this request the creation of a core of few, meaningful indicators is of crucial importance for the analysis and consistent reports.

The transparency of the support schemes appears to be urgently enhanced in conjunction with appropriate activities for publicity according to statements of some interim evaluation reports. Beside aspects of the equal access to support measures, the disclosure of selection criteria and enforced expert advice should be taken into account for the advancement of motivation of interested target groups and local actors in the rural regions. Also the participation of authorities and actors at the regional and/or local level should be strengthened in some areas. The integration of different measures of the program should be given likewise more attention according to some evaluation studies. Interesting attempts with demonstration effects for other 5b regions are found with reference to integration, local network, motivation and expert guidance to final beneficiaries provided by the rural development groups in Bavaria and by similar local agencies in Hessen.

In particular, the newly created regional offices for technical advisory services in some regions are certainly a valuable support for government agencies. However, their role as innovative mediators may not be overestimated in consideration of the implementation of the European structural policy on the basis of constraining EU– , federal– and Laender regulations. A partial delegation or sharing of responsibilities for administrative programming to local management organisations – e.g. agencies for enhancement of regional economic activities – as it is practised to some extent in the LEADER Community Initiative, could stimulate innovative measures, but this attempt is hardly suitable for the majority of measures in question.

Furthermore, on the background basis of experiences gained from several evaluation studies of the EU – structural policy in Germany the conclusion can be drawn, that particularly new support measures have often resulted in time-consuming implementation problems. Already the first phase of the structural funds reform of 1988 had caused in considerable delays of the realisation of the programmes. This situation did not repeat however on the basis of existing experiences available at the beginning of the current programming period. From this experience the conclusion can be drawn, that a totally new organisation and strategic alignment of the support schemes would lead to considerable delays of program implementation.

*Recommendation:*

With the purpose to strengthening the management and administration the delivery systems of the rural development policy should be focused at some essential elements of improved and more effective administrative procedures as part of the existing support schemes, e.g. by taking into account the specific strength and weakness of sub-regions, as it is demonstrated in the case of Bavaria.

A stronger role of the federal level on the technical advice and guidance of the regions referring to the administrative procedures and the contacts with the Commission could reduce existing time-lags of the process of providing development plans and approval of programming documents in Germany. These problems of delays count particularly as part of the notification procedures of specific Laender measures.

A - at least limited - competition between the different regional Laender programmes and the responsible departments involved in the EU – financed measures could increase for example the impact of the measures to the advantage of higher efficiency. Based on the actually different indicator systems applied in the Laender a quality oriented competition seems not to be applicable. Therefore, as a first step to improved monitoring and evaluation a consistent indicator system should be established and harmonised in the above mentioned manner.

Possibilities of Monitoring Committees (MCs) to determine actually the selection criteria for measures and projects detached from the departments of the Laender ministries are rarely given in the reality. This task in the legal competence of the Laender should be strengthened further in partnership by the MCs to the advantage of a qualified development strategy. However, it appears to be even more important to strengthen the final decision competence of the monitoring committee. Decisions, which are made there in partnership, should be subject to additional approval by the Commission only in exceptional cases.

The advice with the economic and social partners should be retained and strengthened if necessary by participation in the current monitoring of the programmes. However, the decision competence should be kept merely to a restricted small group of participants like in the current Monitoring Committees to the advantage of an efficient management of programmes.

Generally, the programming approach has been appreciated as an effective framework for administrative guidance of the development strategy. Considering the observed duration of the procedures for approval by now, the existing length the programming period (5 to 6 years) seems to be appropriate and guarantees certainty for policy planning several years in advance. The application of a one-step approach for approval of provided documents (one single planning and programming document) has proven as a qualified procedure. The integration of the procedure of notification in the approval of programmes would be on one hand of course a meaningful attempt, keeps however on the other hand the danger of a longer duration of approval, which could cause delays on already notified measures of the envisaged programmes.

As a rule, the checking of the proper use of the public financial sources by the Laender authorities responsible for financial inspection has proven to be a suitable procedure of control. With respect to the chosen evaluation approach, qualified knowledge of sense and purpose of evaluations should be provided intensely, and the process of quality assessment should be strengthened to achieve evaluation results which are more comparable between the Laender studies regarding the applied evaluation methods.

### **1.7 Application of the principles of the structural funds reform**

The added value of the structural funds interventions is accomplished to a large extent by an increase of the national financial means for the regions concerned, whereas in the non supported regions the promotion stagnated or a decrease of the financial means is to be registered. Thus a higher priority in favour of the objective 5b-regions is achieved regarding national measures for improvement of agrarian structure, economic structure and labour market policy. The measures contribute to new employment and income alternatives within and outside of the agrarian sector and are regarded as meaningful support tools which facilitate the process of structural change in agriculture. In addition, the support schemes for diversification, extensification and natural protection measures within the framework of the programs can reduce to some extent the situation of market surplus in connection with the CAP. Synergies between different activities of the programs have been identified in some cases, for example by promotion of rural tourism in connection with improvement of infrastructure, marketing activities and vocational qualification. Those appropriate synergy effects are however rare and only of small importance in relation to the volume of financial means.

To the compatibility with other politics areas and targets of the EU it can be noted from the results of the individual evaluation studies that within the framework of the programs a considerable proportion of environmentally relevant projects and measures were executed which contribute to the preservation of nature and landscape (examples from Hessen and Bavaria). Individual measures regarding the equal opportunities for man and woman are to be judged differently. While typical occupations of man benefitted from construction measures, women could particularly profit from promotion in the tourism sector and partially from job-creating effects in the service sector (example from Schleswig-Holstein). In other cases (example from Lower Saxony) in the context of the promotion financed by means of the ESF a more intensive effort was demanded to the advantage of women with respect to measures for technical vocational training.

### **1.8 Conclusions for the continuation of the program promotion.**

Altogether the following tasks for the implementation of rural development programs in future can be derived from the results of the evaluation studies:

- To the purpose of a consistent aggregation and better comparability of programs a more uniform definition and formulation of the support conditions by measures should be tackled for all programs.
- The definition of a limited, common set of indicators for all programs is recommended already before the start of the program implementation. It is to be differentiated between indicators of financial and physical implementation and impact indicators.
- An improvement and harmonisation of data collection for the report system is recommended in particular with regard to the actual use of the monitoring data.

- A simplification of the decision-making process in the monitoring committee through prevention of additional approvals by other agencies of the Commission and with direct decision authority of the representatives of the Commission in the monitoring committee could contribute to accelerate the implementation of programs.
- An improved co-operation and co-ordination of actions supported by the structural funds involved for the purpose of reaching synergy effects is particularly important on the local level. In addition it is necessary to establish or reinforce already available organisational structures – as for example the groups of rural development in Bavaria – including regional administrative bodies below the level of the Laender, which are assigned to participate in activities of project selection and consultation of the target groups as well as co-ordination of individual measures.