SYNTHESIS OF
RURAL DEVELOPMENT MID-TERM
EVALUATIONS LOT 1
EAGGF Guarantee

Final Report for

European Commission

Submitted by

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S1. Executive summary

S1.1. English executive summary

S1.1.1. Introduction

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

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

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

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

S1.1.2. Evaluation methodology and constraints
This meta-evaluation was carried out by means of desk research and analysis based on the mid-term evaluation (MTE) reports submitted to the Commission for each Rural Development Programme, supplemented by secondary data. A selection of programmes and measures were chosen in conjunction with the Steering Group to be followed up through interviews with implementing authorities and other key stakeholders in each Member State in order to gather further information where that contained in the mid-term evaluation reports was deemed to be insufficient. Finally, a meeting of the core evaluation team assessed the overall objectives of the RDR. A number of methodological problems and constraints are discussed fully in Chapter 2, but it should be noted that the mid-term evaluation reports on which this evaluation is primarily based often contained limited information as a result of the short period over which the measures had been in operation under this programming period at the mid-term point.

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

**S1.1.3. Main evaluation findings**

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

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

The Agenda 2000 reform consolidated the previous nine legislative texts on rural development into a single regulation on support for rural development. Although in terms of presentation it appears a more coherent package, the RDR does not therefore offer a ‘new’ menu of measures. The fact that the menu remains to a degree an agglomeration of previously available and separately implemented measures can reduce overall efficiency in terms of delivering outcomes and meeting objectives at the programme level, not least because there are examples where the objectives, or at least the impacts, of individual measures are in conflict with one another. That said, it is recognised that the choice of measures to offer in individual programmes is the responsibility of implementing authorities and it is incumbent upon them to ensure that the measures selected are appropriate to their rural development needs.
The potential for a lack of coherence between individual measures at the programme level is clearly acknowledged by the Commission and the new Regulation for the 2007-2013 programming period takes a more strategic approach to rural development through the definition of three core objectives which will be addressed by three main axes, together with a LEADER axis. This will transform rural development policy from a measure-led to an objective-led system and as a consequence it is likely to improve programme efficiency and internal coherence with respect to the overall policy objectives targeted within each programme.

**Recommendation**

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

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

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

It is recognised by some implementing authorities, and by the Commission itself, that synergy between rural development measures and the Structural Funds needs further encouragement, although this is likely to apply more outside Objective 1 designations where the rural development measures are not programmed within Operational Programmes involving the other Structural Funds. That said, the overall approach to implementing rural development measures and the Structural Funds is considered to be appropriate and as long as regions/Member States continue to be encouraged to implement these policies with synergy in mind, as they currently are, then the approach is satisfactory.

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

**Chapter I: Investments on farm**

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

There is strong evidence that supported investments contribute positively in terms of reducing production costs through the more efficient use of labour. Only a small proportion of investments appear to have been made with the specific objective of improving quality, although this is often an indirect impact ensuring that supported investments have indeed improved quality. Reductions in production costs and improvements in quality, whether a direct impact or not, have resulted in positive impacts on income and this measure is therefore meeting this implied objective.

Assisted investments have not resulted in any significant movement away from production in surplus sectors. Whilst some movements away were noted in some regions, in others supported investments were used to increase production in these areas. This is not necessarily a problem as the definition of surplus sector as set out in the indicator is at the Community level and takes no account of local circumstances or product differentiation within a sector. Given the fact that the importance of direct marketing often increases amongst beneficiaries it is clear that these sectors are not actually in surplus at the local level.

The impact of assisted investments on employment is positive, despite the more efficient use of labour. The impact is generally in relation to securing employment rather than its creation. Improvements in working conditions were specified as a direct investment aim in some Member States (for example, Denmark, Austria and France) and reductions in workload and hard physical work have been realised in the majority of Member States. As intended by the measure, animal welfare has also been improved in a number of Member States including for example, Austria, Denmark, the UK and France. Whilst the supported investments of a number of holdings in several Member States were found to have had a positive environmental impact (for example, Italy, Sweden and the UK), the extent of this impact is unknown. However, the requirement to comply with minimum environmental standards has ensured that investments were at least environmentally neutral and as such these standards can be considered successful in terms of protecting the environment.
The issue of deadweight was little addressed in the MTE reports, most likely because the nature of many of the specified indicators does not explicitly request a consideration of this. It is also important to bear in mind that investments sometimes require a time period in excess of that available to the mid-term point in which to demonstrate expected impacts. The impact of the supported investments, and as a result the impact of the measure, may therefore be underestimated at the mid-term point.

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

The extent to which support covers the costs of setting-up is very much dependent on local and individual circumstances, however, clearly support does offset these costs to a variable extent. Evidence from a range of Member States (for example, Sweden, France, Germany and Austria) suggests that some young farmers would have set up without support. That said, more limited evidence from Italy and from some French beneficiaries suggests that there has been some impact in terms of earlier farm transfer. The evidence is therefore too ambiguous to allow a definitive conclusion on the extent to which this measure contributes to the earlier transfer of farms. The extent to which this measure was used in conjunction with Chapter IV: Early retirement is small (with only four Member States implementing both measures outside Objective 1 regions) with little evidence of synergy between the two measures.

Some 16,795 farmers received support under the young farmers measure in 2001, although this had declined to 10,857 by 2003. However, the number of assisted transferees who would have set up without support is not known. Agra CEAS (2003a), addressing the impact of this measure over the previous programming period, found no relationship between expenditure under this measure and the number of farmers under 45 years old.

Whilst the scheme clearly has an impact in terms of maintaining employment in that a transferor is replaced by a transferee for no net employment loss, the extent to which young farmers would have set up in the absence of the scheme is unknown and as a result it is not possible to attribute causality to the scheme itself, although it is likely to be one factor amongst many influencing the decision to enter farming.

Recommendation
Whilst a range of evidence concerning the impact of this measure is presented in this report, it is inconclusive in terms of the impact of support on setting up decisions and on the extent to which support covers the costs of setting up at the EU level. Consideration could be given to the idea that a comprehensive and consistent survey of supported farmers could be undertaken at the EU level to investigate these issues further.

**Chapter III: Training**

Training within the RDR is designed essentially to facilitate access to the other available measures and to ‘contribute to the improvement of the occupational skill and competence’ of those employed in the agricultural and forestry sectors. The evidence suggests that there is a good match between training needs and assisted training courses offered and that training needs have been properly considered in the vast majority of cases. There is also evidence to suggest that the training offered has had a positive impact in terms of employment conditions, usually through higher pay. To the extent that evidence is available, it also appears that trainees use their training to make positive improvements on the holdings on which they are employed.

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

**Chapter IV: Early retirement**

The objectives of this measure are to provide an income for transferors, encourage their replacement by farmers able to improve economic viability and to reassign land to non-agricultural uses where it is not economically viable.

The measure design is such that inevitably farms will be transferred to younger owners, although there is only limited evidence supporting the idea that substantial transfers might occur earlier than would be the case in the absence of the measure with doubts raised in particular in France, Germany and Spain. Whilst there is clear evidence that this measure is used in conjunction with Chapter II: Young farmers where both measures are available (in four Member States), it is not possible to come to a conclusion in terms of whether or not using these measures together brings forward farm transfer due to a lack of evidence. It is, however, clear that farm size generally increases as a result of this measure, although this is not in itself sufficient to guarantee an improvement in economic viability (as foreseen in the intervention logic). There is conflicting evidence on the extent to which the support offered is appropriate. For example, in Portugal the amounts offered are considered satisfactory in 2 regions and unsatisfactory in 3 regions. In Spain, 50% of surveyed beneficiaries were satisfied with the amounts offered whilst the other 50% were not,
although it should be noted that a degree of moral hazard might be expected amongst the second group.

Chapter V: Less Favoured Areas

The objectives of this measure are to ensure continued agricultural land use and contribute to the maintenance of viable rural communities, the countryside and sustainable farming, although this is actually delivered through a form of income support.

The extent to which compensation payments contribute to the aim of offsetting the economic implications of natural handicaps varies considerably and there are wide disparities in the degree of compensation provided (and its relative importance in terms of the proportion of farm income provided) depending on region/Member State and the type (severity) of LFA. Although agricultural land use has generally continued in LFAs, the extent to which the causality for this can be assigned to LFA policy is not clear, mainly due to the absence of either a geographic or temporal comparator group, although it is likely to be a contributing factor, particularly in those areas where support makes up a higher proportion of income, up to 90% for example in mountainous regions of Spain.

To the extent that LFA policy has contributed to continuing land use and to the extent that the agricultural sector plays a role in the maintenance of rural communities, then it also underpins rural communities. The extent to which this is the case varies regionally with, for example, 49% of the labour force in small scale enterprises employed on farm in Finnish LFAs whereas rural viability in Irish LFAs is driven by inward migration rather than the agricultural sector. Again, the weight of the compensatory payments within total income at the local level will be an important driver in this impact.

Finally, it is highly likely from a logical point of view that there are examples where either under or over-payments occur as the extent of the handicap and its impact on costs varies considerably. Indeed there is evidence to suggest, for example, under-compensation in the north of Sweden and over-compensation in some parts of Spain. However, it is acknowledged that there is a trade-off between reducing instances of under or over-compensation and increasing administrative complexity and cost and an acceptable balance has to be struck.

In conclusion, it is clear that the measure has a role to play in compensating for the economic impacts of natural handicaps and hence contributes to achieving its objectives to ensure continued agricultural land use and to contribute to the maintenance of viable rural communities. However, some criticisms of LFA policy
have been made by many authors for many years (see for example Agra CEAS, 2003a) and those relating to the essentially political, rather than handicap-driven designation of LFAs still remain (see for example, Ahner, 2004).

Recommendation

- There is a case for better targeting of the measure by reclassifying LFAs so as to ensure that payments are aligned more closely with natural and other handicaps, thus reducing the risk of possible over- or under compensation.

Chapter VI: Agri-environment

The objectives of measures under this Chapter are 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; an environmentally-favourable extensification of 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.

Environmental protection is a long-term issue and it is therefore unlikely that impacts relating specifically to the 2000 to 2003 period (with which this evaluation is concerned) will be in evidence at this point in the implementation process. Whilst it will be possible to obtain a better idea of impact in the 2000-2006 programming period at the ex-post stage, even then it may not necessarily be possible to attribute impacts exclusively to this programming period.

It is possible to conclude that where soil erosion is considered to be a problem, measures are in place to combat this and these are widely taken up (for example, Portugal and Italy). Evidence of the extent to which some agri-environmental measures are suitable to address soil erosion issues is, however, mixed with some studies, for example CRER (2002), noting that organic farming resulted in some negative impacts through the increased use of mechanical tillage techniques. There is also evidence that measures designed to reduce chemical contamination of soil are widely taken up.

There is evidence from some regions/Member States to suggest that measures to combat water pollution are adequately targeted where most needed (for example, Germany), although there are also instances where there is a lack of targeting (Emilia Romagna in Italy, for example). However, there is widespread evidence that large areas are under agreements restricting the use of agricultural inputs. Barriers to transport mechanisms, such as buffer strips, are used to impede the flow of
contaminants to water resources although it is not possible to assess the impact that these have. Additionally there is evidence from some Member States, including Ireland, suggesting that application rates have decreased as a result of the measures and this should also reduce the likelihood of water pollution.

A large area of land is under agreement to restrict the use of agricultural inputs, although this does not necessary mean that large impacts on biodiversity will result as this will depend on other factors such as the extent of induced change in farming system. That said, assuming that measures have been suitably designed, it is likely that a positive impact has resulted. There is evidence that beneficial layouts of crops have been maintained or introduced with assistance and that vegetation/crop residues have been maintained at critical periods. Finally, large areas of high nature value land are under agreement and are hence protected.

There is evidence from some Member States to indicate that endangered animal breeds have been protected where this has been identified as an issue, and in the short-term at least the impact is therefore positive (see for example, Finland where 8,549 animals from protected breeds were raised through to Luxembourg where just 116 Ardenne draught horses were raised with support). There is, however, less evidence to indicate that endangered plant varieties have been protected.

The impact of agri-environment schemes on the landscape in terms of coherence, differentiation and cultural identity is hard to assess mainly because these terms are somewhat subjective and have been interpreted in different ways. For example, in some MTE reports all land under agreement is considered to contribute to these aims whilst in others only land under agreement with direct landscape objectives is considered, in which case the impact is considered to be less significant. That said, there is evidence of positive impacts on coherence, differentiation and cultural identity from a large number of regions/Member States including for example, Germany with regard to coherence, Scotland (UK) and France with regard to differentiation and Finland and Wales (UK) with regard to cultural identity.

The rules regarding codes of Good Farming Practice are considered to be generally clear, although there are some examples where farmer understanding is not as clear as it might be, for example, in the Netherlands, Portugal and Spain. On balance, however, the rules are transparent and widely understood by farmers. Evidence in relation to whether the agri-environment schemes as voluntary measures have added value over the codes of practice as compulsory standards is a little mixed with implementing authorities and some authors (for example, IEEP (2005) and European Commission (2005)) concluding that they do confer added value over compulsory standards and others (Arkleton Institute (2004) and Shucksmith et al
finding problems. However, as long as schemes are correctly designed and targeted then they are considered by implementing authorities likely to offer added value.

The extent to which the application of agri-environmental measures corresponds to site-specific requirements differs both regionally and by Member State, although the balance of evidence suggests that measures are targeted. For example, in France a needs assessment is undertaken at the individual holding level whilst in other regions certain areas are targeted. However, whilst environmental priorities have been defined in some regions/Member States, this is not a universal approach. Whilst payment rates generally are well aligned with costs incurred and income foregone, there are examples of payment levels which are considered to be either insufficient (areas of particularly poor soil quality in Austria) or excessive (some mountain regions of Germany where farming practice does not have to be significantly altered following scheme participation). In the former case this has sometimes had an adverse impact on uptake rates at the local level.

**Recommendation**
- Longer-term scientific monitoring and evaluation, including the establishment of an ex-ante baseline, independent of financial programming periods, should be instigated to provide a proper assessment of outcomes in this area.

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

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

Measures under this Chapter have made a positive difference in terms of competitiveness through improvements to and rationalisation of processing and marketing. However, in France (due to late implementation) and in England (due to a limited scale) the overall impact is considered small. Whilst it is apparent that increases in quality have resulted from assisted actions, the specified indicators used in the mid-term evaluation reports do not request data that can be used to allow an assessment of the extent of this impact. Supported investments have also resulted in an increased demand for basic agricultural products through capacity increases, although the impact on price is mixed with examples where price increases have
been noted, but more where they have not been. Impact on the security of supply relationships cannot be tested due to a lack of baseline data.

While some positive impacts on the environment, health and welfare derive from specific investment objectives, i.e. are direct impacts, most positive impacts are ‘collateral’, i.e. occur indirectly without having been main investment objectives. The requirement to comply with minimum environmental standards ensures at least environmental neutrality. Finally, there is evidence that assisted actions have resulted in increases in the supply of raw material sourced from organic or other environmentally benign farming systems and this suggests a useful supporting role in relation to measures under Chapter VI: Agri-environment.

The issue of deadweight was little addressed in the MTE reports, most likely because the nature of many of the specified indicators does not explicitly request a consideration of this. However, the little evidence available from further research suggests that there is less deadweight where support is given to smaller enterprises (noted in Sweden and Denmark), although supporting such enterprises may of course run counter to wider restructuring objectives.

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

**Recommendation**

- The links with other measures under the RDR, notably those promoting organic production, should be further encouraged in order to promote synergy along the supply chain.

**Chapter VIII: Forestry**

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

CAP-IDIM monitoring data on assisted plantings, although incomplete, clearly demonstrates that woodland area has increased as a result of assisted actions. A time lag between the granting of support and actual planting makes it likely that the extent of planting seen at the mid-term stage is an underestimation of what will be the final impact. However, plantings still fell short of targets in most regions/Member States. Impact on the structure and quality of growing stock appears to have been
generally positive, at least at the local level. In response to CEQ VIII.1.B on carbon storage between 2000 and 2012 we would note that whilst it is clear that the impact will be positive, the extent of this impact will depend on, amongst other assumptions within the modelling process, the extent of future planting. That said, the evidence from the estimates of this impact obtained through this evaluation range from 4,010 tonnes per year in Scotland to 2.9 million tonnes per year in Spain.

The extent to which assistance in the forestry sector has resulted in cost reductions depends on the rationale for the investment. Where this was economic, costs have generally been reduced, for example through forest road construction in Austria. Some further cost reductions may become apparent by the time of the ex-post evaluation as forestry operations are a medium to long-term concern. However, many actions were driven by other, non-economic concerns and whilst positive economic impacts would not be expected ex-ante in such cases, there is some evidence that positive economic impacts nonetheless arise (for example, a positive employment impact was noted in Denmark).

Improvements in the attractiveness of forest areas were noted in a number of Member States including Scotland (UK) and Austria. In addition, a positive impact in terms of biodiversity is also noted in, for example, some German Länder. Where planting rationale was to provide a protective function there is an ex-ante expectation that such a function will become apparent and there is evidence to suggest that this is the case from, for example, the UK and Germany, although again this assessment is hampered by the requirement for mid-term evaluators to use output rather than outcome indicators which do not provide the data required to fully address this issue.

There is strong evidence that assisted actions have had a positive impact on employment on-farm, although this is generally small-scale and short-term in nature. A positive off-farm employment impact is also apparent (for example, Austria and England, in the latter case arising from local processing of basic forestry products supported under this measure), although the extent to which assistance is the sole causal factor is not investigated. The impact on income appears to be neutral or marginally positive in most regions where this was assessed, at least at this point in the programme.

**Recommendations**
- Longer-term monitoring and evaluation, independent of financial programming periods, should be established to provide a proper assessment of outcomes in this area.
Chapter IX: Adaptation and development of rural areas

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

It is generally too early in the implementation process, especially given delays in launching measures in a number of regions/Member States, for an impact on income to be reported. There is, however, some early evidence suggesting a positive impact in terms of living conditions and welfare of the rural population.

Employment has been maintained and created on-farm as a result of assisted actions, despite the relatively early point in the programme. There is also a (less substantial) body of evidence from a range of regions/Member States to suggest a positive impact on employment in the non-agricultural sector and where positive impacts have been noted these are often short-term in nature relating to infrastructure projects and village renewal. There is evidence from a number of regions/Member States that agricultural production structures have been improved as a result of assisted actions targeted on this sector. There is also evidence suggesting a positive impact in terms of rural dynamism (measured through the support of, inter alia, local action groups), mainly arising from projects explicitly targeting the wider rural community.

It is generally considered too early in the implementation cycle to note an impact on the environment.

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

Delivery system

Whilst it is clear that some measures under the RDR have coherent and mutually supportive objectives in terms of the intervention logic (for example, Chapter V: LFAs and Chapter VI: Agri-environment, Chapter II: Young farmers and Chapter IV: Early retirement), this does not necessarily result in synergy which is defined as an impact greater than the sum of the individual impacts. That said, synergy is reported in a number of cases, for example in France, where Farm Territorial Contracts were used to facilitate synergy between agri-environment and investment measures (although this scheme was stopped in mid-2002). There are also, however, examples in the intervention logic where conflicts might arise between measures, for example between afforestation and LFA measures in that incentives to plant trees might not...
be needed if LFA compensatory payments did not artificially inflate the returns to agricultural enterprises.

Uptake of the measures within the RDP is high, in many regions/Member States the vast majority of the agricultural sector benefit from at least one measure and targeting is generally considered to be good. The performance of the implementing authority varied with most MTE reports considering it to have been very good whilst a minority reported some problems.

There is very little information available on the funding leverage rate, although the evidence that is available suggests that it varies considerably by measure and by region/Member State with, for example, rates of 2.45:1 reported in Baden-Württemberg and a rate of between 7:1 and 8.6:1 in Bayern, depending on the measure.

The evidence in relation to deadweight is mixed and the extent to which deadweight is quantified is variable. In some regions/Member States deadweight is relatively low, whilst in others the suggestion is that it can be high (although where mid-term evaluation reports concluded that deadweight was high it was typically not quantified). However, it should be noted that some efforts to reduce deadweight by adjusting the targeting of measures have been made in some cases, for example in relation to support for investments in processing and marketing in Denmark.

**Evaluation system**

Setting out evaluation guidelines to be followed in all regional/national mid-term evaluations has been reasonably successful in that generally the reports are consistent and answers to the specified questions are available to some degree. There is a core of CEQs across most Chapters which are always likely to be relevant even where contextual circumstances differ, for example, those relating to the impact of measures on income, employment, etc. where the measure objectives are designed to have such an impact. Beyond this core it appears that other CEQs are less widely relevant across the different regions/Member States, although it is accepted that their inclusion increases consistency across the EU in terms of the coverage of evaluation reports. Further, some MTE reports found some CEQs to be unrelated to the objectives of the measure (for example CEQ V.4.B concerning the environmental impact of the LFA measure) and the relevance of these is clearly questionable. Other examples where CEQs are less relevant at the mid-term stage are those relating to investment measures and agri-environment and forestry measures where impacts are not necessarily expected in the short-term. However, this is clearly an issue of timing rather than of the relevance of the CEQs themselves.
In general it is felt that the CEQs are usually sufficiently relevant to evaluate the quality of the rural development approach.

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

The efficiency and effectiveness of the evaluation system depends in part on the attitude of the region/Member State. In those regions/Member States where it is felt that evaluation feeds back into better policy design, monitoring systems are better adapted to facilitating evaluation. In general, monitoring systems tend to be more focused on scheme implementation rather than evaluation and this reduces their use in the evaluation context where outcome rather than simply output data are often required. There is an element of path dependency in that monitoring systems reflect the history of the implementation of measures and not the need to carry out evaluation. Improvements to the efficiency and effectiveness of the evaluation system could be made through greater simplicity in construction of indicators, greater flexibility to target evaluations on issues at the regional/Member State level, greater harmonisation and central collection of monitoring data across measures and greater setting of targets against which progress can be assessed.

**Recommendations**

- A smaller set of core questions relating to more broadly relevant issues such as income and employment, etc. would increase the general relevance of the evaluation system. Greater freedom should be allowed in areas where regional context is more likely to be a factor in terms of relevance.
- There is a need to ensure that indicators are capable of providing answers to evaluation questions. There are currently examples, especially in Chapter VI: Agri-environment, where indicators relate specifically to outputs which are not adequate guides to outcomes.
- Many indicators require an assessment of change over time and in this context greater effort should be made to establish suitable baselines.
- Whilst having central evaluation guidelines is considered to be useful, a greater degree of flexibility in the choice of indicators should be permitted- the point is to answer the evaluation questions, not address the indicators as such. Also, it should be recognised that certain data requirements impose a greater burden.
on beneficiaries and a greater cost on implementing authorities. Where possible, specified indicators should be simple rather than complex.

- A greater effort should be made to persuade regions/Member States of the use of evaluations in feeding in to better policy design in order to encourage monitoring systems more capable of facilitating evaluation.
- Finally, whilst the RDR has brought together (largely) pre-existing policy measures, monitoring systems have not been brought together in the same way and there is a need for this to occur to facilitate evaluation.

S1.2. Synthèse en français

S1.2.1. Introduction

Le Règlement sur le Développement Rural (RDR) codifie la législation précédente en un « menu » de mesures offrant un soutien au développement rural dans les domaines suivants:

Chapitre I : Investissements dans les exploitations agricoles
Chapitre II : Installation des jeunes agriculteurs
Chapitre III : Formation professionnelle
Chapitre IV : Préretraite
Chapitre V : Zones défavorisées
Chapitre VI : Agro-environnement
Chapitre VII : Améliorations de la transformation et de la commercialisation des produits agricoles
Chapitre VIII : Sylviculture
Chapitre IX : Encouragement à l’adaptation et au développement des zones rurales (Article 33)

Le développement rural est financé par le Fonds européen d’Orientation et de Garantie agricole (FEOGA). La section Garantie de ce Fonds s’applique à l’ensemble de l’Union européenne pour ce qui est de la préretraite, des Zones Défavorisées, des mesures agro-environnementales et des mesures sylvicoles. Elle s’applique aussi aux régions ne relevant pas de l’Objectif 1 pour le reste des mesures indiquées ci-dessus. La Section Orientation du FEOGA est le mécanisme de financement s’appliquant aux régions relevant de l’Objectif 1, sauf pour les exceptions mentionnées plus haut.

La période de programmation actuelle va de 2000 à 2006 et les programmes ont été évalués à mi-parcours dans toute l’UE en 2003. La Direction Générale de l’Agriculture de la Commission européenne a demandé une méta-évaluation, ou une synthèse, des évaluations à mi-parcours se rapportant aux mesures de la Section Garantie du
FEOGA, c'est-à-dire les mesures à l'échelle de l'ensemble de l'UE concernant la préretraite, les Zones défavorisées, les mesures agro-environnementales et les mesures sylvicoles ainsi que les autres mesures qui s'appliquent à toutes les régions de l'UE à l'exception de celles relevant de l'Objectif 1. La période d'évaluation va de 2000 à 2003 et l'évaluation porte sur l'UE à 15. Ce contrat a été exécuté par Agra CEAS Consulting Ltd. au Centre des Études Agricoles européennes, Imperial College, Wye ainsi qu'à Bruxelles entre janvier et octobre 2005.

S1.2.2. Méthodologie d'évaluation et contraintes

La méta-évaluation requise a été effectuée au moyen d'une étude théorique et d'une analyse reposant sur les rapports d'évaluation à mi-parcours soumis à la Commission pour chaque Programme de Développement Rural, complétées par des données auxiliaires. Une série de programmes et de mesures ont été choisis en accord avec le Comité de pilotage pour la réalisation d'entretiens avec les autorités chargées de la mise en œuvre et avec d'autres parties prenantes dans chaque État membre en vue de recueillir des informations supplémentaires lorsque celles contenues dans les rapports d'évaluation à mi-parcours étaient jugées insuffisantes. Enfin, l'équipe d'évaluation, incluant les experts de tous les États membres, s'est réunie afin d'effectuer une appréciation des objectifs généraux du Règlement sur le Développement Rural. Un certain nombre de problèmes méthodologiques et de contraintes sont discutés en détail au Chapitre 2, mais il est important de noter que les rapports d'évaluation à mi-parcours sur lesquels cette étude est essentiellement basée contenaient souvent des informations limitées, en raison du court laps de temps pendant lequel les mesures ont été appliquées, à mi-parcours de la période de programmation considérée.

Les réponses aux questions d'évaluation spécifiques à chaque mesure suivent la structure qui suit. Tout d'abord, les objectifs des mesures et la logique d'intervention sont exposés, en expliquant comment la mesure est censée fonctionner. Suit alors une synthèse des éléments apportés par les rapports d'évaluation à mi-parcours et des données auxiliaires. Ces éléments servent à analyser comment les mesures ont fonctionné en pratique. Les conclusions et les recommandations s'appuient sur cette structure pour réfléchir aux raisons pour lesquelles les mesures ont marché ou non et pour proposer des recommandations visant à améliorer leur fonctionnement.

S1.2.3. Principales conclusions de l'étude

Les principales conclusions de l'étude sont présentées ci-dessous, comme le stipule le contrat. Dans le cadre de ces sections, les conclusions traitent des questions d'évaluation (CEQ/FEQ), définies par le contrat.

**Principales questions concernant les objectifs globaux du Développement Rural**
La réforme de l’Agenda 2000 a codifié les neuf textes législatifs précédents sur le développement rural pour en faire un unique règlement sur le soutien au développement rural. Bien qu’en termes de présentation, le nouveau règlement semble former un ensemble plus cohérent, il n’offre pas de « nouveau » menu de mesures. Le fait que ce menu reste jusqu’à un certain point la simple agglomération de mesures existant précédemment et mises en œuvre séparément peut réduire l’efficacité globale du nouveau règlement en ce qui concerne l’obtention de résultats et l’atteinte des objectifs au niveau du programme; il y a en effet des exemples où les objectifs, ou au moins les impacts, des mesures individuelles sont en conflit les uns avec les autres. Ceci dit, il est reconnu que le choix des mesures à proposer dans le cadre des programmes individuels relève de la responsabilité des autorités chargées de la mise en œuvre et qu’il leur incombe de veiller à ce que les mesures sélectionnées conviennent à leurs besoins en matière de développement rural.

Le manque de cohérence potentiel entre les mesures individuelles au niveau du programme est clairement reconnu par la Commission. Le nouveau règlement pour la période de programmation 2007-2013 adopte donc une approche plus stratégique à l’égard du développement rural grâce à la définition de trois objectifs centraux correspondant à trois axes principaux auxquels s’ajoute l’axe LEADER. Ceci fera passer la politique de développement rural d’un système basé sur des mesures à un système basé sur des objectifs, améliorant vraisemblablement ainsi l’efficacité du programme et la cohérence interne par rapport aux objectifs généraux au sein de chaque programme.

Recommandation
• Les autorités chargées de la mise en œuvre doivent veiller à ce que les mesures qu’elles décident d’appliquer constituent un ensemble cohérent au niveau de la programmation.

On peut s’attendre à ce que plusieurs des mesures du Règlement sur le Développement Rural aient un impact indirect qui dépasse le secteur agricole, notamment en termes d’emploi, en plus du soutien qui cible explicitement la population rurale au sens large au Chapitre IX: Encouragement à l’adaptation et au développement des zones rurales (Article 33 du Règlement 1257/99). L’impact de ce soutien ciblé augmentera probablement avec le temps, car l’Article 33 a souffert dans bien des cas d’une mise en œuvre tardive. Alors que les Fonds Structurels fournissent un mécanisme permettant d’accroître la cohésion de façon générale dans toute l’Union européenne, l’Article 33 fournit un soutien qui vise spécifiquement les zones rurales et il constitue donc un ajout utile à ce cadre d’orientation général.
On observe une forte complémentarité entre la politique de développement rural et les Fonds Structurels, au niveau de leur conception, du point de vue de leur contribution à la cohésion de l’UE. Cette complémentarité se traduit généralement par une cohérence au niveau opérationnel grâce à une coopération entre les autorités chargées de la mise en œuvre dans les deux cas.

Il est reconnu par certaines de ces autorités, et par la Commission elle-même, qu’il faut encourager plus fortement l’établissement d’une synergie entre les mesures de développement rural et les Fonds Structurels. Toutefois, cette observation s’applique certainement davantage aux régions ne relevant pas de l’Objectif 1, où les mesures de développement rural ne sont pas programmées dans le cadre de Programmes Opérationnels impliquant les autres Fonds Structurels. Ceci dit, l’approche globale à l’égard de la mise en œuvre des mesures de développement rural et des Fonds Structurels est jugée appropriée et tant que les régions/les États membres continuent d’être encouragés à appliquer ces politiques en ayant une telle synergie à l’esprit, ce qui est actuellement le cas, l’approche est satisfaisante.

**Mesures individuelles**

Les observations finales et les recommandations se rapportant spécifiquement aux mesures du Règlement sont présentées ci-dessous. Elles traitent des Questions Communes et des Questions Supplémentaires définies dans le contrat.

**Chapitre I: Investissements dans les exploitations agricoles**


De solides éléments permettent de penser que les investissements bénéficiant d’un soutien ont une contribution positive en termes de réduction des coûts de production, grâce à une utilisation plus efficace de la main-d’œuvre. Seule une faible proportion des investissements semblent avoir été faits dans l’objectif spécifique d’améliorer la qualité, bien qu’il s’agisse souvent d’un impact indirect montrant que ces investissements améliorent effectivement la qualité. Les réductions des coûts de production et les améliorations en matière de qualité, que l’impact soit direct ou non, ont entraîné des effets positifs sur les revenus et la mesure correspond donc bien à cet objectif implicite.

Les investissements bénéficiant d’un soutien n’ont pas donné lieu à un recul significatif de la production dans les secteurs excédentaires. Alors qu’on observe un
certain recul dans plusieurs régions, ces investissements ont été utilisés dans d’autres régions pour accroître la production dans ces domaines. Ce n’est pas nécessairement un problème car la définition de secteur excédentaire donnée par l’indicateur vaut à l’échelle communautaire et ne tient aucun compte de la situation locale ou de la différenciation des produits au sein d’un secteur. Etant donné que l’importance de la commercialisation directe augmente souvent chez les bénéficiaires, il est clair que ces secteurs ne sont pas véritablement excédentaires au niveau local.

L’impact qu’ont sur l’emploi les investissements bénéficiant d’un soutien est également positif, en dépit d’une utilisation plus efficace de la main-d’œuvre. Cet impact est généralement lié à la stabilisation de l’emploi plutôt qu’à la création de nouveaux emplois. L’amélioration des conditions de travail a été citée comme un objectif direct d’investissement dans certains États membres (par exemple, le Danemark, l’Autriche et la France); d’autre part, des réductions de la charge de travail et des travaux physiques pénibles ont aussi été réalisées dans la majorité des États membres. Comme le prévoyait cette mesure, le bien-être des animaux a également été amélioré dans un certain nombre d’États membres, notamment l’Autriche, le Danemark, le Royaume-Uni et la France. Même s’il a été observé que les investissements réalisés grâce à un soutien dans un certain nombre d’exploitations agricoles avaient un impact positif sur l’environnement (c’est en particulier le cas de l’Italie, de la Suède et du Royaume-Uni), on ne connaît pas l’étendue de cet impact. Toutefois, l’obligation de se conformer à des normes environnementales minimum a au moins entraîné la neutralité de l’impact de ces investissements sur l’environnement et on peut donc considérer de ce fait que ces normes ont réussi à protéger l’environnement.

La question de l’effet d’aubaine a été peu abordée dans les rapports d’évaluation à mi-parcours, très certainement parce que la nature d’un grand nombre des indicateurs spécifiés ne demande pas explicitement que ce point soit examiné. Il est également important de se rappeler que les investissements nécessitent parfois une période plus longue pour mettre en évidence les impacts escomptés que celle dont disposait l’évaluation à mi-parcours. Il est donc possible de sous-estimer à mi-parcours l’impact des investissements bénéficiant d’un soutien, et par conséquent l’impact de la mesure.

Chapitre II: Installation des jeunes agriculteurs

Bien que ce ne soit pas explicitement mentionné dans le Règlement sur le Développement Rural, l’objectif implicite de cette mesure, basé sur l’article 8 du Règlement 1257/99, est de faciliter le transfert d’exploitation, réduisant ainsi l’âge moyen de ceux qui travaillent dans le secteur.
La mesure dans laquelle le soutien couvre les frais d’installation dépend fortement de la situation locale et individuelle. Il est cependant manifeste que le soutien compense effectivement ces frais à un degré variable. Des éléments provenant d’un éventail d’États membres (notamment la Suède, la France, l’Allemagne et l’Autriche) laissent à penser que certains jeunes agriculteurs se seraient de toute façon installés, même sans soutien. Mais d’autres éléments, plus limités, en provenance d’Italie et de certains bénéficiaires français, suggèrent que la mesure a eu un certain impact sur le moment du transfert d’exploitation, qui s’est produit plus tôt. Les éléments dont nous disposons sont donc trop ambigus pour permettre une conclusion définitive au sujet de l’impact de la mesure sur l’avancement du transfert d’exploitation. Notons aussi que cette mesure a été peu utilisée conjointement avec celle du Chapitre IV: Préretraite (seuls quatre États membres ont mis en œuvre les deux mesures dans les régions ne relevant pas de l’Objectif 1) et il y a peu d’éléments à l’appui d’une synergie entre les deux mesures.

Quelques 16.795 exploitants ont reçu un soutien en 2001 au titre de la mesure sur les jeunes agriculteurs, mais ce nombre n’était plus que de 10.857 en 2003. Toutefois, on ne sait pas combien de jeunes ayant bénéficié d’un transfert d’exploitation grâce à une aide se seraient installés sans cela. Agra CEAS (2003a), qui a examiné l’impact de cette mesure au cours de la période de programmation précédente, n’a trouvé aucune relation entre les dépenses effectuées dans le cadre de cette mesure et le nombre d’agriculteurs de moins de 45 ans.

Même si le système a visiblement un impact au niveau du maintien de l’emploi, en ce sens que l’exploitation change de mains sans perte d’emploi nette, on ne sait pas dans quelle mesure les jeunes agriculteurs se seraient installés en l’absence de ce système. Il n’est donc pas possible d’attribuer la cause de l’installation au système lui-même, bien qu’il soit probablement l’un des nombreux facteurs qui influencent la décision de se lancer dans l’agriculture.

**Recommandation**

- Même si toute une série d’éléments au sujet de l’impact de cette mesure sont présentés dans ce rapport, ils sont peu concluants en ce qui concerne l’impact du soutien sur les décisions d’installation et sur la façon dont le soutien couvre les frais d’installation au niveau de l’UE. Il faut réfléchir à l’idée d’une enquête globale et cohérente auprès des agriculteurs ayant bénéficié d’un soutien, qui serait entreprise à l’échelle de l’UE pour approfondir ces points.
Chapitre III: Formation professionnelle
La formation prévue dans le cadre du Règlement sur le Développement Rural est essentiellement conçue pour faciliter l’accès aux autres mesures disponibles et pour « contribuer à l’amélioration des connaissances et des compétences professionnelles » des personnes engagées dans des activités agricoles ou sylvicoles. Les éléments disponibles suggèrent une bonne adéquation entre les besoins de formation et les formations subventionnées qui sont proposées. Ils montrent aussi que les besoins de formation ont été correctement étudiés dans la grande majorité des cas. On observe également que la formation proposée a eu un impact positif en termes de conditions d’emploi, généralement sous la forme d’une rémunération plus élevée. Dans la mesure où nous disposons d’éléments à ce sujet, il apparaît aussi que les personnes en formation se servent de leur formation pour apporter des améliorations tangibles aux exploitations où elles sont employées.

En conclusion, cette mesure est jugée pertinente et on estime qu’elle fonctionne bien avec les autres mesures de développement rural prévues par le Règlement.

Chapitre IV: Préretraite
Les objectifs de cette mesure sont d’offrir un revenu aux exploitants qui décident de transférer leur exploitation, de favoriser le remplacement de ces exploitants par des agriculteurs qui pourront améliorer la viabilité économique des exploitations, et de réaffecter les terres agricoles à des usages non-agricoles lorsque leur affectation à des fins agricoles n’est pas viable sur le plan économique.

La mesure est conçue de façon à ce que les exploitations soient inévitablement transférées à de plus jeunes propriétaires, même s’il n’y a que des éléments limités à l’appui de l’idée selon laquelle des transferts de propriété importants se produiraient plus tôt que ce ne serait le cas en l’absence de la mesure; les doutes à cet égard proviennent notamment de France, d’Allemagne et d’Espagne. Bien que l’on voit clairement que cette mesure est utilisée conjointement avec celle du Chapitre II sur l’Installation des Jeunes Agriculteurs, lorsque les deux mesures sont disponibles (dans quatre États membres), il n’est pas possible d’arriver à une conclusion sur l’anticipation du transfert d’exploitation à la suite de l’utilisation conjointe des deux mesures. Toutefois, il apparaît clairement que la taille de l’exploitation agricole augmente généralement du fait de cette mesure, un point qui ne suffit pas en lui-même pour garantir une amélioration de la viabilité économique de l’exploitation (comme le prévoit la logique d’intervention). D’autre part, des éléments contradictoires ont été réunis au sujet du caractère approprié du soutien proposé. C’est ainsi qu’au Portugal, les montants proposés sont jugés satisfaisants dans deux régions, et peu satisfaisants dans trois régions. En Espagne, 50% des bénéficiaires interrogés se sont déclarés satisfaits des montants proposés, alors que les 50% restants
ne l’étaient pas; il faut tout de même noter que l’on pouvait s’attendre à la présence d’un certain risque moral au sein du second groupe.

Chapitre V: Zones défavorisées
Les objectifs de cette mesure sont d’assurer l’exploitation continue des superficies agricoles et de contribuer au maintien de communautés rurales viables, de préserver l’espace naturel et de maintenir et promouvoir des modes d’exploitation durables, bien que ceci prenne en fait la forme d’un soutien au revenu.

La mesure dans laquelle les indemnités compensatoires contribuent à corriger les répercussions économiques des handicaps naturels varie considérablement et il existe des disparités importantes au niveau des indemnités fournies (et leur importance relative en termes de proportion des revenus agricoles), selon la région/l’Etat membre et le type de zone défavorisée (le degré de gravité). Bien que l’utilisation des terres agricoles se soit généralement poursuivie dans les zones défavorisées, il est difficile de déterminer jusqu’à quel point la politique en faveur des zones défavorisées peut être considérée responsable. La principale raison en est l’absence d’un groupe de comparaison géographique ou temporel, bien qu’il soit probable que la politique en faveur des zones défavorisées y ait contribué, en particulier dans les zones où le soutien représente une proportion plus élevée des revenus (jusqu’à 90% par exemple dans les régions montagneuses d’Espagne).

Dans la mesure où cette politique contribue à maintenir l’utilisation des terres et où le secteur agricole joue un rôle dans le maintien des communautés rurales, on peut dire que la politique en faveur des zones défavorisées soutient aussi les communautés rurales. Mais on observe des variations régionales à cet égard. C’est ainsi que 49% de la main-d’œuvre employée dans des entreprises de petite taille travaillent dans des zones défavorisées de Finlande, tandis que la viabilité rurale des zones défavorisées d’Irlande provient de la migration intérieure plutôt que du secteur agricole. Là encore, le poids des indemnités compensatoires au sein du revenu total à l’échelon local constituera un facteur important de cet impact.

Enfin, il est extrêmement probable, d’un point de vue logique, qu’il y ait des cas où les indemnités sont trop ou trop peu élevées, car la gravité du handicap et son impact sur les coûts varient considérablement. Des éléments permettent en effet d’affirmer, par exemple, que les indemnités compensatoires sont trop peu élevées au nord de la Suède, et trop élevées dans certaines régions d’Espagne. Toutefois, il convient de trouver un équilibre acceptable entre la réduction du nombre de cas d’indemnités trop ou trop peu élevées et l’augmentation du coût et de la complexité administrative.
En conclusion, il est manifeste que la mesure a un rôle à jouer pour compenser les effets économiques des handicaps naturels et qu’elle contribue donc à réaliser ses objectifs: assurer l’exploitation continue des superficies agricoles et aider à maintenir des communautés rurales viables. Toutefois, des critiques ont été formulées à l’égard de la politique en faveur des zones défavorisées par de nombreux auteurs depuis un grand nombre d’années (voir, par exemple, Agra CEAS, 2003a) et il reste aussi des critiques qui portent sur le fait que la désignation des zones défavorisées est essentiellement politique plutôt que liée à la présence de handicaps (voir, par exemple, Ahner, 2004).

**Recommandation**

- Il y a lieu de mieux cibler la mesure en reclassant les Zones Défavorisées afin que les paiements compensatoires correspondent plus étroitement aux handicaps naturels et autres, réduisant ainsi le risque d’avoir des indemnités trop ou trop peu élevées.

**Chapitre VI: Agro-environnement**

Les mesures relevant de ce Chapitre ont pour objectifs d’encourager: des formes d’exploitation des terres agricoles compatibles avec la protection et l’amélioration de l’environnement, du paysage et de ses caractéristiques, des ressources naturelles, des sols et de la diversité génétique; une extensification des modes d’exploitation agricoles favorable à l’environnement et à la gestion des systèmes de pâturage à faible intensité; la conservation d’espaces cultivés à haute valeur naturelle menacés; l’entretien du paysage et des caractéristiques traditionnelles des terres agricoles; et la prise en compte de la planification environnementale dans les pratiques agricoles.

La protection de l’environnement est une affaire de longue haleine et il est donc improbable que les impacts se rapportant spécifiquement à la période 2000-2003 (qui fait l’objet de cette étude) soient mis en évidence à ce moment du processus de mise en œuvre. Quoiqu’on puisse avoir une idée plus précise de l’impact environnemental pour la période de programmation 2000-2006 au stade ex-post, il ne sera peut-être pas possible, même alors, d’attribuer nécessairement les impacts exclusivement à cette période de programmation.

Par contre, il est possible de conclure que lorsque l’**érosion des sols** est considérée comme un problème, des mesures sont en place pour combattre ce phénomène et que ces mesures sont largement adoptées (par exemple au Portugal et en Italie). Cependant, les avis sont mitigés au sujet du caractère approprié de certaines mesures agro-environnementales dans la lutte contre l’**érosion des sols**. Certaines
études, notamment celle du CRER (2002), mettent par exemple en évidence que l’agriculture biologique suscite des impacts négatifs en raison de l’utilisation accrue de techniques de labourage mécaniques. Des éléments indiquent aussi que les mesures destinées à réduire la contamination chimique des sols sont largement adoptées.

En ce qui concerne la pollution de l’eau, il semble que dans certaines régions/certains États membres, les mesures de lutte contre ce type de pollution soient ciblées de façon appropriée là où elles sont le plus nécessaires (par exemple, en Allemagne), même s’il y a aussi des cas où l’on observe un manque de ciblage (par exemple, en Emilie Romaine, Italie). Toutefois, beaucoup d’éléments permettent d’affirmer que des zones importantes font l’objet d’engagements à restreindre l’utilisation d’intrants agricoles. Des barrières aux mécanismes de transport, comme par exemple des bandes tampons, sont utilisées pour entraver le flux de contaminants vers les ressources en eau, bien qu’il ne soit pas possible de déterminer l’impact qu’ont ces méthodes. En outre, des éléments en provenance de certains États membres, notamment l’Irlande, suggèrent que les taux d’application ont diminué à la suite des mesures agro-environnementales et ceci devrait aussi réduire la probabilité de la pollution de l’eau.

Le fait qu’une superficie importante fasse l’objet d’un engagement à réduire l’utilisation des intrants agricoles ne signifie pas nécessairement qu’il en résultera des impacts significatifs en matière de biodiversité, car la biodiversité dépend aussi d’autres facteurs tels que l’ampleur des changements induits au niveau du mode d’exploitation. Ceci dit, dans l’hypothèse où les mesures ont été correctement conçues, un impact positif est probable. Des éléments laissent à penser que des agencements bénéfiques de cultures ont été maintenus ou mis en place à l’aide de ce soutien et que des résidus végétaux et des résidus de récoltes ont été maintenus à des périodes cruciales. Enfin, d’importantes superficies à haute valeur naturelle font l’objet d’un engagement et sont donc protégées.

Des éléments en provenance de certains États membres indiquent que des espèces animales menacées ont été protégées lorsque ce point avait été jugé nécessaire. L’impact est donc positif, au moins à court terme (voir, par exemple, le cas de la Finlande où 8,549 animaux appartenant à des espèces protégées ont pu être élevés, et le cas du Luxembourg où 116 chevaux de trait ardennais ont pu être élevés grâce au soutien fourni). Par contre, il y a moins d’éléments indiquant que des espèces végétales menacées aient été protégées.

En ce qui concerne l’impact des mesures agro-environnementales sur le paysage en termes de cohérence, de différenciation et d’identité culturelle, il est difficile à
évaluer, principalement parce que ces termes sont quelque peu subjectifs et qu’ils sont interprétés de manières différentes. Par exemple, dans certains rapports d’évaluation à mi-parcours, il est estimé que toutes les terres faisant l’objet d’un engagement contribuent à ces objectifs, alors que dans d’autres rapports, les seules terres prises en compte sont celles faisant l’objet d’un engagement à l’égard d’objectifs directs en matière de paysage, auquel cas l’impact est jugé moins significatif. Ceci dit, on observe des impacts positifs au niveau de la cohérence, de la différenciation et de l’identité culturelle dans un grand nombre de régions/d’Etats membres, comme par exemple en Allemagne pour la cohérence, en Ecosse (Royaume-Uni) et en France pour la différenciation et en Finlande et au Pays de Galles (Royaume-Uni) pour l’identité culturelle.


La mesure dans laquelle l’application des dispositions agro-environnementales correspond à des besoins spécifiques diffère d’une région à l’autre et d’un Etat membre à l’autre. Toutefois, si l’on tient compte des différents éléments disponibles, il semble que les mesures soient bien ciblées. En France, par exemple, une évaluation des besoins est effectuée au niveau individuel des exploitations, tandis que dans d’autres régions, certaines zones sont ciblées. Mais même si des priorités environnementales ont été définies dans certaines régions/certains Etats membres, cette approche n’est pas adoptée partout. Les montants des paiements sont généralement bien alignés sur les coûts et sur les pertes de revenus, mais il y a des exemples de paiements jugés insuffisants (des zones d’Autriche où la qualité du sol est particulièrement mauvaise) ou excessifs (certaines régions montagneuses d’Allemagne où les pratiques agricoles n’ont pas besoin d’être beaucoup modifiées
à la suite de la participation au programme). Dans le premier cas, ceci a parfois eu un impact négatif sur les taux d’acceptation au niveau local.

**Recommandation**
- Il faudrait entreprendre un suivi et une évaluation scientifiques à plus long terme, notamment en établissant une situation de base ex-ante, indépendante des périodes de programmation financière, afin d’évaluer correctement les résultats dans ce domaine.

**Chapitre VII: Améliorations de la transformation et de la commercialisation des produits agricoles**

Les objectifs de cette mesure sont d’orienter la production en fonction de l’évolution prévisible des marchés ou favoriser l’émergence de nouveaux débouchés pour la production agricole; d’améliorer ou rationaliser les circuits de commercialisation ou les processus de transformation; d’améliorer la présentation et le conditionnement des produits ou contribuer au meilleur emploi ou à l’élimination des sous-produits ou des déchets; d’appliquer de nouvelles technologies; de favoriser les investissements innovateurs; d’améliorer et de contrôler la qualité; d’améliorer et de contrôler les conditions sanitaires; et de protéger l’environnement, bien qu’il suffise que les investissements correspondent à l’un de ces objectifs.

Les mesures relevant de ce Chapitre ont eu une action positive en termes de compétitivité grâce aux améliorations apportées à la transformation et à la commercialisation des produits agricoles ainsi qu’à la rationalisation de ces processus. Toutefois, l’impact global de la mesure est jugée modeste en France (en raison d’une mise en œuvre tardive) et en Angleterre (en raison d’une échelle limitée). Bien que les actions ayant bénéficié d’un soutien aient visiblement donné lieu à des augmentations de la qualité, les indicateurs spécifiés qui ont été utilisés dans les rapports d’évaluation à mi-parcours ne demandent pas de données pouvant servir à évaluer l’ampleur de cet impact. Les investissements ayant bénéficié d’un soutien ont également eu pour effet d’augmenter la demande en produits agricoles de base grâce à l’accroissement des capacités, bien que l’impact sur les prix soit mitigé: des augmentations de prix observées dans certains cas, mais aucune augmentation dans bien d’autres cas. L’impact sur la sécurité des relations d’approvisionnement n’a pu être mesuré en raison d’un manque de données de référence.

Alors que certains impacts positifs sur l’environnement, la santé et le bien-être découplent d’objectifs d’investissement spécifiques, en ce sens qu’il s’agit d’impacts directs, la plupart des impacts positifs observés sont « collatéraux », c’est-à-dire qu’ils
se produisent indirectement, sans être les objectifs d'investissement principaux. L'obligation de se conformer à des normes environnementales minimum assure au moins une neutralité sur le plan de l'environnement. Enfin, des éléments permettent de dire que les actions ayant bénéficié d'un soutien ont donné lieu à des augmentations de l'approvisionnement en matières premières provenant de systèmes d'exploitation biologique ou autres systèmes respectueux de l'environnement. Ceci indique un rôle de soutien utile en liaison avec les mesures relevant du Chapitre VI: Agro-environnement.

La question de l'effet d'aubaine a été peu abordée dans les rapports d'évaluation à mi-parcours, très probablement parce que la nature de bon nombre d'indicateurs spécifiés ne demandait pas explicitement d’envisager cet aspect. Toutefois, le peu d'éléments qui sont ressortis d'autres sources suggèrent que l'effet d'aubaine est moindre lorsqu'on soutient les petites entreprises (un phénomène observé en Suède et au Danemark), bien que le soutien à ces entreprises puisse bien sûr aller à l'encontre d'objectifs plus larges de restructuration.

Enfin, il est également important de se rappeler que les investissements nécessitent parfois une période plus longue que celle qui est actuellement disponible à mi-parcours pour démontrer les impacts escomptés. A partir des impacts qui ont été observés pour la période considérée, on peut donc sous-estimer l’impact à plus long terme, qui apparaîtra plus nettement dans l’évaluation ex-post.

**Recommandation**

- Les liens avec les autres mesures dans le cadre du Règlement sur le Développement Rural, notamment celles qui promeuvent la production biologique, doivent continuer d’être encouragés afin de favoriser une synergie le long de toute la chaîne d’approvisionnement.

**Chapitre VII : Sylviculture**

Les objectifs de ces mesures sont les suivants: gestion et développement durables des forêts; préservation et amélioration des ressources forestières; extension des surfaces boisées.

Les données du CAP-IDIM, le système de suivi du développement rural de la Commission européenne, au sujet des plantations ayant bénéficié d'un soutien, montrent clairement, même si les données sont incomplètes, que les surfaces boisées ont augmenté à la suite des actions de soutien. Etant donné le décalage entre l’attribution du soutien et le moment effectif de plantation, il est probable que le volume de plantations observé à mi-parcours soit une sous-estimation de l’impact.

La mesure dans laquelle le soutien apporté au secteur sylvicole a donné lieu à des réductions de coûts dépend de la logique d’investissement. Lorsque cette logique est d’ordre économique, les coûts ont généralement été réduits, par exemple au moyen de la construction de routes forestières en Autriche. D’autres réductions de coûts pourraient apparaître au moment de l’évaluation ex-post, car les opérations forestières s’inscrivent dans une perspective allant du moyen au long terme. Toutefois, de nombreuses actions avaient des causes non-économiques et même si on ne doit pas s’attendre à des impacts économiques positifs dans ces cas-là au stade ex-ante, des éléments permettent néanmoins de constater la présence d’impacts économiques positifs (par exemple, un impact positif sur l’emploi a été observé au Danemark).

Des améliorations au niveau de l’attrait des zones forestières ont aussi été observées dans un certain nombre d’États membres, notamment en Ecosse (Royaume-Uni) et en Autriche. En outre, un impact positif en matière de biodiversité a été observé, par exemple dans certains Länder allemands. Lorsque la logique de plantation consiste à fournir une protection, on s’attend a priori à ce que ce rôle de protection soit apparent et les éléments qui ont été réunis suggèrent que c’est le cas, par exemple au Royaume-Uni et en Allemagne. Mais là encore, cette évaluation est entravée par l’obligation faite aux évaluateurs à mi-parcours d’employer les indicateurs d’output disponibles, plutôt que des indicateurs de résultats, qui ne fournissent pas les données nécessaires pour étudier à fond cette question.

En ce qui concerne l’emploi, beaucoup d’éléments permettent d’affirmer que les actions ayant bénéficié d’un soutien ont eu un impact positif sur l’emploi dans les exploitations, bien que ce soit généralement à petite échelle et à court terme. On observe aussi un impact positif sur l’emploi en dehors des exploitations (par exemple, en Autriche et en Angleterre; dans le cas de l’Angleterre, l’impact provient de la transformation locale des produits forestiers de base grâce au soutien fourni par cette mesure), bien que l’on n’ait pas étudié si le soutien constitue la seule cause de cette situation. Quant à l’impact sur les revenus, il paraît neutre ou légèrement
positif dans la plupart des régions où ce point a été évalué, du moins à ce stade du programme.

**Recommandations**

- Il faut établir un suivi et une évaluation à plus long terme, indépendants des périodes de programmation financière, pour pouvoir procéder à une évaluation correcte des résultats dans ce domaine.

**Chapitre IX : Encouragement à l’adaptation et au développement des zones rurales**

Une série de mesures relèvent de ce Chapitre et touchent à la fois le secteur agricole et les secteurs non-agricoles. Elles incluent des mesures de promotion de la compétitivité dans le secteur agricole, de protection de l’environnement et d’adaptation et de développement des zones rurales.

Il est généralement trop tôt dans le processus de mise en œuvre pour se rendre compte d’un impact sur les revenus, compte tenu en particulier des délais de lancement des mesures dans un certain nombre de régions/d’Etats membres. Mais les premières données disponibles suggèrent un impact positif en termes de conditions de vie et de bien-être de la population rurale.

L’emploi semble avoir été maintenu voire créé sur les exploitations à la suite des actions ayant bénéficié d’un soutien, et ce malgré le stade précoce du programme. On note aussi un ensemble (moins important) d’éléments en provenance d’une série de régions/d’Etats membres, qui suggèrent un impact positif sur l’emploi dans le secteur non-agricole. Ils montrent également qu’en cas d’impact positif, ces impacts sont souvent à court terme, en liaison avec des projets d’infrastructures et de rénovation des villages. Il semble que dans un certain nombre de régions/d’Etats membres, les structures de production agricole aient été améliorées à la suite d’actions de soutien, ciblées sur ce secteur. Des éléments permettent aussi de montrer un impact positif au niveau du dynamisme rural (mesuré grâce au soutien, entre autres, de groupes d’action locaux), découlant principalement de projets qui visent explicitement la communauté rurale au sens plus large du terme.

Quant à l’impact sur l’environnement, on estime généralement qu’il est trop tôt dans le cycle de mise en œuvre pour pouvoir faire des observations.

En conclusion, bien que la mise en œuvre de cette mesure ait été entravée par des délais dans de nombreux cas, les premiers éléments disponibles suggèrent que des impacts positifs se font déjà sentir en termes de revenus et d’emplois.
Système de mise en œuvre
Même s’il est clair que certaines mesures relevant du Règlement sur le Développement Rural ont des objectifs cohérents, qui vont dans le même sens en termes de logique d’intervention (par exemple, Chapitre V: Zones Défavorisées et Chapitre VI: Agro-environnement, Chapitre II: Jeunes Agriculteurs et Chapitre IV: Préretraite), il n’en résulte pas nécessairement une synergie, que l’on peut définir comme un impact supérieur à la somme des impacts individuels. Ceci dit, l’existence d’une synergie est quand même signalée dans un certain nombre de cas, par exemple en France, où les Contrats Territoriaux d’Exploitation (CTE) ont été utilisés pour faciliter l’établissement d’une synergie entre les mesures agro-environnementales et les mesures d’investissement (bien que ce système ait été arrêté à la mi-2002). Mais il y a aussi des exemples, dans la logique d’intervention, où des conflits peuvent survenir entre les mesures mises en œuvre, notamment entre le reboisement et les mesures de soutien aux zones défavorisées. Dans ce cas, par exemple, il ne serait pas nécessaire de fournir des incitatifs à la plantation d’arbres si les indemnités compensatoires des zones défavorisées ne gonflaient pas artificiellement les profits des entreprises agricoles.

Le taux d’adoption des mesures relevant du Règlement sur le Développement Rural est élevé. Dans un grand nombre de régions/d’Etats membres, l’immense majorité du secteur agricole bénéficie d’au moins une mesure, et le ciblage est généralement jugé bon. Quant aux performances des autorités de mise en œuvre, elles sont variables; la plupart des rapports d’évaluation à mi-parcours estiment qu’elles sont très bonnes, tandis qu’une minorité d’entre eux a signalé quelques problèmes.

Très peu d’informations sont disponibles sur l’ampleur de l’effet de levier du financement, même si les éléments qui ont été réunis suggèrent qu’il varie considérablement selon les mesures et selon les régions/les Etats membres. On observe par exemple des taux de 2,45:1 dans le Baden-Württemberg et un taux se situant entre 7 :1 et 8,6 :1 en Bavière, en fonction de la mesure concernée.

En ce qui concerne l’effet d’aubaine, les éléments disponibles sont mitigés et la quantification de cet effet est variable. Dans certaines régions/certains Etats membres, l’effet d’aubaine est relativement faible, alors que dans d’autres, des éléments suggèrent qu’il peut être élevé (bien que lorsque les rapports d’évaluation à mi-parcours concluent à un effet d’aubaine important, il n’est justement pas quantifié). Toutefois, il faut noter que des efforts pour réduire l’effet d’aubaine en ajustant le ciblage des mesures ont été effectués dans certains cas, par exemple en liaison avec le soutien aux investissements en matière de transformation et de commercialisation au Danemark.
Système d’évaluation

La fixation de recommandations d’évaluation à suivre dans toutes les évaluations à mi-parcours au niveau régional/national a été relativement réussie. En effet, les rapports sont généralement cohérents et des réponses aux questions posées sont disponibles dans une certaine mesure. Il y a un noyau de questions d’évaluation qui reste pertinent à travers tous les Chapitres; c’est le cas des questions qui portent sur l’impact des mesures en matière de revenus, d’emploi, etc. lorsque les objectifs des mesures sont conçus pour avoir ce type d’impact. Par contre, il semble que d’autres questions soient moins largement pertinentes dans les différentes régions/les différents États membres, bien qu’il soit accepté que leur intégration dans l’évaluation augmente la cohérence de couverture des rapports d’évaluation dans l’ensemble de l’UE. En outre, certains rapports d’évaluation à mi-parcours ont estimé qu’il y avait des questions sans rapport avec les objectifs de la mesure étudiée (par exemple, la Question V.4.B concernant l’impact environnemental des mesures en faveur des zones défavorisées) et la pertinence de ces questions est manifestement discutable. D’autres exemples où les questions posées sont moins pertinentes à mi-parcours sont celles qui se rapportent aux mesures d’investissement, aux mesures agro-environnementales et aux mesures forestières, où l’on n’attend pas nécessairement d’impacts à court terme. Toutefois, ce point est visiblement un problème de timing plutôt que de pertinence des questions. De façon générale, on estime que les questions posées sont d’habitude suffisamment pertinentes pour évaluer la qualité de l’approche en matière de développement rural.

Toutefois, l’utilisation des indicateurs spécifiés a été moins généralisée en raison du manque de données et, dans certains cas, de la pertinence limitée des indicateurs dans le contexte régional/national. Ceci dit, on observe que l’emploi d’indicateurs alternatifs et de questions supplémentaires au niveau national a été faible, ce qui suggère que les indicateurs spécifiés étaient généralement appropriés et que l’éventail des questions posées était suffisamment large pour évaluer de façon satisfaisante le Règlement sur le Développement Rural. Un problème supplémentaire, c’est que lorsque des indicateurs multiples étaient proposés, il est couramment arrivé que les évaluateurs se bornent à utiliser les plus simples.

L’efficience et l’efficacité du système d’évaluation dépend en partie de l’attitude de la région/de l’État membre concerné(e). Dans les régions/les États membres où l’on estime que l’évaluation apporte des éléments permettant d’améliorer la conception des politiques, les systèmes de suivi sont mieux adaptés pour faciliter l’évaluation. De façon générale, les systèmes de suivi tendent à être davantage axés sur la mise en œuvre des programmes que sur l’évaluation, ce qui réduit leur utilité dans le contexte d’une évaluation où on étudie les résultats et non simplement
les outputs. On observe une certaine dépendance dans la méthode adoptée, en ce sens que les systèmes de suivi reflètent l’histoire de la mise en œuvre des mesures et non la nécessité d’effectuer une évaluation. Des améliorations pourraient être apportées à l’efficience et à l’efficacité du système d’évaluation en simplifiant la construction des indicateurs, en augmentant la flexibilité du ciblage des évaluations sur les questions qui se posent au niveau des régions/des Etats membres, en augmentant l’harmonisation et la collecte centrale des données de suivi pour toutes les mesures et en déterminant mieux les objectifs par rapport auxquels les progrès peuvent être évalués.

**Recommandations**

- Un ensemble plus réduit de questions de base concernant des problèmes à la pertinence plus large tels que l’emploi, les revenus, etc., augmenterait la pertinence générale du système d’évaluation. Il faut donner une plus grande liberté de manœuvre dans les domaines où il y a plus de chances que le contexte régional soit l’un des facteurs de pertinence.
- Il faut que les indicateurs soient en mesure de fournir des réponses aux questions d’évaluation. Il y a actuellement des cas, en particulier au Chapitre VI: Agro-environnement, où les indicateurs se rapportent spécifiquement aux outputs qui ne reflètent pas nécessairement les résultats.
- De nombreux indicateurs nécessitent l’évaluation des changements au cours du temps et il faut faire de plus grands efforts dans ce contexte pour établir des lignes de référence appropriées.
- Même si des recommandations générales d’évaluation sont jugées utiles, il faut permettre une plus grande flexibilité dans le choix des indicateurs. L’important est en effet de répondre aux questions d’évaluation et non de s’occuper des indicateurs en tant que tels. Il faut aussi reconnaître que certaines exigences en matière de données imposent un fardeau plus lourd aux bénéficiaires et un coût plus important aux autorités chargées de la mise en œuvre. Lorsque c’est possible, il faut donc chercher à ce que les indicateurs spécifiés soient simples plutôt que complexes.
- Il faut également faire de plus grands efforts pour persuader les régions/les Etats membres de l’utilité des évaluations dans l’apport d’éléments permettant d’améliorer la conception des politiques, et ce dans le but d’encourager la mise en place de systèmes de suivi qui soient mieux aptes à faciliter les évaluations.
- Enfin, alors que le Règlement sur le Développement Rural a (largement) rassemblé des mesures d’orientation préexistantes, les systèmes de suivi n’ont pas fait l’objet d’un regroupement similaire ; or, ceci serait nécessaire pour faciliter les évaluations.
1. Introduction

The Directorate-General for Agriculture requested a meta-evaluation, or synthesis, of the national/regional mid-term evaluations carried out under the Rural Development Regulation (RDR) in 2003. This was divided into two Lots, Lot I covering the areas funded by the European Agriculture Guidance and Guarantee Fund (EAGGF) Guarantee across the EU and Lot II covering the areas funded by EAGFF Guidance through the Objective 1 Operational Programmes. Agra CEAS Consulting Ltd. was contracted to provide this research under both Lots. This document comprises our Preliminary Final Deliverable for Lot I and comprises research carried out between January and the end of August 2005.

The Agra CEAS team was led by Dr Dylan Bradley with key input from Conrad Caspari, Damien Fontaine, Doris Haug and Matthew Morris. Agra CEAS were supported in this task by Dr Ignacio Atance, Universidad de Valladolid in Spain, Professor Sophia Efstratoglou, Agricultural University of Athens, Professor Roberto Fantani, University of Bologna in Italy, Dr Anne-Mette Hjalager, Advance/1 in Denmark, Åsa Pettersson, Nordregio in Sweden, Professor Kyosti Pietola, MTT Agrifood Research, Finland, Dr Andreas Poelking, Agro Plan in Germany, Claude Saint-Pierre, Tercia consultants, France, Pedro Serrano, Agroges in Portugal, Dr Louis Slangen and Dr Nico Polman, Wageningen University in the Netherlands and Jean-Pierre Vercreysse, AIEDL in Belgium.

The report is structured into four Chapters as set out in the terms of reference. This Introduction sets out the structure of the report and presents a history of rural development in the EU. Chapter 2 sets out the methodology used in this meta-evaluation and discusses the intervention logic behind the measures contained in the RDR. Chapter 3 sets out answers to the evaluation questions. This Chapter is subdivided into: an overview of financial inputs and policy outputs; answers to measure-specific evaluation questions, itself sub-divided by RDR Chapter; answers to cross cutting evaluation questions; an assessment of the evaluation system; an assessment of the delivery system; and an assessment of the overall objectives of the rural development. Chapter 3.6 presents our evidence-based conclusions and recommendations. Appendix 1 contains full references to documents cited in the text, Appendix 2 presents our analysis tools, the specific rural development programmes selected for further investigation and the contacts made as part of this investigation. Appendix 3 sets out the evaluation questions, their criteria and indicators and presents our comments on these. Finally, Appendix 4 contains detailed information on the use of Commission-specified evaluation questions, alternative indicators and additional national questions.
1.1. The history of rural development measures

This section provides an inventory of rural development measures as they have developed over the different reform stages since 1992 including major changes in the regulatory framework and the implementing rules.

Rural development policy has had a long process of evolution since the establishment of the Community and the key dates in the development of European Union rural development policy are set out below:

- 1957 Treaty of Rome;
- 1968 Mansholt Plan;
- 1972 Directives on the modernisation of agricultural holdings, early retirement and training;
- 1975 Directive on support for LFAs;
- 1987 EU-funding for agri-environment measures;
- 1988 Reform of Structural Funds and ‘The Future of Rural Society’;
- 1992 MacSharry CAP Reform;
- 1996 First European Conference on Rural Development in Cork;
- 1999 Agenda 2000 and the Rural Development Regulation;
- 2003 Mid-term review agreement on Rural Development;
- 2003 Second European Conference on Rural Development in Salzburg;

1.1.1. Treaty of Rome and the origin of rural development

The current rural development policy essentially developed from the gradual interlinkage of three major policy areas: agricultural structures policy, regional development policy and latterly agri-environment policy.

Both the Treaty of Rome 1957 and the Stresa conference establishing a Common Agricultural Policy stressed the importance of structural improvement in agriculture. Article 39 of the Treaty of Rome asserts:

‘In working out the Common Agricultural Policy...account shall be taken of the particular nature of agricultural activity, which results from the social structure of agriculture and from structural and natural disparities between the various agricultural regions.’

In 1964, Regulation (EEC) 17/64 introduced the distinction between the ‘Guarantee’ and ‘Guidance’ Sections of the CAP’s financial instrument, the European Agricultural Guidance and Guarantee Fund (EAGGF). According to this Regulation, the EAGGF-Guidance Section was to finance the adaptation and improvement of:
• the production structures of agricultural holdings; and,
• the structures and conditions for processing and marketing agricultural products.

1.1.2. Mansholt Plan and the modernisation of agricultural structures

As a result of Article 39 of the Treaty of Rome and due to the clear need for improving the efficiency of the sector, initial policy development focused on agricultural structures, rather than on rural development per se. Thus, in 1968 the European Commission issued a Memorandum known as the ‘Mansholt Plan’, after the then Commissioner for Agriculture, Sicco Mansholt. The intention of the Mansholt Plan was to begin a major reform of European Union agriculture to assist structural change in agricultural production and in the processing and marketing of agricultural products. This agricultural structures policy was considered a necessary part of an overall common policy for agricultural markets. Commissioner Mansholt believed that by modernising the structure of agriculture, some of the difficulties that the European Union agricultural sector was facing at the time could be solved.

The new Council Regulation on the financing of the Common Agricultural Policy (Regulation (EEC) 729/70) formalised the regulatory framework of the structures policy up until the reform of the Structural Funds in 1988. Structural measures were defined as ‘common actions’ and their financing was brought into this Regulation alongside the price and market policies. In 1972 the Mansholt Memorandum was given concrete form by the approval of three ‘socio-structural’ directives concerning:

• the modernisation of agricultural holdings (Directive 159/72/EEC), providing inter alia for support for farm investment, keeping farm accounts and the setting up of producer groups;
• encouragement to cease farming, i.e. early retirement aid (Directive 160/72/EEC); and,
• vocational training measures for people working in agriculture and support for the development of services providing socio-economic advice to farmers on whether to continue farming or to move out of agriculture (Directive 161/72/EEC).

These directives were replaced in the mid 1980s by Regulation 797/85 and later consolidated by Regulation 2328/91 on improving the efficiency of agricultural structures (Section 1.1.5). However, Member States did not make use of the possibility of offering early retirement aid to farmers, and Regulation 797/85 therefore made no provision for the continuation of Directive 160/72. Only in 1988, was a new Regulation (1096/88) ‘establishing a Community scheme to encourage the cessation of farming’ adopted. By 1991, the scheme was only operating in one Member States
so that it was again reviewed and amended under Regulation 2079/92 in the context of the 1992 MacSharry reforms (see Section 1.1.6).

The horizontal measures introduced in 1972 were subsequently supplemented by both regional and sectoral measures as follows:

- First, Regulation 1035/72 concerning the constitution of producer groups in the fruit and vegetable sectors, followed later by Regulation 1360/78 on producer groups and associations thereof;
- then, in the middle of the 1970s, a Directive (Directive 268/75/EEC) in support of agriculture in mountainous and certain less-favoured areas and,
- then, a measure designed to improve processing and marketing conditions for agricultural products (Regulation 355/77); and,
- finally, support for the setting up of young farmers was introduced in 1981 via Directive 81/528 for farmers under 40 who undertook to participate in farm development plans under Directive 72/159 within 5 years.

The introduction of compensatory measures for mountainous areas and LFAs represented the first territorial approach in agricultural structures policy. The aim was to stop the agricultural and rural exodus that threatened the social integrity of rural areas and the survival of the natural environment.

All these measures were co-financed by the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF-Guidance).

However, the common structural policy encountered considerable difficulty in being effectively launched. Implementation of the measures foreseen in the socio-structural guidelines was slow in some countries because of existing conflicts of interest, differing expectations of what was to be achieved as well as institutional and administrative obstacles. In addition, difficulties in obtaining co-funding of structural measures in view of tight national budgets may also have contributed to the slow pace of development.

1.1.3. Support for regional development, Structural Funds reform and Commission Communication on the future of rural development

In the 1970s, the variations in the levels and pace of economic development of various European regions increased because of the general economic crisis and rising unemployment. Therefore, regional development policy became an increasingly significant political and economic focus for the Community.
The preamble of the Treaty of Rome includes the aim of decreasing the differences in economic development between regions in Europe. This political objective was included as an individual aim of Cohesion policy in the Single European Act in 1987. The Treaty of Rome had already established the European Social Fund (ESF) and the European Investment Bank (EIB) as instruments to reach these goals. In 1975, a further ‘Structural Fund’, the European Regional Development Fund (ERDF) was set up as the central instrument for the common regional policy.

In the context of the Structural Funds reform in 1988, an integrated approach for regional development was established in the so-called Objective 1, 5b1 and later on also Nordic Objective 62 regions. Thereby, measures from the three policy fields and the available funds – mainly EAGGF-Guidance, ERDF and ESF – were combined in regionally targeted and co-ordinated multi-annual programmes with the overall aim of furthering economic and social cohesion. As part of this process there was a major expansion of the EAGGF-Guidance Section, most of which became part of a broader territorial approach to integrated development, with new partnership and decision-making arrangements for programme management established between the European Commission, Member States, and sub-national actors. The revised structural funding rules applied for the first time for the 1989-93 programming period.

In addition to the main Structural Fund programmes, the Community also established a large number of much smaller ‘Initiatives’ for particular purposes. Of these, the LEADER Initiative (Link Between Actions for the Development of Rural Economy) was set up to promote ‘bottom up’ integrated and innovative approaches to rural development at local community level.

Also in 1988, the European Commission presented its communication on ‘The Future of Rural Society’. This formed the basis for many of the initiatives which have subsequently followed. It also recognised rural development as being a legitimate EU policy area in its own right, and from 1989, all EU Agriculture Commissioners from Ray MacSharry onwards have officially had responsibility for ‘rural development’ as well as for ‘agriculture’.

In this 1988 Communication, the Commission expressed its belief that rural development policy:

1 Under Objective 5b, support was provided for the development and economic diversification of fragile rural areas.
2 Under Objective 6, development support was provided for sparsely populated areas in the North of Finland and Sweden (this objective was created in 1995 when Finland and Sweden joined the EU).
‘must ... be geared to local requirements and initiatives, particularly at the level of small and medium-sized enterprises, and must place particular emphasis on making the most of local potential’.

The Commission stated that this does not simply mean continuing to work on established and accepted rural development practices. Instead, the Commission took it to mean making the most of all the advantages of each particular rural area. Accordingly, the European Union’s agricultural structures policy began to be shifted away from enhancing productivity to improvements in the quality of agricultural output, and establishing new markets for agricultural products.

1.1.4. Introduction of agri-environmental measures

In the 1980s, the general public became increasingly aware of the important role agriculture plays in relation to the environment and the maintenance of cultural landscapes (both in a positive and negative sense). Under Regulation 1760/87, that provision in Regulation 797/85, which had allowed Member States to carry out their own programmes in environmentally sensitive areas, was amended so as to incorporate the support for such areas among the measures co-funded by EAGGF-Guidance. In this manner agri-environmental measures were introduced as part of the EU agricultural structures policy.

1.1.5. Summary of rural development measures prior to MacSharry

Council Regulation 4256/88 (implementing Regulation of Regulation 2052/88 as regards the EAGGF-Guidance Section) sets out the kinds of measures which could be funded by EAGGF-Guidance, i.e. support for agricultural restructuring and rural development. It provided for support from the EAGGF-Guidance Section for the attainment of Objective 1 (‘Promoting the development and structural adjustment of less developed regions’), Objective 5a (‘With a view to the reform of the CAP, speeding up the adjustment of agricultural structures’) and Objective 5b (‘With a view to reform of the CAP, promoting rural development by facilitating the development and structural adjustment of rural areas’).

In a review of the structural measures in 1989, the European Commission stated that ‘the measures to be adopted in future must be increasingly integrated into a broader vision of maintaining economic activity and the social fabric in rural regions’. The necessary amendments to existing Community-wide schemes on improving the efficiency of agriculture, early retirement, and the setting up of producer groups were contained in Regulation 3808/89. Certain innovations in the Regulation should be highlighted: it provided for support for the encouragement of diversification of enterprises on the farm through tourism, craft activities,
manufacture and sale of farm produce; and the improvement of hygiene in livestock enterprises, and animal welfare standards.

Details on the main support schemes (eligibility conditions, funding rates etc.) in place just before the 1992 MacSharry reforms are laid down in:

- **Regulation 2328/91** on improving the efficiency of agricultural structures (providing for support for farm investment, young farmers, introduction of accounts, producer groups, farm management and relief services, LFAs and mountainous areas, agri-environmental measures, forestry measures, vocational training projects);
- **Regulation 1096/88** establishing a Community scheme to encourage the cessation of farming; as amended by Regulation 3808/89; and,
- **Regulation 866/90** on improving the processing and marketing conditions for agricultural products.

### 1.1.6. MacSharry reforms

**Table 1.1: Summary of rural development and the MacSharry reforms**

<table>
<thead>
<tr>
<th>Reform measures relating to RD</th>
<th>Main RD regulations and inventory of measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction of the newly named set of enhanced ‘accompanying measures’, namely:</td>
<td>• Introduction of Council Regulation (EC) No 2078/92 on agri-environmental measures;</td>
</tr>
<tr>
<td>• Agri-environmental measures (the reform obliged all Member States to offer these measures to their farmers);</td>
<td>• Introduction of Council Regulation (EEC) No 2079/92 on early retirement from farming</td>
</tr>
<tr>
<td>• Farmland forestry; and,</td>
<td>• Introduction of Council Regulation (EEC) No 2080/92 on forestry measures in agriculture.</td>
</tr>
<tr>
<td>• Early retirement for farmers.</td>
<td>• Remained in force; Council Regulation (EEC) No 2328/91 on improving the efficiency of agricultural structures; and,</td>
</tr>
</tbody>
</table>

The reform provided for a change in the funding system for these ‘accompanying measures’, which were from 1993 co-financed by the Guarantee Section of EAGGF.

The first major reform of the Common Agricultural Policy to focus specifically on rural development issues was the 1992 MacSharry reform. This reform included a marked reduction in support prices for grains, oilseeds and beef in order to bring Common Agricultural Policy prices closer to world market prices and the introduction of direct payments to arable and beef farmers in order to compensate for these price cuts. In addition, the reform introduced obligatory set-aside to reduce the over-production of arable crops as well as the newly named set of enhanced ‘accompanying measures’, that were literally meant to accompany market measure, namely:
• Agri-environmental measures (the reform obliged all Member States to offer these measures to their farmers);
• Farmland forestry; and,
• Early retirement for farmers.

All of these measures had already been supported at EU level prior to 1992, however, they were further developed by the MacSharry reform, and in the case of agri-environmental measures Member States were now obliged to offer the measures to their farmers. In addition, the funding provisions were changed: according to Regulation 1992/93, these measures were fully funded by the EAGGF-Guarantee Section from 1993. The European Commission argued that this would allow the concentration of the funds under Objective 5a on fewer measures, thereby increasing their impact.

Three regulations were drawn up governing support for each of the three measures listed above:

Council Regulation (EEC) No 2078/92 of 30 June 1992 on agricultural production methods compatible with the requirements of the protection of the environment and the maintenance of the countryside, providing for support to farmers who:

• use farming practices which reduce the polluting effects of agriculture, e.g. by significantly reducing the amount of fertiliser and/or pesticides they use;
• maintain farmland or woodland which has been set aside or who set aside farmland for a long period for environmental protection purposes; and,
• participate in education and training measures on types of farming compatible with the requirements of environmental protection and upkeep of the countryside.

Council Regulation (EEC) No 2079/92 of 30 June 1992 instituting a Community aid scheme for early retirement from farming, including measures to:

• Provide an income for elderly farmers and also for elderly family helpers and elderly paid farm workers who lose their employment as the result of a farmer’s early retirement; and,
• Organise the transfer and expansion of agricultural holdings and the reassignment of agricultural land to non-agricultural use and ensure rational use of the countryside.
Council Regulation (EEC) No 2080/92 of 30 June 1992 instituting a Community aid scheme for forestry measures in agriculture, for the promotion of:

- afforestation as an alternative use for agricultural land; and,
- the development of forestry activities on farms.

The agri-environmental and afforestation measures introduced explicit environmental objectives to the CAP, i.e. to reduce the polluting effects of agriculture, to favour an environmentally beneficial extensification of farming, to contribute to countryside management practices compatible with environmental balance and to combat the greenhouse effect.

In 1993, the objectives of structural policy were modified (see Section 1.6) and Objective 5 was reworded (under Regulation 2081/93 amending Regulation 2052/88 on the tasks of the Structural Funds) as promoting rural development by:

(a) speeding up the adjustment of agricultural structures in the framework of the reform of the CAP;
(b) facilitating the development and structural adjustment of rural areas.

This is an important shift of emphasis: no longer is the reform of the CAP seen as an end in itself but rather as a means of achieving a wider goal for the rural sector as a whole. In order to take into account this change in structural policy objectives, the implementing Regulation for EAGGF-Guidance (4256/88) was amended by Regulation 2085/93. The latter Regulation introduced new measures such as encouragement for the production of non-food agricultural commodities, the promotion of quality local or regional agricultural and forest products, the renovation and development of villages, and the protection and conservation of the rural heritage.

1.1.7. European Agricultural Strategy Paper

In 1995, the then Commissioner for Agriculture, Franz Fischler, took the next step in the reform process with the publication of a European Agricultural Strategy Paper. It acknowledged that the balance of forces shaping the CAP was shifting. The prospect of European Union enlargement, to include countries with sizeable agricultural sectors with many social and economic difficulties, raised the issue of how the CAP would need to adapt. There were also continuing pressures for more trade liberalisation.

Rejecting both the continuation of the status quo and ‘radical’ liberalisation of the CAP, the paper proposed an ‘integrated rural policy’ that would combine the spirit
of the 1992 reforms (cuts in market support offset by direct payments to farmers) with a stronger emphasis on the integration of social and environmental policy aims.

### 1.1.8. First European Conference on Rural Development, Cork

The first European Conference on Rural Development was held in November 1996 in Cork, Ireland. It served as an opportunity for a large variety of stakeholders to discuss and provide input to the future of rural development policy. The conference concluded with a 10-point declaration covering the following points:

- **Rural preference** – i.e. sustainable rural development must be put to the top of the agenda of the European Union;
- **Integrated approach** - rural development policy must be based on an integrated approach, multi-disciplinary in concept, and multi-sectoral in application, with a clear territorial dimension;
- **Diversification** - rural development must provide support for diversification of economic and social activity in order to promote the development of viable rural communities;
- **Sustainability** - rural development policy must be sustainable;
- **Subsidiarity** - given the diversity of the Union’s rural areas, rural development policy must follow the principle of subsidiarity, i.e. must be as decentralised as possible and based on partnership and co-operation between all levels concerned (local, regional, national and European);
- **Simplification** - rural development legislation has to be simplified, in order to increase coherence between various rural development measures and subsidiarity in decision-making, to decentralise policy implementation and enhance overall flexibility;
- **Programming** - the application of rural development programmes must be based on coherent and transparent procedures, and integrated into one single programme for rural development for each region;
- **Finance** - the use of local financial resources, financial engineering in rural credit techniques and greater participation by the banking sector and other fiscal intermediaries must be encouraged;
- **Management** - management assistance to regional and local governments and community-based groups must be increased; and,
- **Evaluation and research** – monitoring, evaluation and beneficiary assessment have to be reinforced.
1.1.9. Agenda 2000 reform

Table 1.2: Summary of rural development and the Agenda 2000 reform

<table>
<thead>
<tr>
<th>Reform measures relating to RD</th>
<th>RD regulations and inventory of measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Brought together the previous nine instruments into a single legal framework for rural development (Council Regulation (EC) No 1257/1999), offering a ‘menu’ of 22 measures;</td>
<td>Introduction of Council Regulation (EC) No 1257/1999:</td>
</tr>
<tr>
<td>• Increased financial resources for rural development;</td>
<td>• Investment in farm businesses (Chapter I);</td>
</tr>
<tr>
<td>• Introduced CAP Pillar 1 and 2 concept.</td>
<td>• Setting up of young farmers (Chapter II);</td>
</tr>
</tbody>
</table>

Agreed in March 1999 in Berlin, Germany, the Agenda 2000 package reformed the CAP, the Structural Funds and the Cohesion Fund, introduced two financial pre-accession instruments (ISPA and SAPARD) in order to prepare for enlargement and provided for a new financial framework for the period 2000-06.

In terms of rural development policy, the Agenda 2000 reform consolidated the previous nine legislative texts on rural development into a single regulation on support for rural development (Council Regulation (EC) No 1257/1999). The reform brought funding for rural development predominantly within the ambit of the EAGGF-Guarantee Section, partly for ease of administration, but also partly as a kind of political statement making clear that rural development and agri-environmental schemes were seen as being an integral part of the mainstream CAP. In addition, the reform increased the financial resources available for rural development.³ Agenda 2000 also introduced the ‘CAP Pillar 1 and 2’ concept, which comprises

³ Overall EU funding for rural development for 2000-06 and the EU-15 comprises over EUR 50 billion, with approximately EUR 33 billion of this coming from the Guarantee Section and EUR 20 billion from the Guidance Section (including EUR 2 billion for the LEADER+ Initiative). In the 10 new Member States, Community financial support for rural development in 2004 to 2006 is estimated at EUR 7.8 billion, with EUR 5.8 billion of this coming from the Guarantee Section and EUR 2.0 billion from the Guidance Section.
traditional market measures and price support under ‘Pillar I’ and rural development and agri-environmental measures under ‘Pillar II’.

Reform of the common structural policy
In the context of the reform of the common structural policy, the number of priority objectives for an intervention of the Structural Funds was reduced from 6 to 3: two geographical objectives (Objective 1 supporting regions lacking behind in development and having a per capita GDP of less than 75% of the Community average; and Objective 2 supporting areas facing structural difficulties) and a thematic objective (Objective 3 supporting the adaptation and modernisation of policies and systems of education, training and employment). In both Objective 1 and 2 regions, special integrated regional development programmes were implemented and obtained support from the different Structural Funds working closely together. The EAGGF fund provides co-financing for rural development measures under both Objective 1 and 2.

Rural development financing
All rural development initiatives are co-financed by the European Commission (via the EAGGF) and the Member States. Agenda 2000 reorganised the EU financial assistance for rural development measures as shown in: Structure of financial assistance for rural development measures (period 2000-2006)

The Agenda 2000 agreement added compensatory allowances for LFAs and areas subject to environmental constraints to the existing list of accompanying measures (agri-environment, early retirement, afforestation). These measures are co-financed by the Guarantee Section of the EAGGF throughout the Community. Likewise, LEADER+ projects are funded throughout the Union from the Guidance Section of the EAGGF.

For other rural development measures, the source of Community funding varies according to the regions concerned:

- In Objective 1 regions of the Structural Funds (the least developed regions) the source of funding is the EAGGF-Guidance Section;
- Outside Objective 1 regions, the source of funding is the EAGGF-Guarantee Section.

Figure 1.1 shows that finance for the majority of rural development measures in Objective 1 regions still comes from the EAGGF-Guidance Fund, which falls under the ambit of structural policy.
The Agenda 2000 agreement gives Member States the possibility of shifting funds from the First to the Second Pillar by reducing direct payments (for certain categories of farmers) and using them as additional funds for rural development ("voluntary modulation"). However, only four Member States (France, Portugal, the UK and Germany) seriously considered applying modulation before it became mandatory under the 2003 CAP reform as of 2005 onwards, and only the UK and Germany actually modulated funds before 2005. France introduced a modulation programme and then subsequently suspended it.
Rural development programming

Under a flexible programming approach, Member States and regions can choose from a ‘menu’ of 22 measures those which suit best their specific needs. However, the obligation to offer agri-environmental measures as introduced by the MacSharry reform remains.

Agenda 2000 introduced three categories of programming of rural development measures:

Horizontal rural development programmes
Programmes are termed ‘horizontal’ when they apply throughout the Community, implemented at the geographical level deemed most appropriate by each Member State. They cover initiatives supported by the EAGGF-Guarantee Section (and therefore do not include measures arising from the EAGGF-Guidance Section in Objective 1 regions, see Figure 1.1: Structure of financial assistance for rural development measures (period 2000-2006)).

Programmes in Objective 1 regions
All rural development measures apart from the CAP accompanying measures in these regions are co-financed by the EAGGF-Guidance Section. These measures are compulsorily integrated within Objective 1 regionalised programmes, in the form of an Operational Programme aimed at rural development.

Programmes in Objective 2 regions
The rural areas concerned are those which face particular reconversion difficulties. Over and above funding from the EAGGF-Guarantee Section for rural development measures, they receive support from two Structural Funds, the ERDF and the ESF. Member States can choose between two options when programming measures in these areas:

- either to integrate rural development measures into the Objective 2 regionalised programmes;
- or to include them in the horizontal programmes.

The four CAP accompanying measures are financed, as in other parts of the Union, by the EAGGF-Guarantee Section and are part of the horizontal programming.

For the programming period 2000-06, only France has integrated its rural development measures in its 21 Objective 2 regions in the specific regionalised programmes in these areas. All other Member States are operating rural development measures in Objective 2 regions under the general horizontal rural development programme.

The ‘Second Pillar’
Agenda 2000 introduced the Pillar 1 and Pillar 2 concept, under which traditional market support schemes form the ‘First Pillar’ of the CAP and the totality of rural development measures, agri-environmental and other related CAP programmes form the ‘Second Pillar’ of EU agricultural policy. With this new concept, the Commission wanted to show a shift in policy towards an increasing importance of the environmental and rural development dimension of agriculture, in line with consumers’ and taxpayers’ demands. It introduced a new emphasis on assisting rural areas and their economies and communities, not just farming.

Prior to Agenda 2000, agri-environment and rural development policy were less closely linked. Now these two policy areas have come together under the Rural Development Regulation. On the one hand, this process could be seen as increasing the scope and the geographic scale of rural development policy in the European Union. On the other hand, the fact that Member States are able to draw up their own programmes from a menu of measures means that rural development
can be implemented differently within the overall framework, both between and within Member States.

**Rural development in the candidate countries**

In order to support structural development in the candidate countries, Agenda 2000 foresaw the creation of two pre-accession funds, ISPA (providing support for environmental and transport infrastructure projects, Regulation 1267/99) and SAPARD (providing support for the restructuring of the agricultural and rural sectors, Regulation 1268/99). In addition, a reserve of €40 billion was set up for anticipated structural funds measures following accession. Poland, Czech Republic, Hungary, Slovakia, Slovenia, Lithuania, Latvia, Estonia, Bulgaria and Romania have been eligible for support under the SAPARD instrument. The main objectives of the programme are to:

- establish an EU framework for supporting sustainable agricultural and rural development in the central and eastern European candidate countries during the pre-accession period;
- solve problems affecting the long-term adjustment of the agricultural sector and rural areas; and,
- help implement the EU’s *acquis communautaire* in relation to the CAP and related policies.

At the same time, Cyprus and Malta have had access to specific pre-accession funds to help them prepare to implement the *acquis communautaire*.

**1.1.10. Göteborg European Council**

In June 2001, the Commission adopted its proposal for a European Union strategy for sustainable development. In order to achieve the ‘sustainability’ objective under this heading EU policies should become more environmentally oriented, with concrete sustainable development criteria providing guiding principles in future reviews of common policies such as the CAP.

The summit agreed that, amongst its objectives, the CAP should contribute to sustainable development by ‘increasing its emphasis on encouraging healthy, high quality products, environmentally sustainable production methods, including organic production, renewable raw materials and the protection of biodiversity. These have been taken into consideration in the development of the new Rural Development Regulation for the time post-2006, which introduces 3 ‘axes’ of rural development policy, of which one aims to enhance the rural environment (see Section 1.1.14)
1.1.11. 2003 CAP reform (‘Mid-Term Review’)

Table 1.3: Summary of rural development and the 2003 CAP reform

<table>
<thead>
<tr>
<th>Reform measures relating to RD</th>
<th>RD regulations and inventory of measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increase in funds for rural development by introducing compulsory ‘modulation’;</td>
<td>Remained in force: <strong>Council Regulation (EC) No 1257/1999</strong> on support for rural development from the EAGGF:</td>
</tr>
<tr>
<td>• Introduction of new rural development measures (meeting standards, animal welfare, food quality, developing (as well as applying) new technologies), increasing the number of measures from 22 to 26;</td>
<td>• Investment in farm businesses (Chapter I);</td>
</tr>
<tr>
<td>• Increase in EU-funding rates for agri-environmental and animal welfare schemes from 75% to 85% in Objective 1 areas and from 50% to 60% in other areas; and,</td>
<td>• Setting up of young farmers (Chapter II);</td>
</tr>
<tr>
<td>• Increase in investment support for young farmers, compensatory payments in certain less favoured areas and areas with environmental restrictions, expansion of forestry support measures to state-owned forests.</td>
<td>• Early retirement (Chapter IV);</td>
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<tr>
<td></td>
<td>• Training (Chapter III);</td>
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<td></td>
<td>• Less-favoured areas and areas with environmental restrictions (Chapter V);</td>
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<td></td>
<td>• Agri-environment (Chapter VI);</td>
</tr>
<tr>
<td></td>
<td>• Improving processing and marketing of agricultural products (Chapter VII);</td>
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<tr>
<td></td>
<td>• Forestry (Chapter VIII); and,</td>
</tr>
<tr>
<td></td>
<td>• Various measures for the general development of rural areas (‘Article 33 measures’, including agricultural water resources management, encouragement for tourist and craft activities, renovation and development of villages and protection and conservation of the rural heritage) (Chapter IX).</td>
</tr>
<tr>
<td></td>
<td>Added the following measures to the list above:</td>
</tr>
<tr>
<td></td>
<td>• Support to help farmers to adapt to standards based on Community legislation in the fields of the environment, public, animal and plant health, animal welfare and occupational safety; and to use the farm advisory services in this context;</td>
</tr>
<tr>
<td></td>
<td>• Support for the improvement of animal welfare;</td>
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<tr>
<td></td>
<td>• Support for agricultural production methods designed to improve the quality of agricultural products and for promotion of those products; and,</td>
</tr>
<tr>
<td></td>
<td>• Support for the development and application of new technologies.</td>
</tr>
</tbody>
</table>

In June 2003 as part of the so-called Mid Term Review, EU Agriculture Ministers agreed a major reform of the CAP. It strengthened rural development policy both in scope and financial resources by introducing the reform measures listed in Table 1.3.
The changes agreed were laid down in Council Regulation (EC) No 1783/2003, which amended Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF).

