

Short Executive summary

This evaluation concerns the implementation of the Farm Advisory System (FAS). The overall objective of the evaluation is to examine the effectiveness and efficiency of the FAS with respect to achieving the objectives laid down in Regulation (EC) N°1782/2003. The relevance of the instrument and its coherence with other measures in achieving the objectives of the CAP are also assessed.

The FAS is a system advising farmers on land and farm management. The setting-up of the FAS is an important element of the 2003 Common Agricultural Policy (CAP) reform. Indeed, the advisory activity has to cover at least the Statutory Management Requirements (SMR) and the Good Agricultural and Environmental Conditions (GAEC) included under the scope of cross-compliance that farmers benefiting from CAP payments have to respect.

The evaluation covers the EU27 and the period from January 2005 until 2009. It is composed of two parts: a comprehensive description of the establishment and implementation of the FAS in the MS and the evaluation part itself. The evaluation was structured around 14 Evaluation Questions, covering the following seven themes:

- Effects on land and farm management;
- Effects on farmers' income;
- Achievement of global objectives in terms of meeting the standards of modern, high quality agriculture;
- Other impacts and unintended effects;
- Efficiency analysis;
- Relevance and coherence of the instrument;
- Administrative requirements for the Member States and the farmers.

The evaluation was mainly supported by the following sources of information: country questionnaires sent to all MS by DG Agri; additional documentation gathered directly by the evaluator (studies, research papers, articles, statistics etc.); 27 Country Reports which were drafted by the evaluator's country correspondents; case studies and a qualitative farmers' survey in five MS/regions¹.

¹ Belgium, the Czech Republic, Denmark, Lower-Saxony (DE), and Veneto (IT)

Description of the FAS

Scope and contextual elements of the FAS

The FAS has become mandatory for all MS since January 2007. However, its implementation differs under the influence of the following factors and contextual elements:

- i) operational implementation of FAS was delayed in several MS until 2008;
- ii) agricultural sector and farm structures divers widely between MS directly impacting on farm advisory services;
- iii) regulatory framework of the FAS leaves a large margin of discretion to the MS in the establishment of their own farm advisory systems. As a consequence, two major groups of MS have been identified: in 14 MS (depending of the regions in BE, DE, IT, UK) advisory activities tend to focus strictly on the Statutory Management Requirements (SMR) and the Good Agricultural and Environmental Conditions (GAEC), while in 12 MS advisory activities tend to be broadened to issues going beyond the scope of cross compliance.
- iv) private forest holdings are quite different in nature from farm holdings. In this respect, advisory services for private forest holders have to address specific needs and realities. There seems to be little formal link between the FAS as presented in Regulation (EC) N° 1782/2003 (concerning farmers), and the forestry advisory services introduced by Regulation (EC) N°1698/2005 concerning private forest owners.

Establishment and overall organisation of the FAS in MS

Most MS have carried out a form of needs assessment, however the outputs were heterogeneous, with few MS finalising a detailed FAS implementation plan. Most MS are moving towards a greater involvement of private operating bodies (OB).

The FAS is generally organised around a government coordination unit, an implementation unit (government or out-sourced) and a number of accredited or designated OB. FAS advice is mobilised through contractual agreements between farmers and OB.

Implementation of the FAS in MS

The implementation involves three major partners: (i) the MS FAS coordination; (ii) the operating bodies (OB) and (iii) the advisers. Private OB represent a major group of FAS operators, in which a clear distinction needs to be made between the business and profit-oriented OB and the other non-profit oriented, member driven OB. Other operators are public operating bodies and Chambers of Agriculture. They represent a smaller group in terms of operators, but are overall much larger staffed than private OB.

An open selection process for OB has been implemented in 14 MS, whereas in the others existing service providers were designated. Selection criteria used during tenders are in line with the regulatory requirements. Accreditation of advisers is either part of the overall selection process of OB or an additional accreditation process.

FAS approaches and tools

Two major approaches for delivering FAS advice to farmers have been identified: i) the **on-farm one-to-one advice** and ii) the **on-farm small group advice**. Concerning the former, advice is provided mainly through one or several farm visits supported by various types of lists of farmers' obligations, called checklists, which guide the adviser. Checklists can represent an effective tool for the advice, provided that enough time is devoted to their consideration, and that the questions which raise problems are accompanied with technically skilled advice. On farm small group advice is rather complementary to one-to-one advice. It is generally focused on one or several themes where major needs are identified. It can be a cost-effective way to reach farmers.

Evaluation of the FAS

The early stage of FAS implementation was a challenge for drawing conclusions in this evaluation. Furthermore, the limited monitoring data and the very scarce information provided by MS especially regarding all cost elements and beneficiaries does not always allow for a detailed assessment.