**Increased funds for rural development**

Member States will have to reduce direct payments to farmers by 3% in 2005, 4% in 2006 and 5% from 2007 to 2012 (‘modulation’). The first €5,000 per year in direct aids received by any farmer is exempted from the reduction. This will generate approximately €1.2 billion per year from 2007 onwards. The modulated money will be redistributed among Member States according to a complex formula.

**New rural development measures:**

- A new chapter on ‘meeting standards’ offers temporary, degressive financial support to farmers incurring costs or foregoing income in order to apply standards related to the environment, public health, animal or plant health, animal welfare or occupational safety under the new ‘cross-compliance’ requirement. These standards must be based on Community legislation and must have been newly introduced into national law. In addition, support is provided to help with the costs of using farm advisory services to assess the performance of farms against the new cross-compliance standards.

- The agri-environment chapter in Regulation 1257/99 is updated to encompass animal welfare. EU support is provided to farmers who enter into voluntary commitments of at least five years to meet standards which go beyond good animal husbandry practice.

- Under another new chapter, farmers can apply for financial support for their voluntary participation in Community or national quality schemes for agricultural products and production processes, and for informing consumers about these schemes.

- The scope of the ‘improving processing and marketing of agricultural products’ chapter was expanded to include developing (as well as applying) new technologies.

**1.1.12. Second European Conference on Rural Development in Salzburg**

The 2nd European Conference on Rural Development was held in Salzburg, Austria in November 2003. It provided a platform for a wide range of rural stakeholders to debate how they see current Community rural development policy for the period 2000-06 and what they consider are the priorities for the future development of the policy in the next programming period from 2007 onwards in a wider EU. The results

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5 The 2003 CAP reform linked the full granting of the direct payments to the respect of a certain number of statutory environmental food safety, animal and plant health, and animal welfare standards.

6 Planting seeds for rural future - rural policy perspectives for a wider Europe.
of the conference served as a basis for developing rural development policy post-2006 (see Section 1.1.14). The main recommendations were as follows:

- bring EU rural development measures under a single fund from 2007 onwards;
- give Member States (and regions) more flexibility to decide on how their funds are allocated; and,
- put greater emphasis on the rural economy, i.e. measures going beyond the agriculture.

In a concluding declaration, the conference suggested the following guiding principles for future rural development policy:

- preserving the diversity of Europe’s countryside and encouraging the services provided by multifunctional agriculture;
- increasing competitiveness of the farming sector;
- covering all rural areas of the European Union;
- serving the needs of broader society in rural areas and not basing rural development on agriculture alone;
- taking a decentralised, ‘bottom-up’ approach, i.e. relying on local partnerships and regional input;
- increasing flexibility and responsibility (including capacity building); and,
- simplifying rural development policy by introduction a single programming, financing and control system.

1.1.13. Rural development and enlargement

The Act of Accession (Annex II, Chapter 6) defined, for the period 2004–06, a special rural development regime for the new Member States who joined the EU on 1st May 2004. Given the short programming period until the end of the current financial perspectives, the new regime was built on the experience gained by the implementing bodies set up under SAPARD and thereby adapted to the needs of the new Member States. The regime is mainly based on a new Temporary Rural Development Instrument (TRDI), funded by the EAGGF-Guarantee Section.

In addition to the existing measures in the EU-15 rural development programmes (e.g. setting up aid for young farmers, support for LFAs, agri-environment programmes), new measures are available in the new Member States under the TRDI, for example for:

- income support for semi-subsistence farmers undergoing restructuring;
- setting-up of producer groups;
support for meeting EU standards (as for existing Member States but there is an additional derogation for new Member States to finance investments);
- technical assistance;
- topping-up direct payments;
- LEADER+ type activities, in particular capacity building at local level;
- the provision of extension and advisory services.

The financing instruments for rural development in the New Member States until 2006 are illustrated in Figure 1.2
## Rural Development Funding in NMS

<table>
<thead>
<tr>
<th>TRDI EAGGF Guarantee</th>
<th>EAGFF Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Throughout NMS</td>
<td>Outside</td>
</tr>
<tr>
<td></td>
<td>Only Objective 1</td>
</tr>
</tbody>
</table>

### I. Accompanying measures:
- Early retirement
- Less favoured areas
- Agri-environment
- Afforestation of agricultural land

### II. CAP reform
- Meeting standards (Compliance with Community standards)
- Food quality

### III. Specific measures for 10MS
- Complements to direct payments
- Setting up of producer groups
- Technical Assistance

- Investment in agricultural holdings
- Young Farmers
- Training
- Other Forestry
- Processing and marketing
- Adaptation and development of rural areas (Article 33)

LEADER + Initiative

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**Figure 1.2:** Structure of financial assistance for rural development measures in NMS (2004-2006)
1.1.14. EU rural development policy post-2006

Following a series of reviews of past and present rural development policies, on 20 June 2005, the Agriculture Council reached political agreement on a Regulation on rural development support for the next programming period. The new Regulation is based on a proposal presented by the European Commission its on 15 July 2004. In line with the recommendations made at the Second European Conference on Rural Development in Salzburg (see Section 1.1.12), the Regulation aims to reinforce rural development policy and simplify its implementation by:

- Introducing a single funding and programming instrument for rural development, the European Agriculture Rural Development Fund (EARDF);
- Strengthening the bottom-up approach - Member States, regions and local action groups will have more say in attuning programmes to local needs;
- Introducing a new strategic approach for rural development with clear focus on EU priorities such as the Lisbon and Göteborg goals, and targeting the wider rural population, i.e. going beyond the agricultural sector;
- Reinforcing control, evaluation and reporting and dividing responsibilities more clearly between Member States and the Commission.

With the introduction of the EARDF, a new structure for CAP funding is being established with a single fund for each pillar (pillar 1 will continue to be funded from the European Agricultural Guarantee Fund).

Under the new strategic approach, rural development policy is to be focused on the following three core objectives:

1. Increasing the competitiveness of the agricultural and forestry sector through support for restructuring;
2. Enhancing the environment and countryside through support for land management; and,
3. Enhancing the quality of life in rural areas and promoting the diversification of economic activities through measures targeting the farm sector and other rural actors.

For each core objective, key actions are suggested across four Operational Axes as shown in Box 1.1.

Box 1.1: EU rural development policy post-2006

| Axis 1: Improving competitiveness of farming and forestry |
Examples:
- fostering human capital by providing training and advice to farmers and foresters;
- improving and developing infrastructure related to the development and adaptation of agriculture and forestry;
- supporting farmers who participate in food quality schemes;
- setting up of young farmers; and,
- support for semi-subsistence farmers in new Member States to become competitive.

Axis 2: Environment and countryside

Examples:
- natural handicap payments to farmers in mountain areas;
- NATURA 2000 payments;
- agri-environment measures;
- animal welfare payments; and,
- measures for sustainable forestry.

Axis 3: Improving quality of life and diversification of the rural economy

Examples:
- diversification to non-agricultural activities;
- support for the creation of micro enterprises;
- encouragement of tourism; and,
- village renewal.

Axis 4: the LEADER approach

Each programme must have a LEADER element for the implementation of bottom-up local development strategies of local action groups.

Rural development programmes in all Member States should pursue all three objectives. To ensure a balanced strategy with at least a minimum level of funding for these three core objectives, a minimum of 10% of the national envelope has to be spent on Axis 1, 25% on Axis 2 and again 10% on Axis 3. This leaves Member States or regions enough flexibility to emphasise the core objective they wish taking into account their specific situation and needs. The EU co-financing rate is maximum 50%.
(75% in convergence regions) for Axis 1 and 3 and 55% (80% in convergence regions) for Axis 2. This may be increased to 85% for the outermost regions and small Aegean islands. For afforestation, the co-funding rate is 80% in LFAs and 70% in other areas, i.e. 20% higher than in the 2000-06 period.

Each programme must have a LEADER element (Axis 4) for the implementation of bottom-up local development strategies of local action groups. EU-15 Member States have to reserve a minimum of 5% of national programme funding for LEADER. The ten New Member States have to allocate at least 2.5% on average over the 7-year period and 5% by 2013. This element should contribute to the priorities of the three main areas described above, but also plays an important role in terms of improving governance and mobilising the endogenous development potential of rural areas. In particular, the building of local partnership capacity, the promotion of private-public partnerships, the promotion of co-operation and innovation and the improvement of local governance are sought.

For the New Member States, the agreement reached in June 2005 allows for the aid to semi-subsistence farming to continue until 2013 (rather than 2010 as originally foreseen).

A controversial aspect of the original Commission proposals was to redefine ‘intermediate’ less favoured areas, in response to criticism from the Court of Auditors (Court of Auditors, 2003), to more objective and up-to-date criteria. However, following resistance among Member States, it was agreed that the current ‘intermediate’ LFA criteria would continue to apply until the start of 2010, but that new definitions will have to be agreed by then on the basis of a Commission report and proposal.

On the contentious issue of funding, the text agreed in June 2005 states that the budget commitments for 2007-2013 will be €88.75 billion for the period, as originally suggest by the European Commission, but that these will be adjusted proportionately in accordance with any final agreement on the Financial Perspectives. This means in practice that as of writing this report, details of future RD funding still have to be agreed by EU Heads of Government.

7 "Intermediate" LFAs are LFAs other than "mountain areas" and "areas with specific handicaps", i.e. LFAs defined on the basis of socio-economic criteria.
8 By Comparison, overall EU funding for rural development for 2000-2006 in the EU-15 comprises approximately €50 billion, with approximately €33 billion coming from the EAGG-Guarantee Section and €18 billion coming from the Guidance Section.
2. Methodology

This meta-evaluation was carried out through means of desk research and analysis based on the mid-term evaluation (MTE) reports submitted to the Commission for each Rural Development Programme. The information contained in these reports was supplemented by secondary data and through interviews with implementing authorities and other key stakeholders in each Member State. No large scale data collection exercises were undertaken. Finally, a meeting of the core evaluation team (not envisaged in the contract) was held in Brussels towards the end of the contract to assess in particular the overall objectives of the RDR.

Two synthetic grids were constructed to collate and filter the information in the MTE reports prior to its synthesis. These were:

- A grid to extract information relating to the use of Common Evaluation Questions, their criteria and indicators. Information collected here was used in the assessment of the evaluation system (see Chapter 3.4.2).
- A grid to extract answers to the Common and Further Evaluation Questions and information on the methods used to collect this information in the mid-term evaluations. This information was synthesised and used in the assessment of measure-specific evaluation questions.

These analysis tools are presented in further detail in Appendix 2.

Whilst much information was contained in the MTE reports, gaps remained with respect to some evaluation questions. In conjunction with the Steering Group, and based on the relative importance of the gaps remaining, it was agreed that further investigations would be made in relation to Chapters V: LFAs, VI: Agri-environment and IX: Promoting the adaptation and development of rural areas. Gaps in cross-cutting issues, all FEQs and a new set of questions requested by the Steering Group relating to Chapter VII: Investments in processing and marketing were also highlighted for further investigations.

Where rural development is implemented regionally it was also necessary to decide which programmes would be investigated. This assessment was made on the basis of where gaps in information existed and the importance of the measure concerned in the region. Our proxy for this was expenditure. This approach ensured that a suitable balance of Member States were investigated and that a wide range of geographical contexts were considered. The regions investigated are presented in Appendix 2.
Interviews were carried out with representatives from implementing authorities and other key stakeholders across the EU between June and August. A list of people and organisations consulted is presented in Appendix 2 (some interviews were with more than one interviewee). The information gathered from these interviews was used to supplement the material available from the MTE reports in order to provide an answer to each evaluation question.

Finally, an EU-wide literature review was undertaken to supplement our empirical findings. The articles, etc. cited are presented in Appendix 1 and are referenced in the text. Articles not directly cited, but which nonetheless informed the evaluation are listed separately in the same Appendix.

The answers to the measure-specific evaluation questions are embedded in the following structure. First the measure objectives and intervention logic are set out explaining how the measure is supposed to work. This is followed by a synthesis of evidence from the MTE reports and secondary data. Certain Chapters were selected to be followed up with interviews (see Appendix 2 and Chapter 3.2) and a synthesis of the information gathered is added where relevant. This evidence is used to consider how the measures worked in practice. The conclusions and recommendations (see Chapter 4) build on this structure to consider why the measures did or did not work and to offer recommendations to improve their operation. All relevant information found in the MTE reports, secondary data and provided in the interview process has been included.

2.1. Methodological problems and constraints

There were two broad sets of methodological issues to be confronted in this evaluation, the first relating to the material on which this meta-evaluation is based, namely the national/regional mid-term evaluation reports, and the second relating to the operation of this contract itself, including methodologies for filling information gaps. These are considered in turn.

2.1.1. The mid-term evaluation reports

As set out above this evaluation relied primarily on the MTE reports. The quality of the MTE reports and the extent to which they contained the required information was variable and this resulted in information gaps. In some cases this was a function of the evaluators and the way in which they chose to approach the mid-term evaluation (which may have been driven to some extent by the budgets made available to carry out the evaluations by regions/Member States), but in others it is a function of factors outside the control of the evaluators such as a lack of suitable impact, baseline and financial data. Many of the mid-term evaluations were also hampered by the late implementation of programmes for a variety of reasons.
Given that the MTE reports were written in 2003, this reduced considerably the period over which information could be taken into account.

2.1.2. This evaluation

First, secondary data concerning the 2000-2003 evaluation period is relatively sparse as regional/national evaluation effort has focused mainly on the mid-term evaluations. The time lag involved in publishing academic papers means that papers concerned with the RDR during the evaluation period are only now being published. Second, whilst some secondary data relating to previous programming periods holds external validity to the evaluation period, this is not always the case and caution should be exercised as the exact implementation of policy has altered in some cases and certainly the circumstances within which the policy operates has changed. That said, relevant secondary data significantly strengthened the evidence base.

The interview process was complicated by its timing which, due to the date on which the contract was signed (23 December 2004), fell in the holiday period, including August. To counter this the interview process was brought forward as far as practicably possible and as a result there were no reports of unavailability for this reason. However, whilst our interview process was on-going, implementing authorities were engaged in carrying out an up-dating of the mid-term evaluation results, submitting annual monitoring data to the Commission and preparations for the 2007-2013 programming period. Whilst this did not prevent implementing authorities from making time available to this evaluation, it did have a negative impact on the amount of time which they could spend. Finally, the extent to which implementing authorities were able to provide additional information was variable. In many cases little quantitative information could be provided and additional evidence resulting from the interview process is often not as robust as that available in the MTE reports. Despite this, the largely qualitative information gathered from the interviews did contribute to the evidence base, strengthened the analysis and provided a firmer base on which to derive judgements and conclusions.

2.2. Intervention logic

Within the public administration (financial and other) inputs are transformed into outputs. The outputs lead to results at the level of the beneficiary agricultural holdings and these results generate impacts. Two categories of impacts can be distinguished. The intermediate impacts manifest themselves at the holding level soon after the public intervention. The global impacts occur in the medium or long term at the level of (i) beneficiary holdings, (ii) the agricultural sector and (iii) in rural society.
In order to describe the intervention logic of a measure implemented under a rural development programme, the following steps are necessary:

1. identification (or constructing typologies) of the immediate results;
2. specification of the objectives;
3. identification of the impacts related to the various objectives; and,
4. analysis of the impacts.

This graphical analysis is presented in the form of a log diagram of impacts. Log diagrams of impacts reflect an idealised picture of the aid schemes at Community level. They describe how the public intervention is transformed into the expected intermediate and global impacts. For the ease of use, we describe the intervention logic in the form of Tables and by RDR Chapter, although relationships between Chapters are also considered. In this connection it should be noted that relationships can be asymmetrical (i.e. although there is a causal relationship in one direction between measures under two Chapters, this may not be mirrored in the other direction, for example, measures under Chapter III: Training are often likely to have a positive relationship with other Chapters, say Chapter VI: Agri-environment, but there is not likely to be a reciprocal impact). These Tables are presented in Chapter 3.2 which contains the measure-specific evaluation questions.
3. Evaluation questions

3.1. Overview of financial inputs and outputs

The information contained in this Chapter has been extracted from mid-term evaluation reports as foreseen in the terms of reference. In many cases the terms of reference for the mid-term evaluations did not include a requirement to provide this information. In other cases financial data were simply not made available to consultants when compiling the mid-term evaluations. The data here are as complete as possible given these limitations.

3.1.1. Financial allocations and expenditure

There is no consistent source containing budget allocations for the 2000-2006 programming period by RDR measure and by Member State. The most consistent source showing total public spending is a series of RDP summaries on the DG Agri website. Unfortunately the information contained here often categorises spending by regional/national priority rather than by RDR measure and often multiple RDR measures are contained within one regional/national priority and this has resulted in budgets for different RDR measures being counted together. This, coupled with the fact that financial information was not available for every programme, explains why the information in this Table does not match exactly that presented elsewhere from official Commission sources. Nevertheless, this information appears to be unavailable from these other sources at the level of disaggregation requested in the terms of reference.

The information contained in each Programme was categorised by RDR Chapter to the extent possible and summed to provide an overview of planned total public expenditure (with EU contribution distinguished) between 2000 and 2006 at the EU-15 level presented in Table 3.1. Continuations of measures from the previous programming period are not included (with the exception of Spanish 2078/92 accompanying measures, Ireland and the Sachsen-Anhalt region of Germany where it was not possible to remove these).

<table>
<thead>
<tr>
<th>Total public expenditure</th>
<th>EU contribution</th>
<th>% EU contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments on farm</td>
<td>€6,558</td>
<td>€2,289</td>
</tr>
<tr>
<td>Young farmers</td>
<td>€2,089</td>
<td>€927</td>
</tr>
<tr>
<td>Training</td>
<td>€315</td>
<td>€133</td>
</tr>
<tr>
<td>Early retirement</td>
<td>€2,847</td>
<td>€1,332</td>
</tr>
<tr>
<td>Less Favoured Areas</td>
<td>€12,998</td>
<td>€5,365</td>
</tr>
<tr>
<td>--------------------</td>
<td>---------</td>
<td>--------</td>
</tr>
<tr>
<td>Agri-environment</td>
<td>€24,333</td>
<td>€13,179</td>
</tr>
<tr>
<td>Investments in processing and marketing</td>
<td>€3,715</td>
<td>€935</td>
</tr>
<tr>
<td>Forestry</td>
<td>€3,989</td>
<td>€2,369</td>
</tr>
<tr>
<td>Adaptation and development of rural areas</td>
<td>€8,577</td>
<td>€3,484</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>€65,422</strong></td>
<td><strong>€30,014</strong></td>
</tr>
</tbody>
</table>

Source: [http://europa.eu.int/comm/agriculture/rur/countries/index_en.htm](http://europa.eu.int/comm/agriculture/rur/countries/index_en.htm) and Agra CEAS calculations.

**Notes:**

**Bayern:** Agri-environment includes LFA.

**Rheinland-Pfalz:** Investment on farm includes Processing and marketing and land reparcelling and rural road building (Article 33); Agri-environment includes LFA; Article 33 includes Forestry.

**Hessen:** Investments on farm includes Young farmers and Processing and marketing; Agri-environment includes LFA and Forestry; an additional €66,932 (of which €33,254 from the EU) is spent on undefined ‘other’ measures.

**Nordrhein-Westfalen:** Investments on farm includes Young Farmers, Training and Processing and marketing; Agri-environment includes LFA and Forestry.

**Niedersachsen:** Investments on farm includes Training; Agri-environment includes LFA and Forestry; an additional €6.45 (of which €3.225 from the EU is spent on undefined ‘other’ measures).

**Saarland:** Investments on farm includes Young Farmers; Agri-environment includes LFA and Forestry; an additional €3.032 (of which €1.516 from the EU is spent on undefined ‘other’ measures).

**Bremen:** Investments on farm includes Young farmers, Training and Processing and Marketing; Agri-environment includes LFAs and Forestry.

**Hamburg:** Investments on farm includes Young Farmers, Training and Processing and Marketing; Agri-environment includes LFAs and Forestry.

**Schleswig-Holstein:** Investments on farm includes Processing and Marketing; Agri-environment includes LFAs and Forestry.

**Thüringen:** An additional €2.36 (of which €1.40 from the EU is spent on undefined ‘other’ measures).

**Mecklenburg-Vorpommern:** No official financial information available.

**Berlin:** Investments in farms includes Young farmers.

**Navarra:** Investments on farm includes Young farmers; LFAs includes Agri-environment, Early retirement and Afforestation of agricultural land.

**Finland:** Investments on farm includes Training, farm management services (Article 33) and measures relating to forest products.

**Lazio:** Investment on farm includes Young farmers, Training and Processing and marketing; Agri-environment includes LFA.

**Piemonte:** Investments on farm includes Young farmers, Training, Early retirement, Processing and marketing, farm tourism diversification and farm relief and management services (Article 33).

**Umbria:** Investments on farm includes Young farmers, Training, Early retirement, Processing and marketing, farm relief and management services and financial engineering (Article 33); Agri-environment includes LFA and Forestry.

**Marche:** Investments on farm includes Young farmers, Training, Early retirement, Processing and marketing, farm relief and management services and financial engineering (Article 33); Agri-environment includes LFA and Forestry.

**Emilia-Romagna:** Investments on farm includes Young farmers, Training and Processing and marketing.

**Toscana:** Investments on farm includes Young farmers, Training, Early retirement and Processing and marketing; Agri-environment includes LFA and Forestry.
Friuli - Venezia Giulia: Investments on farm includes Young farmers, Training and Processing and marketing; Agri-environment includes LFA and Forestry.

Veneto: Investments on farm includes Young farmers, Training, Early retirement and Processing and marketing; Agri-environment includes LFA and Forestry.

Trento: Investments on farm includes Young farmers, Training, Early retirement and Processing and marketing; Agri-environment includes LFA and Forestry.

Liguria: Investments on farm includes Young farmers, Processing and marketing, financial engineering, marketing of quality products, land reparation and restoring production potential (all Article 33); Agri-environment includes Forestry, diversification (agri-tourism, craft industry etc.), village renovation and investment in environmental protection (cleaning of riverbeds, soils, etc.) (all Article 33).

Lombardy: Investments on farm includes Young farmers, Training, Processing and marketing and assistance for management, technical and economic information services and diversification of agricultural and related activities (article 33); Agri-environment includes LFA and Forestry.

Val d’Aosta: Investments on farm includes Young farmers, Early retirement and Other forestry; Agri-environment includes LFA and Forestry.

Bolzano: Investments on farm includes Young farmers, Processing and marketing and farm management services (Article 33); Agri-environment includes LFA and Forestry.

Sardegna: No official information available.

Luxembourg: Investments on farms includes Young Farmers and Processing and marketing.

Netherlands: Agri-environment includes promoting innovation, enabling farmers and growers to respond to market opportunities such as non-food crops and new food products using new agricultural methods, processing and marketing techniques, providing training and services to farmers to aid diversification and business ventures that benefit society and support for Less Favoured Areas through nature conservation.

Sweden: Agri-environment includes LFA and Forestry; Investments on farm includes Young farmers, Training, Processing and marketing and Article 33.

Wales: Investments on farm includes the Processing and Marketing Small Grant Scheme, funded under Processing and marketing; Agri-environment includes LFA.

Scotland: LFA includes Forestry.

According to official EU sources, the total allocation of EAGGF Guarantee for rural development between 2000 and 2006 is €32,9059 billion and is split by EU-15 Member State as shown in Figure 3.1. France and Germany account for around a third of total spending between them, with a further third accounted for by Italy, Spain and Austria.

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* The difference between this figure and the one presented in Table 3.1 results from the unavailability of some data in Table 3.1.
The weight of EU funding by RDR Chapter is firmly towards agri-environment and the adaptation and development of rural areas which account for 27.5% and 25.8% of total RDR funding\(^\text{10}\) respectively as illustrated in Figure 3.2. Planned spending for young farmers, vocational training and early retirement is less than 5% in each case.

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\(^\text{10}\) These figures are with respect to funding through both guarantee and guidance, i.e. this includes funding for rural development measures within Objective 1 areas.
Information on financial expenditure is not available in the MTE reports in a consistent format. Indeed in many cases it is not available at all for two main reasons. First, evaluators were frequently not asked to provide this information and second, in some cases the information was not available from Member States.

CAP-IDIM data were used to summarise total public expenditure between 2000 and 2003 by RDR Chapter and by Member State (Table 3.2). Table 3.3 shows the contribution from EAGGF Guarantee and was made available by the DG Agri Rural Development Team.

According to the CAP-IDIM data a total of €27.3 billion of public money has been spent to the mid-term point in the programme (Table 3.3), €17.3 billion of which is EU contribution (Table 3.3). It should be noted that there is a lag in the recording of CAP-IDIM data and the proportion of expenditure contributed by the EU is therefore overstated as a result of using two different sources. The greatest total expenditure (and EU contribution) has been made under Chapter VI: Agri-environment (€7.3 billion, 27% of total funds) reflecting both the fact that this is the only compulsory
measure and the importance attached to this measure in many Member States. Total public spending on Chapter V: LFAs accounts for 26% of the total for the period. At the other end of the scale, total public expenditure on Chapter III: Training accounts for less than 1% of the total for the period.

Table 3.2: Total public expenditure through the RDR 2000-2003 (€ million)

<table>
<thead>
<tr>
<th></th>
<th>Chap I</th>
<th>Chap II</th>
<th>Chap III</th>
<th>Chap IV</th>
<th>Chap V</th>
<th>Chap VI</th>
<th>Chap VII</th>
<th>Chap VIII</th>
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<th>Total</th>
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<td>€54.120</td>
<td>€16.458</td>
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<td>€224.662</td>
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<tr>
<td>Se</td>
<td>€42.562</td>
<td>€11.179</td>
<td>€57.529</td>
<td>NP</td>
<td>€133.551</td>
<td>€684.802</td>
<td>€15.672</td>
<td>€5.246</td>
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<td>UK</td>
<td>€13.255</td>
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<td>NP</td>
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<td><strong>€7,111.67</strong></td>
<td><strong>€7,296.83</strong></td>
<td><strong>€1,473.26</strong></td>
<td><strong>€2,424.75</strong></td>
<td><strong>€6,449.10</strong></td>
<td><strong>€27,281.580</strong></td>
</tr>
</tbody>
</table>

Notes:
NP = No Programme.
Not all data were available from all Member States in all years.
Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM and Agra CEAS Consulting calculations.

11 Sometimes there are discrepancies within the same report.
Table 3.3: EAGGF Guarantee expenditure through the RDR 2000-2003 (€ million)

<table>
<thead>
<tr>
<th></th>
<th>Chap I</th>
<th>Chap II</th>
<th>Chap III</th>
<th>Chap IV</th>
<th>Chap V</th>
<th>Chap VI</th>
<th>Chap VII</th>
<th>Chap VIII</th>
<th>Chap IX</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Be</td>
<td>15.178</td>
<td>8.300</td>
<td>4.202</td>
<td>16.706</td>
<td>0.143</td>
<td>43.037</td>
<td>8.700</td>
<td>2.516</td>
<td>4.702</td>
<td>103.484</td>
</tr>
<tr>
<td>Dk</td>
<td>0.252</td>
<td>4.283</td>
<td>0.760</td>
<td>4.245</td>
<td>1.411</td>
<td>68.180</td>
<td>4.642</td>
<td>25.920</td>
<td>7.243</td>
<td>116.936</td>
</tr>
<tr>
<td>De</td>
<td>95.830</td>
<td>7.293</td>
<td>1.619</td>
<td>2.080</td>
<td>470.459</td>
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<td>82.234</td>
<td>173.445</td>
<td>634.931</td>
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<td>0.000</td>
<td>0.000</td>
<td>283.972</td>
<td>105.572</td>
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<td>0.000</td>
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<td>0.000</td>
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<tr>
<td>Es</td>
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<td>22.393</td>
<td>0.760</td>
<td>4.245</td>
<td>1.411</td>
<td>68.180</td>
<td>4.642</td>
<td>25.920</td>
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<td>89.414</td>
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<td>179.763</td>
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<td>0.000</td>
<td>0.000</td>
<td>194.718</td>
<td>398.538</td>
<td>457.871</td>
<td>0.000</td>
<td>199.782</td>
<td>0.000</td>
<td>1,340.909</td>
</tr>
<tr>
<td>It</td>
<td>153.740</td>
<td>146.673</td>
<td>8.310</td>
<td>12.597</td>
<td>130.193</td>
<td>1,700.438</td>
<td>103.733</td>
<td>347.056</td>
<td>106.082</td>
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<tr>
<td>Lux</td>
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<td>0.962</td>
<td>0.042</td>
<td>11.935</td>
<td>22.097</td>
<td>5.039</td>
<td>0.397</td>
<td>0.039</td>
<td>0.054</td>
<td>45.501</td>
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<tr>
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<td>0.000</td>
<td>0.593</td>
<td>45.273</td>
<td>0.122</td>
<td>5.456</td>
<td>173.133</td>
<td>228.384</td>
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<tr>
<td>At</td>
<td>72.794</td>
<td>29.166</td>
<td>11.902</td>
<td>0.000</td>
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<td>1,211.747</td>
<td>18.239</td>
<td>35.271</td>
<td>53.893</td>
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<td>28.620</td>
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<td>0.000</td>
<td>21.188</td>
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<td>315.500</td>
<td>7.745</td>
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<td>874.001</td>
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<td>8,268.604</td>
<td>465.291</td>
<td>1,822.468</td>
<td>1,464.131</td>
<td>17,318.869</td>
</tr>
</tbody>
</table>


Table 3.4: EAGGF Guarantee budget and expenditure (€ million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget allocation</td>
<td>€4,386</td>
<td>€4,494</td>
<td>€4,694</td>
<td>€4,747</td>
<td>€18,322</td>
</tr>
<tr>
<td>Expenditure</td>
<td>€4,176</td>
<td>€4,364</td>
<td>€4,349</td>
<td>€4,680</td>
<td>€17,569</td>
</tr>
<tr>
<td>Difference</td>
<td>€209</td>
<td>€131</td>
<td>€345</td>
<td>€68</td>
<td>€752</td>
</tr>
<tr>
<td>% budget spent</td>
<td>95.2%</td>
<td>97.1%</td>
<td>92.7%</td>
<td>98.6%</td>
<td>95.9%</td>
</tr>
</tbody>
</table>


Table 3.4 presents EU budget allocation from EAGGF Guarantee along with expenditure, the difference between the two and the proportion of the allocated budget disbursed. Over the period covered in this evaluation (2000-2003) a total of €18.322 billion has been provided for and of this some €17.569 billion has been spent leaving a balance of €752 million.

Failure to spend the budget resulted in a funding reduction of €42 million to six Member States in 2002 and €0.07 million for one Member State in 2003. No reductions were made in 2004. Implementation in 2003 showed an underspend in relation to Chapters IV: Early retirement, Chapter VIII: Forestry, Chapter IX: Adaptation and development of rural areas and, to a lesser extent, Chapter III: Training and Chapter VII: Investments in processing and marketing. Initial budget allocations were exceeded for Chapter I: Investments on farms, Chapter II: Young farmers and Chapter VI: Agri-environment. Transfers within the overall budget were
made to accommodate these spending patterns (European Commission, 2004b). Generally, budget execution appears to be good.

Objective 2 budgeted funding is presented in Table 3.5. A total budget of €21.302 billion has been made available between 2000 and 2006. Of this, the Structural Funds account for €6.085 billion (28.6% of the total) and EAGGF Guarantee for €0.768 billion, some 4% of the total budget and 13% of the total Structural Fund contribution. There is a degree of variation in the relative importance of EAGGF Guarantee funding between programmes from one tenth of a percent (€0.83 million) in Nord Pas de Calais to 34.7% (€47.69 million) in Limousin.

Table 3.5: Objective 2 funding 2000-2006 (€ million)

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Budget</th>
<th>Structural funds</th>
<th>EAGGF</th>
<th>% EAGGF of total Structural Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alsace</td>
<td>€293.50</td>
<td>€93.40</td>
<td>€16.28</td>
<td>17.4%</td>
</tr>
<tr>
<td>Aquitaine</td>
<td>€2,036.60</td>
<td>€452.90</td>
<td>€82.26</td>
<td>18.2%</td>
</tr>
<tr>
<td>Auvergne</td>
<td>€1,256.70</td>
<td>€299.60</td>
<td>€58.34</td>
<td>19.5%</td>
</tr>
<tr>
<td>Basse-Normandie</td>
<td>€976.60</td>
<td>€265.30</td>
<td>€40.32</td>
<td>15.2%</td>
</tr>
<tr>
<td>Bourgogne</td>
<td>€753.50</td>
<td>€233.70</td>
<td>€45.68</td>
<td>19.5%</td>
</tr>
<tr>
<td>Bretagne</td>
<td>€1,107.00</td>
<td>€403.60</td>
<td>€56.71</td>
<td>14.1%</td>
</tr>
<tr>
<td>Centre</td>
<td>€634.50</td>
<td>€199.30</td>
<td>€27.73</td>
<td>13.9%</td>
</tr>
<tr>
<td>Champagne Ardennes</td>
<td>€635.30</td>
<td>€207.70</td>
<td>€12.17</td>
<td>5.9%</td>
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<tr>
<td>Franche Comté</td>
<td>€570.20</td>
<td>€183.80</td>
<td>€27.25</td>
<td>14.8%</td>
</tr>
<tr>
<td>Haute-Normandie</td>
<td>€972.40</td>
<td>€307.30</td>
<td>€5.53</td>
<td>1.8%</td>
</tr>
<tr>
<td>Languedoc Roussillon</td>
<td>€910.50</td>
<td>€270.30</td>
<td>€45.73</td>
<td>16.9%</td>
</tr>
<tr>
<td>Limousin</td>
<td>€590.60</td>
<td>€137.60</td>
<td>€47.69</td>
<td>34.7%</td>
</tr>
<tr>
<td>Lorraine</td>
<td>€828.50</td>
<td>€380.30</td>
<td>€31.29</td>
<td>8.2%</td>
</tr>
<tr>
<td>Midi Pyrénées</td>
<td>€1,449.60</td>
<td>€404.80</td>
<td>€91.57</td>
<td>22.6%</td>
</tr>
<tr>
<td>Nord Pas de Calais</td>
<td>€1,188.60</td>
<td>€607.40</td>
<td>€0.83</td>
<td>0.1%</td>
</tr>
<tr>
<td>PACA</td>
<td>€1,240.40</td>
<td>€307.40</td>
<td>€32.49</td>
<td>10.6%</td>
</tr>
<tr>
<td>Pays de la Loire</td>
<td>€1,726.30</td>
<td>€401.30</td>
<td>€39.44</td>
<td>9.8%</td>
</tr>
<tr>
<td>Picardie</td>
<td>€1,121.80</td>
<td>€254.30</td>
<td>€4.57</td>
<td>1.8%</td>
</tr>
<tr>
<td>Poitou-Charentes</td>
<td>€915.00</td>
<td>€265.60</td>
<td>€46.00</td>
<td>17.3%</td>
</tr>
<tr>
<td>Rhones Alpes</td>
<td>€1,400.00</td>
<td>€409.10</td>
<td>€56.45</td>
<td>13.8%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>€21,301.60</strong></td>
<td><strong>€6,084.70</strong></td>
<td><strong>€768.34</strong></td>
<td>12.6%</td>
</tr>
</tbody>
</table>

Source: DG Regio.

The most important measures within the Objective 2 programmes are set out below in Table 3.6 where it is clear that the vast majority of funds are destined for Chapter IX: Adaptation and development of rural areas.
Table 3.6: Public and EAGGF Guarantee expenditure on Objective 2 2000-2006 (€ million)

<table>
<thead>
<tr>
<th>Total budget</th>
<th>EU contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments on farm</td>
<td>€244.00</td>
</tr>
<tr>
<td>Investments in processing and marketing</td>
<td>€325.70</td>
</tr>
<tr>
<td>Adaptation and development of rural areas</td>
<td>€2,149.50</td>
</tr>
<tr>
<td>TOTAL</td>
<td>€2,719.20</td>
</tr>
</tbody>
</table>

Source: DG Agri.

3.1.2. Overview of outputs

The extent to which outputs are set out in the MTE reports is variable. Clearly where these are necessary to answer individual CEQs this information is usually (although not always) present and is commented on in the answers to the measure-specific evaluation questions in Chapter 3.2. However, many CEQs are concerned with outcome rather than output information and where this is the case outputs are frequently unavailable. It should also be noted that as the mid-term evaluations were carried out in 2003, information on outputs (where available) does not cover the full year. It is not therefore meaningful to present an overview of outputs for the 2000-2003 evaluation period drawn from the MTE reports.

Member States submit an annual report to the Commission concerning a limited set of RDP outputs and progress towards targets and this information is sometimes available on the websites of implementing regions/Member States. This information is drawn together in the Commission’s CAP-IDIM monitoring system and this has been used to construct a series of output tables in relation to the RDR measures which is presented in Appendix 5.

These Tables show in general the relatively slow start to the implementation of the RDR with numbers of applications picking up over the course of the 2000-2003 evaluation period (there are some exceptions, notably with regard to Chapter VI: Agri-environment). This is particularly the case with regard to some measures under Chapter IX: Article 33. Key points to note concerning these outputs are as follows:

- **Chapter I: Investments on farm.** The number of approved applications in 2001 was 33,792 at the EU level, although this increased to 79,184 in 2003, mainly as a result of a significant increase in approvals in France from 520 in 2002 to 45,626 in 2003. The proportion of eligible cost allocated to ‘green investments’ ranged from 17% to 21% over the period.

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12 These sites are available from the following link: [http://europa.eu.int/comm/agriculture/rur/countries/index_en.htm](http://europa.eu.int/comm/agriculture/rur/countries/index_en.htm).

13 The measure experienced implementation delays which probably explain this large increase.
• **Chapter II: Young farmers.** The number of approved applications at the EU level declined steadily over the period from 16,795 in 2001 to 10,857 in 2003, largely as a result of a fall in approvals in Italy from 7,902 in 2001 to 2,493 in 2003, approvals in France actually increased marginally over the period.

• **Chapter III: Training.** The number of approved applications for training remained fairly constant at the EU level over the period, although there were changes at the Member State level, most notably a doubling of approvals in Italy over the period and a 36% decrease in approvals in Austria. The two most frequently used types of training related to preparations for the qualitative reorientation of production and the acquisition of the skills needed to enable management of an economically viable farm. There were differences at the Member State level in terms of the type of training taken up with almost all the training relating to the qualitative reorientation of production taking place in Belgium and around half the total approvals for training in relation to the acquisition of the skills needed to enable management of an economically viable farm being made in Austria.

• **Chapter IV: Early retirement.** Whilst approvals for early retirement increased by almost 150% over the evaluation period (from 4,933 in 2001 to 12,185 in 2003), the amount of area released increased by just 59% (102,598 hectares to 163,145 hectares) suggesting that the average size of farms making use of this measure decreased. In addition, as Table A5.4 in Appendix 5 shows, the vast majority of successful applicants were farmers rather than farm workers.

• **Chapter V: Less Favoured Areas.** There was a small decrease in both the number of holdings and the number of hectares receiving compensatory allowances over the evaluation period. Payments for areas with environmental restrictions have been made predominantly in Germany (accounting for 95% of the total holdings in 2001 and 55% of total holdings in 2003). Belgium was the only other Member State making these payments in 2003. However, payments to the 45% of total holdings located in Belgium in 2003 equated to just 10% of the area receiving payments while payments to holdings in Germany equated to 90% of the total area.

• **Chapter VI: Agri-environment.** The number of new agri-environment contracts declined significantly from 866,411 in 2001 to 401,521 in 2003 at the EU level with a proportionate decrease in the number of new organic farming contracts (agreements run for a period of years, so this does not suggest a decline in the total number of on-going agreements). At the Member State level there were some deviations from this pattern with new agri-environmental agreements in
France increasing from 29,277 in 2001 to 158,575 in 2003. New agreements in Austria, on the other hand, declined from 556,772 in 2001 to 53,568 in 2003.

- **Chapter VII: Investments in processing and marketing.** The number of applications approved remained fairly static at the EU level across the evaluation period, although the number relating to organic products was substantially lower in 2002 than in either 2001 or 2003. The proportion of eligible costs relating to ‘green investments’ was around 5% across the period.

- **Chapter VIII: Forestry.** The majority of afforestation has taken place on agricultural land at the EU level with only Spain recording significant afforestation on non-agricultural land. The total number of approved applications declined from 17,074 in 2001 to 15,548 in 2003 (9%). That said, the total area supported (i.e. new and on-going contracts) declined from 450,000 hectares in 2001 to 82,000 hectares in 2003 (82%), suggesting that support became increasingly focused on smaller areas.

- **Chapter IX: Adaptation and development of rural areas.** Approved applications increased from 34,995 in 2001 at the EU level to 50,947 in 2002 and to 82,532 in 2003. Whilst there was a general increase in approvals at the Member State level, this was most apparent in France where approvals increased from 10,551 in 2001 to 45,031 in 2003 at which point France accounted for more than half of total approvals (55%). In contrast, approvals fell marginally over the evaluation period in Austria and Sweden. The individual measures are considered briefly below:
  - **Land improvement.** Approved applications increased from 98 in 2001 to 402 in 2003, although the number of hectares associated with this declined from 160,259 to 9,714 suggesting an increasing focus on smaller units. Most take up of this measure is in France.
  - **Land reparation.** The number of approvals was reasonably static at the EU level while the area associated with the applications declined somewhat over the evaluation period. Germany and France accounted for the majority of applications, although applications from Germany accounted for 88% of the land reparation.
  - **Farm relief and management services.** There was only a marginal increase in approved applications over the period from 594 in 2001 across the EU to 613 in 2003. The majority of these in each year relate to management rather than relief services. Spain accounts for the majority of approved applications in 2002 and 2003, although Germany did so in 2001.

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14 This large increase is explained by the slow implementation of Farm Territorial Contracts and the 2003 introduction of a pasture management agri-environment measure.
• **Marketing quality products.** The number of approved applications more than doubled at the EU level from 1,590 in 2001 to 3,570 in 2003. The majority of these approvals are in France.

• **Basic services for the rural economy and population.** The largest number of approved applications is in France and the total number of approvals increased from 2,727 in 2001 to 3,701 in 2003.

• **Village renewal.** Total approved applications increased from 9,655 in 2001 to 15,176 in 2003 (57%). The majority of applications relate to renovation/development of villages rather than protection/conservation of rural heritage. It should be noted, however, whilst there were 7 approved applications for the renovation/development of villages for every one to the protection/conservation of rural heritage in 2001, this ratio had declined to 2 to 1 by 2003 as approved applications for protection/conservation of rural heritage increased at a faster rate than those for renovation/development of villages.

• **Diversification of agricultural activities.** The number of approved applications increased from 5,556 in 2001 to 28,042 in 2003, mainly as a result of a significant increase in up-take in France from 3,712 in 2001 to 25,327 in 2003.

• **Water resources management.** There was a 5% increase in total approved applications between 2001 and 2003, although approvals at the EU level were at their highest in 2002. The largest number of applications was in Spain where almost all related to irrigation.

• **Development and improvement of infrastructure.** Approved applications increased marginally from 2,445 in 2001 at the EU level to 2,695 in 2003. Within this there was a large increase in approvals in France which was balanced by a decrease in Austria and, to a lesser extent in Germany.

• **Encouragement for tourist and craft activities.** The number of applications approved increased from 945 at the EU level in 2001 to 1,543 in 2003, the majority of approvals relating to tourism rather than craft activity.

• **Protection of the environment and improvement of animal welfare.** Approved applications increased significantly from 2,646 in 2001 to 9,144 in 2003 at which point 90% related to the environment rather than animal welfare. This increase was largely the result of a more than ten-fold increase in approvals in France over the period.

• **Restoring agricultural production potential.** The number of approved applications increased from 3,264 in 2001 to 8,481 in 2003, mainly as a result of large increases in Spanish approvals. Although in 2001 approvals relating to restoring agricultural production potential were broadly equivalent to those relating to introducing prevention instruments, by 2003, some 71% of the total related to restoration rather than prevention.
• Financial engineering. There were only 11 approvals in 2001 (10 in Spain and 1 in Italy), 2 in 2002 (both in Italy) and a further 2 in 2003 (1 in France and one in the Netherlands).

3.2. Measure-specific evaluation questions

3.2.1. Chapter I: Investments in agricultural holdings

3.2.1.1. Measure objectives

Support for investments in agricultural holdings has been available in one form or another since the mid-1960s, along with support for investment in the processing and marketing of agricultural products, when the focus of agricultural policy was very much on support for physical capital (investments) in the farm and downstream sector (European Commission, 2004a).

Agra CEAS Consulting (2003a) explain that there are two general types of scheme focus: those where the intention is to speed up the investment process and those concentrating on ‘newer’ issues such as the environment and animal welfare. In the 1994 to 1999 programming period, the former type of investments tended to be focused in regions with small farms with low standard gross margins including, for example, regions within Greece, Portugal, Spain and Italy. The latter type of investment tended to be focused predominantly in regions with larger average farm sizes, but still with a relatively low standard gross margin including, for example, regions within Sweden, Austria and Finland.

Support for investment in agricultural holdings shall contribute to the improvement of agricultural incomes and of living, working and production conditions. Regulation 1257/99 sets out the objectives of this Chapter as being to:

• reduce production costs;
• improve and re-deploy production;
• increase quality;
• preserve and improve the natural environment, hygiene conditions and animal welfare standards; and,
• promote the diversification of farm activities.

Support can only be granted to agricultural holdings:

• the economic viability of which can be demonstrated;
• which comply with minimum standards regarding the environment, hygiene and animal welfare; and,
where the farmer possesses adequate occupational skill and competence.

Support will not be granted for investments where the objective is an increase in production for which no normal market outlets can be found. Support can be granted to 40% of the total eligible investment (45% when the investment is made by a young farmer as defined under Chapter II: Young farmers) with a ceiling of 50% in Less Favoured Areas (55% for investments made by young farmers).

### 3.2.1.2. Intervention logic

<table>
<thead>
<tr>
<th>Need/problem</th>
<th>Inappropriate farm structures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Financial support for investment</td>
</tr>
</tbody>
</table>
| Expected results | • Modernisation of the beneficiary holding  
|                | • Better use of production factors  
|                | • Redeployment of production/diversification into alternative activities |
| Expected impacts at the level of the beneficiary holding | • Maintenance or improvement of farm incomes through reduction in costs, fair standard of living for farmers and their families  
|                | • Maintained/increased employment through increased activity on the farm Improved product quality  
|                | • Improved viability of the beneficiary holding |
| Expected impacts on the agricultural sector in general | • Contribution to agricultural restructuring  
|                | • Increased competitiveness  
|                | • Promoting the diversification of farm activities  
|                | • Improved market balance (as a result of redeployment of production, uptake of alternative activities etc.) |
| Expected impacts on the rural society | • Maintenance/improvement of the structural and productive characteristics of the rural economy  
|                | • Natural environment protected/Improved  
|                | • Improved animal welfare standards  
|                | • Improved hygiene conditions/human health  
|                | • Improved rural incomes  
|                | • Maintenance/creation of employment  
|                | • Maintenance and reinforcement of viable social fabric in rural areas |
| Possible positive interactions with other Chapters | • It is possible that links between this Chapter and Chapter III: Training could develop, depending on the training being offered. Positive links might also occur with Chapter VII: Investment in Processing and Marketing and Chapter VI: Agri-environment. There is also a positive relationship with Chapter II: Young Farmers, who can apply for a higher proportion of
CEQ I.1: To what extent have supported investments improved the income of beneficiary farmers?

This question was answered all of the 12 Member States where it was considered to be applicable. A third of MTE reports measures under this Chapter were considered to have had a positive impact on income. Impact was mixed according to region in a further two cases and it was too early to note an impact in a third of MTE reports.

There is evidence from a range of sources including RDP administrative data, beneficiary surveys, focus groups and semi-structured interviews from the mid-term evaluation (MTE) reports in 6 Member States where the conclusion was that income had increased as a result of the supported investments, although other factors are felt to have also contributed to this increase in income. The magnitude of income increase ranged from an estimate of 15% in Denmark to 2% in Sweden. In the latter case the increase in income was attributed to efficiency increases which led to cost reductions.

In France a modernisation plan is a prerequisite for support and this tended to result in income increases, most notably for larger farms (although arable producers tend to be an exception). Smaller farms tended to make investments in structures such as more modern animal sheds which improved working conditions rather than income. A positive relationship in terms of income was found where beneficiaries are also benefitting from measures under Chapter II: Young farmers.

In Spain it was noted that a larger positive impact on income was apparent where the beneficiary adds further value, for example through enrolment in quality schemes, the production of wine, cheese, etc.. In Wales a quarter of beneficiaries surveyed who had noted an increase in income since 2000 attributed this to the impact of supported investments. Finally, some regions of Italy (Umbria, Friuli and Bolzano) and Belgium (Flanders) reported positive impacts, but these were not quantified.
The MTE reports in Finland and Germany state that it is too early to note any impacts on income, although in the Hessen region of Germany a significant improvement in income (or at least a reduction in the rate of income decline) is expected in due course. FAL (2001) note that between 40% and 60% of beneficiaries in the 1994-1999 programming period noted an income improvement four years after investment compared to between 10% and 25% who noted a decline in impact. A similarly positive impact is expected in the longer-term in the current programming period.

No real change in income was attributed to supported investments in the Austrian MTE report where the majority of investments (83% of total funds) were used to upgrade animal shed facilities. That said, it is felt that the measure contributes considerably to maintaining holdings and improving their liquidity which supports income in the longer-term.

**Judgement**

Increasing income is not an objective of measures under this Chapter per se, but is implied through the objective to reduce production costs (see Section 3.2.1.2) and also to some extent through the objectives to increase quality and promote diversification.\(^\text{15}\)

The evidence available to address this question is robust and clearly suggests that supported investments can contribute positively to income, mainly through reductions in production costs, but also through increases in quality (for example, in Spain). However, the indicator specifies that ‘gross income’ is to be considered. This is judged to be a potentially inadequate measure because it takes no account of increased capital consumption. It is therefore possible in theory that an increase in gross income may translate to a reduction in net income, although the MTE reports only use one measure (usually gross, but sometimes net, for example, Wales) and it is therefore not possible to assess the extent to which this is an issue in practice. Net income would thus provide a more certain measure of impact (see Appendix 3).

It should also be noted that the impact on income will depend on the type of investment made. As would be expected a reduced impact is noted where the nature of the investments is such that these are not likely to contribute directly to either reducing costs or increasing revenue, for example, with improved animal housing. However, there may well be indirect positive income effects even as a result of this type of investment (for example, through better prices for end products or, as in the case of Austria, improved liquidity through general maintenance of

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\(^{15}\) Whilst it is considered very likely that reductions in production costs will lead to increases in net income, increases in quality may also be used to safeguard supply and diversification may also be designed to spread risk across a wider range of activities.
holds). It is likely that the estimates of the scale of impact are lower than might be expected longer-term as a result of the timing of this evaluation. Investments often incur costs in the short-term and require time to yield benefits and it is likely that a greater impact will be evident at the ex-post evaluation stage.

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

It was possible to obtain an answer from 11 of the 12 Member States where this question is applicable. In almost half the cases the MTE reports find a positive impact in terms of better use of production factors. In just over a quarter of cases it was considered too early to provide an answer.

Evidence from monitoring systems, FADN, surveys, focus groups, semi-structured interviews and discussions with scheme administrators was presented in the MTE reports in 5 Member States where it was suggested that supported investments had resulted in the better use of production factors on holdings. In Austria this was measured through output per hour of labour and a 17% increase in this measure was noted across 146 case studies. Labour productivity was also used to address this question in Spain where a positive impact was noted, but not quantified. Whilst this improvement was fairly widespread in the livestock sector, in the arable sector the improvement was associated mainly with investments in irrigation systems. There is also evidence in the MTE reports from Wales (UK), Netherlands, Wallonia and Flanders (Belgium) and Denmark suggesting a positive impact on productivity.

Although considered too early to make a proper judgement in the case of the German MTE reports, a mixed impact is expected. Some regions (for example, Niedersachsen, Nordrhein-Westfalen and Schleswig-Holstein) were anticipating improvements in the use of production factors arising from investments in livestock housing facilities while others (Baden-Württemberg, for example), were expecting reductions in efficiency from similar investments as a result of giving priority to working conditions/animal welfare considerations rather than economic performance.

No real change was noted in the French MTE report where it was pointed out that the majority of beneficiaries are operating larger than average farms producing commodity products and that labour productivity increased faster between 1997 and 2001 on smaller farms. That said, given that most supported investments are made in animal housing facilities, storage space and large machinery it is likely that a greater period of elapsed time is needed before improvements are noted while new management systems are put into place.
Judgement
The better use of production factors is a means through which the objective to reduce production costs can be met and is an expected outcome from supported investments under the intervention logic (Section 3.2.1.2).

There is strong evidence to suggest that supported investments do result in efficiency gains, at least as measured in terms of output per unit of labour in some Member States. Further, there is the expectation on the basis of the type of supported investments made that evidence to support this conclusion will be available from other Member States in due course, for example, in Germany. This question was only addressed with respect to labour and not with respect to output per unit of land or in terms of cost reductions per unit of output. Whilst this is perhaps in an attempt to avoid some of the confusion of certain confounding factors such as background changes in input prices which would affect cost per unit of basic product sold, it is also likely to reflect the fact that some supported investments would not be expected to result in efficiency gains as measured by some of the indicators. For example, investments in animal housing may have an impact on labour efficiency, but may not in terms of output per area. That said, it is clear that efficiency gains with respect to labour have been realised.

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

Just more than half of the MTE reports in 11 of the 12 Member States where this question is relevant found that the measures under this Chapter made a positive contribution to the reorientation of farming activities. In a further two cases impact was mixed according to either circumstances or region. Finally, in one case a negative impact was noted. Monitoring data and beneficiary surveys were used to address this question in the majority of Member States reporting a positive impact.

There is little evidence in the MTE reports on the extent to which beneficiaries re-deployed out of surplus product lines. Whilst an important positive impact was reported in the Navarra region of Spain, in some German regions an increase in production of surplus products was noted, mainly in the dairy and beef sectors (Baden-Württemberg, Nordrhein-Westfalen, Hessen, Rheinland-Pfalz, Schleswig-Holstein and Saarland), but also in cereals (Hessen and Rheinland-Pfalz) and wine in Rheinland-Pfalz. BMVEL (2004) note though that the importance of direct marketing increases amongst beneficiaries and this is only possible if there is a market to sell to.
There is evidence from a range of MTE reports including France, Wales (UK), Flanders (Belgium) and Sweden that investments are used to increase the production (or efficiency of production) of surplus products.

Regarding the uptake of more alternative activities, the Austrian MTE report stated that there is a general trend towards mixed holdings irrespective of support for investments. Support in the Netherlands is generally used to switch to new production systems rather than to new sectors, so no impact in this regard was expected (although a small proportion of the 134 beneficiaries did re-orientate production as a result of support); this is also the case in France where funding for diversification is more usually channelled through Chapter IX and only a minority of beneficiaries under Chapter I cite diversification as an aim (6%)\(^{16}\). Although Objective 2 programmes were designed as the funding mechanism for local diversification, again, uptake is low.

In Finland 60% of assisted holdings introduced alternative activities as a result of the support. Seventy percent of assisted holdings recorded more than 10% of their turnover as being derived from alternative activities\(^{17}\) and the average share of working time spent on these activities amounts to 40%. In contrast, less than 10% of business plans in Germany had a re-orientation of activities as an aim (8% in Saarland, 10% in Rheinland-Pfalz) and in many cases there was increased production of surplus products. Ten percent of beneficiaries in Luxembourg introduced alternative activities. In Austria this proportion was just 1.5% and the introduction of alternative activities in Spain was reported to be scarce, as it was in Sweden and Belgium, although in Flanders 57% of holdings with alternative activities derived more than 10% of their turnover from these activities and 61% of these holdings spent more than 10% of their working time on these activities. Finally, in the UK, almost a third (32%) of beneficiaries surveyed in England reported that more than 10% of their turnover was derived from alternative activities (38% in Wales) and 6% of working time was spent on alternative activities created with support (35% in Wales).

**Judgement**

The re-orientation of farming activities is an objective of measures under this Chapter. Such a re-orientation may have the effect of securing employment and incomes and through the latter impact may help to increase economic viability (see intervention logic, Section 3.2.1.2).

\(^{16}\) Only 1% have actually carried out their plans to diversify.

\(^{17}\) Some 10% of holdings derive more than 10% of turnover from alternative activities, but did not introduce these activities as a result of support received under this measure.
The available evidence in relation to this question is considered to be robust and suggests that in some regions there has been only a limited move away from surplus sectors as a result of supported investments. Indeed, it is clear that in a number of cases supported investments have actually been used to increase production of surplus products, i.e. contrary to the aims of CAP market policy. This having been said it should be noted that surplus sectors were defined with reference to the Community level, whereas most producers produce for more local markets (see comments in Appendix 3). Increases in production of products deemed surplus at the Community level may be driven by local, regional or indeed national market signals, i.e. there may be a deficit at these levels even though the Community as a whole is in surplus (see BMVEL (2004), for example).

There is evidence from some Member States (see above) to suggest that supported investments are also used to introduce alternative activities. In Finland, for example, 60% of supported investments were used in this way, although the equivalent proportion in Austria was just 1.5%. This is likely to be driven by the exact nature of the schemes implemented as is illustrated in the case of Wales where one scheme is used to support general farm investment and another to promote, inter alia, diversification into non-farming activities. This finding links back to the two different types of investment noted by Agra CEAS Consulting (2003a) in the previous programming period, i.e. those concerned with more traditional farm restructuring with the intention of increasing efficiency and those concerned with issues such as improving animal welfare.

CEQ 1.4: To what extent have supported investments improved the quality of farm products?

This question was answered in 11 of the 12 Member States where it was considered to be applicable. In 5 of these 11 cases a positive impact on the quality of farm products resulted from the measures under this Chapter. In one case the impact depended on beneficiary circumstances and in one case it was too early to come to a conclusion. Two MTE reports noted that the measures had had no impact on quality. The evidence used to address this question is robust comprising a mixture of monitoring data, surveys, focus groups and semi-structured interviews/discussions with implementing authorities and stakeholders.

Although improving quality is in many cases not a direct aim of supported investments (between 2% and 8% of supported investments in Germany state improving quality as an aim), it is often an incidental impact and this is noted in the MTE reports from Germany, France (often in the dairy sector through improvements to housing), the Netherlands and Wales where 80% of beneficiaries claimed a quality
improvement. In Belgium (Flanders) 52% of assisted holdings noted an improvement in quality. In Spain (Navarra) up to 4% of beneficiaries saw improvements to quality as a result of the support. Although this resulted in greater sales security it had little impact on price (little impact on price was also reported in Belgium (Flanders)). Supported investments in Spain (Navarra, Rioja and Aragon) and France are important in helping farmers to participate in quality assurance schemes. In Belgium (Flanders) 65% of assisted holdings sell produce under quality labels.

The majority of supported investments in Sweden have been into improving animal housing and this has had little impact on the use of quality assurance labels which are not widely used amongst beneficiary farms in any case. In Austria, just under 6% of supported investments concerned technical facilities for processing and marketing and it is considered likely in the MTE report that this will have had an incidental impact on product quality, although it was not possible to establish causality. The Danish MTE report suggests that there have been some positive impacts on product quality, but these are not specified in detail. This was also the case in some Italian regional MTE reports (including Val d’Aosta, Bolzano, Emilia Romagna, Toscana and Trento).

Judgement
Increasing product quality is an objective of measures under this Chapter and is likely to be derived via modernisation of the beneficiary holding and better use of production factors (see intervention logic, Section 3.2.1.2), although quality improvements can also be a direct aim.

In summary, there is strong evidence that while only a small proportion of supported investments have been designed specifically to improve the quality of products, quality improvements are often a side effect, in some cases a significant side effect (see previous paragraph). On balance, therefore, it is clear that quality has been improved both directly and indirectly as a result of supported investments. The type of investment made will play an important role in the extent to which product quality will be improved.

CEQ 1.5: To what extent has the diversification of on-farm activities originating from supported alternative activities helped maintain employment?

This question was answered in 10 of the 12 Member States where it was considered to be applicable. Sixty percent of MTE reports showed a positive impact in terms of the maintenance of employment, with a further fifth of reports noting that the impact depended on circumstances. This question was answered predominantly using
monitoring data with some use of surveys and discussions with implementing authorities.

The Finnish MTE report examined data from 15% of beneficiaries and from this concluded that supported investments had resulted in the creation of 1,681 jobs and had maintained a further 2,727 jobs. In contrast just 71 jobs were created or maintained in Sweden as a result of the support. In the UK 174 full-time equivalent jobs were created in England and 99 in Wales where 191 part-time jobs and 125 seasonal/casual jobs were also created, although in the case of Wales only a small proportion (5%) of the jobs created related to diversified activities. In Belgium 84 full-time equivalent jobs were created in Flanders and a further 975 were created/maintained in alternative activities. Only five supported holdings were investigated in Wallonia and these were associated with the creation of 0.4 full-time jobs and the maintenance of a further 10.8.

A fifth of French Farm Territorial Contracts stated job creation as an aim, but the proportion of this related to diversification is negligible. In fact, the primary objective in many cases is the improvement of working conditions and it is considered likely in the French MTE report that this will have resulted in job losses.

The Austrian MTE report considered this question slightly differently. There are 38,297 employees on assisted holdings and it is stated that supported investments contributed to safeguarding these jobs. However, only 1.5% of beneficiaries used support under this Chapter for diversification which was more generally funded under Chapter IX.

Jobs were created in Germany through diversified activities including direct marketing, horse related activities and on-farm accommodation. Some Spanish regional MTE reports (including Navarra) state that there has been a significant impact on job maintenance, but a much lesser impact on job creation. It is estimated that one new job was created for every 100 jobs maintained. Conversely, in the Netherlands a larger impact in terms of job creation was noted than for job maintenance, although this impact was offset by jobs lost in restructuring resulting in little net improvement. In some Italian regional MTE reports (for example Friuli, Trento and Bolzano) some evidence was presented to suggest a positive impact on employment, but this finding is not considered to be robust enough to generalise to Italy as a whole.
Judgement
Maintaining employment is not an objective of measures under this Chapter, although it is an expected consequence of an increase in activity on-farm (see intervention logic, Section 3.2.1.2).

There is evidence to suggest a positive impact on both job creation and particularly job maintenance in some Member States, although the extent to which this relates to support for diversification is less clear because this is not always explicit in the MTE reports. Again, the type of investment supported will play an important role in determining the impact on employment with investments leading to efficiency improvements potentially resulting in job losses (see for example France and the Netherlands, although in the latter case the net impact was positive). Although supported investments result in improvements in economic sustainability (see for example earlier CEQs in this Chapter), whether this generally has positive impacts for employees is not always certain as no consideration of the quality of employment was drawn out in the MTE reports (see Appendix 3 where the indicators are discussed).

CEQ 1.6: To what extent have supported investments facilitated environmentally friendly farming?

The MTE reports in 10 of the 12 Member States where this question was considered to be applicable provided an answer. The majority (80%) indicated that the measures had had a positive impact in terms of contributing to environmentally friendly farming. In one case the impact varied according to region. Evidence was mainly gathered from monitoring systems, survey research and discussions with implementing authorities.

The MTE reports in the UK suggest a small but positive impact on the environment as a result of supported investments. In England 3% and in Wales 4% of supported investments had environmental improvement as a direct aim with a further 16% and 9% in England and Wales respectively having environmental improvement as a secondary objective. Six percent of supported investments in Austria had environmental improvements as a direct or collateral impact. A large number of beneficiaries in Italy made supported investments resulting in environmental improvements (Emilia Romagna 71%, Toscana 63%, Friuli 50% and Val d’Aosta 77%) either as a direct aim or as a collateral effect. A quarter of assisted holdings made environmental improvements in Belgium (Flanders), the majority of which were as a main aim.
According to the Spanish MTE reports only a small number of supported investments are directly targeted on making environmental improvements, although more have positive environmental side effects. The Swedish MTE report suggests that beneficiaries have made considerably more investments with positive environmental impacts than non-beneficiaries. In contrast, in Luxembourg the increase in investments with positive environmental impacts is considered to be marginal.

Between 21% (Toscana) and 54% (Val d’Aosta) of supported investments in Italy are concerned with the improved storage/spreading of manure, as are 7% of supported investments in both Austria and the UK (Wales). Eleven percent of supported investments in Sweden concerned waste and excess manure. More than half (58%) of modernisation plans in France (42% when linked to Chapter II: Young farmers) have compliance with manure management standards as a priority. It is also the case in France that investments with revenue increases as a primary focus (rather than with quality or the environment as a main aim) are less likely to feature manure management standards as a priority.

It was considered too early to note the impact of supported investments on the environment in Germany, although in most Länder the environment is the third most common main aim of investment after improving working conditions and animal welfare and is often used to bring holdings into compliance with current law, especially in relation to manure storage facilities. This contrasts with the previous programming period where only 1% of supported investments concerned the environment (FAL, 2001).

Judgement

An objective of measures under this Chapter is to preserve and improve the natural environment. This is likely to be achieved through the better use of production factors and may also occur through general modernisation of the beneficiary holding (see intervention logic, Section 3.2.1.2).

There is strong evidence that supported investments have positive environmental impacts, although the extent of these (and whether they have a direct or a collateral impact) depends on the nature of the investments being made. This relates back to the two main types of investment mentioned in Agra CEAS Consulting (2003a) where investments were categorised into traditional farm restructuring investments with the objective of improving efficiency and those targeted on issues such as protecting the environment. Evidence on the extent to which supported investments are related to waste and manure treatment is less complete than that relating to general environmental improvements, but where it is available (for example, Italy, the UK, France, Austria and Sweden) it suggests that a
large proportion of investments are made in relation to these issues. It is important to note that the indicator used here, namely the share of holdings introducing improvements, is not necessarily a guide to the level of improvements actually made (see Appendix 3) and therefore while it is possible to conclude that reasonable numbers of holdings are making improvements it is not possible to draw any conclusion on the impact that these improvements will have.

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

This evaluation question was answered in 11 of the 12 Member State MTE reports in which the question is considered to be applicable. The vast majority of MTE reports (82%) noted that the measures had had a positive impact on working conditions and/or animal welfare. In one case the impact differed regionally and in one it was considered too early to note an impact. A mixture of monitoring data and surveys were the main source of evidence with which to address this question, although this was at times supplemented with focus groups, semi-structured interviews and discussions with implementing authorities and other stakeholders.

A significant number of beneficiaries noted an improvement in working conditions in Italy (Val d’Aosta 100%, Emilia Romagna 94% and Toscana 86%), mostly as a result of a reduction in the necessity to lift heavy loads. In the UK (England), 44% of beneficiaries reported improvements in working conditions. Main areas of improvement in working conditions in the UK (Wales) concerned reductions in working hours, unpleasant conditions and hard physical work.

A beneficiary survey carried out in Denmark concluded that working conditions had improved significantly following supported investments and this was also the conclusion of the MTE reports in the Netherlands and Luxembourg. Many farm investment plans in Austria cited an improvement in working conditions as a main aim and this was also the most common main aim in French investment plans with 82% of farmers claiming improvements to working conditions after implementation. Two thirds of French farmers stated that their workload had been reduced following the investment, although the other third noted that workload had increased. In a quarter of cases a reduction in exposure to toxic products was reported.

The Spanish MTE reports claim that whilst working conditions for the beneficiaries were improved through supported investments, this was not necessarily the case for employees. Improvements were also usually an indirect consequence of the supported investment rather than a main aim. Improvement in working conditions was not usually a main aim in Germany either, although it is considered too early to
make a proper judgement on the impact of supported investments in this regard. However, in the previous programming period some 50% of supported investments were concerned directly or indirectly with animal welfare (FAL, 2001).

The MTE reports also provide evidence that animal welfare was improved as a result of supported investments. Just over two thirds (68%) of all investments in animal housing in Austria (which equates to 56% of total support) resulted in animal welfare improvements either as a direct or collateral consequence. In Denmark support is only given where animal welfare improvements are an objective and 3.7% of the total number of livestock units nationally have witnessed improvements as a result; the MTE report also states that animal health improved.

Between 10% and 15% of plans for supported investments on livestock farms in Spain had improving animal welfare as a main aim. Animal welfare also improved in some Italian regions including Emilia Romagna (26% of plans) and Val d’Aosta (100% for plans involving sheep and goats and 55% for plans involving cattle). Sixteen percent of beneficiaries in the UK (England) noted an improvement in animal welfare following supported investments and animal welfare gains were a direct aim in 78% of Welsh plans for supported investments and a collateral benefit in a further 2% of cases.

Supported investments in Sweden were generally made with respect to animal housing facilities, often to provide more space which is considered to provide animal welfare benefits. Almost a third (63%) of supported investments in France resulted in more space for animals. However, whilst the MTE report in Luxembourg found that supported investments improved animal welfare, this was not the case in the Netherlands where supported investments were not designed with this outcome in mind.

Judgement
There is no explicit objective to improve working conditions on farms through measures under this Chapter, although there is explicit mention of the need to preserve and improve hygiene conditions, which might be considered a proxy for certain aspects of working conditions, and animal welfare. That said, working conditions are likely to improve through general modernisation and the better use of production factors (see intervention logic, Section 3.2.1.2).

There is generally strong evidence to suggest that supported investments were often made with the intention of improving working conditions either directly (for example, Austria and France) or indirectly (for example, Spain). Where actual outcomes have been investigated it is clear that these expectations have been realised. There is
little evidence concerning exactly how working conditions have been improved, but reduced workloads and a reduction in hard physical work are mentioned. However, there is an issue of subjectivity given that the indicator refers to ‘significant’ reductions in exposure to a range of noxious substances, odours, etc. and the term ‘significant’ is not defined (see comments on the indicators in Appendix 3).

There is also reasonably strong evidence to suggest that supported investments have resulted in improvements to animal welfare, in many cases as a direct aim of the investment. Again, however, the lack of definition and measurability in relation to the specified indicators does not allow for a quantitative answer and a degree of subjectivity remains (see Appendix 3).

In both cases it should be pointed out that these impacts stem from the investments made and not the fact that they were supported. It is possible that these investments would have been made in any case even in the absence of support. However, the extent to which there is deadweight in that investments of a similar magnitude and with similar timing would have been made in the absence of support is not clear.

### 3.2.1.4. Chapter summary

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

There is strong evidence that supported investments contribute positively in terms of reducing production costs through the more efficient use of labour (also noted by EPEC, 2004). Only a small proportion of investments appear to have been made with the specific objective of improving quality, although this is often an indirect impact ensuring that supported investments have indeed improved quality. Reductions in production costs and improvements in quality, whether a direct impact or not, have resulted in positive impacts on income and this measure is therefore meeting this implied objective.

Assisted investments have not resulted in any significant movement away from production in surplus sectors. Whilst some movements away were noted in some regions, in others supported investments were used to increase production in these areas (a finding also presented in EPEC, 2004). This is not necessarily a problem as the definition of surplus sector as set out in the indicator is at the Community level and takes no account of local circumstances or product differentiation within a sector. Given the fact that the importance of direct marketing often increases
amongst beneficiaries it is clear that these sectors are not actually in surplus at the local level.

The impact of assisted investments on employment is positive, despite the more efficient use of labour. The impact is generally in relation to securing employment rather than its creation, as was also reported by EPEC (2004). Improvements in working conditions were specified as a direct investment aim in some Member States (for example, Denmark, Austria and France) and reductions in workload and hard physical work have been realised in the majority of Member States. As intended by the measure, animal welfare has also been improved in a number of Member States including for example, Austria, Denmark, the UK and France. Whilst the supported investments of a number of holdings in several Member States were found to have had a positive environmental impact (for example, Italy, Sweden and the UK), the extent of this impact is unknown. However, the requirement to comply with minimum environmental standards has ensured that investments were at least environmentally neutral and as such these standards can be considered successful in terms of protecting the environment.

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

### 3.2.2. Chapter II: Setting up of young farmers

#### 3.2.2.1. Measure objectives

Aid for the establishment of young farmers was previously available under Regulation 950/97 in the 1994 to 1999 programming period. Implementation was altered slightly under Regulation 1257/99 with an increase in the support ceiling from €15,000 to €25,000 and an increase in the proportion of support payable for aid granted under Chapter I: Investments on farm (Agra CEAS Consulting 2003a).

Regulation 1257/99 contains no objectives relating to this measure, although it is presumably intended to reduce the average age of the farming population through facilitating farm transfer. The Regulation states that setting-up aid to facilitate the establishment of young farmers shall be granted under the following conditions:

- the farmer is under 40 years of age;
• the farmer possesses adequate occupational skills and competence;
• the farmers is setting up on an agricultural holding for the first time.

As regards the holding:

• economic viability can be demonstrated; and,
• minimum standards regarding the environment, hygiene and animal welfare are complied with.

The farmer must also be established as the head of the holding.

The setting-up aid can either be a single premium up to €25,000 (see above) or an interest subsidy on loans taken up to cover costs arising from setting up.

### 3.2.2.2. Intervention logic

<table>
<thead>
<tr>
<th>Need/problem</th>
<th>Ageing of the farming community and decrease in the share of young farmers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Financial support for the setting up of young farmers plus additional farm investment support for young farmers</td>
</tr>
<tr>
<td>Expected results</td>
<td>Costs of setting up partially compensated -&gt; incentive to set up</td>
</tr>
</tbody>
</table>
| Expected impacts at the level of the beneficiary holding | Establishment of young farmers facilitated
  • Facilitation of structural adjustment of young farmers’ holdings after the initial establishment
  • Earlier setting up of young farmers |
| Expected impacts on the agricultural sector in general | • Increased number of young farmers setting up as heads of holdings
  • New skills, energy, adaptability and professional management are brought into the farming sector
  • Increased competitiveness and flexibility to respond to new opportunities |
| Expected impacts on the rural society | • New skills, energy, adaptability and professional management are brought into the rural community
  • Maintenance/creation of employment
  • Maintenance and reinforcement of viable social fabric in rural areas |
| Possible positive interactions with other Chapters | It is likely that there is a positive relationship between this Chapter and Chapter IV: Early Retirement and Chapter III: Training, although in the latter case this will depend on the nature of the training available. Vanslembrouck, et al (2002) point out the relationship between (young) age and willingness to participate |
in agri-environment schemes suggesting possible synergy with Chapter VI: Agri-environment. There will also be a positive interaction with measures under other Chapters where these have differential payment rates resulting in a higher proportion of support for young farmers (for example Chapter I: Investments on farm).

| Possible conflicts with other Chapters | • None. |

3.2.2.3. Common Evaluation questions

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

This question was answered in 9 of the 10 Member State MTE reports where it was considered to be applicable. In just more than half of cases it was considered that setting up aid covered the costs of setting up to a satisfactory extent. In one case the impact depended on the circumstances of the beneficiary and in another case it was considered too early to note an impact. This question was generally addressed through the use of monitoring data with some additional use made of surveys and semi-structured interviews/discussions with implementing authorities.

The extent to which setting up aid covers the costs of setting up varies considerably according to Member State. In Denmark and Sweden around 10% of setting up costs are covered and the proportion in Belgium is 11% in Wallonia and 26% in Flanders (although it is considered too early in the life cycle of the measure to really draw any firm conclusions in the latter case). In Austria the proportion of total costs covered by support is on average 21%, although there is considerable regional variation. In Spain the support covers an average of 49%, again with regional variation from 38% in Rioja to 62% in Baleares and Navarra\(^\text{18}\).

In France support under this Chapter is often linked to investment plans under Chapter I (40% of supported young farmers invest in a modernisation plan within five years) in order to provide a higher level of support and 66% of all beneficiaries consider that the level of support is adequate. More than half (56% of survey respondents) assessed the cost of setting up to be between €50,000 and €150,000. A further 7.5% assessed this cost to be in excess of €300,000. For more than half the beneficiaries the subsidy granted was less than €20,000. ASCA (2001) notes that the extent to which setting up aid covers setting up costs varied in the 1994-1999

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\(^{18}\) In this context it should be borne in mind that the support ceilings differs by Member State.
programming period by sector (higher where the sector is more capital intensive, for example, horticulture), by size (small farms are favoured by design) and location as land prices differ regionally.

Judgement
An implicit objective of this measure must be to at least partially compensate young farmers for the cost of setting up and by so doing provide an incentive to set up. This should result in the earlier setting up of farmers (see the intervention logic, Section 3.2.2.2).

In order to assess the extent to which setting up costs are covered it is necessary to know the actual costs of setting up (see comments on the indicators in Appendix 3). These costs will vary from farmer to farmer both within and between regions (see ASCA 2001) and inevitably the support will cover some proportion of setting up costs. The evidence available demonstrates this with the proportion of costs covered varying significantly. The highest proportion of costs are covered in Spain and the lowest in Denmark and Sweden.

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

This question was answered in 9 out of 10 Member State MTE reports. The most common observation was that the measures had made no difference to the earlier transfer of farms. One MTE report noted that there had been a positive impact and two noted that the impact of this measure differed according to either circumstances or region. Mainly monitoring data, supplement by a range of other forms of evidence including surveys and other data sets was used to address this question.

Many MTE reports conclude that this measure has had little impact in contributing to the earlier transfer of farms. This conclusion is reached in Luxembourg because there was a reduction in the average age of the transferee in 2001, but an increase in 2002. In Denmark the average age of new entrants is increasing slightly over time and in Sweden it was reported that the majority of those setting up would have done so without support in any case.

It is uncertain whether the measure has an impact in Germany and in Austria other factors including retirement regulations, the availability of alternative employment opportunities and the level of agricultural training are considered to have a greater impact. Personal circumstances are considered to be more important than the scheme in France where the average age of male transferees is 29 and female
transferees 34. That said, half of respondents to a survey stated that the measure had accelerated their plans to enter farming. Around 30% of transfers do not involve immediate family and this rate has been static since 2000 when records were first kept suggesting that the measure has had no impact on the proportion of non-family transfers. The age at setting up is higher in these cases (33 years old) than where the transfer is within a family.

A positive impact was noted in some Italian regions with assisted transferees having a lower average age than non-assisted ones in Emilia Romagna and Toscana, for example (although causality is not fully discussed). The Piemonte MTE report states that the average age of transferees fell from 30 years one month to 28 years as a result of the measure. In Spain the age gap between transferors and transferees was 30 years (57 and 27 in Navarra and 59 and 29 nationally). In Belgium the gap is slightly larger at 31 years (Wallonia: 58 and 27).

Judgement
One of the central objectives of this measure should be to encourage the earlier transfer of farms which should in turn reduce the average age of those in the agricultural sector (see the intervention logic, Section 3.2.2.2).

On balance it would appear that the scheme generally has little impact in reducing the age of transferees, some Italian regions excepted, although here the issue of causality is not always fully resolved. Further, it is likely that some young farmers would set up in any case suggesting deadweight (see for example Sweden, Germany, Austria and some French beneficiaries), although in some cases transfer has perhaps been brought forward by the availability of support (for example, Italy and some beneficiaries in France).

CEQ II.2.A: 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?

This question was only capable of being answered from 3 of the 10 Member State MTE reports where it was considered to be applicable. Two of these MTE reports noted that there had been synergy with measures under Chapter IV: Early retirement. This question was addressed through monitoring data with supplementary information drawn from a range of other sources.

The Spanish national MTE report concluded that there was positive synergy between this measure and Chapter IV: Early retirement and that this synergy is more significant where the transfer takes place within a family. That said, this is based on interviews
with scheme managers only because the survey sample including beneficiaries of both this measure and measures under Chapter IV is too small to provide a statistically significant answer.

In France farm transfer under the national RDP and in relation to the overseas pre-retirement scheme is jointly funded under this Chapter and Chapter IV and as such synergy is programmed into the design of the measures. In contrast, in the cases of Sweden and Luxembourg there is no support under Chapter IV and in Italy take up of support for early retirement is very low, reducing any potential synergy between these measures.

FAL (2001) report from the previous programming period in Germany that, depending on the region, the assistance had no impact on the decision to transfer the holding in between 35% and 70% of cases. In between 20% and 55% of cases, again depending on region, the support brought forward transfer by at least one year.

Judgement

Bringing forward the transfer of farms is likely to be facilitated by the use of support for early retirement alongside this measure (see intervention logic, Section 3.2.2.2).

However, there is little evidence to suggest that there is any significant synergy between the young farmers and early retirement schemes, mainly because the two measures only operate together in non-Objective 1 regions in 4 Member States. That said, ASCA (2001) and Agra CEAS Consulting (2003a) found the probability of considerable synergy in the 1994 to 1999 programming period in Finland, Ireland, Greece and France suggesting that perhaps the absence of evidence rather than the absence of synergy is the main point here.

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

This question was answered in the MTE reports of 9 of the 10 Member States in which it was applicable. In just more than half (56%) of all cases the measures were considered to have had a reasonable influence on the number of young farmers setting up. In one case the impact depended on the region, in two cases the measure was not considered to have had a discernible impact and in one case a negative impact was recorded. This question was addressed through monitoring data with additional information drawn from beneficiary surveys and semi-structured interviews with stakeholders in some cases. However, the best source of data on this issue is drawn from the CAP-IDIM monitoring data presented in Appendix 5 (Table
This shows that the number of approved applications at the EU level declined steadily from 16,795 in 2001 to 12,480 in 2002 and again to 10,857 in 2003, largely as a result of a fall in approvals in Italy from 7,902 in 2001 to 2,493 in 2003, approvals in France actually increased marginally over the period.

As support for young farmers is not available throughout the EU, and as young farmers do set up in areas where support is not available, it is clear that support is not always necessary and this makes it likely from a logical point of view that there will be at least some deadweight associated with this measure. Agra CEAS (2003a) found no relationship between expenditure under this scheme in the previous programming period and the number of farmers under 45 years old.

In terms of participation by gender, whilst the proportion of female transferees in Denmark was the same as the proportion of women farmers (just under 5%), female assisted transferees in Baden-Württemberg (Germany) accounted for half the proportion of women in farming (5% compared to 10%). In Spain the proportion of women in total assisted transferees ranged from 15% in Rioja to 27% in Baleares with an average nationally of 21%. This compares to 11% of women recipients of support under Chapter I and, under the assumption that these beneficiaries have the same gender distribution as the farming sector as a whole, this suggests that support for young farmers is helping to balance gender in the sector as a whole. This was also the case in some regions of Italy where the proportion of female transferees exceeds the proportion of women in the sector as a whole (in Emilia Romagna 27% of transferees were female compared to a 21% in the sector as a whole. In Toscana the comparable figures were 34% and 27%, in Friuli the figures were 32% and 25%).

It was not possible to make this assessment in Austria where 22% of beneficiaries were female (58% in the Salzburg region) where there is no data for the comparator group. This was also the case in Belgium where 11% of beneficiaries were female in Flanders and 15% in Wallonia. In Sweden women accounted for 15% of total beneficiaries (compared to 9% in the previous programming period) and subsidised loans were actually targeted on women who were entitled to double the assistance granted to male transferees. Just one woman in 2000, one in 2001 and 2 in 2002 received support in Luxembourg. A quarter of beneficiaries were female in France, more than double the 1994-1999 programming period rate (11%).

Judgement

There is no consideration of gender relating to this measure in Regulation 1257/99 and therefore any differential impacts by gender will not be the result of provisions in the RDR.
The CAP-IDIM monitoring data shows that the number of farmers setting up with support has declined by 35% between 2001 and 2003 from 16,795 to 10,857 respectively. However, the number of assisted transferees who would have set up without support is not known, but is likely to be significant as young farmers do enter the sector where support is not available. Secondary data (Agra CEAS 2003a) suggests no relationship between expenditure under this measure and the number of farmers under 45 years old, although there is no specific evidence from the MTE reports to support this in the current programming period. In terms of gender, there is evidence from some Member States that the scheme has favoured female participants either explicitly, as in Sweden, or through higher proportions in total transferees compared to other reference groups (for example, Italy). That said, this is not a robust finding because the comparator group is usually a proxy such as proportion of women in the farming sector as a whole and this does not consider the proportion in similar age cohorts in specific sectors which would be a more appropriate measure. Also, the proxies do not take into account the gender of those setting up outside the framework of this support measure.

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

This question was answered in 8 of the 10 MTE reports from Member States where it was considered applicable. Half of the MTE reports noted that measures under this Chapter had made a positive contribution to safeguarding employment. In one case the impact was dependent on beneficiary circumstances and in two it was too early to note an impact. This question was addressed through monitoring data with additional information drawn from beneficiary surveys and semi-structured interviews with stakeholders in some cases.

Support for the setting up of young farmers has resulted in the maintenance of 5,563 jobs across the 2,791 beneficiary holdings. In Spain, 2,469 jobs have been created through this measure (of which 606 are for women), with a further 807 maintained (of which 94 are for women). In the Navarra region the maintenance of jobs equates to 3% of total employment in agriculture. In Belgium 53 full-time equivalent jobs were created (Wallonia), although it is considered too early to note the full impact; in Flanders the MTE report states that without the support 295 full-time equivalent jobs would be at risk.

The conclusion from the French MTE reports is that this support makes an important contribution to maintaining employment for the heads of holdings, although it is difficult to quantify this as the financial support can make a contribution without being necessary, i.e. there may be some deadweight. The role of the measure in job
creation is felt to be insignificant and ASCA (2001) notes that the impact in the wider rural community is limited.

The impact of the measure with respect to job creation was found to be ambiguous in Denmark with the measure contributing to rationalisation and hence lower employment levels whilst maintaining the jobs of farm owners. In Sweden the support mainly contributed to maintaining employment with a limited role in job creation, although 30 new jobs were created in 2000 and 256 in 2001. It should be stated that technical difficulties with the budget reduced the impact of the scheme in 2000 as the numbers supported fell short of the objective of 200.

Early indications from some Italian regions suggest a positive impact (Emilia Romagna, Bolzano and Friuli). In other regions such as Piemonte and Val d’Aosta the aid is considered inadequate to assist in the setting up of young farmers.

There is little information in the MTE reports on the extent to which main occupation farming has been secured, although the Danish MTE report states that this is a condition of support meaning that in this case the measure has at least helped to secure this status. Main occupation status is also a requirement for support in Belgium (Flanders). In Wallonia the ratio between the proportion of assisted set-ups with farming as the main occupation to the proportion in unassisted set ups was 1.57 which indicates a positive impact in this regard. FAL (2001) note that between 10% and 15% of supported holdings in Germany could not have been secured as main occupational farming without support in the 1994-1999 programming period.

Judgement

Although employment is not set out as an objective of this measure, installing young farmers clearly has an impact on employment as far as they are concerned, although if these farmers are simply replacing older farmers then there will be no net effect.

In summary, it is clear from the intervention logic that this measure will at least help to maintain jobs (assuming that full-time young farmers replace full-time retirees) and, where beneficiaries are not already active in farming, it is also likely to create employment for beneficiaries. Further, where supported farms take on employees there will be a further positive impact. However, the extent to which there is deadweight is important here (see Appendix 3). If young farmers would have set up in any case, then the employment benefits cannot be assigned to the support itself, an issue raised in the French MTE report which found deadweight (see also CEQs II.2 and II.3 for evidence of deadweight). This caveat notwithstanding, the scheme
appears likely to have had a positive impact on employment maintenance, although is unlikely to have actually created employment.

3.2.2.4. Chapter summary

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

The extent to which support covers the costs of setting-up is very much dependent on local and individual circumstances, however, clearly support does offset these costs to a variable extent (also the conclusion in EPEC, 2004). Evidence from a range of Member States (for example, Sweden, France, Germany and Austria) suggests that some young farmers would have set up without support. That said, more limited evidence from Italy and from some French beneficiaries suggests that there has been some impact in terms of earlier farm transfer. The evidence is therefore too ambiguous to allow a definitive conclusion on the extent to which this measure contributes to the earlier transfer of farms. The extent to which this measure was used in conjunction with Chapter IV: Early retirement is small (with only four Member States implementing both measures outside Objective 1 regions) with little evidence of synergy between the two measures.

Some 16,795 farmers received support under the young farmers measure in 2001, although this had declined to 10,857 by 2003. However, the number of assisted transferees who would have set up without support is not known. Agra CEAS (2003a), addressing the impact of this measure over the previous programming period, found no relationship between expenditure under this measure and the number of farmers under 45 years old.

Whilst the scheme clearly has an impact in terms of maintaining employment in that a transferor is replaced by a transferee for no net employment loss (see also EPEC, 2004), the extent to which young farmers would have set up in the absence of the scheme is unknown and as a result it is not possible to attribute causality to the scheme itself, although it is likely to be one factor amongst many influencing the decision to enter farming.

3.2.3. Chapter III: Training

3.2.3.1. Measure objectives

Training is covered under Article 9 of Regulation 1257/99 where it states that ‘support for vocational training shall contribute to the improvement of the occupational skill
and competence of farmers and other persons involved in agricultural activities and forestry activities, and their conversion’.

Training is in particular designed to:

- prepare farmers for qualitative reorientation of production, the application of production practices compatible with the maintenance and enhancement of the landscape, the protection of the environment, hygiene standards and animal welfare and acquisition of the skills needed to enable them to manage an economically viable farm; and,
- prepare forest holders and other persons involved in forestry activities for the application of forest management practices to improve the economic, ecological or social functions of forests.

Gasson and Hill (1996) point out that higher levels of training are associated with greater on-farm innovation and technology transfer. The RDR offers farmers the opportunity to diversify away from strict agricultural production and, in order to facilitate scheme take up, it is important that potential participants have the skills necessary to undertake these actions. The training element of the RDR can therefore be seen as a means through which to facilitate measures under other Chapters.

### 3.2.3.2. Intervention logic

| Need/problem | • 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. |
| Measure | • Financial support for attendance and for the organisation and provision of courses of instruction and training |
| Expected results | • Improved occupational skills and competence of training course participants |
| Expected impacts at the level of the beneficiary holding | • Improved economic viability of the farm thanks to management course  
• Improved employment conditions for training course participants  
• Increased income for beneficiary farmer  
• Improved on-farm hygiene and working conditions |
| Expected impacts on the programme | • Synergy with other measures of the rural development programme |
| agricultural sector in general | • Facilitated adaptation of agriculture and forestry (conversion/reorientation/improvement) |
| Expected impacts on the rural society | • Maintenance and enhancement of landscapes and the environment, beneficial agricultural/forestry production methods  
• Improved hygiene and animal welfare standards  
• Improved economic, ecological or social functions of forests  
• Improved rural income  
• Maintenance/creation of employment  
• Maintenance and reinforcement of viable social fabric in rural areas |
| Possible positive interactions with other Chapters | • There is a clear positive relationship between measures under this Chapter and those under Chapter II: Young Farmers. Depending on the nature of the training being offered there is also likely to be a positive link with Chapter I: Farm Investment. It is, again, depending on the nature of the training, possible that there is a positive link with Chapter VI: Agri-environment, Chapter VII: Investments in Processing and Marketing, Chapter VIII: Afforestation of Agricultural Land and Chapter IX: Promoting the adaptation and development of rural areas. |
| Possible conflicts with other Chapters | • None. |

### 3.2.3.3. Common Evaluation Questions

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

This question was answered in 11 of the 12 MTE reports from Member States where this question was considered relevant. Almost three quarters of these reports found that the assisted training courses are in accordance with needs and are coherent with other measures in the programme. In two cases this depended on the region or circumstances. This question was generally addressed through the use of monitoring data, although this was supplemented with evidence drawn from semi-structured interviews and discussions with implementing authorities and key stakeholders.

All Spanish MTE reports agree that assisted training courses have been designed in accordance with the needs identified in the RDPs, with most MTE reports comparing the content of training courses with the earlier SWOT analyses. That said, in the
Aragon MTE report there is a suggestion that there is a lack of co-ordination resulting in a degree of overlap between courses offered through different organisations. According to the MTE report, the courses offered in Austria comply with the overall objectives of the RDP. There is also coherence with other co-financed measures under other RDP Chapters. Whilst the co-ordination between training courses in Denmark and broader RDP objectives is considered to be limited and the Training Chapter is isolated from the other Chapters, the courses are demand-led and are therefore considered to be relevant by users.

In Finland, 90% of the training courses offered cover issues identified as gaps/weakness or potential opportunities. Just under a third (30%) are considered to cover these issues because of the type and mix of participants (i.e. young people and women). Between 50% and 60% are judged to cover these issues as a result of the topics covered/course content and 10% of courses are related to other RDP Chapters. The majority of training measures in Sweden are aimed at identifying the needs of participants and improving knowledge of protecting biodiversity and cultural heritage. Almost three-quarters of training measures are related to measures under other RDP Chapters.

The Vocational Training Scheme in the UK (England) was designed specifically to address the rural skills gaps that had previously been identified and as such this does deliver the required training. However, the MTE report states that the measure does not relate well to measures under other RDP Chapters, especially those under Chapter VI: Agri-environment. Additionally, there is qualitative evidence from the Northern Ireland MTE report that the training measure does meet the training needs of the other RDP Chapters.

The training themes are felt to correspond well with the priority needs of participants in Belgium (Wallonia) and 23% of participants in longer training courses are under 30 years of age in Flanders (9% for short training courses) and 42% are women (13% for short training courses). The environment is a central part of training courses undertaken by 13% of participants and training in organic farming is covered by 3.2% of participants on longer courses and 1.6% on shorter courses. The bulk of training involves management skills and 71% of participants undertook longer courses on this issue, 8% undertook short courses. The degree of concordance between the training offered and identified needs was very high in some regions of Italy (Toscana, Val d’Aosta and Bolzano). Training is especially relevant to measures under Chapter I and Chapter VI. All training recipients in Val d’Aosta were young farmers (31% of whom were women), whilst in Toscana, 30% of training participants were young farmers (half of whom were women).
In Germany it was concluded that course topics, age and status of participants broadly matched the targets set (Hamburg, Niedersachsen and Nordrhein-Westfalen). There is a relationship between the training offered and measures under other Chapters including organic farming (Hamburg), investment and marketing (Nordrhein-Westfalen). However, this relationship is considered to be marginal because attendance is not a condition of receiving funding under other Chapters and training is aimed more at employees whereas the measures under other Chapters are targeted on the owners of holdings.

Although the training measures in France have been designed to be cross-cutting, the MTE report considers that the linkages and coherence with other measures has not been as well thought out as they might have been. For example, it is stated that most training activities lack an analysis of training needs and needs with regard to compliance with procedures and controls are underestimated, although training in relation to Farm Territorial Contracts is an exception. This absence of needs assessment has resulted in the maintenance of traditional three-day courses. Whilst these are often in line with the objectives of measures under other Chapters, there is, according to the MTE report, a need for longer training courses to facilitate real change.

**Judgement**

Training offered should be in accordance with needs based on the design of the measure and should in particular be relevant to the opportunities created though the Rural Development Regulation. That said, the extent to which training is required to confer these skills will require ex-ante consideration at the Member State/regional level (see Appendix 3).

The evidence in respect of this question is considered to be robust and in most cases there is a good match between the training provided and the training needs suggesting that the expected ex-ante consideration from Member States has been provided and implying a good fit between needs and measures. It is therefore clear that training needs have been considered and that training courses fit these needs.

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

This evaluation question was answered in the MTE reports of 10 of the 12 Member States in which the question was considered to be applicable. In 70% of cases the MTE reports concluded that assisted training courses had helped to improve the situation of the trainees. In one case it was considered too early to assess the impact. This question was addressed using monitoring data in most cases with further
evidence garnered from surveys, focus groups, semi-structured interviews and discussions with scheme administrators.

In Finland, 80% of training participants experienced improved employment conditions relating to the training they had received. The vast majority of these were estimated to be farm holders rather than employees. In a fifth of cases this improvement was manifested through improved remuneration. In the UK the proportion of trainees experiencing improvements in employment conditions was even higher at 85% (England), again, 20% stated that this improvement involved increased pay.

Although not quantified, the Swedish MTE report concludes that the share of participants in training improving their employment conditions was probably high, stating that training usually leads to a more varied and meaningful job. In Belgium, the Flanders MTE report suggests a very high satisfaction rating for the quality of training: 13% of participants followed more than one course in the same year suggesting that the first course at least must have been viewed favourably.

The MTE report in Austria states that a preliminary finding shows that a major training initiative led to additional innovation and acted as a motivation to implement ideas, projects and co-operation. Half of those benefiting from training in relation to agri-environment considered that the course had provided them with an advantage. In the case of Finland, between 25% and 30% of holdings with an assisted trainee claimed that this trainee had subsequently initiated conversion, reorientation or improvement related to their training. In a quarter of cases this involved a new or additional activity, in 18% of cases this involved improved quality, hygiene or added-value for existing activities, in 27% of cases this improvement was management related, in 30% of cases benign environmental practices were involved, of which 74% related to agriculture and the balance to forestry.

Just under a third of holdings with assisted trainees underwent some form of improvement as a result of the training in the UK (England). One third of these cases involved new activities. In Denmark training resulted in increases in efficiency and competitiveness and was usually related to agricultural production or environmental concerns. The MTE report states that impact relating to broader RDP aims was not apparent. A fifth of training related to organic farming, 26% to management, 24% to livestock production, 16% to crop production, 5% to pesticide safety certification and 7% to IT and finance.

In Germany the clearest impact was reported to be in personal vocational development (Niedersachsen and Nordrhein-Westfalen). Whilst it was often
considered too early to comment on the impact in relation to enterprise development, this was expected to take place in due course in Niedersachsen, Nordrhein-Westfalen and Schleswig-Holstein. Longer term courses were considered to be especially beneficial in these three regions.

The impact of the training measure in France has been limited according to the MTE report because expenditure is relatively low and training organisers were largely unaware of the objectives of the measure. Despite this, trainee knowledge of sustainable development was found to have increased and the confidence obtained from following training courses resulted in a high rate of application of newly acquired knowledge on-farm. A more significant impact is expected where the training measure links with Farm Territorial Contracts where there is a greater demand for training contents on the part of the trainee and a more obvious application of knowledge. The trainees themselves tend to be male, middle aged and with higher initial education levels and from this point of view the training may not be reaching all groups who would benefit from it.

A positive impact is identified in Rioja (Spain), although there are significant differences between the six case studies carried out making it impossible to draw any conclusions and the Catalonia MTE report indicates an initially positive impact. Some initial positive impacts were also identified in some Italian MTE reports (Friuli, Trento, Val d’Aosta).

Judgement

Whilst it is not an explicit objective of measures under this Chapter to help improve the situation of trainees, this is an expected consequence (see intervention logic, Section 3.2.3.2).

The reasonably robust evidence gathered to date suggests that training has, by and large, had a positive impact on employment conditions, often through higher remuneration. Where evidence is available it appears that trainees go on to use the training they have received to make positive improvements on the holding on which they are employed. It generally seems to be the case, given that training has been supplied in accordance with needs (see CEQ III.1 and the FEQs, below), that the benefits from training are significant.

3.2.3.4. Further Evaluation Questions

The FEQs below were followed up through interviews with implementing authorities in order to supplement the information available in the mid-term evaluation reports.
FEQ III.3a: To what extent is the training measure used for promoting: the application of production practices compatible with the maintenance and enhancement of the landscape

This question was answered in the MTE reports of 4 of the 12 Member States in which it was considered applicable. In three-quarters of the MTE reports it was noted that the measures had promoted the application of production practices compatible with the maintenance and enhancement of the landscape. In the other no meaningful answer was possible.

Little evidence is available in the MTE reports to provide a comment on this question, although some information is of use. In France, scheme monitoring data suggests that landscape-related training is one of the components under Farm Territorial Contract training, which accounts for 30% of all training activities. Some regions, for example, Rhone Alpes, have established specific training courses on landscape maintenance.

None of the training offered in Denmark relates specifically to landscape, although 20% of training courses relate to organic farming, which has a potential relationship to the maintenance and enhancement of the landscape through generally smaller-scale, more mixed farming practices. However, no courses are offered in relation to forestry. Interviews in Sweden revealed that 13,500 trainees undertook training relating to the maintenance and enhancement of landscape between 2000 and 2003 (some having participated in more than one course).

Finnish interviewees noted that 3,486 trainees (9% of the total) received training under the RDP in environmental knowledge, production methods, animal welfare and hygiene to the end of 2004. In addition to this, compulsory national training for participants in agri-environmental schemes has covered 95% of Finnish farmers. Both provide at least some training relating specifically to landscape issues. Almost a fifth (19%) of training days offered in Niedersachsen (Germany) related to the maintenance and enhancement of the landscape, according to those interviewed and some 7% of the training budget was spent on this type of course in England (UK).

Interviewees in Spain, Flanders (Belgium), Lombardy (Italy) and Luxembourg expected the training offered to have an impact in respect of landscape. In the case of Lombardy, however, training was not considered to be well resourced and any potential impact will therefore have been mitigated.

Judgement
Providing training in production practices compatible with the maintenance and enhancement of the landscape is an explicit aim of measures under this Chapter.

There is insufficient evidence to provide a robust answer to this question because in many cases information analysing training offered by type is not available (whilst CAP-IDIM does collect some information (see Table A5.3 in Appendix 5) the categories used do not provide a match to this FEQ). Where information is available it suggests that a reasonable proportion of courses offered/trainees trained have at least aspects relating to landscape maintenance and enhancement. Training is well targeted on the ex-ante needs and fits well with the other measures under the RDR and on this basis it is considered likely that, where appropriate, training is well targeted on landscape issues.

**FEQ III.3b: To what extent is the training measure used for promoting: the protection of the environment**

This question was answered in the MTE reports of 4 of the 12 Member States in which the question was considered to be applicable. In two cases the MTE reports recorded that the measures had promoted the appliance of production practices compatible with the protection of the environment whilst in the other two no meaningful answer was possible.

Again, there is little evidence in the MTE reports in relation to this question. Scheme monitoring data in Austria (2000-2002) demonstrates that 11.5% of training funds were spent on courses on environmental protection and organic farming and that 3.2% of trainees attended these courses. A fifth of training course in Denmark were concerned with organic farming and 5% with obtaining certificates in pesticide application. Just under 10% of trainees in Luxembourg attended agri-environmental training.

In France, most training takes place in relation to Chapter VI: Agri-environment through the Farm Territorial Contracts. Three out of five case study areas show a substantial share of courses focused on the environment.

Interviews in Sweden reported that 2,028 trainees had undertaken courses relating to environmental protection. Whilst the environment was a feature of some training courses, it was, according to those interviewed, the explicit subject in just 2% of training courses offered in Flanders (Belgium). In addition to the 9% of trainees mentioned under the previous FEQ, interviewees noted that compulsory national training for participants in agri-environmental schemes has covered 95% of Finnish farmers. Interviewees revealed that 45% of total training expenditure related to
courses in this area in Northern Ireland (UK) compared to 8% England. No training relating to the environment was offered in Niedersachsen (Germany).

Those interviewed in Spain and Lombardy (Italy) expected the training offered to have an impact in all target areas, of which the environment is one. In the case of Lombardy, however, training was not well resourced and any potential impact will therefore have been mitigated.

Judgement

Providing training in production practices compatible with protection of the environment is an explicit aim of measures under this Chapter.

The importance of training courses specifically targeting the environment varies by region/Member State and in many cases is high in terms of the proportion of the total budget, although this may be due in part to a relatively high cost of providing this type of training (as analysis of proportion of total spent and proportion of total trained reveals). However, where specific courses appear less important it is clear that courses targeting a range of topics do cover this issue as well. In conclusion, a reasonable proportion of courses offered/trainees trained have at least aspects relating to the environment. Training is well targeted on the ex-ante needs and fits well with the other measures under the RDR and on this basis it is considered likely that, where appropriate, training is well targeted on environmental issues.

FEQ III.3c: To what extent is the training measure used for promoting: Hygiene standards and animal welfare

The MTE reports from 3 of the 12 Member States where this question was considered to be applicable provided an answer. In two of these a positive impact in terms of the promotion of hygiene standards and animal welfare was recorded, in the other no meaningful answer was possible.

It is not possible to disaggregate the proportion of training relating to hygiene and animal welfare using the monitoring databases in France, but, in combination with the environment, between 15% and 45% of courses have elements relating to these issues. In Luxembourg, just under a fifth (19%) of trainees attended courses relating to animal welfare. Just under a quarter of courses in Denmark (24%) relate to livestock production, although the extent to which animal welfare is covered is unknown.

Interviews in Sweden stated that 4,000 trainees undertook course relating to hygiene standards and animal welfare over the 2000-2003 period. Whilst there was no training specifically on this subject in Flanders (Belgium), interviewees explained that
it was sometimes considered as part of more general training courses. Three-quarters of funding offered in Northern Ireland (UK) related to product quality including food safety and animal welfare issues. In contrast just 4% of the total training budget in England related to these issues. In Niedersachsen (Germany), 16% of courses covered these topics.

Interviewees in Spain and Lombardy (Italy) expect the training offered to have an impact in all target areas. In the case of Lombardy, however, training was not well resourced and any potential impact will therefore have been mitigated.

**Judgement**
Providing training in production practices promoting hygiene standards and animal welfare is an explicit aim of measures under this Chapter.

There is insufficient evidence to provide a proper answer to this question because in many cases information analysing training offered by type is not available (whilst CAP-IDIM does collect some information (see Table A5.3 in Appendix 5) the categories used do not provide a match to this FEQ). Where information is available it suggests that a low proportion of courses offered/trainees trained have aspects relating to hygiene and animal welfare. Training is well targeted on the ex-ante needs and fits well with the other measures under the RDR and on this basis it is considered likely that, where appropriate, training is well targeted on these issues.

**FEQ III.3d: To what extent is the training measure used for promoting: Management skills**

This question was answered in the MTE reports from 4 of the 12 Member States in which it was considered to be applicable. In all cases the measures were considered to promote management skills.

Further farm management skills is a priority in Austria and, according to scheme monitoring data, 40% of all funds between 2000 and 2002 were spent on farm management training measures and 22% of all trainees attended a farm management training course. Half of all trainees in Luxembourg have attended courses in management and just over a quarter (26%) of training courses in Denmark concern management issues, including issues of work health and safety. The proportion of courses relating to farm management in France is 45% according to the RDR monitoring table. Finally, between 31% and 62% of trainees receive training in farm management in Germany (Niedersachsen and Nordrhein-Westfalen, respectively).
Interviewees noted that 11,000 trainees have received training relating to management skills in Sweden and 9,436 trainees were trained in better forestry management skills in Finland (26% of the total) with a further 9,973 trained in promoting enterprise skills (27% of the total). Management training accounted for 69% of total training hours offered in 2003 in Flanders (Belgium). Fourteen percent of training courses in Niedersachsen (Germany) related to management skills. Nine percent of the training budget was spent offering this type of course in England (UK).

Finally, interviewees in Spain and Lombardy (Italy) commented that the training offered is expected to have an impact in all target areas, including that of management. In the case of Lombardy, however, training was not well resourced and any potential impact will therefore have been mitigated.

Judgement

Providing training in management skills is an explicit aim of measures under this Chapter.

Evidence from the MTE reports and from the interview programme suggests that a high proportion of training courses offered were related to management skills. The number of approved applications to provide training is recorded in CAP-IDIM (see Table A5.3 in Appendix 5) and this shows that across the EU some 21,021 approvals were made between 2000 and 2003. This equates to 39% of total approvals for training courses, second only to the 45% relating to preparation for qualitative reorientation of production.

3.2.3.5. Chapter summary

Training within the RDR is designed essentially to facilitate access to the other available measures and to ‘contribute to the improvement of the occupational skill and competence’ of those employed in the agricultural and forestry sectors. The evidence suggests that there is a good match between training needs and assisted training courses offered and that training needs have been properly considered in the vast majority of cases (this was also the conclusion drawn in EPEC, 2004). There is also evidence to suggest that the training offered has had a positive impact in terms of employment conditions, usually through higher pay, as noted in the ‘light’ synthesis (EPEC, 2004). To the extent that evidence is available, it also appears that trainees use their training to make positive improvements on the holdings on which they are employed.

In conclusion, this measure is considered to be relevant and to work well with other measures under the RDR.
3.2.4. Chapter IV: Early retirement

3.2.4.1. Measure objectives

Measures to support early retirement date from the Mansholt plan in the early 1970s where issues relating to human capital, rather than farm physical capital, were first brought into agricultural policy (European Commission, 2004a). The aim was to address the perennial structural problems of the age profile and poor viability of farm holdings (Arkleton Institute, 2004). Early retirement was reinforced in the MacSharry reforms to the CAP of 1992 when it became an accompanying measure\(^\text{19}\). The objectives of this Chapter, as set out in Regulation 1257/99, are as follows:

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

Transferees should become the head of the agricultural holding or take over at least some of the land released. They must also improve the economic viability of their holding, possess adequate occupational skill and competence and undertake to farm on the holding for at least five years.

3.2.4.2. Intervention logic

<table>
<thead>
<tr>
<th>Need/problem</th>
<th>• Ageing of the farming community/difficulties for younger farmers who want to enter the sector (high land prices, production quotas etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>• Support payment for head of holding who ceases production and for farm workers</td>
</tr>
<tr>
<td></td>
<td>• Encourage the replacement of elderly farmers by farmers able to improve, where necessary, the economic viability of the remaining agricultural holdings (e.g. because of the transferee’s occupational skill)</td>
</tr>
<tr>
<td>Expected results</td>
<td>• The early retirement aid offered to farmers encourages them to abandon farming</td>
</tr>
<tr>
<td>Expected impacts at the level of the beneficiary</td>
<td>• Improved viability of the transferee’s holding</td>
</tr>
<tr>
<td></td>
<td>• Agricultural land is re-assigned to non-agricultural uses where it cannot be farmed in economically viable manner</td>
</tr>
<tr>
<td></td>
<td>• The early retirement aid paid to farmers offers them a fair</td>
</tr>
</tbody>
</table>

\(^\text{19}\) Council Regulation (EEC) 2079/92.
<table>
<thead>
<tr>
<th>Holding</th>
<th>Standard of living</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected impacts on the agricultural</td>
<td>• Continued farming ensured</td>
</tr>
<tr>
<td>sector in general</td>
<td>• In the case of a merger: economies of scale</td>
</tr>
<tr>
<td>Expected impacts on the</td>
<td>• Increased viability of rural areas as a result of increased</td>
</tr>
<tr>
<td>rural society</td>
<td>• Viability of transferred farm</td>
</tr>
<tr>
<td>Possible positive interactions with</td>
<td>• Competitiveness of rural areas is being maintained and</td>
</tr>
<tr>
<td>other Chapters</td>
<td>enhanced</td>
</tr>
<tr>
<td>Possible conflicts with other Chapters</td>
<td>• There is a clear positive relationship between this Chapter and Chapter II: Young Farmers.</td>
</tr>
<tr>
<td>Possible conflicts with other Chapters</td>
<td>• Where agricultural land cannot be farmed under satisfactory conditions of economic viability, the objectives of the Early Retirement Chapter suggest that land should be re-assigned to non-agricultural uses. This could provide a conflict with an objective of Chapter V: Less Favoured Areas which is to ensure continued agricultural land use.</td>
</tr>
</tbody>
</table>

### 3.2.4.3. Common Evaluation Questions

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

This question was answered in the MTE reports of all 7 of the Member States in which it was considered to be applicable. In one case the measures were not considered to have made any difference. This question was addressed using monitoring data in all cases with supplementary evidence drawn from other sources which strengthens the evidence base.

Generally the MTE reports suggest that the measure has had a positive impact in terms of contributing to the earlier transfer of farms, although in many cases the number of assisted transferors is small and the overall impact thus diminished. In Ireland the average difference in age between transferors and transferees declined from 30 in the 1994-97 period to 28 between 2000 and 2002. The area of land released amounted to 39,804 hectares from 1,257 holdings, although this falls well short of the targets set by 2006. Other changes from the earlier period mentioned are that the age profile of the transferors changed with 95% below 65 years of age compared to 84% previously. However, the age profile of transferees also changed with the proportion below 25 falling from 25% to 15% between the two periods.
In mainland France the scheme is responsible for an annual transfer of around 40,000 hectares from some 600 assisted holdings. This is equivalent to around 15% of annual transfers (in holding terms). The scheme can be applied to allow farmers to retire at 55 instead of 60 and the average age of transferees is 30. Limited case studies suggested that the availability of support played a marginal role in the timing of retirement and on this basis it is concluded that the measure has had little impact. This is not necessarily the case in overseas territories where in La Reunion 7% of farmers (around 80 per year, 1,500 hectares) use the scheme to take early retirement at 55 or 56 years of age. However, the measure in La Reunion receives additional financing from the district government without which it would be unlikely to have an impact as payments are based on farm size. In La Reunion the objective is holding consolidation rather than transferral to younger farmers per se, although around a third of the land area is transferred to this group.

In Greece the average age gap between transferors and transferees is 27 years, which is considered in the MTE report to be substantial, although there is no comparator figure against which to assess this. The average difference in age in Germany differs regionally and ranges from 12 to 15 years, although take up in Germany is very low and the measure is not considered to be significant. A total of 47 holdings released 2,442 hectares of land. The measure is only applied in two Italian regions and a non-quantified positive impact was noted in Toscana. Take up rates are very low in Veneto and no assessment of the impact was possible. There is no quantified answer in Portugal, although the mainland MTE report concluded that land was clearly transferred to younger farmers (although this is bound to be the case given the nature of the scheme). The area transferred is said to be small compared to the targets.

In Spain, 20% of surveyed beneficiaries suggested that they would have retired in exactly the same manner without support, although the Spanish national MTE concludes that, on average, the age of transfer has been lowered by five years through the operation of the measure. It is noted that most transfers are within the same family so the scheme acts to accelerate this natural transferral process.

Judgement

The earlier transfer of farms is not a direct objective of this measure, although it is implied and is a consequence of helping to facilitate retirement (see intervention logic, Section 3.2.4.2).

The evidence used to answer this question is robust and suggests that the measure results in the transfer of farms to younger farmers. However, whether the scheme has an impact in bringing forward transfers (see comments in Appendix 3) is another
In many cases evidence to answer this question is insufficient to make a judgement and there are doubts as to the extent of the impact on early transfer from France, Germany and Spain. In most cases the means to answer this question were not available. Surveys of farmer intentions (as in the case of France and Spain) are useful, as would be comparisons between assisted and non-assisted groups in terms of the age of transferor. With the limited (albeit robust) evidence available it is not possible to conclude that the measure has a significant impact in terms of the earlier transfer of farms.

CEQ 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?

This question was answered in the MTE reports from all 7 Member States where it was considered to be applicable. In 43% of cases it was not possible to derive a meaningful answer. Synergy between measures under this Chapter and under Chapter II: Young farmers was noted in two cases. Two MTE reports noted that there was no apparent synergy. In all cases monitoring data were used to address this question and this was at times supplemented by other forms of evidence including beneficiary surveys, national census data and semi-structured interviews.

Agra CEAS Consulting (2003a) suggested a high degree of synergy between the Early Retirement and Young Farmers Scheme in some Member States in the 1994-1999 programming period and, given that implementation of these schemes was little altered under the RDR, it is likely that this synergy remains. This is the conclusion reached by the Greek MTE, although there is no evidence to quantify this statement. In Spain, 50% of transferees benefit from support under Chapter II: Young farmers and these farmers are significantly younger than other, non-supported transferees. That said, the holdings benefiting from support under both Chapters tend to be smaller than those not benefiting solely from support for young farmers. This may indicate that when used together measures under these Chapters provide support for the continuation of less competitive farms.

The Portuguese mainland MTE report states that 42% of transferees also benefited from support under Chapter II20, but goes on to point out that it is not possible to say that this resulted in a further reduction in the average age of beneficiaries. In Ireland one transfer involved support under Chapter II for every 8 transfers made21. This falls

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20 Chapter II: Young farmers is implemented in Objective 1 regions and it is in these regions that the dual use of the measures occurs.

21 See previous footnote.
short of the target of 3 in every 5 suggesting that synergy between the two schemes is not as great as was anticipated.

Synergy between this measure and support for young farmers is programmed into the design of the schemes under the national RDP in France, at least for transfers outside the family, as a result of joint funding. In La Reunion two thirds of land transferred does not go to young farmers, but is used to consolidate holdings and often is returned to landowners thus reducing synergy between the two Chapters in this case. In Germany and Italy (Toscana) no transferees were recipients of support under Chapter II.

Judgement
There is a clear relationship between this measure and the young farmers measure (see intervention logic, Section 3.2.4.2). Where there is robust evidence concerning the link between this measure and support for young farmers it is possible to conclude that the two are frequently used together (see, for example, Spain and Portugal). However, it is not possible to conclude on the basis of this evidence that the two schemes acting together bring forward farm transfer. Although there is the possibility that funds are accessed by those wishing to transfer in any case (see Appendix 3), there is no evidence that this has been the case. As noted under Section 3.2.2.3, the absence of evidence suggesting synergy is not necessarily evidence for an absence of synergy.

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

This question was answered in the MTE reports from all 7 of the Member States in which it was considered to be applicable. In more than half of the MTE reports the economic viability of the remaining holdings had improved as a result of the measures. No change was reported in one case. In all cases monitoring data were used to address this question and this was at times supplemented by other forms of evidence including surveys, national census data and semi-structured interviews.

The conclusion from the MTE reports in Portugal and Spain is that the measure has helped to increase the economic viability of assisted farms, mainly through increasing their size. In the case of Spain, an additional benefit is that the complete transfer (i.e. including premia, quota, etc.) ensures that the transferee is not at a disadvantage through restrictions on production under the CAP regimes. A positive impact on economic viability through increases in average size was also noted in the Portuguese MTE reports. Further, younger farmers are considered more likely to make other investments that further support economic viability. The same conclusion was
drawn in Germany, where average farm size increased by 7.5% and Greece where the average farm size of remaining farms doubled. In Ireland the average size of holdings post-transfer increased ahead of ex-ante expectation, although in contrast the trend in specialisation is below target and there has been an increase in part-time farming.

The scheme is considered to have had little impact in mainland France where non-viable farms are often merged with existing farms and non-viable farms with a high proportion of indebtedness are supported through a separate pre-retirement scheme. However, in La Reunion, one of the scheme objectives is holding consolidation and this supported economic viability.

**Judgement**

An explicit aim of the measure is to improve the economic viability of the remaining agricultural holdings. The assumption here (see intervention logic, Section 3.2.4.2) is that the transferee is better equipped to do this.

There is little hard evidence with which to answer this question, although it is clear that farm size does generally increase through the measure and insofar as larger farms are generally more economically viable then the scheme has a positive impact. In some cases there are additional benefits such as the complete transfer of the farm business including premium and quota rights, cited in the case of Spain, and the fact that transferees tend to have received agricultural training in Germany. However, the evidence is insufficient to allow a robust conclusion to be drawn.

**CEQ 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?**

This evaluation question was answered in the MTE reports of 4 out of 7 Member States where the question was considered to be applicable. On MTE report noted that the income offered to transferors was appropriate and one concluded that the answer depended on the region. No meaningful answer could be gleaned from the remaining two reports. Where this question was answered it was addressed using monitoring data. National census information and FADN data were also used in some cases, as were surveys, semi-structured interviews and discussions with implementing authorities.

The only quantitative data comes from the Spanish and French MTE reports. In the former, 50% of surveyed beneficiaries stated that the annual aid they received (on average €5,300) is sufficient to provide a fair standard of living. However, the other
50% stated that this payment was insufficient. Beneficiaries were separately asked whether their quality of life had improved following participation in the scheme and 75% stated that it had. This might suggest a degree of strategic answering of the income question as income is a major determinant in the quality of life. It is therefore likely that somewhere in excess of half of all beneficiaries consider that the annual payment is appropriate.

In France the average annual payment made amounts to €5,500, slightly more than 15% of average farm income. In La Reunion the average annual payment is €5,600 and is considered too low by participants.

The MTE report in Portugal concludes that the payments are sufficient to ensure a fair standard of living in some regions (Norte and Centro). However, payments are not considered to be sufficient in other regions (Lisboa e Vale do Tejo, Alentijo and Algarve) where beneficiaries are worse off following transfer. That said, the evaluators consider that in these cases the profits from the sale of the farm may have been under-estimated and in fact transferors may benefit from the scheme.

Again, there were no quantified data in the Irish MTE report, although the evaluators conclude that the level of income is satisfactory. Certain problems exist though, including the fact that pensions are not index-linked, the requirement not to take on paid employment and the reduction in the national pension scheme for beneficiaries of this measure.

Judgement

An objective of this measure is to provide an income for elderly farmers who decide to stop farming. There is no mention of a fair standard of living, although this is assumed, despite definitional difficulties.

There is a lack of data to allow this question to be addressed fully. That said, it appears as though income levels are only considered satisfactory for some beneficiaries in Spain (50% of surveyed beneficiaries), Portugal (2 out of 5 regions) and La Reunion (France). Even if data were available to construct the ratio under the specified indicator it would still be difficult to draw a meaningful conclusion as previous farming income may not have been ‘fair’ in relation to other groups (see Appendix 3). That said, fundamentally, farmers do not have to take early retirement and the fact that some do would suggest that they are at least satisfied with the terms offered.
3.2.4.4. Chapter summary

The objectives of this measure are to provide an income for transferors, encourage their replacement by farmers able to improve economic viability and to reassign land to non-agricultural uses where it is not economically viable.

The measure design is such that inevitably farms will be transferred to younger owners, although there is only limited evidence supporting the idea that substantial transfers might occur earlier than would be the case in the absence of the measure with doubts raised in particular in France, Germany and Spain. Whilst there is clear evidence that this measure is used in conjunction with Chapter II: Young farmers where both measures are available (in four Member States), it is not possible to come to a conclusion in terms of whether or not using these measures together brings forward farm transfer due to a lack of evidence. These are less positive findings than made in EPEC (2004) and this results from their use of a small sample of MTE reports rather than the more comprehensive data considered here. It is, however, clear that farm size generally increases as a result of this measure, although this is not in itself sufficient to guarantee an improvement in economic viability (as foreseen in the intervention logic). There is conflicting evidence on the extent to which the support offered is appropriate. For example, in Portugal the amounts offered are considered satisfactory in 2 regions and unsatisfactory in 3 regions. In Spain, 50% of surveyed beneficiaries were satisfied with the amounts offered whilst the other 50% were not, although it should be noted that a degree of moral hazard might be expected amongst the second group.

The objectives of this measure are to provide an income for transferors, encourage their replacement by farmers able to improve economic viability and to reassign land to non-agricultural uses where it is not economically viable.

The programme design is such that inevitably farms will be transferred to younger owners, although there is only limited evidence supporting the idea that transfers might occur earlier than would be the case in the absence of the measure. Whilst there is clear evidence that this measure is used in conjunction with Chapter II: Young farmers where both measures are available (in four Member States), it is not possible to come to a conclusion in terms of whether or not this brings forward farm transfer due to a lack of evidence. These are less positive findings than made in EPEC (2004) and this results from their use of a small sample of MTE reports rather than the more comprehensive data considered here. It is, however, clear that farm size generally increases as a result of this measure, although this is not in itself sufficient to guarantee an improvement in economic viability (as foreseen in the intervention logic). There is conflicting evidence on the extent to which the support offered is appropriate. For example, in Portugal the amounts offered are considered
satisfactory in 2 regions and unsatisfactory in 3 regions whilst in Spain, 50% of surveyed beneficiaries were satisfied with the amounts offered whilst the other 50% were not, although it should be noted that a degree of moral hazard might be expected amongst the second group.

3.2.5. Chapter V: Less Favoured Areas

The evaluation questions in this Chapter were selected to be followed up through interviews with implementing authorities in order to supplement the information available in the mid-term evaluation reports.

3.2.5.1. Measure objectives

The original Less Favoured Area Directive\(^\text{22}\) had as its aim to stop the agricultural and rural exodus which was perceived to be threatening the survival of certain rural areas and to preserve the natural environment and landscape (European Commission, 2004a).

Support for LFAs and Areas with Environmental Restrictions (AER) should contribute to the following objectives as set out in Regulation 1257/9:

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

b) Compensation for areas with environmental restrictions:
   - To ensure environmental requirements and safeguard farming in areas with environmental restrictions.

Payments are conditional on a number of criteria including:

- the farming of land for at least five years from the first payment of a compensatory allowance;
- the application of usual good farming practices compatible with the need to safeguard the environment and maintain the countryside, in particular by sustainable farming.

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Less favoured areas include:

- mountain areas;
- other less favoured areas; and,
- areas affected by specific handicaps.

Less Favoured Area measures apply in all Member States, but in Belgium were delayed and were not considered in the mid-term review.

### 3.2.5.2. Intervention logic

<table>
<thead>
<tr>
<th>Need/problem</th>
<th>Measure</th>
<th>Expected results</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Natural handicaps in LFAs result in high production costs and</td>
<td>• Compensatory area payments to farmers in</td>
<td>• Payments compensate for costs incurred and income foregone</td>
</tr>
<tr>
<td>• Restrictions on agricultural use in areas with environmental restrictions</td>
<td>LFAs and AERs</td>
<td></td>
</tr>
<tr>
<td>(AER) result in higher production costs and low production potential</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Expected impacts at the level of the beneficiary holding                     |                                                                                           |
| • Income support                                                            |                                                                                           |
| • Payments provide incentive for maintenance of farming                      |                                                                                           |

| Expected impacts on the agricultural sector in general                      |                                                                                           |
| • Continued use of agricultural land                                        |                                                                                           |
| • Maintenance of agricultural activity                                      |                                                                                           |

| Expected impacts on the rural society                                       |                                                                                           |
| • Maintenance/Creation of employment                                        |                                                                                           |
| • Contribution to the maintenance of a viable rural community               |                                                                                           |
| • Maintenance of the countryside                                            |                                                                                           |
| • Improved rural income                                                     |                                                                                           |
| • Maintenance and promotion of sustainable farming systems which in         |                                                                                           |
| particular take account of environmental protection requirements             |                                                                                           |
| • Protection/improvement of the rural environment                           |                                                                                           |
| • Preservation of the tourist potential of area                             |                                                                                           |
| • Increased implementation and respect of environmental restrictions and    |                                                                                           |
| safeguarding of farming in AER                                              |                                                                                           |

| Possible positive interactions with                                          |                                                                                           |
| • It is possible that there is a positive link with measures under          |                                                                                           |
| Chapter VI: Agri-environment through the requirement to                      |                                                                                           |
follow Good Farming Practice and that there is a further positive link with measures under the same Chapter where top up payments are made for following more restrictive management practices (so-called environmental enhancements). Payments under this Chapter may provide an additional incentive for Young Farmers to set up. Payments under this Chapter which help to maintain viable rural communities may link well with measures under Chapter IX: Promoting the adaptation and development of rural areas.

- It is possible that there could be conflict between this Chapter and Chapter IV: Early Retirement in that payments made here may act as a disincentive to retire. There may be a conflict with Chapter VIII: Forestry in that incentives to plant trees might not be needed in the absence of LFA payments. Finally, although there are potentially positive links with Chapter VI: Agri-environment, it is also possible that there may be some conflict in certain situations and the possibility of some double funding.

### 3.2.5.3. Common Evaluation Questions

**CEQ 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?

This question was answered in 12 of the 14 Member States where it was considered to be applicable. The MTE reports from eight Member States considered that on balance the scheme had had a positive impact in terms of offsetting the economic implications of natural handicaps in LFAs and in compensating for costs incurred and income foregone. In a further 3 Member States the response was mixed according to circumstance or region. It was not possible to provide a meaningful answer in Luxembourg.

There is reasonably strong quantitative evidence (a mixture of surveys, RDP administrative data, scheme monitoring data, national census and FADN) from 10 Member State MTE reports where the conclusion was that the compensation offers a degree of recompense for the economic implications of natural handicaps, although in all cases this compensation was felt to be only partial ranging from 35% of the cost of lower output in the area with the highest handicap in Austria to 57% of the income deficit in Finland. Compensation expressed as the ratio of {premium} to...
{higher production costs + reduction in value of farm output} was 34% in French mountain LFA in 2003, but only 19% in other French LFAs.

Qualitative evidence (semi-structured and stakeholder interviews) reported in one set of MTE reports supports this finding with compensation expressed as the ratio of {premium} to {higher production costs + reduction in value of farm output} stated as 90% in mountainous areas/areas with special difficulties regions of Spain and between 50% and 90% in areas at risk of depopulation.

Interview respondents in Greece stated that whilst compensatory allowances never exceed the higher costs experienced in the LFAs they do make some contribution to covering these costs, estimated at around 10% of income from agriculture for the majority of recipients (80%) in the previous programming period (Papageorgiou, 1999). In this context it was noted that LFA payments in Greece range from €50 to €140 per hectare in comparison to the maximum permitted level under the RDR of €200 per hectare.

LFA payments in Luxembourg are, according to those interviewed, based on comparisons between cereal farms suffering income loss due to poor soil productivity and farms in the French districts of Meurthe-et-Moselle and Moselle. Whilst no differentiation is made for type of producer, it is considered that this does not result in over-compensation.

Respondents in Scotland (UK) suggested that production costs varied significantly around the periphery of the country with transport costs for inputs and outputs often considerable. Although these costs are compensated for to some degree by the differentiation between Disadvantaged and Seriously Disadvantaged Area, this is crude and only partially addresses the cost disadvantage, although other measures including transport subsidies also help (University of Aberdeen, 2004). Whilst the implementing authority feels that top-ups available for islands are sufficient to maintain competitiveness, this view is not shared by farmer organisations.

Finally, the perception in the Netherlands is that LFA payments are low in relation to production costs and as such little compensation is provided and the payments have little impact. CJC Consulting (2003) note that compensatory allowances contributed in excess of 10% of farm income in 2001/2002 across a range of regions, farm types and LFA designations including mountain farms in France and Austria, Bayern (Germany), Spain and Finland.

Judgement
Offsetting the economic implications of natural handicaps in LFAs and compensating for costs incurred and income foregone in areas with environmental restrictions are the principal objectives of the measures under this Chapter. In addressing these objectives the measures contribute to the continuation of agriculture in these designated areas (see intervention logic, Section 3.2.5.2).

On balance the evidence available to address this question is reasonably robust and clearly suggests that the scheme does contribute to offsetting the economic implications of natural handicaps in LFAs. However, there is a wide disparity in the degree of compensation provided (and its importance in farm income) depending on region/Member State and the type (severity) of LFA. That said, establishing the extent of handicap, and hence the impact of this on production cost and reduced output, within LFAs is problematic and not likely to be heterogeneous either within LFAs, between different types of LFA or between different types of production system (see Appendix 3). Not withstanding regional calculations of payments, it is almost certainly the case that whilst support does compensate for the economic implications of natural handicaps to some degree, the extent and therefore significance of compensation will vary considerably.

**CEQ V.2: To what extent have compensatory allowances helped in ensuring continued agricultural land use?**

Question V.2 was answered by 13 of the 14 Member States where it was considered to be applicable. In seven Member States it was considered that on balance the scheme had had a positive impact in terms of ensuring continued agricultural land use in LFAs. A further two Member States found that there was no change in agricultural land use. Four Member States reported that it was not possible to provide a meaningful answer to this question.

There is reasonably strong quantitative evidence from 12 Member State MTE reports that agricultural land use within the LFA has continued. However, the extent to which support under the scheme played a role in this is often unclear. Responses are based on a mixture of RDP administrative data, scheme monitoring data, FADN, National censuses and other surveys.

The Austrian MTE report showed a minor increase in UAA in LFAs between 2000 and 2002, while the national UAA decreased slightly during the same period. The MTE report in Finland also showed a minor increase in LFA UAA of 0.8% over the same period (equivalent to 17,000 hectares). UAA in France has been stable in mainland mountain areas since 2000 and this is attributed to the scheme. However in other French LFAs and in overseas territories the scheme is seen as being less effective.
because the allowance is deemed to be too low. That said, the eligibility criteria of at least two hectares in overseas territories is thought to have contributed to an increase in holdings meeting this criteria.

Mid-term evaluation reports in Greece reported an increase in UAA within the LFA of 16% whilst in Ireland an increase of 13% (380,000 hectares) was noted between 1998 and 2002, although much of this increase may result from a change in eligibility criteria in 2000 which resulted in the inclusion of previously excluded holdings; there is no evidence to suggest that UAA amongst those eligible before and after the change in criteria altered. In Luxembourg a very minor increase in UAA within LFAs of 0.18% was reported in the MTE report, despite a small decrease in the number of farms between 2000 and 2001 (2.5%), although the point was made that some of the LFA included here may be rented in neighbouring Member States where land is cheaper.

Two Member State MTE reports found that support had little impact on the continuation of agricultural land use in the LFA. Surveyed beneficiaries in Spain reported that the scheme had minimum or no impact on maintaining agricultural activities; in Denmark it was reported that there appeared to be no impact, although it was stressed that the data here should be used with care.

All the above suggest that agricultural land use in the LFA has continued and the contention is that generally (with the possible exceptions of Spain and Denmark) support under the LFA scheme assisted in maintaining this agricultural land use.

It was not possible to extract a meaningful answer from the MTE reports relating to four Member States as a result of contradictory or unclear evidence. In Germany it was found that whilst there had been changes in UAA per holding, these did not translate to a change at the aggregate level. Mid-term evaluation reports in Portugal suggested a mixed picture with maintenance of agricultural land use in the mainland and the Azores resulting from the scheme, but that UAA decreased in Madeira in spite of the support.

In the UK, the MTE reports considered that whilst LFA payments are likely to influence the way in which agricultural land is used (i.e. they allow for more intensive systems to be used), they are not likely to influence the decision to remain in the sector. This is in contrast to a body of evidence concerning the 1994-1999 programming period which states that LFA policy has contributed to farm viability (Centre for Rural Studies (1998), Institute for Ecology and Resource Management (1998), Welsh Institute of Rural Studies (1998) and Drew Associates and University of Exeter (1997)).
Whilst it is noted in the MTE reports from Sweden that LFA support (along with other policies) does contribute to maintaining agricultural land use, it was not possible to separate the impact from LFA policy from that of other measures.

Interviewees in Italy (Emilia Romagna) expressed the view that compensatory allowances had only helped to maintain agricultural land use in some particularly mountainous areas where extensive animal breeding predominates. In contrast, UAA has declined very slightly more in LFAs in Veneto than in the region as a whole between 1990 and 2000 (4.0% c.f. 3.24%), whilst this relates to previous programming periods there is no reason to expect any change to this trend between 2000 and 2003. However, this difference is very small and may not necessarily indicate that LFA payments are insufficient to ensure continued agricultural land use.

LFA policy in the Netherlands is implemented very much with nature conservation in mind rather than any other function (Zsilinszky, 2003) and as a result little impact beyond this is expected. This was corroborated by interviewees who stated that the impact of compensatory payments in the Netherlands is too small to have any bearing on the continuance of agricultural land use.

**Judgement**

An objective of measures under this Chapter is to ensure continued land use and this is a natural consequence of the support offered (see intervention logic, Section 3.2.5.2). The requirement to continue farming for five years also provides at least a short-term guarantee of agricultural land use.

It should be stressed that there is no counterfactual position here against which to draw comparisons, either geographically or temporally (see comments in Appendix 3) and this hinders the ability to provide a definitive answer to this question. Also, the Court of Auditors (2003) concluded that without quantified objectives, and in the absence of a pan-EU evaluation (there are national evaluations as the Commission noted in its reply to this point), it is not possible to say whether the scheme does contribute to beneficiaries continuing to farm these areas.

That said, overall, given the evidence available, it is clear that agricultural land use has continued in the LFAs (increasing in at least one case), although it is not always clear the extent to which LFA compensatory payments were a driving factor in this, even where beneficiaries were asked directly about the influence of LFA payments in surveys. Despite this it is reasonably certain that payments have helped to ensure continued agricultural land use to some extent (and alongside other measures under both Pillar 1 and Pillar 2) by providing financial support. The degree of help provided will depend on the exact nature of the natural handicap at the farm level, the
farming system operated, the influence of other policy measures, alternative land
uses and employment opportunities, etc..

CEQ V.3: To what extent have compensatory allowances contributed to the
maintenance of a viable rural community?

Answers were provided to this question in the MTE reports from 13 of the 14 Member
States where it was considered to be applicable. In five Member States it was
considered that on balance the scheme had had a positive impact in maintaining
viable rural communities in LFAs. Two Member States found mixed results according
to circumstances (i.e. farm type) and two more found different results in different
regions. One Member State reported no impact of the measure on the
maintenance of viable rural communities. Three Member States reported that it was
not possible to provide a meaningful answer.

There is reasonably strong quantitative evidence (from a mixture of RDP
administrative data, scheme monitoring data, FADN, national censuses and surveys)
of positive impacts on the viability of rural communities of five Member States.

The mid-term evaluation report in Austria found that continued agricultural land use
is a critical factor for the maintenance of viable rural communities through keeping a
viable population level, providing protection from natural risks (principally
avalanches) and promoting tourism23. LFAs account for 71% of the total UAA in
Austria, of which 58% is mountainous. In these regions economic activities are
dependent on agricultural activities, in large part because the rural population has
little employment opportunity in other sectors. As LFA payments make an important
contribution to maintaining agriculture (accounting for around 15% of total income),
they therefore also help to maintain the viability of rural communities.

LFAs in Denmark, although relatively insignificant at the national level, are
considered to provide useful support to marginal island communities principally
engaged in agriculture. In Finland, the MTE report informed that farms continue to
form the largest group of small-scale enterprises in rural areas accounting for 43% of
the total number of small-scale enterprises and 49% of the labour force for small scale
enterprises. Pluriactive farms with some additional off-farm enterprises account
for 16% of both the number of small scale rural enterprises and rural labour force. In
total, farms represent 58% of the 136,400 small scale rural enterprises and two thirds of
their total labour force (274,000 employees), despite a declining proportion in the

23 Vanslembrouck, et al (2005) note that landscape features associated with agricultural activity (e.g. meadows and
grazing cattle) positively influence the demand for rural tourism and have a positive impact on the price rural tourists
are willing to pay for rural accommodation.
number of people employed in agriculture. On this basis it is clear that agriculture does contribute to maintaining viable rural communities. Household income on family farms in Finland is broadly equivalent to that of the population as a whole, although the ratio \(\text{family farm income} + \text{off-farm income of holder and/or spouse}\) to \(\text{average family income in related area}\) decreased from 1.02 in 2000 to 0.97 in 2001. Against this background the Finnish report concludes that LFA compensatory payments play an increasing role in farmers’ income when comparing 2000 data (the latest available) with 1997-1999 data. It is therefore highly likely that compensatory payments are contributing to the maintenance of viable rural communities.

Greek mid-term evaluation reports suggested a link between viable rural communities and continued agricultural land use and stated that the compensatory payments contribute to the achievement of a fair standard of living for beneficiaries. In Luxembourg, the MTE report noted that increases in agricultural income due to compensatory payments acted as an incentive in maintaining agricultural activities (confirmed with a series of interviews and case studies).

The MTE reports in four Member States reported mixed impacts of the scheme on the maintenance of viable rural communities resulting from individual circumstances or regional differences. The scheme was found to be effective in maintaining communities in French mountainous areas, even though the density of these communities is low in a significant number of locations (23% of communities have less than 3 holdings). The majority of LFA funds in France were targeted at mountainous areas, thus underpinning income in these communities. However, effectiveness in maintaining viable rural communities in France’s other LFAs (non-mountainous and overseas) was limited because the weight of the measures was too small. In general, the support is viewed more by beneficiaries as a tool to manage cash flows and build assets, rather than to directly increase the standard of living.

Mixed results due to regional differences were also reported in the MTE reports from Portugal. Farm household income in LFAs in the Azores and in the south of mainland Portugal is above average and clearly LFA payments contribute to this, although to what extent is unknown. In contrast, in Madeira and the rest of the mainland (which includes the mountainous areas in the Algarve) farm family income is below average despite the compensatory allowances. LFA payments contribute 16% of farm family income in Ireland, but the extent to which this contributes to the maintenance of viable rural communities is unclear. Net inward migration to rural areas in Ireland is cited as being of greater importance in terms of maintaining rural communities, although the extent to which this alters the make up of communities and impacts on their viability is not commented on. That said, the gap in household income
between those inside and outside the LFA is apparently narrowing suggesting that LFA compensatory payments are contributing to improving the standard of living within the LFA.

There was no change in the level of maintenance of viable rural communities in Spain, according to the MTE reports, as the LFA payments represented only a small percentage of agricultural income (3.3% in areas under risk of depopulation, 5.5% in mountainous areas and 7% in areas under environmental restrictions). That said, the ratio of \( \frac{\text{family farm income} + \text{off-farm income of holder and/or spouse}}{\text{average family income in related area}} \) represented 88% in mountainous areas, 91% in areas under risk of depopulation and parity (100%) in areas under environmental restrictions. On this basis the compensatory payments can be said to be helping to achieve a comparable standard of living.

There is a body of evidence in the UK suggesting that LFA policy in the 1990s helped to maintain viable rural populations both directly and through the securing of employment in upstream and downstream industries (Centre for Rural Studies (1998), Institute for Ecology and Resource Management (1998), Welsh Institute of Rural Studies (1998) and Drew Associates and University of Exeter (1997)). It is likely that this impact is still in evidence in the current programming period.

Interviewees in Italy (Emilia Romagna) noted that despite LFA support, the rural population continues to decrease, although whether the rate would increase in the absence of payments is not known. Italian data suggest that the standard of living in LFAs is lower (compared to the situation outside the LFA) as a result of high costs, harsh labour conditions and the small size of LFA farms. In contrast, interviewees in Wales (UK) noted that Family Farm Incomes are typically higher than in similar farms outside the LFA, although the extent of the role played by compensatory payments in this is unclear. However, they are certainly likely to have contributed to maintaining a viable rural community.

Interviewees in Denmark conclude that there is little difference between the standard of living in LFAs and in other areas and that the compensatory payments have made a small impact in maintaining a viable rural community. Given the relative unimportance of LFA payments in the Netherlands, little impact on the maintenance of a viable rural community is noted by interviewees. Terluin, et al (2005) point out that agricultural incomes are low and is therefore unlikely that the small compensatory allowances within this will have any impact.
Judgement
Contribution to a viable rural community is an objective of measures under this Chapter where it is expected to arise from continued land use (see also intervention logic, Section 3.2.5.2). As is noted in our comments on the indicators (Appendix 3), this assumed link may not be in evidence in all cases, especially in regions/Member States where agriculture is not a significant employer. For example, even in the 150 most rural districts of England agriculture only employs 5% of the workforce directly (Ward and Lowe, 2004). It is also possible that the continuing use of agricultural land could result from a lack of alternative opportunities in which case the contribution to a viable rural community may be questionable. Finally, the term ‘viable rural community’ is rather subjective.

The second indicator compares farm household income with household income outside the farming sector, but still within the LFA. As is pointed out in our comments on this indicator (see Appendix 3), this will ignore other aspects of the standard of living including the standard of accommodation, access to services, etc.. This indicator was not widely constructed in the MTE reports.

There is strong evidence that agricultural land use has continued in LFAs. If the relationship between land use and the maintenance of viable rural communities is accepted (although as noted above this assumption may be contentious in some cases), it is likely that LFA payments do have a positive impact (given that the previous question has established that LFA payments at least contribute to continued land use). However, the nature and magnitude of this effect depends crucially on both the extent to which LFA policy has helped to maintain agricultural land use and the importance of agriculture in the rural community and both these factors will vary across the EU. For example, in Finnish LFAs, 49% of the labour force in small-scale enterprises are employed on farm, whereas rural viability in Irish LFAs is driven by inward migration rather than the agricultural sector.

The limited evidence relating to standard of living suggests a variable result with household income in some LFAs comparable to non-farming income levels (for example, Finland and some LFA designations in Spain) and somewhat less than comparable in other LFAs (for example, those in the Netherlands and the Spanish mountains).

CEQ 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 LFAs?
This question was answered in the MTE reports from 11 of the 14 Member States where it was considered to be applicable. In 6 Member States it was found that on balance the scheme had a positive impact on the protection of the environment by maintaining or promoting sustainable farming. The MTE report from one Member State found that there were mixed impacts according to regional differences. Finally, it was not possible to extract relevant information for 4 Member States and it was therefore not possible to provide a meaningful answer either because they did not have data available to address this issue or had contradictory evidence.

There is strong quantitative evidence in four Member States MTE reports (Austria, Finland, Ireland and Sweden) that farming in LFA areas is more sustainable than in other areas and in some cases more sustainable than it was previously. Generally this is because of the requirement to comply with Good Farming Practice as a condition to take part in the scheme. More specifically:

- In Austria, 14% of all farms receiving LFA payments used organic production methods in 2002 (put another way 89% of the total area under organic farming is cultivated by farmers receiving LFA payments). The amount of organically farmed area as a proportion of total LFA area has increased by 5% since 2000. Further, the Austrian MTE report stated that 64% of the total area of LFA farms is managed in compliance with one of the main agri-environmental schemes. Average stocking density in LFA farms is 1.2 LU/ha of fodder area, decreasing as the severity of natural handicaps increases to 0.7 LU/ha for handicap group 4. In comparison, average stocking density across the whole of Austria is 1.6 LU/ha. Having the majority of LFA farms participating in agri-environment schemes puts further limits on the amount of fertiliser and pesticide used.

- The mid-term evaluation report in Finland measured the growth in land area under organic farming in the LFA. In 1995 some 44,700 hectares were farmed organically. By 2002 this had increased to 156,700 hectares representing some 7.5% of UAA within the LFA. The amount of pasture land stocked with less than 2 LU/ha is slowly increasing with 34,800 hectares in 2000 (30%) and 36,000 hectares (37%) in 2002. This is a clear increase from the late 1990s where the average was 22,000 hectares (20%). Limits on nitrogen use were applied to 84% of UAA within the LFA between 1995 and 1999 and this proportion had increased slightly by 2002. The use of a 170 kg/ha application rate for nitrogen increased marginally between 1998-1999 and 2002 from 55% to 57%, as did the pesticide free area from 7% in 1999 to 9% in 2002.

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24 170 kg/ha for summer cereals, sugar beets, oilseeds, peas and potatoes, and, between 200 to 250 kg/ha for winter cereals, pasture and vegetables.
• Extensification premia uptake was used as a proxy for sustainable farming in the Irish mid-term evaluation report. This approach suggests that while the number of farms involved has reduced, the area covered by reduced stocking rates (at all payment rates, i.e. less than or equal to 2.0 LU/ha, 1.4-1.8 LU/ha and greater than 1.4 LU/ha) has increased. Overall a greater area is now covered by reduced stocking rates.

• It was reported in the MTE report from Sweden that less than 170 kg/ha of farm manure was used across 40% of the UAA within LFAs and that less than 0.20 kg/ha of pesticide was applied across 86% of the UAA. More specifically LFAs use approximately 155kg/ha of manure and 0.23 kg/ha of pesticide, whereas the average rates nationally are 170kg/ha of manure and 0.41 kg/ha of pesticide.

Although the evidence above all suggests that there is a positive impact on the environment it is not clear to what extent causality is derived from the LFA scheme beyond cases where limits are imposed as a scheme condition. It may well be the case that LFAs contain generally more marginal land where production is generally less intensive and where producers therefore have a greater incentive to join agri-environment schemes or to produce organically and that it is this and not the LFA scheme per se that is driving these results.

The French mid-term evaluation reports found mixed impacts, using a mixture of quantitative and qualitative evidence, depending on regional differences. The impacts of the compensatory allowance were deemed positive in pasture-based systems. Impacts on the environment were found to be limited in non-mountainous LFAs where more sustainable mixed farming systems are in decline over the longer-term (33% in 1988, 25% in 2000). It is not felt that the use of Good Farming Practice is sufficient to guarantee environmental sustainability. The water table is vulnerable to nitrate pollution from intensive crops, such as maize, and livestock in 37 out of 71 LFA districts. In lowland areas permanent pasture is in decline. In overseas districts stocking density can be as high as 6 LU/ha in some districts and the absence of Good Farming Practices coupled with higher LFA payments levels for crops compared to livestock has encouraged a shift from pasture to crops with an impact in terms of biodiversity, erosion and water quality.

IEEP, et al (2004) state that it is widely recognised that Hill and Livestock Compensatory Allowance (HLCA) payments led to overstocking and, as a consequence, overgrazing in English uplands. They cite LUC (2000) who argued

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25 The scheme through which UK LFA policy was delivered pre-RDR.
that these payments resulted in a switch from hay to silage production, the use of native woodlands for grazing which prevented natural regeneration and an imbalance in the mix of grazing animals in favour of sheep, all of which entail negative environmental impacts. However, the replacement of HLCAs with the Hill Farming Allowance (HFA) as the delivery mechanism for LFA policy under the RDP has mitigated these problems to some extent, although they remain significant issues.

Interviewees in Spain explained that the contribution of LFA payments to environmental protection is limited to their role in maintaining agriculture in areas at risk of abandonment, although as the payments are relatively unimportant this contribution is not considered to be significant. Further, there is a view that there is under-compensation in some of the areas more at risk of abandonment (see FEQ V.5b for further details) and this mitigates the potential environmental role. A lack of synergy between this measure and those under Chapter VI: Agri-environment was cited as a reason for low uptake rates for organic farming and other agri-environmental measures.

Interviewees in Emilia Romagna (Italy) commented that sustainable agricultural practices are closely linked to extensive animal production and stocking density restrictions in the LFAs are useful in this context. Interviewees were also unable to provide a full answer in Luxembourg where they stated that in so far as compensatory allowances prevent land abandonment and the codes of Good Farming Practice reduce stocking density then LFA policy can be said to have contributed to the protection of the environment (whilst stocking densities in the LFA in Wales (UK) are lower than in lowland areas it is unclear whether this results from stocking density restrictions or other factors). This point was also made in the German regions of Bayern and Rheinland-Pfalz where it was also noted in the latter case that the uptake of agri-environmental schemes in LFAs is higher than elsewhere which confounds the environmental impact stemming from LFA policy itself.

The significant overlap between LFA and participation in agri-environmental schemes in Sweden makes it impossible to consider the environmental impact of LFA policy in isolation, according to interviewees. There is also a significant overlap between organic farming and LFA in the UK (Scotland), although interviewees state that this is likely to relate to different production systems and the predominance of grazing land in these areas rather than anything else (SERAD, 2000).

**Judgement**

An objective of this measure is to maintain the countryside and another is to maintain and promote sustainable farming systems which in particular take account of environmental protection requirements. The CEQ is concerned with the extent to
which the LFA measure contributes to this protection. There are effectively two steps in addressing this issue. First, to establish whether the countryside is maintained and whether sustainable farming systems are maintained and promoted in LFAs. Second, to assign causality for this to the LFA measure.

There is strong quantitative evidence from some Member States (for example, Austria, Finland, Ireland and Sweden) that farming in LFAs is more sustainable than in other areas. This is partly due to the relatively high use of agri-environmental and organic agreements in LFAs (for example, Austria), but is also due to the requirement to follow codes of Good Farming Practice (it is, however, recognised that the latter is not considered under the indicators for this CEQ). The evidence presented above suggests that there has been a generally positive impact on the environment, although there are examples where impact has been more mixed (for example, France).

However, where favourable environmental conditions/practices in the LFA were reported, it is not clear that this results from the LFA measures themselves or from other factors such as the general prevalence of more extensive, grass-based systems in these areas and/or participation in measures under Chapter VI: Agri-environment as noted above. That said, restrictions on stocking density are considered to have had a positive impact on the environment in some regions/Member States. It is therefore not possible to conclude definitively that the measure itself contributes to the protection of the environment because it is not possible to assign causality to the measure, although it is clear that the environment in LFAs has been protected.

**CEQ 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?**

This question was not answered in any of the mid-term evaluation reports and none of the interviews undertaken provided any information in relation to this question. In most cases the question was not considered to be relevant. For example, in France, Italy and Sweden this sub-measure was not taken up. Elsewhere, no evidence was available with which to address this question, for example the UK (Scotland and Wales).
3.2.5.4. Further Evaluation Questions

FEQ V.5a: Are handicaps in LFAs in terms of production costs clearly identifiable?

Evidence to address this element of FEQ V.5 exists in the MTE reports from two Member States. Austria has a long tradition of measuring the severity of natural handicaps/higher production costs in mountainous areas and methodologies were further developed and revised in 2001. Representative surveys of farm accounting data inside and outside the LFA were carried out under the mid-term evaluation and these can also be used to further quantify the economic implications of natural handicaps. However, higher work requirements in mountain farms were not taken into account.

It would be difficult to quantify handicaps in French LFAs, although these can be identified fairly easily. A scoring system such as in Austria is unlikely to be of use due to the diversity of French LFAs. Interviewees in France noted that the Farm Accountancy Data Network (at least in France) has been recently enriched and now incorporates various categories of subsidy. This demonstrates that production costs are higher in LFAs when labour costs are taken into account and also that incomes are lower. An internal government study has been prepared which reportedly suggests that compensation levels are essentially sound. For example, dairy farmers in non-mountainous LFAs are not eligible for compensatory allowances and this is borne out by the lack of a handicap.

Interviewees in Germany state that the handicaps faced in LFAs can be identified as lower yield and hence financial output and lower farm income (Bayern and Rheinland-Pfalz). In Denmark the handicaps are related to increased transportation costs and restrictions in the creation of scale economies on the small islands (a similar situation exists in some parts of the UK (Scottish islands) where poor land capability is also a handicap), in Luxembourg they relate to poor soil productivity and in the Netherlands to high groundwater levels. LFA in Finland covers the entire country as a result of its Nordic location, hard climate and short growing season and there are many similarities to the situation in Sweden where soil type and farming scale were also cited. There is large variation in production conditions in Greek LFA with farms supported if situated above 800 metres, above 600 metres with at least a 16% slope, or if located in areas where agricultural income is less than 80% of average national agricultural income, yields are less than 80% of national averages and population density is below 45 people per km². All of these factors result in handicaps (Papageorgiou, 1999).

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27 This is not yet publicly available.
In contrast to the above, interviewees in Italy (Emilia Romagna) do not feel that the handicaps faced by producers in LFAs can be clearly identified due to a lack of comparative data. Interviewees in Veneto stated that this issue requires further evaluation before an answer can be provided.

Judgement

There are two aspects to this question, first, can production handicaps be identified and second, can they be quantified. Whilst the first is straightforward, the second is not and requires a comparison to be made with similar production systems outside LFAs. In many cases this is not possible as similar systems do not exist, for example when considering mountainous LFA. No quantification could be extracted from the interview process.

A wide variety of production handicaps exists across the EU-15, which is not surprising given that the territory extends from the Arctic Circle in the north to the Mediterranean in the south. Essentially the handicaps all have a similar impact in terms of increasing production costs through, for example, increased transportation costs (upstream and downstream) and decreasing financial output through reduced yields or the inability to grow certain crops. Identifying production handicaps is therefore reasonably clear in most cases, with some exceptions. Quantifying them is not (see above) and is not possible in the context of this evaluation.

FEQ V.5b: Are the currently used criteria for the classification of LFAs and for fixing the level of Compensatory Allowance transparent and adapted with regard to the objective of avoiding over- or under-compensation?

The mid-term evaluation reports for Austria, France and Spain contain information that can be used to address this aspect of FEQ V.5 to a very limited extent. For example, it might be possible in Austria to use the current criteria for classification of LFAs to assess whether there is over or under compensation, although this was not actually done.

Interviews in Spain suggested that while the criteria for LFA classification are transparent, they are not sufficient to avoid over-compensation in some areas considered at risk from depopulation and under-compensation in some mountainous areas (the MTE reports noted that the basic LFA payments had resulted in over-compensation in less marginal areas). A more targeted approach in setting payment rates was recommended, although the political difficulties in doing this are recognised.
The MTE reports for France find that the current system is not transparent. It is apparent, however, that only 6% of non-mountain LFA still fulfil initial socio-economic criteria (c.f. 65% in mountain districts) and from this it is concluded that new criteria are needed in these areas at least.

The criteria for defining LFAs are considered to be clear by those interviewed in Germany and mainly relate to soil quality. The payment rates are considered generally appropriate by the mid-term evaluator although there may be a degree of over-compensation in some mountainous areas in Bayern and both under and over-compensation in some areas of Rheinland-Pfalz. That said, the administrative cost of correcting this is considered to be too high to make a correction justified.

Interviews in Luxembourg suggested that both natural handicap and socio-economic criteria are used to classify LFA, although interviewees thought it might be more appropriate to favour socio-economic criteria in the future as the gap in income between the agricultural and non-agricultural sectors is increasing. That said, the level of compensation is considered to be adequate.

Classification criteria in the UK (Scotland) are considered to be clear by those interviewed. However, the validity of the classification system has been questioned by farmer’s organisations who feel that the Severely Disadvantaged Area should attract higher payment rates than Disadvantaged Area as was the case in the previous programming period (Scottish Parliament, 2001). The implementing authority feels that the adjustment to a per hectare rather than a per head payment has reduced the incidence of over-compensation, although this view is not shared by the Scottish Crofter’s Union (SCU) who feel that large farms may be over-compensated at the expense of smaller farms (SCU, 2000). The risk of over-compensation is avoided in Wales and England by reducing support as farm size increases.

Some under-compensation (perhaps as high as 60%) is thought to arise in the north of Sweden where climatic conditions are considerably more harsh than those in the south. This is not the case in Finland where the difference between climatic conditions relative to the rest of the EU should ensure that there is no over-compensation according to those interviewed. Some under-compensation was also reported in the Netherlands and in Portugal, in the latter case especially in relation to smaller farms, and in Denmark in relation to some of the island LFAs.

No over-compensation is thought likely in Greece. Finally, the opinion of interviewees in Emilia Romagna (Italy) was that the classification criteria used are now out dated and need to be replaced with something more appropriate in the present context.
Judgement
There is not enough evidence in the mid-term evaluation reports to draw any conclusions on the criteria for the classification of LFAs, nor on the extent to which there is under or over-compensation. However, as the Court of Auditors (2003) point out, there is insufficient evidence to conclude that there is no over-compensation (although the Commission reply notes national evaluations, the ceiling on payments and the fact that Member States are best placed to ensure that over-compensation does not take place). Given that LFAs are not homogeneous, there is certainly likely to be a range in the extent to which compensation covers the economic implications of natural handicaps.

Interviews suggest that while the criteria for classifying LFAs and setting payment rates is generally clear and transparent, both under and over-compensation do occur, although over-compensation appears less likely where efforts to combat it have been made. The point is made in Germany that there is an administrative cost involved in reducing levels of under and over-compensation and the implication from this is that there is a trade-off to be made in this regard.

In conclusion, while it appears that there are incidences of both under and over-compensation, corroborating this with quantitative evidence is problematic due to the fact that there are no suitable comparator groups, either temporally, given that LFA payments have existed in one form or another for around three decades, or geographically in many cases as farming systems in LFAs are often unique. Greater efforts could be made to reduce under and over-compensation, but this will entail a higher administrative cost and greater scheme complexity.

FEQ V.5.c: What suggestions in view of a revision of the criteria can be derived from the evaluation reports?

The mid-term evaluation reports in both Austria and France provided suggestions for the revision of LFA criteria. The following recommendations were made in the Austrian mid-term evaluation report:

- take the severity of the natural handicap more into consideration when applying modulation and increase the modulated proportion in order to indirectly benefit smaller holdings with more severe natural handicaps;
- decrease the threshold for classifying holdings as livestock holdings (in order to avoid discrimination of particularly extensive livestock holdings);
- revise the ratio of the payment levels between livestock and other holdings, as well as between fodder and other areas in the long term; and,
include new knowledge on labour time modelling in order to further develop the compensatory allowance.

The French mid-term reports suggest the following:

- redefinition of LFAs other than mountains and in areas with environmental constraints in mainland France to include demarcation of lowland LFA into those with actual natural handicaps and those with environmental constraints; and,
- broad redefinition of LFA criteria including zoning in the overseas districts.

A number of suggestions were made in the interview programme in terms of revising the LFA criteria. These include placing greater emphasis on socio-economic rather than agronomic criteria (Luxembourg and Italy), targeting more environmentally friendly production methods (Italy and Denmark), combining LFA support with other measures concerning income, employment and the environment (Netherlands) and focusing support in more marginal areas (Spain).

**Judgement**

In summary, few suggestions are made in the mid-term evaluation reports or in interview and any revision of LFA classification criteria should follow a full evaluation of the policy across the EU.

**FEQ V.6: Has the respect of Good Farming Practice under LFA support contributed to safeguard the environment and maintain the countryside? If yes, to what extent has this been the case?**

This question could not be answered using any of the mid-term evaluation reports. Responses to interviews in Greece suggested that Good Farming Practice does help to safeguard the environment. There are penalties for non-compliance and around 10% of checked beneficiaries are typically found to be non-compliant annually and have their payments reduced as a result. Interviewees in Luxembourg reported that although the standards are not particularly challenging, they are applied across a wide area and less than 2% of beneficiaries are found to be non-compliant annually. These producers face a 5%-10% reduction in payments in the next year. Failure to comply again doubles this and payment is stopped for a third consecutive failure to comply.

Good Farming Practice is considered to make an important contribution in terms of enforcing basic environmental protection in Portugal. In 2003 compliance checks found that 92% of producers were compliant all eight codes and that 97% complied with at least seven codes. However, some 51% of producers checked were found to
be non-compliant in minor and easily rectified ways. The compliance rate was around 93% in Finland in 2004 (this estimate includes all cases of non-compliance with respect to all codes and it is considered likely that individual farmers will not be in compliance with more than one code reducing the proportion of farmers not complying to between 2% and 5%). In Austria, 1% of producers were not compliant with the at least one of the codes. Although no figures showing non-compliance were available in the UK, the compliance rate is said to be high in Scotland, partly because the codes are not very demanding.

Interviewees in Spain and Sweden suggested that the impact of Good Farming Practice on the environment was marginal. The codes have been recently changed in the Netherlands and this has resulted in a degree of confusion. Despite this, it is estimated that around 80% of farmers are in compliance. The point was made that the generally intensive nature of agriculture in the Netherlands makes it difficult for farmers to meet these standards.

Judgement
The results of the interviews suggest that generally the codes of Good Farming Practice are not considered to be onerous to follow and as a result have a fairly marginal impact on the environment, although of course they do provide a base level of environmental protection across a wide ranging area which can be built on through other measures. Compliance rates are typically high and are enforced through a range of control measures with financial penalties for non-compliance. The codes of Good Farming Practice do therefore contribute to safeguarding the environment and maintaining the countryside, but not to a significant extent.

3.2.5.5. Chapter summary
The objectives of this measure are to ensure continued agricultural land use and contribute to the maintenance of viable rural communities, the countryside and sustainable farming, although this is actually delivered through a form of income support.

The extent to which compensation payments contribute to the aim of offsetting the economic implications of natural handicaps varies considerably and there are wide disparities in the degree of compensation provided (and its relative importance in terms of the proportion of farm income provided) depending on region/Member State and the type (severity) of LFA. Although agricultural land use has generally continued in LFAs, the extent to which the causality for this can be assigned to LFA policy is not clear (a point also made by EPEC, 2004), mainly due to the absence of either a geographic or temporal comparator group, although it is likely to be a
contributing factor, particularly in those areas where support makes up a higher proportion of income, up to 90% for example in mountainous regions of Spain.

To the extent that LFA policy has contributed to continuing land use and to the extent that the agricultural sector plays a role in the maintenance of rural communities, then it also underpins rural communities. The extent to which this is the case varies regionally with, for example, 49% of the labour force in small scale enterprises employed on farm in Finnish LFAs whereas rural viability in Irish LFAs is driven by inward migration rather than the agricultural sector. Again, the weight of the compensatory payments within total income at the local level will be an important driver in this impact.

Finally, it is highly likely from a logical point of view that there are examples where either under or over-payments occur as the extent of the handicap and its impact on costs varies considerably. Indeed there is evidence to suggest, for example, under-compensation in the north of Sweden and over-compensation in some parts of Spain. However, it is acknowledged that there is a trade-off between reducing instances of under or over-compensation and increasing administrative complexity and cost and an acceptable balance has to be struck.

In conclusion, it is clear that the measure has a role to play in compensating for the economic impacts of natural handicaps and hence contributes to achieving its objectives to ensure continued agricultural land use and to contribute to the maintenance of viable rural communities. However, some criticisms of LFA policy have been made by many authors for many years (see for example Agra CEAS, 2003a) and those relating to the essentially political, rather than handicap-driven designation of LFAs still remain (see for example, Ahner, 2004).

The objectives of this measure are to ensure continued agricultural land use and contribute to the maintenance of viable rural communities, the countryside and sustainable farming, although this is actually delivered through a form of income support. This is an important distinction because the manner in which the support is delivered is likely to provide an incentive for all farmers to continue in production. This is not in itself necessary to achieve the objective of continued land use given that this could also be achieved through fewer, larger farms. This discrepancy between objective and delivery mechanism may reduce the overall efficiency of this measure. In this context we would note that, for a broad variety of reasons, not all areas which may be classified as LFA will necessarily be in danger of abandonment, for example those in close proximity to conurbations.
The extent to which compensation payments contribute to the aim of offsetting the economic implications of natural handicaps varies considerably and there are wide disparities in the degree of compensation provided (and its relative importance in terms of the proportion of farm income provided) depending on region/Member State and the type (severity) of LFA. Although agricultural land use has generally continued in LFAs, the extent to which the causality for this can be assigned to LFA policy is not clear (a point also made by EPEC, 2004), although it is likely to be a contributing factor, particularly in those areas where support makes up a higher proportion of income, up to 90% for example in mountainous regions of Spain.

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3.2.6. Chapter VI: Agri-environment

The evaluation questions in this Chapter were selected to be followed up through interviews with implementing authorities in order to supplement the information available in the mid-term evaluation reports. It should be noted that interview partners in Germany were unable to add anything to the material contained in the mid-term evaluation reports.

3.2.6.1. Measure objectives

EU support for agri-environment measures was introduced in 1992 as an accompanying measure to the MacSharry reforms of the CAP, essentially based on the German model developed in the 1980s and the UK’s Broads Grazing Marshes

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Scheme dating from 1984 (Latacz-Lohmann and Hodge, 2003). Court of Auditors (2000) states that the aims of the policy were to:

- accompany the changes to be introduced under the market organisation rules;
- contribute to the achievement of the Community’s policy objectives regarding agriculture and the environment;
- contribute to providing an appropriate income for farmers.

Regulation 1257/99 sets out the objectives of agri-environment policy in the 2000 to 2006 period as being 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;
- an environmentally-favourable extensification of 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.

Agri-environmental commitments must be for at least five years and must involve more than the application of usual good farming practice. The level of support is calculated on the basis of income foregone, additional costs resulting from the commitment given and the need to provide an incentive.

By 2002 around 20% of Utilised Agricultural Area in the EU was enrolled in agri-environment programmes (Baldock, et al, 2002).29

Despite the now mandatory use of monitoring and evaluation for specific schemes, it should be noted (as it is in European Commission, 2005) that information contained in the mid-term evaluation reports on uptake and impacts is limited and this is reflected in our answers below. The same document also states that the diversity of measures and environmental situations, and a long lead-in time for some of the environmental effects to be perceivable (particularly those relating to biodiversity (Baldock, et al, 2002)), requires a structured and long-term approach to monitoring and evaluation. It is also particularly difficult to establish causality when so many

29 See CRER and CJC Consulting (2002) and Buller (2000) for a discussion on policy traditions and concerns that have influenced the adoption of existing schemes and Bignal and Baldock (2002) for a categorisation of agri-environmental schemes by objective.
confounding factors have a role in influencing outcomes. Clearly this has implications for the validity of findings at the mid-term point in the programming period.

### 3.2.6.2. Intervention logic

<table>
<thead>
<tr>
<th>Need/problem</th>
<th>• Need to preserve the environment and safeguard the countryside, to respond to society's increasing demand for environmental services and to support the sustainable development of rural areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>• Financial support for participating in agri-environment programmes</td>
</tr>
<tr>
<td>Expected results</td>
<td>• Incentive for using agricultural production methods designed to protect the environment and to maintain the countryside • Compensation for income foregone and additional costs resulting from the commitment given</td>
</tr>
<tr>
<td>Expected impacts at the level of the beneficiary holding</td>
<td>• Income support • Improved working conditions (e.g. lower exposure to toxic plant protection products)</td>
</tr>
<tr>
<td>Expected impacts on the agricultural sector in general</td>
<td>• Water/soil protection, preservation of the natural basis of agricultural production • Improved image of agriculture • Increased knowledge/awareness concerning rural environmental problems and solutions</td>
</tr>
<tr>
<td>Expected impacts on the rural society</td>
<td>• Protection of natural resources (biodiversity/flora and fauna, soil, ground and surface water, atmosphere) • Reduction of greenhouse gas emissions and water/soil contamination/deterioration • Positive impacts on human health (e.g. healthy drinking water) • Maintenance or enhancement of the countryside • Contribution to the sustainable development of rural areas • Response to society's increasing demand for environmental services • Safeguarding the recreational value of rural areas/promotion of rural tourism • Contribution to achieving the Community's policy objectives regarding agriculture and the environment</td>
</tr>
</tbody>
</table>

The difficulty in establishing a common set of indicators with which to assess the effectiveness of the measures is noted by the Arkleton Institute (2004).
Possible positive interactions with other Chapters
- There are potential positive links between measures under this Chapter and Chapter V: Less Favoured Areas. Measures such as aid for organic farming are likely to provide the potential for positive links with Chapter I: Farm Investment and Chapter VII: Investment in Processing and Marketing (for example through diversification into direct sales in the first case and through further processing of niche products in the second case). There are possible positive links between this Chapter and Chapter VIII: Afforestation of Agricultural Land. Finally, the opportunity to obtain revenue under this Chapter may help to establish young farmers thus providing a positive link with Chapter II: Young Farmers.

Possible conflicts with other Chapters
- There is a potential conflict between this Chapter and measures under Chapter I: Farm Investment and Chapter IX: Promoting the Adaptation and Development of Rural Areas where these measures are concerned with structural improvements which may entail intensification and/or an increase in scale and possible negative environmental knock-on effects. Conflict may also arise with respect to Chapter VI: Agri-environment including competition for participation (see Court of Auditors, 2000) and a risk of double funding.

3.2.6.3. Common Evaluation Questions

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

This question was answered in the MTE reports from 14 of the 15 Member States in which it was considered to be applicable. In 64% of cases the MTE reports concluded that natural resources in terms of soil quality had been protected as a result of measures under this Chapter. In two cases the impact differed according to region and in one case it was considered too early to provide an answer.

According to the Arkleton Institute (2004) a number of studies have pointed to evidence suggesting that agri-environment programmes have resulted in a reduction of soil erosion and pollution. Whilst most of this evidence is likely to refer to the pre-RDR period, given that minimal changes were made to agri-environment measures in many cases, these findings are likely to hold external validity with regard to the current programming period.

This question has been addressed using monitoring data supplemented by semi-structured interviews and discussions with implementing authorities. Whilst the
evidence is therefore considered to be robust, the comments on the indicators in the Table above should be borne in mind. The area covered by agreements likely to have a positive impact with respect to, say, soil erosion, does not necessarily mean that the measures taken under these agreements actually produce any positive benefits. Where positive benefits do arise, this form of indicator will not allow an assessment of their magnitude. These problems have been identified by the European Commission (1998) and the Court of Auditors (2000) where it is stated that a high rate of participation is not a guarantee of success in terms of achieving a significant impact.

A common approach in the MTE reports is to consider the area under agri-environment agreement in general as this will be relevant for a number of specific indicators such as soil erosion, use of chemicals, soil quality, etc.. It is not always possible to split this area according to specific targets, which in any case are often multiple. The absence of baselines in most cases makes it difficult to assess the extent to which positive change is taking place. In many cases the fact that farmers are subject to codes of Good Farming Practice is also cited as evidence suggesting a positive impact, but this has not generally been considered here as an additional positive impact. In the analysis below evidence relating to the three issues contained in this CEQ are treated separately where possible with soil erosion followed by chemical contamination of soil and then soil quality.

**Soil erosion**

Area under agri-environment agreements with the specific objective of reducing soil erosion are set out in a number of MTE reports including Wallonia and Flanders (Belgium), Toscana, Veneto and Emilia Romagna (Italy), Finland, France and Portugal. In some cases the area covered by agreement is significant with, for example, 76% of UAA in hill areas in Toscana (Italy) subject to measures and 45% of arable and special crop UAA in Austria. Whilst there is an absence of quantified information in some other MTE reports, soil erosion is one of the most important environmental concerns in Spanish and Portuguese agriculture and the agri-environment measures are expected to have had a positive impact with most sub-measures addressing this issue in a co-ordinated way. Interviews in Lombardy (Italy) revealed that more than half the area under agri-environment agreement has soil erosion reducing goals.

That said, CRER, *et al* (2002) explain that evidence of the impact of organic production on soil erosion is mixed. CRER (2002) add that some negative impacts may arise from the increased use of mechanical tillage techniques and wider row distances in cereal crops. This demonstrates that simply assessing the area under agreement is not sufficient to be certain of a positive outcome.
There is evidence to suggest that soil erosion measures are correctly targeted on areas at risk in Italy, Finland, France and Germany. In Finland, soil cover and reduced tillage activities are applied across 66% to 77% of UAA in areas at risk compared to 49% of UAA in other areas. A faster rate of increase between 1999 and 2002 in the use of filter strips to reduce water erosion was also noted in areas at risk (100% increase compared to 19% in other areas). That said, the use of permanent crops to combat soil erosion shows a declining trend from 30% of area under agreement in 2000 to 28% in 2002, continuing the decline from 34% in 1995. In France between 6% and 9% of UAA is subject to measures addressing soil erosion in areas at risk, 50% to 80% more than in other areas. These agreements introduced winter cover crops in northern France, especially in Picardie, as well as simplified tillage and grass strips under perennial crops in Mediterranean regions. Explicit erosion prevention measures cover a large part of erosion-sensitive areas in Germany (Baden-Württemberg, Bayern, Nordrhein-Westfalen, Rheinland-Pfalz and Sachsen). Finally, interviewees in Veneto (Italy) explained that agreements with the objective of combating soil erosion signed in the current programming period are far more targeted on the mountainous areas which are more at risk than agreements signed previously suggesting that impact will be increasingly significant.

Interviews in Portugal revealed that although soil erosion is a long-standing issue, especially in the Alentejo region, there is no targeting on particularly susceptible areas. That said there are some specific measures relating to tillage techniques in areas at greater risk. However, no assessment of the impact of these measures is possible due to a lack of indicator data. The point was made that an impact after just three years would not necessarily be apparent in any case.

**Chemical contamination of soil**

The area subject to agreements designed to reduce the chemical contamination of soil is set out in a number of MTE reports. In Austria some 60% of land under agreement is subject to reductions in the use of plant protection products and 82% is subject to reductions in the use of nutrients. In Finland the use of plant protection products is forbidden entirely in certain areas under agreement including riparian zones, filter strips, ditch margins (in total 13,000 hectares, 0.6% of area under agreement) and areas of organic production (139,000 hectares, 6.3% of area under agreement, 8% of farms supported under this Chapter). The area farmed organically has increased by 35,000 hectares between 1999 and 2002. In total, the use of plant protection products is totally prohibited on 152,600 hectares, 7% of the area under agreement. Their use is restricted on a further 906 hectares of land under agreement (special scheme of field crop production on groundwater areas).
The MTE reports in some regions of Italy reported reductions in the use of plant protection products and nutrients. In Veneto, a third of UAA in mountainous areas is subject to agreements limiting usage. In Sicily, just under 10% of UAA is subject to input restricting agreements, whilst in Emilia Romagna 16.4% of UAA is under such agreements. In Flanders (Belgium) reductions in the use of plant protection products and nutrients were made on 15,000 and 34,000 hectares respectively.

Evidence from a survey of beneficiaries in Northern Ireland (UK) suggests that 1 in 6 participants in agri-environmental schemes reduced their use of plant protection products between 2000 and 2002 against the backdrop of an overall increase in the use of these products across the sector as a whole. This survey also found that the majority of beneficiaries had reduced their use of nutrients over the same period. Although not quantified, the Netherlands MTE report states that the measures under this Chapter have resulted in a reduction in the use of both plant protection products and nutrients.

Soil quality
There is very little evidence in the MTE reports relating directly to this criterion, although agri-environment schemes in general are likely to have a positive impact. In Finland the MTE report points out that reductions in the use of inputs and winter soil coverage have positive indirect impacts on biodiversity (through, for example, providing more food for fauna). There are also indirect positive impacts on landscape.

Interviewees in Lombardy (Italy) suggested that positive impacts in terms of soil quality are expected, particularly in terms of reduction in contamination through reductions in input application. An increase in soil quality was also reported in interviews in Emilia Romagna where reductions in the use of fertiliser and pesticide of between 25% and 30% and 60% and 70% respectively were mentioned.
Judgement

The protection and improvement of soil quality is an objective of measures under this Chapter and the intervention logic expects this protection and improvement to result from financial support for participation in agri-environmental schemes (see Section 3.2.6.2). The impact of schemes on soil quality is assessed through reporting the area under agreement. As our comments on this indicator in Appendix 3 note, this approach could be problematic. First, it assumes that there is an equivalent problem wherever schemes with soil quality as an objective are implemented and this may not be the case. Second, it assumes that the action taken under all schemes has an equal impact and again, this may not be the case, targeting measures where most needed is likely to enhance overall impact.

In summary there is robust evidence from monitoring data concerning the area under agri-environment scheme agreements. In some cases the proportion of this which relates specifically to soil erosion and chemical contamination measures can be drawn out. However, there are two main problems with this information in terms of coming to any conclusion about the impact of the measures under this Chapter. First, as discussed above, the area under agreement, however well targeted on specific problems, does not allow a comment on the extent of impact. It therefore has to be assumed that the greater the area under agreement the larger the positive impact, although there could be a high degree of deadweight. Second, there is a general lack of baseline data which makes it impossible to conclude in most cases that the area under agreement is increasing.

It is therefore possible to conclude that where soil erosion is considered to be a problem, measures are in place to combat it (for example, Portugal and Italy) and that these measures are widely taken up. It is not possible to conclude (in most cases) that a greater share of land is subject to agreement following the introduction of measures under the RDR. Nor is it possible to conclude that the measures applied are actually having a significant impact on soil erosion, although, under the assumption that schemes are well designed with this objective in mind (as they were in Portugal, for example), it is likely that this is the case. Of course, environmental issues are generally longer-term (hence the requirement on participants to commit for at least five years) and in order to fully assess the impact of measures in this area it is necessary to carry out longer-term research following the establishment of a suitable baseline against which change can be measured. It is clearly not possible to do this at the mid-term point in a seven-year programming period.

Under the assumption that measures to reduce input use are correctly defined, it is highly likely that a positive impact in terms of reducing the chemical contamination of soil has resulted. Good examples include Finland where the use of plant
protection products is forbidden in certain areas under agreement and Austria where 60% of land under agreement is subject to reductions in the use of plant protection products and 82% of land under agreement is subject to reductions in the use of nutrients. However, input reducing measures are often aimed at water rather than soil quality improvement, although they will impact positively on both media.

Although not explicitly mentioned (with the exception of the MTE report from Finland), it is likely that some on-farm and off-farm indirect, positive impacts are in evidence given the impact of measures under this Chapter on soil erosion and the use of plant protection products and nutrients. These are likely to extend from improved sustainability of farming systems through conservation of soil resource to the improvement of public goods such as landscape and biodiversity.

**CEQ 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?**

This question was answered in the MTE reports of all 15 Member States. Two thirds of MTE reports concluded that the measures under this Chapter had had a positive impact with respect to protecting natural resources in terms of ground and surface water quality. A further 3 MTE reports noted that the impact varied according to either circumstances or region. One MTE report stated that it was too early to note an impact.

According to the Arkleton Institute (2004) a number of studies have pointed to evidence suggesting that agri-environment programmes have limited pressure resulting from input use. Whilst most of this evidence is likely to refer to the pre-RDR period, given that minimal changes were made to agri-environment measures in many cases, these findings are likely to hold external validity with regard to the current programming period.

This question was addressed through scheme monitoring data with some additional use of FADN data and national datasets. Some Member States also used beneficiary surveys and held discussions with implementing authorities.

The same comments made in relation to CEQ VI.1.A apply here. Using data on the area under agreements which are likely to have an impact on the quality of ground and surface water does not really allow a judgement to be made on whether the measures are having a positive impact, unless it is assumed that measures are designed to ensure such an impact. In the analysis below evidence relating to the four issues contained in this CEQ are treated separately where possible with
reduction of contaminates followed by transport mechanisms, impact on water quality and then further benefits at farm or societal level.

**Reduction of contaminants**

According to the MTE reports large areas of agricultural land are subject to input-reducing agreements which contribute to protecting the quality of ground and surface water. Specific examples include Denmark, where 90% of agreements under this Chapter include prescriptions reducing manure distribution and 75% of agreements include prescriptions resulting in reduced use of plant protection products. However, these resulted in a fairly marginal reduction of 1.7% in the application of Nitrogen. In Austria, 82% of area under agreement is subject to reductions in chemical fertiliser and manure application and 60% of area under agreement is subject to limits on the use of plant protection products. The extent of agri-environment measures varies considerably according to region in France with coverage of between 0.5% and 14% of total UAA (under the most widely applied schemes input usage should be reduced by 20%).

Areas under input-reducing agreement are also set out in the MTE reports from Luxembourg (10,000 hectares), the UK (England, 427,000 hectares relating to chemical fertiliser and 637,000 relating to general nutrient input; Scotland, 35,000-40,000 hectares; and, Northern Ireland 70,000 relating to chemical fertiliser, 22,000 relating to manure applications and 36,000 relating to plant protection product applications), Italy (Sicily, 140,375 hectares) and Belgium (Flanders and Wallonia, between 56,000 and 66,000 hectares). Finally, 314,000 hectares are subject to input reducing commitments in mainland Portugal, although interviewees pointed out that improving water quality was not the main objectives of these measures and that the prescriptions did not imply any significant change to standard practice (for example, half the 120,000 hectares of land under organic production in 2003 comprises enterprises that are often not treated with fertiliser even when farmed conventionally, demonstrating again that area under agreement is little guide to impact).

Some MTE reports contain information on the actual use of chemicals and any change, whether in absolute or percentage terms. For example, Finland, where manure production has remained relatively static between 1999 and 2002 in areas under agreement (as a result of stocking density limits) at around 68.1 kg/ha nitrate and 12.6 kg/ha phosphate. This is contrasted with the situation outside areas under agreement where nitrate production increased from 92.4 kg/ha to 133.6 kg/ha and phosphate production from 18.3 kg/ha to 27.5 kg/ha over the same period (the Irish

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31 This follows reductions in nitrogen application of 10% and reductions in phosphate application of between 15% and 45%, depending on the crop and region in the 1994-1999 programming period.
MTE report also noted that application rates were lower in areas under agreement (68 kg/ha c.f. 90 kg/ha). Measures in Finland would therefore appear to have had a positive impact in terms of not permitting an increase in stocking density and hence manure production. Interviewees in Veneto (Italy) claimed a reduction of 32% and 41% for nitrogen and phosphate input loading respectively where land is under agri-environment agreement.

The nitrogen balance in Finland has reduced from 90 kg/ha/year in 1990 to 50 kg/ha/year in 2002 as a result of mainly a reduction in application (175 kg/ha/year to 138 kg/ha/year). However, the impact of the present programming period on this trend is not known. In terms of pesticide application, a large decrease in the weight of active ingredient sold across Finland between 1990 and 2000 (2,055 tonnes to 1,166 tonnes) was followed by increases in 2001 and again in 2002 (to 1,438 tonnes and 1,633 tonnes respectively) as a result of increased herbicide use. Against this background it is hard to form any conclusions on the impact of measures under this Chapter and in this programming period. More generally this highlights the difficulty of considering short sections of programming periods against long-term trends.

The MTE report from Luxembourg notes that the nitrate balance on a sample of farms has remained stable between 1992 and 2002, suggesting that there has been little positive impact from measures designed to protect water quality at the national level, although this does not preclude the possibility of positive benefits at the local level. A similar conclusion was drawn in mainland France, with even less impact expected in the overseas districts as only around 1% of holdings have taken up measures relating to water protection.

A range of MTE reports and interviews in other Member States provided more qualitative evidence relating to the reduction of contaminants. Several measures under this Chapter in Sweden restrict or prohibit the use of inputs. The measure available under Spanish RDPs include several sub-programmes concerned with water quality, although the MTE report states that take up is variable according to region and is frequently fragmented so that little effect is apparent at the water catchment level. It is pointed out in the Spanish MTE report that Good Farming Practice requires producers to use all inputs rationally, a point that will also apply elsewhere. Interviewees in Italy noted positive impacts arising from input reductions in Lombardy and Emilia Romagna, in the latter case particularly as a result of organic production.

In Germany the Sachsen MTE report states that pesticide application has actually increased by 28% where direct drilling has been used to reduce soil erosion. However, in combination with raising the water level, input reductions on fen
meadows has reduced water contamination in Mecklenburg-Vorpommern. The greatest reduction in nitrogen use per hectare is in mowed meadows and is highest on sandy soils (Sachsen). The most direct impact on water quality is in water protection areas, for example Niedersachsen and in areas adjacent to watercourse such as Bayern (this contrasts with the situation in Emilia Romagna (Italy) where measures to prevent water contamination are not applied in the areas most at risk). It is stated in the Netherlands MTE report that reductions in the use of inputs has led directly to some (limited) improvements in water quality, although interviews made clear that inputs are controlled more through national measures and that they are not a main focus of agri-environmental schemes. The Greek MTE report states that farmers comply with Good Farming Practice and that the use of nitrate fertiliser was reduced by 5%.

**Transport mechanisms**

In Germany water contaminating inputs are reduced mainly through the use of grassland, although less so in Schleswig-Holstein. A total of 1,226,236 hectares are subject to measures designed to reduce the transport of pollutants in Austria, of which, 95% relate to a particular crop with the balance relating to non-crop barriers. Approximately 35,000 hectares in Flanders (Belgium) is subject to supported actions to reduce the transport of pollutants to aquifers, although the MTE report concludes that it is too early to provide a comment on the impact that this has had. Around 34,000 hectares are subject to measures designed to reduce the transport of pollutants in the UK (Scotland), 8% of which are due to particular crops and 20% due to non-crop barriers. In contrast there are just 396 hectares subject to measures (buffer zones, streamside corridors) designed to reduce the transport of pollutants in Wales.

There were 87 agreements for field cultivation on sensitive groundwater areas in Finland in 2002 covering 906 hectares. A winter cover crop is sown on 14.7% of the area subject to agreement under this Chapter and riparian zones, filter strips and ditch margins are used in connection with 13,000 hectares, or 0.6% of total area subject to agreement.