Farmers reached by the FAS advice

For the single year 2008, the overall outreach of one-to-one advice is 4.8% of farmers receiving direct payments² in the 20 MS for which information was available³. In MS/regions where the FAS has been implemented since 2007 or earlier for some MS, the outreach is stabilised around 5-10% with a maximum rate of 20%. On-farm small group advice was provided in 10 MS⁴ during 2008, and reached around 5% of beneficiaries of direct payments in these MS. There is potential for increasing this effect owing to its only recent implementation.

² When calculating the share of farmers reached by FAS advice, the evaluator wanted to compare it to all beneficiaries of CAP payments. Data were available for beneficiaries of all direct payments for each of the 27 MS (including all decoupled and coupled payments, but without payments from the second pillar). These data have been used.

³ Data are not available for MT and SK; Data are not correct (double counted) for FR; FAS was not implemented in 2008 in CY, EL, PL and PT.

⁴ AT, BG, CZ, ES (6 regions only), IE, LT, MT, NL, RO and the UK. Five other MS provided small group advice in 2008 however data is not available in 4 of them (EE, IT, SI and SK) and data from FR could not be used as there are double counts. More information on section 5.1.2 of the descriptive part.

Several elements (regulatory scope, case studies, feedback from MS, etc.) tend to indicate that **the use of the FAS is mainly made by large farms that are already familiar with existing advisory services.**

Effects on land and farm management

The FAS are fully operational in 24 out of 27 EU MS⁵. Through its core approach, the FAS contribute to awareness raising of Community farmers about the impact of their farming practices on the environment, food safety and animal health and welfare along with other external elements and instruments, including other extension/advisory services,.

The core FAS approach, on-farm one-to-one advice linked to the major tool (checklists) that is used in most MS (foreseen in 23 MS and operational in 18 MS), also **supports current implementation of cross-compliance requirements** through its comprehensive coverage of all regulatory aspects, **their translation into understandable questions for the farmers**, and the induced discussions with advisors on the rationale of the different requirements. Improving the capacity to respect cross-compliance requirements is also the main motivation from farmers of making use of this advice. The extent to which this happens is primarily driven by the content of the advice (technically skilled advice should be brought to elements which raise problems) and the ways through which the advice is delivered (devoting time to questions and answers raised by the farmer). Thus, variable impacts can be expected in the different MS.

The FAS has, at least formally if regulatory elements are considered, contributed to the implementation of occupational safety by MS mobilising the EAFRD. The FAS has less contributed to the implementation of other standards going beyond cross-compliance.

The FAS provides an opportunity for Community farmers to improve their administrative skills, especially in relation to the documentary aspects that are required by cross-compliance. Administration skills are mainly supported through one-to-one on-farm advice with checklists that support the coherent documentation of all on-farm processes. **However, there is little evidence that the FAS contribute to integrate and link these considerable data collection in overall (technical and economic) advice on farm management** (with the exception of BE-FLA).

Effect on farmers' income

The effects of the FAS are generally positive, even though they are difficult to quantify. Overall, the main benefit of the core FAS approach (one-to-one on-farm advice) is the contribution to beneficiary farmers' awareness raising on the effects of their farming practices

⁵ Around 24 out of 27 MS (CY, EL, PL, PT) with additional differences among regions in MS (ES, IT).

related to the environment, food safety and animal health/welfare. Additionally the FAS contribute to:

- Build up farmers understanding of SMR and GAEC requirements and thus increase their acceptability to farmers. It provides a concrete interface with all obligations through the developed checklists;
- Improve farming practices that contribute indirectly to the income of farmers through a more rational use of input factors and nutrient management (reduction in loss and waste) and higher productivity. However, in some cases, the advice might have disclosed the need for making specific investments;
- A better overall hygiene on the farm. For farms with livestock, application of animal health and welfare standards leads to increased productivity or lower losses;
- A reduced risk for penalties from the cross-compliance controls.

Cost to farmers of FAS core approaches varies between MS. On farm small group advice is largely free of charge. The costs of on-farm one-to-one advice are determined by various factors including the time spent for the advice. **Cost of an “advisory package”** that goes from a simple ticking of boxes of a checklist to a detailed up to 18 hours advice, **varies between some €200 to over €2,000**. However, the public subsidies through national and EAFRD funding offset to a large extent these costs. **The typical public support intensity varies between 70% and 80%** of the cost. The cost remaining for the farmer after subsidies varies between a minimum of €55 to almost €1,000. In addition some MS/regions provide advice for free.

A rough comparison per MS/region of the cost of this one-to-one on farm advice to the **average net farm income** of farmers⁶ shows a share of around 1 % (based on information available for 14 MS and some regions only).