A reduction of nitrogen and pesticide transfer is expected from several agri-environmental measures in France, including a measure designed to introduce rotations in place of monocultures. Grass strips under the Farm Territorial Contract scheme also make a positive difference. In total these measures account for around 300,000 hectares, although this is less than 5% of UAA and the potential impact is therefore expected to be small. That said, the French MTE report concludes that where these measures relate to nitrates they do make a positive contribution that had previously been missing.
Impact on water quality

Measures described above to reduce the use of contaminants and to impede transport mechanisms will have a consequential impact on water quality. Beyond this, the French MTE report noted that the high number of contracts for extensive pasture management is likely to have a beneficial impact on water quality, although the report also points out that the risk of water pollution in the areas where this scheme has been applied is lower than elsewhere. Whilst the Austrian MTE reported decreases in various contaminants in surface and groundwater, no clear causal link between measures under this Chapter and this outcome could be established.

Further benefits at farm or societal level

There is little evidence in relation to this criterion in the MTE reports, although it is likely that there will be some benefits for society as a result of cleaner groundwater in terms of the cost of water treatment plants. Benefits in terms of habitat provision and hence biodiversity are also likely to accrue from cleaner surface water.

The Finnish MTE report points out that lower use of manufactured fertiliser and plant protection products will reduce energy consumption in the production process. The Austrian MTE report explains that farmer awareness of water quality issues is raised and, in addition to benefits for biodiversity, the positive image of Austria as a tourist destination with significant natural appeal is boosted.

Judgement

Although not explicitly mentioned in the objectives of measures under this Chapter, protection of ground and surface water is implicit in the aim to provide protection of natural resources and is foreseen in the intervention logic as an expected impact on rural society (see Section 3.2.6.2).

The same comments on the choice of the first and second set of indicators made in respect of the previous question also apply here (area under input-reducing agreement and area subject to reduction of transport of pollutants). As is the case in Portugal, area under agreement is not necessarily an adequate guide to impact. Also, the use of these indicators assumes that any problems with ground or surface water are equivalent and that the effectiveness of the measures employed is also equivalent. This may not be the case (see Appendix 3). Whilst the third indicator (relating to the concentration of pollution in water flowing from areas under agreement) is considered to be potentially more accurate, it is considerably more complicated (expensive) to use and probably as a result it was largely ignored in the MTE reports.
There is widespread, robust evidence that large areas of agricultural land are subject to agreements restricting the use of chemical fertilisers, manure and plant protection products. However, it is not possible to conclude from this alone that there has been a reduction of agricultural inputs potentially contaminating water. Evidence is available from a few Member States to suggest that input application rates have decreased (for example, Ireland), or at least not increased in areas under agreement compared to areas not under agreement (for example, Finland). However, this is not sufficiently widespread to allow strong conclusions to be drawn and there is evidence from some Member States (for example, France, Spain and Luxembourg) which suggests little or no impact on water quality at the national level, although this does not preclude a more local impact. Nitrogen balances have been reduced in, for example, Finland, but again there is insufficient evidence to draw a firm conclusion across the EU-15. That said, there is strong evidence from the intervention logic that measures under this Chapter should result in lower input application rates compared to those evident on farms not participating.

There is evidence from some regions/Member States, for example from Niedersachsen and Bayern in Germany, that measures to address water quality are targeted on regions where they are most needed, although there are also examples where there appears to have been no targeting on areas most at risk such as, for example, Emilia Romagna in Italy. Whilst the protection of water quality requires a unified approach in a catchment area as all farms can contribute to contamination, a fragmented approach is mentioned as being a problem in Spain. Further, reductions in the use of inputs does not necessarily translate into the protection of water quality as the reduction may be insufficient or may take place in areas not at risk in the first place. It is, however, possible to say that the risk of contamination is reduced. There is also evidence from Germany of negative synergy between measures to protect water quality by reducing the use of plant protection products and measures taken to prevent soil erosion through direct drilling.

There is evidence from some Member States in terms of the use of barriers to transport mechanisms (see for example, Germany and Belgium), although the absence of either baseline information or evidence linking the nature and extent of barriers to impact makes it impossible to form a view on the effectiveness of these measures. The absence of robust evidence and the inability to assign causality also make it impossible to judge the contribution of measures under this Chapter to reducing the risk to surface and groundwater quality beyond relying on the intervention logic and the fact that measures are in place. Finally, there is little

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32 Some care is needed here as the verification of reductions is not always carried out (Court of Auditors, 2000).
substantial evidence in terms of the provision of further benefits at the farm and society level.

The overall conclusion in relation to water quality is therefore that there should be some positive impact based on the intervention logic and there is strong evidence to suggest that large areas of agricultural land are subject to restrictions on input use and at a local level these have had a positive impact. It is not, however, possible to go beyond this and conclude that the measures under this Chapter have made a significant contribution to reducing the risks to water quality at the regional/national level. Of course, the absence of proof of impact does not mean that there is no impact and this conclusion should not be misinterpreted.

**CEQ 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?**

This question was answered in the MTE reports from 6 of the 15 Member States. It was not considered to be relevant in the other Member States as, in relative terms, water quantity is not considered to be an issue. In two thirds of cases it was not possible to discern a meaningful answer from the MTE reports. In one case a positive impact as a result of the measures under this Chapter was noted whilst in another case no change as a result of the measures could be detected.

This question was addressed through a combination of scheme monitoring data and other national data. However, in most cases no meaningful answer to this question could be extracted from the MTE reports. Where it was possible to draw some conclusions, generally little change as a result of the measures implemented under this Chapter was noted. That said, a positive impact was recorded in the Greek MTE report where it states that the measures resulted in a reduction in the quantity of irrigation water used of 20%. In Emilia Romagna and Veneto (Italy) 5% of UAA is covered by agreements concerning the maintenance of water resources33. Interviews state that this amounts to 23,400 hectares in the latter case.

Overall take up of measures relating to water quantity is low in France and the MTE report states that there is a discrepancy between the areas subject to agreements likely to have an impact in this regard and those areas where water quantity is an issue. For example, in many northern regions agreements demand that irrigation

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33 It should be borne in mind, however, that Court of Auditors (2000) found that farmers could qualify for support if their water usage was below the regional average irrespective of whether they actually reduced their usage. To the extent that this remains an issue, the impact on water usage may be lower than anticipated where the indicator relates to area covered rather than actual usage rates.
water volume is reduced by 20%, however, only very small volumes of irrigation water are actually used in these regions. According to the MTE report, measures have been more effective in Aquitaine where substantial areas of maize are irrigated. There is no measure in France addressing the efficiency of irrigation water use.

The mainland Portugal MTE report comments that there is the potential for a positive impact on water quantity from Integrated Production measures and organic farming. A measure to reduce the leaching of agricultural inputs into aquifers has yet to be implemented, but the ex-ante judgement is that this will have a positive impact on the volume of irrigation water used. Similarly, there is one sub-measure in Spain which concerns water quantity, but this was not implemented until 2003. Spanish interviewees noted that water quantity is only an objective in the Castilla-La Mancha region where measures are now in place to reduce the take up of water use entitlements. Interviewees feel that this measure has had a positive impact on water quantity, although this cannot be quantified. The Spanish MTE report states that there are other sub-measures which have an indirect impact on water quantity through maintaining land cover and increasing organic matter content in soil.

**Judgement**

Although there is no explicit mention of the quantity of water resources in the objectives of the measures under this Chapter their protection is implied under the umbrella of natural resources and is expected to arise under the intervention logic (see Section 3.2.6.2).

The style of some indicators specified here follows those in the previous questions, i.e. they refer to protected area rather than measurement of impact, and as such the same comments relating to the utility of these indicators applies (see Appendix 3). However, one indicator does consider reductions in the quantity of water used for irrigation purposes and one considers the efficiency in terms of crop output per unit of water, although these were not generally used.

Generally there is little evidence with which to draw a firm conclusion in relation to this CEQ, although it should be recalled that this issue is only relevant in a relatively small number of Member States. That said, a 20% reduction in quantity of irrigation water was noted in Greece and agreements to reduce water use cover some 23,400 hectares in Veneto, Italy. However, whilst agreements in north France require reductions in the volume of irrigation water by 20%, these regions actually use very little water for irrigation in the first place.
CEQ 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?

The question was answered in the MTE reports in all 15 Member States. In 60% of cases the MTE reports noted that the measures had maintained or enhanced biodiversity through the protection of flora and fauna in high nature-value farmland habitats. In one case the extent of the impact depended on circumstances. In a fifth of cases it was considered too early to note an impact.

This question involved the extensive use of scheme monitoring data and other national data. FADN data were also used in France and Sweden and there was limited use of survey evidence and semi-structured interviews. Discussions with scheme managers in implementing authorities were fairly widespread. The analysis here is split by criteria into evidence relating to a reduction in input use, maintenance/re-introduction of beneficial crop patterns and successful targeting of species in need of protection.

Kleijn and Sutherland (2003) reviewed 62 studies across the EU on the effectiveness of agri-environmental schemes in conserving and promoting biodiversity in the 1990s. They concluded that plant diversity is difficult to enhance with agri-environmental schemes, although it is easier to enhance the diversity of arthropods. They found no consistent pattern for birds. CRER, et al (2002) also reviewed literature on this topic and found evidence in favour of a positive impact on biodiversity resulting from agri-environmental schemes. These authors also state that organic farming has characteristics that are beneficial to the diversity of fauna and flora in terms of habitat provision and food abundance. Whilst the literature cited in these studies relates to previous programming periods, there is likely to be a high degree of continued relevance as in many cases schemes operating in the previous period were carried forward with little change in to the current programming period. A number of agreements signed in the previous period would also have run into the period under examination here.

Reduction of inputs
The MTE reports contain a considerable amount of material relating to the area subject to input reducing agreements and further data were obtained in the interview process. Although this is a specified indicator it should be used with caution as area under agreement is not necessarily a guide to impact and there may be considerable deadweight as was mentioned in interviews in Denmark (where land was previously managed extensively and where more marginal land is often entered into schemes), is discussed elsewhere and also in Appendix 3. That
said, MTE reports noting substantial areas under input reducing agreement and/or increases in this area include Austria, the four UK reports, Finland, Flanders (Belgium) and France. It should also be noted that many MTE reports commented on the difficulties of assigning causality to the measures under the current programming period at this stage.

Beyond this, the Austrian MTE report states that there has been a general decrease in the use of plant protection products between 1991 and 2002. The MTE report concludes that there is evidence of a positive relationship between assisted input reduction measures and species diversity. That said, Zechmeister, et al (2003) found no correlation between amount of agri-environment subsidy and botanical diversity in Austrian grasslands.

Early evidence from the Emilia Romagna, Veneto, Umbria, Val d’Aosta and Basilicata MTE reports all suggest that the measures have resulted in a significant reduction in the use of plant protection products, nitrogen and potassium. In Veneto, 14% of area subject to agreement has seen a reduction in the use of plant protection products per hectare, 24% of area has seen a reduction in the use of fertiliser per hectare and 6% of area is subject to restrictions on the timing of application. In Emilia Romagna these proportions are respectively 4%, 4% and 7% of area under agreement.

Case studies undertaken in Scotland and Northern Ireland (UK) suggest that there has been an 18% and 37% reduction respectively in manure application/livestock density per hectare as a result of measures under this Chapter, a 40% and 49% reduction respectively in plant protection product application per hectare and a 53% and 36% reduction respectively in the use of inorganic fertiliser. Environmental monitoring of Countryside Stewardship Scheme sites in England (UK) demonstrates a positive impact on biodiversity including increases in wintering and breeding bird numbers and an increase in plant species diversity. A mixed impact in terms of invertebrates was recorded. CRER (2002) report that organic farming supports greater levels of wildlife in terms of both quantity and variety. The Scottish MTE report notes that the measures were very likely to have had a positive impact on species diversity in Scotland, including the Corncrake, which is a species specifically targeted. A positive relationship is suggested in the Northern Ireland MTE report between input reduction and enhanced biodiversity. In Wales (UK), 50% of surveyed beneficiaries reported that they had reduced their use of inorganic nitrogen and one third had reduced their use of other nutrients. Thirty-seven percent reported reducing their use of plant protection products. Beneficiaries reported that they perceived environmental benefits following participation in measures under this Chapter.
The Danish MTE report states that measures to reduce input application have benefited flora and fauna with permanent grasslands considered of particular benefit. Organic farming is also considered to be an important measure in this context, although the MTE report is critical of the efficiency of this measure in delivering environmental benefits given its relatively high financial cost. This finding was partially contradicted in the interview process where it was commented that there is no empirical evidence that reductions in the use of inputs have resulted in improvements in species diversity, although this is an expected outcome. Interviewees note that the Danish focus on input restrictions with water quality objectives has resulted in a lack of attention on biodiversity and there are likely to be instances where input reductions actually have negative biodiversity implications.

A positive impact on biodiversity arising from measures under this Chapter was also noted in MTE reports in Germany across all regions. Almost a fifth (19%) of land under agreement is recorded as having high biodiversity levels compared to just 1% of land not under agreement, although the degree of mechanisation is still considered too high for endangered species. Specific examples of positive impact include fields managed to provide resting areas for migrant geese in Niedersachsen and assistance for wild flower meadows in Saarland. The Hessen MTE report points out that positive impacts on grassland flora are only apparent after long periods of extensive use, although the Nordrhein-Westfalen and Sachsen MTE reports state that areas adjacent to long-term extensively managed grassland recover more quickly. In Schleswig-Holstein it was reported that positive impacts on grassland fauna are only apparent following severe restrictions on management practices. Finally, the Hamburg MTE report concludes that improvements in relation to meadow breeding birds are only apparent in connection with an increase in the water level.

In the Azores and mainland MTE reports in Portugal the argument for a positive impact is based simply on the intervention logic. However, Vieira, et al (2001) strongly relate the practice of integrated production to the reduction of plant protection products use in the Portuguese context. Fifteen of the nineteen agri-environmental sub-measures in Portugal are believed by those interviewed to have had direct positive benefits on biodiversity and these extend over some 399,371 hectares (87% of total area under agreement). Ex-ante assessment of the relative need for agri-environment measures should have ensured that these measures are reasonably well targeted, although no targets for implementation were set.

In Navarra (Spain), all indicators capturing indirect impacts on biodiversity are positive. Most of those interviewed in Spain agreed that measures under this Chapter had resulted in positive impacts on biodiversity, although environmental
associations note that a lack of farmer involvement in scheme design may have compromised the longer-term sustainability of any positive impacts and that the lack of a suitable system with which to assess impacts makes it very difficult to be sure what impacts, if any, the measures are having. Particular targeted sub-measures were mentioned as being particularly effective, notably the protection of birds in rice growing areas.

Research into phosphate loadings reported in the Finnish MTE report suggests a decrease in three-quarters of 1,696 observation points between 1997 and 2002, with a greater improvement in the most problematic sites. However, there is no evidence in the MTE report to link this to measures under this Chapter. Finally, the successful reductions in pesticide applications during the 1990s resulted in a growth in weed species which necessitated an increase in the use of herbicides during the present programming period. Clearly the increase noted is not a negative impact of the measures introduced.

The French MTE report suggests that a differential impact is expected in terms of farm type with a more significant impact in predominantly livestock regions compared to more arable regions. There is a relatively low coverage of the most specific measure which relates directly to the reduction of inputs across all areas. In arable regions measures relating to Integrated Pest Management and organic farming are considered likely to have the most significant impacts. In the mainly livestock regions participation in the pasture measure is significant with 60,000 beneficiaries across 3.5 million hectares accounting for 12% to 13% of total area under agreement.

Although there has been substantial research into the impact of input reduction on biodiversity in the Netherlands (see for example Kleijn, et al (2004), Kleijn and Sutherland (2003), Twisk, et al (2003), Sanders (2002) and Kruk, et al (1996)) it is difficult to quantify improvements in biodiversity as a result of agri-environmental schemes. Interviews in Sweden noted the difficulties in disentangling any effects of agri-environment schemes from other factors.

**Crop patterns**

The MTE reports from Austria, Finland, Denmark, France, Luxembourg, Flanders (Belgium) and the UK present area (or proportion of area) under agri-environment agreement with beneficial crop patterns (sometimes at critical times of year) and sometimes comment on how this has changed. Often all area under organic agreement is considered to have a beneficial crop layout. However, this does not allow an assessment of impact to be made (see Appendix 3).

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34 The Spanish Ministry of Environment is currently undertaking research on this issue.
Beyond this, the Austrian MTE report concludes that there is a positive relationship between the layout of crops or land cover in areas under agreement and the impact on species diversity. The MTE report from Finland concludes that winter soil cover has had a positive impact on migrant birds in terms of providing food in spring and autumn and other animals such as pheasant and hare have also benefited. The number of birds found on fields with filter strips is higher than those found elsewhere. These findings suggest a positive relationship between the measures and impact on species diversity and abundance.

There is some evidence in Ireland that flora species diversity is higher on farms under agreement than on farms elsewhere (Feehan, 2002 and Flynn, 2002, for example). Hedgerows managed under the REPS scheme have significantly higher bird species richness. The MTE report focused on the contribution made to biodiversity by REPS through the maintenance of farm boundaries and found that hedges under REPS are wider, more dense than is typical and with fewer gaps. Overall, bird species diversity and breeding bird species diversities are higher on REPS compared to non-REPS farms. However, there is no baseline, so it is not possible to assess the extent to which change has taken place in this programming period.

Coverage of schemes with specific measures to maintain or reintroduce farming systems in favour of biodiversity is low in France with these measures accounting for less than 4% of UAA. Despite this, coverage is more significant in five regions reaching 9% of UAA.

The MTE reports in Scotland and Northern Ireland (UK) noted that there is no evidence to demonstrate a link between crop layouts, etc., and species diversity. The MTE report in Wales (UK) comments that over wintering birds, for example, have benefited from mixed cropping systems and winter stubbles/root crops in terms of both species diversity and abundance, although no research specific to the 2000-2003 period has been carried out. CRER, et al (2002) note that organic farming has the potential at least to provide positive landscape impacts and these are likely to benefit biodiversity.

The Swedish MTE report concludes that the measures have probably contributed to promoting biodiversity by, for example, maintaining pasture land and hay fields and increasing the share of protected landscape elements and small biotopes. Wetlands have been both maintained and created. One Italian MTE report (Emilia Romagna) states that there is a positive relationship between measures undertaken and impact on biodiversity. However, the Netherlands MTE report states that while environmental indicators can be improved over time, this does not necessarily lead
to higher levels of biodiversity. That said, the report concludes that the level of biodiversity on land subject to agri-environmental measures is at least stable and has often improved. In Wallonia (Belgium), seven of the eleven agri-environmental measures available are designed, at least in part, to enhance biodiversity. However, no data are available to assess the outcome from these measures.

**Successful targeting**

The Finnish MTE report states that the area under the traditional management of biotopes increased from 15,700 hectares in 1999 to 22,000 hectares in 2002. Applications submitted by the end of 2002 will increase this area to 23,600 hectares. The diversity of species defined as endangered has increased steadily in these biotopes between 1991 and 2001: beetles from 35 to 60 species; butterflies from 10 to 30 species; mushrooms from 18 to 28 species, for example. There is no information to allow the impact in this programming period to be separated out.

Of the 121,000 hectares under management in Scotland (UK), 97.9% provides benefit to widespread species, 96.7% to specialists, 98.7% to declining and 97.6% to stable/increasing species. Research concerning bird species found no evidence that the measures were having an impact. In Wales, habitat protection is an important component of the Tir Gofal agri-environment scheme and this was developed partly to meet Biodiversity Action Plan targets and as such is well targeted where needed. Positive impacts are suggested by Williams (2003b) in relation to yellowhammer and tree sparrow (both priority species under the UK Biodiversity Action Plan and the IUCN35 Red List), Williams (2003a) and CRER, 2002 (although this refers to an earlier programming period the conclusions remain valid). The Northern Ireland MTE report finds evidence that actions target particular species with swans, geese, choughs, lapwing and curlew mentioned in particular.

Although there is no quantitative evidence in the Austrian MTE report suggesting that species in need of protection have been targeted by the supporting evidence, there is qualitative evidence to suggest this. Interviews in Veneto (Italy) suggested that targeting on areas most in need of protection is successful with 14% of UAA in these areas under agreement compared to 6% of UAA in the region as a whole. Protection of Special Protected Areas is high with 19% of UAA in these areas under agreement. This is also the case with respect to sites of Community Interest where 16% of UAA is under agreement. It was not possible to obtain any quantification of the impact of the protection offered on biodiversity.

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35 World Conservation Union.
Interviews conducted with implementing authorities and environmental associations in Spain suggested that greater targeting of schemes was required in order to achieve actual biodiversity improvements.

**Judgement**

An objective of measures under this Chapter is to protect and improve genetic diversity which is an expected impact in the intervention logic arising from support for agri-environmental schemes (see Section 3.2.6.2). Again, the first indicator in the set considering the reduction in use of agricultural inputs refers to area under agreement which is considered to be a crude method of assessing impact (see above and Appendix 3). An economically rational producer would choose to enter his/her most marginal land and, except where whole farm schemes are operated (the Tir Gofal scheme in Wales is one such example), this again will reduce impact, although this will not be picked up through area under agreement-type indicators. However, more exact means of assessment are offered through further indicators such as reductions in the use of agricultural inputs. However, this may not be as straightforward as might be imagined because different active ingredients have different toxicity levels and this level of detail will not be picked up when assessing global reductions in usage by this measure.

The second set of indicators is concerned with beneficial crop patterns and the use of ground cover during critical periods. There is an issue here with regard to the terms ‘beneficial crop patterns’ and ‘critical periods’ which may differ between target species (see Appendix 3).

There is robust evidence from scheme monitoring systems to suggest that large areas of land across the EU are enrolled in agri-environment measures under this Chapter which set out some form of limit on the use of inputs, generally limits on application rates per hectare, although also in terms of the timing of application. However, there is less evidence to link this finding with a positive impact on species diversity (that is not to say that there is no evidence, see Austria and the UK, for example). At least part of this lack of evidence results from the timescales involved. Increasing biodiversity requires relatively long-term action and it is too early to make a proper assessment of outcome at the mid-term point in what is a relatively short

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36 Baldock, *et al* (2002) and Kleijn and Sutherland (2003) make the point that little information has been available to allow an investigation of impact of agri-environmental schemes on the environment. While the report goes on to say that there is evidence of specific benefits of schemes for particular issues (species recovery is cited), it is not clear to what extent causality to particular measures can be assigned. Vanslembrouck, *et al* (2002) comment that the relationship between participation in agri-environmental schemes and positive outcomes is obvious in some cases, for example, premia for planting trees, but not obvious and often complicated in others, for example, extensification and development of biodiversity.

37 Some care is needed here as the verification of reductions is not always carried out (Court of Auditors, 2000).
programming period. Additionally, a full baseline would need to be established against which to measure change (see Appendix 3) and this is largely missing. Confounding factors are also present, notably in the case of Finland where large decreases in input use in the previous programming period necessitated increases in the current period (and mentioned, although not specified, in interviews in Sweden). This highlights the importance of considering the longer-term in order to place any empirical evidence in context.

There is robust evidence suggesting that measures under this Chapter have introduced (or at least maintained) areas with beneficial layout of crops, although the extent of these areas varies considerably from region to region. There is also substantial evidence that assisted actions have introduced or maintained vegetation/crop residues at critical periods. However, there is less evidence linking these outcomes with species diversity and abundance. In some cases where evidence is presented it is not always clear the impact results from the measures as implemented between 2000 and 2003. This is not surprising given the long-term nature of the desired impacts, the fact that some measures have been in place in one form or another for several years and the short period under examination. However, it appears likely from the evidence above that the measures have begun to have a positive impact on biodiversity and the fact that participants must sign agreements for at least five years suggests that these impacts will become more noticeable by the time the ex-post evaluation is carried out.

There is limited evidence to suggest that measures are targeted on particular species, but where this evidence is available it is robust (see for example, the UK and Italy). Whilst it can be concluded that species targeting is taking place in some regions/Member States (for example, Wales and Scotland in the UK), this conclusion cannot be generalised as it is very much a function of regional/Member State scheme design.

CEQ 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)?

The question was answered in the MTE reports for 13 of the 15 Member States in which measures under this Chapter are applied. In 62% of cases the MTE reports note that the measures under this Chapter have had a positive impact on biodiversity 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. In one case the impact depended on the region and in two cases it was considered too early to comment on an impact.

This question was addressed in all cases with scheme monitoring data. This was supplemented with other national data, survey research, semi-structured interviews and discussions with implementing authorities in some cases.

The Austrian MTE report states that project related nature conservation measures with an important contribution to habitat maintenance have been carried out on 3% of the total UAA (excluding mountain pasture). However, only small areas of this contribute directly to the maintenance of habitats. Natura 2000 zones were found in 4 out of 10 sample areas analysed in more detail. Outside Natura 2000 zones, only small areas of habitats considered rare or benefiting particular species were protected. Although the basic support under agri-environment measures protects 95% of total Austrian UAA to some degree, uptake of particular measures with specific habitat objectives is much smaller. Land consolidation carried out between 2000 and 2002 drastically reduced the length of hedgerows thus removing valuable habitats. The majority of aquatic area within the sample areas is subject to measures targeted towards groundwater protection. However, it is considered too early to make a judgement on the impact of the measures on aquatic habitat.

In Ireland the MTE report uses the designation of sites under the Habitats Directive (92/43/EEC) as an indication that high nature value habitats have been conserved. More direct evidence to suggest the maintenance of high nature value habits is drawn from Bohnsack and Carrucan (1999) and the Heritage Council (1999) where farmer interviews in the Burren led to the conclusion that REPS prevented negative farming practices in this high nature value area and stopped adverse ecological change. Although this research refers to the previous programming period it is likely to be valid in the current period as well. According to the MTE report, REPS has also resulted in positive improvements to ecological infrastructure.

The German MTE reports note a positive impact of measures under this Chapter on high nature value farmland in all regions, notably in the Bayern region. The maintenance of countryside orchard habitats is mentioned in Bayern, Hessen and Saarland, steep vineyard habitats in Baden-Württemberg, Bayern and Rheinland-Pfalz (also fallow vineyard habitats in the latter case). An increasing number of particular rare species are protected on sites in Sachsen.

In the UK 176,000 hectares of high nature value farmland is protected in England (an average of 45 hectares per agreement), 112,000 hectares in Scotland (101 hectares
SYNTHESIS OF RURAL DEVELOPMENT MID-TERM EVALUATION LOT 1

per agreement) and 68,000 hectares in Wales (59 hectares per agreement). Just over a fifth (22%) of this area is located in Natura 2000 zones in England with 44,000 km of linear features. More than half (55%) of the area in England is made up of patches of non-farmed land. CRER (2002) and CRER, et al (2002) note the positive impact of organic farming on landscape form.

Less than 1% of the 112,000 hectares in Scotland is farmed using traditional methods (for example, the use of seaweed as fertiliser). Some 8.6% of this area is within Natura 2000 zones and 10% targets specific species including corncrakes and wader bird species. A further 10% is considered to be rare habitat, there are 607 km of linear features and 2.8% of the area is made up of non-farmed land. Measures to prevent leaching/run off take place on 34,000 hectares, most of which (97% of area) concerns input reduction. 9% of area is subject to specific run-off/erosion prevention and 89% subject to measures to reduce leaching. Finally, 14,000 hectares is classified as RAMSAR wetland.

There are 1,445 km of linear features in Wales as a result of measures under this Chapter and 13,000 hectares of wetland are protected. In Northern Ireland 1,500 hectares of wetland are protected for breeding waders, representing 2.3% of area under agreement. Approximately 72 km of field boundaries had been restored in Northern Ireland by the mid-term point and there was an increase in the area covered by buffer zones from zero hectares in 2000 to 44 hectares in 2002. Additionally, 226 hectares of land were subject to input reductions by 2002 compared to zero hectares in 2000. Finally, around 1,300 hectares of wetland are protected.

In France the MTE report states that despite the marked delay in starting Natura 2000 a number of measures have had significant impact to some degree on the maintenance and rehabilitation of habitats in mainland France, although there are very few contracts in overseas districts (relating to less than 1% of total farms) and the impact here is considered to be negligible. The Swedish MTE report concludes that there has probably been a positive impact on protected environments as a result of the measures under this Chapter and that there is increasing farmer interest in the schemes offered. A broad range of measures in the Netherlands focus on the protection of designated areas and there is a large degree of overlap between take up of measures under this Chapter and the area designated as Ecological Main Structure. In Belgium (Wallonia) 25,500 hectares are under measures designed to maintain biodiversity.

The Portuguese mainland MTE report states that 125,000 hectares of land subject to agreement falls within Natura 2000 sites. A further 153,000 hectares are subject to
measures protecting the ecological infrastructure and on this basis the mid-term evaluators conclude that measures under this Chapter contribute to the protection of high nature value farmland. According to those interviewed, seven of nineteen sub-measures in Portugal have significant impacts on biodiversity in high nature-value farmland habitats with the greatest impact in the Alentejo region. Approximately 40% of area under the Natura 2000 network is subject to agreement which shows a high degree of targeting on areas of higher nature value. Although measures have been targeted towards areas of high nature value in Spain (for example in Navarra), on-site monitoring information is not available, nor is it possible to assess the degree to which the area subject to these measures corresponds to the Natura 2000 zones.

In Piemonte (Italy) the importance of extensive grassland is mentioned as being important in the protection of high nature value farmland and 13% of the area subject to measures under this Chapter in this region has the protection of this land as an objective. In some other regions the low level of support provided under these measures is mentioned as a factor in the relatively low uptake. Interviews in Lombardy (Italy) suggested that few agreements were specifically designed to impact on areas with high nature-value farmlands and as a result little impact on biodiversity is anticipated. In Emilia Romagna, on the other hand, positive impacts are expected following the targeting of particular sites. A positive impact on boundary features in particular was noted by interviewees in Veneto. Monitoring data suggests that Veneto has a high ratio of isolated tree features to UAA compared to, for example, Lombardy, Emilia Romagna and Friuli Venezia Giulia at 23 m² per hectare. A significant quantity of linear features were also noted.

The Finnish MTE report states that there were 830 agreements by 2002 covering 3,613 hectares. The area under management of traditional biotopes amounted to 22,000 hectares, 1% of area under agri-environmental schemes in 2002. More than one third of both endangered butterfly and beetle species are found in these areas. The prevention of encroachment is a basic provision of the Finnish agri-environment schemes and as such coverage of this measure is 100% across the land subject to agreement. Between 2000 and 2002, 185 agreements, covering 2,338 hectares, were signed in Natura 2000 zones. Additionally there are 38 agreements (208 hectares) relating to natural diversity and 18 (105 hectares) relating to scenery management. Linear structures were found on 1,120 hectares of Finnish farmland in 2002 and 6,040 hectares (0.3% of total agri-environmental area) could be considered to be non-farmed area covering riparian zones, natural diversity and landscape management sites. The area with isolated special features amounts to 635 hectares.
Finally, in Denmark the majority of high nature value farmland is protected under a range of national policies and assigning causality to measures under this Chapter is not possible, although any impact will vary according to habitats and biodiversity (Hald, et al, 2003).

Judgement
Elements of this question are referred to directly in the objectives for measures under this Chapter, namely the conservation of high nature-value farmed environments. The protection or enhancement of environmental infrastructure or the protection of wetland or aquatic habitats adjacent to agricultural land are referred to less directly, but these are clearly also objectives.

The indicator addressing the first element of this question requests the number of sites/agreements and total and average size of agreement. As comments in Appendix 3 make clear, this allows no assessment of the degree of protection offered, although the indicator is still useful in general terms through highlighting areas where a positive impact might be expected. This is also an issue in relation to the indicator specified to assess ecological infrastructure and the indicator specified to assess the protection of valuable wetland.

According to the Arkleton Institute (2004) a number of studies have pointed to evidence suggesting that agri-environment programmes have resulted in habitat conservation. Whilst most of this evidence is likely to refer to the pre-RDR period, given that minimal changes were made to agri-environment measures in many cases, these findings are likely to hold external validity with regard to the current programming period.

This finding is supported by the robust evidence above concerning the area of high nature value farmland maintained or enhanced through measures under this Chapter (see for example interviews in Portugal). However, whilst it is useful to know the area covered by protective measures, this does not allow a firm conclusion to be made on the impact that these measures have on biodiversity (see above and Appendix 3). Some MTE reports point out that it is too early in the programming period to assign any impacts to measures under the scheme and this is likely to be the case across the EU, irrespective of the evidence presented above. It is therefore possible to conclude that large areas of high nature farmland are protected under this Chapter and that this should (and probably does) result in a positive impact on biodiversity. However, it is not possible to conclude at this point in the programme that there is a causal link between the measures and positive biodiversity outcomes.
CEQ 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?

The question was answered in the MTE reports from 12 of the 15 Member States where it was considered to be relevant. In more than a third of MTE reports the impact in terms of the safeguarding of endangered animal breeds or plant varieties depends on circumstances. In 27% of cases the impact of the measures was considered to have been positive. No impact was noted in two MTE reports, whilst a further two reports considered that it was too early to note the impact.

This question was addressed through the use of scheme monitoring data with some use of other national datasets and discussions with scheme managers in some regions.

Under agreements in Finland, 8,549 animals from endangered breeds have been raised, of which the majority (68%) were sheep, 21% cattle and 10% horses. A small proportion of total spending was on hens and goats. Two cattle breeds and the hen breed are listed under the FAO’s World Watch List. Only eight agreements concerned plant species and their significance in the total is small.

Measures of relevance in Portugal are the Protection of the bovine breed Ramo Grande in the Azores and Preservation of land races on the mainland. Nearly half of the total head of Ramo Grande in the Azores are supported and the number of animals from this breed has increased between 1996 and 2003, although the extent of increase since 2000 is unknown. Around 10% of total land race breeds are supported on the mainland. This is especially the case for cattle where at least 40% of every breed is supported and in the case of three breeds the proportion of support exceeds 75%. Two pig breeds are supported and all animals from one breed received assistance. In ovine species the proportion of supported stocks in each breed is below 10%. Interviewees noted that some 30 breeds are now supported, of which 4 belong to Community of FAO endangered lists.

The gene preservation programme of the Austrian agri-environment schemes covers endangered horse, goat, sheep and pig breeds and the MTE report concludes that the measures have contributed to the conservation of these endangered breeds. On average, 85% of all farm animals registered as endangered are supported. In terms of plant varieties, the cultivation of various varieties has been expanded and knowledge concerning how to cultivate endangered varieties has been disseminated. Whilst the uptake of this measure under REPS in this programming
period is lower than that in the previous period, impact in Ireland is still considered likely to be positive.

The Swedish MTE report states that the measures for animal breeds under threat of extinction have contributed to increases in the number of these breeds. However, this support has not been sufficient to remove these breeds from the endangered lists. The Spanish MTE reports also reported a positive impact of these measures, although uptake has in some cases been low. Sub-measures relating to local varieties, especially in the Canary Islands, are considered to have been more successful. A very positive impact was noted in relation to breeds (and practices) associated with transhumance. The impact of these measures was mixed in Germany with successful programmes of sheep and cattle breeds and crop, fruit and vegetable varieties, but little success in relation to horse breeds (Niedersachsen, for example).

In France measures only address endangered animal breeds and the MTE report assessed the impact as negligible with only 100 agreements. This apparent failure is thought to relate to programme implementation which was through Farm Territorial Contracts. Most keepers of rare breeds are actually individual collectors who would not find a Farm Territorial Contract relevant. This measure was further hampered by the fact that eligible breeds were only defined in 2002 and measures from the previous programming period (in relation to horse breeds) were still open. Only 200 contracts were signed in Belgium (Wallonia) and this covered 296 horses, 903 cattle and 45 ovines. In Flanders 111 red cows are supported, 221 sheep for milk and 1,585 other sheep.

Only Ardenne draught horses are targeted in Luxembourg, but there was no take up of the measures in 2000 or 2001 and only eight agreements covering 29 animals in 2002. In 2003 agreements covering a further 87 animals were signed. This pattern is mainly a function of the operation of the measure in the previous programming period under which support needed to be renewed in 2003. The Piemonte MTE report (Italy) states that 13 animal breeds are protected, of which 7 are sheep, 3 cattle and 3 goat with most support given to sheep breeds, although the dapple red (a cattle breed) has also been well protected. The Friuli MTE report (Italy) claims that numbers of Istrian ovine breeds have increased as a result of the measures. Interviewees stated that use of support for endangered species is increasing in Lombardy (Italy) and interviews in Emilia Romagna suggest that there has been a positive impact on animal species safeguarded, although it is too early to comment on plant varieties.
Farmer associations in Spain reported that there has been widespread uptake of sub-measures targeting genetic diversity and a positive impact, although this view was not shared by the implementing authority nor by environmental associations who cited low payment rates as barriers to uptake.

Judgement
The objectives of measures under this Chapter do not refer explicitly to the safeguarding of endangered animal breeds or plant varieties, although these are likely to be subsumed within the protection of genetic diversity.

On balance there is strong evidence that endangered breeds of livestock have been protected to some extent in some regions/Member States, at least in the short-term. For example, whilst some 8,549 animals from protected breeds were raised in Finland, just 116 Ardennes draught horses were raised in Luxembourg. However, it is not possible to judge the importance of the protection offered due to a general lack of a baseline. Finally, it appears that in some Member States the measures relevant to this question have been hampered by those carried out under the previous period and in the case of France by late implementation and poor programme design. There is less evidence to suggest a positive impact on plant varieties.

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

This question was answered in the MTE reports in 14 of the 15 Member States where it was considered to be relevant. In more than half of MTE reports (57%) the impact of the measures under this Chapter were considered to have had a positive impact on maintaining or enhancing landscapes. In two cases it was considered too early to comment on the impact whilst in 29% of cases no meaningful answer could be extracted.

This question was addressed in all cases with scheme monitoring data, supplemented with other national data and survey research in some instances. The analysis below is split by criteria into the following sections: perceptive coherence; perceptive differentiation; cultural identity; and, amenity values.

Perceptive coherence
Several MTE reports consider that all land entered under agri-environment agreements contributes to landscape coherence including Finland, England and Wales (UK) and Portugal, as does adherence to Good Farming Practice according to the Finnish, Spanish and Scottish (UK) reports.
Additionally, the Finnish MTE report states that the management/improvement of eating/resting sites for wild animals covered 30 hectares in 2000, 70 hectares in 2001 and 137 hectares in 2002. The management of field boundaries and forest edges covered 80 hectares in 2000, 326 hectares in 2001 and 666 hectares in 2002. Agreements on traditional biotopes covered 22,035 hectares in 2002. Filter strips are part of 2,080 agreements relating to 4,721 hectares. Support for landscape preservation is fairly fragmented in Denmark, according to those interviewed, and as such the impact on aggregate is expected to be small, although 43% of support area is stated to have had some local impact on landscape, particularly in relation to lakes and rivers.

A positive impact is also recorded in Spain and the Netherlands where the MTE reports states that some measures contribute directly to improving landscape. The maintenance of countryside orchards and sheep husbandry practices in Bayern and Hessen (Germany) has a positive impact on landscape coherence, according to their respective MTE reports. The maintenance of sheep meadows and mountain pastures is said to provide a positive impact in Bayern (Germany).

CRER (2002) and CRER, et al (2002) both note the contribution that organic farming makes to landscape form. The Scottish MTE report states that 19,000 hectares contribute to landscape coherence through land use patterns and 10,000 hectares through environmental features. In Northern Ireland, measures protecting heather moorlands and those restricting drainage and ploughing and those relating to reseeding and cultivation are thought to be the most important contributors to landscape coherence.

The Austrian MTE report states that there are no measures with the primary objective of improving landscapes and that case studies show a varying degree of participation in measures which have an indirect impact on landscape coherence. Landscapes are not a priority under Chapter VI in France, although they are stated as a priority in the national RDP document. The French MTE report estimates that only 5% of UAA is covered by measures with an indirect landscape impact, although in the Mediterranean regions of Languedoc Roussillon and Provence Alpes Cote d’Azur the coverage rate is higher at between 6% and 10%.

The PEPEN programme in Luxembourg covers 93% of UAA and the MTE report concludes that this is effective in maintaining landscape coherence. Just 5% of UAA is covered by measures likely to have an impact on landscape coherence in Belgium (Wallonia) and as such the contribution, although positive, is judged in the

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38 Huttenhuis (2004) concludes that agri-environment measures in the Netherlands are promising in terms of promoting landscape quality.
MTE report to be weak. Finally, most Italian MTE reports agree the importance of landscape coherence in terms of the tourist industry is well recognised and some measures are likely to have a positive impact.

According to those interviewed, landscape preservation is one of the main objectives of agri-environment policy in Portugal and 13 of the 19 sub-measures have some impact on landscapes with significant impacts expected from 8 measures. Particular forms of landscape are protected across 322,668 hectares and endangered perennial crops are protected across 191,114 hectares. Landscape features are protected in just under 100,000 hectares and the continuation of farming in areas suffering agricultural decline is supported across 340,325 hectares.

**Perceptive differentiation**

Some 44% of land under agreement contributes to landscape differentiation according to the MTE report from Scotland. Approximately 1,500 hectares of visual complexity are added due to land use and crop patterns, for example, extensive management, cropping with seaweed, the use of grass field margins and beetle banks. Some 81,000 hectares provide landscape differentiation through environmental features and there is good evidence of contribution to visual complexity from man-made objects. The introduction of some arable cropping under agri-environmental schemes in Wales is said to contribute to landscape differentiation in the Wales MTE report.

The area under agreement providing landscape differentiation in Finland declined in 2002 as five year agreements signed in 1997 came to an end. However, some new agreements were also signed. A number of agreements ensure the preservation of man-made objects, although the extent to which any positive impacts relate to the present programming period is obscured by the fact that many were initiated in the previous period.

In some Mediterranean regions of France (Languedoc Roussillon and Provence Alpes Cote d’Azur) the coverage rate of measures likely to have an impact on landscape differentiation is between 6% and 10%. In these regions that main measure used relates to the maintenance of traditional terrace walls. Although there is no empirical evidence in Italy, interviewees in Lombardy believe that there have been positive landscape impacts in terms of greater differentiation through support for boundary features in particular.

Provision of ponds and stone rows in Sachsen provide landscape differentiation according to the MTE report from this region. Finally, the Austrian MTE reports that
while there is the potential for some measures to have an impact in terms of landscape differentiation, these measures are little used.

**Cultural identity**
Some 3,750 livestock units of traditional domestic animals were supported in Finland in 2002, including breeds of sheep, goats, cattle, horses and hens. All agri-environment schemes in Wales are believed to play an important role in contributing in particular to boundary features which are important for cultural identity. The MTE report in Wales also states that there are over 4,000 protected historical sites.

**Amenity values**
Finnish survey results suggest that people value the landscapes created under Finnish agri-environment schemes more than a range of alternatives. The MTE report therefore concludes that the amenity value of supported farmland is high. Similarly, the MTE report from the Netherlands places a high socio-economic value on supported landscapes. Contingent valuation research reported in the England (UK) MTE report suggests that the public place a significantly higher value on supported farmland than the costs of the support.

**Judgement**
The upkeep of the landscape is a central objective of measures under this Chapter. The indicators specified relate to landscape coherence, differentiation and cultural identity and in all cases are considered to be subjective (see Appendix 3).

It is difficult to provide a sensible comment on the extent to which measures under this Chapter contribute to landscape coherence because it is apparent that what this is taken to mean differs from region to region (see above). In some cases all land under agri-environment agreement is considered to have a positive impact on landscape coherence. In others the use of Good Farming Practice is taken to provide a positive impact. There is only limited evidence of measures which have landscape coherence as a direct aim, although it is clear that in many cases measures will have a positive indirect impact, for example, land under organic agreement (although this can be fragmented, see Danish interview comments). However, given that these impacts tend to be indirect, they are unlikely to be as efficient at providing this impact as more targeted measures would be.

Providing an answer in relation to landscape differentiation suffers from some of the problems mentioned in the previous paragraph. However, there is some evidence drawn mainly from scheme monitoring databases to suggest that measures under this Chapter have had a positive impact on landscape differentiation. As before though, the extent to which these impacts are direct is small.
There is insufficient evidence to draw a conclusion in relation to the impact of measures on cultural identity. However, according to the Arkleton Institute (2004) a number of studies have pointed to evidence suggesting that agri-environment programmes have resulted in the maintenance of cultural landscapes. Whilst most of this evidence is likely to refer to the pre-RDR period, given that minimal changes were made to agri-environment measures in many cases, these findings are likely to hold external validity with regard to the current programming period.

Evidence on the amenity value of supported land is very sparse, but what little there is suggests a positive impact in that the landscapes created through support are valued more than alternatives in the case of Finland and are valued more than the cost of support in the case of England (UK). However, there is insufficient evidence to draw any wider conclusion.

3.2.6.4. Further Evaluation Questions

FEQ VI.4a: Are the rules regarding Good Farming Practice as currently defined in the rural development programmes for the agri-environment and LFA measures transparent and are the concrete definitions verifiable?

It should be pointed out that agri-environment schemes are supposed to entail commitments that go beyond the application of usual Good Farming Practice (European Commission, 2005), nevertheless, in order to ensure that this takes place it is necessary that the rules are transparent, clearly understood and capable of verification by farmers.

This question was only answered in the MTE report for France and the extent to which the definitions of Good Farming Practice are considered to be clear depends on the region. Interviews revealed that the rules regarding Good Farming Practice are generally considered to be clear and the definitions verifiable, although there are some issues in the Netherlands, Italy, Portugal and Spain. In the Netherlands, the rules, clear or not, are not widely known as a result of changes to definitions for the current programming period. The adding of additional objectives has also caused a degree of confusion amongst farmers according to interviewees. In Portugal there is some degree of confusion between the codes and agri-environment scheme prescriptions. Interviewees also commented that verification of some of the provisions within the codes was simply not possible. Confusion in Spain relates to the difference between the codes and Pillar 1 cross-compliance. Whilst the codes are generally understood in Italy (Lombardy and Emilia Romagna), there are some problems with collecting information to allow verification in Emilia Romagna.
Whilst generally the definitions of Good Farming Practice are considered to be clear, there are some examples where farmer understanding is not as clear as it might be. In the case of the Netherlands this is the result of changes to definitions and the addition of new objectives. Other examples where there is some element of confusion are set out above including Italy, Portugal and Spain. On balance, however, the rules are transparent and widely understood by farmers.

**FEQ VI.4b: Do voluntary measures (agri-environment measures) have added value compared to compulsory standards (polluter pays principle)?**

The only MTE report from which an answer could be gleaned was in the case of France where the short answer was that voluntary measures do have added value compared to compulsory standards. This is evidenced by the high take up rate of measures involving a 20% reduction in nitrogen application. The report goes on to explain that the main point of the measures is not to offer added value over existing compulsory measures, but rather to offer added value over general agricultural practice. The measures with the highest take up rate are those with the least restricting prescriptions and this means that a relatively large proportion of farmers are making small improvements to their management practices. The overall approach of the programme in France is not to provide ‘compensation’ to those who cease environmentally damaging practices, but rather to recognise and preserve more environmentally benign practice.

An Agra CEAS analysis of a survey of organic and non-organic farmers carried out in England by CRER (2002) found that the former were statistically more likely than the latter to have planted more hedges, improved field boundaries for wildlife, improved the timing of grass mowing and improved manure handling and storage at the 99% confidence level. They were statistically more likely to have restored hedges at the 95% confidence level and to have introduced headland management at the 90% confidence level. There was no statistical difference in the likelihood that organic farmers would provide wildlife food or cover, introduce nutrient budgeting or plant more trees. This suggests that organic farmers are more likely to carry out these additional actions than non-organic farmers. Whilst this does not allow us to conclude that these environmental management practices are additional as a result of participation in organic farming schemes, this is possible.

The above findings were supported by interviews where it was made clear that voluntary measures can be better targeted than compulsory ones (a point also made by IEEP, 2005) and are therefore more capable of delivering change where most needed. Control is also easier as the beneficiary can be obliged to provide required information under the contract terms. Finally, incentive rather than
punishment is considered by many to be a more effective approach and it is more reasonable to ask for greater change when payments for making the change are made.

Interviewees in Portugal explained that whilst compulsory measures are fairly well adapted to preventing environmental damage they are often not capable of actually delivering improvements. Voluntary measures therefore offer greater added value. Spanish environmental organisations agreed with this, but made the point that it is necessary to ensure that voluntary measures do go beyond normal practice. Finally, several interviewees noted the ability of voluntary schemes to tackle multiple issues in a way that is not possible without a large number of compulsory measures.

Judgement

European Commission (2005) states that the voluntary nature of agri-environment schemes tends to promote constructive co-operation and a positive attitude to the environment on the part of farmers and this confers an advantage over statutory environmental obligations. On the other hand, the Arkleton Institute (2004) suggests that a voluntary approach limits effectiveness through the production of a patchwork effect. Shucksmith, et al (2005) state that the lack of effectiveness of agri-environment payments in some Member States suggests that improved regulatory measures might be preferable.

There is a general consensus amongst those interviewed that voluntary measures have the ability to deliver more than compulsory measures, although this does depend on the extent to which voluntary measures are designed to deliver change. They are also considered easier to monitor. There is also evidence to suggest that farmers undertaking voluntary measures are more likely to carry out other favourable environmental practices, although whether this is caused by participation rather than general outlook is uncertain as noted by our analysis of CRER (2002) data discussed above.

In conclusion, if prescriptions are designed to deliver change and if payment rates are set at a suitably attractive level to ensure participation, then voluntary measures are considered preferable to compulsory ones. However, failure to adequately design prescriptions or to attract suitable participants can significantly reduce the impact.

FEQ VI.4c: Have the proposed standards of Good Farming Practice addressed properly the environmental problems identified in the areas where agri-environment measures have been applied?
This question was addressed in the MTE reports of 2 of the 15 Member States implementing measures under this Chapter. In both cases the conclusion is that the standards of Good Farming Practice do address environmental problems.

According to IEEP (2003) Member States have chosen a variety of approaches to defining codes of Good Farming Practice ranging from a limited selection of particular issues to a broader coverage of categories. In terms of control indicators, again some comprise a relatively narrow set of verifiable standards and some set out more detailed list of requirements. In most cases the standards consist of existing EU, national and/or regional legal obligations, generally relating to the use of inputs. Standards going beyond legislation are rare (for example, Austria), as are those covering issues such as biodiversity (examples include England (UK) and Ireland).

Regional catalogues have been produced in France which systematically identify environmental problems at the district level and in some cases even more locally. This generally results in good targeting of the most pertinent issues. However, this targeting could have been improved further if environmental specialists and associations had been more actively involved in the decision making body. Where this involvement did take place, for example in the management of high altitude pasture, the Good Farming Practice standards address the environmental needs very well.

Interviewees in Finland and Luxembourg also feel that the codes address the main environmental issues in their respective Member States, although this is contrasted by the situation in Germany (Bayern, Rheinland-Pfalz) and Spain where interviewees noted that the fact that Good Farming Practice codes are not specified at the local level means that they cannot properly address environmental concerns at this level. Interviewees in Belgium explained that as an agricultural policy, the codes were not able to address environmental problems which are not always caused by the agricultural sector.

Finally, the MTE report in Sweden finds that the concept of Good Farming Practice should be clarified and expanded to include the requirement to follow all relevant legislation such as that relating to the protection of biotopes, ancient remains and animal welfare, for example.

**Judgement**

The codes of Good Farming Practice are a precondition of entry to RDR schemes beyond those in this Chapter and as such they are not designed to apply in specific areas with environmental problems, but rather as widely as possible. Additionally, in order to address issues at a local level it is necessary to target appropriate measures.
in this way and this is not attempted through the codes. It should also be pointed out that this question assumes implicitly that environmental problems in an area are capable of being addressed through the agricultural sector and this may well not be the case in many areas.

In conclusion it is possible to say that although the codes make a good contribution to safeguarding the environment in general terms and through addressing specific environmental issues, they are not an instrument conceived to deliver local environmental solutions, which is a task best left to well targeted specific (and voluntary, see FEQ VI.4b above) measures.

FEQ VI.5: How far does the application of agri-environment measures or bundles of such measures correspond to site-specific requirements? Does it follow the definition of priorities identified in the area concerned?

Answers to this question were available in the MTE reports for 2 of the 15 Member States implementing measures under this Chapter. In Germany, the extent to which the application of agri-environment measures or bundles of such measures correspond to site-specific requirements depends on circumstances. In France it appears that the measures do not correspond to site-specific requirements.

Court of Auditors (2000) highlights some problems with regard to the targeting of agri-environment schemes in the previous programming period, to which the Commission replied that this was largely a Member State issue as the programme was co-financed. The reasons why schemes were not adequately targeted notwithstanding, some of this criticism remains at the EU level. Even if measures are very well targeted within a Member State (or region), it does not follow that they will be well targeted at the EU level39.

39 Wider criticisms were also made by the Court of Auditors (2000) in that the planning of agri-environmental schemes failed to carry out sufficient analysis in order to allow the targeting of resources where they were most needed and that the settling for the status quo in terms of maintaining existing farm management practices rather than seeking to ameliorate environmentally damaging intensive practices. This last point was also made by CRER and CJC Consulting (2002) with regard to Environmentally Sensitive Areas (ESAs) in Scotland. These authors also point out that the ESAs were poorly targeted, suffered from ambiguous management prescriptions and conferred little sense of ownership on participants. However, the Rural Stewardship Scheme under the RDR has now addressed these concerns.

Member State planning was also criticised, mainly for a failure to allocate funds on the basis of environmental priorities (Court of Auditors, 2000). In response the Commission reply notes that the spending of Community funds depends heavily on Member State regional priorities as the measures are co-financed and that it is therefore not within the Commission’s remit to target resources.
Member State planning was also criticised, mainly for a failure to allocate funds on the basis of environmental priorities. Further criticisms were made in respect of Commission and Member State implementation and control.

At the EU level there must be some doubt as to whether the distribution of uptake of agri-environment measures follows environmental priorities, simply because of the bias (for historical reasons and as a reflection of perceived national priorities) in favour of northern Member States. The result is that southern regions of the EU, with a relatively high proportion of high nature value farming systems, have a relatively low proportion of total area enrolled into agri-environment schemes (Baldock, et al, 2002).

Evidence from the MTE reports suggests that in some cases identifying priority areas is difficult. For example, the lack of an appropriate GIS tool has hindered efforts to identify priority areas to date. In Germany it appears that schemes which relate to specific areas (for example, water protection areas) are well targeted, although more generally applied schemes are less so. Interviewees note that between 5% and 8% of area under agreement in Bayern is specifically targeted to address ground and surface water quality issues with these sub-measures not offered elsewhere. There are also some targeted measures in Brandenburg, but the area covered could not be quantified in the interview process. Examples include the targeting of water meadows in Spreewald. Area priorities have been identified around Salzburg (Austria) and measures here follow these. Examples where site-specific requirements have been taken into account in Greece were cited as measures available in nitrate vulnerable zones and areas adjacent to lakes. There are also site-specific measures relating to water quality in Belgium (Flanders).

In France there is an assessment at the individual holding level for each Farm Territorial Contract. However, in practice these are often carried out by relatively inexperienced staff (in terms of environmental expertise) and the Contract is usually standard with one standard for each commodity sector. This contrasts with the more favourable area-based approach in the previous programming period. The extent to which the application of measures is site-specific is therefore reduced. That said, the identification of environmental priorities takes place at the regional level and a menu of agri-environment measures at the region level are then produced. However, the unevenness of uptake between regions, largely driven by uneven support from farmer organisations, reduces the correspondence between implemented schemes and regional priorities to some extent. Water resource management is a case in point where there has been a relatively high uptake of relevant measures in the northern crop production regions, where there is little pressure on water resources, and a relatively low uptake in the intensively irrigated
regions where pressure on water resources is higher. An example where application of measures and environmental priorities are well matched is the wine producing Languedoc Roussillon area where a simplified Farm Territorial Contract included a compulsory Integrated Pest Management measure related to a local environmental priority.

Designated areas are used in the Netherlands to target agri-environment measures. Melman, et al (2005) considers the adequacy of this approach with respect to meadow birds. Between 70% and 80% of the area designated is considered to be effective in that the prescriptions available are able to meet the objectives without interference from other factors external to the agricultural sector. Tommerup, et al (2005) compared the targeting of agri-environment measures in the Netherlands, Denmark, Sweden and the UK and found that measures in Denmark were not very well targeted compared to the other Member States, although some local authorities do target schemes according to perceived need. This lack of targeting has reduced impact in the authors view. Interviewees in Luxembourg and Finland note that there is a mix of generally available and more targeted measures, in the case of Finland mainly relating to water quality, habitats and biodiversity, and landscapes. The extent to which measures are targeted in Italy differs by region, according to those interviewed.

Interviewees in Portugal report that several measures on the mainland are targeted on particular locations, typically in relation to endangered habitats and landscapes. In order to achieve this objective the measures generally provide income support in order to maintain agricultural practices. The Castro Verde Zonal Plan was developed to target an extremely specific issue, namely the preservation of the cereal steppe habitat. Although agri-environment measures are generic in Spain, interviewees identified a small number of specific measures targeting particular issues including the Cultivo de Tenera y Tagasaste in the Canary Islands. Even these measures have a horizontal component, however.

**Judgement**

The extent to which measures are targeted on site-specific requirements differs regionally and by Member State. In many cases a base level of protection is offered through ‘broad and shallow’ schemes with further targeting offered through ‘deep and narrow’ schemes. There are cases (see water protection areas in Germany, for example, above) where the overall degree of targeting is high and others where it appears that it could be improved (for example, Denmark where targeting was compared unfavourably with that in other Member States by Tommerup, et al (2005)). Logically a greater degree of targeting is evident where measures are designed to address particular environmental issues (for example, water quality-
related measures in Greece, Belgium and Germany). Whilst priorities have been defined in most cases, this is not a universal approach.

**FEQ VI.6: Do payment levels adequately reflect costs incurred and income foregone for agri-environmental measures? Is there evidence of insufficient or excessive payments to recipients of agri-environmental support?**

The question was only answered in 3 of the 15 Member States which applied measures under this Chapter. In two of the three cases no meaningful answer could be discerned. In the remaining report the payment levels adequately reflected costs incurred and income foregone for agri-environmental measures in some regions, but not in others.

In answering this question it should be borne in mind that Annex 2 of the Uruguay Agreement of the WTO allows agri-environment payments under the Green Box only if they are limited to the extra costs or loss of income involved (European Commission, 2005). This stipulation effectively means that while under-compensation may occur, over-compensation should not, although Court of Auditors (2000) did find some evidence of over-compensation (i.e. compensation in excess of compliance costs) in some regions in the previous programming period. CRER, et al (2002) state that the issue of deadweight has been a recurring theme in the literature. They state that, according to economic theory, all but the marginal entrants to agri-environmental schemes are paid in excess of opportunity costs and this manifests itself in evidence of increased income. However, according to the Arkleton Institute (2004), compensation payments for agri-environment schemes are generally not sufficient to encourage intensive farmers to participate, again implying that over-compensation is unlikely and that in some cases may be insufficient. Court of Auditors (2000) also found evidence of both insufficient and excessive (or unjustified) payments in various regions, in the former case this hindered participation.

A cost analysis is made for each of the 150 agri-environment measures in France including both costs incurred and income foregone. However, information on whether this shows that the income deficit is offset is not currently available. That said, beneficiaries generally feel that compensation levels are adequate. There is no evidence from France of over-compensation, although local negotiations over payment rates do lead to regional discrepancies.

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40 An incentive payment of up to 20% of cost incurred may be made within this overall limit, although this option is often not offered by Member States (Baldock, et al, 2002).

41 Areas with intensive production are those where many of the most severe environmental pressures occur (see for example Arkleton Institute, 2004 and Baldock, et al, 2002).
According to the MTE reports, payment levels in Germany mostly reflect costs incurred and income foregone in regions with low agricultural intensity and this explains the relatively low uptake in more intensive regions implying that the income deficit is less adequately addressed in these regions. A measure to improve flora biodiversity in Hessen and Niedersachsen is not considered to be sufficiently financially attractive, as are some measures to safeguard migrating geese resting sites in the latter region. Interviewees noted, on the other hand, that most payments in Bayern are considered to be properly estimated in relation to costs and income losses, although it is considered that a small degree of over-compensation may occur in extreme mountainous regions (accounting for about 5% of total area under agreement).

Interviewees in Austria considered that there is a risk of under-compensation on marginal soils where reductions in the use of inputs have a serious impact on yield. The fact that payment rates are set for a five year period means that payment rates are likely to become progressively less well aligned over the programming period.

Interviewees reported that where the incentive element of payments is towards the 20% upper limit, farmers in Finland consider payments to be generally sufficient, however, where prescriptions require an element of non-productive investment, for example the establishment of filter strips, payments are considered insufficient. Payments are also considered to be generally sufficient in Luxembourg, Italy, Greece and Sweden where there is no suggestion that they might be excessive, although some farmers debate whether they are sufficient in all circumstances.

Under-compensation is put forward as a reason for low take up rates in Denmark (Kjellingbro, 2003). An increase in payment rates in 2004 saw take up increase reinforcing this perception. Jacobsen (2004) comments that Danish schemes limiting nitrogen application offer very favourable deals for many farmers. As a result of criticism of this nature the scheme was withdrawn in 2004. Interviews with local councils suggest that there may also be an element of over-payment in grassland areas under agreement.

Many farmers in the Netherlands perceive payment rates as being insufficient and other factors (pressure from society, personal attitude, etc.) are important driving factors in uptake beyond the compensation offered (Jongeneel, et al, 2005). Whilst payment rates in Belgium are generally considered appropriate, according to those interviewed, there are examples of both insufficient payments (in relation to measures promoting biodiversity) and excessive payments (for example, mechanical weed control in cauliflower crops).
All actors interviewed in Spain agree that there is widespread under-compensation which has depressed uptake rates. There is a feeling that where take up rate is higher it is because entrants are having to make fewer changes to their farming system thus introducing deadweight. Most measures in Portugal are considered to be adequately compensated by interviewees as a result of the payment calculation methodology. However, schemes for organic and integrated production and in relation to greenhouse gas emissions in the horticultural sector are not fully compensated and uptake rates are low as a result (only 39 hectares of horticulture is supported for integrated production for example). A survey of farmer perceptions of payment rates in the Castro Verde Zonal Plan revealed that whilst 40% felt that payment rates were insufficient, 50% actually abandoned the scheme for this reason.

**Judgement**

There is little firm evidence in terms of the extent to which payments reflect costs incurred and income forgone, although generally (and partly as a result of the method of calculation) these seem to be well aligned. There is, however, evidence from some regions/Member States of insufficient or excessive payments, for example, in areas where soil quality is particularly poor and payments do not compensate for reductions in output (see Austria) and extreme mountainous regions where farming practices do not have to be significantly altered in order to meet prescriptions implying a degree of deadweight (see Germany). Where payments are fixed for a five year period it is considered inevitable, given the way in which they are calculated, that they will be less appropriate towards the end of this period. Finally, the extent to which payments are considered sufficient depends to some extent on the nature of the prescription with those involving non-productive investments not considered as sufficient as others (for example, Finnish farmers believe that payments for the establishment of filter strips are insufficient).

In conclusion it is unlikely that payment rates can be set that are satisfactory for all farmers across differing circumstances and there is a trade-off between improving the accuracy of payment rates and administrative cost. The price of systematic under-compensation is likely to be low uptake rates, especially for more intensive farmers with higher opportunity costs and this reduces the environmental efficiency of the policy. The deadweight incurred through under-compensation is likely to be high as only farmers having to make marginal management changes are likely to participate. However, increasing payment rates without also increasing targeting on more intensive producers or in priority areas will only exacerbate this problem.
FEQ VI.7: Have agri-environment measures influenced changes in production technology? If yes, to what extent has this been the case?

There is an almost complete lack of evidence with regard to this question in the MTE reports. It was only possible to extract an answer in the case of France where the MTE report states that the organic farming scheme and Integrated Pest Management schemes have both generated improvements in production technology. Technology arising from research work became used in farming systems as a result of support.

Interviewees in Austria noted that participation in agri-environment measures has prompted a change in production technology in many cases, for example in favour of more targeted spraying technology (also used increasingly in Greece in order to facilitate compliance with codes of Good Farming Practice). Mechanical weed control and direct drilling are now increasingly used in a number of regions/Member States as a result in particular of participation in organic farming schemes, for example, the known area on which direct drilling is used in Portugal increased from 350 hectares to 1,500 hectares between 2001 and 2003. Although no examples were cited, organic farmers in Denmark are eager to investigate new technologies considered more appropriate to this form of production. The agricultural college in Luxembourg has even had to modify its curriculum to include training in new technology being used.

Judgement

There has clearly been an influence on production technology as a result of agri-environment measures, most notably, but not exclusively, in relation to organic farming. There appear to be two main types of change. First that associated with changes to existing production systems, for example, more targeted spraying equipment, and second, that associated with a change in system such as the introduction of direct drilling in organic systems. The extent to which changes have been made, however, cannot be determined without further research.

3.2.6.5. Chapter summary

The objectives of measures under this Chapter are 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; an environmentally-favourable extensification of 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.
Environmental protection is a long-term issue and it is therefore unlikely that impacts relating specifically to the 2000 to 2003 period (with which this evaluation is concerned) will be in evidence at this point in the implementation process. Whilst it will be possible to obtain a better idea of impact in the 2000-2006 programming period at the ex-post stage, even then it may not necessarily be possible to attribute impacts exclusively to this programming period.

It is possible to conclude that where soil erosion is considered to be a problem, measures are in place to combat this and these are widely taken up (for example, Portugal and Italy). Evidence of the extent to which some agri-environmental measures are suitable to address soil erosion issues is, however, mixed with some studies, for example CRER (2002), noting that organic farming resulted in some negative impacts through the increased use of mechanical tillage techniques. There is also evidence that measures designed to reduce chemical contamination of soil are widely taken up. EPEC (2004) conclude that soil quality has increased, but they note that this conclusion does not derive from a quantified assessment.

There is evidence from some regions/Member States to suggest that measures to combat water pollution are adequately targeted where most needed (for example, Germany), although there are also instances where there is a lack of targeting (Emilia Romagna in Italy, for example). However, there is widespread evidence that large areas are under agreements restricting the use of agricultural inputs. Barriers to transport mechanisms, such as buffer strips, are used to impede the flow of contaminants to water resources although it is not possible to assess the impact that these have. Additionally there is evidence from some Member States, including Ireland, suggesting that application rates have decreased as a result of the measures and this should also reduce the likelihood of water pollution.

As noted above a large area of land is under agreement to restrict the use of agricultural inputs, although this does not necessary mean that large impacts on biodiversity will result as this will depend on other factors such as the extent of induced change in farming system. That said, assuming that measures have been suitably designed, it is likely that a positive impact has resulted. There is evidence that beneficial layouts of crops have been maintained or introduced with assistance and that vegetation/crop residues have been maintained at critical periods. Finally, large areas of high nature value land are under agreement and are hence protected. In this regard EPEC (2004) note that a positive impact on biodiversity is implied rather than evidenced.
There is evidence from some Member States to indicate that endangered animal breeds have been protected where this has been identified as an issue, and in the short-term at least the impact is therefore positive (see for example, Finland where 8,549 animals from protected breeds were raised through to Luxembourg where just 116 Ardenne draught horses were raised with support). There is, however, less evidence to indicate that endangered plant varieties have been protected.

The impact of agri-environment schemes on the landscape in terms of coherence, differentiation and cultural identity is hard to assess mainly because these terms are somewhat subjective and have been interpreted in different ways. For example, in some MTE reports all land under agreement is considered to contribute to these aims whilst in others only land under agreement with direct landscape objectives is considered, in which case the impact is considered to be less significant. That said, there is evidence of positive impacts on coherence, differentiation and cultural identity from a large number of regions/Member States including for example, Germany with regard to coherence, Scotland (UK) and France with regard to differentiation and Finland and Wales (UK) with regard to cultural identity. EPEC (2004) also conclude that agri-environmental measures have had a positive impact on the landscape.

The rules regarding codes of Good Farming Practice are considered to be generally clear, although there are some examples where farmer understanding is not as clear as it might be, for example, in the Netherlands, Portugal and Spain. On balance, however, the rules are transparent and widely understood by farmers. Evidence in relation to whether the agri-environment schemes as voluntary measures have added value over the codes of practice as compulsory standards is a little mixed with implementing authorities and some authors (for example, IEEP (2005) and European Commission (2005)) concluding that they do confer added value over compulsory standards and others (Arkleton Institute (2004) and Shucksmith et al (2005)) finding problems. However, as long as schemes are correctly designed and targeted then they are considered by implementing authorities likely to offer added value.

The extent to which the application of agri-environmental measures corresponds to site-specific requirements differs both regionally and by Member State, although the balance of evidence suggests that measures are targeted. For example, in France a needs assessment is undertaken at the individual holding level whilst in other regions certain areas are targeted. However, whilst environmental priorities have been defined in some regions/Member States, this is not a universal approach. Whilst payment rates generally are well aligned with costs incurred and income foregone, there are examples of payment levels which are considered to be either insufficient
(areas of particularly poor soil quality in Austria) or excessive (some mountain regions of Germany where farming practice does not have to be significantly altered following scheme participation). In the former case this has sometimes had an adverse impact on uptake rates at the local level.

3.2.7. Chapter VII: Improving processing procedures and marketing of agricultural products

3.2.7.1. Measure objectives

Support for investments in the processing and marketing of agricultural products has been available in one form or another since the mid-1960s, along with support for investments in agricultural holdings, when the focus of agricultural policy was very much on support for physical capital (investments) in the farm and downstream sector (European Commission, 2004a). Gellynck and Viaene (2002) note the importance that the processor is market-oriented in order to take advantage of support under these measures.

Regulation 1257/99 states that ‘support for investment shall facilitate the improvement and rationalisation of processing and marketing of agricultural products and thereby contribute to increasing the competitiveness and added value of such products’. Support must contribute to one of the objectives set out below:

- 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 apply new technologies;
- to favour innovative investments;
- to improve and monitor quality;
- to improve and monitor health conditions; and,
- to protect the environment.

Enterprises for which support is given must be able to demonstrate economic viability and must comply with minimum standards regarding the environment, hygiene and animal welfare. Further, the investment must contribute to improving the situation of the basic agricultural production sector in question and the producers of these basic products must have an adequate share of the resulting economic benefits. Finally, evidence must be shown to demonstrate that normal market outlets can be found for the products concerned.
The total amount of support given must not exceed 40% of the total eligible investment, although this rises to 50% in Objective 1 regions.

### 3.2.7.2. Intervention logic

<table>
<thead>
<tr>
<th>Need/problem</th>
<th>Need for improvement and rationalisation of the processing and marketing conditions of agricultural products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Financial support for investment in the processing and marketing of agricultural products</td>
</tr>
<tr>
<td>Expected results</td>
<td>Improved or rationalised marketing channels or processing procedures</td>
</tr>
<tr>
<td></td>
<td>Improved use of production factors</td>
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<tr>
<td></td>
<td>Development of new outlets for agricultural products</td>
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<tr>
<td></td>
<td>Improved presentation and preparation of products</td>
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<tr>
<td>Expected impacts at the level of the beneficiary enterprise</td>
<td>Reduced costs</td>
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<tr>
<td></td>
<td>Increased income on beneficiary enterprise</td>
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<tr>
<td></td>
<td>Increased competitiveness</td>
</tr>
<tr>
<td></td>
<td>Production takes place in line with expected market trends, adaptation to market evolution</td>
</tr>
<tr>
<td></td>
<td>Increased added value of the agricultural products in question</td>
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<tr>
<td></td>
<td>Better use or elimination of by-products or waste, more efficient use of natural resources</td>
</tr>
<tr>
<td></td>
<td>Improved quality</td>
</tr>
<tr>
<td></td>
<td>Improved health conditions</td>
</tr>
<tr>
<td>Expected impacts on the agricultural sector in general</td>
<td>Improved situation of the basic agricultural production sector in question</td>
</tr>
<tr>
<td></td>
<td>Assured or improved demand for and price of basic agricultural products</td>
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<td></td>
<td>Co-operation developed between producers of basic agricultural products and processing/marketing stages</td>
</tr>
<tr>
<td>Expected impacts on the rural society</td>
<td>Improved environment, hygiene and animal welfare standards (because of integration of these issues into programme)</td>
</tr>
<tr>
<td></td>
<td>Improved working conditions for persons involved in processing and marketing</td>
</tr>
<tr>
<td></td>
<td>Improved rural income</td>
</tr>
<tr>
<td></td>
<td>Maintenance/creation of employment</td>
</tr>
<tr>
<td></td>
<td>Maintenance and reinforcement of viable social fabric in rural areas (assuming supported investments are located in such areas)</td>
</tr>
<tr>
<td>Possible positive interactions with</td>
<td>It is possible that measures under this Chapter could provide a positive interaction with measures under Chapter I: Farm</td>
</tr>
</tbody>
</table>
other Chapters Investment. There could also be links with measures under Chapter IX: Promoting the Adaptation and Development of Rural Areas in that employment opportunities outside agriculture might be created.

Possible conflicts with other Chapters

- None.

### 3.2.7.3. Common Evaluation Questions

**CEQ 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?

This question was answered in the MTE reports from 9 of the 10 Member States where it was considered relevant. In two thirds of cases the measures were considered to have helped to increase the competitiveness of agricultural products through improved and rationalised procedures. In one case the impact depended on circumstances and in one case it was considered too early to form a judgement. Evidence to address this question was drawn mainly from scheme monitoring data and was supplemented by survey work, semi-structured interviews and discussions with scheme managers.

On average, 13% of supported projects gained an ISO 9000 certificate in Austria. Increases in capacity use were noted in the fruit, arable crop and medicinal plant sector, although the direction and magnitude of change depends on the processing step in the meat and poultry and dairy sector. For example, the MTE report notes an increase in slaughtering capacity, but a decrease in cutting capacity. Average decreases in costs were apparent in all sectors, although there were some cost increases in the meat, poultry, egg and fresh vegetable sectors. It was often the case that costs did not decrease for the most and least competitive enterprises supported.

All Spanish regional MTE reports note a positive impact from the measures under this Chapter. In Catalonia, the majority of supported industries have undertaken investments which rationalise production processes and contribute to a more efficient use of raw materials and the impact is considered to be significant. The pace of processing has increased with a reduction in the time required per unit of production of 4.1% on average, although there are differences according to sector. The majority (87%) of surveyed beneficiaries in the Basque Country state that the support led to more rational production, 70% felt that there has been an increase in production capacity as a result of support. In Aragon, 86% of beneficiaries state that
production processes have improved following support, 70% have incorporated new technologies and 63% claim that production costs were reduced. Economies of scale have been realised in La Rioja with all beneficiaries increasing capacity use to almost 100%. In Navarra the impact on capacity use was less significant with average increases of 1.7% leading to 70% capacity use on average.

The conclusion from the Swedish MTE report is that the measures have probably strengthened the competitiveness of supported enterprises. More than 70% of supported investments were used to rationalise the production process, investigate new and sustainable market opportunities and to improve quality. Capacity use increased in around 60% of cases and production costs were reduced in 40% of cases.

Business plans and consultation with beneficiaries in the UK indicates that in England, support was used to rationalise production processes through expansion and the use of new technology. Production costs were reduced by, on average, 5%. There is, however, no evidence of change in capacity and the overall impact of the measures are considered to be minimal due to their limited scale. In Wales, 55% of beneficiaries have ISO 9000 status, although only 36% of this total claimed that this was a result of the support. The majority (91%) of beneficiaries reported enhanced capacity use, 73% as a result of new buildings and/or equipment and 36% due to the better use of existing facilities. Almost three-quarters of beneficiaries (73%) indicated that costs had reduced as a result of their participation in schemes and the average reduction made was 10%. The majority of beneficiaries in Northern Ireland indicated in their application details that they intended to use the support to rationalise procedures.

In Denmark the MTE report concluded that enterprises would be better equipped to meet new legal standards and retailer requirements as a result of investments made with support under this Chapter. In Belgium, productivity in wood product enterprises was improved through support under this Chapter in Wallonia. Storage capacity, productivity and marketing activities benefited particularly in the meat and horticulture sectors. Investments in the potato sector were used to increase the storage capacity for raw materials. In Flanders the flax sector is reported to be the main beneficiary and the measures have been used to increase capacity use. A positive change in relation to costs was noted compared to non-supported enterprises.

The French MTE reports state that implementation delays and restrictive eligibility criteria have hampered the operation of measures under this Chapter and in some cases only 1% of planned expenditure has taken place. Those beneficiaries that exist
are often already very competitive, but have used the support to increase competitiveness still further. This has been achieved through increases in labour productivity, the rationalisation of processing procedures (40% of beneficiaries are already ISO certified) through adding greater value, improving quality through technology to improve sorting and grading and increases in specialisation.

Whilst the support was not used directly to enhance competitiveness in Luxembourg, the MTE report states that quality improvements sometimes resulted in processing rationalisation and hence helped to improve competitiveness. In Bolzano (Italy), investments were used to improve storage and selection and condition of raw materials. New equipment resulted in decreases in variable costs. Lower processing costs and better final product quality were reported in the Val d’Aosta report, whilst in Friuli and Trento the investments were concentrated on processing rather than marketing.

**Judgement**

The main aim of measures under this Chapter is to increase competitiveness and added value through improvements and rationalisation of processing and marketing. The intervention logic expects the impact of measures to increase competitiveness in this manner (see Section 3.2.7.2).

The evidence base with which to address this question is robust and it can be concluded that measures under this Chapter have made a positive difference in terms of competitiveness through improvements to and rationalisation of processing and marketing. However, in two cases the overall impact is considered small (either due to late implementation, for example, France, or limited scale, for example, England). It should be pointed out that it is fairly early in the programming period, especially where implementation delays have occurred and it is likely that the scale of the impact of these measures will increase as more investments are completed. Also, the full benefit of investments may not become apparent until full capacity is reached and this may not happen immediately (see comments on the indicators in Appendix 3).

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

The question was answered in 9 of the 10 Member States in which it was considered to be applicable. In just more than half the MTE reports (56%) the supported investments were considered to have helped to increase the added value and competitiveness of agricultural products by improving quality. In one case no
change was noted and in a further case it was too early to note an impact. Evidence to address this question was drawn mainly from scheme monitoring data and was supplemented by survey work, semi-structured interviews and discussions with scheme managers.

Most Italian MTE reports suggest that the measures under this Chapter have helped to increase added value and competitiveness through quality improvements, although this finding is often based on estimation. The Emilia Romagna MTE report suggests an average increase of 4% in the share of agricultural basic products contained in processed/marketed products with improved intrinsic quality through support. In the wine sector the increase amounted to 90%, in the cereals sector 11% and in the dairy sector 4%. In Veneto the average increase also amounted to 4% with increases of 4% for organic products, 75% in the potato sector, 100% in the dairy sector and 7% in the wine sector. Almost half (45%) of sales proceeds from supported enterprises derived from quality products with increases in the DOC, DOCG and organic products particularly notable. The total additional added value through support amounts to €47 billion split between the wine, fruit, vegetable and dairy sectors. In Toscana, the average increase in the share of agricultural basic products contained in processed/marketed products with improved intrinsic quality through support amounted to 21%. By sector this equates to a 2% increase for organic products, 18% for the olive sector, 5% in the wine sector and 4% in the dairy sector. The highest growth in the use of quality labels is in the organic sector.

All MTE reports in Spain noted a positive impact on quality through the measures under this Chapter. In Catalonia significant improvements in quality come from the installation of quality control procedures (98% of enterprises supported), increases in the use of quality labels (ISO 9000 coverage increased from 0.6% of supported firms to 4.1% between 2000 and 2003 and increases in the use of raw materials with PDO designation (from 4.4% to 6.3% over the period). The proportion of products sold under quality labels amounts to 11% and the increase in added value as a result of support is just under 40%. In the Basque Country, 77% of surveyed beneficiaries stated that improvements in quality had taken place following supported investments. More than half of beneficiaries (58%) stated that improved quality had resulted in higher added value. However, in Aragon, whilst similar improvements in quality were noted, survey respondents stated that it was not possible in many cases to use quality labels because these are designated geographically and are not available to all. In La Rioja the main impact of the support has been an increase in the production of higher quality wines (crianza and reserve wines). Finally, in Navarra, the measures have been used to implement quality control systems rather than participation in quality labelling schemes.
The Austrian MTE report states that the quality of basic products used in processing and marketing improved in all sectors. The share of seed products meeting Quality 1 standards increased by 7% between 2000 and 2003 as a result of the scheme and the share of flax and hemp products meeting these standards increased by 75%. The share of products sold under quality labels (EU, national and other) also increased in all sectors. Increases in the use of quality labels as a result of support ranged from 4% in the live animal sector under the AMA label\(^{42}\) to 50% for other quality labels in the arable sector. On average the added value increased by between 8% in the seed sector and 85% in the oilseeds sector as a result of measures under this Chapter.

Beneficiaries in France used the measures to increase technical quality and through HACCP\(^{43}\) in relation to food security and traceability. Technical quality was improved through an increase in the use of supplier contractual specifications in producer payments and through more systematic quality control. Supported HACCP certification mainly benefited smaller companies. Most additional added value has been through additional further processing. Although the use of quality labels almost doubled amongst supported enterprises, their use remains low at around 10%. Geographic indications (appellation origine controlée) remain the most widely used labelling system.

In the UK, the majority of beneficiaries in Wales reported through a survey that throughput of higher quality produce had increased (by an average of 122%), mainly through better processing facilities (in 64% of cases), improved quality monitoring (9%) and improved product homogeneity (9%). The use of labelling increased in 45% of cases (of which 9% were EU labels, 9% national and 27% other). Additional added value arose through support in 27% of enterprises. In England, less than 6% of products had an improvement in their intrinsic quality as a result of support, although 32% of assisted processing/marketing lines participated in quality labelling schemes as a result of support, one-third of which were national with the balance classified as other. Improved quality was not an aim of the scheme in Northern Ireland. These findings contrast significantly with those from the previous programming period where 48% of projects sampled in Scotland and Wales had improving quality as an objective, albeit often in order to meet required standards rather then in order to go beyond these standards (DTZ Pieda Consulting, 2002). The same authors report that 52% of sampled projects in Scotland and Wales added value as a result of assisted actions between 1994 and 1999.

\(^{42}\) The most important national quality label administered by the National Agricultural Marketing Institution.

\(^{43}\) Hazard Analysis Critical Control Point.
Ninety percent of enterprises processing flax in Belgium (Wallonia) noted an improved intrinsic quality as a result of supported investments. There was a 60% increase in automated quality monitoring in the flax sector and an 87% increase in automated quality monitoring in the fruit and vegetable sector as a result of support. In the case of the flax sector this generally resulted in an increase in value added. In Sweden, the level of quality control increased in almost 35% of supported projects, the use of quality labels increased in 25% of projects and sales value increased in 30% of projects. In Denmark, quality was only affected marginally in the majority of supported enterprises.

Judgement

Improving product quality is an objective of measures under this Chapter and is anticipated in the intervention logic (see Section 3.2.7.2) and such improvements are likely to result in increases in product value-added.

There is a good range of robust evidence to support the conclusion that investments made under this Chapter have resulted in some improvements in quality, although the point is made in Appendix 3 that the definition of ‘quality improvement’ is important here. It is not therefore possible to comment on the extent to which intrinsic quality has improved through assisted actions. It should be noted that further improvements are likely to become apparent as more investments are brought fully on stream, although again it will not be possible to comment on their extent.

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

The question was answered in the MTE reports of 9 of the 10 Member States in which the question was considered to be applicable. In two thirds of cases the supported investments appeared to have improved the situation of the basic agricultural production sector. In one case the impact depended on circumstances, in another no change was noted and in another case it was considered too early to note an impact. Evidence to address this question was drawn mainly from scheme monitoring data and was supplemented by survey work, semi-structured interviews and discussions with scheme managers.

Whilst the Spanish MTE reports agree that the measure has increased demand for basic agricultural products, this has not been translated into higher prices (84% of surveyed beneficiaries stated that higher prices had not resulted from the measures in the Basque Country). However, the security of supply relationships has been improved. Long-term (multi-annual) contracts are relatively scarce and apply to only 17% of basic products used by supported enterprises in Catalonia. The MTE
The report in La Rioja stated that the measure is likely to have had an impact on the use of longer-term contracts in the wine sector. There is some further evidence for cooperation in Aragon where 42% of projects were undertaken by co-operatives (relating to 36% of budgetary expenditure).

The use of multi-annual contracts increased in Austria, according to the MTE report, with the exception of the dairy sector (where all contracts for supported enterprises were already on this basis) and the seed sector where use remained at 80%.

The Luxembourg MTE report claims that the situation for wine producers has improved as a result of the measures under this Chapter, but adds that this improvement has taken place against the backdrop of high yields and it is therefore difficult to assign causality solely to the measures. Only indirect links between the support and the producers was noted by the Danish MTE report, although the report claims that a higher level of competitiveness in the processing sector should stabilise the agricultural sector in the long-term. The measures have resulted in quantity and price increases for flax producers in Belgium (Flanders) and a quantity increase with stabilisation of prices for fruit and vegetable producers. The restructuring that has taken place with the support of the measures under this Chapter in France is thought to have stabilised producer prices rather than increased them. Quantity supplied has though increased as a result of the measures.

Price increases are generally not expected in Italy (with the exception of Toscana), although there is evidence to suggest increases in quantity purchased (15% in Veneto, 17% in Emilia Romagna and 26% in Toscana). It is estimated that there will be increases in the use of multi-annual contracts in Emilia Romagna (18%) and Toscana (3%).

In the UK there is an upward trend in the quantity of basic agricultural product used in England and Wales (according to 82% of survey respondents), although while an increase in price was noted in Wales (by 27% of survey respondents) this was not the case in England. This echoes the findings in Scotland and Wales in the previous programming period where 78% of supported companies interviewed had increased the quantity of basic product used as a result of assisted actions (DTZ Pieda Consulting, 2002). In England the share of multi-annual contracts in total supply is 38% and in Wales 36%. The Swedish MTE report states that 30% of supported enterprises use multi-annual contracts.

**Judgement**

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44 Nine percent of respondents reported a decrease in the price they paid for basic agricultural products.
It is an important element of Regulation 1257/99 that assisted investments must contribute to improving the situation of the basic agricultural production sector. However, a number of issues are raised in relation to the specified indicator in Appendix 3 concerning the nature of the link between assisted actions and the basic production sector. Whilst it is likely that a relation exists in terms of quantity demanded it is less clear that a relationship in terms of price should be apparent. The relative market power between the processing and production sectors is a key factor here. If producers are price takers then little impact on price should be expected. Also, it is possible that there will be a lag between supported investments and any impact on the production sector.

In summary, the evidence base for this question is robust and suggests that while the quantity of basic agricultural product that is used by supported processing businesses has increased as a result of the measures, this does not generally translate into higher prices (see Spain, Italy and England above), although there are cases where increases in price have been noted (Toscana (Italy), Flanders (Belgium) and Wales (UK)). However, demand for a larger volume of material should have a positive impact on the basic agricultural products sector. For example, in France it was noted that producer prices have been stabilised as a result of support under this measure. The general absence of baseline data makes it impossible to draw a conclusion on the impact of the measures in terms of increased co-operation through multi-annual contracts.

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

This question was answered in the MTE reports in 9 of the 10 Member States where it was considered to be applicable. In more than three-quarters of cases a positive impact on health and welfare was noted. It was considered too early to note an impact in one case. Evidence to address this question was drawn mainly from scheme monitoring data and was supplemented by survey work, semi-structured interviews and discussions with scheme managers.

Most of the supported investments made in Luxembourg related to quality improvements and the MTE report considers that this often implies improvements in hygiene quality and therefore health issues. The report also points out that while investments in the workplace were not designed to primarily impact on workplace conditions, the safety features on new equipment often provide an indirect positive benefit. Some 5% of projects and 10% of total investment cost in Belgium (Flanders) were related to health and welfare.
The Spanish MTE reports suggest a slight, although positive impact of the support in terms of health and safety. In the first instance the support helps companies to comply with legal safety commitments, considered especially important in the meat sector. Secondly, investments in production processes often result in an indirect benefit in terms of workplace conditions. Finally, a small proportion of supported investments in Spain are directly targeted towards improvement in hygiene (7.8% of projects in Catalonia and 4.4% in Navarra, for example).

Most data in the Austrian MTE report was available on the share of assisted investments in processing and marketing aiming to improve the nutritive and hygiene quality of products for human consumption. With the exception of the live animal sector, the actual share of projects related to health and welfare was higher than the target values set in the RDP.

The French MTE report states that beneficiary enterprises are actively engaged in traceability certification which creates a positive impression on product hygiene and, as a result, human health. The vast majority of this impact is in relation to products for human consumption. However, the impact of the measures on this is limited as traceability was already a necessary feature of the processing sector. Animal welfare in France is associated mainly with food quality and there is thus an indirect impact from quality improvements to meet standards (Institut de l’Elevage, 2005; Protection Mondiale des Animaux de Ferme, 2004).

In the UK (Wales), 18% and 27% of surveyed beneficiaries respectively stated that the nutritional value of products for human consumption and hygiene had improved as a result of support. Improvements to workplace safety were reported in 73% of cases and 64% of enterprises noted a decrease in the number of accidents at work following supported investments (the seriousness of the accidents is unknown). The Northern Ireland MTE report also claims an improvement in health and safety, although this is not quantified.

In Sweden almost 85% of supported products were either designed to have a positive impact on health and welfare or did so indirectly. However, it is not possible to provide any quantification of this impact. The Danish MTE report considers that the measures have made a substantial improvement in working conditions, but again these are not quantified.

There is no information on the impact of the measures on animal diseases, although positive impacts on animal welfare are reported in the Danish (although not to a great extent) and Spanish (Aragon and Basque Country) MTE reports.
Judgement
A positive impact on health and welfare is called for in the objectives of measures under this Chapter and is foreseen in the intervention logic as a result of this programming (see Section 3.2.7.2).

The evidence in relation to this question is robust and suggests that although there are some directly positive impacts in terms of health and safety, most impacts are collateral rather than intended, which is in accordance with the objectives where impact in these areas is foreseen partly through compliance with minimum standards rather than solely through a direct objective. It is possible, therefore, to conclude that measures under this Chapter have a positive, but incidental impact on workplace conditions. It is not possible to draw any conclusions in relation to animal diseases.

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

This question was answered in the MTE reports in 9 of the 10 Member States where it was considered to be applicable. However, no meaningful answer could be extracted in a third of cases. In two MTE reports a positive impact on the environment was recorded, whilst in a further two reports the impact depended on either circumstances or region. It was considered too early to form a judgement in one case. Evidence to address this question was drawn mainly from scheme monitoring data and was supplemented by survey work, semi-structured interviews and discussions with scheme managers.

The first point to note is that there is a requirement to comply with minimum standards relating to the environment as a condition of support and this in itself will ensure at the very least a neutral environmental impact. This point is generally not well addressed in the MTE reports.

The French MTE report states that the share of farm products derived from environmentally benign farming systems by supported enterprises increased from 48% to 60% as a result of the support. However, only 1% of these products are derived from organic farming systems with most of the systems being under Integrated Crop Management in accordance with EUREP-GAP codes45. In terms of the environmental profile of the investments themselves, improving the environment is seldom an objective, although there is a noticeable indirect impact with a fifth of respondents to a beneficiary survey noting reductions in emissions following support.

45 See Agra CEAS Consulting (2002) for further details on these codes.
Another 20% of respondents have used support to reduce packaging and energy consumption, although the mid-term evaluators consider this to be a poor impact.

The Luxembourg MTE states that half of supported investments in the dairy sector were concerned with respect for the environment. The reduction in the volume of dirty water released by supported enterprises amounts to 40%. However, no environmentally-friendly investments were made in the wine sector.

The Austrian MTE report concluded that the extent to which supported investments protected the environment varied according to sector. The use of organic raw materials increased in all sectors. The targets set out in the RDP were reached/succeeded in the arable crop, seeds, fruit, vegetables, potato, oilseeds, medicinal plants, flax, hemp and wine sectors. The targets were not achieved in the milk, meat and egg sectors, in the later cases the shortfall was substantial. Four percent of investments in projects in the egg sector related to environmental improvement and 24% in the poultry sector. Again, RDP targets were achieved in some sectors but not in others. The impact of supported investments on water use and electricity use differed by sector with both positive and negative impacts recorded.

The Spanish MTE reports also show a differential impact, but in this case more by region than by sector. Environmental impacts were considered to be more positive in Catalonia, Navarra and the Basque Country, but less so in Aragon. Positive environmental impacts arise because support contributes to compliance with legal commitments, investments in processing equipment often have indirect impacts on the environment through efficiency gains and some investments, albeit a minority, are directly targeted on the environment (12% of investments in Catalonia, 7% in Navarra and 6% in Aragon). The measures have increased the use of raw materials from organic and other environmentally beneficial farming systems by 54% in Catalonia (up to 90% in the fruit sector) and 73% in Navarra. However, respondents to a beneficiary survey in Aragon reported that they consider the environment as a constraint and a threat rather than an opportunity.

Little direct effect on the environment is reported in the Italian MTE reports, although there is evidence for positive indirect impacts, mainly arising from the rationalisation of production processes. That said, in Toscana and Veneto the share of produce from organic and other environmentally benign farming systems used by supported processing enterprises is expected to increase substantially.

Almost half (45%) of supported investments in Sweden have implied positive environmental impacts, although in many cases this was not a direct aim. That said,
it is not possible to assess the degree to which the support has contributed to an improvement in, or to protection of, the environment. Around 15% of supported projects either introduced or expanded their use of organic raw materials. Nineteen percent of supported investments in Belgium (Flanders) had direct positive environmental impacts and a further 17% had indirect positive impacts. The Danish MTE report states that despite the fact that the environment is given priority in the scheme, investments have not taken it into account to any great extent.

Just over half (53%) of supported investments in the UK (England) introduced environmental improvements, exclusively as an indirect impact. Eleven percent of supported enterprises source organically produced raw materials. More than half (55%) of surveyed beneficiaries in Wales reported that they had entered into some form of contractual arrangement with producers using organic or other environmentally benign forms of production. On average this had an impact on 88% of throughput. Environmental improvements were noted by 64% of surveyed beneficiaries as a result of support, going beyond minimum standards in 36% of cases. Fifty-five percent of investments with environmental benefit involved improved waste disposal, 27% involved waste recycling, 18% involved waste reduction, 27% the more efficient use of energy, 9% reduced packaging and 9% more efficient distribution. These findings represent a significant change since the previous programming period where it was noted by DTZ Pieda Consulting (2002) that environmental impacts were generally overlooked by scheme applicants, although only one case of detrimental impact was recorded.

**Judgement**

Whilst protecting the environment is a specific objective of measures under this Chapter, there is also a requirement to comply with minimum standards relating to the environment. Where investments do not have environmental objectives the intervention logic expects at least a neutral outcome. Where investments do have environmental objectives, a positive outcome is anticipated (see Section 3.2.7.2).

The evidence with which to address this question is robust and the conclusion is that generally positive impacts on the environment resulted from support under this Chapter, although in the majority of cases this was a collateral rather than a direct impact arising from improvements in processing equipment which increased efficiency. There is also evidence to suggest that the measures have had an impact in terms of increasing the proportion of raw material sourced from organic or other environmentally benign farming systems.
3.2.7.4. Further Evaluation Questions

The Steering Group requested that an additional new evaluation question be investigated as part of the third stage of this evaluation. This question is discussed below where the analysis is derived from interviews with scheme administrators and other key actors.

FEQ VII.6 Does company size play a role in the effectiveness of the measure?

Larger impacts have been noted on smaller companies in Sweden, mainly in terms of influencing investments decisions. Larger companies are considered more likely by the government to make investments in any case, but draw on support simply because it is available, there is therefore a higher potential for deadweight which reduces the efficiency of the measure. Smaller organisations also report a greater impact in terms of improved competitiveness as a result of supported investments. That said, there is a perception that the knock-on effect on the primary producing sector is greater from larger companies, although not necessarily on local Swedish producers as larger companies are more likely to source raw material from further afield (smaller French enterprises are also more likely to source locally).

This measure was operated in 2001 in Denmark, but was then closed before reopening in 2004 targeted only on SMEs. Analysis of supported enterprises shows that some very large companies were supported in 2001 and used the support to make investments that in many cases they would have had to make anyway implying deadweight. Smaller companies tended to use the support to move into niche or innovative product areas and in this sense the support can be considered to have been more effective and to have resulted in a greater degree of reorientation.

However, respondents in France suggested that size does not play a role in the effectiveness of this measure. There is an expectation amongst companies that EU support will be available and companies of all sizes try to ensure that they can meet the eligibility criteria. How effectively the support can be used by the business is not a major consideration. Many smaller enterprises use support to comply with retailer quality demands, although there is no indication that size has any impact on other issues such as investments relating to the use of quality labels or improvements to environmental impact or animal welfare.

In Bayern (Germany), supporting larger enterprises was considered by the implementing authority to be a safer course of action as these are more economically sustainable. No evidence was available in Italy (Lombardy, Emilia Romagna, Veneto), Austria or Luxembourg as no data on supported enterprise size have been either collected or analysed. However, in the case of Austria it was
mentioned that enterprise size is related to sector with larger enterprises in the meat and dairy sectors and smaller ones in the wine sector. It is therefore likely to be sector as well as size which explain differences in effectiveness.

**Judgement**

It is not possible to provide a full answer to this question because data differentiating impact by enterprise size is not generally available. However, there is some evidence from Sweden and Denmark that a higher degree of deadweight is associated with support to larger enterprises and the scheme has been adjusted to address this in Denmark. Whilst support to larger organisations is likely to have a larger impact on the producers of raw materials, these may not be small local producers most in need of assistance. This limited evidence suggests that efficiency gains through a reduction in the potential for deadweight could be made by targeting smaller companies. However, this issue would benefit from further research in due course.

**3.2.7.5. Chapter summary**

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

Measures under this Chapter have made a positive difference in terms of competitiveness through improvements to and rationalisation of processing and marketing. However, in France (due to late implementation) and in England (due to a limited scale) the overall impact is considered small. Whilst it is apparent that increases in quality have resulted from assisted actions, the specified indicators used in the mid-term evaluation reports do not request data that can be used to allow an assessment of the extent of this impact. Supported investments have also resulted in an increased demand for basic agricultural products through capacity increases, although the impact on price is mixed with examples where price increases have been noted, but more where they have not been (here EPEC (2004) were more circumspect as a result of the sample of MTE reports that they examined). Impact on the security of supply relationships cannot be tested due to a lack of baseline data.

While some positive impacts on the environment, health and welfare derive from specific investment objectives, i.e. are direct impacts, most positive impacts are ‘collateral’, i.e. occur indirectly without having been main investment objectives.
The requirement to comply with minimum environmental standards ensures at least environmental neutrality. Finally, there is evidence that assisted actions have resulted in increases in the supply of raw material sourced from organic or other environmentally benign farming systems and this suggests a useful supporting role in relation to measures under Chapter VI: Agri-environment.

The issue of deadweight was little addressed in the MTE reports, most likely because the nature of many of the specified indicators does not explicitly request a consideration of this. However, the little evidence available from further research suggests that there is less deadweight where support is given to smaller enterprises (noted in Sweden and Denmark), although supporting such enterprises may of course run counter to wider restructuring objectives.

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

3.2.8. Chapter VIII: Forestry

3.2.8.1. Measure objectives

EU support for improving forestry structures has existed since 1964 (Court of Auditors, 2004). In 1992 support for the afforestation of (marginal) agricultural land was introduced as an accompanying measure to the MacSharry reform of the CAP (European Commission, 2004a). The initial rationale was therefore clearly one of providing support to farmers on marginal land. However, in 1998 an EU Forestry Strategy was set out containing two guiding principles:

a) forest management should be sustainable; and,

b) forests have a multifunctional (ecological, economic and social) role

From the implementation of the RDR in 2000 the original rationale for forestry policy had therefore evolved to include environmental aims and the provision of public goods. Regulation 1257/99 states that ‘support for forestry shall contribute to the maintenance and development of the economic, ecological and social functions of forests in rural areas’. Support is designed to promote one or more of the following objectives:

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

Six distinct measures are available in relation to support for forestry:

- afforestation of land not eligible under Article 31 (i.e. non-agricultural land) provided that such planting is adapted to local conditions and is compatible with the environment;
- 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; investment related to the use of wood as a raw material shall be limited to all working operations prior to industrial processing;
- 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;
- restoring forestry production potential damaged by natural disasters and fire and introducing appropriate prevention instruments.

Support for the afforestation is agricultural land is also available, in which case an annual maintenance payment per hectare is made for up to five years, as is a per hectare premium to cover loss of income for a period of 20 years\(^48\).

3.2.8.2. Intervention logic

<table>
<thead>
<tr>
<th>Afforestation of agricultural land</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Need/problem</strong></td>
</tr>
<tr>
<td>Increased afforestation results in positive impacts on the environment and human health (soil and water protection, limiting climate change etc.) and may mitigate the problem of overproduction in certain agricultural sectors</td>
</tr>
<tr>
<td><strong>Measure</strong></td>
</tr>
<tr>
<td>Financial support for afforestation</td>
</tr>
<tr>
<td><strong>Expected results</strong></td>
</tr>
<tr>
<td>Increased afforestation</td>
</tr>
<tr>
<td><strong>Expected impacts at the level of the beneficiary holding</strong></td>
</tr>
<tr>
<td>Compensation for costs of afforestation and loss of income resulting from afforestation (land can no longer be used for agricultural production)</td>
</tr>
</tbody>
</table>

\(^48\) This latter premium is not available for public authorities.
### Expected impacts on the agricultural sector in general
- Reduced overproduction in certain agricultural sectors

### Expected impacts on the rural society
- Increased supply of certain forestry products
- Protection/enhancement of the environment and human health: soil and water protection; reduced carbon emissions due to the role of forests as a carbon sink
- Maintenance/creation of employment
- Contribution to the maintenance of a viable rural community

### Possible positive interactions with other Chapters
- There are possible positive interactions between measures under this Chapter and Chapter VI: Agri-environment.

### Possible conflicts with other Chapters
- There may be potential conflict with measures under Chapter V: Less Favoured Areas, as support for afforestation may conflict with the aim of maintaining agricultural production in LFAs. It is conceivable that afforestation of agricultural land could result in negative landscape impacts in certain circumstances thus resulting in a possible conflict between this Chapter and Chapter VI: Agri-environment (there is also a potential for double funding, see above) and Chapter IX: Promoting the Adaptation and Development of Rural Areas.

### Other forestry

<table>
<thead>
<tr>
<th>Need/problem</th>
<th>Measure</th>
<th>Expected results</th>
</tr>
</thead>
</table>
| Need to maintain and develop the economic, ecological and social functions of forests in rural areas | Financial support for certain forestry measures | Improved and rationalised harvesting, processing and marketing of forestry products
Enhancement of outlets for forestry products
Restoring forestry production potential damaged by natural disasters and fire |

| Expected impacts at the level of the beneficiary holding | Maintenance and improvement of forest resources
Increased quality thanks to forest improvement measures
Sustainable and efficient forest management
More rational production of forest products (or services)
More activities and employment on holdings |

| Expected impacts on the agricultural | Increased use of wood as a raw material
Introduction of appropriate instruments for the prevention of natural disasters and fire |
<table>
<thead>
<tr>
<th>sector in general</th>
<th>• Enhanced protective functions of forests (e.g. water bodies, agricultural infrastructure, erosion, avalanches, floods etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected impacts on the rural society</td>
<td>• Improved economic, ecological and social functions of forests in rural areas. Maintenance and improvement of the ecological stability of forests in certain areas, protection/improvement of habitat diversity, contribution to human health (e.g. soil and water protection; reduced carbon emissions due to the role of forests as a carbon sink) • Enhanced protective functions of forests (e.g. water bodies, erosion, avalanches, floods etc.) • Safeguarding the recreational value of rural areas/Increased attractiveness of area for local population and rural tourists • Maintenance/creation of employment; more activities in rural community, due to primary or secondary production on holdings or due to initial processing and marketing stages • Maintaining or increasing income in rural areas • Contribution to the maintenance of a viable rural community</td>
</tr>
<tr>
<td>Possible positive interactions with other Chapters</td>
<td>• The amenity value of woodland could provide a positive link with Chapter IX: Promoting the Adaptation and Development of Rural Areas.</td>
</tr>
<tr>
<td>Possible conflicts with other Chapters</td>
<td>• None</td>
</tr>
</tbody>
</table>

### 3.2.8.3. Common Evaluation Questions

**CEQ VIII.1A: 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?**

This question was answered in the MTE reports of 13 of the 14 Member States where it was considered to be applicable. In over two-thirds of MTE reports measures under this Chapter were considered to have had a positive impact on influencing land-use and the structure and quality of growing stock. In one case it was considered too early to make a judgement. In a further three cases it was not possible to extract a meaningful answer. This question was addressed using scheme monitoring data in all cases. This was supplemented in some regions/Member States by other national datasets, secondary data and limited discussions with scheme managers in implementing authorities. CAP-IDIM data were also used.

CAP-IDIM data (see Appendix 5), although incomplete, shows that at least 434,000 hectares of agricultural land were afforested at the EU level in 2001, 73,000 hectares
in 2002 and 75,000 hectares in 2003. Other afforestation amounted to at least 16,000 hectares in 2001, 20,000 hectares in 2002 and 7,000 hectares in 2003.

One of the most strongly positive impacts was noted in Luxembourg where the MTE report finds that the targeted 2% increase in wooded area has been systematically exceeded as a result of support. The structure of woodland also improved due to more appropriate thinning and the conversion of oak coppice into fûtaie. That said, in many cases the financial incentive is considered insufficient to prompt improvements in quality and to protect against neglect/abandonment for some forest owners.

Positive impacts were noted in many of the Italian regional MTE reports. The Friuli MTE reported an increase in forested area of 0.3%, of which just over a third was on formerly agricultural land. The measures also resulted in an increase of 1.5% in wood production and led to improvements in structure and quality. The increase in forested area as a result of the measures in Veneto was 0.5% (2,080 hectares). The MTE report is also clear that this increase would not have taken place unsupported. The increase in wooded area in Toscana amounted to 8,800 hectares, with quality enhancements made on 5,600 hectares. Sixty-one percent of the support in this region is focused on increasing forest area rather than the ‘other’ measures. The area of forestry increased by 2.3% in Sicily as a result of the measures under this Chapter and the Bolzano, Basilicata and Umbria MTE reports also claim an increase in area, but do not quantify this.

Generally, the German MTE reports comment that measures under this Chapter have resulted in a net increase in total forested area and the maintenance of young forests and the increase in deciduous woodland is considered important for structure and quality in several Länder.

Measures under this Chapter assisted the planting of 1,267 hectares in Austria. The MTE report considers this to be a limited area as a result of the low level of support provided. The Austrian objective of supporting plantings in areas with a lack of forests was only achieved to a limited extent. That said, the report states that the quality of growing stock improved and the diversity of tree species increased as a result of the support. The impact of this measure was also considered unsatisfactory in Denmark, according to the national MTE report because the 6% increase in forest area (27,500 hectares) as a result of the measures fell short of the stated target. The anticipated additional average increment as a result of new planting will amount to 5 million m³ between 2000 and 2009. In terms of improvements in quality, the MTE report finds that the impact of the measures is positive as a result of requirements set
out in the scheme, also, more robust species are used to replant storm damaged areas.

Across Spain some 110,000 hectares of agricultural land were afforested with support between 2000 and 2002, which is significant in the context of Spanish forest area 49. More detailed evidence is mixed with the national MTE report stating that whilst the measures have resulted in improvements to quality, the period of support (five years) is insufficient in the context of Mediterranean conditions. The proportion of mixed species (26%) is also considered to be too low. A distinction is made between public and private plantings with the former targeted at protective functions and the latter at increased wood production. The Catalonia MTE report highlights the difficulty imposed by the Mediterranean climate where, despite high beneficiary expectations, just 11.7% of total planting can actually be termed high quality and only 9.4% of total prunings are defined as ‘quality’.

Whilst French forestry resources have improved quantitatively and qualitatively over the last decade, according to the MTE report, the impact of the measures in this programming period is limited at the mid-term point. A total of 13% of national plantation area has been affected by support, although only a third of total expenditure on afforestation relates to agricultural land. The bulk of the spending in France (85%) relates to rehabilitation following the major storms of 1999. Programme impact on annual production of growing stock is therefore considered to be minimal with an increase in the average annual increment as a result of the measures of less than 1%. Improvements in species balance was stated as an objective, and achieved, across 7,000 hectares. On the other hand, the contribution of the measures to the conversion of coppiced forest to tall tree plantations was limited with only 6.4% of the target achieved.

In the UK, measures under this Chapter supported plantings on 40,718 hectares, the majority (59%) in Scotland. The anticipated average annual increment from these new plantings amounts to 204,000 m$^3$ per year in Scotland and between 4,000 and 5,000 m$^3$ per year in Wales. In England and Northern Ireland an average annual increment of 5.05 m$^3$ per hectare per year and between 6 and 14 m$^3$ per hectare per year is anticipated respectively. In Scotland, 80% of conifer and 38% of broad-leaved species have been genetically improved. The proportion of broad-leaved varieties in Northern Ireland increased from 61% in 2000 to 75% in 2002.

In Greece support under this Chapter resulted in an expansion of woodland area of 27,376 hectares, equivalent to 0.8% of total wooded area. In contrast, just 93

49 Although this area is small compared to the area affected by forest fires in this period, 187,000 hectares in 2000 alone.
hectares were planted with support in Belgium (Flanders). The Netherlands MTE report suggests that the measures have made little difference to afforestation of agricultural land with just 880 hectares of permanent forest established between 2000 and 2002 (0.04% of total forest area). This increase is lower than that noted in the previous programming period.

No meaningful answer to this question is possible according to the Ireland MTE report as a result of implementation delays. However, an increase in the proportion of broad-leaved species between 1999 and 2000 was noted. Increases in forested area and production volume are below target in Portugal.

Judgement

One of the objectives of measures under this Chapter is the extension of woodland areas. This is to be achieved through the afforestation of both agricultural and non-agricultural land. Whilst this will result in increased quantity of forest production, the intervention logic also points out that by afforesting agricultural land, over-production in certain agricultural sectors can be reduced (see Section 3.2.8.2), although this was not considered in the MTE reports. Assessing the area of assisted plantings is straightforward, although as noted in comments on the indicators in Appendix 3, there may be a lag between provision of assistance and actual planting and this may lead to a degree of underestimation of impact.

The maintenance and improvement of forest resources is also a direct objective of this Chapter and measures aimed at improving economic value are likely to have a positive impact on quantity and quality of production. However, assisted actions are not the only factors likely to exert influence over quantity and quality changes and other factors such as general technical change are also likely to have had an influence, although this was not drawn out in the MTE reports (see Appendix 3). The extent to which these confounding factors have been considered is not always clear.

Whilst the robust evidence on area planted with assistance demonstrates a positive impact (bearing in mind a possible lag, see above) it is hard to assess whether this means that the measures should be considered to have significantly influenced land use and the structure and quality of growing stock at the sector level, not least because the CAP-IDIM data are incomplete. In many cases the area planted fell short of target (for various reasons), although Luxembourg was an exception. It does, however, appear that the measure has typically had a positive impact on structure and quality at the local level.
CEQ 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?

It was possible to obtain an answer from the MTE reports from 11 of the 14 Member States where this question is considered applicable. In almost three-quarters of cases the MTE reports find a positive impact in terms of influencing the total carbon storage in forest stands. In one case no impact was discerned and in two cases no meaningful answer could be drawn out. This question was answered in all cases with scheme monitoring data, supplemented by modelling work, secondary data and other national datasets in some regions/Member States.

The Spanish national MTE report calculates the average annual net carbon storage between 2000 and 2012 to be 2.9 million tonnes. The figures for Catalonia and Navarra are respectively 12,500 m³ and 79,500 m³ per year. The national report does emphasise that forest fires should be factored in to provide a net impact, but that this has not been done.

In the UK, 180,000 tonnes of carbon per year are expected to be stored in England as a result of the measures between 2000 and 2012, 457,000 tonnes per year in Scotland, 4,010 tonnes per year in Northern Ireland and 5,640 tonnes per year in Wales. Beyond 2012, 50,000 tonnes of carbon per year are expected to be stored in England as a result of the measures to 2020, 3,200 tonnes in Scotland, and 21,780 tonnes in Wales.

The Danish MTE report states that measures under this Chapter will result in the storing of 280,000 tonnes of carbon annually to 2012. The equivalent figure in Austria is estimated to be 1,584 tonnes of carbon stored per year as a result of assistance.

The indicators were not used in other MTE reports. The German MTE reports states that whilst there will be an increase in carbon storage as a result of measures under this Chapter in the short-term, this impact will be more apparent in the longer-term. The Netherlands MTE report also anticipates this pattern in storage capacity. In Ireland, the MTE report simply states that the measures have had a positive impact in terms of carbon sequestration. A positive impact is also anticipated in the Portuguese MTE reports.

The MTE report in Luxembourg concludes that the impact of the measures on carbon sequestration is negligible. Extrapolation of the trend in carbon storage was not considered possible in France, according to the MTE report, although the impact of
the measures is likely to be negligible given the focus on clearing wood from storm damaged forests.

Judgement
The issue of carbon storage is not an explicit aim of forestry policy under the RDR, although carbon storage could be considered to be an ecological function of forests and as such this is covered implicitly. An impact on carbon storage from both afforestation and other forestry measures is foreseen in the intervention logic (Section 3.2.8.2). The indicators with which to address this question are concerned with the period to 2012 and the post-2012 period. As is noted in Appendix 3, this is a little speculative, not least because future assisted plantings and other activities cannot be known at this point in time. The figures quoted above for carbon storage (ranging from 4,010 tonnes per year in Scotland to 2.9 million tonnes per year in Spain) must therefore be treated with a degree of caution.

A logical consequence of support for new plantings is that these will provide additional carbon storage. On this basis it is possible to conclude that to the extent that measures under this Chapter have supported afforestation, then the impact on average annual net carbon storage will be positive. Evidence from a few Member States quantifies this impact to corroborate this conclusion, however, the extent to which these prediction should be considered robust is questionable for the reasons given above.

CEQ VIII.2A: 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?

Just a quarter of the MTE reports in 12 of the 14 Member States where this question is applicable found that the measures under this Chapter made a positive contribution to the maintenance and encouragement of the productive functions on forests holdings. In one case impact was mixed according to circumstances and in a further third of the cases a meaningful answer could not be drawn out. This question was mainly answered using scheme monitoring data, other national datasets were also widely used.

The MTE report in Austria states that support has resulted in a decrease in harvesting costs of approximately €18 per m³ (42%) as a result of road construction in the 2000-2002 period. Support for investment in machinery also had positive impacts including efficiency gains, cost reductions, improved working conditions and safety and improved soil and growing stock protection. A range of case studies found that support under this Chapter had resulted in an increase in the joint marketing of wood
products, an increase in thinning activities and an increase in membership of forestry holder associations. In Finland, forest owners are automatically members of forest associations, unless they opt out, so the measures have had no impact there. Support under the measures available in the ALMA areas resulted in 112,823 m$^3$ of small dimension/low quality wood being used for energy, production of 301,555 m$^3$ of wooden chips and production of 500 m$^3$ of chips from small-sized trees.

The reduction in costs noted in Germany is positive, but marginal, according to the Baden-Württemberg, Hessen, Niedersachsen, Nordrhein-Westfalen and Schleswig-Holstein MTE reports. In Rheinland-Pfalz this was quantified at €9 per hectare per year. Although affiliation to forestry holder associations was already popular in Germany, some additional impact was noted as a result of the measures in, for example, Brandenburg (38% increase in membership) and Baden-Württemberg (around 30% increase). A low level of indirect effects on outlet were cited in the Hessen, Niedersachsen, Nordrhein-Westfalen and Schleswig-Holstein MTE reports.

The Danish MTE report states that assisted afforestation is usually not undertaken with economic benefits as an objective and the impact is therefore limited. The report does, however, consider that there may have been some positive employment impacts in relation to forest rejuvenation and that measures relating to repairing storm damage may have resulted in better prices where softwood was replaced with hardwood.

No change in the productive functions on forest holdings was noted in the Luxembourg and Ireland MTE reports. In the latter case this finding related mainly to the timing of the mid-term evaluation, with positive effects anticipated in the longer-term, but also to the small scale of the intervention. The Spanish national MTE report concluded that it was too early to judge the impacts of the measures in relation to the question at this point in time. A positive impact on membership of forest owner associations was, however, noted. The Basque Country MTE report stated that the support under this measure did have a positive impact on productive functions in this region where forestry is important as an economic sector.

It was not possible to derive a meaningful answer to this question from the French MTE reports. Despite the fact that between 2000 and 2002, 45% of purchases of new forest machinery were financed through support under this Chapter, economic productivity of the sector declined by 15% for other reasons. Less than half (44%) of anticipated forest tracks have been completed which reduces the likelihood of better access improving productive functions. Whilst market share for relatively new products, including fuel wood, has increased in this programming period, this results
more from the positive image of wood in terms of the environment and sustainability than from measures under this Chapter.

Whilst increased co-operation amongst forestry owners is reported in the Italian MTE reports, difficulties in implementing this Chapter make it impossible to provide a meaningful answer to this question. In the UK, the absence of a baseline on costs in England makes it impossible to consider the impact that measures under this Chapter have had in this area. However, John Clegg & Co et al (2002) report that the scattered nature of assisted actions in England means that the likelihood of significant economic contributions to the local economy is small. No significant changes in costs were reported in Northern Ireland.

Judgement

Maintenance and improvement of forest resources is an objective of measures under this Chapter. The encouragement of productive functions is foreseen through a range of available measures and is an expected impact according to the intervention logic (Section 3.2.8.2).

The body of evidence in relation to this question is generally good and it is possible to conclude that the measures under this Chapter have had a positive impact on annual costs in certain cases. However, this impact does depend on there being an economic rationale for support for forestry in the first place and this is not always the case (see, for example, Denmark). The timing of the mid-term evaluation is a problem in making a full assessment with positive impacts not yet in evidence, but anticipated in the longer-term in some cases.

CEQ 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?

In a third of the cases, in the MTE reports from 12 of the 14 Member States where this question is relevant, a positive impact on the maintenance and development of employment and other socio-economic functions and conditions resulted from the measures under this Chapter. In one case the impact depended on beneficiary circumstances. In a quarter of cases no change as a result of the measures was recorded and in a further quarter of the cases it was considered too early to note an impact.

This question was addressed mainly through the use of scheme monitoring data with additional evidence drawn from secondary data, discussions with scheme managers and other national datasets. The analysis below is split according to criteria with
impact on activities/employment on holdings followed by impact on activities in rural communities, impact on attractiveness and impact on income.

**Impact on activities/employment on holdings**

In the UK, the England MTE report calculated that the measures under this Chapter resulted in an additional 6.5 hours work per hectare per year in the short-term. This equates to 80 hours per holding per year and 106 full-time equivalents per year. John Clegg & Co *et al* (2002) point out that harvest operations are a more important generator of jobs than either planting or establishment and, as a result, a greater employment impact is expected in due course. Softwoods are associated with higher levels of employment than hardwoods and this is likely to mitigate employment impacts somewhat as most plantings are actually broadleaved species. In Wales assisted actions result in between one and three full-time equivalent jobs per on-farm per year and about half of additional labour requirements could be met in periods where demand was low for agricultural activities. Only a minor impact on employment was noted in Scotland and Northern Ireland. Almost all (92%) of beneficiaries in Scotland reported that forestry activities do not conflict with agricultural activities in terms of labour demand.

Eiser and Roberts (2002) note that forestry has been criticised in the past for the high cost of creating employment in rural areas. In Scotland, they comment that the employment impact differs according to whether new plantings are coniferous or indigenous broadleaved species with the former generating a greater employment impact in terms of harvesting operations and the former in terms of planting and maintenance. These findings relate to the pre-1995 period and it may not be reasonable to project this impact forward as increasingly new plantings are taking place on less marginal agricultural land and therefore there is a greater loss in terms of agricultural employment reducing the net employment effect. The authors themselves caution against extrapolating their findings outside Scotland.

The Austrian MTE report states that various measures under this Chapter have increased employment opportunities, although often only in the short-term. For example, forest road construction created 400 full-time jobs and 13 full-time jobs were created through improvements to the protective functions of forests.

Although the impact of the measures under this Chapter on employment creation in Germany was said in most MTE reports to be small, employment was maintained in Brandenburg, Baden-Württemberg, Hessen, Niedersachsen, Nordrhein-Westfalen, Schleswig-Holstein, Sachsen-Anhalt, Thüringen and Sachsen. Greater efficiency in periods of low agricultural activity were also noted in Brandenburg, Hessen, Niedersachsen, Nordrhein-Westfalen and Schleswig-Holstein.
The Luxembourg MTE report suggests that the employment impact of the measures is likely to have been positive but insufficient to counteract the natural decline in agricultural employment and hence negligible. The Danish MTE reports that impact on employment is negligible as a result of new forest plantations, but that measures relating to storm damage have had a small (and short-term) positive impact on employment, whilst forest rejuvenation measures are likely to have resulted in some maintenance of employment. The Portuguese, Netherlands and Irish MTE reports state that there has been no appreciable impact on employment.

The Finnish, French, Spanish and Italian MTE reports all concluded that it is too early to comment on the impact of assisted action on on-farm employment at the mid-term point. However, the Spanish national MTE report states that support for afforestation has resulted in 960,000 days of work between 2000 and 2002 and that most of this demand has been met when labour is under-utilised for agricultural activities (also the case in some Italian regions, for example, Bolzano and Basilicata).

**Impact on activities in rural communities**

Six Austrian associations of forest owners were asked about employment effects in the rural community as a result of assisted measures and all reported positive impacts with between one and 18 jobs either created or maintained.

Some 4,150 m³ per year of basic forestry products were provided for local processing as a result of measures under this Chapter according to the England MTE report. This was associated with an additional 530 full-time equivalent jobs per year. In Scotland, however, the measures have not resulted in any additional production at this point in time, although an impact is expected in the longer-term. Although there is no information on employment creation in the wider rural community, between 170% and 80% of planting in Scotland is carried out by off-farm contractors. CJC Consulting (2002) builds on the work of PACEC (2000) to conclude that assisted plantings in Scotland result in between 5.7 and 11.0 net FTE jobs per 1,000 hectares in the establishment phase. This would rise to between 14.8 and 20.4 net FTEs if harvesting operations are also included (reported in John Clegg & Co, et al 2002). The impact in England is expected to be lower as a lower proportion of planting is expected to be commercially harvested and the displacement of agricultural labour is likely to be higher. Between one and four full-time equivalent jobs were created off-farm in Wales as a result of assisted actions according to the MTE report. However, using the multiplier developed for the mid-1990s by Munday and Roberts (2001) with the area planted under the RDP, around 24 FTEs would have been created. These two sources of evidence can be considered to provide upper and lower bounds.
A positive impact in terms of activity in the rural community was mentioned as being a possible impact in several German Länder (Baden-Württemberg, Hessen, Niedersachsen, Nordrhein-Westfalen and Schleswig-Holstein), although further research is required to confirm this.

The Finnish, French, Spanish and Italian MTE reports all concluded that it is too early to comment on the impact of assisted action on the rural community at the mid-term point. That said, the French MTE report states that because forestry activities are often located in declining rural areas, a contribution to improving socio-economic conditions is expected. However, it is not possible to assess this as a result of the storms in 1999 and the fact that most activity relates to rehabilitation in the storm’s aftermath. Concerning the ALMA areas, the Finnish MTE report estimates that, although it is really too early to conduct proper analysis, 470 jobs have been created and 313 maintained off-farm as a result of assisted actions under this Chapter. Additionally, 500 m³ of wood chips from small-sized trees are produced annually as a result of support.

**Impact on attractiveness**

Measures in Austria were used to invest in trails, information signs and forest playgrounds and these investments resulted in direct (planning, setting up and maintaining facilities) and indirect employment effects in the tourist industry.

CRER, et al (2002) note that targeting new woodlands near to centres of population is important in order to maximise the amenity use of forests. Some 3,000 hectares of public access woodland has been funded in England through measures under this Chapter and 20% of new planting in Scotland has taken place within 4.8 kilometres of populations in excess of 3,000, suggesting that attractiveness of the area has improved for the existing population. Further, a high proportion of new plantings in Scotland has landscape, recreation or derelict land improvement as a medium or high priority for the landowner. Almost a third (31%) of supported land has improved public access.

The measures were felt to have contributed to an increase in the attractiveness of the region through measures to improve forest structures in some German Länder (Bayern, Hessen, Niedersachsen, Nordrhein-Westfalen and Schleswig-Holstein). Most measures in Baden-Württemberg and Rheinland-Pfalz resulted in improvements in the recreational value of forest area.
The Netherlands MTE report found no evidence to suggest increased attractiveness as a result of support, but concluded that it is a reasonable assumption that the recreational value of forests is improved through assistance.

**Impact on income**

John Clegg & Co et al (2002) note that income expectations are small in the short-term, but increase in the medium and long-term. It is therefore unlikely that significant income benefits will be evident in the 2000-2003 period. The England MTE report states the ratio of premium to previous gross margin as 0.34 to 1 for arable land in Severely Disadvantaged LFAs and 1.2 to 1 in other areas. The ratio in Scotland is estimated in the MTE report to be 1 to 1. The impact of forestry measures on household incomes in Wales is neutral at the mid-term point (1 to 1), although a third of beneficiaries anticipate a positive impact on income to arise in due course from tourism. The impact on income in Northern Ireland is also considered to be negligible overall in the MTE report, i.e. a 1 to 1 ratio, although more beneficiaries reported a positive rather than a negative impact.

No evidence on impact on incomes was available in German MTE reports with sustainable income effects only expected, according to the Bayern and Sachsen-Anhalt MTE reports, after three decades. The ratio between premium and previous gross margin is calculated to be between 0.5 and 0.6 in most MTE reports (Brandenburg, Bayern, Hessen, Sachsen and Nordrhein-Westfalen), but is as high as 2.67 in the case of Thüringen. The Austrian MTE report states that income increased in 81% of assisted projects in the 1994-1999 programming period, but there is no evidence relating to the current period and a similar impact cannot necessarily be expected.

The Irish MTE report finds that the premia available are marginally below the returns that could be generated from other agricultural activities on the land.

**Judgement**

The main aim of Regulation 1257/99 with regard to forestry is to contribute to the maintenance and development of the economic, ecological and social functions of forests in rural areas. Contribution to employment falls under this central aim and is foreseen in the intervention logic both for afforestation and other forestry measures (Section 3.2.8.2). As the comments on the indicators in Appendix 3 note, there is a potential issue concerning the quality of on-farm employment. Additional hours of work may be carried out by the existing workforce as (paid or unpaid) overtime and yet might suggest the maintenance of employment. This means that the estimations of employment maintained may be inflated to some extent.
This question also seeks to address the attractiveness of forested areas and the maintenance of rural incomes. It should be noted that there is an element of subjectivity in relation to attractiveness. Assessing changes in income as a result of assisted actions is considered to be relatively straightforward as long as causality to assisted actions can be established.

The final evaluation of Regulation (EEC) No 2080/92 (Institute for Forestry Development, 2001) concluded that the overall contribution of forestry policy to rural development was significant and positive. Court of Auditors (2004) concluded that the delivery mechanism remained largely unchanged under the RDR and as a result a similar impact is expected in the 2000-2006 programming period.

There is robust evidence to suggest that the assisted actions have had a positive impact on employment on-farm, however, most of this is small scale and short-term. Where evidence exists, it appears that the extra work created through measures under this Chapter falls, or can be scheduled, in periods where labour demand for agricultural activities is relatively low.

There is little evidence concerning the volume of supply of basic forestry products for small scale or local processing and it is therefore not possible to provide a meaningful conclusion on the impact of assisted actions. There is, however, more evidence to suggest that measures have had an impact on employment off-farm, although some care is needed here in assigning complete causality to assisted actions (see Appendix 3).

There is a reasonable body of evidence to suggest that assisted actions have resulted in improvements in the attractiveness of forested areas. Where amenity/access appears to have been an important project aim (Austria, parts of the UK), this impact is greater.

There is only patchy evidence in terms of the impact of assisted actions on income, although a general conclusion is that the measures are at best income neutral in the short-term in most areas\(^50\). It is important to bear in mind that timber production takes place over a relatively long time period and more positive income effects are expected in some regions in the longer-term.

\(^50\) Although the Court of Auditors (2000) was critical of payment rates made in the previous programming period. In response the Commission reply suggested that the base documents used by the Court were flawed and that not all factors had been taken into account.
CEQ 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?

In less than half of the MTE reports (40%), in 10 of the 14 Member States where this question is applicable, measures under this Chapter made a positive contribution to the maintenance and the enhancement of protective functions of forest management. In a fifth of the cases was reported too early to note impact as a result and in less of a third of cases it was not possible to provide a meaningful answer. This question was widely answered using scheme monitoring data, supplemented in many cases by the use of other national datasets, semi-structured interviews and secondary data sources.

According to several German MTE reports, protective actions are an important feature of measures under this Chapter and these measures offer significant maintenance and improvement of protective functions (for example, Bayern, Hessen, Niedersachsen, Nordrhein-Westfalen and Schleswig-Holstein). However, whilst several measures have protective functions, the area of these is unknown in most cases. Around 50% of the area afforested with assistance in Thüringen offers a better protection of abiotic resources in comparison to previous land use.

In the UK, 22,000 hectares of resources/assets have been protected as a result of assisted actions in England, of which, 57% is agricultural land and 41% water body. Ten percent of funds disbursed in Austria under this Chapter related to redeveloping protective forests, according to the Austrian MTE report. Area planted in 2000 and 2001 amounted to 3,434 hectares in a case study area of Kaernten and 5,967 hectares in a case study area in Tirol. According to these case studies, there has been a clear protective impact on agricultural land and villages in these regions.

Almost all (96%) of forest planted under New Forest Plantation measures in Denmark is pesticide free and as such offers protection of groundwater reserves and 16% of the total area is within areas designated for protection, according to the Danish MTE report. A further 2,312 hectares of land subject to rejuvenation measures has been planted with robust species which contribute to genetic diversity.

The only measure in Luxembourg with a protective function relates to the unloading of draught horses in order to prevent soil compaction and this measure is not widely taken up. No change in terms of protective function was noted in Portugal and the Netherlands as a result of assisted actions. The only evidence of relevance in the Portuguese MTE reports is that 63% of assisted afforestation took place in areas prone to desertification (in the Algarve region this proportion reached 97%). There is no
investigation of the extent to which these plantings offer protection. In the Netherlands, the MTE report states that supported actions did not contribute to maintaining or improving the protective functions of forests.

The French MTE report states that the measures likely to result in a protective function have yet to be implemented. Despite this, the report concludes that it is extremely likely that measures under this Chapter will have a positive impact in terms of protective function offered.

The MTE reports in Spain and Italy conclude that it is too early to assess the impact of afforestation in terms of protective function. That said, in the Basilicata and Bolzano MTE reports it is noted that afforestation appears to have been concentrated on areas prone to erosion and a protective function may emerge in time. The Spanish national MTE report explains that afforestation is likely to have a positive impact on conservation (with the exception of the 1% of area planted with intensive fast growing species), erosion and water resource management over time. The impact is likely to be boosted by the fact that most plantations have conservation rather than production as their aim.

Judgement

The protective functions of forestry are not explicitly mentioned in the objectives of this Chapter, although they are foreseen as expected impacts in the intervention logic (Section 3.2.8.2). Comments on the indicators in Appendix 3 note that assessing the extent of protection offered through area planted with this objective assumes that a similar level of risk exists and that protection will have a homogenous impact in terms of mitigating this risk in all cases and this is not likely to be the case.

There is limited evidence to allow this question to be answered definitively, although there is a widespread expectation that assisted plantings will offer some degree of protective function. Where the objectives of afforestation are more conservation and less production it is likely that the degree of protection offered will be higher. A more significant impact is also likely to be noted in regions where there is a greater need for protective functions and where forestry is a significant form of land cover, although see comments above.

CEQ VIII.3.A: To what extent have the assisted actions contributed to the ecological functions of forests...by maintenance, conservation and appropriate enhancement of biological diversity?

This question was answered in 11 of the 14 Member States where it was considered to be applicable. Less than half the cases (45%) showed a positive impact in terms of
maintenance, conservation and appropriate enhancement of biological diversity. In a further two cases impact was mixed according to either circumstances or region. It was not possible to derive a meaningful answer in just over a quarter of MTE reports. This question was widely answered using scheme monitoring data, supplemented in many cases by the use of other national datasets, survey work, semi-structured interviews and secondary data sources.

The Austrian MTE report concludes that there has been a limited positive impact in terms of the ecological functions of assisted forestry. Whilst there has been some effort to use indigenous tree species, this has not been as extensive as it might have been. No support for conserving in situ genetic resources was provided under the RDP. Approximately 1,000 hectares were planted following fire damage between 2000 and 2002. Case study evidence is put forward to suggest positive impacts on biodiversity related to ecotones.

The Spanish MTE reports state that, despite the lack of time in which to note impacts at this point, these measures have had a positive impact on the environment. This impact relates to the use of species, the targeting of afforestation in areas where forest cover is scare (27% of afforested land is in municipalities where total forest cover is less than 10%) and targeting of afforestation to connect existing forest area (18% of total assisted plantings). These positive impacts are balanced by the relatively scarce use of mixed plantations (26% of total afforested area). The Aragon and Madrid MTE reports point to the positive use of deciduous species. The Rioja MTE report cites plantations along water courses and to connect areas under Natura 2000. In Catalonia, the prevention of fire risk is seen as a positive impact and certain measures were targeted on the conservation of forest fauna. In Navarra, biodiversity has been promoted through improvements in management. However, the Basque Country MTE is critical of what it refers to as excessive use of conifers (although the proportion of new plantings that are conifer did decrease marginally from 79% to 76% between 2000 and 2002).

In the UK, the England MTE report states that 1,200 hectares of assisted plantings used indigenous species (of which 470 hectares were mixed plantings). A further 500 hectares of critical sites were maintained and the report states that there is a good link with Natura 2000 sites. Approximately 9,000 hectares of forest were planted in zones with low or missing cover, of which 1,200 hectares were linked to Natura 2000 sites. Corridors between forest areas were formed on 1,800 hectares. More generally, John Clegg & Co, et al (2002) state that since 1992, more than 90% of new plantings in England have been of broadleaved (presumed indigenous) species. The same authors also point out that while it is too soon to make any definitive statements about the impact on biodiversity (in terms of species numbers and
abundance), a positive impact is expected in the future. The Scottish MTE report states that 9,000 hectares were planted with indigenous species (Caledonian Scots pine, birch and oak) and that there is a good link with Natura 2000 sites with approximately 5,000 hectares on critical sites. A positive impact on biodiversity is recorded via the Biodiversity Action Plans and protection of certain species (for example, capercaille). The Welsh MTE report finds that 1,200 hectares of native species were planted with assistance (in 16% of cases using a mixture of conifers and broad-leaved species). More than half of the assisted area (53%) falls within ancient woodland boundaries. Large areas of plantings cover semi-natural, native woodland or ancient woodland sites with 15,000 hectares on Sites of Special Scientific Interest, National Parks and Areas of Outstanding Natural Beauty. However, the report concluded that there was no convincing link with Natura 2000 sites.

The French MTE report states that there is insufficient evidence to provide an answer to this question at this point in time as a result of the late implementation of measures that are likely to have an impact in this regard. The proportion of plantation in areas with low forest cover amounts to just 1% over the last decade. However, 38% of beneficiaries report that measures under this Chapter have allowed them to take environmental aspects into account more than they would otherwise have done.

The Danish MTE report finds that although the measures could provide for enhanced genetic diversity, the opportunities are not fully exploited by holdings under New Forest Plantation measures. Under rejuvenation measures increased diversity has been noted. The Greek MTE report states that the implementation of measures of relevance to this question has been successful and that 86% of new plantings involve mixtures of species including broad-leaved ones. The Netherlands MTE report states that 898 hectares of forest were planted with assistance between 2000 and 2002 and that this has resulted in a positive contribution to biodiversity, partly due to the length of ecotone.

Although the Basilicata and Bolzano MTE reports in Italy suggest, on the basis of qualitative information, that supported afforestation has maintained and enhanced biological diversity, it is considered too early in the programme life to provide a definitive answer. The Friuli MTE report finds that just 3.3 hectares of stable meadow habitat was provided with assistance under this Chapter in mountainous areas. This is considered likely to have had a positive (although obviously marginal) impact on biodiversity.

No meaningful answer could be derived from the Portuguese, Luxembourg or German MTE reports. In the Portuguese case this resulted from a lack of necessary
data to address the indicators. In Luxembourg the MTE report states that small areas (between 18 and 58 hectares per year) have been afforested with indigenous species. These areas are considered too small to allow a sensible answer to be provided. Only marginal impacts in relation to ecological functions were noted in the Hessen, Niedersachsen, Nordrhein-Westfalen and Schleswig-Holstein MTE reports in Germany. In Bayern, some 6,020 hectares of mixed species forest has been planted with support. The figure in Rheinland-Pfalz is 1,306 hectares. Ecotone establishment is considered to be important in Bayern, as is the use of deciduous species in Thüringen. Only small areas of afforested land are linked to Natura 2000 in a range of German Länder including Brandenburg, Baden-Württemberg, Hessen, Niedersachsen, Nordrhein-Westfalen, Schleswig-Holstein and Thüringen. On balance the evidence is considered too fragmented to provide a meaningful answer.

Court of Auditors (2000) is critical of the extent to which environmental needs had been prioritised within forest policy and this is likely to impact on environmental impact51. Whilst this criticism refers to the pre-RDR period, funds are committed for twenty years and this weakness in targeting will continue to have repercussions throughout the 2000 to 2006 programming period and beyond. Court of Auditors (2004) state that the implementation of forestry policy under the RDR is hampered by this historical aspect.

Judgement

Although biological diversity is not explicitly mentioned as an objective of forestry policy under the RDR, it falls under the maintenance and development of ecological function and is foreseen in the intervention logic (Section 3.2.8.2). Area planted with indigenous tree species is used as an indicator to assess the protection of species diversity and area planted is used to assess the protection of habitat diversity. However, these measures do not necessarily guarantee that species or habitats will be protected beyond the short-term as the presence of breeding populations will also play a role (see comments on the indicators in Appendix 3). That said, it is considered that these indicators are reasonable proxies and therefore provide suitable evidence in relation to this question.

The evidence presented above is, for the most part, fairly robust. However, it is difficult to form a judgement on the impact of these measures on the ecological function of forests in the absence of information relating to targets or a baseline. Whilst it is clear that a positive impact has taken place in many cases, whether this can be considered significant or not is unclear. Criticisms of targeting policy should also be borne in mind.

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51 In its reply the Commission noted that the decentralised implementation made this an issue for Member States.
CEQ VIII.3.B: To what extent have the assisted actions contributed to the ecological functions of forests...by maintenance of their health and vitality?

The MTE reports in 10 of the 14 Member States where this question was considered to be applicable provided an answer. Forty percent of MTE reports showed a positive impact in terms of maintenance of health and vitality of the forests. In one case the impact depends on circumstances. In a further 40% of cases it was not possible to extract a meaningful answer. This question was answered using scheme monitoring data, supplemented in many cases by the use of other national datasets, survey work, semi-structured interviews and secondary data sources.

Evaluation research in Austria shows a positive relationship between assisted opening-up projects in the 1995-1999 period and reduced soil and tree damage. To the extent that support in the present programme has contributed to constructing forest roads it is likely that a similar positive impact has taken place. Opening-up measures have also helped to prevent calamities, particularly fires. Approximately 1,000 hectares were afforested with support following fires between 2000 and 2002.

The Spanish national report finds that although some positive impacts on forest health and vitality have been noted, the fact that prevention of fire is not a more common objective in assisted afforestation is a problem which could mitigate any positive impacts. Just 12% of afforested area has fire breaks and water storage facilities for fire fighting were only installed on 10% of the supported area. Eighteen percent of supported forest roads can be used to attack fires if required. The risk of fire is considered in all MTE reports to be the key issue with regard to forest health and vitality.

The Danish MTE report concludes that support for New Forest Plantation results in more robust forests which improves health and vitality. Support under rejuvenation has improved the health of deciduous forests. Assisted forest track construction in Baden-Württemberg, Bayern and Rheinland-Pfalz has helped to prevent damage to soil and growing stock from silvicultural practices in Germany. Whilst the Luxembourg MTE reports that measures under this Chapter have contributed to the preservation of the ecological functions of forests and the preservation of health and vitality, the area covered is very small and as a result, so is the impact.

The Italian MTE reports state that whilst there is qualitative information suggesting a positive impact on forest health and vitality, it is too early to provide a full comment (Piemonte, Bolzano and Sicily).
Judgement
This question assesses a means through which the ecological function of forests can be maintained or improved.

There is little evidence in the MTE reports to allow this question to be answered satisfactorily (although the evidence sources used are considered robust). It is not therefore possible to state to what extent the measures have had an impact on the maintenance of forest health and vitality at the EU level, although it is considered likely that the measures will, in most cases, have had at least some positive impact.

3.2.8.4. Further Evaluation Questions

The FEQ below was followed up through interviews with implementing authorities in order to supplement the information available in the mid-term evaluation reports.

FEQ VIII.4: Could the afforestation of agricultural land measure be re-targeted more explicitly towards environmental objectives for instance to combat climate change, enhance biodiversity, reducing the risk or impact of natural disasters (e.g. flooding), or production of renewable energy? If yes, how can a reasonable balance between sometimes conflicting objectives (markets – restructuring – environment) be ensured?

In terms of targeting, the current programming period is somewhat hampered by commitments entered into under the previous period (Court of Auditors, 2004). In the 2000-2002 period, the majority of the funds disbursed actually related to commitments made in the previous period. This means that the scope for improving environmental impact (including through more appropriate targeting) is extremely limited. Targeting in the 1994-1999 period was criticised for not being based on a comprehensive analysis at the EU level in terms of where and how EU funds could best be spent in order to maximise environmental impact (Court of Auditors, 2000), although in its reply, the Commission disputed this claiming that various environmental action programmes (notably the fifth Environmental Action Programme) had filled this role. Additionally, the report claims that a lack of guidance provided to Member States by the Commission allowed environmental aims to be under-emphasised in some cases. Over use of fast growing and non-indigenous species are also considered to be a problem by the European Environment Agency and in Ireland (reports cited in Court of Auditors, 2000).

LUC and Atlantic Consultants (2003) report that the relatively small average size of assisted plantings in Wales suggests environmental impact is widely dispersed.

52 The Commission reply notes that more attention will be paid to this issue in the post-2006 programming period.
throughout the landscape, but is modest. This is considered to be appropriate in the
lowlands, but might detract from the appearance of the uplands. With exception of
New Native Woodland in National Parks Challenge Fund and the Native Woodland
Expansion Challenge Fund, there was no spatial targeting of new planting to meet
environmental objectives. This is being addressed in the 2003-2006 period.

The view of those interviewed in Austria was that afforestation should be more
targeted towards areas lacking forest cover in order to improve the landscape
appearance and to provide a carbon sink. The opinion of those interviewed in
Finland is also in favour of using afforestation for environmental and amenity reasons
and there is a concern that supporting afforestation for timber producing reasons will
simply distort the market (Finland has not implemented afforestation measures in the
current programming period for this reason). However, whilst those interviewed in
Portugal agreed that greater focus on environmental objectives was desirable, it was
stressed that the fact that afforestation of agricultural land is an agricultural policy
should not be lost. Increased use of good environmental practice would be
welcomed, as would be a greater degree of planning in terms of where afforestation
is supported. A closer integration with other measures to promote environmental,
rural and hunting tourism should also be sought.

Those interviewed in Spain felt that the environmental impacts of afforestation could
be improved (a view shared in Ireland), particularly in order to address soil erosion,
biodiversity and, to a lessor extent, climate change. This does not require
retargeting, however, simply an improvement to current implementation entailing a
move away from simply demand-led afforestation to a more planned approach. A
planning instrument to identify the best sites for particular species was also
considered a useful suggestion in Ireland. There is keen public support for
afforestation for environmental and amenity purposes in Scotland (UK) and
afforestation of upland areas is helping to prevent flooding on non-drained areas.
The English Woodland Grant Scheme, set to replace the existing schemes from 2005,
offers a greater degree of flexibility to allow better targeting. Afforestation policy in
Denmark is already considered to be fairly well targeted on the environment.

The view of those interviewed in other regions/Member States was that no re-
targeting is necessary (for example, Niedersachsen in Germany (where economic
objectives drive the policy) and Lombardy in Italy). In France afforestation of
agricultural land is not welcomed by farmer organisations and support under this
measure was diverted to repairing the 1999 storm damage in any case.

Judgement
Although afforestation is already targeted towards environmental impact in many regions of the EU, improvements in this targeting are still considered necessary in some regions/Member States. There is a general feeling in these regions/Member States that a greater degree of planning is required in terms of where afforestation is supported. There is some concern in Finland (a major producer of forest products) that supported afforestation with economic objectives could interfere with the market. However, respondents in Portugal and Niedersachsen (Germany) would be reluctant to see a dilution of economic objectives. In conclusion, where afforestation policy is already driven at least partially by environmental objectives there is a perception that these could be targeted more explicitly. However, this view is not shared where afforestation policy is primarily driven by economic objectives.

**3.2.8.5. Chapter summary**

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

CAP-IDIM monitoring data on assisted plantings, although incomplete, clearly demonstrates that woodland area has increased as a result of assisted actions. A time lag between the granting of support and actual planting makes it likely that the extent of planting seen at the mid-term stage is an underestimation of what will be the final impact. However, plantings still fell short of targets in most regions/Member States. Impact on the structure and quality of growing stock appears to have been generally positive, at least at the local level. In response to CEQ VIII.1.B on carbon storage between 2000 and 2012 we would note that whilst it is clear that the impact will be positive, the extent of this impact will depend on, amongst other assumptions within the modelling process, the extent of future planting. That said, the evidence from the estimates of this impact obtained through this evaluation range from 4,010 tonnes per year in Scotland to 2.9 million tonnes per year in Spain. EPEC (2004) reported a less positive finding from the limited sample of MTE reports available to them.

The extent to which assistance in the forestry sector has resulted in cost reductions depends on the rationale for the investment. Where this was economic, costs have generally been reduced, for example through forest road construction in Austria. Some further cost reductions may become apparent by the time of the ex-post evaluation as forestry operations are a medium to long-term concern. However, many actions were driven by other, non-economic concerns and whilst positive economic impacts would not be expected ex-ante in such cases, there is some evidence that positive economic impacts nonetheless arise (for example, a positive
employment impact was noted in Denmark). While EPEC (2004) noted a mixed response in terms of economic impact they do not consider the reason for this.

Improvements in the attractiveness of forest areas were noted in a number of Member States including Scotland (UK) and Austria. In addition, a positive impact in terms of biodiversity is also noted in, for example, some German Länder. Where planting rationale was to provide a protective function there is an ex-ante expectation that such a function will become apparent (also noted by EPEC, 2004) and there is evidence to suggest that this is the case from, for example, the UK and Germany, although again this assessment is hampered by the requirement for mid-term evaluators to use output rather than outcome indicators which do not provide the data required to fully address this issue.

There is strong evidence that assisted actions have had a positive impact on employment on-farm, although this is generally small-scale and short-term in nature. A positive off-farm employment impact is also apparent (for example, Austria and England, in the latter case arising from local processing of basic forestry products supported under this measure), although the extent to which assistance is the sole causal factor is not investigated. The impact on income appears to be neutral or marginally positive in most regions where this was assessed, at least at this point in the programme.

3.2.9. Chapter IX: Promoting the adaptation and development of rural areas

The evaluation questions in this Chapter were selected to be followed up through interviews with implementing authorities in order to supplement the information available in the mid-term evaluation reports.

3.2.9.1. Measure objectives

Measures under this Chapter were previously financed under the Objective 5b programmes of the Structural Funds and were incorporated under the Rural Development Regulation in 1999 (Ward and Lowe, 2004). The origin of these measures is further removed from the agricultural sector than measures under other Chapters and as a result they can be described as the only true rural (rather than agricultural) development measures contained within the RDR53.

53 Although as agriculture covers about half of the total territory of the EU (Brouwer and Lowe, 2000), measures targeted in this sector will of course have an influence in the wider rural community.
Article 33 allows the integration of measures with both farming and non-farming activities (Feinerman and Komen, 2003) through a menu of 13 possible measures to promote the adaptation and development of rural areas. These are as follows:

- land improvement,
- reparcelling,
- setting-up of farm relief and farm management services,
- marketing of quality agricultural products,
- basic services for the rural economy and population,
- renovation and development of villages and protection and conservation of the rural heritage,
- diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes,
- agricultural water resources management,
- development and improvement of infrastructure connected with the development of agriculture,
- encouragement for tourist and craft activities,
- protection of the environment in connection with agriculture, forestry and landscape conservation as well as with the improvement of animal welfare,
- restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention instruments,
- financial engineering.

Member States were free to adopt measures under these indents (or not) as they saw fit.

### 3.2.9.2. Intervention logic

Various measures aiming to increase the competitiveness of the agricultural sector through support for restructuring (certain measures under Chapter IX)

<table>
<thead>
<tr>
<th>Need/problem</th>
<th>• Need for investment outside the holdings themselves in order to contribute to restructuring and increase the competitiveness of the agricultural sector</th>
</tr>
</thead>
</table>
| Measure     | • Financial support for:  
|             |  • Land improvement  
|             |  • Reparcelling  
|             |  • Setting up of farm relief and farm management services  
|             |  • Marketing of quality agricultural products  
|             |  • Agricultural water resources management  
|             |  • Development and improvement of infrastructure related to agriculture  
|             |  • Restoring agricultural production potential damaged by |
### Expected results

- Improved infrastructure and agricultural practices (such as better use of water resources, more professional management and better field structures)

### Expected impacts at the level of the beneficiary holding

- Maintenance or improvement of farm incomes through reduction in costs, fair standard of living for farmers and their families
- Maintained/increased employment through increased activity on the farm
- Improved product quality
- Improved viability of the beneficiary holding

### Expected impacts on the agricultural sector in general

- Contribution to agricultural restructuring
- Increased competitiveness
- Agricultural production potential has been protected regarding natural hazards

### Expected impacts on the rural society

- Maintenance/improvement of the structural and productive characteristics of the rural economy
- Improved living conditions and welfare of rural communities through e.g. improvement in road infrastructure
- Improved rural incomes
- Maintenance/creation of employment
- Reversal of the trend towards economic and social decline and depopulation of the countryside
- Maintenance and reinforcement of viable social fabric in rural areas
- Protect or improve the rural environment through more professional management and better irrigation

### Possible positive interactions with other Chapters

- There are possible positive relationships with measures under Chapter I: Farm Investment relating to diversification away from agriculture and measures relating to water management and land improvement. Support for the marketing of quality products under this Chapter could provide a positive link with Chapter VII: Investments in Processing and Marketing.

### Possible conflicts with other Chapters

- There may be potential conflict with measures under Chapter VI: Agri-environment relating to reparcelling which might be associated with an increase in intensification and might have implications for landscape quality.

**Environmental protection in connection with agriculture, forestry and landscape management and improving animal welfare (measure under Chapter IX)**
| Need/problem | • Need for better protection/improvement of the rural environment and animal welfare, increasing demand for environmental protection and animal welfare |
| Measure | • Financial support for environmental protection and animal welfare measures |
| Expected results | • Improved rural environment and animal welfare, maintenance of cultural landscapes |
| Expected impacts at the level of the beneficiary holding | • Income support  
  • Improved working conditions (e.g. lower exposure to toxic plant protection products) |
| Expected impacts on the agricultural sector in general | • Water/soil protection, preservation of the natural basis of agricultural production  
  • Improved image of agriculture  
  • Increased knowledge/awareness about rural environmental problems and solutions |
| Expected impacts on the rural society | • Increased environmental protection through improvements in services leading to better sewerage treatment, better use of natural/non-renewable resources and reduction in pollution/harmful emissions  
  • Protection and improvement of habitat, biodiversity, soil, water and atmosphere  
  • Positive impacts on human health (e.g. improved drinking water)  
  • Maintenance or enhancement of the countryside  
  • Contribution to the sustainable development of rural areas  
  • Response to society's increasing demand for environmental services  
  • Safeguarding the recreational value of rural areas/promotion of rural tourism  
  • Contribution to achieving the Community's policy objectives regarding agriculture and the environment  
  • Enhanced animal welfare |
| Possible positive interactions with other Chapters | • Positive links are possible with respect to measures under Chapter VI: Agri-environment. There could also be a positive relationship between measures under this element of this Chapter and Chapter V: Less Favoured Areas in so far as these can have environmental and/or animal welfare enhancements. Finally, there may be positive links between this element of this Chapter and Chapter VIII: Other Forestry. |
### Possible conflicts with other Chapters

- None.

### Various measures for the promotion of the adaptation and development of rural areas (certain measures under Chapter IX)

<table>
<thead>
<tr>
<th>Need/problem</th>
<th>• Need for rural development to be based increasingly on non-agricultural activities and services</th>
</tr>
</thead>
</table>
| Measure      | • Financial support for:  
• Basic services for the rural economy and population  
• Renovation and development of villages, protection and conservation of the rural heritage  
• Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative sources of income  
• Encouragement for tourism and craft activities  
• Financial engineering |
| Expected results | • Facilitation for the development of non-agricultural activities and services |
| Expected impacts at the level of the beneficiary holding | • Improved incomes through increased off-farm activities and longer tourist seasons  
• Maintained/increased employment through increased activity on the farm  
• Seasonal variation of activities is more effectively balanced  
• Converting and improving farm activities |
| Expected impacts on the agricultural sector in general | • Promotion of diversified activities  
• Increasing the attractiveness of the region for all actors in the agricultural sector |
| Expected impacts on the rural society | • Maintained/improved living conditions and welfare through better basic services, improved amenities (including cultural and social facilities), development of attractiveness of the area and reduction in inequalities through improved access  
• Structural and productive characteristics maintained/improved through financial engineering  
• Dynamism of rural actors promoted and potential for endogenous development mobilised in rural areas  
• Encouragement of rural diversification  
• Improved rural income  
• Diversification of activities contributes to employment of non- |
farming population

- Maintenance and reinforcement of viable social fabric in rural areas, reverse the trend in many parts of Europe towards economic and social decline and depopulation of the countryside

Possible positive interactions with other Chapters

- There could be a positive relationship between measures under this element of this Chapter and measures promoting diversification towards non-agricultural enterprises under Chapter I: Farm Investment.

Possible conflicts with other Chapters

- None.

3.2.9.3. Common Evaluation Questions

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

This evaluation question was answered in all of the MTE reports in the 11 Member State in which the question is considered to be applicable. In just over a third of reports a positive impact in terms of maintaining/improving the income was reported, although in 55% of cases it was too early to note an impact. A wide range of methodologies were used to gather data to address this question. Scheme monitoring data was consulted, survey and focus group work undertaken. There were discussions with implementing authorities and semi-structured interviews with stakeholders. Finally secondary data and other national datasets were drawn on.

Despite the attempts to gather data, in many cases MTE reports concluded that it is too early to form any definitive views at the mid-term point (Denmark, France, Italy, UK54, Netherlands and Belgium). In the case of Denmark, there was only a minor focus on measures likely to have an impact on income and only a few agricultural projects. In France measures under this Chapter take two main forms:

- through national channels as collective actions mostly used in conjunction with diversification activities taking place with funding from Chapter I; and,
- through regional Objective 2 channels where the beneficiaries, at least at the mid-term stage, are generally villages and technical support organisations and non-farming members of farming households.

54 Although CRER, et al (2002) note that farm diversification can contribute towards economic benefit within the wider rural community as well as improving farm incomes.
The development of rural guesthouses (gites) does take place and, although this is the main source of direct income improvements at the mid-term stage, little income improvement is anticipated (up to 5%, but only after three years) in line with the finding from the 1994-1999 programming period. Late implementation due to a failure to adjust to EAGGF guarantee management procedures also reduced the likelihood of an impact becoming apparent as only 11% of the forecast budget had been disbursed in the Objective 2 areas at the mid-term point.

In the Netherlands the late start of measures under this Chapter makes it impossible to provide an answer at this point, although the MTE report also finds a priori that an impact on income in rural areas is unlikely given the nature of the measures. Late implementation in the UK (Wales) precluded the inclusion of assessment of these measures at the mid-term point. In Northern Ireland any impacts are heavily confounded by post-Foot and Mouth Disease recovery, although survey work does suggest that more beneficiaries saw an increase in income (22%) than saw a decrease (14%) as a result of the measures. The main point, though, is that 60% reported no change.

While generally considered too early to note an impact in Italy, the Friuli MTE report estimated an average increase in off-farm income as a result of support measures of €6,000 per beneficiary. Interviewees noted that the type of projects supported in Lombardy, Emilia Romagna and Veneto also make an impact on income unlikely.

Positive impacts were, however, noted in other regions/Member States. In Germany, for example, indirect, but small positive income impacts were noted as a result of infrastructure improvements such as reparcelling and track construction. This impact was boosted where these investments took place alongside others (not necessarily funded under this Chapter) such as manure storage facilities, cattle sheds and machine storage facilities in Hessen, for example. In other Länder diversification activities and village renewal projects improve the income situation to a certain extent, for example in Baden-Württemberg, Nordrhein-Westfalen, Rheinland-Pfalz. An interview respondent in Niedersachsen (Germany) explained that because agriculture accounts for such a small proportion of GDP and employment, any measures targeted on this sector can only have an impact on the income of a very small proportion of people within a rural community and as such any impact on incomes arising from this measure will be marginal (this was also considered to be the case by interview respondents in England (UK) and the Netherlands55). Further, an impact on income is not expected given the type of projects supported (generally relating to environmental objectives).

55 see also Terluin et al, 2005.
In Austria, the MTE reported increases in agricultural income as a result of support for marketing under Chapter IX measures. Total income gained from 106 assisted heat plants amounted to €1,724,408 and 81% of the beneficiaries were farmers, although the report stresses that not all of this gain is due to measures under the scheme.

In Finland, the MTE report from the ALMA area states that gross farm income increased by 4.8% as a result of the scheme between 1999 and 2002. There was a 10% increase in income deriving from pluriactivity generated by off-farm assistance. The ratio of costs to turnover as a result of the scheme for dairy farmers decreased from 1.13 to 1.03 and for cereal producers from 1.61 to 1.32 between 1999 and 2000 as a result of the scheme. Forty percent of gross income earned by supported off-farm beneficiaries was generated by the measures, 80% of which related to tourism, 20% to crafts and local products. Half of the non-farming rural population has an income from transactions/employment generated by off-farm assistance.

The Spanish national MTE report cites a very positive impact on income from measures under this Chapter, especially through irrigating new areas\(^{56}\) (whilst it is too early to note these impacts in this programming period, the evidence relating to the impact of similar projects in previous periods will clearly apply here too). Indirect positive impacts are noted through modernisation measures leading to reduced water costs and more stable yields. Whilst these positive impacts are confirmed in the regional MTE reports, the particular sub-measures responsible for the impacts differs. In Catalonia, measures relating to tourism, crafts and the marketing of quality products have had a greater impact on income than measures relating to agricultural diversification. Tourism and craft measures are also important in Madrid, while in Rioja marketing measures have the biggest impact on income.

Christoffersen (2003) explains that there has been convergence between income levels in rural and urban areas in Denmark between 1981 and 1997 (with incomes in rural areas lower than those in urban areas) and there is no reason why this trend should not have continued past this point. Tanvig (2003) suggests that rural areas are used more for recreation and residence than for entrepreneurship and this might partially explain lower average income levels in the wider rural population. The role of measures under this Chapter in any continuing convergence in income levels is expected by interviewees to be marginal due to the type of projects supported and their relatively small scale. Also, impact on income was not an objective of the measure in Denmark. Hasler (2002) notes that market developments and regulations

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\(^{56}\) In the context of irrigation in Spain it should be noted that a water market was created through the Water Act, 1999. Further, the modernisation of irrigation systems is taking place under the National Irrigation Plan, 2001. These work alongside Article 33 measures (Gómez-Limón, et al, 2002).
are the most important drivers of income in the agricultural sector and the increasing tendency to commute longer distances to work is a factor in the wider rural community. An investigation of 60 finished projects under this measure revealed no income impact.

**Judgement**

There are no set objectives for measures under this Chapter, although improvements in the income position for both the farming and non-farming sectors are expected to arise from a range of the measures available (see intervention logic, Section 3.2.9.2).

Gross income is defined as an indicator to use to assess impact on income and this may not be appropriate given that it does not take account of additional capital expenditure. It is therefore possible that whilst gross income rises, net income actually decreases (see Appendix 3).

On balance it is only possible to conclude that it is really too early to make definitive statements about the impact of these measures on-farm and off-farm income. However, where evidence is available it suggests that a positive impact is likely as long as the measures are designed to have such an impact (although the reader should bear in mind the comments above). It is considered likely that further positive impacts on income will be noted for these measures at the ex-post stage. Interviews suggest, however, that any impact on incomes is likely to be small and interviewees noted the importance of the objectives of projects as a determinant of impact with those with more environmental objectives not expected to have any impact on income at all.

**CEQ 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?**

This question was answered in all of the MTE reports in the 11 Member State where it was considered to be applicable. In just more than half the cases (55%) the measures under this Chapter were considered to have a positive impact in terms of the maintenance of living conditions and welfare of the rural population. In a further two cases impact was mixed according to either circumstances or region. In two cases it was too early to note an impact. This question was addressed in all cases with scheme monitoring data and survey work was also carried out in the majority of cases. Some focus groups were undertaken in some regions/Member States and use was made of semi-structured interviews, discussions with scheme managers and secondary data.
The Objective 2 regional programmes in France have used measures under this Chapter extensively to renovate villages. When this takes place mainly in relation to tourism development, the impact in terms of alleviating remoteness is clearly positive. Socio-cultural activities are also typically improved, although the improvement in housing conditions and the welfare of the rural population itself is often more limited. Where this Chapter has been used more to finance agricultural technical support services the link between assisted actions and the living and working conditions for the rural population is more tenuous.

Village renewal is also an important feature of the implementation of this Chapter in Germany. Generally measures were used to refurbish old buildings, traffic flows were improved, support was provided to village shops and youth and meeting centres were constructed. The MTE reports claim that all these measures provided a positive impact in terms of living and working conditions. In Hessen, Niedersachsen and Schleswig-Holstein, between 80% and 90% of support was used outside traditional tourist areas. The Hessen and Rheinland-Pfalz MTE reports state that the creation of recreational facilities has improved neighbourhood amenities. Greater accessibility to amenity features was provided in Niedersachsen.

The Spanish MTE report finds that a significant impact in terms of alleviating remoteness arises from the adoption of measures under this Chapter, particularly those relating to irrigation transformation, land re-parcelling and other infrastructure improvements. The impact in terms of social/cultural facilities and neighbourhood amenities and housing conditions is also considered to be positive in all MTE reports, but is considered to be minor and more varied across the regions. This results from delays in the implementation of some sub-measures, relatively low uptake and the more indirect nature of the impacts. The Catalonia MTE reports find measures relating to agricultural diversification most relevant in this regard, the Rioja report considers measures relating to the marketing of quality products to be important.

The Austrian MTE states that 541 kilometres of roads providing access to 41,191 hectares of land have been constructed with support under this Chapter between 2000 and 2002. Whilst this equates to 36% of road targets, it achieves 100% of the target area. There have been 345 projects involving 4,888 participants relating to village development with an average of €11,000 allocated per village. Additionally, a high (but not quantified) share of the rural population has benefited in terms of improvements to housing conditions from water resource projects.

The Danish MTE report finds a clear tendency to improved living conditions in rural areas as a result of supported projects. Generally the measures have been used to provide basic service facilities such as meeting rooms, sports and IT facilities and to
renovate buildings. Interviews in Denmark reported that only a few ICT related projects can be said to have addressed the issue of remoteness directly through the provision of competitively-priced broadband connections. Two projects supporting ferry links will also serve to alleviate remoteness, although in both cases other means of access are available. However, Denmark is not a large country and it is not considered likely that any rural communities feel particularly remote. Social and cultural facilities have been provided through support to Internet cafes, for example, but in what is a relatively rich Member State, home Internet access is already high reducing the necessity for this type of support. The impact of support on living conditions and the welfare of rural populations is therefore marginal.

The Netherlands MTE report states that while the influence of measures under this Chapter on the living conditions and welfare of the rural population cannot be quantified, it is likely that there have been positive benefits arising from improved landscape amenity facilities and improved roads. However, interviewees note that this impact is likely to be marginal as remoteness is not an issue and quality of life and the welfare of rural populations is already considered high (a point also made in interviews in Belgium). The Swedish MTE report finds that there is only a small number of projects supported under this Chapter and therefore the overall impact is somewhat muted. That said, at the local level, projects do have a positive impact on living conditions for the rural population and also serve to improve the tourist potential. This is considered to be likely to provide more significant positive benefits in the longer-term.

The Finnish MTE report for the ALMA area states that 65% of the rural population has access to social/cultural facilities as a result of support under this Chapter. No farmers take supported leave-days, but 30% of those with improved access are young people and young families. Sixty-five percent of the rural population also have improved access to amenity land, nature or conserved rural heritage sites as a result of supported actions. Finally, 17% of rural accommodation has been improved. This equates to 364 accommodation places, all of which are related to rural tourism. Interviewees added that there have been 68 projects with the objective of promoting village association activities, cultural tourism, cultural services and cultural traditions in the ALMA area. Day care services for children and services targeted on elderly people have also been provided.

Whilst typically the Italian MTE reports state that it is too early to note impacts from measures under this Chapter (mainly arising from delays in implementation), some positive impacts are noted. For example, in Trento, improvements to the road infrastructure have increased communication links between farms. In Val d’Aosta there have been similar improvements in infrastructure and also telecommunication
facilities/services. Assisted relief services have facilitated the taking of leave and traditional buildings have been regenerated, in the latter case with positive indirect impacts on the tourist industry. A range of other positive impacts including better access to amenities and improvements to accommodation are also mentioned. Interviewees in Lombardy explain that the focus of funding under this measure is on water resources and as such no impact on living conditions and the welfare of rural populations is expected.

Whilst the Belgian MTE reports also considered it too early to draw any conclusions on the impact arising from measures under this Chapter, the Wallonia MTE report states that 89% of projects set out improvements to the quality of life of local populations as an objective and these measures related to 85% of total expenditure under this Chapter. A positive impact is therefore expected in the longer-term. There were 35 projects relating to improving welfare and living conditions in Flanders, although the impacts of these are likely to be limited to those in the immediate local area.

The PEACE II measure in Northern Ireland (UK) has resulted in 35 ICT projects involving 1,920 rural dwellers, but there is no information relating to impact.

**Judgement**

There are no set objectives for measures under this Chapter, although the maintenance of living conditions and welfare of the rural population is an expected outcome in the intervention logic from a range of available measures (see Section 3.2.9.2).

The evidence base to address this question is robust and it is clear that the measures have resulted in a positive impact in terms of living conditions and welfare of the rural population where this is considered to be an issue. Where this is not the impact is more marginal. There are differences in impact according to the nature of the measures adopted with some types of projects more likely to have these sorts of impacts that others. Essentially it appears that the more the projects relate to the agricultural sector, the lower the impact on the wider rural population, although, of course, the degree to which the two are synonymous is an important factor here. Where it is not yet possible to provide a full assessment of the impact of the measures, the early indications are also positive.

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

The question was addressed in the MTE reports of all 11 Member States where the question is considered to be applicable. Almost three-quarters of MTE reports note that the impact of the measures on employment in rural areas was positive. In one
case the impact varied according to region and in two cases it was considered too early to make a judgement. This question was mainly answered using scheme monitoring data which was supplemented with evidence drawn from surveys, focus groups, semi-structured interviews and secondary data. The analysis below is split by criteria with employment of farming populations followed by impact on seasonal variation of activities and employment of non-farming populations.

**Employment of farming populations**

The Finnish MTE report states that 1,464 jobs on-farm were created by assisted actions (26% for people below the age of 30, 38% for women) with a further 5,371 maintained (of which 12% were for people younger than 30 years old and 39% for women). The majority of these (80%) derived from improved agriculture or transactions taking place off-farm. The balance resulted from pluriactivity generated by assisted actions off-farm. The cost of job creation was, on average, €40,289 and the average cost per job maintained was €11,626.

The Austrian MTE report claims that a total of 225 jobs were created as a result of assisted actions and 3,889 jobs were maintained. A further 343 full time jobs were created or maintained in projects relating specifically to biomass projects. The report breaks down the jobs created/maintained in relation to some projects as follows: 41% of jobs created in relation to village development projects were for women, as were 44% of those maintained; 54% and 49% of jobs created and maintained respectively in relation to diversification projects were for women; and, 26% and 33% of jobs created and maintained respectively in relation to landscape projects were for women. The average support provided for each job maintained or created in relation to diversification projects was €7,000.

The MTE report in England (UK) records that 132 full-time equivalent jobs were created across 774 holdings. More than half of these (57%) resulted from improved agriculture or transactions generated by assisted activities off-farm and 37% concerned women. Interviews, however, suggested that over the complete 2000-2003 period some 5,593 FTEs were created or maintained both on and off-farm at a cost per job safeguarded/created of approximately €6,250. The MTE report in Northern Ireland stated that approved projects are expected to result in 37 full-time equivalent positions (7% of target).

The Spanish national MTE report states that the employment impact relating to irrigation projects will clearly be positive. In the case of new irrigation projects, employment is expected to increase between three and six times compared to that required without irrigation. In the case of improvements to existing irrigation facilities
the impact is considered likely to relate to jobs maintained\(^5\). The regional MTE reports state that projects relating to diversification, marketing and reparcelling will also have a positive impact on farm employment.

In France measures under this Chapter tended to be applied in isolated rural areas (essentially the old Objective 5b areas) and related to the agricultural sector. Little direct impact on agricultural employment was found in the MTE reports.

The Swedish MTE report expects, based on forecasts, that almost 2,800 employment opportunities will be created or maintained as a result of supported actions under this Chapter. However, it is made clear in the report that this information is speculative and that an ex-post assessment will be necessary. No breakdown of these jobs by sector is made.

The Belgian (Flanders) MTE report states that 64% of beneficiary farmers implementing projects relating to high quality projects expect the support to have a positive impact in employment in the future, but this is not quantified.

According to those interviewed in Denmark, most of the projects implemented have not resulted in direct on-farm employment creation (of the 60 projects investigated none had resulted in more than two jobs created), although some agricultural projects are potentially more labour intensive than traditional farming and as such may have contributed to safeguarding and diversifying some employment.

**Seasonal variation of activities**

Around 50 people obtained work in periods of low agricultural activity and the tourist season was extended by around 20 days as a result of assisted actions, according to the ALMA MTE report in Finland. The promotion of winter sports in the German Southern Black Forest region has prolonged the tourist season here, according to the MTE report. Projects related to tourism are likely to create seasonal labour demand in Denmark, according to those interviewed, although this is not necessarily likely to result in a more balanced distribution of labour demand across the year. Some projects are likely to have had some impact in terms of lengthening the tourist season, for example, projects providing year-round conferencing facilities.

Irrigation projects in Spain extend the growing season and employment opportunities in periods of low agricultural activity will therefore be provided, according to the national MTE report. The report goes on to say that most of the labour used in this extended season is likely to be drawn from permanent employees.

\(^5\) Agriculture accounts for 80% of Spanish water use (Gómez-Limón, et al, 2002) and improvements to irrigation facilities are therefore important to the national water balance.
Employment of non-farming populations

In Finland, 400 jobs were created through support under this Chapter in the non-farming population and a further 100 jobs were maintained. Sixty-five percent of these related to the tourist sector, 15% to crafts and local products, 20% to those younger than 30 years old and 30% to women. The average cost per job created was €50,000 and the average cost per job maintained was €20,000.

The Austrian MTE report states that between 26 and 31 full-time jobs were created in the non-farming population in relation to diversification projects. Forty-nine jobs were created in relation to village development projects (43% of which were for women) and 158 jobs were maintained (18% for women). Positive impacts on employment in industries upstream and downstream of the intervention were also reported, but not quantified.

The German MTE reports find that where an impact on non-farming employment is noted it tends to be small and often temporary. Specific projects relating to women have had a positive impact on employment in some regions (for example, Baden-Württemberg and Rheinland-Pfalz).

Where employment impacts were reported in French MTE reports they tended to relate to support service organisations providing agricultural extension, in the tourist sector and in relation to the marketing of quality products. An average of between 16 and 20 jobs have been created per project. In the longer-term it is expected that indirect positive employment impacts will be noted for projects relating to diversification and the marketing of quality products.

The Danish MTE report finds that some construction projects have resulted in employment creation in the non-farming rural population, but that this impact is indirect and not significant. That said, the MTE report anticipates a positive longer-term impact on employment through the provision of more stable conditions and improvements to the attractiveness of rural areas which will draw business in. Those interviewed noted that most employment created outside the agricultural sector is voluntary and is associated with running clubs and associations. The Netherlands MTE report also finds that employment impacts are likely to be limited and temporary and will vary by region. Interviews undertaken in the Netherlands suggest that the agricultural sector is too small for any employment impacts to be significant in the wider rural economy.

The Spanish national MTE report states that there is likely to be temporary job creation in the non-farming sector in relation to irrigation projects, but this is not
quantified. Gómez-Limón, et al (2002) note that irrigation in Spain has a social impact in terms of contribution to rural development and employment in LFAs not recognised in the classical microeconomic view of water pricing. On environmental grounds irrigation also helps to maintain population levels in sensitive areas and thus helps to slow down the progress of desertification in arid regions.

The Belgian (Flanders) MTE report states that employment in the non-farming population in rural areas has increased at the same rate as that in urban areas and that measures under this Chapter are not significant enough to alter this trend, not least because employment is not usually set as an objective.

Judgement
There are no set objectives for measures under this Chapter, although the maintenance of employment is an expected outcome from some measures in the intervention logic (see Section 3.2.9.2).

There is robust evidence to suggest that measures under this Chapter have resulted in employment being maintained or created amongst the farming population in a number of Member States/regions. As noted in the comments on indicators in Appendix 3, there is a potential issue in relation to the quality of employment with some recorded increases in hours being worked additionally by the existing workforce as either paid or unpaid overtime. However, there is no evidence from the MTE reports to suggest that this has been an issue. Where evidence is not quantified, the MTE reports at least anticipate a positive impact. The extent of impact on agricultural employment will relate to the nature of the projects supported. The more these are targeted on the agricultural sector (for example, irrigation projects in Spain), the more likely a positive impact on employment will become apparent in due course.

There is less evidence in terms of employment in the non-farming population, although positive impacts have been noted (and quantified) in some Member States/regions. Again, the nature of the project is an important determinant in the likelihood of employment creation in this sector and it should be noted that some projects (for example, relating to construction, village renewal, etc.) are likely to only provide temporary employment opportunities. Other employment creation outside the agricultural sector may also be voluntary, i.e. unpaid, as is often the case in Denmark, for example.

There is little evidence in relation to the seasonal variation in employment and it is not possible to draw a meaningful conclusion in relation to this criterion. However, it was
mentioned in interviews in Denmark that there is a possible conflict between the demand for labour for agricultural and tourist purposes.

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

This question was answered in all 11 MTE reports from Member States where it was considered to be applicable. In 45% of cases the impact of the measures on the structural characteristics of the rural economy were positive. In one case the impact varied according to region and in another case no impact was noted. Finally, it was not possible to extract a meaningful answer from 3 MTE reports. This question was answered mainly through the use of scheme monitoring data which was supplemented by a range of other material including some survey work, focus groups, semi-structured interviews, discussions with scheme managers and secondary data.

The French MTE report cites a beneficiary survey, evidence from which concluded that all measures under this Chapter had a positive impact on the rural economy. The main impacts in terms of the structural characteristics of the rural economy were derived from the strengthening of local networks and collective projects relating to quality schemes in the agricultural sector. This impact is considered to be sustainable in the longer-term.

Some regional German MTE reports state that sea and river dikes have been protected using measures under this Chapter, but the extent of land protected is not quantified (Hamburg, Niedersachsen, Rheinland-Pfalz and Schleswig-Holstein). Water retention measures also protect villages and agricultural land from flooding in Hessen and Saarland. Rural dynamism is improved through village renewal. For example, in Nordrhein-Westfalen contacts between village groups and planners, universities and administrative organisations have been supported. Support under this Chapter has also been used to expand the irrigated area in Rheinland-Pfalz.

The impact of measures under this Chapter in terms of the structural characteristics of the rural economy in Spain are considered to be very positive in the national MTE, although the impact is concentrated in areas with supported irrigation projects. The regional MTE reports also mention positive impacts from projects related to marketing, infrastructures, diversification and the restoration of agricultural potential. A more minor impact is noted in terms of impact on rural dynamism. This is explained in part by implementation delays as project designs are bottom-up rather than top-down and should therefore involve rural communities to a large extent.
The Austrian MTE report states that biomass projects have provided new market outlets for wood waste products which has brought an economic (and environmental) benefit. Marketing projects supported under this Chapter have resulted in an increase in the quality of agricultural products which has resulted in the opening up of new markets. Water resource projects contributed to the protecting/restoring of agricultural production potential regarding natural hazards and therefore strengthened rural economic structures. Village development projects increased the dynamism in rural areas by bringing together various interest groups and rural actors.

Whilst the Swedish MTE report notes a positive impact from supported projects at the local level, it is pointed out that support under this Chapter is not used for capital investments in Sweden and there is therefore no impact on, for example, field structures. In the UK, some evidence of improved irrigation and assisted new/improved production related activities is contained in the MTE England report. There were 15 projects relating to collaboration in the marketing of quality agricultural produce and 18 projects relating to village initiatives. In Northern Ireland 13 new/existing networks were supported resulting in a positive impact in terms of dynamism. One hundred and fifteen people were trained in mediating/mentoring, assistance was provided for cross-community projects in 175 cases, 47 groups assisting the participation of disabled people and 31 community groups concerned with community safety programmes were supported.

In Belgium (Wallonia), 8% of projects (9% of total budget under this Chapter) have as their objective the development of rural areas. As such a positive impact is expected in at least these cases. In Flanders, 7 out of 80 projects were focused on tourism, recreation and innovation in the rural area and, as in Wallonia, a positive impact is assumed in relation to these projects. Seven percent of holdings in Flanders (1,849) have more professional management as a result of assisted actions under this Chapter. Positive impacts are assumed in the Netherlands MTE report, but there is no quantitative data with which to support this assertion.

No funds were used to support agricultural improvements in Denmark, according to those interviewed. Although a small number of investments were used to develop new quality and marketing schemes the extent to which this has resulted in sales under quality labels is not known. Restoring or protecting agricultural potential was not a focus of the scheme in Denmark. Although Danish rural areas are considered to be well organised in general, some projects were used to create umbrella organisations and/or collaborative structures according to interviews with County Council representatives. Nielsen and Thuesen (2002) suggest that rural dwellers in Denmark are very active in associations with an average membership of 2.4 per
person. The extent to which any funding under this measure has boosted membership is not known.

**Judgement**

There are no set objectives for measures under this Chapter, although the maintenance or improvement of the structural characteristics of the rural economy are expected outcomes from some measures in the intervention logic (see Section 3.2.9.2).

There is a good range of strong evidence with regard to this question, although a relative absence of information relating directly to the specified indicators. That said, it is clear that there has been some improvement in production structures linked to agriculture which have had positive impacts in terms of the structural characteristics of the rural economy, however, this is poorly quantified. The evidence in relation to agricultural production potential is also sparse, although there is slightly more evidence relating to the impact of support on rural dynamism. As with many questions in the this Chapter, the nature of the projects supported is a key determinant on the impacts observed. Where projects are related more to the agricultural sector (for example, Spain and France), the impact on the rural economy is related to the degree to which the agricultural economy is linked into the wider rural economy. Where projects are more focused on the non-farming population the impacts are perhaps clearer.

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

This question was answered in the MTE reports of 10 of the 11 Member States in which it is applicable. Forty percent of reports did not contain a meaningful answer. In 30% of MTE reports the measures are considered to have contributed to the protection and improvement of the rural environment. In one case the impact depends on the circumstances of the beneficiary. In two case it was too early to note an impact. This question was answered mainly through the use of scheme monitoring data which was supplemented by a range of other material including some survey work, semi-structured interviews, discussions with scheme managers and secondary data.

Measures likely to protect or improve the rural environment were programmed in 18 of the 20 French Objective 2 regions and were one of the top three measures in terms of take-up in 12 of these regions. A strong focus on technical support with funding drawn from this Chapter has linked well with these measures of increased awareness of the environment, one of the main objectives. There are two main activities: production of knowledge relating to biodiversity and natural environments; and, facilitation of reductions in pollution from emissions (particularly animal waste).
Whilst positive impacts on the rural environment are expected as a result of these activities, there may be some contradictions between their aims and the aims of other measures under this Chapter relating in particular to drainage and land consolidation.

Most German Länder have implemented measures under this Chapter relating to watercourse improvements including protective strips, hedge planting and the protection of natural areas. Additional measures with environmental benefit include assistance for habitat management in National Parks in Bade-Württemberg, sewage water collection in Bremen, studies on emissions from intensively managed livestock and aeration ponds for sugar plant waste in Niedersachsen, biogas plants in Schleswig-Holstein and the purchase of parcels of land with high biodiversity in Niedersachsen and Schleswig-Holstein.

The Austrian MTE report states that soil protection was improved on 614 hectares of mainly agricultural land as a result of assisted actions. Landscape preservation projects on non-agricultural land also had positive environmental benefits. Many landscape conservation projects contributed to soil conservation and these covered 23,175 hectares in 2002 alone. The majority (89%) of these projects had the maintenance and enhancement of endangered animal and plant species as an objective. Assisted biomass projects resulted in access to renewable energy for 2,600 households saving 16.3 million litres of fuel as a result. Knowledge and awareness of rural environment problems were increased among participants in water resources projects which often involved the wider public. Landscape conservation projects also involved many stakeholders, for example, 11,000 in 2001. The requirement for co-operation between ecologists and farmers furthers mutual understanding and information exchange. Whilst environmental considerations were taken into account in measures under this Chapter relating to road construction, there is an element of conflict within the programme in this regard.

There is only one project listing environmental protection/improvement as an objective in Belgium (Wallonia), although this project does account for 5% of the total budget under this Chapter. In Flanders, 38 projects (48% of the total) have protecting the environment as a principal objective. Three projects relate to waste/sewage collected/treated.

The Danish MTE report states that the impact of measures under this Chapter on the rural environment will only be visible in the longer-term. However, these impacts are likely to be positive. It was also considered too early to really note an impact on the environment in Finland where the MTE report states that 15 projects concern waste/sewage collected/treated. The number of projects targeting the use of
renewable energy as a result of assisted actions is 211, of which, 208 are wood-based energy plants and 3 biomass energy projects. The environmental impact of these projects is considered to be very favourable. A survey of beneficiaries showed that in 50% of cases improving the environment was cited as being an important objective. No projects are likely to have a negative environmental impact. Interviewees added that 34 regional environmental centres and several water protection associations were established with support in the ALMA region. The objective of these is to reduce the burden placed on water resources by agricultural production and lakeside summer cottages.

It was not possible to extract a meaningful answer from the MTE reports in Sweden, Spain58, Italy or the UK. In Sweden, the small number of projects implemented means that any impact would be small, although no projects were aimed specifically at environmental measures in any case. Interviewees added that there is no support for capital investments under this measure and as a result no supported investments in waste/sewage facilities. In the UK this question could only be addressed in Northern Ireland where 30% of projects are considered in the MTE report to have had a positive environmental impact. In Italy the measures likely to have an environmental impact have yet to be fully implemented, although the Toscana, Friuli, Bolzano and Val d’Aosta MTE reports all anticipate a positive impact in due course. Interviewees explained that projects addressing water resource issues absorbed a large proportion of total funding in Lombardy.

In Spain, the national MTE report considers that the potentially negative environmental impact of irrigation projects has been successfully mitigated through environmental impact assessments prior to project approval (interviewed environmental organisations agreed with this view). Whilst the MTE report stated that these measures will confer environmental benefits in due course as a result of the better use of water resources, those interviewed noted that whilst irrigation projects increase the efficiency of water usage they do not necessarily result in lower usage rates as producers tend to increase output. There is a sub-measure in Spain entitled ‘environmental protection in connection with agriculture’ which is highly likely to have a positive environmental impact, although there have been significant delays in implementation and its budgetary resources are likely to limit its impact.

58 Gómez-Limón, et al (2002) note that irrigation helps to maintain population levels in sensitive areas and thus helps to slow down the progress of desertification in arid regions.
Judgement
There are no set objectives for measures under this Chapter, although the protection or improvement of the rural environment is an expected outcome from some measures in the intervention logic (see Section 3.2.9.2).

A general finding in relation to this question is that whatever positive environmental impacts might arise in due course, it is probably too early to provide a full judgement at this point in time. That said, there is strong evidence in some regions/Member States that measures have been taken which are highly likely to bring significant benefits to the rural environment. Of course, where measures (projects) are designed specifically to have a positive environmental impact then it is more likely that this will become evident. However, there are some examples of conflicts within the Chapter in terms of support provided for some intrinsically environmentally unfriendly projects relating to, for example, road construction (Austria), irrigation (Spain, although these were successfully mitigated) and land drainage (France). That said, in some cases where projects do not have environmental aims, it is sometimes the case that measures are taken to ensure that there is at least no negative impact (for example, irrigation projects in Spain where the concerns of environmental organisations have been mitigated). In conclusion it is therefore possible to say that it is highly likely that support under this measure will result in environmental benefits in due course, although some conflicts between measures under the Chapter may mitigate the overall impact.

3.2.9.4. Chapter summary

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

It is generally too early in the implementation process, especially given delays in launching measures in a number of regions/Member States, for an impact on income to be reported. There is, however, some early evidence suggesting a positive impact in terms of living conditions and welfare of the rural population.

In general accordance with the findings of EPEC (2004), employment has been maintained and created on-farm as a result of assisted actions, despite the relatively early point in the programme. There is also a (less substantial) body of evidence from a range of regions/Member States to suggest a positive impact on employment in the non-agricultural sector and where positive impacts have been noted these are often short-term in nature relating to infrastructure projects and village renewal. There is evidence from a number of regions/Member States that agricultural
production structures have been improved as a result of assisted actions targeted on this sector. There is also evidence suggesting a positive impact in terms of rural dynamism (measured through the support of, *inter alia*, local action groups), mainly arising from projects explicitly targeting the wider rural community.

EPEC (2004) note that most of the MTE reports they examined indicated a positive environmental impact, but our reading of the evidence is that this is more an expected outcome rather than an outcome for which evidence is currently available. We therefore feel that it is generally too early in the implementation cycle to note an impact on the environment.

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

### 3.3. Cross cutting evaluation questions

The extent to which the various RDPs have been implemented as a programme is mixed. In many cases RDPs are essentially a collection of (largely) pre-existing measures, although this does not preclude them from, at times, operating like a programme. In most cases it is clear that at least some measures within an individual RDP act in the same direction.

According to Dwyer, *et al* (2002) RDPs tend to act in one of two main ways: those that deliver preservation (for example Austria, southern Germany and Scotland where the focus is predominantly on Less Favoured Areas and Agri-environmental measures) and those that deliver change (for example, Spain where the focus is more on structural adaptation). Most RDPs, however, fall between these two extremes where an environmental focus (of varying strength) is combined with the active promotion of development and diversification.

This Chapter focuses on the impact of the programmes as a whole and, in order to do this, draws heavily on the impacts at the individual Chapter level. The evaluation questions in this Chapter were selected to be followed up through interviews with implementing authorities in order to supplement the information available in the mid-term evaluation reports.

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59 By programme we mean a collection of measures designed to operate together and yielding synergies making the impact greater than the sum of the individual measure impacts.

60 Whether preserving agricultural activity, jobs, viable communities, the environment, etc..
CEQ Transv.1: To what extent has the programme helped stabilising the rural population?