Overall, the use of FAS services **do not significantly affect** the average farmers' income directly, **neither through costs (largely off-set by public support) nor through immediate positive returns**. Nevertheless, **the need to prefinance an average advisory cost** of around € 1,000 (with a maximum of € 2,400) **might still be a constraint for some farmers**.

Achievement of global objectives

The concept of *modern, high quality agriculture (MHQA)*, global objective of the FAS, has been defined by the evaluator as multifunctional and resting on three principles: environmental sustainability, competitiveness and adjustment to the needs and priorities of the EU society

Environmental issues are a significant element of FAS advice, especially those relating to cross-compliance under pillar one (soil/water). This is consistent with the balance of environmental focus in cross-compliance. Delivering awareness and advice beyond this basic

⁶ From Farm Accountancy Data Network (FADN), referring to all farmers covered by the FADN and not only to FAS beneficiaries.

standards is included into the FAS in some MS (especially those making use of EAFRD); these mainly concerns agri-environmental measures (AEM).

Despite the potential large scope of the FAS, **only few MS have integrated** in the scope of their **FAS advisory activities directly addressing competitiveness**, and when this has happened it has been generally in connection with the mobilisation of EAFRD funds. This is linked with the fact that the MS have tended, so far, to shape their FAS around the minimum objective of covering at least the SMR and GAEC included in the scope of the cross-compliance.

However, these kinds of services are available to farmers outside the FAS, e.g. through other (existing) advisory /extension services, and sometimes through vocational training supported by the EAFRD under *measure 111*.

Other impacts and unintended effects

A series of interesting other effects were highlighted during case studies including: a) the continual quest of extension services of how to ensure spin-off to slower pace groups of farmers and the present situation which seems to **focus on those farmers that are in the front-running group**; c) the farmer's continued **doubts about the water tightness between advice and cross-compliance controls**; and d) a number of observations such as **reluctance towards written advice** and the insurance for advisers against the risk of farmers eventual penalties that could be referred back to a followed wrong advice. The last major effect could be that some MS have taken the opportunity of FAS started to **rethink their wider advice and knowledge information systems for farmers**.

Efficiency analysis

Available data did not permit to assess costs incurred by the MS with an adequate level of precision; benefits expected from the FAS could only be appreciated in a qualitative way.

Despite the scarce information available (only few MS have recorded the costs incurred in relation to the FAS), **the MS consider that the costs for setting-up the FAS have been modest overall**. Costs for the setting-up of the FAS have tended to be more important in those MS that have planned a detailed needs assessment at farmers' level or a tendering process for operating bodies and accreditation and training for advisors.

Overall, the **costs incurred by the MS for running the FAS are mainly linked to funding or co-funding FAS advice**. No data are available for MS providing advice for free. In MS co-funding advice, the national contribution to the costs incurred by the farmers for benefiting from the FAS can be considerable, especially when the uptake by farmers is high.

Even though the quantitative data on the costs incurred and the benefits of FAS are limited, qualitative information lead us to conclude that overall, the benefits secured by

the FAS are proportionate to the costs incurred for its implementation and use by the farmers.

Using the EAFRD supports MS in providing the core FAS approach that is one-to-one on farm advice, which we see as an effective approach, although it might be a rather costly one.

Additional value added is further provided by MS using the fund through either enlarging the scope of the FAS to all other regulatory requirements from national, regional legislation or from quality insurance systems, or integrating it into economic advice on the farm. Other MS added specific topics (energy, environment, quality insurance systems) to FAS services.

Relevance and coherence

At Community level, the objectives of the FAS are considered as relevant with respect to both, current needs, and new emerging needs in the agricultural sector, in particular those linked to climate change and prices volatility. The FAS is also relevant with respect to the needs of farmers to be advised on cross compliance related issues. Currently, at MS level, for a large number of MS and regions, the FAS does not address comprehensively the various needs of farmers, except cross-compliance advice. However, other needs are usually covered by the existing advisory and/or extension services.

The synergies/complementarities between the FAS and other interventions under pillar one and two of the CAP, are potentially very high. The FAS is also coherent with broader Community interventions leading towards the Lisbon strategy. At MS level, there is currently little evidence that these potential synergies are concretely exploited, partly explained by the recent implementation of the FAS.

Administrative requirements

Supporting and promoting a coherent documentation of all on-farm processes are at the heart of the FAS approaches and tools in relation with the documentary aspects that are required by cross-compliance.

First elements of synergies with the national/regional regulatory provisions and other quality systems **are present in DE and LU using the integrated check-folders** that include all legal and regulatory provisions. **However, according to the information from case studies, currently, these synergies do not reduce administrative costs for farmers.**