This question was answered in 14 Member States. In 29% of cases no impact on stabilising the rural population was noted. An equal proportion of MTE reports considered that the impact of measures under the RDP had been positive in this regard. In 21% of cases the impact varied regionally. In one case a negative impact was recorded. Finally, in two cases it was not possible to extract a meaningful answer. This question was answered using scheme monitoring data, supplemented by national census information and other national datasets. More limited use was made of survey methodologies, semi-structured interviews, discussions with implementing authorities and secondary data. The analysis below is split by criteria. Impact on population age profile is followed by impact on gender and finally by impact on rural depopulation.

Age profile
The MTE report from Finland presents the age profile of farmers in Less Favoured Areas in 1999 and 2002. Over this period the proportion of the farming population under 30 years of age declined from 7.0% to 4.2%, the share of those aged between 30 and 39 declined from 23.4% to 19.1%. The proportion over 40 years old increased from 69.9% to 76.6%. The age distribution in the ALMA area is more balanced: 9% of farmers under 30 years old and 22% between 30 and 39 years old in 2002. However, there is no baseline against which to compare any change in this profile over the programme period. There is therefore no evidence that the RDR has had a positive impact on the age profile, although the lack of a baseline outside the LFA means that it is possible that the measures acted to reduce the speed at which the farming population became older on average. That said, it appears unlikely that this has been the case given the ageing farming population noted in the rest of the country.

The age profile of workers on supported holdings in selected countries of the UK are presented below:

<table>
<thead>
<tr>
<th></th>
<th>&lt; 30 years old</th>
<th>30 –39 years old</th>
<th>&gt; 40 years old</th>
</tr>
</thead>
<tbody>
<tr>
<td>England</td>
<td>15%</td>
<td>21%</td>
<td>64%</td>
</tr>
<tr>
<td>Wales</td>
<td>3%</td>
<td>20%</td>
<td>77%</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>27%</td>
<td>43%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Again there is no baseline with which to form a judgement on the potential impact of RDR measures61. Although there is no quantitative evidence in the Scottish MTE report, the age profile of beneficiaries is said to have increased between 2000 and

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61 This information was not requested in the CEQs and is not an omission on the part of the evaluators.
2003. The report goes on to say that the LFA measures have in fact served to keep people farming who would have otherwise retired and in this regard the RDP could be said to have had a negative impact on a balanced age structure. It was also found in the Wales MTE that measures under the RDP had had a positive influence on the decision to remain in farming (1 in 10 beneficiaries cited support under the RDP as a reason for continuing). However, whether this had an impact on older farmers in particular is not known.

The age profiles of workers on supported holdings in selected German Länder are given as follows:

<table>
<thead>
<tr>
<th></th>
<th>&lt; 30 years old</th>
<th>30–39 years old</th>
<th>&gt; 40 years old</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baden-Württemberg</td>
<td>15%</td>
<td>30%</td>
<td>55%</td>
</tr>
<tr>
<td>Bayern</td>
<td>15%</td>
<td>21%</td>
<td>65%</td>
</tr>
<tr>
<td>Saarland</td>
<td>6%</td>
<td>25%</td>
<td>49%</td>
</tr>
<tr>
<td>Thüringen</td>
<td>10%</td>
<td>23%</td>
<td>67%</td>
</tr>
</tbody>
</table>

There is no baseline data against which to compare this information and thus no way of relating the age profiles to the RDR\(^6\). That said, the Bayern MTE report states that young farmers appear to be more willing to adapt to the standards required for schemes under the RDR and therefore a positive impact in terms of skewing participants towards the younger end of the age spectrum might be apparent. The fact that measures under Chapter II: Young farmers are the only ones that are targeted explicitly by age suggests that there is little systematic bias towards younger farmers through the schemes offered (Baden-Württemberg, Saarland and Rheinland-Pfalz), although it should be noted that the financial contribution for investments under Chapter I: Investments on farm is higher by 5% for young farmers.

This point is also made in the French MTE report which notes that as a result of a lack of targeting towards younger farmers there has been little impact on the age structure of the farming population. The French MTE report adds that the contribution in terms of the age profile made by measures under Chapter II: Young Farmers and Chapter IV: Early retirement has been very limited. Background demographic trends are the main driver in farm renewal and the Chapter II measures are implemented in a way which brings little added value (see Section 3.2.2.3 for further details). The low impact of Chapter II does call into question its disproportionate share of the total RDP budget in France (€500 million). Whilst a potentially larger impact on farming population age structure is noted from measures under Chapter V: Less Favoured Areas, again, background demographic trends are considered by the MTE reports to facilitate this impact, i.e. without this background trend the impact on age structure would be considerably smaller (see Section 3.2.5.3). Even in the LFA area there remain substantial pockets of areas with
no improvement in the demographic profile. Any impact on the age structure of the rural population as a whole is considered likely to be very marginal, according to the MTE reports as only 2.5% of the working population is engaged in agricultural activities, through which the bulk of support is offered. Even in very marginal areas this share in total population only rises to 12%. That said, the measures under the programme do have some indirectly positive impacts on amenities (especially in less intensive areas where the majority of funding is used) and it is considered that this might help to stabilise the rural population by making supported areas a more attractive, economically vibrant place to live.

The Austrian MTE report states that 7% of RDP beneficiaries are under 30 years of age, 30 are aged between 30 and 39 with 63% aged over 40. Almost 90% of the beneficiary population in the Italian region of Piemonte is aged over 40. In Emilia Romagna, some 78% of RDP beneficiaries outside the LFA are under 30 years of age. In contrast, the proportion under 30 years old inside the LFA is just 9%. A similar picture (although not quantified) is presented in the Friuli MTE report. This might suggest that LFA support is acting to maintain an ageing population in the agricultural sector.

The Spanish MTE reports state that the impact of measures on the age structure of rural populations is limited because only Chapter II and Chapter IV measures are targeted according to age. However, it is noted that some non-agricultural measures under Chapter IX do benefit major proportions of young people and thus contribute to rural vitality. The Luxembourg MTE report also finds that the RDP is making only a limited contribution to the age structure of the rural population. The Belgium (Flanders) MTE states that 73% of beneficiaries under Chapter I are aged under 30 years old.

**Gender profile**

The French MTE report contains gender information in relation to measures under Chapter II: Young farmers and Chapter III: Training. In both the share of women in total beneficiaries has increased significantly since 1999 and by 2003 was broadly equivalent to the share of women in the total farming population (5% lower in the case of training beneficiaries). Jacques-Jouvenot and Tripier (2004) note that the development of rural services in particular under the programme has enhanced the role of women in agriculture and made their role more visible. However, Ministère délégué à la cohésion sociale et à la parité (2001) note that obstacles to the equal participation of women remain.

The ratio of female to male beneficiaries in Germany, Baden-Württemberg, is 1 to 10, slightly lower in Saarland, but in Bayern is 3 to 5 and in Thüringen 2 to 5 (although in
the latter two cases this is all agricultural employees, not just RDP beneficiaries). No impact on gender was reported in the Rheinland-Pfalz report. The Austrian MTE report states that 42% of all beneficiaries were female.

The ratio of women beneficiaries decreased very marginally from 10.8% of total beneficiaries in Finland in 1999 to 10.4% in 2002 in LFAs. However, the Finland MTE report considers that these figures could be misleading as the head of household, and thus strictly the beneficiary, is usually male, although women in beneficiary households also benefit. A better indicator is considered to be the share of women employed in the agriculture and forestry sectors and this stood at 37% in 2002 compared to 34% in 2000. In the ALMA area, 23% of beneficiaries were female.

In the UK, gender ratios were provided as follows: England: 1 female beneficiary to 3.3 male; Scotland: 1 to 8; Wales: 1 to between 4 and 12, depending on the measure; and, Northern Ireland: 1 to 9. There is no evidence in Scotland to suggest that measures under the RDP addressed gender.

There is only evidence relating to gender from one region in Italy. The Piemonte MTE report finds that 31% of beneficiaries are female, two percentage points higher than the share of women farm holders. The share of female beneficiaries in the Netherlands was reported to have increased very marginally from 26.7% to 28.8% between 2000 and 2002, although the MTE report considers this increase too small to draw any conclusion from. The Luxembourg MTE report states that the share of female beneficiaries has remained the same at 31% since 2000. Finally, the Belgium (Flanders) MTE report concludes that whilst the proportion of women benefiting from the RDP has increased since 2000 (although this is not quantified), this is due to the general trend towards a greater proportion of women in the workplace rather than anything specific to the RDP. The report does, however, note that women do tend to receive higher funding levels compared to men for participation in measures under Chapter I: Investments on farm.

The Spanish national MTE report concludes that the only measures likely to have an impact in terms of altering the gender profile of the rural population fall under Chapter VII: Investments in processing and marketing and non-agricultural sub-measures under Chapter IX: Article 33.

**Rural depopulation**

The conclusion in Germany was that almost all measures under the RDP tend to counteract rural depopulation (Bayern, Rheinland-Pfalz), or at least to provide a stabilising effect (Brandenburg, Baden-Württemberg, Mecklenburg-Vorpommern and Saarland). In contrast, the picture in the UK is more mixed. The England MTE
report notes an increase in the rural population since 2000, although this is considered highly unlikely to be the result of measures under the RDP. In Scotland the MTE report finds no evidence that the RDP has played a role in rural population change. It was not possible to discern an impact from the RDP on the general rural population in Wales or Northern Ireland.

Some stabilisation of the rural population is suggested in the Spanish national MTE report, although the extent to which the RDP measures play a role in the wider rural population is likely to be small in comparison with other factors. A larger role is, however, expected in more marginal and remote rural areas where the agricultural sector is more significant in the wider rural economy. The main measures likely to have had an impact on population stabilisation are listed as those under Chapter VII: Investments in processing and marketing and those under Chapter IX: Article 33 relating to irrigation and tourism. Whilst interviewees in Spain were unanimous in their view that the impact of the RDR on the rural population in general has been small, it was pointed out that rural depopulation may well have been more pronounced in the absence of the programme, although of course, this cannot be tested. In conclusion, the interviewees felt that the impact, although small, had been positive, if not sufficient to counteract the impact of wider economic factors.

The Austrian MTE report concludes that the RDP measures have reduced rural depopulation below the level that would otherwise have prevailed. Whilst the bulk of beneficiaries are within the agricultural and forestry sectors, measures under Chapter III: Training, Chapter VII: Investments in Processing and marketing, Chapter VIII: Forestry and Chapter IX: Article 33 also benefit the non-agricultural rural population. An economically viable agricultural sector is considered to be a precondition for the more positive development of many rural regions in Austria.

In Finland, the MTE report states that population growth is concentrated in the south where 62% of the total Finnish population can be found. There has been a slowdown in the migration rate from north to south in the current compared to the previous programming period. It is estimated that support under the RDP has prevented, or at least delayed, the southern migration of between 6,000 and 9,000 people from the ALMA area.

In contrast, the Danish MTE report finds that the impact of RDP measures on rural depopulation is extremely marginal. Reasons provided for this include widespread deadweight and the general lack of incentive to increase employment in the measures. The small size of the agricultural sector in the wider rural economy means that rural depopulation is not best addressed through support to this sector. This was also the conclusion in Sweden.
The Portuguese MTE report also finds a small impact on rural depopulation, but attributes this not to the importance, or otherwise, of the agricultural sector, but rather the fact that the measures do not have a significant impact on income which remains lower in the agricultural sector than elsewhere. That said, those interviewed noted that the support provided to farmers, especially through Chapter V: LFAs and Chapter VI: Agri-environment, is considered to be an important component of farm income where applicable and a factor in maintaining the farming population in marginal rural areas. Some respondents mentioned that measures to improve efficiency may have a negative impact on the rural population by reducing labour demand. In contrast, other measures promoting alternative activities have led to additional labour demand in the service sector (for example, related to tourism, farm shops, etc.).

A similarly small impact is noted in the Ireland MTE report where factors external to the RDP are considered to be far more important in terms of a balanced rural population. The Luxembourg MTE reports that the active rural population is declining and that the impact of the RDP is not satisfactory. The MTE report from Flanders in Belgium states that rural depopulation is not considered to be a problem, but concludes that the RDP has done little more than slow down the reduction in the number of farmers. This is also the implication drawn from the Netherlands MTE report.

Interviewees in Lombardy (Italy) feel that it is still too early in the programming period to provide any comment on impact in terms of stabilising the rural population. However, it was pointed out the resources available under the RDR are small relative to other agricultural and wider economic factors and as such a significant impact is not anticipated. In Emilia Romagna the conclusion of interviewees was similar, although those in Basilicata felt that the programme has been of at least partial assistance in stabilising the rural population through improvements made to infrastructure and through stimulating the rural economy.

Judgement

It is usually not possible to consider the impact of RDP measures on the rural age profile in a quantitative manner due to a lack of baseline information. It should also be borne in mind that measures under the RDR will not be the only reasons why people are employed on beneficiary holdings (see comments on the indicator in Appendix 3). Finland provides an exception and this shows an ageing population structure. The point is made in a number of MTE reports that the only measures which are likely to have a direct impact on age structure are those under Chapter II: Young farmers and Chapter IV: Early retirement. However, the evidence suggests that the
impact of these measures has been limited, especially in the case of France. It should also be pointed out that it is considered likely that measures under Chapter V: Less Favoured Areas act to maintain ageing farmers on the land and as such pressure in favour of an ageing rural population is applied. There would thus appear to be a programming conflict between certain Chapters. The general conclusion therefore has to be that there is no evidence suggesting that the age profile of the population benefiting from assistance contributes towards maintaining/promoting a balanced population structure.

Whilst the ratio of women beneficiaries is generally low it is usually not possible to put this finding in context due to a lack of baseline or evidence from a suitable comparator group. Emilia Romagna is an exception where women seem to be slightly more likely to be beneficiaries than might be expected given their share in the total farming population. An interesting point is raised in the Finnish MTE report in that for farm households benefiting from RDP measures, the head of the household, typically the beneficiary, will be disproportionally male and this may depress the share of women beneficiaries when calculated according to ratios. It is not possible to draw a meaningful conclusion in relation to the impact of the RDP measures on gender balance in rural populations. However, none of the measures under the RDR mention gender balance as an objective and it is therefore not expected that the RDR will have had an impact in this regard.

Whilst there is some evidence to suggest that the RDR has had some positive impact in terms of stabilising the rural population, this is not the consensus view with interviewees in Portugal noting the potentially negative impact on population stability through measures to improve efficiency and hence reduce labour demand (see also CEQ V.3 in Section 3.2.5.3). It seems reasonably clear that the measures have had a positive impact in terms of stabilising the farming population, although perhaps not always to the extent hoped for ex-ante. However, many MTE reports make the point that agriculture is, with the possible exception of more marginal and remote areas, simply not important enough in the wider rural economy to make much of a difference in general. The weight of funding through the RDR is also fairly small in the context of the wider Common Agricultural Policy and therefore, even where agriculture is more synonymous with the rural economy, the impact of the RDR is likely to be fairly small (although that is not to say necessarily poorly targeted).

It should also be borne in mind that rural depopulation is not universally a problem. In some of the less rural regions of the EU (for example, Flanders, the Netherlands, parts of England), this is considered to be less of an issue. In these (and many other) regions, rural depopulation will be driven more by other factors such as general economic trends.
CEQ Transv.2: To what extent has the programme been conducive to securing employment both on and off holdings?

The question was answered in the MTE reports from 14 Member States. Whilst in 29% of cases it was too early to note an impact on securing employment at the RDP level, 43% of MTE reports concluded that the programmes had had a positive impact. In one case this was considered to vary regionally and in one case no change was noted. In a further two cases it was not possible to extract a meaningful answer. This question was answered using scheme monitoring data, supplemented by national census information and other national datasets. More limited use was made of survey methodologies, semi-structured interviews, discussions with implementing authorities and secondary data. The analysis below is split by criteria, i.e. impact on-farm/forestry holdings followed by impact off-farm/forestry holdings.

On-farm/forestry holding impact
The German MTE reports note a general connection between RDP measures and the securing of on-farm employment, although at this mid-term point the effects are relatively minor and in many cases not yet quantifiable, for example, in the following Länder: Bayern, Bremen, Hessen, Niedersachsen, Nordrhein-Westfalen, Rheinland-Pfalz and Schleswig-Holstein. However, the employment impact is considered to be good, even at the mid-term stage in Thüringen, Brandenburg and Berlin. It is also pointed out that decreases in employment as a result of rationalising measures have been noted in Sachsen and Sachsen-Anhalt.

The Austrian MTE report states that 134,117 holders have benefited from measures under the programme, of which 42% were women. The Belgian MTE report from Wallonia stated that 11.2 full-time equivalent jobs were maintained for holders as a result of support between 2000 and 2002. In terms of young farmers, 52.68 full-time equivalent jobs were created. The Flanders MTE report claims that 200 full-time equivalent jobs were created with a further 1,300 maintained.

In the UK, 3,846 full-time equivalent jobs were created in England with 7,233 maintained. Of these, 11% of the total related to the holder, 54% to non-family members, 20% to women, 43% were full-time and 1.5% concerned activities other than the production of basic agricultural/forestry products. In Scotland, a small but positive impact on employment was noted, whilst in Wales, half of respondents to a survey indicated that measures under the RDP had enhanced job security. One in five respondents indicated that additional family members had been employed as a result of the measures. Most beneficiaries of created or enhanced employment were male with, on average, 0.27 full-time, 0.97 part-time and 1.19 casual/seasonal
jobs created/maintained per beneficiary. In contrast, a survey of beneficiaries in Northern Ireland revealed no impact on employment in three-quarters of cases. Seventeen percent of respondents indicated that one full-time equivalent position had been created, 6% reported the creation of two full-time equivalent positions.

CRER (2002) notes that it is well documented that organic farms tend to have higher labour requirements than non-organic farms. A survey of 180 organic producers in England showed increases in part-time family labour (26%), employed full-time labour (4%), employed part-time labour (46%) and casual labour (90%) as a result of participation in the scheme. However, the report makes clear that a linear relationship is unlikely and that as organic farms get larger they will adopt more labour-saving technologies. Agra CEAS Consulting (2005) carried out an economic evaluation of the Tir Gofal agri-environment scheme in Wales and a survey of 20% of participants showed that 53% of respondents had greater labour requirements as a result of their participation with, on average an additional 65.6 extra person-days per year. The equivalent of 146 FTEs were safeguarded amongst farming families across the scheme.

The Spanish national MTE report concluded that there had been a small, but positive impact in terms of on-farm employment as a result of assisted actions. However, this impact related almost exclusively to the maintenance rather than the creation of employment. It has not proved possible to counteract the general trend towards decreases in employment in the agricultural sector through the RDP. This is considered to be the case even for measures under Chapter II: Young farmers and for measures relating to irrigation where job creation might be considered a more likely outcome than in relation to some other measures. Interviewees corroborated this by indicating that impact on employment has been modest, with the most significant impact noted in terms of employment security for those more competitive farms and processing companies accessing support for investment.

The Danish MTE report concludes that on-farm employment impacts arising from RDP measures are very marginal with structural change and other economic developments generally masking improvements. It is considered likely that measures relating to organic farming and measures under Chapter VII: Investments in processing and marketing have had a positive impact, but that even here this impact is too small to make any appreciable difference. The Swedish MTE report states that whilst the programme has contributed to employment maintenance and creation, in some cases the number of jobs created did not reach the objectives set ex-ante. The Ireland MTE report finds some indirect benefits in terms of employment as a result of assisted actions (for example, associated with drawing up farm plans, etc.). However, neither employment creation nor maintenance is a stated aim of
Pitts and Meredith (2004) note the small contribution of agriculture to rural development in Ireland in any case.

The MTE reports in France, Finland, Italy and the Netherlands considered that it is too early to draw any meaningful conclusions in relation to on-farm employment. In the case of the Netherlands, the MTE report does note a positive impact on employment on supported holdings, but concludes that not enough quantitative information is available at this stage to go beyond this.

The French MTE report states that there has been only limited employment creation as a result of support under the RDP, although the forestry sector is an important exception following the storm damage in 1999 and efforts to rectify this. In the agricultural sector the main impact has been in terms of the maintenance of employment. It was anticipated that Farm Territorial Contracts, which contain an environmental and a socio-economic component, would boost employment, but in practice these are more often used to improve working conditions. Employment creation is not a criteria for support under Chapter II: Young farmers. The impact of support on maintaining employment is most clearly noticeable in Less Favoured Areas, where the RDP is generally focused, in terms of countryside maintenance. Those interviewed commented that a positive impact on employment is only really noticeable in mountain areas where support is focused.

In Finland, the MTE report notes that the decline in the number of farms has slowed since 2000. Between 1995 and 1997, there was a 16% decrease in the number of farms, an 11% decrease between 1997 and 1999, but only a 5% decrease between 2000 and 2002. This is likely to have had an impact on the maintenance of jobs (although whether this is actually a consequence of the RDP and not a function of a declining number of marginal farms is not investigated). In the ALMA area, 3,300 jobs were created or maintained as a result of support under the RDP. Of this total, 90% related to the farm holder, 2% to non-family labour, 30% to women, 60% related to full-time positions and 40% related to gainful activities other than the production of basic agricultural/forestry products. Finally, 20% were the result of supplier effects.

It was not possible to derive meaningful answers from the Portuguese or Luxembourg MTE reports. In the latter case, the MTE report notes a general reduction in agricultural employment, which goes against the national trend. However, it is not possible to say whether the rate of this decline would have been greater without the support available under the RDP. Interviewees in Portugal noted the relative insignificance of the programme in relation to other factors influencing employment, but concluded that a small positive impact on-farm was likely in relation to measures under Chapter V: LFAs and Chapter VI: Agri-environment and off-farm in relation to
measures promoting diversification and alternative activities. Some investments may have resulting in increased labour efficiency which may have resulted in some job losses or greater employment insecurity.

**Off-farm/forestry holding impact**

In the UK, 462 full-time equivalent jobs were created indirectly off-farm as a result of the supplier effect with 674 maintained in England. Of these 35% related to women and 15% were aged under 30 years old. The Wales MTE report contains limited evidence suggesting off-farm employment. This has generally taken the form of contract labour with the exception of support under Chapter VII: Investment in processing and marketing where the impact on off-farm employment is direct. There was no evidence to suggest an off-farm employment impact in Northern Ireland. Agra CEAS Consulting (2005) concluded on the basis of a survey of 20% of Tir Gofal participants in Wales that 170 new jobs were created for off-farm contractors across the scheme. Input-output modelling showed that 385 FTEs were created in the wider Welsh economy between 2000 and 2003.

The Spanish MTE reports conclude that the potential for measures under the RDP to create permanent indirect employment impacts off-farm is low (Catalonia and Navarra). However, some important indirect impacts have been noted in the agri-food sector. Measures with a non-farming target, i.e. some of those under Chapter IX, have also had a limited positive impact on off-farm employment, although implementation delays have reduced the expected impact to date. Interviewees added that whilst employment has been created in relation to forestry, infrastructure and irrigation projects, this is typically of short duration and seasonal.

The Austrian MTE report finds that most of the employment impact off-farm took place in relation to measures under Chapter IX: Article 33. Some supplier effects also resulted indirectly in off-farm employment benefits, although the MTE report makes clear that only a small proportion of value added derives from assisted actions and that as a result, only a small off-farm employment impact can be linked to the RDP. The Swedish MTE report states that whilst the measures under the RDP have resulted in some off-farm employment, targets set ex-ante were not reached in some cases.

Although it is considered too early to properly note off-farm employment impacts in France and Finland, in the former case, measures under Chapter VII: Investments in processing and marketing have increased labour productivity in the agri-food sector, according to the MTE report. However, this has not resulted in any significant impact on employment creation at the aggregate level, although, of course, some projects have resulted in some limited creation of jobs. Employment opportunities off-farm are created in relation to temporary farmer replacement services, tourism
development and diversification, however, there has been little noticeable impact at the mid-term point. In the longer-term, employment opportunities are anticipated off-farm in relation to ‘multifunctional agriculture’.

**Judgement**

The available evidence is mixed with that in some Member States/regions suggesting a reasonably positive impact in terms of employment on farms and others citing a more marginal (but still generally positive) impact. It is possible to conclude from the evidence above that the impact in terms of the maintenance of employment is more significant than any impact on job creation, although significant numbers of jobs have been created in some cases. For details relating to individual measures the reader should refer to CEQs I.5, II.4, VIII.2.B and IX.3, but in England, for example, a total of 3,846 full-time equivalent jobs have been created with 7,233 maintained and in Finland some 3,300 jobs have been created or maintained in the ALMA area. Although there could in theory be an issue relating to the quality of employment in that extra labour may be worked as paid or unpaid overtime and may not therefore contribute to employment maintenance or creation (see comments on the indicators in Appendix 3), there was no evidence to suggest that this is a problem in practice.

There is likely to be a degree of conflict in that measures under some Chapters, for example, Chapter I: Investment on farm and Chapter VII: Investments in processing and marketing, are likely to lead to rationalisation and the better use of factors of production, including labour (see interview responses from Portugal for example), whereas other measures might be more concerned with employment, for example, Chapter II: Young Farmers and Chapter III: Training.

Finally, it is considered in some MTE reports that it is too early to really note an impact in terms of on-farm employment at this mid-term point. In conclusion, the impact of measures under the RDR are likely to have had some positive impacts on employment, but the extent of this will vary according to the balance of measures adopted and the impact is expected to become more clear further into the programming period.

There is reasonable evidence to suggest the potential for the creation/maintenance of employment off-farm through RDP measures in some regions/Member States, and in some cases evidence that employment impacts have indeed taken place. Common Evaluation Question I.5 in Section 3.2.1.3 considers the impact of Chapter I measures on employment and concludes that whilst there is strong evidence for a positive impact, the type of investment supported plays an important role in determining impact and that some investments with the objective of improving
efficiency may in fact result in job losses. The conclusion to CEQ II.4 in Section 3.2.2.3 states that measures under Chapter II: Young farmers have contributed to job security and will also have had a positive impact in terms of job creation in some circumstances. Short-term and small-scale job creation also took place in relation to measures under Chapter VIII: Forestry (see CEQ VIII.2.B in Section 3.2.8.3). Employment was also maintained or created under Chapter IX measures, most notably in the farming population, but also in the non-farming population to a lesser extent (see CEQ IX.3 in Section 3.2.9.3).

Common Evaluation Question I.7 in Section 3.2.1.3 notes that there is strong evidence to suggest that the quality of employment is often increased following assisted actions. A similar impact was noted in relation to measures under Chapter III: Training (see CEQ III.4 in Section 3.2.3.3) where it was recorded that higher remuneration often resulted from participation on training courses.

Despite the above, in many cases the potential for the programmes to create or maintain employment appears not to have been reached at this point in time and the potential is often not considered to be substantial outside the farming population in any case and the overall impact will therefore be heavily related to the importance of the agricultural sector in the wider rural economy.

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

This question was answered in 14 Member States. In more than half the cases (57%) a positive impact was noted in terms of maintaining or improving income in the rural community as a result of the programme. In two cases the impact depended on the region. In one case no change was noted and in two reports it was judged too early to discern an impact. This question was answered using scheme monitoring data, supplemented by national census information and other national datasets. More limited use was made of survey methodologies, semi-structured interviews, discussions with implementing authorities and secondary data. The analysis below is split by criteria, i.e. impact on the farming population followed by impact on the non-farming population.

**Impact on the farming population**

In some German Länder, for example, Bremen and Hamburg, most RDP measures cite income improvements as an objective. In others, only some measures are targeted on income improvements, despite this difference in targeting, several measures have had a positive impact in this regard. In Hessen, Niedersachsen, Nordrhein-Westfalen and Schleswig-Holstein the MTE reports note that real
improvements in the on-farm income position have taken place. In the case of Bayern, this improvement in income has been quantified at €949 per beneficiary household per year.

The Spanish MTE reports also record a positive income effect, although this is only assessed qualitatively. Several comparisons in the income situation before and after participation in RDP measures show an increase in income, although these assessments fail to take into account the background increase in Spanish agricultural incomes over the period as consolidation takes place. Whether the increases noted as a result of RDP measures exceed these general increases is not known in most cases. However, the Catalonia MTE report states that the increase in income for beneficiaries amounts to 30% between 1999 and 2002 compared to a general increase of 24%, implying that the RDP measures have made a positive difference over and above the background trend. That said, when Catalonian incomes are indexed relative to national incomes (set at 100), beneficiaries income index is 71, whereas the Catalonian agricultural sector as a whole has an index of 81. This suggests that beneficiaries are those producers most in need of increases in income which suggests that the measures are well targeted. The MTE report explains that most of the income support comes from measures under Chapter II: Young farmers, Chapter IV: Early retirement and Chapter VIII: Forestry. Investments under Chapter I: Investment on farm and Chapter IX: Article 33 (irrigation) tend to have had an impact in terms of maintaining income. The income impact from Chapter V: Less Favoured Areas is considered to be poor in the MTE report.

That said, interviews in Spain concluded that the impact of the programme on income could be overstated in the MTE reports. Interviewees noted a small, but positive impact, more pronounced for the farming community than in the wider rural community, as might be expected. Part of the positive impact on-farm is considered to result from consolidation and farm amalgamation. Although interviewees considered it too early to be sure of the final impact on incomes in the wider rural community, experience of previous programming periods suggests that this will be moderate, but positive.

The French MTE report concludes that the measures have a direct impact on on-farm income. In pasture areas total subsidy through the RDP amounts to 24% of net income before tax (94% after tax) and even higher proportions in mountain areas. This follows the prioritisation of the RDP in France which is to support extensive livestock systems, especially where they are also remote62. Despite this, incomes in these areas are one-third lower than agricultural incomes elsewhere.

62 This is justified because these farmers are producing significant public goods.
In Austria, analysis of farm account data shows that measures under the RDP maintained or improved on-farm income. No quantification of the extent of this impact is recorded in the MTE report. The most significant impact comes from participation in measures under Chapter I: Farm investment and Chapter V: Less Favoured Areas. A moderate impact is noted from measures under Chapter II: Young farmers, Chapter III: Training, Chapter VI: Agri-environment, Chapter VIII: Forestry and Chapter IX: Article 33, and low in relation to measures under Chapter VII: Investments in processing and marketing.

The Finnish MTE report states that despite the steady trend in consolidation in the sector, basic agricultural and forestry income has not increased recently, although income derived from off-farm income has. This resulted in a 10% increase in total income between 1999 and 2000 (although this is too short a time period over which to make a judgement). The income of non-family employees increased from €3.03 per hour in 1995 to €7.04 per hour in 2000, an average annual growth in nominal terms of 2.7%. In the same period the wages of industrial workers increased by 4.1% per annum. Whilst this does not present a favourable comparison from the point of view of the agricultural sector, the role of the RDP in this is unclear, but likely to be minimal given the time period considered. The MTE report finds that measures under Chapter V: LFAs contributed 15% to total farm income in 2000 and measures under Chapter VI: Agri-environment contributed a further 9%. In the ALMA area, 99% of income amongst beneficiaries could be defined as ‘family farm income’ in 2000. Income from gainful activities on holdings other than the production of basic agricultural/forestry products was estimated in the MTE report at 30% of the total.

The Swedish MTE report notes that beneficiary net income increased between 1999 and 2000 and concludes that it is a reasonable assumption that the compensatory payments within the RDP have contributed to this improvement. However, the contribution made is not quantified. The evaluators of the Ireland RDP stress the importance of the LFA payments which they state have had a positive impact on farm incomes. The afforestation programme is also seen to make a positive contribution.

The Scotland MTE report in the UK finds a variable impact on income. In contrast, three-quarters of surveyed beneficiaries outside the LFA in Wales reported that their income had been maintained or increased over the programming period and in 73% of these case the beneficiary felt that this was as a result of the RDP measures taken up. Measures under Chapter I: Investment on farm and Chapter VII: Investments in processing and marketing were considered useful in promoting pluriactivity. The Northern Ireland MTE report states that 60% of surveyed beneficiaries reported no
income change as a result of measures under the RDP with 22% reporting a positive impact and 14% a negative impact. Little income activity from off-farm activities was reported.

In Belgium, the Wallonia MTE report states that farm income increased by 18% between 1995 and 2002, but the role of the measures under the RDP are not brought out. The Flanders MTE report states that it is not possible to assess the impact of the RDP on farm income, although a small positive impact is anticipated. Measures under Chapter I: Farm investment are expected to produce a positive impact on income in the longer-term, but a negative impact in the short-term while investments are implemented. Funding under Chapter II: Young farmers amounts to approximately 13% of the minimum income for a full-time job. The costs incurred and reductions in revenue from lower outputs under Chapter VI: Agri-environment are considered to outweigh the compensation payments resulting in a negative impact on income. An indirect, but positive impact is expected from measures under Chapter VII: Investments in processing and marketing and Chapter IX: Article 33.

The Danish MTE report finds that while measures under the RDP contribute very marginally to income evolution at the sector level, the impact on individual incomes is, at times, significant. Interviewees reported that although the programme is not particularly focused on improving on-farm income, LFA support does have a positive impact on income in the smaller islands. Some measures under Article 33 are also considered to have had a positive income effect where they support diversification.

The Portuguese MTE report also considered that the impact on individual holdings could be significantly positive, whilst interviewees added that Chapter V: LFAs and also some measures under Chapter VI: Agri-environment could play an important role in sustaining income levels. Agroges (1997), on the other hand, found impact on the mainland farming population to have been in general small in the previous programming period, although more significant where measures were targeted.

**Impact on the non-farming population**

In Spain, the Aragon MTE report states that measures under Chapter VIII: Forestry provide improvements in income both in the farming and the non-farming population. Although not mentioned in the other Spanish MTE reports, this is likely to be a finding that can be generalised. Measure under Chapter VII: Investments in processing and marketing are also cited as having positive impacts on income in the non-farming population. A further boost to incomes in the non-farming population is anticipated once the measures under Chapter IX: Article 33 are fully implemented.
A beneficiary survey in Wales (UK) reported that almost one-third of respondents felt that incomes in the non-farming population had increased as a result of measures under the RDP. Twenty-two percent felt that the tourist sector had benefited while 8% felt that measures to support crafts/local products had resulted in income increases. The MTE report in Northern Ireland stated that there had been no discernible impact on incomes in the tourist sector, although there was evidence to suggest income improvements arising from community arts, heritage and cultural projects. However, interviews in Northern Ireland revealed that forestry consultants, contractors and suppliers are all indirect off-farm beneficiaries in terms of impact on income.

Whilst the Austrian MTE report concludes that measures under the RDP have had a indirect, but positive impact on the income of the non-farming population, this impact is not quantified. The report states that higher income amongst the farming population is spent in the local economy with a knock-on (multiplier) effect. Certain measures such as those under Chapter I: Investment on farm, transport infrastructure measures and measures relating to biomass energy plants are all considered to have positive impacts on income in the construction sector in rural areas. Finally, direct (positive) impacts arise from measures supporting tourism infrastructure and competitiveness in the agri-food sector.

The MTE report in Finland states that payments under Chapter V: LFAs and Chapter VI: Agri-environment play an indirect role in facilitating tourism and hence have a role in increasing incomes in the tourist sector. The income on assisted holdings in the ALMA area is split as follows: 20% to 25% relating to rural tourism and 70% relating to local crafts/products. Seventy percent of total income arises indirectly as a result of supplier and multiplier effects.

The programme was considered to have supported the incomes of certain sectors of the non-farming rural community in Luxembourg, according to those interviewed, although the impact for the rural community as a whole has been negligible. Areas where an impact has been noted include the milk processing sector, the marketing of regional products and tourism.
The French national MTE report finds that the impact of the RDP on the income of rural populations is limited due to the combination of four main factors:

1. the agricultural population represents only a small proportion of total rural population;
2. there is little programme contribution to diversification and quality improvements;
3. the fact that the support is centred on the agricultural industry provides for little synergy with local area development programmes; and,
4. agri-environmental measures contribute little financially.

However, the Objective 2 regional MTE reports suggest that rationalisation of market outlets under Chapter VII: Investments in processing and marketing, rural development arising from measures impacting on the tourist industry under Chapter IX: Article 33 has a direct impact on non-agricultural incomes (as well as an indirect impact on agricultural incomes). Further, relatively simple, broad RDP measures may facilitate the parallel implementation of local government programmes that are more focused on the wider rural community/economy. It is unclear at this mid-term point which of these views is more relevant. That said, interview respondents noted that support to (predominantly) the agricultural sector had knock-on effects in the wider rural community, especially through the relationship between the agricultural sector and rural tourism. These indirect impacts are considered to be especially important in more isolated rural areas.

The German MTE reports generally conclude that the impact on income in the non-farming population as a result of measures under the RDP is not quantifiable, although is expected to be positive in Baden-Württemberg, Bremen, Hamburg, Rheinland-Pfalz, Saarland, Sachsen, Sachsen-Anhalt and Thüringen.

Finally, the Ireland MTE report states that the RDP does not support the non-farming population and therefore no impact on income is expected. Those interviewed in Denmark also expected little impact on the incomes of the non-farming population.

Interview respondents in Basilicata (Italy) noted that there had been a positive income effect in the rural community and also that the programme had helped to diversify income sources on-farm, thus reducing income risk.

Judgement

Logically, where measures provide revenue there will be a positive impact on gross income. However, the impact on net income will depend on the impact of the measures on cost and/or output. In the case of Chapter VI: Agri-environment, income forgone, costs incurred and an incentive can be taken into account in
setting payment rates and therefore, at least in theory, there should be a financial advantage following participation in schemes (although whether payments do actually cover costs and provide an incentive has been the subject of much research). To the extent that organic farming attracts a price premium, participants in organic farming schemes should also note increased income (although the negative impact on yields is noted). With respect to measures involving investment, it is highly likely that a short-term negative impact on net income will be apparent, although the expectation would be that this impact will turn positive in due course. Evidence under CEQ I.1 in Chapter I: Investments on farm suggests that the type of investment made is a crucial determinant in any impact on income (see Section 3.2.1.3).

The evidence above suggests that on balance there has been a positive impact on on-farm income in many cases, although this is often not quantified and the relationship between changes in income and measures under the RDP is not always fully considered. Given this, and the fact that no appreciable impact on on-farm income was noted in some regions/Member States, it is not possible to conclude with great confidence that the evidence supports the hypothesis in the previous paragraph that the measures should, at least in some cases, result in income improvements. However, that is not to say that there is no positive impact, simply that the evidence to demonstrate this is not yet sufficient, at this mid-term point, to draw this conclusion across the EU. Interviews in Italy suggested that support may have helped to reduce income risk by diversifying income sources.

It is likely that the multiplier effect will mean that some portion of income increases in the farming population as a result of measures under the RDP will filter through to the non-farming population, especially where the agricultural sector is well linked to the wider rural economy (see interview response in France, for example). This is especially likely to be the case where certain measures anticipate a link. For example, measures under Chapter I: Investment on farm are likely to provide indirect income benefits to the construction sector and measures under Chapter V: LFAs, Chapter VI: Agri-environment and Chapter VIII: Forestry may well provide indirect income benefits in the tourist industry. Of course there are also some measures likely to have a more direct impact, notably those under Chapter IX: Article 33 (although in relation to these measures it is often considered too early to make a proper judgement, see CEQ IX.1 in Section 3.2.9.3).

That said, the evidence to support the above contention is not generally available, at least at the mid-term point in the programming period. As a result, it is only possible to conclude that it is likely that measures under the RDP benefit incomes in the non-farming population and that this benefit will depend on the measures
adopted and the extent to which the agricultural sector is important in the wider rural economy.

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

This question was answered in the MTE reports of 14 Member States. In half the MTE reports it was considered that the programme had had a positive impact on the market situation for basic agricultural and forestry products. In one case the impact depended on circumstances. In 43% of cases it was considered too early to note an impact. This question was answered using scheme monitoring data, supplemented by national census information and other national datasets. More limited use was made of FADN data, survey methodologies, semi-structured interviews, discussions with implementing authorities and secondary data. The analysis below is split by criteria, i.e. impact on productivity and production costs followed by impact on market positioning and then impact on turnover and price.

**Impact on productivity and production costs**

Evidence drawn from the farm account network in Austria shows that the ratio of turnover to costs has increased for beneficiaries during the programme implementation period. Support under Chapter I: Investment on farms is considered to be an especially important driver of this change. Beneficiaries under Chapter VII: Investments in processing and marketing also witnessed an improvement in this ratio.

All Spanish MTE reports conclude that measures under the RDP have helped the agricultural sector to significantly increase competitiveness. Measures relating to irrigation, those under Chapter I: Investment on farm, Chapter IV: Early retirement and Chapter VII: Investments in processing and marketing are the most important measures in this regard. Interview respondents from the government, farmer organisations and the agri-food sector in Spain agree that the programme has provided a strong impetus for improved product quality and competitiveness in the agri-food sector, mainly as a result of measures under Chapter I: Investments on farm, Chapter VII: Investments in processing and marketing and Chapter IX: Article 33. This implies a benefit for the producers of basic agricultural products, although farmer organisations are concerned that the transfer of this benefit is only partial. A greater impact would be noted for producers through increased participation in further processing through integration.

Those interviewed in Denmark feel that investments in productivity improvements (often combined with improvements in health and safety) are considered to be major achievements of the programme, especially in the pig and dairy sectors.
However, scheme adjustments have subsequently focused the support on more niche products with additional support in this regard being drawn from Article 33 measures, for example, the branding and innovative marketing of apples and apple products.

The Finnish MTE report states that the ratio of turnover to cost was 1.41 on average between 1995 and 1999 and 1.39 (for beneficiaries) on average between 2000 and 2002, implying little change as a result of the RDP measures.

Whilst it is generally considered too early to note an impact on costs in the UK (England), the Energy Crops Scheme has resulted in reductions in establishment costs. In Wales, 27% of surveyed beneficiaries of the Farm Improvement Grant scheme under Chapter I: Investments on farms reported reductions in production costs. In Northern Ireland, the majority of surveyed beneficiaries reported no change in productivity as a result of assisted actions, although 12% reported a decline (which might well be temporary whilst investments are fully implemented).

No real impact on productivity was noted in Belgium (Flanders) as an integrated chain approach is lacking. Although interviewees explained that labour productivity increased in the Luxembourg wine sector as a result of support, the impact of this was balanced by increases in investment costs leaving it unclear whether there had been overall benefit.

The German, Italian, Netherlands and Ireland MTE reports all found that it was too early to come to a conclusion on the impact of measures on productivity and cost reduction. The Netherlands MTE report added that an important share of measures under the RDP are concerned with improving working conditions rather than productivity and thus a significant impact on productivity is not anticipated.

The Niedersachsen MTE report in Germany reports that supported improvements in agricultural infrastructure have resulted in reductions in costs. Elsewhere in Germany impacts on productivity and cost are barely detectable, mainly because a longer time period is needed for these impacts to become apparent (Berlin, Baden-Württemberg, Hessen, Niedersachsen, Nordrhein-Westfalen, Schleswig-Holstein and Saarland). The Bremen and Hamburg MTE reports state that measures under Chapter I: Investment on farms provide positive impacts on productivity and costs, although these are not quantified.

Impact on market positioning
The French MTE report states that holdings are actively engaged in a quality improvement process with support under the RDP. This is driven in part by measures
under Chapter VI: Agri-environment (organic and less intensive production systems), Chapter VII: Investments in processing and marketing and the requirements of the agri-food industry. Interviewees in France noted that quality schemes tend to result in the creation of distinct market segments and impact is therefore confined to groups of producers rather than to producers in general. It was also explained that improvements to the market situation for basic products were more likely for niche products and that little impact would be noted in commodity producing sectors. Potential impact has been diluted to some extent by the fragmentation of the quality sector into a myriad of small independent schemes and coupled with retailer reluctance to pass higher prices back to producers the impact on the production sector has been mitigated to some extent. Greater involvement of regional bodies to structure quality initiatives would be useful according to some of those interviewed. Indeed, the focus of support has been altered since the beginning of the current programming period towards a more regional/territorial approach with Geographical indications.

The Austrian MTE report cites significant improvements in added value for organic producers (especially where they are also recipients of support to provide tourist accommodation) following support under the RDP. Increases in added value are also high among beneficiaries participating in quality schemes and where they have become ISO certified. However, the measures have not had a major impact in terms of increasing the share of production subject to quality improvement as a result of the success of the previous programming period in this regard. The extent of impact in terms of market positioning depends on the measure. Support for the direct marketing of organic produce to canteens, hospitals, etc. has had a positive impact on market positioning and it is estimated in the MTE report that participants of the measure for the marketing of agricultural quality products increased their profit by 0.8 million between 2000 and 2003.

The Finnish MTE report concludes that added value in the agri-food sector has been increased as a result of interventions under the RDP. The average value added to agricultural products per farm decreased between 1995 and 1999 by 5% a year in real terms. In contrast, the increase between 1999 and 2000 was 30% and between 1995 and 2001 40% (although this is not a long enough observation period to determine if this is a trend or a temporary phenomenon). Added value in the agri-food industry has also increased, according to the MTE report. The quality of Finnish products has increased over the past decade, milk and meat in particular. The fat content of pork and beef has also decreased. Interviewees noted that the situation of those producing basic agricultural products has improved as a result of the support offered through 22 cross-regional projects with a combined budget of some €9.8 million. Whilst interviewees in Luxembourg noted improvements to product
quality as a result of support, quantification is not possible. Quality labelled products now account for half of all beef products in Luxembourg, helped to some extent by measures under the programme.

In the UK the England MTE report finds that less than one percent of agricultural product on supported holdings has benefited from quality improvements. Support for organic producers, on the other hand, is considered to have had a more significant impact, even to the point where over-supply of some products is an issue. Little impact on market positioning was noted as a result of support under Chapter VII: Investments in processing and marketing due to the relatively small extent of support in the overall market context. In Wales, a beneficiary survey concluded that one-third of participants in the Farm Improvement Grant scheme had witnessed an improvement in value added per hectare or per hour. More than half of respondents (52%) claimed an improvement in product quality. Two thirds of surveyed beneficiaries in Northern Ireland reported no impact on added value. However, 28% of those who had joined a quality scheme as a result of support noted an increase in sales volume and 22% noted an increase in value added.

The Danish MTE report finds that measures under the RDP contribute to investments and rationalisation which result in better market positioning through increased competitiveness. The Swedish MTE report informs that the measures have contributed to increasing the share of organic production in total production and that this has had a positive impact in terms of value added. Although not quantified, the MTE report from Portugal states that the measures under the RDP have improved the market situation for organic and other less intensive producers, almost entirely as a result of measures under Chapter VI: Agri-environment.

It was considered too early to note an impact in Italy, Ireland, Germany, the Netherlands and Wallonia (Belgium). The Thüringen MTE report in Germany reports a slight worsening of the market situation following assisted actions, although this appears to be an isolated case. In general a stabilising effect is noted in other German MTE reports. The Netherlands MTE report anticipates an improvement in the market situation for agricultural and forestry products as a result of support, but states that this will only become apparent in the longer-term. Interviewees in Basilicata (Italy) noted that improvements to rural infrastructure and irrigation systems made under the programme had improved the market situation of basic agricultural and forestry products.

**Impact on turnover and price**
Econometric analysis in Austria demonstrates an increase in turnover as a result of support under the RDP relating to measures under Chapter I: Investment on farms
and Chapter IX: Article 33. Beneficiaries of the measure relating to the marketing of quality products increased their turnover as a result of direct marketing and the renting out of tourist accommodation. However, the success of the organic production scheme under the previous programming period meant that gross turnover increases were not significant. Significant increases in turnover were, however, apparent in relation to measures under Chapter I: Investments on farm and Chapter VII: Investments for processing and marketing. An increase in turnover in relation to the marketing of quality products was also noted, although this varied considerably according to the product line. Higher prices were obtained by some organic producers as a result of assisted actions and beneficiaries of measures under Chapter III: Training obtained slight increases in the price they received for milk. Beneficiaries of measures under Chapter VIII: Forestry also received slightly higher prices.

The total turnover of the agricultural and horticultural sector increased by 1.8% a year in real terms in the previous programming period and by 4.8% per year between 2000 and 2003 suggesting a positive impact from the measures under the RDP, although the MTE report does not assign causality to the measures implemented. The agri-food industry also witnessed a higher increase in turnover in the current programming period, although again, causality is not assigned.

Whilst interviewees in Luxembourg believe that that unit value of some products has increased as a result of the measures, particularly in the wine and meat sectors, the impact of this for producers has been balanced by decreases in output, also as a result of the programme.

Whilst there is some limited perception amongst those interviewed in Denmark that the total value of sales of niche products has increased as a result of the support, it is considered more likely that support has contributed to the maintenance of existing sales levels. Little impact on the unit value of sales has been noted and Jacobsen (2004) notes that conversion to organic production has not been particularly successful.

In the UK the England MTE report found that there had been a positive impact on price, although it was not possible to assess this fully at the mid-term point. A survey of beneficiaries in Northern Ireland revealed that 20% had noted an increase in price as a result of assisted actions.

In contrast, the Spanish MTE reports state that there has been no impact on prices as a result of measures under the RDP. In relation to measures under Chapter VII: Investment in processing and marketing, improvements in price were confined to co-
operatives and in some cases to organic producers (assisted by measures under Chapter VI: Agri-environment) and those using quality labels. The fact that measures under Chapter VIII: Forestry were oriented towards conservation objectives rather than production objectives explains the lack of an impact on turnover and price here.

Judgement

Where evidence was available, it generally suggests a positive impact from RDP measures on productivity and production costs, although in one case (Finland) there is no real suggestion of a positive impact. In most cases, however, it was considered too early to provide a proper judgement on this issue. Improvements in productivity and in terms of reduced costs are more likely to arise from some measures than others and the national focus is also important. For example, measures in Spain are more clearly likely to have a positive impact while in the Netherlands the focus is more on improving working conditions rather than increasing productivity. In conclusion, it is likely that by the end of the programming period evidence will be available to suggest that a positive impact on productivity arises from assisted actions where support is focused on this outcome, for example in Member States such as Spain, Denmark and Austria. In other Member States where support is less focused on productivity increases a less significant longer-term impact is expected (for example, the Netherlands or Flanders (Belgium) where an integrated chain approach is lacking).

There is a body of evidence to suggest that the marketing situation of agricultural products has been improved through support under the RDP. This appears to be particularly the case with respect to measures relating to organic and other less intensive production systems, but also with respect to irrigation and infrastructure improvements (see Italian interview responses). It is therefore possible to conclude that measures under Chapter VII: Investments in processing and marketing have a positive impact in this regard and that this impact is likely to become more significant over a longer period of time. That said, only a small proportion of supported investments under Chapter I: Investments on farm have been designed specifically to improve product quality, although this is often a (significant) side effect (see CEQ I.4 in Section 3.2.1.3). The conclusion to CEQ VII.2 in relation to measures under Chapter VII: Investments in processing and marketing also finds that assisted actions have resulted in quality improvements (see Section 3.2.7.3).

There is mixed evidence relating to the impact of measures under the RDP on turnover and price making a general conclusion hard to arrive at. It is, however, reasonably clear that prices for organic produce and for produce derived from other less intensive production systems are more likely to increase than are general prices. Products sold under quality labels also often see price increases as a result of
assisted actions. However, these increases may be offset to some degree by reductions in output (see Luxembourg interview responses).

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

This question was answered in all 15 Member States. In 80% of MTE reports it was found that the programme has been conducive to the protection and improvement of the environment. In one case the impact depended on circumstances and in two cases it was considered too early to form a judgement. This question was answered using scheme monitoring data, supplemented by national census information and other national datasets. More limited use was made of FADN data, survey methodologies, focus groups, semi-structured interviews, discussions with implementing authorities and secondary data. The analysis below is split by criteria.

Impact on the environment

The French MTE report states that just over half (56%) of total RDP budget was spent on environmental and forestry actions. The most financially significant measures contributing to this are under Chapter V: LFA and Chapter VI: Agri-environment, in both cases targeted towards grassland. Including other expenditure, grassland accounts for 80% of the RDP finances at the mid-term point. Environmental protection is also an important theme in the German RDPs. Measures relating to the environment had a financial input between 5% (Hamburg) and 99% (Sachsen) and typically accounted for half of all expenditure\(^63\). The proportion of spending on measures generating a positive environmental impact ranged from 5% (Hamburg) to 72% (Rheinland-Pfalz). Typically the proportion was 38%\(^63\).

The Spanish MTE reports conclude that there has been a positive (but modest according to those interviewed) impact on the environment, mainly as a result of measures directly targeted on the environment (those under Chapter VI: Agri-environment, Chapter VIII: Forestry and Chapter IX: Article 33). That said, there are only indirect and marginal impacts from measures under other Chapters and this might demonstrate a lack of consideration of the environment as a horizontal objective (there is no suggestion that measures under the RDP resulted in negative environmental impacts). The government and environmental organisations agreed in interviews that a greater degree of co-ordination and planning is required to improve the aggregate environmental impact of the programme.

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\(^63\) A straight average of the proportion of spending on measures relating to the environment across all Länder is 49.9%. This average really should be weighted to take account of different total budgets in different Länder, but this information was not available at the time of writing.
In the UK, the England MTE report states that 97% of total programme costs and 98% of all projects were entirely or mainly intended for environmental protection or enhancement. The share of supported actions focusing on production and development aspects of generating positive environmental spin-offs was 2.7% in terms of costs and 3.0% in terms of projects, of which 76% related to cleaner technology and 24% to improved agricultural practice. Strong evidence in favour of environmental protection is presented through case study work in the MTE report for Scotland. A number of environmental spin-offs were generated through reducing stocking levels, the reintroduction of heather and improved water quality. There was no evidence of any negative environmental impacts as a result of measures under the RDP. The Wales MTE report states that measures under Chapter VI: Agri-environment account for approximately a quarter of total spending. The measures under Chapter V: LFA account for more than half of total spending (approximately 56%) with almost 2% of this spent specifically on environmental enhancements. No negative impacts on the environment were reported. The Northern Ireland MTE report finds that 41% of spending relates to direct environmental protection (spending under Chapter V: LFA is considered to only provide indirect environmental benefits). Interviewees in Northern Ireland added that a requirement to ensure that environmental aspects of forestry projects are maintained or improved means that at least maintenance of the environment should be provided for in relation to forestry measures.

Sixty-four percent of total funds spent under the Austrian RDP are entirely or mainly aimed at environmental improvement or protection, almost all of this arises from measures under Chapter VI: Agri-environment. The proportion of funds with a focus on production and development aspects with positive environmental spin-offs is 17% (mainly measures under Chapter I: Investments on farm and Chapter V: LFA). Compliance with Good Farming Practice is an eligibility requirement for all measures in Austria and this provides a minimum level of protection across the whole RDP and ensures that there are no negative environmental impacts in the longer-term (there may be some short-term negative impacts arising from the construction phases of infrastructure projects).

The share of supported actions entirely or mainly intended for environmental protection in Finland is 34% of total programme costs, according to the MTE report. Payments under Chapter V: LFA are conditional on the beneficiary upholding certain environmental standards and as such support under this Chapter (which amounts to 35% of annual spending) has positive environmental spin-offs. No negative environmental impacts were reported.
In Belgium the Wallonia MTE report states that 11.5% of projects have protection of the environment as a direct aim with a further 7.0% resulting in indirect benefits. Of these projects, 4% were concerned with waste management and 12% with water management. The Flemish MTE report makes the point that the implementation of the RDP in Flanders has agriculture as the primary objective rather than the environment, although the impact on the environment has nevertheless been positive. Direct impacts derived from measures under Chapter I: Investment on farm, Chapter VI: Agri-environment (most significantly), Chapter VII: Investments in processing and marketing and Chapter IX: Article 33 (to a lesser extent). Indirect impacts were derived from measures under Chapter III: Training, Chapter VII: Investments in processing and marketing and Chapter VIII Forestry. The support for organic farming under Chapters VI: Agri-environment, Chapter III: Training and Chapter IX: Article 33 provided synergies in terms of environmental impact.

Those interviewed in Luxembourg noted that improving the environment is one of the main objectives of the programme. The intended widespread geographical impact has been achieved mainly through measures under Chapters V, VI and VIII. Additionally, around half of total spending under Chapter I: Investments on farm was associated with environmental objectives. Approximately 30% of total spending is thought to have had a directly positive impact on the environment with a further 30% delivering indirectly positive impacts. The continuity in the measures across programming periods should ensure that this impact is long-term.

The Netherlands report concludes that the RDP measures have been relatively successful in terms of protecting and improving the environment. Forest area has increased, groundwater quality and water storage facilities have improved and overall less water is used. There is a requirement that assisted actions should have no negative environmental impacts and none were reported.

The conclusion from the Swedish MTE report is that some measures under the RDP make a positive contribution to the protection and improvement of the environment. Measures under Chapter VI: Agri-environment and, to a lesser extent those under Chapter V: LFAs, were mentioned by interviewees in Portugal as having significant environmental benefits. Schemes having an environmental impact are considered to have been moderately successful by interviewees in Denmark, although implementation has been slow in some cases. Negative environmental impacts are thought to have been marginal, at least direct impacts, although some indirectly negative impacts might arise from, for example, increased tourism in attractive rural areas.
Interviewees in the Italian region of Lombardy explained that assessing the environmental impact of the programme at the aggregate level is highly complex as a result of all the possible interactions and that it was impossible to come to a conclusion at this level. Interviewees in Basilicata highlighted in particular the positive environmental impact of investments in water infrastructure.

**Impact on land-use patterns**

The focus on grassland under the French RDP implies a focus on extensive and generally environmentally friendly livestock systems. However, support measures under Pillar one of the CAP apply pressure in the opposite direction. This, coupled with the lack of geographical targeting under Chapter VI: Agri-environment, tends to mitigate the development and maintenance of these environmentally beneficial systems where they are marginal and reduces the positive impact on more intensive livestock systems. Support for the marketing of more environmentally friendly products (from organic and other less intensive production systems) has had an indirectly positive impact on the share of land under these systems, although this impact has been insufficient to maintain the position of France as one of the EU’s leading organic producers.

Some German MTE reports show that the share of land under organic or other less intensive production systems has increased or been maintained (Bayern, Niedersachsen and Sachsen-Anhalt). In the case of Rheinland-Pfalz these production systems account for 10% of the total UAA.

The England MTE report (UK) informs that there has been an increase of 25% in the area under beneficial land use. Of this, 13% is under permanent crops, 8% is arable land and 64% is not cultivated. The Scottish MTE report also states that there is evidence of beneficial land-use change.

In Finland, the MTE report notes that measures have resulted in a higher coverage of winter field crops, primarily in the south which is dominated by cereal production. There has been a decrease in the area under grassland as cattle numbers have declined: measures under Chapter V: LFA and Chapter VI: Agri-environment have had no impact on grassland area. On the other hand, the area under organic production has increased as a result of assisted actions. The use of crop rotations is recommended, but is not a requirement. The non-cultivated and semi-natural area of assisted holdings increased by 184% between 1999 and 2002.

The Austrian MTE report states that more than half (54%) of total RDP funds are spent on measures which result in beneficial land-use change. In Belgium, the Wallonia MTE report reveals that 1,233 hectares of permanent crops subject to measures
under the RDP have seen beneficial land-use change as a result of assisted actions. Beneficial land-use change has also occurred on 1,878 hectares of arable land under RDP measures.

Interviewees noted that the afforestation measure is the only one considered to have had an impact in terms of altering the landscape in Portugal, with LFA and agri-environment support having an impact only on production practices. That said, both these measures have contributed to maintaining land in agricultural production with a positive landscape impact.

**Impact on pollution of natural resources**

The MTE report from France mentions that there has been a shift away from a focus on small areas in agri-environment measures to a broader coverage with no targeting on environmental priorities under the current programming period. With respect to environmental issues where geographical targeting is important, for example, in relation to water quality, the report concludes that the programme has failed to alter negative trends. Where diffuse action can have an impact, for example in relation to landscape and biodiversity, the environmental impact of the programme is considered to be positive (except in relation to Natura 2000 as a result of delays in implementation). The broad but shallow approach has also had a positive impact in changing attitudes towards the environment in the agricultural sector in relation to issues such as soil protection and hedging, even where funding is limited. However, the impact in relation to greenhouse gas emission has been negligible, partly as a result of the use of measures under Chapter VIII: Forestry to clean up storm damage rather than for afforestation. That said, Chapter VII: Investments in processing and marketing, had some positive impacts on emissions in the agri-food sector.

The implementation of the RDP in Germany has resulted in the improved protection of water resources according to the Niedersachsen and Nordrhein-Westfalen MTE reports. This was especially the case in relation to groundwater pollution in Brandenburg, Bayern, Hessen, Bremen, Hamburg, Rheinland-Pfalz, Schleswig-Holstein and Thüringen. Reductions in greenhouse gas emissions were noted in the Baden-Württemberg, Bayern and Saarland MTE reports.

The England and Northern Ireland MTE reports in the UK claim that there has been a positive trend concerning carbon dioxide emissions as a result of assisted actions. In Austria, the MTE report states that 53% of all funds had an impact in terms of reducing/stabilising water pollution. Although reducing greenhouse gas emissions was not an aim of the RDP in Austria, some support for investments in technical
facilities and biomass plants had direct positive impacts in this regard and many other measures had indirect positive impacts.

The MTE report from Finland informs that the emission of carbon dioxide as a result of the application of lime reduced by 6% between 2000 and 2001 and emissions as a result of organic soils by 3%, although to what extent these form parts of trends is not known. The emission of nitrous oxide related to manure management has been decreasing steadily between 1990 and 2001 and the decrease between 2000 and 2001 was 4%, although the role of the RDP in this is not clear. Digestive methane emissions from livestock also decreased over the course of the 1990s with a 1% decrease during the present programming period. On the other hand, methane emissions from manure management increased by 4% between 1990 and 2001, although again, assigning any causality to the measures under the RDP is not possible.

Some 939 hectares of basic agricultural production reduced or stabilised pollution of water resources as a result of assisted actions according to the Wallonia MTE report in Belgium. The Flanders MTE report states that green cover and field borders have improved water storage in soil as a result of measures under Chapter VI: Agri-environment. Measures under Chapter I: Investment on farm has resulted in less use of surface and groundwater. There has also been a reduction in the use of fertiliser in areas where groundwater is used for drinking and less leaching of fertiliser into water courses. It was not possible to quantify the impact of measures on greenhouse gas emissions.

Finally, the MTE report from Portugal suggests that pollution emissions have been reduced as a result of assisted actions, but this is not quantified.

**Impact on the rural landscape**

The French MTE report states that whilst landscape maintenance is mentioned as a key element in multi-functional agriculture under the RDP, landscapes are not a priority theme in terms of programme implementation. That said, a de facto contribution to landscape maintenance is reported through measures under Chapter V: LFAs. The MTE report goes on to say that the current programme shows a lack of focus on peri-urban areas where landscape maintenance is particularly important. A poor treatment of landscape issues was also noted in the Spanish MTE reports.

The German MTE reports in contrast highlight beneficial impacts on landscapes through land consolidation (Baden-Württemberg, Rheinland-Pfalz and Saarland), agri-environment measures (Brandenburg, Rheinland-Pfalz and Thüringen), forestry
and village renewal (Rheinland-Pfalz), in terms of cultural identity (Sachsen) and through landscape coherence (Thüringen).

The MTE report from Finland notes that 98% of supported area in 2002 can be classified as contributing to landscape coherence through uptake of measures under Chapter VI: Agri-environment. Twelve percent of supported area in 2002 can be classified as contributing to landscape differentiation and 1% contributed to cultural identity. The share of permanent crop area within total UAA declined from 29.5% in 1996 to 28.7% in 2000 and again to 26.4% in 2002; the RDP thus appears to have had little impact on this trend.

The Scotland MTE report notes a beneficial impact on landscape, but this is not discussed in detail. Three-quarters of surveyed beneficiaries in Wales reported that, in their view, the RDP had resulted in a beneficial impact on landscape. The Austrian MTE report notes that 68% of funding under the RDP relates to measures with positive impacts on landscape. The Wallonia report in Belgium states that 4,705 hectares under RDP measures contribute to maintaining or enhancing the rural landscape. The Flanders MTE report comments that whilst measures under Chapter VI: Agri-environment and Chapter IX: Article 33 have positive impacts on the landscape, synergies between the two Chapters are lacking. Projects with an impact on landscape are generally small-scale and fragmented which tends to reduce any potential impact. The MTE report from Portugal claims that rural landscapes were maintained, but does not provide any further detail on this.

Judgement
Where evidence is available it demonstrates that a relatively large proportion of funding under the RDP is devoted to protecting or improving the environment. The most important Chapter in this regard is, as might be expected a priori Chapter VI: Agri-environment where in particular it is considered likely that there are direct positive impacts in relation to soil erosion and soil quality in term of reduced contamination (CEQ VI.1.A), reduced use of chemical fertilisers, manure and plant protection products (CEQ VI.1.B and CEQ VI.2.A) and biodiversity (CEQ VI.2.B). The reader should refer to Section 3.2.6.3 for further details.

Indirect positive impacts on the environment are noted from measures under a number of other Chapters (see CEQ I.6 in relation to measures under Chapter I: Investments on farm, Section 3.2.1.3, FEQ III.3b in relation to measures under Chapter III: Training, Section 3.2.3.4, CEQ VII.5 in relation to measures under Chapter VII: Investments in processing and marketing, Section 3.2.7.3 and CEQ IX.5 in relation to measures under Chapter IX: Article 33, Section 3.2.9.3).
There appears to have been no incidences of negative environmental impacts and eligibility criteria coupled with requirements to follow Good Farming Practice should ensure that this is the case across the EU (see in particular CEQ V.4A in relation to measures under Chapter V: LFA, Section 3.2.5.3). That said, some short-term negative environmental impacts are mentioned in the Austrian MTE report in relation to road building and conflicts between investment and the environment are mentioned in Spain in relation to irrigation (although in this case successfully mitigated) and in France in relation to land drainage. Interviews in Denmark suggested that long-term negative environmental impacts might arise through increased tourism in rural areas.

The evidence in relation to beneficial land-use change is more limited, although where it is available it generally suggests that beneficial changes have occurred, although the extent to which this is the case differs. One of the more significant impacts appears to be in relation to the land under organic farming systems, although interviews in Portugal suggest that this measure impacts on production practice rather than land use, although this may not be the case in other regions/Member States.

Evidence in relation to the pollution of natural resources is patchy, but there is a body of evidence to suggest a positive impact on water resources (mainly related to pollution rather than depletion) with the notable exception of France and it is considered likely that the RDR has made a positive difference to water pollution across most of the EU. There is less evidence in relation to greenhouse gas emissions and it is not possible to form a generalised judgement on this issue at this point in time.

Evidence on the impact of the RDR on landscapes is relatively sparse and is mixed with a poor impact noted in France and Spain. A better impact was noted in some other Member States, but it is not possible to provide an overall judgement on the basis of the evidence available.

3.3.1. Cross cutting summary

Whilst it is reasonably clear that the measures have had a positive impact on the farming population, this has not generally translated into an impact in terms of stabilising the wider rural population, mainly because the agricultural sector is simply not significant enough in the wider rural economy (a point also made by EPEC, 2004). That said, the impact of measures on the wider rural population is likely to be more significant in the more marginal, remote and agriculturally reliant regions of the EU where rural depopulation is a more significant threat than in rural areas closer to urban centres.
The impact of the measures on the maintenance of employment is more significant than the impact in terms of job creation and the impact on-farm is, not unexpectedly, more significant than the impact off-farm, which also tends to be of a more short-term nature. However, there is a possible conflict between measures promoting efficiency and those seeking the maintenance/creation of employment. The extent of the employment impact will to some extent depend on the balance of measures adopted at the region/Member State level with some measures more likely to result in positive employment impacts than others (Chapter I: Investments on farm compared to Chapter VI: Agri-environment, for example. For details relating to individual measures the reader should refer to CEQs I.5, II.4, VIII.2.B and IX.3, but in England, for example, a total of 3,846 full-time equivalent jobs have been created on-farm with 7,233 maintained and in Finland some 3,300 jobs have been created or maintained in the ALMA area. There has therefore been a substantial impact on employment even at the mid-term point.

Whilst the measures are likely to have had a positive impact on on-farm income, the evidence to support this is not as robust or as widely available as it might be at the mid-term stage. EPEC (2004) also note that the extent to which evidence is substantiated or quantified is variable. A positive impact on income in the non-farming population is also expected as a result of multiplier effects and also directly as a result of measures targeted beyond the agricultural sector. Again, evidence at the mid-term stage to support this hypothesis is not generally available. A more complete assessment of the impact on income should be possible at the ex-post stage.

Whilst in most cases it was considered too early to provide a proper judgement in terms of impact on productivity and production costs, where evidence is available it generally suggests a positive impact. Regional/Member State priorities play a role in the extent of impact with an investment focus on competitiveness more likely to yield this type of result than a focus on working conditions and environmental impact. There is more evidence to suggest a positive impact in terms of market positioning, especially in relation to production from organic and other less intensive systems. Whilst only a small number of projects had the objective of improving quality, this was often a (significant) side effect. Although there is a general lack of evidence in relation to impact on turnover and price, it appears that prices for products from organic and other less intensive systems and products sold under quality labels are more likely to have benefited from price rises than other non-differentiated products.

A relatively large proportion of funding under the RDR is devoted to protecting and improving the environment and there are both direct and indirect positive impacts from a range of measures, although as EPEC (2004) also note, much of the evidence
relies on the assumption that agri-environmental measures have positive outcomes. Additionally, the general requirements to follow Good Farming Practice and to comply with minimum environmental standards should ensure that even where measures might promote intrinsically environmentally unfriendly activities, for example, irrigation and infrastructure projects, these are carried out with the minimum environmental impact. Evidence in relation to beneficial land-use changes, the pollution of natural resources and landscapes is more limited, but is generally positive where available.

3.4. Assessment of the evaluation system

3.4.1. Use of Commission Evaluation Guidelines

The requirement to use the Commission evaluation guidelines in the mid-term evaluations was clear and a range of supporting documentation to assist evaluators in following the guidelines was available, most notably the Commission document VI/12004/00 Final. In the vast majority of cases the guidelines were closely followed in terms of using the structure implied by the Common Evaluation Questions. However, this does not mean that the CEQs were in all cases widely answered using the specified indicators (see Section 3.4.2), or that where they were used they were used to the degree of quantification specified. There is a difference between using the CEQs to a limited extent (for example, in a qualitative manner) and using them exactly as set out in the guidelines.64

Specific comments on the guidelines and their use were made including the following:

- The indicators set out in the guidelines generally do not require impacts to be quantified, tending to focus on whether an improvement was noted rather than the degree of improvement made. This makes it difficult to form a judgement on the degree to which support has yielded positive results and means that the evaluation framework is rather qualitative, although the indicators give the impression of being quantitative.
- The previous comment should be tempered by the view that the guidelines were considered by some evaluators to be ambitious in terms of what could be achieved and to imply considerable expectations in terms of data availability. The level of quantification required was in some cases considered impossible to obtain (either technically impossible or impossible at an acceptable cost/burden on beneficiaries) and often alternative, more qualitative, indicators were developed instead.

64 Although it is acknowledged that the guidelines state that CEQs should be used to the extent possible.
• It was considered relatively easy to follow the guidelines for some Chapters (such as Chapter 1: Farm Investment) and harder to do so for others (notably Chapter VI: Agri-environment and Chapter IX: Adaptation of rural areas).
• The Objective 2 reports in France are a special case in the Lot I context and 90% of these (18 from 20) do not follow the DG Agri guidelines, but rather (loosely) the DG Regio evaluation guidelines (also generally used within the Objective 1 regions- Lot II). There is however, a French national report covering Chapter VII: Processing and Marketing and Chapter IX: Adaptation of rural areas which does use the DG Agri evaluation guidelines.
• The extent to which the guidelines and the CEQs are relevant at the mid-term stage was an issue in some cases. Firstly where schemes had been implemented late it was not considered possible to produce answers to the CEQs at this point in time. In other cases it was felt, in line with the ‘process character’ of rural development evaluation as envisaged by the Commission, that the impacts were not likely to have been in evidence at the mid-term point and this precluded the use of some of the CEQs (this was mentioned particularly in connection with Chapter VI: Agri-environment and Chapter VII: Processing and Marketing). It was suggested that a distinction be drawn between outcome indicators and output indicators with the latter considered at the mid-term point and the former only in an ex-post evaluation (as is the case with LEADER+).

Against the background above, actually following a set of guidelines which appear to have been drawn up using a top-down rather than a bottom-up approach is not necessarily straightforward, not least because the context within which the individual regional/national Rural Development Plans exist is so varied. Some CEQs and indicators might be designed more appropriately from the bottom-up to ensure a good fit with regional/national contexts.

In theory where evaluations taking place in different regions/Member States are to be brought together to provide an overview at the EU-15 level, as in this evaluation, then it is necessary to have a common approach to facilitate comparability. However, there is a danger that in attempting to ensure comparability, meaning in individual evaluations is lost or diluted- there is clearly a trade-off here.

3.4.2. Use of Common Evaluation Questions, criteria and indicators

The use of the Common Evaluation Questions (CEQs), their criteria and indicators is discussed by RDR Chapter below. Appendix 2 contains further information and Tables presenting the use of individual indicators. Only where questions, criteria and indicators were applicable were they considered, i.e. where measures under the Chapter were taken up and implemented in time to allow consideration at the mid-term evaluation point.
• **Chapter I: Investments on farm.** The questions were generally well answered using the criteria and indicators specified ex-ante by the Commission. Approximately four-fifths of MTE reports where questions were relevant provided answers to 5 of the 7 CEQs. A slightly lower proportion (74%) provided answers to the remaining two CEQs concerning the impact of assisted actions on income (CEQ I.1) and the impact of supported diversification on employment. Certain indicators were little used suggesting problems with data collection. An example would be Indicator I.3-2.3 requiring the share of working time spent on alternative activities on the holding where it is likely to be difficult to obtain this information accurately without a reasonably intrusive survey methodology.

• **Chapter II: Young farmers.** The CEQs in this Chapter were not answered as often as might have been expected given that much of the information required under this Chapter should be available in monitoring systems. The CEQ addressed least relates to the synergy between this measure and Chapter IV: Early retirement (CEQ II.2.A). This may be because in some Member States (for example, Ireland and Portugal), Chapter IV was only implemented in Objective 1 areas and only a few cases of dual use of these measures occurred. Generally, indicators requiring the construction of ratios were not widely used and alternative indicators were not widely used instead. The nature of the information required to construct these ratios probably provides an explanation. For example, the ratio between \% of assisted set ups resulting in main-occupational farming to \% of all establishments resulting in main-occupational farming requires relatively detailed information on unsupported set ups which is likely to be costly to collect.

• **Chapter III: Training.** There are only two CEQs in this Chapter. The first was answered in 67% of cases and the second in 60% of cases. The information required to answer the first CEQ, relating to the extent to which training courses match needs, should be readily available and the indicator was reasonably well addressed as a result. The indicators to be used in the second CEQ concerning the extent to which training helped to improve the employment situation of trainees, were less widely addressed. These indicators require information which is unlikely to be stored in monitoring databases and this is likely to explain their lower use.

• **Chapter IV: Early retirement.** The CEQs in this Chapter were not widely addressed. Only half the MTE reports where questions were relevant considered CEQ IV.1 on the extent to which the measures contributed to the earlier transfer of farms and this was the question most widely attempted. CEQ IV.3 on the appropriateness of the income offered to those leaving the sector was only addressed in 27% of cases with the associated indicator only used in 13% of cases, probably as a result of its relative complexity (ratio of \{premium + capital...
income (from sale of farm/land}) to {previous family farm income}). Alternative indicators were not generally developed to replace those not used.

- **Chapter V: Less Favoured Areas.** CEQ V.4B ‘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?’ was not answered in any MTE report, typically because it was not considered relevant as areas designated as having environmental restrictions had not been made. Other CEQs were answered in at least two thirds of MTE reports. Whilst the use of indicators including ratios was not high (for example, V.1-1.1 ratio of {premium} to {higher production costs + reduction in value of farm output}, used in 32% of MTE reports), alternative indicators were sometimes used instead (47% of MTE reports in this case). This was not so for Indicator V.3-2.1 (ratio of {‘family farm income’ + off-farm income of holder and/or spouse} to {average family income in related area}), used in 24% of MTE reports, probably because this indicator is one of three and the other two were more widely used instead.

- **Chapter VI: Agri-environment.** Whilst some CEQs were answered in a relatively large proportion of MTE reports, others were not. For example, CEQs concerning soil quality (CEQ VI.1.A), water quality (CEQ VI.1.B) and the protection of flora and fauna (CEQ VI.2.A) were answered in at least 85% of MTE reports. On the other hand, CEQ VI.1.C concerning water quantity was only answered in 26% of MTE reports. It is perhaps surprising that CEQs in this Chapter were generally widely answered given the expected difficulties in assessing agri-environmental schemes, however, this is explained by the fact that most CEQs contain at least one indicator concerned with output rather than outcome data. This allows an answer to the question to be provided, but whether this answer is really adequate to address the issues is another matter (this issue is discussed more fully in Chapter 3.2.6 and Appendix 3 where the specified indicators are critiqued). Indicators more concerned with outcomes were used in far fewer cases (for example, VI.1.C-1.4 relating to irrigation efficiency which was used in only 3% of MTE reports and VI.1.B-3.1 relating to the concentration of pollutants in water which was used in 17% of MTE reports). This is likely to be related to the difficulty/cost of obtaining the required information.

- **Chapter VII: Investments in processing and marketing.** There was little difference in the extent to which CEQs were addressed in this Chapter with at least 58% of MTE reports providing answers to each one. The use of indicators was more variable with generally more focus on one indicator within a CEQ where there were multiple indicators available. Where there are clearly different criteria under a CEQ the use of indicators was more even, for example in relation to CEQ VII.4 concerning improvements to health and welfare which contains criteria...
relating to integration of these concerns, animal health and workplace conditions.

- **Chapter VIII: Forestry.** Whilst there was a degree of variation in the extent to which CEQs were addressed, all were answered in at least half of MTE reports. CEQ VIII.1 concerning land-use and the structure and quality of growing stock was answered in 82% of MTE reports, mainly because indicator VIII.1.A-1.1 requires simply the area of assisted planting and this information was presumably widely available through monitoring systems. Indicators under this CEQ (and generally throughout the Chapter) that are more outcome-related were less widely used. CEQ VIII.3.B concerning contribution to ecological function by maintaining health and vitality was answered least often (53% of MTE reports), although there is no clear reason why this should have been the case.

- **Chapter IX: Adaptation and development of rural areas.** All CEQs were answered in at least two thirds of the MTE reports and none were answered in more than 73% of cases. As is the case in other Chapters, evaluators seem to have avoided more complicated indicators, especially those requiring the construction of ratios where possible (for example, Indicator IX.1-1.2 requiring the ratio of {costs} to {turnover} for assisted farm-related activities (where costs = ‘all inputs’) was constructed in 23% of MTE reports). This is likely to have been related to the need for more costly data collection exercises. Other indicators not widely applied include some of those relating to the wider rural community, probably because data were not readily available and collecting it would have been complex (for example, Indicator IX.2-1.1 share of holdings/households/businesses having access to assisted telecommunication facilities/services (%), no.) used in 16% of reports and Indicator IX.2-1.3 evidence of economic activity resulting from assisted, enhanced telecommunications or transport facilities (description) used in 18% of cases).

- **Chapter X: Cross cutting.** CEQ Transv.6 on the extent to which the implementing arrangements contributed to maximising the intended effects of the programme was answered in 79% of MTE reports and as such was the most frequently answered CEQ. CEQ Transv.4 on the extent has the programme improved the market situation for basic agricultural/forestry products, in contrast, was only answered in 60% of cases. This is likely to be the result of the information required to address the indicators which is generally more discursive in the former case (for example, Indicator Transv.6-2.2 requiring a description of evidence of discouraging, unnecessary delays or costs for the direct beneficiaries/operators) and more quantitative in the latter case (for example, Indicator Transv.4-3.2 concerned with the evolution in price per unit of standardised product for key benefiting production chains (filières)). More quantitative indicators generally require greater cost and involve more complexity in terms of data collection.
In conclusion it is possible to say that:

- the MTE reports generally used a high proportion of the CEQs, although the CEQs in some Chapters were more widely answered than in others. For example, CEQs were widely addressed in Chapter I: Investments on farm, but were less widely treated in Chapter II: Young farmers and Chapter IV: Early retirement. This is likely to relate to the nature of the data required in order to use the specified indicators;
- where multiple indicators are specified there is a tendency, perhaps not surprisingly, for evaluators to have used the ones with the least data requirement effort. This often equates to those indicators which are more output rather than outcome related;
- indicators which demand the construction of ratios are often poorly used for the reason above;
- there is generally little use of alternative indicators, although some quantitative indicators were used in a more qualitative fashion than envisaged; and,
- there is a need to have less criteria under one CEQ as where there are multiple criteria, some are less well addressed than others- these could have been made into separate questions to ensure an answer.

### 3.4.3. Relevance of Common Evaluation Questions

The relevance of CEQs was not widely commented on explicitly by mid-term evaluators. Evaluators tended to use the CEQs in a fairly uncritical way, probably because they (correctly) interpreted their terms of reference as being to provide answers to these. Because of this resources were not typically devoted to considering the degree to which the CEQs were relevant. That said, in general terms the best guide to relevance as perceived by evaluators is the extent to which CEQs were answered and the use of the specified criteria and indicators in doing this (see Section 3.4.2). Clearly CEQs relating to Chapters not implemented by a Member State (or region) are not relevant, neither are CEQs, criteria or indicators relating to issues not considered a priority and hence not addressed through national/regional measures (for example, soil erosion and water resource issues in many Member States/regions in the north and west of the EU-15).

Points were raised with regard to a number of issues:

- The CEQs and associated criteria and indicators were considered to be generally relevant, although the point was made that as these had been set centrally, there was an understandable lack of targeting on particular circumstances/contexts at the Member State/region level at times. For example, some evaluators explained that the approach to rural development that appears
to underpin the CEQs assumes that agriculture and the wider rural economy are fairly synonymous. In richer and more densely populated areas of the EU-15 this is not the case. In fact, Agra CEAS Consulting (2003a) found in their ex-post evaluation of the Regulation 950/97 measures that the share of employment in agriculture in the regional economies of most EU-15 regions was on average 10%.

- There was also a, sometimes related, issue with some CEQs which go beyond the objective of particular schemes. For example, in many regions/Member States LFA policy has no environmental objectives and as a result CEQs relating to the environment (CEQ V.4.B, for example) were not considered relevant in these Member States.

- Some doubts were raised about the relevance of CEQs which required the use of a baseline in some circumstances. Most notably this applied to Chapter V: LFAs where in most cases suitable comparator groups (temporal or geographic) simply do not exist because a) an LFA scheme in one form or another has been in existence for decades and b) similar farming systems in similar conditions do not exist against which to compare, in other words there is no ‘policy-off’ situation/time (see also the Agra CEAS Consulting ex-post evaluation of Regulation 950/97).

- The timing of expected impacts places a significant role in the extent to which questions, criteria and indicators are relevant at the mid-term point. For some Chapters, most notably Chapter I: Investment in farms, Chapter VI: Agri-environment and Chapter VIII: Forestry, it is not considered likely that impacts will be noted either because investments take time to show results or because impacts are long-term in nature in any case. That said, these CEQs will certainly be more relevant at the ex-post evaluation point.

- Generally the CEQs were considered more relevant than the indicators, which is a function of their less defined/quantified nature. This is also supported by the use of alternative indicators to replace those suggested in the evaluation guidelines (although it is accepted that sometimes replacement indicators were used because of an inability to use the suggested ones (for whatever reason) and this does not imply a lack of relevancy).

- Another indication of relevance is provided by the use of supplemental national questions. The greater the number of these, the less the CEQs are likely to have been considered relevant to the region/Member State, although this is not to say that the CEQs are not relevant to the European Commission’s evaluation requirements. However, given the already large set of CEQs it is suspected that budgetary concerns may have limited the use of additional national questions.

- It was suggested by some evaluators that some indicators are too complex and that a greater emphasis on qualitative indicators might improve the degree to which CEQs are answered. It was also felt that over-quantification might result in a loss of information where this does not fit with the indicators put forward.
Judgement

In terms of judgement, there is a core of CEQs across most Chapters which are always likely to be relevant, for example, those relating to the impact of measures on income, employment, etc. where the measure objectives are designed to have such an impact. Beyond this core it appears that setting CEQs centrally reduces the extent to which they are targeted to the specific circumstances found across the different regions/Member States, although it is accepted that this increases consistency across the EU. Of course, implementing authorities were free to introduce programme-specific evaluation questions to address this. Further, some CEQs appear to be unrelated to the objectives of the measure and the relevance of these is clearly questionable (for example, CEQ V.4.B under Chapter V: Less Favoured Areas). Examples where CEQs are less relevant at the mid-term stage are those relating to investment, agri-environment and forestry measures where impacts are not necessarily expected in the short-term. This is clearly an issue of timing rather than relevance. In general it is felt that the CEQs are usually sufficiently relevant to evaluate the Rural Development Regulation.

3.4.4. Evaluation system efficiency and effectiveness

Part of the answer to whether the evaluation system is adapted to contributing to the efficient and effective use of public funds lies in the attitude towards monitoring and evaluation at the regional/national level. In some regions/Member States it is clear that policy evaluation is seen as an important part of the policy design process and the feedback contributes to the formulation of new, improved, policies. In others, the necessity to evaluate measures is seen as more of a burden. Although some evaluators considered monitoring and evaluation systems to be in harmony (at least for some Chapters), the majority did not and further did not find that monitoring systems were very useful in addressing the evaluation questions.

It is evident that monitoring is usually of a practical nature relating to scheme implementation rather than an input into evaluation (output rather than outcome), although it may have uses where the CEQs are concerned more with outputs. As a result of this, most monitoring tends to relate to scheme administration and payments and as such is of fairly limited value in addressing the CEQs which require more detail than is generally recorded. Further, because the RDPs are made up of a series of measures, many of which were effectively continuations of previous schemes, monitoring systems, where available, are not uniform in the type of information that they hold.

Where monitoring systems are in place there is no guarantee that they are used effectively in evaluating the RDPs. Zucker (2004) comments that the data provided...
by monitoring systems relating to four RDPs is weak and not capable of being used for detailed analysis. Owing to the reasonably continuous nature of many of the schemes under the RDPs these are not implemented in a centralised way and information on all the components of an RDP may be scattered throughout different departments within an implementing authority and implementation itself may even be carried out by different organisations. Where programmes are implemented regionally this problem is compounded. In short, the history of the various measures and the way in which the RDPs were generally drawn together from the schemes up rather than from the programme point of view down has not facilitated a centralised overview of the programme as a whole. This also means that the degree of harmony between monitoring and evaluation systems differs on a Chapter by Chapter basis as well as on a regional/national basis.

In theory having a centralised monitoring and evaluation system across the EU-15 should help to drive convergence in the way in which the RDPs are evaluated and should help to increase efficiency and the effective use of funds by reducing the need to carry out at least some primary data collection (although of course monitoring systems themselves require funding). The issue is one of whether the evaluation system as currently constituted is appropriate to this task. Evidence on this point in the evaluation suggests that the current system needs to be adapted in a number of ways.

1. **Simplicity.** The indicators used to address the central set of CEQs are in parts too complex/costly to use and provide for a degree of quantification which places too great a burden on beneficiaries/implementing authorities. Less prescriptive use of indicators, for example treating an indicator in a qualitative rather than a quantitative way, might lead to a better ability to answer the evaluation questions. It is the questions rather than the indicators that should be the focus of evaluations.

2. **Flexibility.** Whilst it is essential to have a common approach in order to allow evaluations of individual RDPs to be brought together at the EU-15 level, this should not compromise the usefulness of regional/national evaluations in which a disproportionate effort may be expended on answering the CEQs whilst ignoring issues of relevance in the regional/national context.

3. **Monitoring.** Monitoring systems could provide better information for use in evaluations. In some regions/Member States there is a need to bring monitoring information concerning different measures/schemes together to facilitate its use in evaluation. It was suggested by some evaluators that an annual data collection exercise through the monitoring system would be useful.

65 England, Wales, Baden-Württemberg and Niedersachsen.
4. **Targets.** The absence of indicator targets means that it is impossible to quantify impacts beyond commenting, for example, that a certain number of hectares were subject to input use restrictions. Although this would require additional effort, it might be useful to set targets so that a judgement could be made on whether the achievement of, for example, a specified number of hectares or proportion of UAA subject to input use restrictions should be considered a good result.

### Judgement

The efficiency and effectiveness of the evaluation system depends in part on the attitude of the region/Member State. In those regions/Member States where it is felt that evaluation feeds back into better policy design, monitoring systems are better adapted to facilitating evaluation. In general, monitoring systems tend to be more focused on scheme implementation rather than evaluation and this reduces their use in the evaluation context where outcome rather than simply output data are often required. There is an element of path dependency in that monitoring systems reflect the history of the implementation of measures and not the need to carry out evaluation. Improvements to the efficiency and effectiveness of the evaluation system could be made through greater simplicity in construction of indicators, greater flexibility to target evaluations on issues at the regional/Member State level, greater harmonisation and central collection of monitoring systems across measures and greater setting of targets against which progress can be assessed.

### 3.4.5. Alternative criteria and indicators used

A full set of alternative criteria and indicators is presented in Appendix 2. The text here focuses on the extent to which any alternative criteria and indicators were commonly applied across regions/Member States. It is clear that there are no examples of the systematic use of alternative criteria or indicators across the MTE reports and very few cases where more than one or two MTE reports used even a similar alternative. Typically alternative indicators were unique to individual regions/Member States, but where a degree of commonality exists, this is identified below.

- **Chapter I: Investments on farm.** Net farm income (or net value added or net margin) was used in preference to gross farm income in four MTE reports (CEQ I.1). Qualitative descriptions of quality improvements were used instead of quantitative indicators in two MTE reports.
- **Chapter III: Training.** Two MTE reports investigated the gender and age structure of supported trainees under CEQ III.1.
• **Chapter V: Less Favoured Areas.** Three MTE reports considered population migration as a means of assessing changes in the viability of rural communities (CEQ V.3).

• **Chapter VI: Agri-environment.** Two reports assessed the phosphate balance in addition to the nitrogen balance under CEQ VI.1.B.

• **Chapter VII: Investments in processing and marketing.** Trends in labour productivity were assessed in two cases under the criteria concerned with the better use of production factors (CEQ VII.1). Changes in the number of suppliers of basic agricultural products were additionally assessed in two cases under CEQ VII.3.

• **Chapter IX: Adaptation and development of rural areas.** Increases in sales (revenue) as a result of support actions were recorded in four MTE reports to supplement or replace requested information on gross farm income resulting from assistance (CEQ IX.1). Changes in quality of life were considered in two MTE reports, one in a descriptive manner and one in terms of proportion of survey respondents claiming to have noted an improvement as a result of assisted actions (CEQ IX.2).

3.4.6. National/regional questions

The full set of national/regional questions addressed in the MTE reports can be found in Appendix 2. There are no examples of the same (or very similar) national questions being posed in different regions/Member States. National questions tend to focus on issues not covered in the CEQs, but with particular relevance in the regional/Member State context. For example, the French MTE reports contain several questions relating to Less Favoured Areas in reflection of the extent and variety of LFAs within France. The Spanish MTE reports add a series of questions relating specifically to land reparcelling under Chapter IX: Adaptation and development of rural areas. The Wales MTE report contains national questions concerning the nature of the Welsh family farm and the use of the Welsh language.

The absence of a set of national questions which were commonly applied suggests that the CEQs set by the Commission covered all the issues which are in common across the EU and of interest to regional/national administrations. This is a largely expected finding in that the CEQs are focused on the expected outcomes given the objectives and framing of the RDR measures.

3.5. Assessment of the delivery system

The evaluation questions in this Chapter were selected to be followed up through interviews with implementing authorities in order to supplement the information available in the mid-term evaluation reports.
CEQ Transv.6: To what extent have the implementing arrangements contributed to maximising the intended effects of the programme?

This question was answered in 14 Member States. In 29% of cases the programme implementing arrangements contributed to maximising the intended effects of the programme. In 28% of cases this depended either on circumstances or region. In 21% of cases it was considered too early to form a judgement and in a further 21% of cases no meaningful answer could be drawn from the MTE reports. This question was answered using scheme monitoring data, supplemented by national census information and other national datasets. More limited use was made of FADN data, survey methodologies, semi-structured interviews, discussions with implementing authorities and secondary data. The analysis below is split by criteria.

Synergy

According to the French MTE report, the basic design of the programme in France was to facilitate synergy between agri-environmental measures and investment measures with a social or employment impact. This was done through the Farm Territorial Contracts in order to promote multifunctional agriculture (the underlying principle of the national RDP). Around one-third of FTC investments have had this synergy effect, but the scheme was stopped in mid-2002. (Intervention was restarted in 2004 with a new combination of measures called sustainable agriculture contracts (CADs) with more limited synergy). Around half of beneficiary holdings benefit from more than one measure. The most frequently combined measures are those under Chapter V: LFA and Chapter VI: Agri-environment, specifically the permanent pasture agri-environmental measure, and measures under Chapter I: Investment on farms and those under Chapter II: Young farmers. These combinations appear to create synergy, although the fact that they are used systematically makes it hard to be sure.

It is generally the case that the German MTE reports find synergy is limited to interactions within measure groups and measures of similar content. In many cases a full assessment of synergy is deferred until the ex-post stage in order to allow for the consideration of medium and longer-term impacts (Bremen, Hessen, Hamburg, Niedersachsen, Nordrhein-Westfalen and Schleswig-Holstein). That said, internal coherence at least is found in the measures within the RDP in Baden-Württemberg, Saarland and Sachsen. In Thüringen internal coherence is found for approximately three-quarters of the measures.

The Spanish MTE reports find greatest synergy between similar measures such as afforestation and other forestry within Chapter VIII, measures under Chapter II: Young farmers and Chapter IV: Early retirement and measures under Chapter I: Investment
on farms and Chapter II: Young farmers. Synergy between other measures is considered to be minor in comparison (with the possible exception of irrigation-related measures under Chapter I: Investment on farms and Chapter IX: Article 33. Chapter VI: Agri-environment and Chapter V: LFA appear to be isolated from other elements of the RDP. Interviews in Spain found cases where implementing arrangements had made a positive contribution to the intended effects of the programme, but there were also some cases where a negative impact had resulted. Synergies were apparent where particularly intended, i.e. between early retirement and young farmer support and between irrigation and on-farm investment support. On the negative side, synergies could have been more widespread and there was a perception that measures with environmental impacts could have been more integrated (see also CEQ Transv.5 in Section 3.3).

The only evidence from the UK regarding the multiple use of measures was drawn from the MTE reports in England and Wales. In the former case monitoring information suggests that between 25% and 33% of holdings are participating in multiple measures. The Welsh MTE report suggests that 71% of all holdings receiving assistance were taking part in more than one measure within the RDP, a large proportion of these holdings are within the LFA. Scheme administrators in Wales add that the programme has been designed to ensure complementarity between measures. This is also the case in Finland, according to the MTE report, with support under Chapter V generally combined with measures under Chapter VI: Agri-environment. It is felt that this combination boosts the positive environmental impact. The Swedish MTE report finds that there is a degree of overlap between measures, but the extent and impact of this is not considered in detail. The evaluators of the Ireland MTE report highlight the success of the RDP monitoring committee in ensuring complementarity between measures, but there is no direct evidence on the impact of this. The MTE report from the Netherlands explains that a large share of holdings participate in measures under more than one Chapter, but the extent and impact of this is not considered.

Interview respondents in Luxembourg stated that the measures do form a complementary programme and that this also complements national aid measures. Extension programmes, eligibility controls, evaluations and feedback from annual reports have all been used to maximise the intended effects of the programme. Although measures under the programme are widely available across Luxembourg, only full-time farmers are eligible for some schemes and part-time farmers receive lower payments under Chapter V: LFAs. This may reduce the effectiveness of the programme by excluding some landowners or by making participation less financially attractive. In contrast to Luxembourg, interviews in the Netherlands suggest that the programme is unnecessarily complicated, not always transparent
and not sufficiently well integrated with other policies impacting in rural areas. There is also a lack of coherence between some measures within the programme. This is likely to have limited the potential impact.

Research in Denmark suggests that the measures within the programme were not as well integrated as they could have been and there were no formal linkages between them to enhance synergy. Whilst the cost of administering measures under Chapter VI: Agri-environment is considered expensive, Tommerup, et al (2005) notes that Denmark compares favourably with other Member States in this regard.

Finally, the Flanders report in Belgium concludes that there is no real co-ordination between measures. Neither is there sufficient co-ordination within production chains. The report states that integration is required both horizontally (geographic) and vertically (up and down chains). Interviewees in Lombardy (Italy) explained that beneficiaries did not see the programme as an integrated set of measures and just 5% of beneficiaries participate in three or more schemes. Potential synergistic effects were therefore not developed to any significant extent.

**Targeting and accessibility**

There was a two-pronged approach to the implementation of the French programme. On the one hand measures under Chapter V: LFAs and the pasture management scheme under Chapter VI: Agri-environment were intended to be widely available whilst on the other, Farm Territorial Contracts (FTCs) were intended to be more targeted where needed. However, take up of the FTCs was not as high as anticipated. The early termination of the FTCs also hindered their ability to deliver targeted change. The level at which support is managed has also played a role in implementation with a higher impact expected had management been at a regional rather than a district level. This hindered successful implementation.

Additionally, the French programme has de facto focused on two main commodity sectors: the meat sector and the wine sector. There was little participation in the fruit and vegetable sector. The strong tradition of ‘filière’-based implementation in France retained its role in the current programme with national filière-based planning playing an important role with respect to Chapter VII: Investments in processing and marketing. Farm Territorial Contracts were mostly filière-based, and Objective 2 EAGGF was primarily allocated to local filière schemes. The number of beneficiary holdings is 135,000 for annual measures and 15,000 per year for investment measures (not including Chapter III: Training and Chapter IV: Early retirement). It is estimated that, by the end of the programme, some 200,000 or around 50% of France’s professional holdings, will have benefited from the RDP. The majority of the total budget (86%) has been paid to farmers. However, the targeting of areas with the
greatest need of support has been poor in relation to three measures: areas with localised environmental issues (particularly relating to water pollution); non-mountain LFA; and, Objective 2 areas now that support for tourism is more widely available. Beneficiaries under Chapters I, II, III, VI and VII tend to have larger holdings than non-beneficiaries. Also, the inclusion of agri-environmental measures within FTCs has limited access to smaller farmers not interested in signing contracts. Simplified FTCs were used successfully in the wine sector to counter this problem. There is little evidence to show a link between targeting and (lower or higher) programme efficiency. A large majority of holdings in the overseas districts were excluded either because of eligibility criteria or because small holding size makes measures based on area less appealing unless local governments arrange accompanying schemes.

In Germany, the Bayern and Rheinland-Pfalz MTE reports state that measures were targeted according to regional needs. The Baden-Württemberg report explains that farm holdings were the main beneficiaries of assisted actions. A high level of satisfaction with implementing arrangements was found across the various Länder.

The Spanish MTE reports note that two major plus points in terms of implementation were the good publicity of measures (mentioned as the reason for high awareness by those interviewed) and the fact that administrative requirements relating to application were not considered by beneficiaries to be a major problem. Those interviewed considered administration to be reasonably efficient, helped by the fact that most measures were already in existence. However, they also noted some cases of significant delays between applications and acceptance onto schemes and insufficient funds resulting in the imposition of additional eligibility criteria which were not always coherent with the measure objectives. Also, advice to farmers was not as widely available as it needed to be. Finally, the national MTE report and the report from Catalonia found that the lack of clarity in the criteria for project selection may have resulted in a degree of adverse selection.

Respondents in Portugal noted that the four measures implemented were generally complementary, with the greatest degree of targeting arising from measures under Chapter V: LFAs and Chapter VI: Agri-environment in less developed and poorer areas where the environment is considered to be at risk. Some issues were raised concerning a perception of excessive bureaucracy and payment delays which may have deterred some potential applicants. Accessibility to the schemes was considered by those interviewed in Lombardy (Italy) to be good with clear eligibility criteria and a high degree of transparency.

The majority (70%) of beneficiaries in England are farmers, whilst 22% are landowners. The Welsh MTE report notes that the main beneficiaries are operators of agricultural
and forestry holdings. Four-fifths of surveyed beneficiaries claimed a high level of satisfaction with the way in which schemes are administered. The main beneficiaries in Northern Ireland were also farmers and private landowners. There was no evidence suggesting any significant delays for beneficiaries.

The Finnish MTE report states that uptake of measures under Chapter V: LFA and Chapter VI: Agri-environment involves the majority (over 90%) of Finnish farm holdings. The MTE report considers this to be of great significance in sparsely populated rural areas where agriculture is very important in the local economy, for the viability of rural communities and for the management of the rural environment. Implementing arrangements and information channels were carefully designed to reach the target audience in the most efficient way. The Ministry of Agriculture and Forestry set up a subsidy website covering (i) publicity about the support opportunities, (ii) eligibility criteria, (iii) premium differentiation and/or (iv) procedures/criteria for selection of projects. The Finnish and Swedish speaking associations of agricultural producers were important information channels and possible payment delays or delays in the implementation were announced in a timely fashion to allow beneficiaries time to make any necessary rearrangements. Costs arising from delays were thereby minimised. Under the ALMA programme there were 36,879 participants in training measures, 25,447 assisted enterprises and 12,515 involved households.

The Danish MTE report explained that different parts of the administrative framework are often isolated, although co-operation is considered to be effective. That said, communication between national agencies and regional authorities in charge of implementation was also not optimal. The MTE report recommends a clearer division of labour between these bodies. There were significant delays in the administration of measures under Chapter I: Investments on farm.

The MTE report from Flanders in Belgium makes the general point that the RDP was very much an agricultural rather than a rural development programme. That said, the administrative costs were low and the implementation was fast leading to widespread beneficiary satisfaction with the implementation of the programme and the performance of the implementing authority.

The MTE report from Luxembourg notes that there were significant delays in the implementation of some of the measures and that monitoring data collection has been insufficient due to a lack of institutional, financial and human resources. Publicity for measures was also considered to be poor.

**Leverage effects**
The average leverage rate in France is calculated to be around 1.59:1, although there is a good deal of variation by measure. The German MTE reports state that the leverage rate is highly variable across the different Länder. The Baden-Württemberg MTE report claims a leverage rate up to 2.45:1, while that in Bayern is said to range from 7:1 to 8.6:1. In the Rheinland-Pfalz MTE report the range is from 1.07:1 to 3.64:1.

The Wales MTE report in the UK reports that the leverage rate is variable, but is approximately 2:1. The rate in Northern Ireland under PEACE II ranges between 0.045 and 0.093 as a result of a very high EU and national funding proportion. The Finnish MTE reports a leverage rate of 1.38:1. The Flanders MTE report in Belgium cites a leverage rate of 4.5:1 for measures under Chapter I: Investments on farm and 3.3:1 for measures under Chapter II: Young farmers.

**Deadweight**

The French MTE report suggests that there is likely to be a degree of deadweight in relation to measures under Chapter VI: Agri-environment where compliance requirements may not always be higher than existing management practices. However, this is considered to be acceptable as the environment is protected from the threat of more intensive management in the future. Deadweight may also be apparent where investments under Chapter I: Investments on farm are necessary to access measures under Chapter VI: Agri-environment. Deadweight was assessed to be 19% in relation to measures under Chapter VII: Investments in processing and marketing.

There is little evidence of deadweight in the German Länder of Baden-Württemberg, Bayern or Saarland, although these reports conclude that the possibility that deadweight exists cannot be ruled out. There is a possibility of deadweight in relation to Chapter II: Young farmers in Rheinland-Pfalz.

In the UK, the England MTE report states that 53% of beneficiaries would have made investments in any case, even without support under the RDP. The MTE report in Wales suggests that deadweight was high in the Processing and Marketing Small Grant scheme (under Chapter VII), but was low elsewhere. The Northern Ireland report also finds some evidence of deadweight.

The Finnish MTE report states that there is minimal deadweight in relation to measures under Chapter V: LFA and Chapter VI: Agri-environment. Deadweight in relation to the other Chapters was considered to be very low with less than 5% of projects likely to have been implemented without support. Scheme administrators in Luxembourg

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66 This potential deadweight is now removed as the requirement no longer exists under the new sustainable farming contracts which replaced Farm Territorial Contracts in 2004.
also consider that deadweight is low across the programme, although there may be some under Chapter I: Investments on farm.

The Danish MTE report finds that deadweight is probably considerable. However, interviewees note that implementation has been proactive in that adaptations have been made as considered necessary. For example, payment rates for agri-environment measures where changed in order to improve implementation, changes were made to measures under Chapter VII: Investments in processing and marketing (smaller companies were targeted) to reduce deadweight and measures under Chapter I: Investments on farm were suspended due to high deadweight. Although deadweight was cited as a problem in the ex-post evaluation of the previous programming period, the continuation of measures from this period did not allow this to be addressed, the Ministry is content that these problems have now been addressed satisfactorily.

The Swedish MTE report also notes deadweight, especially in relation to measures under Chapter VII: Processing and marketing and especially in relation to larger beneficiaries. The MTE report in the Netherlands states that the RDP is widely seen as providing a financial bonus for carrying out projects that needed to be carried out in any case. That said, many projects would not have been implemented or would have been implemented on a smaller scale or at a later date in the absence of support under the RDP. The Flanders MTE report in Belgium informs that deadweight is present in relation to measures under Chapter II: Young farmers and Chapter VI: Agri-environment.

Beneficial indirect effects
Evidence relating to indirect beneficial effects is extremely sparse. The French MTE report finds that the most important indirect effect has been the creation of local value and economic opportunities through the amenities created by the multifunctional farming system ushered in by the RDP. This is considered to arise from the overall logic of the RDP rather than any specific implementing arrangements. The multifunctionality of agriculture was also mentioned in the German Länder of Thüringen as being an indirect effect of the RDP. The UK MTE reports in England, Scotland and Wales all consider that the RDP has brought indirect benefits, although these are not detailed.

Judgement
Some measures under the RDR have coherent and mutually supportive objectives in terms of the intervention logic. Links between specific Chapters occur in several regions/Member States suggesting that the measures under these Chapters are frequently used in tandem across the EU (for example, Chapters V: LFA and Chapter
VI: Agri-environment, Chapter II: Young farmers and Chapter IV: Early retirement, although see Section 3.2.4.3 for further details on this link). That said, this does not necessarily result in synergy. There is little evidence of synergy up and down production chains, although it is expected that some will exist between, for example, measures under Chapter VI relating to organic production and measures under Chapter I: Investment on farm and Chapter VII: Investments in processing and marketing. Interviews frequently suggested that the programmes could have been more integrated than they were in order to maximise synergy.

Uptake of the measures within the RDP is high, in some regions/Members States the vast majority of the agricultural sector benefit from at least one measure. However, this widespread uptake tends to result in a relative lack of targeting on those holdings or environments most in need, although in some cases some measures are more widespread and others more targeted (see for example French interview comments). That said, the targeting in some regions/Members States is considered to be good (see for example, Germany and Portugal). There is some evidence in France to suggest that larger holdings may benefit more than smaller ones, although the extent to which this is a problem, either in France or in other Members States, is not clear. The performance of the implementing authority varied with most MTE reports considering it to have been very good whilst others reported some problems. It is not possible to provide a generalised judgement in relation to targeting and accessibility as there is too much variation between regions.

There is very little information on the leverage rate. The only conclusion that can be drawn is that it varies between measures and between regions/Members States.

The evidence in relation to deadweight is mixed and the extent to which deadweight is quantified is variable. In some regions/Members States the deadweight associated with measures is relatively low, whilst in others the suggestion is that it can be high in some cases (although where deadweight is thought to be high it is typically not quantified). It is notoriously difficult to establish the degree of deadweight as the issue is more complicated than simply assessing whether or not an action would have been taken without support. In some cases support for one activity or investment allows another activity or investment that would otherwise not have taken place to be engaged in or implemented. The results here therefore need to be interpreted with a degree of caution and no sensible judgement across the EU can be made on the evidence presented in the MTE reports. However, it should be noted that efforts to reduce deadweight by adjusting the targeting of measures have been made in at least one Member State (see Denmark interview responses).
There is insufficient evidence concerning indirect beneficial effects to provide a judgement at the mid-term point.

**FEQ Transv.7.A: Is there evidence that the efficiency of programme implementation (‘value for money’) could be improved by changes in the current delivery mechanisms or programming approach? If yes, in what way could this happen?**

The French MTE report finds that the implementation costs, at around 10% in most cases, are high (in contrast the costs of implementing Chapter V: LFA is just 1%). The report concludes that these costs could have been reduced through adjusting procedures, providing appropriate staff training, avoiding duplication of activities between delivery and control functions, avoiding the duplication of measures between national and regional programmes and simplifying and reducing the number of available measures.

According to those interviewed, some problems have been experienced in France in terms of adapting control systems designed for use with Pillar 1 measures to Pillar 2 measures. The payment system is also more suited to one-off investments rather than multi-annual contracts. Simplifying changes were made to the sustainable agriculture contracts and these were refocused on local environmental issues, as recommended in the mid-term evaluation report. A programming approach will be used for the 2007 to 2013 programming period, again on recommendation from the mid-term evaluation report.

Interviewees in Sweden suggested that efficiency was unlikely to be improved through changes in the delivery mechanism, although improving the programming approach might lead to efficiency gains (a point also made in Belgium). This could be done, for example, by setting more selective eligibility criteria rather than operating the current system under which projects are funded in the order that acceptable applications arrive, regardless of the relative expected benefits.

Although respondents in Finland felt that LFA and agri-environment measures had been operated efficiently in the current programming period, improvements can and will be made for the 2007 to 2013 period. In the ALMA area support is considered to be too linked to the agricultural sector to have a sufficient impact in the wider rural community and the reduction of agricultural dependence was recommended by all interviewees including ministry staff members and rural development experts.
The administration of the programme in Denmark is generally considered to be good, although better links between the county and national level could be established where implementation is at the local level, Article 33 for example.

Interviews in the Netherlands suggest that the area-oriented approach taken may not be the most efficient way to implement a policy programme that was not designed this way. Implementation of the RDP from 2007 in the Netherlands is likely to more closely follow the form of the new RDR. A widening of the eligibility for support to include more of the non-farming population is also considered necessary given the small role that agriculture plays in rural economies and communities.

Interviewees in Luxembourg suggested that the programming period is too short for measures to be properly established and operated before changes are made. The burden of evaluation was also considered to be too onerous, especially in relation to less financially significant measures.

Farmer associations in Spain consider that the efficiency of Chapter IV: Early retirement could be improved by recalculating payment rates to ensure the complete rather than partial transfer of holdings. Additionally it is felt that support under this measure should only be granted where a young farmer is the transferee.

Judgement

Some changes have been made to programme implementation as a result of recommendations made in the mid-term evaluation reports in order to improve efficiency. Few ideas for further improvements were put forward in the interview programme. The way in which the RDR is implemented at the regional/Member State level differs and as a result there is no one set of prescriptions to improve efficiency. It should also be noted that many of the measures have been in place for some time and have been the subject of previous evaluations, the recommendations from which will have been fed back into policy design, although of course this does not mean that there is no further room for improvement.

Further research focused on implementing arrangements and their impact on efficiency should be carried out in order to assess the extent to which some arrangements are considered more efficient than others.
FEQ Transv.7.B: What have been the evaluation results and recommendations on the performance of the managing authority, the appropriateness of project selection criteria and the quality of the control systems?

The Danish MTE report concludes that the administration is generally professional and efficient, but notes that the delivery mechanisms for measures under Chapter IX: Article 33 had to be adapted because they were found to be inefficient. Information Technology systems for administration and monitoring could be developed further. Improvements to the collection of monitoring data are also considered to be necessary in Luxembourg, according to the MTE report.

The MTE reports in France analysed implementation procedures and produced a number of recommendations. Recommendations shared by several reports include the following:

- Beneficiaries should be better informed about the programme in general, and in particular about the commitments they sign up to.
- The regional level should also be included in programme design and implementation (programme implementation has been undertaken at national and district levels only outside Objective 2 areas with 10% of total funds managed at the regional level within Objective 2 regions).

A need for simplification in the management procedures was underlined in the MTE reports to help speed up implementation of the more complex measures and reduce management costs. RDR measures were assessed as requiring lighter control measures than those under the first pillar of the CAP. EAGGF guarantee management procedures are generally well adapted to broad measures, but less so to the smaller measures based on local projects that make up a substantial share of activities. The forestry and training measures are particularly complex.

It is also reported that the unnecessary complexity of project design and implementation procedures have had a substantial impact on the implementation of Chapter IX and other measures implemented through Objective 2. Some regions and some stakeholders stand out for having successfully overcome the difficulties in implementing EAGGF-financed Objective 2 projects. An example of stakeholders is given as the federations of farm machinery co-operatives. An example of a successful region is the Midi Pyrenees region in Southwest France, where Chapter IX and Chapter I have been linked together through the ‘Pays’ local area development schemes to develop local-level quality schemes under a network organisation.
Five recommendations relating to programme management were made in Portugal by those interviewed. These were to integrate the management of the four measures to improve synergy; increase efficiency by streamlining procedures; simplify some eligibility conditions and the application process; improve programme promotion; and to establish an integrated information system for all four measures. It is not, however, clear whether these were implemented.

The main recommendations arising from interviews in Finland included standardising the approach taken by regional implementing authorities to remove inconsistencies and better information sharing between the national and regional authorities to avoid duplication of work and expanding the model of local action groups into all regions.

Interviewees in Luxembourg reported that a Geographical Information system is being implemented to improve administration and control and an independent monitoring unit has been established. However, there has been a reluctance to introduce changes at this point in time with a preference to wait for the new programming period in 2007.

A recommendation from an evaluator in Belgium was the introduction of a unique reference number for each holding/farmer so that information relating to an individual holding/farmer can be readily accessed.

Finally, the lack of experienced personnel within the Greek regional managing authorities was cited in interviews as having been a problem.

**Judgement**

Few mid-term evaluation reports included consideration of this issue and only limited comments were made in the interview programme. Some changes have been made in terms of the performance of the managing authority as a result of recommendations made in the mid-term evaluation reports. It should also be noted that many of the measures have been in place for some time and have been the subject of previous evaluations, the recommendations from which will have been fed back into policy design, although of course this does not mean that there is no further room for improvement.
Further research focused on managing authority performance, project selection criteria and control systems should be carried out in order to assess the extent to which improvements can be made.

3.6. Key questions regarding overall objectives of rural development

The set of Further Evaluation Questions addressed in this Chapter of the report were generally not addressed in the mid-term evaluation reports. They are addressed here through a literature review and interviews with members of implementing authorities as well as an especially convened meeting in Brussels of the Core team with the evaluators involved at national level.

3.6.1. Appropriateness of the current menu of measures

3.6.1.1. The extent to which current measures are adapted to rural needs

The new approach to rural development initiated with the Agenda 2000 reforms and further developed in the Mid-Term Review incorporates some new elements, for example, measures under Chapter IX: Promoting the adaptation and development of rural areas which were previously offered in certain areas under Objective 5b. However, as was noted by the Commission itself (Ahner, 2004) in relation to the proposals for the 2007 period onwards ‘most of the rural development measures we propose for the future, already exist today’67. The same is true for the measures in place for the period 2000-2006 which for the most part contain previously introduced measures which in some instances were initiated in the 1970s. This raises the question of the relevance of the measures in place to today’s rural development needs.

These early measures were introduced in a different context (share of agriculture in total employment in 1973 in the EU-9 was 9.0% and the share of agriculture in GDP was 5.4% compared to 2002 EU-15 figures of 4.0% and 1.6% respectively) to meet the needs of a different (largely north-west European) set of Member States and to address the priorities of an agricultural sector which was at that point still grappling with the near universal need to restructure, ‘modernise’ and improve efficiency. ‘Rural development’ in this context could conveniently be equated with ‘agriculture sector development’ and it could reasonably convincingly be argued that by channelling funds specifically through this sector broader ‘rural’ needs would be addressed. Of course, the fact that EAGGF Guidance funded rural development measures are programmed alongside measures relating to the wider economy in

67 Buckwell (2004) also comments on the large element of path dependency when designing policy.
68 The six original Member States plus Denmark, Ireland and the United Kingdom.
Objective 1 areas ought to ensure a closer match between the territorial needs of the programme area and the measures selected.

Whilst now this may be the case in some regions, especially those most remote and inaccessible, it is generally no longer the case (Douwe van der Ploeg, et al., 2002). As was noted in Agra CEAS’ ex-post evaluation report on rural development measures under Regulation 950/97 for the previous programming period:

“due to the limited weight of farmers in rural communities (in terms of employment), it follows that objectives such as ‘maintaining a viable agricultural community and thus helping develop the social fabric of rural areas’ (Article 1c Regulation 950/97) may only be partially achieved through a (rural development) policy measure only targeting the farming population. While we fully recognise that looking at employment alone is insufficient since the agricultural enterprise may support a range of other activities, by giving aid exclusively to farmers, Regulation 950/97 only directly reaches a relatively small proportion of the economic actors in rural areas. This does not mean that the Regulation does not make sense, but that objectives relating to the rural community as a whole are less likely to be achieved.”

This point is reiterated and extended to the current programming period by Buckwell (2004) who points out that the needs of rural areas are more likely to relate to access to suitable jobs, public transport, essential services and amenities rather than to anything that can be addressed exclusively through the agricultural sector. In other words there is a partial contradiction between what was conceived as a sectoral policy with some territorial dimensions and what is now perceived as the need for a more territorial approach covering the full range of economic activities which take place in rural areas. That this is to some extent the case has been implicitly recognised by the greater emphasis on the measures under Article 33 which allows the integration of measures with both farming and non-farming activities (Feinerman and Komen, 2003).

That said, this is likely to be less of a problem in relation to Objective 1 areas where the rural development measures are only one strand of the total measures and funding available and it is clear that the rural development measures within the Objective 1 Operational Programmes offer a more comprehensive territorial

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69 Whilst this is no longer the exact wording of the objective the sentiment remains.
70 Although as Feinerman and Komen (2003) point out, rural areas have increasingly to fulfil the demand by non-farmer rural dwellers for outdoor recreation and tourism, nature and wildlife conservation and landscape as increasing income, mobility and leisure time increase the demand for these goods. As far as provision of these goods goes, agriculture and the wider rural economy are significantly related.
approach. However, this does not mean that this more integrated territorial approach would be appropriate throughout the EU. Objective 1 regions are so designated because they have special development needs over and above typical rural areas and more typical areas may not require such an approach.

This need for a partial shift in focus is reinforced by the fact that since the 1970s, when many of the measures were first initiated, the nature of agriculture in the EU and the context it operates in has changed dramatically. Successive enlargements have added five new southern Member States (Cyprus, Greece, Malta, Portugal, Spain), six new central European Member States (Austria, Czech Republic, Hungary, Poland, Slovakia, Slovenia) and five new northern Member States (Finland, Sweden and the Baltic States). The addition of these Member States with very different agricultural and rural economy traditions, contexts and needs has arguably reinforced the need to give more weight to the territorial rather than sector based approach than was the case in the past, at least in some regions/Member States. However, it is recognised that it is the responsibility of the region/Member State to select appropriate measures from the menu.

While therefore there may be a further need for a change in emphasis within the menu on offer, it is clear that the menu as a whole remains highly relevant to the needs of some regions/Member States. As the European Union has enlarged, Member States have been added with a very real need for support for, for example, restructuring of the agricultural sector. It is actually amongst some members of the EU-15 which have in some cases benefited from these kinds of measures for 30 years where the continued relevance of certain existing measures may be questionable. It should also be recognised by implementing authorities that not all rural areas are in need of development to the same degree and therefore when considering a more territorial (for example, increasing resources for Article 33 measures) rather than sectoral approach it is important to acknowledge that not all rural areas will require support via this mechanism.

Agreement has now been reached on the new Rural Development Regulation to cover the period 2007 to 2113 and the changes made reflect some of the issues identified above. There will be four axes:

1. Improving agricultural competitiveness: at least 10% of total spending must relate to this axis.
2. Managing the land in an environmentally friendly and sustainable manner: at least 25% of total spending.
3. Improving the quality of life in rural areas: at least 10% of total spending.
4. **LEADER+** type schemes (i.e. bottom up rather than top down in nature): at least 5% of total spending.

A key element of the proposals is that there will be a single fund, the European Agricultural Fund for Rural Development (EAFRD), which removes the complexity in the current programming period whereby funding for rural development is drawn from both the EAGGF Guidance and Guarantee funds.

A set of Strategic Guidelines for Rural Development will accompany the new Regulation. This document, according to Fischer Boel (2005) ‘gives Member States a tool box from which they can choose, depending on their own situation and priorities’. This approach is in line with the aims of the ‘Lisbon strategy’ for growth and jobs and the conclusions of the Göteborg Summit in 2001 where it was agreed that strong economic performance must go together with the sustainable use of natural resources and levels of waste, maintaining biodiversity, preserving ecosystems and avoiding desertification. The Guidelines indicate that rural development should take place with reference to these existing broader EU priorities. For the current programming period we would note that, at least outside Objective 1 regions where there is no formal programming approach, the evidence on the extent to which this has taken place to date is at best inconclusive.

Finally, we would note that over a seven year implementation period it is quite likely that contexts and regional/Member State needs and priorities will change and therefore the extent to which the programme allows for flexibility during this period is important. Thus, for example, there may be scope to enhance animal disease prevention and welfare via veterinary status improvement plans should this be considered desirable.

### 3.6.1.2. Programme efficiency

The intervention logic reveals several instances of conflicts between measures. Examples include possible conflicts between:

- measures likely to lead to intensification or increases in scale under Chapter I: Investments on farm and measures to mitigate against the environmental impact of intensification or scale increases in Chapter VI: Agri-environment;
- the reassignment of land to non-agricultural uses under Chapter IV: Early retirement and the objective of continued agricultural land use under Chapter V: LFAs;
- payments made under Chapter V: LFAs and the objectives of Chapter IV: Early retirement;
• payments made under Chapter V: LFAs and afforestation payments under Chapter VIII: Forestry which might not be necessary in the absence of LFA support;
• afforestation measures under Chapter VIII: Forestry and the objective of continued agricultural land use under Chapter V: LFAs;
• afforestation measures and objectives under Chapter VI: Agri-environment relating to landscape; and,
• reparation, land improvement and infrastructure measures under Chapter IX: Article 33 and the objectives of Chapter VI: Agri-environment.

Additionally there is some risk of double-funding between Chapter V: LFAs and Chapter VI: Agri-environment and between Chapter VI and Chapter VIII: Forestry where some support for woodlands is also available through Chapter VI measures. Finally, support for organic farming under Chapter VI: Agri-environment could be considered to overlap with support under other agri-environmental schemes and also to some extent support under Chapter V: LFAs. These possible overlaps require administrative effort to ensure that double funding does not actually occur and as a result this reduces efficiency.

According to Ahner (2004), the efficiency of EU rural development policy has been questioned in the past. Concerns surround the perception that there are too many measures, often with partly conflicting objectives within the same programme, as demonstrated above, which tends to result in a dispersal of support reducing overall efficiency. Whilst regions/Member States can (and should) select measures in order to promote synergy, this has not always been the case. Dwyer, et al (2002) note that a more integrated and coherent approach requires closer partnership between administrators and stakeholders in planning and implementation and that this has been difficult to achieve in some Member States.

Many evaluation studies have reported important deadweight effects, in particular in relation to processing and marketing support and support for young farmers. The efficiency of LFA policy is reduced, according to Ahner (2004), by unclear criteria and what the author describes as ‘political motivations’ for the definitions of areas. The Court of Auditors (2003) and Agra CEAS Consulting (2003a) suggest that as a result of this area classification process, over-compensation has occurred in some cases in respect of LFA payments, a finding echoed in this evaluation. In essence, as far as the LFA measure is concerned, policy appears to be confronted with a trade-off between political expediency in the sense that no region/Member State wishes to be excluded from the measure and economic efficiency. In contrast, an evaluation

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71 See for example Agra CEAS Consulting (2003a) and Agra CEAS Consulting (2003b).
of the LEADER initiative concluded that LEADER is efficient because ‘it is adaptable to very different socio-economic contexts in rural areas, brings key actors together, mobilises voluntary effort and is responsive to small scale activities and projects to promote local development’. However, whether the decentralised LEADER approach can retain this quality once it is mainstreamed from the centre remains to be seen.

Finally, administering rural development through two funds with three different management and control systems and five different types of programming (Ahner, 2004) results in an administrative burden which will be greatly simplified in the 2007 to 2013 programming period. By implication, this administrative burden is likely to have reduced implementation efficiency.

Little comment on efficiency of the measures overall was obtained in the interview programme with respondents in Finland noting that it was the implementation of measures, an issue for implementing regions/Member States, rather than the way they are set out in the legislation which determines their efficiency. It was mentioned by some respondents in Sweden that a greater degree of planning and targeting would improve efficiency where the use of funds to support agriculture in the far north of the country is considered to be questionable. The structure of the legislation was considered to promote efficiency in France, although Article 33 is considered an exception containing as it does measures which could conceivably fit within other Chapters, for example, support for agricultural water resources management which could be offered under Chapter I: Investments on farm. Further, a perceived lack of guidance in relation to how the measures were to be implemented led to differing implementation in different French regions. French respondents also noted that some measures (for example, those under Chapter VI: Agri-environment) appear more as income support in some cases than as facilitators of change and that there is therefore a high degree of deadweight leading to reduced efficiency. The Spanish implementing authority and the academic community agree that LFA policy is not as efficient as it might be, although only the latter calls for it to be better targeted on marginal areas to improve efficiency.

3.6.1.3. Need for additional measures

There is generally little call for additional measures with most interview respondents of the opinion that the measures currently available are broadly sufficient. However, there is some concern in Austria that enlargement to the East will increase the need to improve competitiveness and additional measures to assist this would be welcomed. Concerns in Finland particularly related to an expected increase in

areas not cropped following reform to the CAP and assistance for measures to combat the environmental/landscape impacts of this, especially over winter, may be required. Further measures to facilitate diversification would be considered useful in France, especially measures to assist in the provision of working capital to assist investments in alternative activities, market analysis, etc..

3.6.1.4. Need to remove or adapt measures

In addressing this issue it is important to keep in mind the two levels at which rural development policy is implemented. The menu of measures is set at the EU level and regions/Member States are free to select those measures which they feel are appropriate to their needs. It is generally the consensus that most measures are still required in at least certain regions/Member States and/or circumstances and on this basis there is no suggestion that any measures need to be removed as options, although regions/Member States should be encouraged to ensure that the suite of measures that they elect to offer remains appropriate.

That said, some doubts are raised with respect to the performance of measures under both Chapter II: Young farmers (see Chapter 3.2.2) and Chapter IV: Early retirement (Chapter 3.2.4). In the former case the same policy objectives could be encouraged by weighting support available under other Chapters in favour of younger farmers (as it already can be under Chapter I: Investments on farm) without the need for a separate set of measures. For example, top-ups to LFA payments could be made to provide additional financial encouragement to those setting up. In the case of Chapter IV: Early retirement, it is less easy to see ways in which the measure might be adapted and it is noted that the measure appears not to fully comply with the European Employment Strategy73 which states under Guideline 18 that, ‘a lifecycle approach to work [should be encouraged] through...support for active ageing...and discouragement of early retirement’. On the other hand it could be considered that in the context of a menu of measures addressing rural development needs, special circumstances might be thought to apply to farmers and any conclusion on this requires a level of analysis beyond the objectives of this evaluation.

Some interviewees questioned the need to have measures targeting adherence to minimum agri-environmental standards following the introduction of cross-compliance under Pillar 1. This would instead allow a focus on schemes with more restrictive management prescriptions. The role of cross-compliance was also mentioned in Finnish interviews where it is felt that some overlaps between measures under Chapter V: LFAs and Chapter VI: Agri-environment need to be removed. It is

not felt that there is sufficient evidence at this point in time to recommend significant changes with respect to Chapter VI: Agri-environment, but the issues here should be kept in mind and perhaps revisited when the impact of the mid-term reviews of CAP regimes becomes apparent.

Judgement
In summary it is therefore clear that:

a) the current menu of Rural Development measures remains generally relevant at the EU level, but Member States should be encouraged to critically examine the suite of measures that they offer to ensure that the regional/national programme as a whole is coherent and meets local needs;

b) the current menu of measures is not as efficient as it could be, largely as a result of the administrative/funding system, programming conflicts, the selection of programmes by regions/Member States and what Ahner (2004) described as ‘political motivations’ behind some LFA designations;

c) there are no major gaps in the suite of measures offered, although there are some instances where particular regions/Member States would welcome specific additions; and,

d) the value of retaining specific measures relating to young farmers is questionable and it is noted that Chapter IV: Early retirement does not comply with the guidelines under the European Employment Strategy.

3.6.2. Widening eligibility and scope to include the non-agricultural sector

The objectives of rural development refer to the wider rural economy and rural communities rather than just the agricultural sector. As was set out in Section 3.6.1, it is no longer the case that agriculture is synonymous with the wider rural economy in many regions of the EU. In this sense widening the eligibility and scope of rural development measures towards non-agricultural beneficiaries is likely to provide a better means of achieving the objectives of rural development in regions where there is a pressing need for support. However, it is recognised that not all rural areas fall into this category and regional/Member State selection of measures from the EU-wide menu should reflect this.

It should be noted that certain elements of the current RDR are already available to those outside agriculture, namely measures under Chapter VII: Investment in processing and marketing, measures under Chapter VIII: Forestry relating to afforestation of non-agricultural land and measures under Chapter IX: promoting the adaptation and development of rural areas which explicitly targets the non-agricultural sector for the first time in the history of EU rural development policy. Other elements of rural development policy must necessarily remain focused
exclusively on the agricultural sector by definition, an obvious example being measures under Chapter I: Investments on farm.

Whilst the first axis (competitiveness) of the new Rural Development Regulation for the 2007-2013 programming period is explicitly targeted on the farming and forestry sectors, the others are not, although axis two (environment and countryside) will necessarily focus predominantly on these sectors (see Chapter 1.1.14 for full details). This movement towards a widening of eligibility and scope is considered likely, at least ex-ante, to provide a better means for achieving wider rural development objectives where these are considered necessary by the implementing authority.

The new shape of the RDR appears to be broadly welcomed by those interviewed. The fact that minimum spending proportions are set out per axis means that the focus of funding on land-based schemes in Austria will have to be reappraised. Interviewees in both Sweden and Finland would welcome a widening of eligibility criteria to include non-agricultural small businesses and non-agricultural land owners for rural development and environmental reasons respectively. Interviewees in Northern Ireland (UK) felt that widening eligibility for forestry measures would be of benefit. The point was made in interviews in France that the accepted rationale of rural development funding needs to shift from being another means of supporting farmers faced with falling incomes to a system for promoting change in rural areas requiring development. Widening eligibility criteria would help to change this attitude. Finally, interviewees in Spain stated that the question is not one of expanding eligibility criteria, but rather one of increasing the proportion of spending on Article 33 measures.

It is important to note within Objective 1 regions that whilst the new RDR offers a more sectorally coherent approach to rural development, the loss of the Objective 1 programming approach in the current implementation period implies a reduction in coherence at the territorial level, i.e. across sectors. The extent to which the widening of eligibility criteria will compensate for the loss of this more territorially coherent approach in these regions remains to be seen.

Judgement
The current RDR already includes measures providing support directly beyond the agricultural sector as well as a number of measures which have an impact in the wider rural community and economy, both directly and indirectly. The new RDR is expected to increase this impact beyond the farm-gate and is generally welcomed, although the extent to which this compensates for the loss of the territorial programming approach within Objective 1 regions remains to be seen. However, it should be borne in mind that not all rural regions have the same need for
development and that widening eligibility criteria across the board would merely move the eligibility distinction from a sectoral to a territorial basis (i.e. rural versus urban). On that basis our view is that the measures involving the wider rural community and economy directly (Article 33) already exist and can be used more extensively where necessary by implementing authorities and that therefore there is no need to widen further either the scope or eligibility criteria.

3.6.3. Adequacy of existing agricultural restructuring measures

3.6.3.1. Effectiveness of restructuring measures

The RDR contains a number of measures which address restructuring beyond those contained in Chapter 1: Investments on farm. These are set out below with their location in the Regulation. Those in italics were introduced under Regulation 1783/2003 and fall outside the reference period for this evaluation:

- Investments in farms (Chapter I)
- Young farmers (Chapter II)
- Training (Chapter III)
- Early retirement (Chapter IV)
- Meeting standards - temporary support (Chapter Va)
- Meeting standards – support farm advisory services (Chapter Va)
- Food quality – incentive scheme (Chapter VIa)
- Food quality – promotion (Chapter VIa)
- Investments in processing/marketing (Chapter VII)
- Land improvement (Chapter IX)
- Reparcelling (Chapter IX)
- Setting up of farm relief and farm management services (Chapter IX)
- Marketing of quality agricultural products (Chapter IX)
- Agricultural water resources management (Chapter IX)
- Development and improvement of infrastructure related to agriculture (Chapter IX)
- Restoring agricultural production potential damaged by natural disasters and appropriate prevention instruments (Chapter IX)

Approximately €18.5 billion of EU funding will be spent on these measures between 2000 and 2006, some 38% of the total budget. In Objective 1 regions this share is 45% of total EU rural development spending compared to a 27% share outside these areas reflecting the greater importance attached to restructuring within Objective 1 regions (EPEC, 2004).
The purpose of support for restructuring has been and remains the need to build human and physical capital. Over time ethical concerns have been added so that now there are two main types of restructuring: first to build more economically viable units and second to take greater account of environmental and animal welfare issues on already economically viable units. This mirrors the categorisation of investment types made in Agra CEAS Consulting (2003a) where investments were defined as either traditional, i.e. concerned with increasing economic viability, and what was termed ‘innovative’ meaning with a newer orientation towards, for example, the environment and animal welfare.

As has been noted in Section 3.6.1, the needs of different regions/Member States do differ in terms of their need for restructuring. In regions/Member States where a relatively large proportion of the workforce is employed in the agricultural sector and where fragmented ownership structures are common it is necessary to address the issue of land ownership and to develop both physical and human capital significantly. In other areas of the EU the agricultural sector has been through a lengthy restructuring process (with the support of policies still available under the RDR and indirectly from the agricultural market support measures provided under Pillar 1) and now there are fewer and relatively larger farms with a limited need for further specialisation, etc. Indeed here the problem is often too great a degree of specialisation/concentration and associated production intensity which have tended to compromise the environment and as a consequence it has become necessary to address this on already economically viable holdings through other aspects of the RDR.

The existing restructuring measures have played and continue to play a role in addressing the problems of the agricultural sector (see Agra CEAS Consulting 2003a for evidence from the 1994-1999 programming period and this report for evidence from the 2000-2003 period). It is considered highly likely that these measures will continue to play a similar role in those regions/Member States where they are still required. In this context it should be noted that some measures under Chapter IX: Adaptation and development of rural areas are considered to be particularly beneficial in this regard, notably for Spain in the case of those relating to agricultural water resources management and reparcelling (see Chapter 3.2.9). However, interviewees in Luxembourg mentioned a programming conflict in relation to land reparcelling where measures which help to maintain farmers in business under Chapter V: LFAs sometimes work in the opposite direction.

Finally, as was noted at the Salzburg Conference and by interviewees in Spain, the context within which restructuring measures operate is very important. Market support measures are capitalised into land prices and supply management
measures under Pillar 1 and dwarf the support available under the RDR in financial terms. Against this background the ability of restructuring measures to have a significant impact is somewhat limited.

3.6.3.2. Scope for support for non-agricultural sector to aid farm restructuring

The discussion above has focused on restructuring within agriculture. However, the opportunity to restructure within agriculture also depends on the creation of employment (or income generating) opportunities outside the sector as is evident in the support for diversification under the RDR. It is therefore considered highly likely that support for the non-agricultural sector will help to facilitate restructuring within agriculture through a move towards greater pluriactivity.

This support could take many forms, but an obvious one is for training to allow workers in the agricultural sector to compete for jobs with a different skill base. The type of training necessary would depend on the economic opportunities in each region/Member State and this could range from the tourist industry to the service sector and manufacturing in more accessible areas. Whilst support could also be made available for rural small businesses not connected with agriculture this would merely shift the eligibility boundary from the sectoral to the territorial and this is probably best achieved in particularly disadvantaged regions through the Operational Programmes of the other Structural Funds.

However, interviews with implementing authorities suggests that support for the wider rural community could further enhance restructuring efforts within the agricultural sector. Two thirds of farms in Austria, for example, are part-time and the availability of off-farm jobs has an important impact in the agricultural sector. The importance of the role of support for the wider rural community in relation to pluriactive farmers was also mentioned in interviews in Finland. French and Portuguese interviewees noted that support beyond the farm-gate would create employment opportunities which would be beneficial in terms of agricultural restructuring, in the Portuguese case mainly through reparation of land.

Judgement

In conclusion, the existing agricultural restructuring measures have been shown to address the problems of the agricultural sector, although this is limited by the relatively low financial resource devoted to the measures in the wider context of CAP support. Also, the extent to which restructuring measures are appropriate will vary according to regional/Member State circumstances and should be reflected in
the extent to which these measures are offered. In this context the greater importance attached to these measures in Objective 1 areas (as evidenced by proportion of total spend) is noted.

However, restructuring is not only derived from action taken within the sector, it is also heavily influenced by opportunities in the wider rural economy and indeed the overall economy. Measures acknowledging this, such as those relating to diversification, are already helping to further the aims of restructuring. Beyond this our judgement is that the other Structural Funds offer sufficient support targeted on the regions most in need of support, in the Objective 1 regions through the programming approach which includes specific rural development measures.

### 3.6.4. Impact on the wider rural economy and community to date

#### 3.6.4.1. Achievements of measures targeted off-farm to date

The RDR contains a number of measures (all within Chapter IX: Adaptation and development of rural areas) which address the wider rural economy and community directly\(^75\) and these are set out below:

- Basic services for the rural economy and population
- Renovation and development of villages, protection and conservation of the rural heritage
- Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative sources of income
- Encouragement for tourism and craft activities
- Financial engineering

As has been mentioned elsewhere in this report, some measures under Chapter IX: Article 33 represent the only ‘new’ measures available under the RDR\(^76\). This has required the setting up of an administrative framework to implement the measures and this has resulted in delays in implementation making the evidence available to assess the impact of these measures at this mid-term stage somewhat sparse in several regions/Member States.

With reference to the measures above, this problem is compounded by the evaluation questions for this Chapter which deal with fairly general issues such as

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\(^74\) For many decades this was considered a deviation from mainstream farming, but is now taking on a new importance (Wilson, et al. 2002).

\(^75\) It could be argued that measures relating to the provision of public goods also have relevance to the wider rural community, but these are not covered here.

\(^76\) It is recognised that these measures used to exist under Objective 5b.
impact on income; living conditions and welfare; employment; the structural characteristics of the rural economy; and, the environment. Whilst the measures above clearly contribute to some of these broad measures of impact, the material within the MTE reports does not always discuss the evidence with specific reference to individual measures. It should also be recalled that regions/Member States were free to choose which indents to adopt under this Chapter and not all will have adopted those above. That said, it is possible to draw out some early achievements from the MTE reports.

While the details of the impact of the measure as extracted from the MTE reports are presented in Chapter 3.2.9.3, in summary:

- **measures in support of basic services for the rural economy and population** have resulted in improvements in living conditions and welfare for rural populations in, for example, Finland, Denmark, Netherlands, Spain and Austria (see CEQ IX.2 for further details); and the maintenance or improvement of the structural characteristics of the rural economy in Spain (CEQ IX.4);
- **measures supporting village renewal** have resulted in income improvement in Germany (see CEQ IX.1); improvements in living conditions and welfare for rural populations in France, Austria and Germany (CEQ IX.2); on-farm employment in Austria (CEQ IX.3); and improved rural dynamism in Austria and Germany;
- **measures supporting diversification** have resulted in income improvements in France and Finland (CEQ IX.1); on-farm employment in the UK, Spain, Finland and Austria (CEQ IX.3); off-farm employment benefits in Austria (CEQ IX.2); and the maintenance or improvement of the structural characteristics of the rural economy in Spain (CEQ IX.4);
- **measures encouraging tourism and craft activities** have resulted in employment benefits off-farm in Finland (CEQ IX.3).

### 3.6.4.2. Increasing the efficiency and effectiveness of Article 33

Little evidence is available with which to address this question, partly as a result of late implementation in a number of regions/Member States. Further evidence should be available by the ex-post stage as a number of studies investigating efficiency and effectiveness of these measures are under way.

Interviews in Spain and Austria suggest that increasing the budget for Article 33 measures would improve effectiveness and the fact that this will generally occur under the 2007-2013 programming period is welcomed in this regard. Interviewees in Belgium note that closer co-operation between the administrations of different villages would improve effectiveness and that efficiency could be improved by replacing the single project application system with a support system and a set of
eligibility criteria. Efficiency in Finland is thought to have been improved as a result of local action groups which help smaller projects to achieve funding and involve more ordinary rural people in initiatives. A similar point was made in interviews in France where it is felt that a LEADER-type approach involving more collective action, local government involvement and area-based rather than individual business-based projects would promote both effectiveness and efficiency.

3.6.4.3. Scope to re-orient non-Article 33 measures towards the wider rural community

There may also be scope to re-orient some rural development measures not listed under Article 33 so as to better meet the needs of the wider rural economy and community. However, in this context it is important to consider that under the existing RDR many of the measures which are primarily aimed at the agricultural sector already indirectly address at least some of the needs of the wider rural economy and community. This issue is addressed in full in the intervention logic, but particular examples of note include:

- **Chapter I: Investments on farm** where an objective is to promote the diversification of farming activities. This in turn may lead to employment opportunities for off-farm employees and may have upstream and downstream knock-on effects.
- **Chapter II: Young farmers** scheme where young people are encouraged to stay in the rural area and they will thereby contribute to providing a critical population mass which will help maintain services and facilities.
- **Chapter V: LFAs** have continued agricultural land use as an objective as this will maintain farming families in the community contributing to the maintenance of rural services and facilities. LFAs also provide a public good in terms of landscape (see next bullet point).
- **Chapter VI: Agri-environment** which provides public goods which are valued in themselves by those living in rural areas, but also provide an attraction to tourists who bring further economic benefits.
- **Chapter VII: Investments in processing and marketing** which may create employment opportunities and upstream and downstream knock-on effects.
- **Chapter VIII: Forestry** where tourist attractions and public goods are provided. Some employment opportunities may also be created as well as upstream and downstream knock-on effects.

It is also important to remember that there are a range of Structural Funds which are targeted outside the agricultural sector in areas of particular need. It is important to ensure coherence between these funds and also to avoid double-funding (European Commission, 1997). A further point in this context is the fact that widening
the eligibility of, for example, investment measures to non-agricultural actors merely shifts the boundary between those eligible and those not from a sectoral to a territorial basis, i.e. rural versus urban dwellers. In our view non-Article 33 RDR measures should remain primarily focused specifically on the issues within the agricultural sector (bearing in mind the indirect impact that this has on the wider rural economy) and allow the wider rural economy and community to be addressed through the appropriate existing measures, including measures under Article 33 and the other Structural Funds (see Section 3.6.5 for further details on the Structural Funds). Bearing this in mind, ways in which re-orientation of non-Article 33 measures might further meet rural economic and community needs were investigated in interviews with implementing authorities and the only suggestions for change was made in France where it was felt that the link between agri-environment schemes and local environmental issues that was established in the 1994-1999 programming period should be re-established and in Northern Ireland (UK) where it was noted that some non-agricultural measures would help in this regard.

Judgement
The achievements of measures targeted specifically on the wider rural community and economy have included improvements in living conditions and welfare for rural populations, the maintenance of the structural characteristics of the rural economy, income improvements for both the farming and non-farming populations and improvements in rural dynamism.

Simply increasing the share of the rural development budget for these measures should increase their effectiveness and suggestions to improve efficiency include replacing the single project application system, increasing local involvement and adopting implementation methods from LEADER+.

Whilst there may be some scope to re-orient some non-Article 33 measures, it should be recalled that measures under other Chapters already indirectly address the wider rural community and economy. It is important to ensure that the Structural Funds are coherent and do not result in programming conflicts and for this reason the non-Article 33 elements of the RDR should remain mainly focused on the agricultural sector with the Structural Funds addressing needs on a territorial basis where required. In any case, widening the eligibility criteria merely shifts the focus of debate from a sectoral to a territorial dimension.

3.6.5. Coherence between the RDR and Structural Funds
As was agreed as a priority at the Lisbon summit, one of the fundamental objectives of the EU is to construct a competitive economy. As economic development is uneven across the EU there is a need to assist those areas that lag behind. To this
end, just over a third of the total EU budget is devoted to regional policy which aims to strengthen the economic, social and territorial ‘cohesion’ of the EU by reducing gaps in development between regions. Job creation is the primary objective. There are four main ways in which this is addressed:

- helping regions lagging behind to catch up;
- supporting the restructuring of declining industrial regions;
- supporting the diversification of the economies of rural areas with declining agriculture; and,
- supporting the revitalisation of declining neighbourhoods in the cities.

There are four Structural Funds, each with their own specific thematic area:

- **The European Regional Development Fund (ERDF).** This is used to finance infrastructure, jobcreating investment, local development projects and aid for small firms.
- **The European Social Fund (ESF).** This fund promotes the return of the unemployed and disadvantaged groups to the workforce, mainly by financing training measures and systems of recruitment assistance.
- **The Financial Instrument for Fisheries Guidance (FIFG).** This is designed to help adapt and modernise the fishing industry.
- **The Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF-Guidance).** This finances rural development measures in Objective 1 regions.

Other financial instruments exist in addition to these Structural Funds, including the Cohesion Fund, although this is less important in the present context being mainly aimed at the ten new Member States.

The Rural Development Regulation provides (largely) sectoral measures aimed specifically at rural areas and complements the other Structural Funds which are targeted towards three priority areas and will account for 94% of total spending between 2000 and 2006:

- **Objective 1:** Helping regions whose development is lagging behind to catch up.
- **Objective 2:** Supporting economic and social conversion in industrial, rural, urban or fisheries dependent areas facing structural difficulties.
- **Objective 3:** Modernising systems of training and promoting employment.

77 €213 billion has been set aside for spending on all structural instruments in the EU-15 between 2000 and 2006. This money supplements that spent nationally under state aid rules.

78 The Cohesion Fund also includes Ireland (until the end of 2003), Greece, Portugal and Spain.
Measures financed by Objective 3 cover the whole EU except for the Objective 1 regions, where measures for training and employment are included in the catch-up programmes.

Also, the RDR takes on the concept of programming from the Structural Funds (Dwyer, et al, 2004) and indeed takes over some of the measures previously available in specific locations in previous programming periods and incorporates them under Chapter IX: Article 33 where they can be used in all rural areas.

That said, the extent to which the RDR fits within a territorial approach to cohesion is limited outside Objective 1 areas. In theory, ‘territorial’ measures such as those under Chapter V: Less Favoured Areas and Chapter VI: Agri-environment ought to offer significant coherence with other Structural Funds. However, as has been demonstrated by Shucksmith, et al (2005), these measures tend to be focused on the more economically dynamic areas of the EU in contrast to those areas with lower GDP and higher unemployment. This may arise for a number of reasons. First, environmental concerns, and hence agri-environmental programmes, are more prevalent in richer areas of the EU where the problems of intensive agricultural production are more pronounced. Second, there are some institutional issues which also result in a higher use of LFA payments in richer, more developed areas. Beyond the ability of poorer Member States to co-finance measures, key among these issues is that of farm size with many smaller farms failing to meet size eligibility criteria in poorer parts of the EU (some regions of Italy illustrate this well). Additionally, poorer regions/Member States tend to focus more on sectoral measures relating to structural issues such as those under Chapter I: Investment on farm and Chapter VII: Investments in processing and marketing, although these priorities may, and perhaps should, change in time.

If, however, one adds into the equation those measures specifically targeting the agricultural sector rather than rural territories as a whole this would suggest a generally higher degree of coherence with the objectives of the Structural Funds as smaller farms (generally in poorer regions) tend to receive higher levels of RDR funding, in marked contrast to receipts from Pillar 1 policies, than larger farms. Farms in the least accessible regions and those in more peripheral regions also receive, on average, higher receipts from the RDR (Shucksmith, et al, 2005). On this basis, and the findings with respect to LFAs and agri-environmental measures notwithstanding, it appears that the RDR at the programme level is coherent with the rationale behind the Structural Funds.

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79 A problem also noted by BMLFUW (2001) in Austria.
The picture is, however, different within Objective 1 regions where rural development measures are offered within a wider territorial framework through the Operational Programmes. Whilst this approach is considered to be appropriate in these regions which are lagging behind the rest of the EU, it is not considered necessary in other rural regions which are not lagging behind to the same extent. For example, significant rural areas in some regions of some Member States are not suffering depopulation and are not at risk of abandonment, although that is not to say that the agricultural sector within these regions is not disadvantaged compared to other economic sectors. In such regions a predominantly sectoral approach is considered to be valid.

The differences between Objective 1 and non-Objective 1 regions notwithstanding, the fact that the RDR is an integral part of the overall suite of Structural Funds suggests that there will be a high degree of coherence between the different funding mechanisms. European Commission (2005b) notes that there is synergy between structural, employment and rural development policies, but also points out that this synergy needs further encouragement. In this context Member States are required to ensure complementarity and coherence between actions to be financed by the ERDF, Cohesion Fund, ESF, EFF and the new EAFRD for a given territory and in a given field of activity. Irrespective of the nature of the present relationship between the Structural Funds and the RDR, it is likely that in future they will operate even more closely together.

Interviews with implementing authorities generally suggest that the requirement for complementarity and coherence is being met, but the point was made in Sweden that the co-operation between the funds could be improved further. In Austria, close co-operation between the Ministry of Agriculture, the Bureau of the Federal Chancellor and so-called Conference for Regional Planning ensures that the Structural Funds are used in a coherent manner and that double-funding is avoided. France was the only Member State to seek integration between the European Regional Development Fund and measures under the RDR and whilst this generally worked well, there were some administrative difficulties (administrative differences between the funds was also cited as a problem in Northern Ireland (UK)). In many cases, however, a distinction is drawn between funds targeting urban and rural areas and, within rural areas, between funds targeting the agricultural and non-agricultural sectors (examples include Finland, Luxembourg and Belgium).

Most implementing authorities feel that there is synergy between the RDR and other policies. This has generally been derived through a collaborative approach to programming between relevant departments (for example, Finland, Austria and Luxembourg). However, some instances where co-operation could be improved
were noted in interviews in France where clear definition of objectives and linkages between national, regional and district levels remains a problem (national-local linkages were also cited as a problem in Spain). Other interviewees also noted that synergies within the RDR could be improved, for example, in Emilia Romagna in Italy, Northern Ireland in the UK, Luxembourg and Portugal, where it was noted in particular that the expected synergies between Chapter II: Young farmers and Chapter IV: Early retirement had not materialised as envisaged. Spanish interviewees pointed to the need for more synergy between Pillar 1 and Pillar 2 of the CAP.

**Judgement**

There is a high degree of complementariness between the Structural Funds at the conceptual level and this generally results in coherence at the operational level through co-operation between the relevant implementing authorities. This cooperation is clearer through the programming approach in Objective 1 regions where the need for a territorial rather than a sectoral policy is noted. It is recognised by some implementing authorities and by the Commission itself that synergy in general needs further encouragement, although this is likely to apply more outside Objective 1 designations. That said, the current overall approach is considered to be appropriate and as long as regions/Member States are encouraged to design programmes with synergy in mind then the current approach is satisfactory.

3.6.6. Gender in the Rural Development Regulation

Although Regulation 1257/99 states under Article 2 that ‘support for rural development, related to farming activities and their conversion, may concern... the removal of inequalities and the promotion of equal opportunities for men and women, in particular by supporting projects initiated and implemented by women’, there is no mention of gender under any of the Chapters and it is left to Member States to determine the extent to which their regional/national programmes consider this issue. Only two Common Evaluation Questions make reference to gender. These are:

- **Chapter II: Young farmers**, CEQ II.3: where the number of supported young farmers should be split by gender; and,
- **Cross cutting**, CEQ Transv.1 where the gender ratio of people benefiting from assistance is requested.

In relation to assistance for young farmers, there is evidence from Sweden that applications from women are favoured explicitly through a higher rate of support. In other regions, the proportion of assisted women ranges from below their share in employment in agriculture as a whole (for example, Germany) to above their overall
proportion (for example, in some regions of Spain and Italy) (see Chapter 3.2.2 for further details).

With respect to the overall gender ratio of those receiving assistance under Chapter II: Young farmers, this is generally biased in favour of men, although in Emilia Romagna women benefit more than expected given their representation in the agricultural sector as a whole (see Chapter 3.2.9). It is interesting to note, as the Finnish MTE report does, that the head of household is generally male and that gender ratios may therefore give a misleading impression of the extent to which women are the beneficiaries of assisted actions.

The fact that some regions/Member States (three) devised alternative/additional criteria/indicators relating to gender suggests that there has been some consideration of gender in a very limited number of cases. In all cases this simply referred to the gender split amongst beneficiaries.

Interviews in Finland revealed that Chapter III: Training has provisions to ensure gender equality amongst participants in the ALMA area. In French Objective 2 programmes there is a requirement to score operations in terms of their gender impact as positive, neutral or negative, although the results of this are not available. Interviewees in Spain pointed out that selection criteria had been modified slightly in Navarra to increase female participation. Several interviewees explained that gender issues were taken into account in a horizontal manner, i.e. across rural development as a whole, although the impact of this is unclear.

It is noted under Article 8 of the new Rural Development Regulation that, ‘the Member States and Commission shall promote equality between men and women at all the various stages of programme implementation. This includes the stages of conception, implementation, monitoring and evaluation’. It is therefore clear that a) the requirement to consider gender will be far more robust and comprehensive and that b) gender issues will be monitored and will therefore be capable of evaluation in a way not possible during the current programming period.

Judgement
There is no specific requirement to consider gender under any of the RDR measures, although support for gender equality is foreseen under Article 2 of Regulation 1257/99. However, little specific consideration has been paid to this issue by implementing authorities. Gender appears to have typically been considered in a horizontal manner rather than through specific programmes although the extent to which the impact of this has been assessed is not clear. The new Rural Development
Regulation is much more explicit with respect to gender and sets out the need to carry out monitoring and evaluation.
4. General conclusions and recommendations

Our conclusions and recommendations cover rural development policy as a whole, the measures which make up the policy, the delivery system and the evaluation system. Conclusions are followed by boxed recommendations. The conclusions presented address the Common and Further Evaluation Questions set out in the contract.

4.1. Key questions regarding overall objectives of Rural Development

The Agenda 2000 reform consolidated the previous nine legislative texts on rural development into a single regulation on support for rural development. Although in terms of presentation it appears a more coherent package, the RDR does not therefore offer a ‘new’ menu of measures. The fact that the menu remains to a degree an agglomeration of previously available and separately implemented measures can reduce overall efficiency in terms of delivering outcomes and meeting objectives at the programme level, not least because there are examples where the objectives, or at least the impacts, of individual measures are in conflict with one another. That said, it is recognised that the choice of measures to offer in individual programmes is the responsibility of implementing authorities and it is incumbent upon them to ensure that the measures selected are appropriate to their rural development needs.

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

**Recommendation**

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

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

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

It is recognised by some implementing authorities, and by the Commission itself, that synergy between rural development measures and the Structural Funds needs further encouragement, although this is likely to apply more outside Objective 1 designations where the rural development measures are not programmed within Operational Programmes involving the other Structural Funds. That said, the overall approach to implementing rural development measures and the Structural Funds is considered to be appropriate and as long as regions/Member States continue to be encouraged to implement these policies with synergy in mind, as they currently are, then the approach is satisfactory.

4.2. Individual measures

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

Chapter I: Investments on farm

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

There is strong evidence that supported investments contribute positively in terms of reducing production costs through the more efficient use of labour. Only a small proportion of investments appear to have been made with the specific objective of improving quality, although this is often an indirect impact ensuring that supported investments have indeed improved quality. Reductions in production costs and improvements in quality, whether a direct impact or not, have resulted in positive impacts on income and this measure is therefore meeting this implied objective.

Assisted investments have not resulted in any significant movement away from production in surplus sectors. Whilst some movements away were noted in some
regions, in others supported investments were used to increase production in these areas. This is not necessarily a problem as the definition of surplus sector as set out in the indicator is at the Community level and takes no account of local circumstances or product differentiation within a sector. Given the fact that the importance of direct marketing often increases amongst beneficiaries it is clear that these sectors are not actually in surplus at the local level.

The impact of assisted investments on employment is positive, despite the more efficient use of labour. The impact is generally in relation to securing employment rather than its creation. Improvements in working conditions were specified as a direct investment aim in some Member States (for example, Denmark, Austria and France) and reductions in workload and hard physical work have been realised in the majority of Member States. As intended by the measure, animal welfare has also been improved in a number of Member States including for example, Austria, Denmark, the UK and France. Whilst the supported investments of a number of holdings in several Member States were found to have had a positive environmental impact (for example, Italy, Sweden and the UK), the extent of this impact is unknown. However, the requirement to comply with minimum environmental standards has ensured that investments were at least environmentally neutral and as such these standards can be considered successful in terms of protecting the environment.

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

**Chapter II: Young farmers**

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

The extent to which support covers the costs of setting-up is very much dependent on local and individual circumstances, however, clearly support does offset these costs to a variable extent. Evidence from a range of Member States (for example, Sweden, France, Germany and Austria) suggests that some young farmers would have set up without support. That said, more limited evidence from Italy and from some French beneficiaries suggests that there has been some impact in terms of earlier farm transfer. The evidence is therefore too ambiguous to allow a definitive
conclusion on the extent to which this measure contributes to the earlier transfer of farms. The extent to which this measure was used in conjunction with Chapter IV: Early retirement is small (with only four Member States implementing both measures outside Objective 1 regions) with little evidence of synergy between the two measures.

Some 16,795 farmers received support under the young farmers measure in 2001, although this had declined to 10,857 by 2003. However, the number of assisted transferees who would have set up without support is not known. Agra CEAS (2003a), addressing the impact of this measure over the previous programming period, found no relationship between expenditure under this measure and the number of farmers under 45 years old.

Whilst the scheme clearly has an impact in terms of maintaining employment in that a transferor is replaced by a transferee for no net employment loss, the extent to which young farmers would have set up in the absence of the scheme is unknown and as a result it is not possible to attribute causality to the scheme itself, although it is likely to be one factor amongst many influencing the decision to enter farming.

**Recommendation**

Whilst a range of evidence concerning the impact of this measure is presented in this report, it is inconclusive in terms of the impact of support on setting up decisions and on the extent to which support covers the costs of setting up at the EU level. Consideration could be given to the idea that a comprehensive and consistent survey of supported farmers could be undertaken at the EU level to investigate these issues further.

**Chapter III: Training**

Training within the RDR is designed essentially to facilitate access to the other available measures and to ‘contribute to the improvement of the occupational skill and competence’ of those employed in the agricultural and forestry sectors. The evidence suggests that there is a good match between training needs and assisted training courses offered and that training needs have been properly considered in the vast majority of cases. There is also evidence to suggest that the training offered has had a positive impact in terms of employment conditions, usually through higher pay. To the extent that evidence is available, it also appears that trainees use their training to make positive improvements on the holdings on which they are employed.

In conclusion, this measure is considered to be relevant and to work well with other measures under the RDR.
Chapter IV: Early retirement
The objectives of this measure are to provide an income for transferors, encourage their replacement by farmers able to improve economic viability and to reassign land to non-agricultural uses where it is not economically viable.

The measure design is such that inevitably farms will be transferred to younger owners, although there is only limited evidence supporting the idea that substantial transfers might occur earlier than would be the case in the absence of the measure with doubts raised in particular in France, Germany and Spain. Whilst there is clear evidence that this measure is used in conjunction with Chapter II: Young farmers where both measures are available (in four Member States), it is not possible to come to a conclusion in terms of whether or not using these measures together brings forward farm transfer due to a lack of evidence. It is, however, clear that farm size generally increases as a result of this measure, although this is not in itself sufficient to guarantee an improvement in economic viability (as foreseen in the intervention logic). There is conflicting evidence on the extent to which the support offered is appropriate. For example, in Portugal the amounts offered are considered satisfactory in 2 regions and unsatisfactory in 3 regions. In Spain, 50% of surveyed beneficiaries were satisfied with the amounts offered whilst the other 50% were not, although it should be noted that a degree of moral hazard might be expected amongst the second group.

Chapter V: Less Favoured Areas
The objectives of this measure are to ensure continued agricultural land use and contribute to the maintenance of viable rural communities, the countryside and sustainable farming, although this is actually delivered through a form of income support.

The extent to which compensation payments contribute to the aim of offsetting the economic implications of natural handicaps varies considerably and there are wide disparities in the degree of compensation provided (and its relative importance in terms of the proportion of farm income provided) depending on region/Member State and the type (severity) of LFA. Although agricultural land use has generally continued in LFAs, the extent to which the causality for this can be assigned to LFA policy is not clear, mainly due to the absence of either a geographic or temporal comparator group, although it is likely to be a contributing factor, particularly in those areas where support makes up a higher proportion of income, up to 90% for example in mountainous regions of Spain.
To the extent that LFA policy has contributed to continuing land use and to the extent that the agricultural sector plays a role in the maintenance of rural communities, then it also underpins rural communities. The extent to which this is the case varies regionally with, for example, 49% of the labour force in small scale enterprises employed on farm in Finnish LFAs whereas rural viability in Irish LFAs is driven by inward migration rather than the agricultural sector. Again, the weight of the compensatory payments within total income at the local level will be an important driver in this impact.

Finally, it is highly likely from a logical point of view that there are examples where either under or over-payments occur as the extent of the handicap and its impact on costs varies considerably. Indeed there is evidence to suggest, for example, under-compensation in the north of Sweden and over-compensation in some parts of Spain. However, it is acknowledged that there is a trade-off between reducing instances of under or over-compensation and increasing administrative complexity and cost and an acceptable balance has to be struck.

In conclusion, it is clear that the measure has a role to play in compensating for the economic impacts of natural handicaps and hence contributes to achieving its objectives to ensure continued agricultural land use and to contribute to the maintenance of viable rural communities. However, some criticisms of LFA policy have been made by many authors for many years (see for example Agra CEAS, 2003a) and those relating to the essentially political, rather than handicap-driven designation of LFAs still remain (see for example, Ahner, 2004).

**Recommendation**

- There is a case for better targeting of the measure by reclassifying LFAs so as to ensure that payments are aligned more closely with natural and other handicaps, thus reducing the risk of possible over- or under compensation.

**Chapter VI: Agri-environment**

The objectives of measures under this Chapter are 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; an environmentally-favourable extensification of 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.
Environmental protection is a long-term issue and it is therefore unlikely that impacts relating specifically to the 2000 to 2003 period (with which this evaluation is concerned) will be in evidence at this point in the implementation process. Whilst it will be possible to obtain a better idea of impact in the 2000-2006 programming period at the ex-post stage, even then it may not necessarily be possible to attribute impacts exclusively to this programming period.

It is possible to conclude that where soil erosion is considered to be a problem, measures are in place to combat this and these are widely taken up (for example, Portugal and Italy). Evidence of the extent to which some agri-environmental measures are suitable to address soil erosion issues is, however, mixed with some studies, for example CRER (2002), noting that organic farming resulted in some negative impacts through the increased use of mechanical tillage techniques. There is also evidence that measures designed to reduce chemical contamination of soil are widely taken up.

There is evidence from some regions/Member States to suggest that measures to combat water pollution are adequately targeted where most needed (for example, Germany), although there are also instances where there is a lack of targeting (Emilia Romagna in Italy, for example). However, there is widespread evidence that large areas are under agreements restricting the use of agricultural inputs. Barriers to transport mechanisms, such as buffer strips, are used to impede the flow of contaminants to water resources although it is not possible to assess the impact that these have. Additionally there is evidence from some Member States, including Ireland, suggesting that application rates have decreased as a result of the measures and this should also reduce the likelihood of water pollution.

As noted above a large area of land is under agreement to restrict the use of agricultural inputs, although this does not necessary mean that large impacts on biodiversity will result as this will depend on other factors such as the extent of induced change in farming system. That said, assuming that measures have been suitably designed, it is likely that a positive impact has resulted. There is evidence that beneficial layouts of crops have been maintained or introduced with assistance and that vegetation/crop residues have been maintained at critical periods. Finally, large areas of high nature value land are under agreement and are hence protected.

There is evidence from some Member States to indicate that endangered animal breeds have been protected where this has been identified as an issue, and in the short-term at least the impact is therefore positive (see for example, Finland where 8,549 animals from protected breeds were raised through to Luxembourg where just
116 Ardenne draught horses were raised with support). There is, however, less evidence to indicate that endangered plant varieties have been protected.

The impact of agri-environment schemes on the landscape in terms of coherence, differentiation and cultural identity is hard to assess mainly because these terms are somewhat subjective and have been interpreted in different ways. For example, in some MTE reports all land under agreement is considered to contribute to these aims whilst in others only land under agreement with direct landscape objectives is considered, in which case the impact is considered to be less significant. That said, there is evidence of positive impacts on coherence, differentiation and cultural identity from a large number of regions/Member States including for example, Germany with regard to coherence, Scotland (UK) and France with regard to differentiation and Finland and Wales (UK) with regard to cultural identity.

The rules regarding codes of Good Farming Practice are considered to be generally clear, although there are some examples where farmer understanding is not as clear as it might be, for example, in the Netherlands, Portugal and Spain. On balance, however, the rules are transparent and widely understood by farmers. Evidence in relation to whether the agri-environment schemes as voluntary measures have added value over the codes of practice as compulsory standards is a little mixed with implementing authorities and some authors (for example, IEEP (2005) and European Commission (2005)) concluding that they do confer added value over compulsory standards and others (Arkleton Institute (2004) and Shucksmith et al (2005)) finding problems. However, as long as schemes are correctly designed and targeted then they are considered by implementing authorities likely to offer added value.

The extent to which the application of agri-environmental measures corresponds to site-specific requirements differs both regionally and by Member State, although the balance of evidence suggests that measures are targeted. For example, in France a needs assessment is undertaken at the individual holding level whilst in other regions certain areas are targeted. However, whilst environmental priorities have been defined in some regions/Member States, this is not a universal approach. Whilst payment rates generally are well aligned with costs incurred and income foregone, there are examples of payment levels which are considered to be either insufficient (areas of particularly poor soil quality in Austria) or excessive (some mountain regions of Germany where farming practice does not have to be significantly altered following scheme participation). In the former case this has sometimes had an adverse impact on uptake rates at the local level.

Recommendation
• Longer-term scientific monitoring and evaluation, including the establishment of an ex-ante baseline, independent of financial programming periods, should be instigated to provide a proper assessment of outcomes in this area.

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

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

Measures under this Chapter have made a positive difference in terms of competitiveness through improvements to and rationalisation of processing and marketing. However, in France (due to late implementation) and in England (due to a limited scale) the overall impact is considered small. Whilst it is apparent that increases in quality have resulted from assisted actions, the specified indicators used in the mid-term evaluation reports do not request data that can be used to allow an assessment of the extent of this impact. Supported investments have also resulted in an increased demand for basic agricultural products through capacity increases, although the impact on price is mixed with examples where price increases have been noted, but more where they have not been. Impact on the security of supply relationships cannot be tested due to a lack of baseline data.

While some positive impacts on the environment, health and welfare derive from specific investment objectives, i.e. are direct impacts, most positive impacts are ‘collateral’, i.e. occur indirectly without having been main investment objectives. The requirement to comply with minimum environmental standards ensures at least environmental neutrality. Finally, there is evidence that assisted actions have resulted in increases in the supply of raw material sourced from organic or other environmentally benign farming systems and this suggests a useful supporting role in relation to measures under Chapter VI: Agri-environment.

The issue of deadweight was little addressed in the MTE reports, most likely because the nature of many of the specified indicators does not explicitly request a consideration of this. However, the little evidence available from further research suggests that there is less deadweight where support is given to smaller enterprises (noted in Sweden and Denmark), although supporting such enterprises may of course run counter to wider restructuring objectives.
Finally, it is also important to bear in mind that investments sometimes require a longer time period than currently available at the mid-term point in which to demonstrate expected impacts. The impacts noted at this time may therefore underestimate the impact in the longer-term which will be more apparent in the ex-post evaluation.

**Recommendation**
- The links with other measures under the RDR, notably those promoting organic production, should be further encouraged in order to promote synergy along the supply chain.

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

CAP-IDIM monitoring data on assisted plantings, although incomplete, clearly demonstrates that woodland area has increased as a result of assisted actions. A time lag between the granting of support and actual planting makes it likely that the extent of planting seen at the mid-term stage is an underestimation of what will be the final impact. However, plantings still fell short of targets in most regions/Member States. Impact on the structure and quality of growing stock appears to have been generally positive, at least at the local level. In response to CEQ VIII.1.B on carbon storage between 2000 and 2012 we would note that whilst it is clear that the impact will be positive, the extent of this impact will depend on, amongst other assumptions within the modelling process, the extent of future planting. That said, the evidence from the estimates of this impact obtained through this evaluation range from 4,010 tonnes per year in Scotland to 2.9 million tonnes per year in Spain.

The extent to which assistance in the forestry sector has resulted in cost reductions depends on the rationale for the investment. Where this was economic, costs have generally been reduced, for example through forest road construction in Austria. Some further cost reductions may become apparent by the time of the ex-post evaluation as forestry operations are a medium to long-term concern. However, many actions were driven by other, non-economic concerns and whilst positive economic impacts would not be expected ex-ante in such cases, there is some evidence that positive economic impacts nonetheless arise (for example, a positive employment impact was noted in Denmark).

Improvements in the attractiveness of forest areas were noted in a number of Member States including Scotland (UK) and Austria. In addition, a positive impact in
terms of biodiversity is also noted in, for example, some German Länder. Where planting rationale was to provide a protective function there is an ex-ante expectation that such a function will become apparent and there is evidence to suggest that this is the case from, for example, the UK and Germany, although again this assessment is hampered by the requirement for mid-term evaluators to use output rather than outcome indicators which do not provide the data required to fully address this issue.

There is strong evidence that assisted actions have had a positive impact on employment on-farm, although this is generally small-scale and short-term in nature. A positive off-farm employment impact is also apparent (for example, Austria and England, in the latter case arising from local processing of basic forestry products supported under this measure), although the extent to which assistance is the sole causal factor is not investigated. The impact on income appears to be neutral or marginally positive in most regions where this was assessed, at least at this point in the programme.

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

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

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

It is generally too early in the implementation process, especially given delays in launching measures in a number of regions/Member States, for an impact on income to be reported. There is, however, some early evidence suggesting a positive impact in terms of living conditions and welfare of the rural population.

Employment has been maintained and created on-farm as a result of assisted actions, despite the relatively early point in the programme. There is also a (less substantial) body of evidence from a range of regions/Member States to suggest a positive impact on employment in the non-agricultural sector and where positive impacts have been noted these are often short-term in nature relating to infrastructure projects and village renewal. There is evidence from a number of regions/Member States that agricultural production structures have been improved as a result of assisted actions targeted on this sector. There is also evidence
suggesting a positive impact in terms of rural dynamism (measured through the support of, inter alia, local action groups), mainly arising from projects explicitly targeting the wider rural community.

It is generally considered too early in the implementation cycle to note an impact on the environment.

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

4.3. Delivery system

Whilst it is clear that some measures under the RDR have coherent and mutually supportive objectives in terms of the intervention logic (for example, Chapter V: LFAs and Chapter VI: Agri-environment, Chapter II: Young farmers and Chapter IV: Early retirement), this does not necessarily result in synergy which is defined as an impact greater than the sum of the individual impacts. That said, synergy is reported in a number of cases, for example in France, where Farm Territorial Contracts were used to facilitate synergy between agri-environment and investment measures (although this scheme was stopped in mid-2002). There are also, however, examples in the intervention logic where conflicts might arise between measures, for example between afforestation and LFA measures in that incentives to plant trees might not be needed if LFA compensatory payments did not artificially inflate the returns to agricultural enterprises.

Uptake of the measures within the RDP is high, in many regions/Member States the vast majority of the agricultural sector benefit from at least one measure and targeting is generally considered to be good. The performance of the implementing authority varied with most MTE reports considering it to have been very good whilst a minority reported some problems.

There is very little information available on the funding leverage rate, although the evidence that is available suggests that it varies considerably by measure and by region/Member State with, for example, rates of 2.45:1 reported in Baden-Württemberg and a rate of between 7:1 and 8.6:1 in Bayern, depending on the measure.

The evidence in relation to deadweight is mixed and the extent to which deadweight is quantified is variable. In some regions/Member States deadweight is relatively low, whilst in others the suggestion is that it can be high (although where mid-term evaluation reports concluded that deadweight was high it was typically
not quantified). However, it should be noted that some efforts to reduce deadweight by adjusting the targeting of measures have been made in some cases, for example in relation to support for investments in processing and marketing in Denmark.

4.4. Evaluation system

Setting out evaluation guidelines to be followed in all regional/national mid-term evaluations has been reasonably successful in that generally the reports are consistent and answers to the specified questions are available to some degree. There is a core of CEQs across most Chapters which are always likely to be relevant even where contextual circumstances differ, for example, those relating to the impact of measures on income, employment, etc. where the measure objectives are designed to have such an impact. Beyond this core it appears that other CEQs are less widely relevant across the different regions/Member States, although it is accepted that their inclusion increases consistency across the EU in terms of the coverage of evaluation reports. Further, some MTE reports found some CEQs to be unrelated to the objectives of the measure (for example CEQ V.4.B concerning the environmental impact of the LFA measure) and the relevance of these is clearly questionable. Other examples where CEQs are less relevant at the mid-term stage are those relating to investment measures and agri-environment and forestry measures where impacts are not necessarily expected in the short-term. However, this is clearly an issue of timing rather than of the relevance of the CEQs themselves. In general it is felt that the CEQs are usually sufficiently relevant to evaluate the quality of the rural development approach.

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

The efficiency and effectiveness of the evaluation system depends in part on the attitude of the region/Member State. In those regions/Member States where it is felt that evaluation feeds back into better policy design, monitoring systems are better adapted to facilitating evaluation. In general, monitoring systems tend to be more focused on scheme implementation rather than evaluation and this reduces their use in the evaluation context where outcome rather than simply output data are often required. There is an element of path dependency in that monitoring systems
reflect the history of the implementation of measures and not the need to carry out evaluation. Improvements to the efficiency and effectiveness of the evaluation system could be made through greater simplicity in construction of indicators, greater flexibility to target evaluations on issues at the regional/Member State level, greater harmonisation and central collection of monitoring data across measures and greater setting of targets against which progress can be assessed.

**Recommendations**

- A smaller set of core questions relating to more broadly relevant issues such as income and employment, etc. would increase the general relevance of the evaluation system. Greater freedom should be allowed in areas where regional context is more likely to be a factor in terms of relevance.
- There is a need to ensure that indicators are capable of providing answers to evaluation questions. There are currently examples, especially in Chapter VI: Agri-environment, where indicators relate specifically to outputs which are not adequate guides to outcomes.
- Many indicators require an assessment of change over time and in this context greater effort should be made to establish suitable baselines.
- Whilst having central evaluation guidelines is considered to be useful, a greater degree of flexibility in the choice of indicators should be permitted- the point is to answer the evaluation questions, not address the indicators as such. Also, it should be recognised that certain data requirements impose a greater burden on beneficiaries and a greater cost on implementing authorities. Where possible, specified indicators should be simple rather than complex.
- A greater effort should be made to persuade regions/Member States of the use of evaluations in feeding in to better policy design in order to encourage monitoring systems more capable of facilitating evaluation.
- Finally, whilst the RDR has brought together (largely) pre-existing policy measures, monitoring systems have not been brought together in the same way and there is a need for this to occur to facilitate evaluation.
Appendix 1: References and bibliography

This Appendix contains references cited in the text and mid-term evaluation reports in Section A1.1. Section A1.2 contains references which informed the analysis, but were not explicitly cited and further reading. It should be noted that there is a general paucity of literature beyond the mid-term evaluation reports covering the period of this evaluation (2000-2003) and that most of the information that is available is in the International academic press.

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Appendix 2: Analysis tools, programmes investigated and contacts

This Appendix sets out in detail the analysis tools used to carry out this meta-evaluation, the programmes selected for further investigation and the people and organisations contacted in the course of this evaluation.

**A2.1. Analysis tools**

Two main tools were used to analyse the information in the mid-term evaluation reports. An extraction grid to assess the extent to which Common Evaluation Questions and associated criteria and indicators were used and a synthesis grid which was used to extract information from the mid-term evaluations. These tools are discussed in the sub-sections below.

**A2.1.1. Extraction grid**

The use of Common Evaluation Questions was assessed through the completion of an extraction grid (in Microsoft Excel) covering all mid-term evaluation reports. This was answered at the level of the indicator. Where the indicator was considered applicable, i.e. measures under the relevant Chapter had been implemented in the region/Member State and the indicator referred to elements of schemes that had been implemented (on time), the possible answers available from a drop down menu were:

- **yes**: where the indicator was used (or an attempt was made to use the indicator);
- **alternative used**: where an alternative (replacement) indicator was used to address the CEQ (this includes cases where a quantitative indicator was answered qualitatively); and,
- **no**: where the indicator was not used (whether because it was considered applicable by the evaluator, but was simply omitted or whether it was considered applicable, but omitted with a reason, for example because the indicator was considered unusable or it was considered too costly to collect the required information).

Where the indicator was not considered applicable this was marked. An answer of not applicable was permitted when:

- indicators in Chapters were not taken up (for example, Chapter VII- Processing and Marketing in Greece);
- where Chapters were taken up, indicators relating to measures not implemented at all (for example, environmental protection restrictions under LFAs in most regions of Italy);
• indicators were not sensible in a regional/national context (for example, relating to irrigation in Ireland); and,
• measures under Chapters were implemented late meaning that it was not possible to evaluate at the mid-term point (Chapter IX- Adapt rural areas in Wales)

This approach means that when we report that a certain percentage of national/regional mid-term evaluations used a specified indicator we are not including the cases where evaluators could not have applied the indicator. We do, however, include cases where evaluators chose not to apply an indicator80.

A2.1.2. Synthesis grid

A synthesis grid was developed in order to mine and analyse the information contained in the mid-term evaluation reports. This grid was constructed in Microsoft Excel to allow the results to be imported into a Microsoft Access database from where they could be analysed. The objective of this grid was to draw information from the mid-term evaluations in a systematic manner to facilitate the EU-15 synthesis. One grid was completed for each Member State with information in regional reports (where applicable) synthesised to present information at the Member State level with regional examples where applicable.

Each RDR Chapter was the subject of a separate worksheet which lists Common Evaluation Questions and Further Evaluation Questions in one column with a range of further columns in several categories in which extracted material can be placed. A range of data were requested from yes/no responses from drop down boxes (many of which had a range of possible answers) to requests for synthesised text. The response categories, requested data and the form of response required are set out in Table 4.1 and were the same for all RDR Chapters.

Table 4.1: Requested information and response format

<table>
<thead>
<tr>
<th>Information requested</th>
<th>Response format</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Applicability</strong></td>
<td></td>
</tr>
<tr>
<td>Was this question answered in your Member State?</td>
<td>Drop down menu</td>
</tr>
<tr>
<td><strong>Comments on relevance and use of Commission criteria and indicators</strong></td>
<td></td>
</tr>
<tr>
<td>Report comments on question relevance</td>
<td>Text</td>
</tr>
<tr>
<td>Report comments on relevance of EU criteria</td>
<td>Text</td>
</tr>
<tr>
<td>Report comments on relevance of EU indicator(s)</td>
<td>Text</td>
</tr>
<tr>
<td>Were other criteria and indicators used for this question and if so, what were they?</td>
<td>Text</td>
</tr>
<tr>
<td><strong>Answer</strong></td>
<td></td>
</tr>
</tbody>
</table>

80 We recognise that this could be for a variety of reasons and it is not intended as a criticism.
### Information requested

<table>
<thead>
<tr>
<th>Information requested</th>
<th>Response format</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short answer to the evaluation question (drop down menu)</td>
<td>Drop down menu</td>
</tr>
<tr>
<td>Synthesised answer to the evaluation question</td>
<td>Text</td>
</tr>
</tbody>
</table>

### Data sources

<table>
<thead>
<tr>
<th>Data sources</th>
<th>Response format</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantitative data sets</td>
<td>Drop down menu</td>
</tr>
<tr>
<td>RDP admin data</td>
<td>Drop down menu</td>
</tr>
<tr>
<td>Scheme monitoring data</td>
<td>Drop down menu</td>
</tr>
<tr>
<td>FADN/ RICA</td>
<td>Drop down menu</td>
</tr>
<tr>
<td>National census</td>
<td>Drop down menu</td>
</tr>
<tr>
<td>Other national data</td>
<td>Drop down menu</td>
</tr>
<tr>
<td>Modelling results</td>
<td>Drop down menu</td>
</tr>
<tr>
<td>Surveys</td>
<td>Drop down menu</td>
</tr>
<tr>
<td>Survey</td>
<td>Drop down menu</td>
</tr>
<tr>
<td>Survey type</td>
<td>Drop down menu</td>
</tr>
<tr>
<td>Survey sample size</td>
<td>Number</td>
</tr>
<tr>
<td>Percent of survey group population</td>
<td>Number</td>
</tr>
</tbody>
</table>

### Interviews

<table>
<thead>
<tr>
<th>Interviews</th>
<th>Response format</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus group</td>
<td>Drop down menu</td>
</tr>
<tr>
<td>Number of Focus Groups used</td>
<td>Number</td>
</tr>
<tr>
<td>Focus Group size (typical number of participants)</td>
<td>Number</td>
</tr>
<tr>
<td>Focus Group participants</td>
<td>Text</td>
</tr>
<tr>
<td>Semi-structured interviews with stakeholders</td>
<td>Drop down menu</td>
</tr>
<tr>
<td>Stakeholders interviewed</td>
<td>Text</td>
</tr>
<tr>
<td>Discussions with scheme administrators</td>
<td>Drop down menu</td>
</tr>
<tr>
<td>Discussions with research community</td>
<td>Drop down menu</td>
</tr>
</tbody>
</table>

### Literature/other

<table>
<thead>
<tr>
<th>Literature/other</th>
<th>Response format</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary data/literature reviews</td>
<td>Drop down menu</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>Text</td>
</tr>
<tr>
<td>Additional notes on data sources</td>
<td>Text</td>
</tr>
</tbody>
</table>

### Miscellaneous comments

<table>
<thead>
<tr>
<th>Miscellaneous comments</th>
<th>Response format</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comments on additionality</td>
<td>Text</td>
</tr>
<tr>
<td>Were other criteria suggested for future use and what were they?</td>
<td>Text</td>
</tr>
<tr>
<td>Were other indicators suggested for future use and what were they?</td>
<td>Text</td>
</tr>
</tbody>
</table>

### Quality of answer/presence of gap

<table>
<thead>
<tr>
<th>Quality of answer/presence of gap</th>
<th>Response format</th>
</tr>
</thead>
<tbody>
<tr>
<td>Was the question answered satisfactorily? (yes/no/partially)</td>
<td>Drop down menu</td>
</tr>
<tr>
<td>Is there a gap to be filled with respect to this question?</td>
<td>Drop down menu</td>
</tr>
<tr>
<td>Is filling this gap a priority?</td>
<td>Text</td>
</tr>
</tbody>
</table>

### Required data to answer the question

<table>
<thead>
<tr>
<th>Required data to answer the question</th>
<th>Response format</th>
</tr>
</thead>
<tbody>
<tr>
<td>What data sources will you use to answer the evaluation question?</td>
<td>Text</td>
</tr>
</tbody>
</table>

### Notes

<table>
<thead>
<tr>
<th>Notes</th>
<th>Response format</th>
</tr>
</thead>
<tbody>
<tr>
<td>Please add here any additional notes that you feel are necessary with regard to this question</td>
<td>Text</td>
</tr>
</tbody>
</table>

The information from completed grids was imported into a database and analysed using a range of queries. These queries were designed both to collate evidence from different Member States to facilitate synthesis at the EU-15 level and also to filter
evidence to allow account to be taken of the robustness of responses. For example, the database queries allowed all evidence drawn from face to face surveys to be collated for particular questions. In some cases the information collected was quantitative in nature, for example, the short answer to the evaluation question where a choice was made between the following options:

- no meaningful answer possible;
- too early to note impact;
- on balance a positive change as a result of the scheme;
- on balance a negative change as a result of the scheme;
- no change;
- mixed according to farm type (for example, farm type); and,
- mixed according to region.

In other cases the information collected was qualitative, i.e. anything that was felt to be relevant could be added, for example the synthesised answer to the evaluation question. Analysing quantitative responses was more straightforward than qualitative ones, but the latter contain greater depth of information and caveats which provide a deeper insight into the impact of the RDR across the EU-15.

**A2.2. Regions selected for further investigation**

Where the RDP was implemented regionally within a Member State it was necessary to decide which regional programmes will be investigated. We used two main criteria for making this judgement within each Chapter:

1. There should be extensive gaps in the ability to answer the Chapter CEQs and FEQs from the regional MTE report.
2. The Chapter should be significant in the region concerned. By this we mean that the share of spending on this Chapter in this region should be important in terms of overall national spend on this Chapter, irrespective of the Chapter’s importance in the region itself.

This selection criteria, coupled with the investigation of the same Chapters across all Member States, guarantees that a suitable balance of Member States was investigated for each Chapter and that a wide range of geographical contexts have been considered.

On this basis the following programmes were selected for further investigation where there was regional implementation. Not all questions within the Chapters set out were gaps:
• **Belgium:**
  Flanders: Chapters III, V, VI, VII, VIII, X and Key Question FEQs
  Wallonia: Chapter IX

• **Finland:**
  Continental Finland: all questions in all Chapters

• **Germany:**
  Bremen: Chapter III
  Niedersachsen: Chapters III, VII and IX
  Bayern: Chapters V and VI
  Rheinland-Pfalz: Chapters V and VIII
  Nordrhein-Westfalen: Chapters VI, VII
  Schleswig-Holstein: Chapter IX
  Nationally: Chapter X and Key Question FEQs

• **Italy:**
  Emilia Romagna: Chapters V, VI, VII, IX, X and Key Question FEQs
  Veneto: Chapters V, VI, VII, VIII, IX and X
  Toscana: Chapters VI, IX and X
  Lazio: Chapters V, VI, IX, X and Key Question FEQs
  Lombardia: Chapters III, VI, VII, VIII, IX and X
  Sicilia: Chapters VI, X and Key Question FEQs
  Basilicata: Chapters VI and X
  Abruzzo: Chapters V and X
  Valle d’Aosta: Chapters V and X

• **Portugal:**
  Mainland Portugal: all questions in all Chapters

• **Spain:**
  Aragon: Chapters III, IX and X
  Basque Country: Chapters IX and X
  Catalonia: Chapters III, IX and X
  Nationally: Chapters V, VI, VIII and Key Question FEQs

• **UK:**
  England: Chapters III, V, VI, VII, VIII, IX, X and Key Question FEQs
  Scotland: Chapters V, VIII, X and Key Question FEQs
  Wales: Chapters V, X and Key Question FEQs
  Northern Ireland: Chapters V, X and Key Question FEQs
## Appendix 3: Definition of evaluation questions and indicators

### A3.1. Chapter I: Investments in agricultural holdings

#### A3.1.1. Common Evaluation Questions

<table>
<thead>
<tr>
<th>Question:</th>
<th>I.1</th>
<th>To what extent have supported investments improved the income of beneficiary farmers?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion:</td>
<td>I.1-1</td>
<td>The income of beneficiary farmers has improved</td>
</tr>
<tr>
<td>Indicator:</td>
<td>I.1-1.1</td>
<td>‘Gross farm income’ of assisted holdings (€)</td>
</tr>
</tbody>
</table>

**Comments:**
- There is likely to be an issue in terms of separating out additional income received from new investment on holdings of beneficiaries. Care will be needed in assigning causality to the measures. There is an issue of gross versus net income and the meaning of ‘gross farm income’ is not clear. ‘Gross’ usually implies before deduction of allowance for capital consumption. However, if estimates of depreciation are available there is little point in preferring a gross figure. This is not the case in the MTE reports though. However, ‘gross’ can also be interpreted as meaning output (turnover) before deduction of variable and fixed costs (other than depreciation). An increase in turnover may not increase net income or ‘family farm income’ as used by FADN. The question implies a concept after all costs have been paid and this is how we interpret it.
- It is generally difficult to assess the impact of investments on income in the short-term as there is often an initially negative impact while the investment is made and before the benefits become apparent.
<table>
<thead>
<tr>
<th>Question:</th>
<th>1.2</th>
<th>To what extent have supported investments contributed to a better use of production factors on holdings?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion:</td>
<td>1.2-1</td>
<td>Increase in factor productivity</td>
</tr>
<tr>
<td>Indicators:</td>
<td>1.2-1.1</td>
<td>Output per hectare on assisted holdings (€/ha)</td>
</tr>
<tr>
<td></td>
<td>1.2-1.2</td>
<td>Output per hour of labour on assisted holdings (€/h)</td>
</tr>
<tr>
<td></td>
<td>1.2-1.3</td>
<td>Cost (i.e. 'direct inputs') per unit of basic products sold (e.g. €/tonne, €/m³, etc) on assisted holdings.</td>
</tr>
<tr>
<td>Comments:</td>
<td>• These require a measurement of output and costs before and after investment. Confounding factors need to be taken into account so that the cause of any change can be attributed to the measures. These are very quantitative indicators and in many cases more qualitative versions of them were used instead. Further, the extent to which causality can be assigned is uncertain.</td>
<td></td>
</tr>
</tbody>
</table>
**Question:** 1.3 To what extent have supported investments contributed to the reorientation of farming activities?

**Criterion:** 1.3.1 Holdings re-deploy production by moving out of surplus product lines or moving into products which have good market outlets

**Indicators:** 1.3-1.1 "Net change" in "surplus product" activity after the investment = holdings with sum of scores for all surplus lines > 0
   - [the holding’s score (per surplus product line) = +1 if ≥10% decrease in annual average livestock numbers or crop area]
   - 0 if no change (between -10% and +10%)
   - -1 if ≥10% increase]

[Surplus products = cereals of any type, beef, milk wine and olives/olive oil: except particular products with favourable market prospect]

**Comments:**
- It is not clear whether the question relates to all holdings or only the assisted ones, although the general direction of other questions implies that the focus is on the assisted holdings. It is very difficult to decide what products are in surplus at the local level. Whilst it may be clear that there is a surplus of milk at the EU or national level, this may not be the case at the level of smaller territorial units. Also, within a surplus product such as milk there are product segments which may not be in surplus, for example organic production, certain fat profiles, etc. However, these may displace other, surplus, segments of the market and thus contribute to problems. Defining surplus areas in the first place is therefore potentially problematic.
- This indicator was little used in the MTE reports, probably as a result of its relative complexity as well as the issues raised above.

**Criterion:** 1.3-2 Holdings take up more alternative activities

**Indicators:** 1.3-2.1 Number of assisted holdings introducing alternative activities. Use:
1.3-2.2 Share of assisted holdings with a significant part of their turnover (≥10%) from alternative activities (%). Use:
1.3-2.3 Share of working time spent on alternative activities on the holding (%). Use:
In this context alternative activities is taken to mean any diversified activity. This could be agricultural or non-agricultural, but does not mean agricultural production in non-surplus areas as this type of activity is covered under the first criteria. It may be difficult to calculate retrospectively where family labour is split between agricultural and alternative activities as this will often not be recorded and this may explain the relative absence of information relating to indicator I.3-2.3.

<table>
<thead>
<tr>
<th>Question</th>
<th>1.4</th>
<th>To what extent have supported investments improved the quality of farm products?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion</td>
<td>1.4-1</td>
<td>The quality of farm products has improved</td>
</tr>
<tr>
<td>Indicator</td>
<td>1.4-1.1</td>
<td>Ratio of (price of assisted quality-improved basic products) to (average price for the commodity concerned)</td>
</tr>
<tr>
<td>Indicator</td>
<td>1.4-1.2</td>
<td>Gross sales of assisted quality-improved basic products (€)</td>
</tr>
<tr>
<td>Comments</td>
<td>•</td>
<td>A key point here is the definition of an improvement in quality.</td>
</tr>
<tr>
<td>Comments</td>
<td>•</td>
<td>Care will be needed in establishing causality as increased sales may be driven by several factors and not just an investment to improve product quality. This point is indeed made in one MTE report.</td>
</tr>
</tbody>
</table>

| Criterion | 1.4-2 | Farm products comply with quality standards, particularly at Community level |
| Indicator | 1.4-2.1 | Share of assisted products sold with quality label (%): |
| Indicator | | a) of which EU-level labelling schemes (%); |
| Indicator | | b) of which national level labelling schemes (%); |
| Indicator | | c) of which other labelling schemes (%) |
| Comments | • | This is relatively straightforward under the assumption that quality labels do actually infer improved quality. However, this indicator was little used in practice, perhaps because most products under these measures are destined for further processing before sale to end user and the quality label is added at this later stage. |

| Question | 1.5 | To what extent has the diversification of on-farm activities originating from supported alternative activities helped maintain employment? |
| Criterion | 1.5-1 | Employment is maintained or increased through alternative activities on the holding |
| Indicator | 1.5-1.1 | Number of full-time equivalent jobs maintained or created |
There is potentially an issue here with regard to the quality of labour. Employment maintained could be additional hours for the existing workforce, which, in the case of family labour may be unpaid. This is not drawn out in the MTE reports.

<table>
<thead>
<tr>
<th>Question:</th>
<th>1.6 To what extent have supported investments facilitated environmentally friendly farming?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion:</td>
<td>1.6-1 Integration of environmental concerns into farm investments</td>
</tr>
<tr>
<td>Indicator:</td>
<td>1.6-1.1 Share of beneficiary holdings introducing environmental improvements thanks to the co-financing (%); a) of which with the environmental improvement as the direct aim of the investment (%); b) of which as a collateral effect (e.g., due to new equipment acquired mainly for economic purposes) (%); c) of which relating to waste and excess manure (%); d) of which relating to on-farm water management (%); e) of which relating to (other) benign farming practices/systems (%).</td>
</tr>
<tr>
<td>Comments:</td>
<td>• Share of holdings introducing improvements is not necessarily a guide to the overall level of improvement made. • In most cases there was only a limited attempt in the MTE reports to break the answer down by category.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Criterion:</th>
<th>1.6-2 Improved storage and landspreading of farm manure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator:</td>
<td>1.6-2.1 Share of assisted holdings improving storage/landspreading of farm manure (%); a) of which co-financed from the assistance (%); b) of which storage (%); c) of which landspreading (%).</td>
</tr>
<tr>
<td>1.6-2.2</td>
<td>Ratio of {storage capacity of farm manure on assisted holdings} to {total farm manure output on assisted holdings}</td>
</tr>
<tr>
<td>1.6-2.3</td>
<td>Share of assisted holdings meeting standards concerning farm manure (%)</td>
</tr>
<tr>
<td>Comments:</td>
<td>• Share of holdings introducing improvements is not necessarily a guide to the overall level of improvement made. • There was no attempt to quantify the extent to which investments were co-financed and little attempt to separate out the proportion of investments relating to storage from those relating to landspreading.</td>
</tr>
</tbody>
</table>
**Question:** 1.7 To what extent have supported investments improved production conditions in terms of better working conditions and animal welfare?

**Criterion:** 1.7-1 Working conditions have improved

**Indicator:** 1.7-1.1 Evidence of significant reduction thanks to the assistance in exposure to any of the following: noxious substances, odours, dust, extreme climatic conditions outdoor/indoor, lifting of heavy loads, aberrant working hours (description).

**Comments:**
- The type of production conditions referred to are well set out, although the extent of improvement is subjective without any quantification of 'significant'. It is also debatable as to whether suitable means of measurement can be found.
- Answers to this indicator in the MTE reports tended to be somewhat vague in most cases, although there were exceptions.

**Criterion:** 1.7-2 Animal welfare has improved

**Indicator:** 1.7-2.1 Share animals on assisted holdings enjoying improved welfare thanks to assisted investments (%);
- a) of which with animal welfare as a direct aim (%);
- b) of which with animal welfare as a collateral effect (e.g., due to new housing or equipment acquired mainly for other reasons) (%);
- c) of which related to welfare standards (%);
- d) of which related to EU-welfare standards (%)

**Comments:**
- The lack of definition of investments which improve animal welfare means that these indicators are subjective and open to different interpretations.
- Attempts to break the answer down into the categories specified in the indicator were limited in many cases.
A3.2. Chapter II: Setting up of young farmers

A3.2.1. Common Evaluation questions

<table>
<thead>
<tr>
<th>Question</th>
<th>II.1</th>
<th>To what extent has the aid for setting up covered the costs arising from setting up?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion</td>
<td>II.1-1</td>
<td>High incentive effect of the setting-up aid</td>
</tr>
<tr>
<td>Indicator</td>
<td>II.1-1.1</td>
<td>Ratio between (setting-up aid) and {actual setting-up costs}</td>
</tr>
<tr>
<td>Comments</td>
<td>•</td>
<td>This requires knowledge of actual setting up costs which will vary according to circumstances and location and will therefore require a survey methodology. Other evidence is unlikely to facilitate an answer.</td>
</tr>
<tr>
<td></td>
<td>•</td>
<td>This indicator was typically well used in the MTE reports.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Question</th>
<th>II.2</th>
<th>To what extent has the setting-up aid contributed to the earlier transfer of farms (to relatives versus non-relatives)?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion</td>
<td>II.2-1</td>
<td>Reduction of average age of transferees and/or transferors in assisted transfers</td>
</tr>
<tr>
<td>Indicator</td>
<td>II.2-1.1</td>
<td>Average age of transferee in assisted setting up</td>
</tr>
<tr>
<td></td>
<td>II.2-1.2</td>
<td>Average age of transferors in assisted setting up</td>
</tr>
<tr>
<td>Comments</td>
<td>•</td>
<td>There are many factors behind the decision to transfer farms between generations which will be specific to individual circumstances. The extent to which the setting-up aid influenced the decision will need to be carefully isolated and the extent to which this can be done will depend on the methodology used. There was little attempt to do this in the MTE reports.</td>
</tr>
<tr>
<td></td>
<td>•</td>
<td>There is potential deadweight in that the scheme might simply have been accessed by those intending to transfer farms in any case.</td>
</tr>
<tr>
<td></td>
<td>•</td>
<td>It is possible that transfers take place in order to attract funds, but that the management structure of a family farm remains the same in practice.</td>
</tr>
</tbody>
</table>
### Question: II.2.A
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?

### Criterion: II.2.A.-1
Simultaneous take-up of the two schemes

### Indicator: II.2.A-1.1
Ratio between \{number of beneficiaries of setting-up aid replacing beneficiaries of early retirement aid\} and \{total number of farm transfers in period\}

### Comments:
- There is potential deadweight in that the scheme might simply have been accessed by those intending to transfer farms in any case.
- Establishing causality is a potential issue.
- In reality there are few instances where measures under both Chapters were applied to any great extent.

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

### Criterion: II.3-1
More young farmers are installed

### Indicator: II.3-1.1
Number of assisted young farmers installed (by gender)

### Comments:
- Again there is a potential deadweight issue and establishing causality requires care.
- Most of the analysis in the MTE report focused on the gender split rather than the absolute numbers of assisted young farmers.
Question: II.4 To what extent has the setting up of young farmers contributed to safeguarding employment?

| Criterion:   | II.4-1 Jobs are maintained or created |
| Indicator:  | II.4-1.1 Number of full-time equivalent jobs maintained or created (FTE) |
| Comments:   | • There is potentially an issue here with regard to the quality of labour. Employment maintained could be additional hours for a young farmer already working on the family farm.  
• There was little attempt in the MTE reports to consider the nature of maintained or created employment. |

| Criterion:   | II.4-2 Main-occupational farming is secured |
| Indicator:  | II.4-2.1 Ratio between (% of assisted set ups resulting in main-occupational farming) and (% of all establishments resulting in main-occupational farming) |
| Comments:   | • Causality could be difficult to establish as there are many reasons why some farms support main-occupational farming and others do not.  
• This indicator was not addressed directly in the MTE reports. |
### A3.3. Chapter III: Training

#### A3.3.1. Common Evaluation Questions

<table>
<thead>
<tr>
<th>Question:</th>
<th>III.1 To what extent are the assisted training courses in accordance with needs and coherent with other measures of the programme?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion:</td>
<td>III.1-1 The training responds to the needs and potential for adaptation <em>(conversion, reorientation, improvement)</em> at the level of individuals, sectors or regions <em>(including gaps/weaknesses or potential/opportunities identified during programming or ex-ante evaluation)</em></td>
</tr>
</tbody>
</table>
| Indicator: | III.1-1.1 Share of assisted training accommodating issues identified as gaps/weaknesses or potential/opportunities during programming/ex-ante evaluation (%)  
  a) of which thanks to the type/mix of participants (e.g., young people, women…) (%)  
  b) of which thanks to the topic/contents of the courses (%)  
  c) of which related to co-financed actions of other chapters of the programme (%) |
| Comments: | • This question is underpinned by the assumption that training needs are known. Whether an *ex-ante* needs analysis was carried out would help to inform this.  
  • Although some MTE reports provided an answer broken down as requested, in many cases more qualitative comments were offered. |
<table>
<thead>
<tr>
<th>Question:</th>
<th>III.2 To what extent have the acquired skills/competence helped improve the situation of the trainees and of the agricultural/forestry sector?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion:</td>
<td>III.2-1 The skills/competence acquired by the trainees help improve their employment conditions.</td>
</tr>
</tbody>
</table>
| Indicator: | III.2-1.1 Share of assisted trainees (both holders and employees) experiencing job improvements related to the training (%);  
|           | a) of which farm/forest holders (%);  
|           | b) of which employees (%);  
|           | c) of which thanks to better remuneration (%);  
|           | d) of which thanks to non-pecuniary job quality (e.g., seasonal/contractual work security, exposure to risk and adverse conditions, job-variation/enrichment…) (%) |
| Comments: | • The main issue here relates to establishing causality.  
|           | • Whilst some MTE reports broke the answer down as requested, most did not and focused on the headline proportion or a more qualitative comment. |
| Criterion: | III.2-2 The skills/competence acquired by the trainees facilitate the adaptation of agriculture and forestry (conversion/reorientation/improvement) |
| Indicator: | III.2-2.1 Share of holdings with an assisted trainee, initiating conversion/reorientation/improvement related to the assisted training (%);  
|           | a) of which new/additional activities (%);  
|           | b) of which improved quality/hygiene/added value concerning existing activities (%);  
|           | c) of which management related (%);  
|           | d) of which environmental benign methods/practices (%);  
|           | e) of which farming (%);  
|           | f) of which forestry (%) |
| Comments: | • The main issue here relates to establishing causality.  
|           | • See comment above on indicator use. |
### A3.3.2. Further Evaluation Questions

<table>
<thead>
<tr>
<th>Question:</th>
<th>III.3a</th>
<th>To what extent is the training measure used for promoting: the application of production practices compatible with the maintenance and enhancement of the landscape</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion:</td>
<td>III.3a-1</td>
<td>Training is used to promote production practices compatible with the maintenance and enhancement of the landscape</td>
</tr>
<tr>
<td>Indicator:</td>
<td>III.3a-1.1</td>
<td>Share of funding for training relating to maintenance and enhancement of the landscape (%)</td>
</tr>
<tr>
<td></td>
<td>III.3a-1.2</td>
<td>Share of assisted trainees receiving training relating to maintenance and enhancement of the landscape (%)</td>
</tr>
<tr>
<td>Comments:</td>
<td>• Ideally an indicator such as “share of holdings with an assisted trainee reorienting production practices to make them compatible with the maintenance and enhancement of the landscape (%)” would be used in order to assess the actual impact of training measures on holdings, but the use of such an indicator requires a survey methodology and this is outside the terms of reference for this evaluation. This question will have to be answered instead from monitoring systems under the assumption that training provided is subsequently used. Where answers to this FEQ were available, they were largely based on the share of courses offered.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Question:</th>
<th>III.3b</th>
<th>To what extent is the training measure used for promoting: the protection of the environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion:</td>
<td>III.3b-1</td>
<td>Training is used to promote protection of the environment</td>
</tr>
<tr>
<td>Indicator:</td>
<td>III.3b-1.1</td>
<td>Share of funding for training relating to environmental protection (%)</td>
</tr>
<tr>
<td></td>
<td>III.3b-1.2</td>
<td>Share of assisted trainees receiving training relating to environmental protection (%)</td>
</tr>
<tr>
<td>Comments:</td>
<td>• Ideally an indicator such as “share of holdings with an assisted trainee increasing environmental protection as a result of the training scheme (%)” would be used in order to assess the actual impact of training measures on holdings. However, this would require a survey methodology, see comments to FEQ III.3a.</td>
<td></td>
</tr>
<tr>
<td>Question:</td>
<td>III.3c</td>
<td>To what extent is the training measure used for promoting: Hygiene standards and animal welfare</td>
</tr>
<tr>
<td>-----------</td>
<td>--------</td>
<td>------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Criterion:</td>
<td>III.3c-1</td>
<td>Training is used to promote hygiene standards and animal welfare</td>
</tr>
<tr>
<td>Indicator:</td>
<td>III.3c-1.1</td>
<td>Share of funding for training relating to hygiene standards and animal welfare (%)</td>
</tr>
<tr>
<td></td>
<td>III.3c-1.2</td>
<td>Share of assisted trainees receiving training relating to hygiene standards and animal welfare (%)</td>
</tr>
<tr>
<td>Comments:</td>
<td>•</td>
<td>Ideally an indicator such as “share of holdings with assisted increasing hygiene and animal welfare standards as a result of the training scheme (%)” would be used in order to assess the actual impact of training measures on holdings. However, this would require a survey methodology, see comments to FEQ III.3a.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Question:</th>
<th>III.3d</th>
<th>To what extent is the training measure used for promoting: Management skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion:</td>
<td>III.3d-1</td>
<td>Training is used to promote management skills</td>
</tr>
<tr>
<td>Indicator:</td>
<td>III.3d-1.1</td>
<td>Share of funding for training relating to management skills (%)</td>
</tr>
<tr>
<td></td>
<td>III.3d-1.2</td>
<td>Share of assisted trainees receiving training relating to management skills (%)</td>
</tr>
<tr>
<td>Comments:</td>
<td>•</td>
<td>Ideally an indicator such as “Share of assisted trainees taking on new or increased management duties as a result of training (%) (a) of which new management duties (%); (b) of which increased management duties (%).” Would be used in order to assess the actual impact of training measures on holdings. However, this would require a survey methodology, see comments to FEQ III.3a.</td>
</tr>
</tbody>
</table>
**A3.4. Chapter IV: Early retirement**

**A3.4.1. Common Evaluation Questions**

<table>
<thead>
<tr>
<th>Question:</th>
<th>IV.1</th>
<th>To what extent has aid for early retirement contributed to the earlier transfer of farms?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion:</td>
<td>IV.1-1</td>
<td>Released land is transferred to younger farmer(s)</td>
</tr>
<tr>
<td>Indicator:</td>
<td>IV.1-1.1</td>
<td>Average difference in age between transferor and transferee (years).</td>
</tr>
<tr>
<td></td>
<td>IV.1-1.2</td>
<td>Surface area released early (hectares and number of holdings)</td>
</tr>
<tr>
<td>Comments:</td>
<td>•</td>
<td>There are many factors behind the decision to transfer farms between generations which will be specific to individual circumstances. The extent to which the setting-up aid influenced the decision will need to be carefully isolated and the extent to which this can be done will depend on the methodology used.</td>
</tr>
<tr>
<td></td>
<td>•</td>
<td>There is potential deadweight in that the scheme might simply have been accessed by those intending to transfer farms in any case.</td>
</tr>
<tr>
<td></td>
<td>•</td>
<td>It is possible that transfers take place in order to attract funds, but that the management structure of a family farm remains the same in practice.</td>
</tr>
<tr>
<td></td>
<td>•</td>
<td>This question was often addressed in a more qualitative way than envisaged by the indicators and indicator IV.1-1.2 was often not presented.</td>
</tr>
<tr>
<td>Question:</td>
<td>IV.1.A</td>
<td>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?</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Criterion:</td>
<td>IV.1.A-1</td>
<td>There is a significant amount of simultaneous take-up of the two aid schemes</td>
</tr>
<tr>
<td>Indicator:</td>
<td>IV.1.A-1.1</td>
<td>Ratio of {number of beneficiaries of setting-up aid replacing beneficiaries of early retirement aid} to {all cases of assisted retirement}</td>
</tr>
<tr>
<td>Comments:</td>
<td>•</td>
<td>There is potential deadweight in that the scheme might simply have been accessed by those intending to transfer farms in any case. Establishing causality could be an issue. • It is possible that transfers take place in order to attract funds, but that the management structure of a family farm remains the same in practice. • The ratio was not universally applied in the MTE reports.</td>
</tr>
<tr>
<td>Criterion:</td>
<td>IV.1.A-2</td>
<td>There is an additional reduction of the average age of the beneficiaries of early retirement in the case of combined aid</td>
</tr>
<tr>
<td>Indicator:</td>
<td>IV.1.A-2.1</td>
<td>Ratio of {average age of the beneficiaries of early retirement aid replaced by beneficiaries of setting-up aid} to {average retirement age of all farmers receiving early retirement aid}</td>
</tr>
<tr>
<td>Comments:</td>
<td>•</td>
<td>See above.</td>
</tr>
<tr>
<td>Question:</td>
<td>IV.2</td>
<td>To what extent has the economic viability of the remaining agricultural holdings improved?</td>
</tr>
<tr>
<td>Criterion:</td>
<td>IV.2-1</td>
<td>Improvement in the factors of production</td>
</tr>
<tr>
<td>Indicator:</td>
<td>IV.2-1.1</td>
<td>Ratio of {cost} to {turnover} on assisted holdings (\text{\textit{where costs = \textit{all inputs}})};</td>
</tr>
<tr>
<td></td>
<td></td>
<td>a) description of the indicator's relationship to the conditions mentioned in Article 11(2) 1st indent: skill/competence, surface area, volume of work or income</td>
</tr>
<tr>
<td></td>
<td></td>
<td>IV.2-1.2 Development of farm structures due to mergers:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>a) increase in average size of all involved holdings remaining after transfer/merger (hectares and %);</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) decrease in number of holdings remaining after transfer/merger (number);</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c) trend in specialisation of holdings (mixed production versus separate animal and arable...) (description)</td>
</tr>
</tbody>
</table>
| Comments: | • | Economic viability can be defined in many ways. The first
criteria and indicators suggest the ratio of costs to turnover and trends in consolidation and specialisation, although it is not clear whether increased specialisation infers an improvement or the opposite: we assume the former. The ratio in Indicator IV.2-1.1 was not used and answers to Indicator IV.2-1.2 were more qualitative than envisaged.

| Criterion:  | IV.2-2 Viable production conditions in relation to production restrictions |
| Indicator:  | IV.2-2.1 Trend due to mergers in the production conditions in relationship to production restrictions (production rights, livestock density, manure restrictions, etc.) (description) |
| Comments:   | • Again, viable production conditions can be defined in many ways and are likely to have been defined differently in different regions.  
• This indicator was only commented on in one MTE report. |

| Question:   | 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? |
| Criterion:  | IV.3-1 The level of income is satisfactory and provides an incentive to stop farming |
| Indicator:  | IV.3-1.1 Ratio of \{premium + capital income (from sale of farm/land)\} to \{previous family farm income\} |
| Comments:   | • This question seeks to establish whether the incentive is sufficient to result in participation. Under the assumption that in order for an individual to participate the incentive must have been sufficient, a form of answer will be provided by the rate of up-take of eligible farmers.  
• Defining a ‘fair’ standard of living is subjective and implies a comparison to living standards of other groups.  
• Some producers may have retired early without an incentive for a range of reasons and there may therefore be a degree of deadweight.  
• No attempt was made in the MTE reports to construct the ratio and the question was answered in a qualitative manner at either the criterion or question level. |
A3.5. Chapter V: Less Favoured Areas

A3.5.1. Common Evaluation Questions

<table>
<thead>
<tr>
<th>Question</th>
<th>V.1</th>
<th>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?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion</td>
<td>V.1-1</td>
<td>The income deficit due to natural handicaps or environmental restrictions is offset by compensatory allowances or payments</td>
</tr>
<tr>
<td>Indicator</td>
<td>V.1-1.1</td>
<td>Ratio of {premium} to {higher production costs + reduction in value of farm output}</td>
</tr>
<tr>
<td>Indicator</td>
<td>V.1-1.2</td>
<td>Share of compensated holdings where premium is:</td>
</tr>
<tr>
<td></td>
<td>a)</td>
<td>lower than 50% of {higher production costs + reduced value of farm output} (%)</td>
</tr>
<tr>
<td></td>
<td>b)</td>
<td>between 50 and 90% of {higher production costs + reduced value of farm output} (%)</td>
</tr>
<tr>
<td></td>
<td>c)</td>
<td>higher than 90% of {higher production costs + reduction in value of farm output} (%)</td>
</tr>
<tr>
<td>Comments</td>
<td>•</td>
<td>A crucial element in answering this question is the evidence on the extent of natural handicaps in LFAs and the costs and income foregone in AERs that are supposed to form the basis of compensation. It is necessary to know the extent to which production costs are higher and this is problematic due to the absence of a comparator group and given that conditions in LFAs are not homogenous.</td>
</tr>
<tr>
<td></td>
<td>•</td>
<td>The MTE reports tended to focus on the Indicator V.1-1.1.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Question</th>
<th>V.2</th>
<th>To what extent have compensatory allowances helped in ensuring continued agricultural land use?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion</td>
<td>V.2-1</td>
<td>Agricultural land use continued</td>
</tr>
<tr>
<td>Indicator</td>
<td>V.2-1.1</td>
<td>Change in Utilised Agricultural Area (UAA) in LFAs (hectares and %)</td>
</tr>
<tr>
<td>Comments</td>
<td>•</td>
<td>There is an issue here in terms of establishing the counterfactual and hence establishing causality in the absence of a comparator group (either geographically or temporally given that LFA schemes in one form or another have been in existence for decades).</td>
</tr>
</tbody>
</table>
|          | • | It should also be noted that a reduction in UAA might not
equate to abandonment, but may indicate diversification (and thus less area claimed). Care will be needed in interpreting any changes noted.

- This indicator was typically well addressed.

<table>
<thead>
<tr>
<th>Question:</th>
<th>V.3</th>
<th>To what extent have compensatory allowances contributed to the maintenance of a viable rural community?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion:</td>
<td>V.3-1</td>
<td>Continued agricultural land use is critical for the maintenance of a viable rural community</td>
</tr>
<tr>
<td>Indicator:</td>
<td>V.3-1.1</td>
<td>Evidence of continued agricultural land use as a critical factor for the maintenance of a viable rural community (description)</td>
</tr>
</tbody>
</table>
| Comments:  |  | • Defining a ‘viable rural community’ is subjective and is likely to differ from case to case. There is an implicit assumption that continued agricultural land use equates to the maintenance of a viable rural community and this may not be the case in some areas of the EU particularly given the relatively low contribution to regional economic activity that agricultural activity per se may make. 
  • Continuing use of agricultural land could result from a lack of alternative opportunities and this may not promote a viable rural community.
  • This indicator was generally well addressed. |

| Criterion: | V.3-2 | Fair standard of living for farmers |
| Indicator: | V.3-2.1 | Ratio of {“family farm income” + off-farm income of holder and/or spouse} to {average family income in related area} |
| Comments:  |  | • Relating average farm household income to average non-farm household income ignores other aspects of standard of living including accommodation standard, access to services, etc. Also, the standard of living of non-farming households in LFAs may not itself be deemed ‘fair’. 
  • Implicit in this criteria is that farmers in LFAs require support in order to obtain a fair standard of living. However, the ESPON 2000-2006 programme, project 2.1.3 (Arkleton Institute for Rural Development Research, 2004) found no statistically significant relationships between LFA support and lower per capita GDP which does not support the hypothesis implicit in the criteria, or at least does not suggest that higher LFA payments are used where most justified by this measure. 
  • Most MTE reports did not construct this ratio. |
Table 10.1: Evaluation of sustainable farming as a strategy for the protection of the environment

<table>
<thead>
<tr>
<th>Question:</th>
<th>V.4.A</th>
<th>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 LFAs?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion:</td>
<td>V.4.A-1</td>
<td>Maintenance/promotion of sustainable farming</td>
</tr>
</tbody>
</table>
| Indicator:| V.4.A-1.1 | Share of UAA under environmentally benign farming systems (hares and %):  
 a) of which used for organic farming (hares and %);  
 b) of which used for integrated farming or integrated pest management (hares and %);  
 c) of which used as pasture with less than 2 LU/ha (or a specified regional variant) (hares and %).  
 V.4.A-1.2 | Share of UAA used for arable farming where the quantity of nitrogen applied (farm manure + synthetic) is less than 170 kg/ha per year (hares and %).  
 V.4.A-1.3 | Share of UAA used for arable farming where the quantity of pesticides applied is less than a specified threshold (hares and %) |
| Comments: | • Whilst the definition of sustainable farming may be open to interpretation the items specified under the first indicator are clear, as is that under the second indicator.  
 The final indicator requires that a threshold is specified and in order to assess whether the scheme has contributed to the protection of the environment this threshold must be appropriate to the conditions.  
 Some use was made of all the Indicators, although not necessarily in the exact form specified above. Whilst information relating to organic farming and stocking densities in Indicator V.4.A-1.1 was widespread, there was comparatively little mention of integrated farming or integrated pest management, most likely because this is a more market driven form of production with no specific EU support. As a result area under these systems is not likely to appear on monitoring systems. |

Table 10.2: Evaluation of improved implementation and respect of environmental restrictions as a strategy for the protection of the environment

<table>
<thead>
<tr>
<th>Question:</th>
<th>V.4.B</th>
<th>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?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion:</td>
<td>V.4.B-1</td>
<td>Increased implementation and respect of targeted</td>
</tr>
</tbody>
</table>
### Indicator: V.4.B-1.1
Share of Utilised Agricultural Area (UAA) (within the region covered by the programme) covered by Environmental Restrictions that allow farmers to draw payments (hectares and %).

### Indicator: V.4.B-1.2
Share of eligible holdings taking up payments for environmental restrictions (number and %).

### Indicator: V.4.B-1.3
Ratio of (% of beneficiary holdings having faced action for non-compliance with restrictions) to (% of holdings not claiming payments having faced actions for non-compliance)

### Comments:
- An issue here is the degree to which compliance can be enforced (and the cost of doing this). Assuming that enforcement measures are adequate, then the indicators here will provide an answer.

### A3.5.2. Further Evaluation Questions

<table>
<thead>
<tr>
<th>Question: V.5a</th>
<th>Are handicaps in LFAs in terms of production costs clearly identifiable?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion: V.5a.1</td>
<td>Degree of handicap manifested in production cost in LFAs</td>
</tr>
<tr>
<td>Indicator: V.5a.1-1</td>
<td>What is the nature of the handicap in LFAs and how does this impact on production costs (distinguish between different types of LFA and provide a description)</td>
</tr>
<tr>
<td>Comments: •</td>
<td>A qualitative answer only will be possible.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Question: V.5b</th>
<th>Are the currently used criteria for the classification of LFAs and for fixing the level of Compensatory Allowance transparent and adapted with regard to the objective of avoiding over- or under-compensation?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion: V.5b.1</td>
<td>LFA classification is transparent</td>
</tr>
<tr>
<td>Indicator: V.5b.1-1</td>
<td>Specify criteria used to classify area as LFA (description)</td>
</tr>
<tr>
<td>Criterion: V.5b.2</td>
<td>Setting of compensatory allowance is transparent</td>
</tr>
<tr>
<td>Indicator: V.5b.2-1</td>
<td>Specify criteria used to set compensatory allowance (description)</td>
</tr>
<tr>
<td>Criterion: V.5b.3</td>
<td>Over and under compensation is avoided</td>
</tr>
<tr>
<td>Indicator: V.5b.3-1</td>
<td>Ratio {compensatory allowance} to {increased production cost}</td>
</tr>
<tr>
<td>Indicator: V.5b.3-2</td>
<td>Is any evidence to suggest under or over compensation (description)</td>
</tr>
<tr>
<td>Question:</td>
<td>V.5.c What suggestions in view of a revision of the criteria can be derived from the evaluation reports?</td>
</tr>
<tr>
<td>-----------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Criterion:</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Indicator:</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Comments:</td>
<td>• It is not appropriate to define criteria and indicators in this instance. This question requires consideration of any problems with the classification criteria and a drawing out of any recommendations.</td>
</tr>
</tbody>
</table>
### A3.6.1. Common Evaluation Questions

<table>
<thead>
<tr>
<th>Question:</th>
<th>VI.1.A</th>
<th>To what extent have natural resources been protected ... in terms of soil quality, as influenced by agri-environmental measures?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion:</td>
<td>VI.1.A-1</td>
<td>Soil erosion has been reduced</td>
</tr>
<tr>
<td>Indicator:</td>
<td>VI.1.A-1.1</td>
<td>Farmland under agreements preventing/reducing soil loss (number and hectares)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>a) of which reducing erosion from (mainly) water/wind/tillage respectively (%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) of which due to:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• land-use (pasture, other permanent crops...) (%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• barriers or diversions (terraces, linear elements) (%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• agricultural practices (reduced tillage, specific types of irrigation, contour cultivation, soil cover ...) (%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• stocking density of grazing animals (%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c) of which the object of assisted actions mainly/exclusively targeting erosion control (%)</td>
</tr>
<tr>
<td>Comments:</td>
<td></td>
<td>• Implicit in this question is the assumption that areas are at risk of soil erosion and that this risk (and hence the benefit of measures adopted) is equal. This may not be the case.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• An indication of soil fertility such as Cation exchange capacity, organic matter contents, micronutrient content would provide an indication of soil quality.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• It is possible to quantify the number of farms (or area) where measures to combat erosion are being taken, but this does not provide quantification of effectiveness in terms of soil erosion prevented and is therefore only a guide to the reduction in soil erosion(^{81}). The use of quantitative indicators therefore masks what will be a qualitative response.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The extent to which this Indicator has been used in MTE reports varies, but generally information relating only to</td>
</tr>
</tbody>
</table>

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\(^{81}\) A similar point was made by European Commission (1998) and Court of Auditors (2000) which states that high take up rates of agri-environment schemes is not a guarantee of their success in terms of achieving a significant impact. The Court of Auditors also criticised the lack of appropriate indicators in the period prior to 2000. This criticism appears to still hold a degree of validity, although it is noted that the Commission began the process of preparing a new set of indicators for use in the assessment of agri-environment measures in 2000 in the form of an IRENA project which has recently (2005) concluded.
### Criterion: VI.1.A-2
Chemical contamination of soils has been prevented or reduced

| Indicator: VI.1.A-2.1 | Farmland under agreements reducing soil contamination (number and hectares); a) of which reduced use of plant protection substances (%); b) of which reduced use of plant nutrient/manure (%); c) of which the object of assisted actions explicitly targeting soil contamination (%) |

| Comments: | As above. Also, many prescriptions for reducing inputs will restrict the use of plant protection products, fertiliser and contaminants and separating these out is likely to be problematic. |

### Criterion: VI.1.A-3
The protected soil gives raise to further benefits at farm or societal level

| Indicator: VI.1.A-3.1 | Farm and/or off-farm indirect impacts resulting from farmland under agreements (description) |

| Comments: | The lack of definition of further benefits is likely to make comparisons of responses to this indicator difficult. This Indicator was not usually addressed in the MTE reports. |

### Question: 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?

| Criterion: VI.1.B-1 | Reduction of agricultural inputs potentially contaminating water |

| Indicator: VI.1.B-1.1 | Area subject to input-reducing actions thanks to agreement (hectares): a) of which with reduced application per hectare of chemical fertiliser (%); b) of which with reduced application per hectare of manure or reduced livestock density (%); c) of which with crops and/or rotations associated with low inputs or low nitrogen-surplus (in case of fertiliser) (%); d) of which with reduced application per hectare of plant protection products (%). |

| VI.1.B-1.2 | Reduction of agricultural inputs per hectare thanks to agreements (%)\(^{82}\) |

\(^{82}\) It will only be worthwhile to calculate this indicator for programmes with a certain focus on water protection (e.g., where relevant actions are applied in catchment areas predominantly influenced by farming and forestry).
<table>
<thead>
<tr>
<th>VI.1.B-1.3</th>
<th>Nitrogen balance (kg/ha/year) (*)</th>
</tr>
</thead>
</table>
| **Comments:** | Implicit in this question is the assumption that areas are at risk of contamination and that this risk (and hence the benefit of measures adopted) is equal. This may not be the case.  
| | Also implicit in this question is the quality of ground and surface water. This could be addressed, but is not.  
| | It is possible to quantify the number of farms (or area) where measures to combat potential water contamination are being taken, but this does not provide quantification of effectiveness in terms of potential contamination prevented and is therefore only a guide to the reduction in potential contamination. The use of quantitative indicators therefore masks what will be a qualitative response.  
| | Many prescriptions for reducing inputs will restrict the use of plant protection products, fertiliser and contaminants and separating these out is likely to be problematic.  
| | Whilst it is assumed that reductions in agricultural inputs refers to active ingredient, even this can be criticised as different active ingredients have different modes of action and different toxicity levels. This indicator can therefore provide a qualitative guide only, despite the appearance being quantitative.  
| | Nitrogen balance assumes a measurement before and after, and this is likely to have to be part of a monitoring system already in place.  
| | Finally, causality is also likely to be an issue.  
| | Typically only elements of Indicator VI.1.B-1.1 were used in the MTE reports and it was rare that these Indicators were used in the quantified form specified. |

**Criterion:** VI.1.B-2  
The transport mechanisms (from field surface or rootzone to aquifers) for chemicals have been impeded (leaching, run-off, erosion)

**Indicator:** VI.1.B-2.1  
Area subject to supported actions reducing the transport of pollutants to aquifers (through run-off, leaching or erosion) (hectares):  
| a) of which with particular cover/crop (%);  
| b) of which with non-crop barriers to run-off (field margins, hedgerows, contour cultivation, field size) (%) |

**Comments:** See above, area subject to supported actions assumes action is needed equally in all areas and is equally effective.
This Indicator was reasonably well addressed in some MTE reports, but not at all in others.

**Criterion:** VI.1.B-3

**Indicator:** VI.1.B-3.1 Concentration of (the relevant) pollutant in water flowing from areas under agreement = the proportion of surface/groundwater above the threshold concentration of the relevant substance (mg, µg, etc per litre)\(^\text{83}\).

**Comments:**
- This requires before and after measurements and is therefore dependent on there being a baseline.
- The use of this Indicator was generally not attempted in the MTE reports and where it was it was treated qualitatively.

**Criterion:** VI.1.B-4

**Indicator:** VI.1.B-4.1 Farm and/or off-farm indirect impacts resulting from farmland under agreements (description)

**Comments:**
- The lack of definition of further benefits is likely to make comparisons of responses to this indicator difficult.
- There is very little use of this Indicator.

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**Question:** 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?

**Criterion:** VI.1.C-1

**Indicator:** VI.1.C-1.1 Area not irrigated thanks to agreement (hectare);
- a) of which due to direct limitation of irrigated area (%);
- b) of which due to changed crop pattern/vegetation or farm practice (%).

VI.1.C-1.2 Area with reduced rate of irrigation (consumption/hectare) thanks to agreement (hectare);
- a) of which due to direct limitation of irrigation rate (%);
- b) of which due to changed crop pattern/vegetation or farm practice (other than irrigation) (%);
- c) of which due to improved irrigation methods (%).

VI.1.C-1.3 Reduction in quantity of water used for irrigation thanks to agreement (m\(^3\), hectares concerned)

VI.1.C-1.4 Efficiency of irrigation for key crops influenced by

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\(^\text{83}\) It will only be worthwhile to calculate this indicator for programmes with a certain focus on water protection (e.g., where relevant actions are applied in catchment areas predominantly influenced by farming and forestry).
1.4 agreements, i.e., quantity of crop produced per unit of water (tons/m³)

Comments:
- This assumes that there is an issue here to be addressed and that where there are issues they are of equal severity.
- Quantity of crop produced per unit of water requires a baseline against which to compare. Confounding factors will need to have been accounted for.
- MTE reports tended to concentrate on particular Indicators rather than the full set and in some cases a more qualitative answer was provided.

Criterion: VI.1.C-2 Water resources protected in terms of quantity

Indicator: VI.1.C-2.1 Trend concerning the water levels in surface and ground water (description and/or indicator to be defined at programme level).

Comments:
- This assumes that agriculture is a very significant user of water. Confounding factors (other water uses, precipitation, etc.) will need to be accounted for.
- This Indicator was not used in the MTE reports.

Criterion: VI.1.C-3 Protected water resources give raise to further benefits (farm or rural level, environment, other economic sectors)

Indicator: VI.1.C-3.1 Global impacts arising thanks to the protection of the water levels of surface and ground water (description)

Comments:
- The lack of definition of further benefits is likely to make comparisons of responses to this indicator difficult.
- This Indicator was not used in the MTE reports.

Question: 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?

Criterion: VI.2.A-1 Reduction of agricultural inputs (or avoided increase) benefiting flora and fauna has been achieved

Indicator: VI.2.A-1.1 Area with assisted input-reducing actions (hectares):
  a) of which with reduced application per hectare of plant protection products (%);
  b) of which with reduced application per hectare of fertiliser (%);
  c) of which with avoidance of specific inputs at critical periods of the year (%)

VI.2.A-1.2 Reduction of agricultural input per hectare thanks to agreement (%)
| **VI.2.A-1.3** | Evidence of a positive relationship between assisted input reduction measures on the targeted land and species diversity (description, where practical involving estimates of species abundance). |
| **Comments:** | • This assumes all types of agricultural input have equal effect on non-target flora and fauna.  
• Many prescriptions for reducing inputs will restrict the use of plant protection products, fertiliser and contaminants and separating these out is likely to be problematic.  
• Whilst it is assumed that reductions in agricultural inputs refers to active ingredient, even this can be criticised as different active ingredients have different modes of action and different toxicity levels. This indicator can therefore provide a qualitative guide only, despite the appearance being quantitative.  
• A baseline will be required to assess the impact of measures on species abundance.  
• Typically MTE reports presented evidence relating to only a selection of these Indicators rather than the complete set. However, where used the level of quantification was often as envisaged in the Indicators. |
| **Criterion:** | VI.2.A-2 Crop patterns [types of crops (including associated livestock), crop rotation, cover during critical periods, expanse of fields] benefiting flora and fauna have been maintained or reintroduced |
| **Indicator:** | VI.2.A-2.1 Area with beneficial layout of crops [types of crop (including associated livestock), crop-combinations and size of uniform fields] maintained/reintroduced thanks to assisted actions (hectares)  
VI.2.A-2.2 Area with beneficial vegetation/crop-residues at critical periods thanks to assisted actions (hectares)  
VI.2.A-2.3 Evidence (by key type of farmland) of a positive relationship between the layout of crops or cover on the farmland under agreement and the impact on species diversity (description, and where practical, estimates of numbers of nest (of birds, mammals, etc) or species abundance (or observation frequency). |
| **Comments:** | • Beneficial layout of crops is not defined and this could be problematic. Similarly, critical periods are not defined and are likely to differ by area and by species.  
• A baseline will be necessary to assess the relationship |
between crop layout and impact on species diversity. Typically MTE reports presented evidence relating to some of these Indicators rather than the complete set. However, where used the level of quantification was often as envisaged in the Indicators.

<table>
<thead>
<tr>
<th>Criterion:</th>
<th>VI.2A-3 Species in need of protection have been successfully targeted by the supported actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator:</td>
<td>VI.2.A-3.1 Area of farmland under agreements targeting particular wildlife species or groups of species (hectares and specification of species):</td>
</tr>
<tr>
<td></td>
<td>a) of which widespread species (%);</td>
</tr>
<tr>
<td></td>
<td>b) of which specialist species (%);</td>
</tr>
<tr>
<td></td>
<td>c) of which declining species (%);</td>
</tr>
<tr>
<td></td>
<td>d) of which stable or increasing species (%);</td>
</tr>
<tr>
<td></td>
<td>e) of which soil-organisms (%);</td>
</tr>
<tr>
<td></td>
<td>f) of which species figuring on international lists of endangered species (%).</td>
</tr>
</tbody>
</table>

- Trend in populations of target species on the specifically targeted farmland (cf., indicator 3.1) (where practical involving estimates of population size) or
- other evidence for a positive relationship between the supported actions and the abundance of the targeted species (description).

| Comments:        | A baseline will be necessary to assess trends in populations or to provide evidence for a positive relationship between supported actions and targeted species.  |
|                  | Where used, this Indicator was not broken down as envisaged, although attempts were made in the MTE reports to provide at least some disaggregation. |
**Question:** 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)?

**Criterion:** VI.2.B-1 “High nature-value habitats” on farmed land have been conserved

**Indicator:** VI.2.B-1.1 High nature-value farmland habitats that have been protected by supported actions (number of sites/agreements; total hectares, average size):
- a) of which resulting from specific land-uses or traditional farming systems (%);
- b) of which resulting from prevention of encroachment (colonisation by scrub, etc) or abandonment (%);
- c) of which located in Natura 2000 areas (%);
- d) of which habitats that in particular benefit specific species or groups of species (%);
- e) of which considered rare habitats at the relevant geographical level (%).

**Comments:**
- This allows no assessment of the degree of protection offered.
- The specified degree of disaggregation was not typically supplied in the MTE reports and in many cases the Indicator was not addressed in the manner envisaged.

**Criterion:** VI.2.B-2 Ecological infrastructure, including field boundaries (hedges...) or non-cultivated patches of farmland with habitat function have been protected or enhanced

**Indicator:** VI.2.B-2.1 Assisted ecological infrastructure with habitat function or non-farmed patches of land linked to agriculture (hectares and/or kilometres and/or number of sites/agreements):
- a) of which linear features (hedges, walls, etc) (%, kilometres);
- b) of which patches or areas of non-farmed land (i.e. ecological set-aside, other non-cropped areas, etc.) or partly non-cultivated land (unweeded and/or unfertilised edges of fields) (%);
- c) of which isolated features (patches of trees, etc) (number);
- d) of which enhancing existing high nature-value habitats
by alleviating their fragmentation (%).

| Comments: | • There is an issue here with regard to targets. It will not be possible to say whether 2 kilometres of hedge, for example, is a good result. A baseline will be necessary to compare the situation before and after participation in schemes. The specified degree of disaggregation was not typically supplied in the MTE reports and in many cases the Indicator was not addressed in the manner envisaged. |
| Criterion: | VI.2.B-3 Valuable wetland (often uncultivated) or aquatic habitats have been protected from leeching, run-off or sediments originating from adjacent farmland |
| Indicator: | VI.2.B-3.1 Area under assisted farming systems or practices that reduce/prevent leaching, run-off or sedimentation of farm inputs/soil in adjacent valuable wetland or aquatic habitats (hectares); a) of which input reduction techniques (%); b) of which run-off and/or erosion prevention (%); c) of which reduction of leaching (%). |
| | VI.2.B-3.2 Adjacent valuable wetland or aquatic habitats that have been protected thanks to the assisted actions (hectares); a) of which protected from eutrophication and/or sediment flows (%); b) of which protected from toxic substances (%); c) of which in Natura 2000 areas; d) of which habitats that particularly benefit specific species or groups of species (%); e) of which considered rare habitats at the relevant geographical level (%) |
| Comments: | • Implicit in this question is the assumption that wetlands are at risk and that this risk (and hence the benefit of measures adopted) is equal. This may not be the case. • It is possible to quantify the area protected, but this does not provide quantification of effectiveness. • The specified degree of disaggregation was not typically supplied in the MTE reports and in many cases the Indicator was not addressed in the manner envisaged. |

| Question: | 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? |
### VI.2.C-1 Endangered breeds/varieties are conserved

**Indicator:**
- Animals/plants reared/cultivated under agreement (number of individuals or hectares broken down to breed/variety):
  - of which figuring on EU or international lists: World Watch List of FAO; International Undertaking on Plant Genetic Resources for Food and Agriculture (pending);
  - of which conserved within the farming system they traditionally are part of (%)

**Comments:**
- Internationally recognised ways to assess biodiversity include the use of $\alpha$ and $\beta$ indices and the percentage of species endangered. These would have been useful additions here.
- This question was typically addressed in a more qualitative fashion with little comment relating directly to the specified Indicator.

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

**Criterion:**
- The perceptive/cognitive (visual, etc) coherence between the farmland and the natural/biophysical characteristics of the zone has been maintained or enhanced.

**Indicator:**
- Farmland under agreement contributing to coherence with the natural/biophysical characteristics of the zone (number of sites and hectares):
  - of which due to land-use patterns as influenced by the supported actions (where relevant specified to type, such as grassland, etc) (%);
  - of which due to environmental features such as flora, fauna or habitats directly/indirectly resulting from the supported actions (%);
  - of which due to the preservation of landforms such as relief or contours (%);
  - of which due to the preservation, resulting from supported actions, of water levels and the contours of water bodies (stemming, irrigation restrictions, etc) (%).

**Comments:**
- Coherence is understood as examining the degree to which the farming system is in harmony with the landscape within which it is situated. There is a degree of subjectivity here which is masked by the use of quantitative indicators.
- This Indicator was not widely used in the form specified. In
some MTE reports a more general treatment was offered. It is clear that the interpretation of coherence is not always identical.

<table>
<thead>
<tr>
<th><strong>Criterion:</strong></th>
<th>VI.3-2 The perceptive/cognitive (visual, etc) differentiation (homogeneity/diversity) of farmland has been maintained or enhanced.</th>
</tr>
</thead>
</table>
| **Indicator:** | VI.3-2.1 Farmland under agreement contributing to perceptive/cognitive, in particular visual, differentiation (homogeneity/diversity) in the landscape (number of sites and hectares/kilometres);  
  a) of which due to the visual complexity resulting from land-use/crop patterns influenced by the supported actions (extent, spatial arrangement including height, colours) (%);  
  b) of which due to environmental features such as flora, fauna or habitats directly/indirectly resulting from the supported actions (%);  
  c) of which due to man-made objects (hedgerows, ditches, tracks) introduced/preserved by the supported actions or the possibility, thanks to support for vegetation management, of viewing the landscape differentiation (homogeneity/diversity) (%). |
| **Comments:** | • Differentiation is understood to concern the combinations of landscape features. Again this is subjective.  
  • This Indicator was not widely used in the form specified. In some MTE reports a more general treatment was offered. |

<table>
<thead>
<tr>
<th><strong>Criterion:</strong></th>
<th>VI.3-3 The cultural identity of farmland has been maintained or enhanced.</th>
</tr>
</thead>
</table>
| **Indicator:** | VI.3-3.1 Farmland under agreement contributing to the maintenance/enhancement of cultural/historical characteristics of the zone (number of sites/objects, and hectares/kilometres);  
  a) of which due to the presence of traditional crops or traditional domestic animals as influenced by the supported actions (%);  
  b) of which due to man-made linear objects (hedgerows, ditches, tracks) reintroduced/preserved by the supported actions (%);  
  c) of which due to man-made point/singular features reintroduced/preserved by the supported actions (e.g., presence of patches of trees or the possibility of viewing |
| Comments: | • Cultural identity is understood to refer to the maintenance of traditional appearance. Again there is a degree of subjectivity here.  
• This Indicator was infrequently used. |
| Criterion: | VI.3-4 The protection/improvement of landscape structures and functions relating to farmland results in societal benefits/values (amenity values) |
| Indicator: | VI.3-4.1 Evidence of societal benefits/value resulting from the protected/improved landscape structures and functions (description) |
| Comments: | • Again, the degree to which public goods are provided is subjective and the extent to which these public goods can be enjoyed depends on other factors such as accessibility and access.  
• This Indicator was infrequently used. |
### A3.6.2. Further Evaluation Questions

<table>
<thead>
<tr>
<th>Question:</th>
<th>VI.4a</th>
<th>Are the rules regarding Good Farming Practice as currently defined in the rural development programmes for the agri-environment and LFA measures transparent and are the concrete definitions verifiable?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion:</td>
<td>VI.4a.1</td>
<td>The rules are transparent</td>
</tr>
<tr>
<td>Indicator:</td>
<td>VI.4a.1-1</td>
<td>Specify the rules (description)</td>
</tr>
<tr>
<td>Criterion:</td>
<td>VI.4a.2</td>
<td>The concrete definitions are verifiable</td>
</tr>
<tr>
<td>Indicator:</td>
<td>VI.4a.2-1</td>
<td>Specify the definitions (description)</td>
</tr>
<tr>
<td>Comments:</td>
<td>•</td>
<td>Answering this question requires both a description and a judgement as to whether there is transparency and whether the definitions can be verified. This can be made logically in the first instance and also validated through discussions with the appropriate authorities.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Question:</th>
<th>VI.4b</th>
<th>Do voluntary measures (agri-environment measures) have added value compared to compulsory standards (polluter pays principle)?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion:</td>
<td>VI.4b.1</td>
<td>Voluntary measures have added value</td>
</tr>
<tr>
<td>Indicator:</td>
<td>VI.4b.1-1</td>
<td>To what extent do agri-environment schemes address multiple issues (description)</td>
</tr>
<tr>
<td>Indicator:</td>
<td>VI.4b.1-2</td>
<td>To what extent do prescriptions in agri-environmental schemes go beyond statutory standards (description)</td>
</tr>
<tr>
<td>Comments:</td>
<td>•</td>
<td>It is unlikely that this question can be answered entirely satisfactorily within the context of this evaluation. A full answer will require dedicated research. However, a qualitative first opinion can be provided.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Question:</th>
<th>VI.4c</th>
<th>Have the proposed standards of Good Farming Practice addressed properly the environmental problems identified in the areas where agri-environment measures have been applied?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion:</td>
<td>VI.4c.1</td>
<td>Environmental problems have been properly addressed</td>
</tr>
<tr>
<td>Indicator:</td>
<td>VI.4c.1-1</td>
<td>To what extent do the GFP standards address environmental problems in the areas where agri-environmental measures have been applied (description)</td>
</tr>
<tr>
<td>Comments:</td>
<td>•</td>
<td>Again, a dedicated piece of research will be necessary to</td>
</tr>
</tbody>
</table>
provide a full answer to this question, but a qualitative initial opinion can be provided.

<table>
<thead>
<tr>
<th>Question: VI.5a</th>
<th>How far does the application of agri-environment measures or bundles of such measures correspond to site-specific requirements?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion: VI.5a.1</td>
<td>Agri-environment measures are targeted in specific areas</td>
</tr>
<tr>
<td>Indicator: VI.5a.1-1</td>
<td>To what extent are measures targeted in specific areas and why? (description)</td>
</tr>
<tr>
<td>Comments: •</td>
<td>It might be possible to obtain the more quantitative information required to address the second indicator through administration monitoring systems. If this does not prove to be the case then, within the constraints of this contract, a qualitative answer to the first indicator only will be provided.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Question: VI.5b</th>
<th>Does it follow the definition of priorities identified in the area concerned?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion: VI.5b.1</td>
<td>Application of agri-environment measures corresponds to identified priorities</td>
</tr>
<tr>
<td>Indicator: VI.5b.1-1</td>
<td>To what extent are agri-environmental measures targeted on area priorities (description)</td>
</tr>
<tr>
<td>Comments: •</td>
<td>Whilst a first opinion on this question can be provided through discussions with the appropriate authorities and key stakeholders, further research to validate the findings is likely to be useful.</td>
</tr>
</tbody>
</table>
### Question: VI.6a
Do payment levels adequately reflect costs incurred and income foregone for agri-environmental measures?

| Criterion: | VI.6a.1 The income deficit due to agri-environment prescriptions is offset |
| Indicator: | VI.6a.1-1 To what extent is the income deficit offset? (description) |

**Comments:**
- Ideally a question such as this would be addressed through quantitative indicators such as:
  - Ratio of \{payment\} to \{higher production costs + reduction in value of farm output\}
  - Share of beneficiary holdings where payment level is:
    - a) lower than 50% of \{higher production costs + reduced value of farm output\} (%);
    - b) between 50 and 90% of \{higher production costs + reduced value of farm output\} (%);
    - c) higher than 90% of \{higher production costs + reduction in value of farm output\} (%)

However, this is not possible within the constraints of this evaluation contract and a qualitative opinion will be sought instead. Further, more targeted research would be more appropriate.

- An implicit assumption in setting payment levels is that the programme zone is agronomically and environmentally homogenous (Article 3(2) of Reg. (EEC) 2078/92). If this assumption is not correct, then it follows that some producers will be over-compensated and some under-compensated as Court of Auditors (2000) and European Commission (1998) point out.

### Question: VI.6b
Is there evidence of insufficient or excessive payments to recipients of agri-environmental support?

| Criterion: | VI.6b.1 Payments are insufficient or excessive |
| Indicator: | VI.6b.1-1 What proportion of higher costs are accounted for by agri-environment payment (description) |

**Comments:**
- An implicit assumption in setting payment levels is that the programme zone is agronomically and environmentally homogenous (Article 3(2) of Reg. (EEC) 2078/92). If this assumption is not correct, then it follows that some producers will be over-compensated and some under-compensated as Court of Auditors (2000) and European Commission (1998) point out.
### A3.7. Chapter VII: Improving processing procedures and marketing of agricultural products

#### A3.7.1. Common Evaluation Questions

<table>
<thead>
<tr>
<th>Question:</th>
<th>VII.1</th>
<th>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?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion:</td>
<td>VII.1-1</td>
<td>Rational procedures in assisted processing &amp; marketing lines.</td>
</tr>
<tr>
<td>Indicator:</td>
<td>VII.1-1.1</td>
<td>Evidence of more rational processing and marketing procedures (description, e.g., including the trend in beneficiaries having ISO 9000)</td>
</tr>
<tr>
<td>Comments:</td>
<td>•</td>
<td>By rational we understand economically rational, i.e. lowest cost or highest net margin.</td>
</tr>
<tr>
<td></td>
<td>•</td>
<td>This Indicator was generally addressed well in the MTE reports.</td>
</tr>
</tbody>
</table>

| Criterion: | VII.1-2 | Better use of production factors in assisted processing & marketing lines |
| Indicator: | VII.1-2.1 | Capacity-use in assisted processing & marketing lines (%) |
| Comments: | • | This requires either a baseline or a suitable comparator group. |
| | • | The full benefit of an investment may not be immediately apparent and it is essential that fully installed and operated capacity is considered. |
| | • | Most MTE reports addressed this Indicator adequately. |

| Criterion: | VII.1-3 | Lower costs in assisted processing & marketing lines |
| Indicator: | VII.1-3.1 | Change in processing/marketing costs per unit of basic product thanks to assistance (%) |
| Comments: | • | A baseline or suitable comparator group will be required. |
| | • | This Indicator was widely used in the MTE reports. |

| Question: | VII.2 | To what extent have the supported investments helped to increase the added value and competitiveness of agricultural products by improving their quality? |
| Criterion: | VII.2-1 | The intrinsic quality of processed/marketed agricultural products is improved |
| Indicator: | VII.2-1.1 | Share of agricultural basic products contained in processed/marketed products with improved intrinsic |
### Quality from Assisted Processing/Marketing Lines (%):

- **a)** of which subject to systematic quality monitoring thanks to assistance (%);
- **b)** of which with improved homogeneity within and/or between batches (%).

**Comments:**
- A key point here is the definition of an improvement in quality.
- It should be relatively straightforward to identify quality monitoring changes and improved homogeneity assuming that a suitable baseline exists.
- This Indicator was widely addressed in a more qualitative manner.

**Criterion:** VII.2-2 Uptake of quality labels has increased

**Indicator:** VII.2-2.1 Share of marketed products from assisted processing/marketing lines sold with quality label (number of products and %):

- **a)** of which EU-level labelling schemes (%);
- **b)** of which national-level labelling schemes (%);
- **c)** of which other labelling schemes (%).

**Comments:**
- This should be straightforward.
- This Indicator was widely addressed, although was not always disaggregated to the extent required.

**Criterion:** VII.2-3 Higher added value in financial terms thanks to improved quality

**Indicator:** VII.2-3.1 Added value in assisted processing & marketing lines (%)

**Comments:**
- This can be assessed through changes in net sales value, but other potential influences over this indicator will need to be considered in order to be certain of causality.
- This Indicator was not used in all MTE reports and it is not always clear where it was used to what extent causality has been considered.

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

**Criterion:** VII.3-1 Demand for and price of basic agricultural products assured or improved

**Indicator:** VII.3-1.1 Trend (in terms of quantity and price) in purchases of raw materials by assisted production/marketing lines

**VII.3-1.2** Share (within area of programme) of gross sales of basic agricultural products that are sold to outlets safeguarded or created thanks to the assistance (%)
**Comments:**
- It is unclear to what extent the price of raw materials is affected by supported investments, although it is possible that there is a relationship with quantity demanded.
- Background trends in market power along the supply chain, demand and prices will need to be considered to set this in context.
- There may be a lag between investments and impact on the basic agricultural sector and this should be taken into account by discounting very recent investments.
- These Indicators were not widely used in the MTE reports.

**Criterion:** VII.3-2 Co-operation developed between the producers of basic agricultural products and the processing/marketing stages

**Indicator:** VII.3-2.1 Share of supply of basic products to beneficiary producers (processing) or marketers that depends on multi-annual contracts or equivalent instruments (%)

**Comments:**
- This should be fairly easy to establish.
- A reasonable treatment of this Indicator is offered in the MTE reports.
**Question:** VII.4 To what extent have the supported investments improved health and welfare?

**Criterion:** VII.4-1 Health and welfare concerns are appropriately integrated into the programme

**Indicator:** VII.4-1.1 Share of assisted investments in processing and marketing related to health and welfare (%):  
   a) of which aiming to improve the nutritive and hygiene quality of products for human consumption (%);  
   b) of which aiming to improve the nutritive and hygiene quality of animal feed (%);  
   c) of which aiming to improve workplace safety (%);  
   d) of which aiming to improve animal welfare (%)

**Comments:**  
- There will be a difference between the proportion of cases and the proportion of spending, the latter being more useful.  
- This answer to this Indicator was not broken down in the MTE reports and was answered either at the general level only or in a more qualitative manner.

**Criterion:** VII.4-2 Animals transported or handled for slaughter do not infect live animals

**Indicator:** VII.4-2.1 Trend in spread of contagious diseases during handling and transport of animals for slaughter related to assistance (description, e.g., frequency of incidents).

**Comments:**  
- This will require a commentary on the type of actions taken to reduce this risk. Other factors such as general awareness of hygiene issues, other regulations, etc. should be taken into account. The proportion of slaughterhouses having implemented relevant EU guidelines would also be informative.  
- This Indicator was not addressed in the MTE reports.

**Criterion:** VII.4-3 Workplace conditions improved for persons involved in processing and marketing

**Indicator:** VII.4-3.1 Trend in workplace conditions related to assistance (description, e.g., frequency of reported incidents)

**Comments:**  
- Again, a set of actions taken will need to be set out and confounding factors such as increased awareness considered.  
- This Indicator was not addressed in the MTE reports.
**Question:** VII.5 To what extent have the supported investments protected the environment?

**Criterion:** VII.5-1 Profitable outlets for basic agricultural products that are linked to environmentally benign farming have been provided

**Indicator:** VII.5-1.1 Capacity created or upgraded thanks to assistance for processing/marketing of basic agricultural products resulting from environmentally benign farming (tons):

a) of which processing/marketing of products produced by farmers respecting environmental obligations that are verified by public authorities or regulated by contractual obligations or an equivalent instrument (e.g. organic products, integrated production, etc.) (tons);

b) of which processing/marketing of crops for renewable energy or traditional non-food land uses (e.g. cork) (ton)

**Comments:**
- Subject to a suitable baseline these indicators should be fairly straightforward.
- Care will be needed in establishing causality, use of these products may be driven primarily by the market and non-assisted peers may be making similar changes.
- This Indicator was addressed to a reasonable extent in the MTE reports, although not always to the level of disaggregation required.

**Criterion:** VII.5-2 The assisted operations relating to processing or marketing exceed minimum environmental standards

**Indicator:** VII.5-2.1 Share of processing and marketing lines introducing environmental improvements thanks to co-financing (%):

a) of which with environmental improvement as the direct aim (%);

b) of which with environmental improvement as a collateral effect (e.g., due to new technology mainly for other purposes (%);

c) of which assisted investments going beyond standards concerning emissions (waste, sewage, smoke) directly from the processing and marketing sites ('end of pipe') (%);

d) of which assisted investments concerning resource use (water, energy…) and environmental effects of the products after leaving the processing/marketing site (transport, packaging…) (%)

**Comments:**
- It should be fairly straightforward to use these indicators.
- This Indicator was widely answered in the MTE reports, although typically only parts a) and b) were disaggregated from the general answer.
### A3.8. Chapter VIII: Forestry


<table>
<thead>
<tr>
<th>Question:</th>
<th>VII.1A</th>
<th>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?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion:</td>
<td>VIII.1.A-1</td>
<td>Increase of wooded area on previous agricultural and non-agricultural land</td>
</tr>
<tr>
<td>Indicator:</td>
<td>VIII.1.A-1.1</td>
<td>Area of assisted plantings (hectares)</td>
</tr>
<tr>
<td>Comments:</td>
<td>• This should be quite straightforward to establish, although there is a potential issue relating to the timing of planting relative to the timing of assistance. This Indicator was generally well answered, usually in a reasonably quantitative manner.</td>
<td></td>
</tr>
</tbody>
</table>

| Criterion: | VIII.1.A-2 | Anticipated increase of volume of growing stock thanks to planting of new woodland and improvement of existing woodlands |
| Indicator: | VIII.1.A-2.1 | Anticipated additional average annual increment thanks to assistance (m³/hectare/year): a) of which in new plantings (% and hectares concerned); b) of which due to improvement of existing woodlands (% and hectares concerned) |
| Comments: | • This will depend on the type of species planted. Confounding factors which might also influence improvements will need to be considered. This Indicator was only partially addressed in the MTE reports and was often treated in a qualitative manner. |

| Criterion: | VIII.1.A-3 | Anticipated improvement in quality (assortment, diameter...) and structure of growing stock thanks to forest improvement |
| Indicator: | VIII.1.A-3.1 | Trend in structure/quality parameters (description, e.g., including hardwood/softwood, diameter-evolution, straightness, knots...) |
| Comments: | • Causality will need to be assigned with care. This Indicator was only addressed in a few MTE reports. |

| Question: | VII.1.B | 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? |
**Criterion:** VIII.1.B-1

There is additional build up of carbon in the growing stock of new and existing woodlands.

**Indicator:** VIII.1.B-1.1

Average annual net carbon storage from 2000-2012 thanks to assistance (millions of tons/year)

VIII.1.B-1.2

Trend in average annual net carbon storage beyond 2012 thanks to assistance (millions of tons/year)

**Comments:**

- The main issues here will be confounding factors and the degree to which it is possible to anticipate storage to 2012.
- This Indicator was not widely addressed in the form specified, but was often considered in a more qualitative manner.

**Question:** VIII.2A

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?

**Criterion:** VIII.2.A-1

More rational production of forest products (or services)

**Indicator:** VIII.2.A-1.1

Short/medium term change in annual costs for silviculture, harvesting and transport/collection, stocking operations thanks to the assistance (€/m³)

VIII.2.A-1.2

Share of holdings being connected to associations of forest holders or similar organisation thanks to assistance (%)

**Comments:**

- Tracking investment levels might help to generate information to answer this question.
- A suitable baseline or comparator group will need to be established and causality assigned. Anticipated cost changes should also be taken into account.
- Establishing where the assistance is the sole reasons for connection to associations might be problematic.
- These Indicators were reasonably well addressed, although most MTE reports did not address both.

**Criterion:** VIII.2.A-2

Enhancement of outlets for forest products

**Indicator:** VIII.2.A-2.1

Additional assisted outlets, in particular for products of small dimension/low quality (m³)

**Comments:**

- The actions of unassisted peer companies should be considered to understand the degree to which the market drives this process rather than the assistance.
There is some information in the MTE reports relating to this Indicator, but usually in a qualitative format.

<table>
<thead>
<tr>
<th>Question: VIII.2.B</th>
<th>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?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion: VIII.2.B-1</td>
<td>More activities/employment on holdings</td>
</tr>
</tbody>
</table>
| Indicator: VIII.2.B-1.1 | Activity on holdings from {own execution of assisted planting/improvement works} plus {anticipated work at the holding deriving from the assisted action in the short/mid term} {hours/hectare/year}:
  a) of which falling in periods where agricultural activity level is below the capacity on combined farm/forest holdings {hours/holding/year + number of holdings concerned};
  b) of which leading to additional or maintained employment on holdings {full time equivalents/year} |
| Comments: | This requires an investigation of the labour requirements for other enterprises and assumes that it is possible to differentiate labour use between enterprises. There is an issue in terms of the quality of labour. Additional FTes could be created by additional workers or by existing workers working longer hours. In the latter case it would not necessarily lead to maintained employment, although it might appear to do so. This Indicator was answered reasonably well in many MTE reports, although there was little information relating to point a). |
| Criterion: VIII.2.B-2 | More activities in rural community, due to primary or secondary production on holdings or due to initial processing and marketing stages |
| Indicator: VIII.2.B-2.1 | Volume of short/medium term supply of basic forest products for small scale, local processing {m³/year} |
| | Employment in the short/medium term outside holdings (logging, initial processing and marketing, and further local, small scale processing and marketing) directly or indirectly |
depending on assisted actions (full time equivalents/year)

| Comments: | • Assigning degree of causality to assistance could be problematic.  
|          | These Indicators were often addressed in the MTE reports, but generally not to the extent quantified above. |

| Criterion: | VIII.2.B-3  
|           | Greater attractiveness of area for local population or rural tourists |

| Indicator: | VIII.2.B-3.1  
|           | Additional attractive/valuable area or sites due to assistance [description, taking into account the concepts of perceptive/cognitive coherence, differentiation (homogeneity/diversity) and cultural identity as well as the number of hectares involved (c.f., Question VI.3.)] |

| Comments: | • Although this is subjective, tourist numbers (and changes in these), distance travelled, etc. could be used to provide more objective information on this question.  
|           | This Indicator is addressed well where it is included in MTE reports. |

| Criterion: | VIII.2.B-4  
|           | Maintaining or increasing income in rural areas |

| Indicator: | VII.2.B-4.1  
|           | Income in the short/medium term due to assisted activities (€/year, number of beneficiaries):  
|           | a) of which additional sustainable income on holdings (% and hectare);  
|           | b) of which due to knock-on activities or assisted off-farm activities (%) |

| Indicator: | VII.2.B-4.2  
|           | Ratio of {premium for loss of income} to {net-income from previous land use} (i.e., previous ‘gross margin’) |

| Comments: | • Subject to a suitable baseline (i.e. a long enough time period to allow for annual fluctuations in income from previous land use) and the ability to tease out confounding factors this should be reasonably straightforward.  
|           | These Indicators are only addressed in a few MTE reports. |

| Question: | 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? |

| Criterion: | VIII.2.C-1  
|           | Appropriate protection actions undertaken |

| Indicator: | VIII.2.C-  
|           | Area planted/managed with a view to protective functions |
### SYNTHESIS OF RURAL DEVELOPMENT MID-TERM EVALUATION LOT 1

<table>
<thead>
<tr>
<th>1.1 (hectares)</th>
</tr>
</thead>
</table>

**Comments:**
- What is classified as a protective function may differ regionally.
- This assumes that a similar degree of protection is provided in all cases, this may not in fact be the case and an area planted to provide a protective function may be far more effect in some contexts.
- This Indicator was widely commented on in the MTE reports, but sometimes not in the manner specified.

**Criterion:**
- VIII.2.C-2 Non-woodland and socio-economic interests are protected

**Indicator:**
- VIII.2.C-2.1 Resources/assets enjoying improved protection due to assisted forest actions (hectare):
  - a) of which agricultural land (%);
  - b) of which water bodies (%);
  - c) of which villages, tourist facilities (% plus type & magnitude of interest - e.g., expressed approximately as number of inhabitants, night beds, etc)

**Comments:**
- See above.
- Separating out the protective functions of areas planted with assistance from other plantings and other policies will be necessary.
- This Indicator was treated in a fairly cursory manner in most MTE reports.

**Question:**
- VIII.3.A To what extent have the assisted actions contributed to the ecological functions of forests...by maintenance, conservation and appropriate enhancement of biological diversity?

**Criterion:**
- VIII.3.A-1 Genetic and/or species diversity protected/improved by using indigenous tree species or mixtures in assisted actions

**Indicator:**
- VIII.3.A-1.1 Area planted/regenerated/improved with indigenous tree species (hectares):
  - a) of which in mixture (hectares);
  - b) of which providing in situ conservation of genetic resources (hectares)

**Comments:**
- The area planted does not necessarily correlate to protection of diversity as this will depend also on breeding populations and other factors.
- Some MTE reports provide a quantitative treatment of this Indicator, but it is not always disaggregated as specified. In
other reports a qualitative answer is provided.

<table>
<thead>
<tr>
<th><strong>Criterion:</strong> VIII.3.A-2</th>
<th>Protection/improvement of habitat diversity through the upkeep of representative, rare or vulnerable forest ecosystems/habitats that depend on specific assisted forest structures or silvicultural practices</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicator:</strong> VIII.3.A-2.1</td>
<td>Critical sites maintained/improved due to assistance (hectares): a) of which in or linked to Natura 2000 areas (hectares); b) of which protected/restored from natural hazards (hectares)</td>
</tr>
<tr>
<td>VIII.3.A-2.2</td>
<td>Trend in protection of vulnerable non-commercial (i.e., non-traded forest products) species/varieties of flora &amp; fauna on land subject to assisted actions (description, e.g., number of different species/varieties affected and where possible change in the abundance of key species)</td>
</tr>
</tbody>
</table>
| **Comments:** • Internationally used methods of assessing biodiversity such as $\alpha$ and $\beta$ indices could be employed here.  
• The greatest use of these Indicators in the MTE reports is in relation to part a) of Indicator VIII.3.A-2.1. There is little consideration of Indicator VIII.3.A-2.2. |

<table>
<thead>
<tr>
<th><strong>Criterion:</strong> VIII.3.A-3</th>
<th>Protection/improvement of habitat diversity through beneficial interaction between assisted areas and the surrounding landscape/countryside</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicator:</strong> VIII.3.A-3.1</td>
<td>Area planted in zones with low or missing forest cover (hectares): a) of which in or linked to Natura 2000 areas (hectares); b) of which forming corridors between isolated, precarious habitats (hectares)</td>
</tr>
<tr>
<td>VIII.3.A-3.2</td>
<td>'Ecotones' established (forest edge…) of significant value for wild flora and fauna (kilometres)</td>
</tr>
</tbody>
</table>
| **Comments:** • The area planted does not necessarily correlate to protection of diversity as this will depend also on breeding populations and other factors.  
• Again, internationally used methods of assessing biodiversity such as $\alpha$ and $\beta$ indices could be employed within the ecotone.  
• There is only limited consideration of these Indicators in the MTE reports. |
<table>
<thead>
<tr>
<th>Question:</th>
<th>VIII.3.B</th>
<th>To what extent have the assisted actions contributed to the ecological functions of forests...by maintenance of their health and vitality?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion:</td>
<td>VIII.3.B-1</td>
<td>Less damage to soil and growing stock from silvicultural or harvesting operations</td>
</tr>
<tr>
<td>Indicator:</td>
<td>VIII.3.B-1.1</td>
<td>Volume of growing stock subject to reduced damage thanks to assisted equipment or infrastructure (m³/year)</td>
</tr>
<tr>
<td>Comments:</td>
<td>• The degree of reduced damage is likely to differ from case to case, but this will not be picked up here. A forest inventory over time would be useful. • This Indicator is not quantified in the MTE reports.</td>
<td></td>
</tr>
<tr>
<td>Criterion:</td>
<td>VIII.3.B-2</td>
<td>Prevention of calamities (particularly pests and diseases) through appropriate forest structure and silvicultural practice</td>
</tr>
<tr>
<td>Indicator:</td>
<td>VIII.3.B-2.1</td>
<td>Area where improved forest structure or silvicultural practice relevant to the prevention of calamities has been introduced (hectares)</td>
</tr>
<tr>
<td>Comments:</td>
<td>• This could also be measured in terms of number of outbreaks over time. • This Indicator was typically not used in the MTE reports, although there are some exceptions.</td>
<td></td>
</tr>
<tr>
<td>Criterion:</td>
<td>VIII.3.B-3</td>
<td>Production potential protected or restored from damage arising from natural hazards</td>
</tr>
<tr>
<td>Indicator:</td>
<td>VIII.3.B-3.1</td>
<td>Area protected or restored from damage arising from natural hazards (including fire) (hectares)</td>
</tr>
<tr>
<td>Comments:</td>
<td>• Basal area and stand density change over time would also be useful indicators under this criteria. • The treatment of this Indicator was as specified in some MTE reports, but was more qualitative in others.</td>
<td></td>
</tr>
<tr>
<td>Question:</td>
<td>VIII.4 Could the afforestation of agricultural land measure be re-targeted more explicitly towards environmental objectives for instance to combat climate change, enhance biodiversity, reducing the risk or impact of natural disasters (e.g. flooding), or production of renewable energy? If yes, how can a reasonable balance between sometimes conflicting objectives (markets – restructuring – environment) be ensured?</td>
<td></td>
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<tr>
<td>----------</td>
<td>--------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Criterion:</td>
<td>Not applicable</td>
<td></td>
</tr>
<tr>
<td>Indicator:</td>
<td>Not applicable</td>
<td></td>
</tr>
<tr>
<td>Comments:</td>
<td>It is not appropriate to define criteria and indicators in this instance. This question requires consideration of the current targeting of afforestation support and a judgement on the extent to which this can be re-targeted as envisaged in the question. An initial view, drawing on implementing authorities and key stakeholders will be provided. Further research is recommended to provide a full treatment of this question.</td>
<td></td>
</tr>
</tbody>
</table>
### A3.9. Chapter IX: Promoting the adaptation and development of rural areas

#### A3.9.1. Common Evaluation Questions

<table>
<thead>
<tr>
<th>Question:</th>
<th>IX.1</th>
<th>To what extent has the income of the rural population been maintained or improved?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion:</td>
<td>IX.1-1</td>
<td>Farm income maintained/improved</td>
</tr>
<tr>
<td>Indicator:</td>
<td>IX.1-1.1</td>
<td>Share of farming population’s income generated by assisted actions (€/beneficiary, no. concerned):</td>
</tr>
<tr>
<td></td>
<td></td>
<td>a) of which gross farm income (from improved agriculture or from transactions generated by off-farm assistance) (%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) of which from pluriactivity generated by off-farm assistance (%)</td>
</tr>
<tr>
<td></td>
<td>IX.1-1.2</td>
<td>Ratio of {costs} to {turnover} for assisted farm-related activities (where costs = 'all inputs')</td>
</tr>
<tr>
<td>Comments:</td>
<td>• There is an issue here with regard to gross versus net income, the question implies a concept after deduction of costs.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Causality will need to be considered carefully.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• In some cases Indicator IX.1-1.1 was used as specified at the headline level, but this was not disaggregated in most cases. Indicator IX.1-1.2 was only used rarely.</td>
<td></td>
</tr>
<tr>
<td>Criterion:</td>
<td>IX.1-2</td>
<td>Off-farm income maintained/improved</td>
</tr>
<tr>
<td>Indicator:</td>
<td>IX.1-2.1</td>
<td>Share of gross income of off-farm beneficiaries generated by the assistance (€/beneficiary, no. concerned):</td>
</tr>
<tr>
<td></td>
<td></td>
<td>a) of which relating to tourism (%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) of which relating to crafts and local products (%)</td>
</tr>
<tr>
<td></td>
<td>IX.1-2.2</td>
<td>Share of rural non-farming population having an income from transactions/employment generated by off-farm assistance (%)</td>
</tr>
<tr>
<td>Comments:</td>
<td>• See above.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• These Indicators were only used exactly as set out above in one MTE report. Elsewhere this criterion was addressed though more qualitative comments.</td>
<td></td>
</tr>
<tr>
<td>Question:</td>
<td>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?</td>
<td></td>
</tr>
<tr>
<td>Criterion:</td>
<td>IX.2-1 Remoteness has been alleviated</td>
<td></td>
</tr>
<tr>
<td>Indicator:</td>
<td>IX.2-1.1 Share of holdings/households/businesses having access to assisted telecommunication facilities/services (%, no.)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IX.2-1.2 Transport/journeys facilitated or avoided due to assisted actions (description and kilometres and/or hours avoided per year):</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a) of which concerning agricultural holdings (kilometres and/or hours avoided per year);</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b) of which concerning the rural community (kilometres and/or hours avoided per year)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IX.2-1.3 Evidence of economic activity resulting from assisted, enhanced telecommunications or transport facilities (description)</td>
<td></td>
</tr>
<tr>
<td>Comments:</td>
<td>• Quantitative answers were provided in some cases, although generally a qualitative comment was offered in the MTE reports.</td>
<td></td>
</tr>
<tr>
<td>Criterion:</td>
<td>IX.2-2 Social and cultural facilities have been maintained/enhanced, particularly for young people and young families</td>
<td></td>
</tr>
<tr>
<td>Indicator:</td>
<td>IX.2-2.1 Share of rural population with access to social/cultural activities that depend on assisted facilities (%):</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a) of which farmers taking leave-days thanks to assisted relief services (% and number of days);</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b) of which young people and young families (%)</td>
<td></td>
</tr>
<tr>
<td>Comments:</td>
<td>• Whilst these Indicators were addressed in some MTE reports, often a more general discussion of the themes was provided.</td>
<td></td>
</tr>
<tr>
<td>Criterion:</td>
<td>IX.2-3 Neighbourhood amenities and housing conditions maintained/improved</td>
<td></td>
</tr>
<tr>
<td>Indicator:</td>
<td>IX.2-3.1 Share of rural population enjoying access to amenity land/nature or conserved rural heritage/sites thanks to assisted actions (%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IX.2-3.2 Share of rural accommodation that has improved due to assistance (no. and %):</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a) of which for rural tourism (%);</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b) of which providing an incentive for remaining/settling in area (%)</td>
<td></td>
</tr>
</tbody>
</table>
**Comments:**
- There is an issue here in relation to the catchment area of amenities.
- These proved to be problematic Indicators to address as specified, although the MTE reports offered qualitative comments.

<table>
<thead>
<tr>
<th>Question:</th>
<th>IX.3</th>
<th>To what extent has employment in rural areas been maintained?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion:</td>
<td>IX.3-1</td>
<td>Employment of the farming population maintained/increased</td>
</tr>
</tbody>
</table>
| Indicator: | IX.3-1.1 | Farm employment created/maintained by assisted actions (FTE, no. of holdings concerned):
  a) of which from improved agriculture or transactions, generated by assisted activities off-farm (%);
  b) of which from pluriactivity generated by assisted activities off-farm (%);
  c) of which concerning farming population younger than 30 years of age (%);
  d) of which concerning women (%)
| Indicator: | IX.3-1.2 | Cost per job maintained/created for the farming population (€/FTE) |
| Comments: | | • There is an issue with regard to quality of employment, existing employees may be working longer hours.
• Several MTE reports quantified job creation/maintenance, but often not to the disaggregated level set out above. |

| Criterion: | IX.3-2 | Seasonal variation of activities is more effectively balanced. |
| Indicator: | IX.3-2.1 | Workforce obtaining employment during periods of low agricultural activity thanks to assistance (FTE, no. of persons concerned) |
| Indicator: | IX.3-2.2 | Prolongation of the tourist season (days/year) |
| Comments: | | • This requires detailed knowledge of labour requirements for all farm enterprises.
• Defining the length of the tourist season with any precision is likely to be very difficult either for a baseline or following assistance.
• Although these Indicators were used in some MTE reports, this was relatively unusual. |

| Criterion: | IX.3-3 | Diversification of activities contributes to employment of the non-farming population |
| Indicator: | IX.3-3.1 | Employment for off-farm beneficiaries maintained/created by the assistance (FTE, no of persons concerned): |
| a) | of which relating to tourism (%) |
| b) | of which relating to crafts and local products (%) |
| c) | of which relating to agri-business (%) |
| d) | of which concerning persons younger than 30 years of age (%) |
| e) | of which concerning women (%) |

**IX.3-3.2** Cost per job maintained/created for the non-farming population (€/FTE)

**Comments:**
- This should be fairly easy to establish where new employees are concerned, although there may be some difficulties where existing employees take up additional employment in diversified activities.
- Although these Indicators were used in some MTE reports, this was relatively unusual.

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

**Criterion:** IX.4-1 Productive structures linked to agriculture have been maintained or improved.

**Indicator:** IX.4-1.1 Share of farms enjoying agricultural improvements thanks to assisted actions (no. and % of holdings and hectares):
- a) of which land improvement (no. and % of hectares);
- b) of which improved irrigation (no. and % of hectares);
- c) of which relating to farm/field structure (foncière) (no. and % of holdings);
- d) of which more professional farm management (no. and % of holdings)

**IX.4-1.2** Assisted new/improved production related activities connected to agriculture including marketing of quality agricultural products (description)

**IX.4-1.3** Capacity-use for assisted off-farm facilities (%).

**Comments:**
- The degree of improvement is not defined nor addressed. Improvements might be assessed in net output per unit of input.
- These Indicators are not generally used in the quantitative form set out above in the MTE reports, they are, however, typically discussed.

**Criterion:** IX.4-2 Agricultural production potential has been protected/restored regarding natural hazards

**Indicator:** IX.4-2.1 Share of threatened land protected thanks to assisted actions (hectares and %)
<table>
<thead>
<tr>
<th>IX.4-2.2</th>
<th>Share of damaged land restored thanks to assistance (hectares and %)</th>
</tr>
</thead>
</table>
| **Comments:** | • The degree of protection/restoration is not considered, this assumes homogeneity in terms of initial problem and assisted impact.  
• These Indicators are only used qualitatively in the MTE reports. |
<p>| <strong>Criterion:</strong> | IX.4-3 Dynamism of rural actors promoted and potential for endogenous development mobilised in rural areas |
| <strong>Indicator:</strong> | IX.4-3.1 Evidence of improved dynamism/potential thanks to assisted actions (description, e.g., relevant networks, financial engineering…) |
| <strong>Comments:</strong> | • This could be assessed through consideration of the number of active groups and the type of activities undertaken. |</p>
<table>
<thead>
<tr>
<th>Question:</th>
<th>IX.5</th>
<th>To what extent has the rural environment been protected or improved?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion:</td>
<td>IX.5</td>
<td>Agricultural improvements generate environmental benefits.</td>
</tr>
<tr>
<td>Indicator:</td>
<td>IX.5-1</td>
<td>Share of land where soil protection has improved, particularly by reducing erosion thanks to assisted action (hectares and %)</td>
</tr>
<tr>
<td></td>
<td>IX.5-1.2</td>
<td>Reduced water loss from irrigation infrastructure thanks to assistance (hectares benefiting and m³/tons of crop)</td>
</tr>
<tr>
<td></td>
<td>IX.5-1.3</td>
<td>Evidence of positive environmentally related trends in farming systems, practices, ecological infrastructure or land-use due to assisted actions (description).</td>
</tr>
<tr>
<td>Comments:</td>
<td>•</td>
<td>There is no consideration of the extent of improvement.</td>
</tr>
<tr>
<td></td>
<td>•</td>
<td>Exogenous factors will need to be identified and causality assigned.</td>
</tr>
<tr>
<td></td>
<td>•</td>
<td>This criterion was usually addressed in a fairly qualitative manner.</td>
</tr>
<tr>
<td>Criterion:</td>
<td>IX.5-2</td>
<td>Pollution/emissions prevented and better use of natural/non-renewable resources.</td>
</tr>
<tr>
<td>Indicator:</td>
<td>IX.5-2.1</td>
<td>Waste/sewage collected/treated thanks to assisted actions (% of waste/sewage and % of farms/households served)</td>
</tr>
<tr>
<td></td>
<td>IX.5-2.2</td>
<td>Share of farms/households having access to renewable energy thanks to assisted actions (%)</td>
</tr>
<tr>
<td>Comments:</td>
<td>•</td>
<td>Number of pollution/contamination episodes over time can be used to assess performance in this regard.</td>
</tr>
<tr>
<td></td>
<td>•</td>
<td>Whilst some MTE reports follow this quantitative approach, most provide a qualitative discussion instead.</td>
</tr>
<tr>
<td>Criterion:</td>
<td>IX.5-3</td>
<td>Non-agricultural land has been maintained/improved in terms of biodiversity, landscapes or natural resources.</td>
</tr>
<tr>
<td>Indicator:</td>
<td>IX.5-3.1</td>
<td>Evidence of improvements on non-agricultural land in terms of biodiversity/landscape/natural resources thanks to assistance (description).</td>
</tr>
<tr>
<td>Comments:</td>
<td>•</td>
<td>The degree of improvement is not considered.</td>
</tr>
<tr>
<td></td>
<td>•</td>
<td>Exogenous factors will need to be identified and causality assigned.</td>
</tr>
<tr>
<td>Criterion:</td>
<td>IX.5-4</td>
<td>Increased knowledge/awareness about rural environmental problems and solutions</td>
</tr>
<tr>
<td>Indicator:</td>
<td>IX.5-4.1</td>
<td>Rural actors having improved exchange of or access to information concerning environmentally benign activities thanks to assisted actions (number, %); a) of which concerning agricultural techniques/practices</td>
</tr>
</tbody>
</table>
and systems (no. and %);  
  b) of which concerning non-farming activities (no. and %)  

| Comments: | • Assigning causality to assisted measures could be problematic. |
### A3.10. Cross cutting

#### A3.10.1. Common Evaluation Questions

<table>
<thead>
<tr>
<th>Question:</th>
<th>Transv.1</th>
<th>To what extent has the programme helped stabilising the rural population?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Criterion:</strong></td>
<td>Transv.1-1</td>
<td>Age profile of population benefiting from assistance contributes towards maintaining/promoting a balanced population structure.</td>
</tr>
<tr>
<td><strong>Indicator:</strong></td>
<td>Transv.1-1.1</td>
<td>Share of persons working on beneficiary farm/forest holdings, and aged: (i) &lt; 30 years (%); (ii) 30-39 years (%); (iii) &gt; 40 years (%)</td>
</tr>
<tr>
<td><strong>Comments:</strong></td>
<td>•</td>
<td>There is an issue of causality here. People working on beneficiary holdings are likely to be doing so for a variety of reasons and the extent to which they are doing so because of assistance could be hard to separate out. This issue is rarely addressed in the MTE reports.</td>
</tr>
</tbody>
</table>

| **Criterion:** | Transv.1-2 | Gender profile of population benefiting from assistance contributes towards maintaining/promoting a balanced population structure. |
| **Indicator:** | Transv.1-2.1 | Ratio of {female} to {male} for persons benefiting from assistance |
| **Comments:** | • | See above. |

| **Criterion:** | Transv.1-3 | Rural depopulation has been reduced |
| **Indicator:** | Transv.1-3.1 | Evidence of positive influences of the programme on reduction of rural depopulation (description, including change in farming population and other rural population) |
| **Comments:** | • | It is possible to identify positive influences, but the extent to which they have contributed to a reduction in rural depopulation is difficult to assign due to the array of other influencing factors. |
### Question: Transv.2
To what extent has the programme been conducive to securing employment both on and off holdings?

<table>
<thead>
<tr>
<th>Criterion:</th>
<th>Transv.2-1</th>
<th>Employment is created or maintained, directly and indirectly by the programme, on farm/forestry holdings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator:</td>
<td>Transv.2-1.1</td>
<td>Employment maintained/created on directly/indirectly benefiting farm/forestry holdings (FTE): a) of which holders (%); b) of which non-family labour (%); c) of which women (%); d) of which concerning full-time employment (%); e) of which concerning gainful activities other than the production of basic agricultural/forestry products (%); f) of which indirectly as a result of supplier effects (%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Comments:</th>
<th>• There is an issue with the quality of employment relating to whether employment is genuinely created or maintained or whether existing employees are working more. This is not addressed in the MTE reports.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Criterion:</th>
<th>Transv.2-2</th>
<th>Employment is created or maintained, directly and indirectly by the programme, in enterprises (other than holdings) in rural areas or in branches connected with agriculture.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator:</td>
<td>Transv.2-2.1</td>
<td>Employment maintained/created in directly/indirectly benefiting enterprises (other than holdings) (FTE) a) of which women; b) of which young people (under the age of 30); c) of which concerning the pluriactivity of part-time farmers; d) of which indirectly as a result of supplier and income multiplier effects</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Comments:</th>
<th>• See above. • There is an added complication in assigning causality to the link with assisted agricultural enterprises.</th>
</tr>
</thead>
</table>

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

<table>
<thead>
<tr>
<th>Criterion:</th>
<th>Transv.3-1</th>
<th>Income of the farming population maintained or improved, directly or indirectly by the programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator:</td>
<td>Transv.3-1.1</td>
<td>Income of directly/indirectly assisted farming population (€/person, number concerned): a) of which ‘family farm income’ (%)</td>
</tr>
<tr>
<td>b) of which income of non-family workforce on holdings (%)</td>
<td>Comments: • This requires an appropriate baseline against which to compare. • It is likely to be difficult to assign income to different activities and establishing supplier effects could be problematic. However, this was done in several MTE reports.</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>c) of which relating to pluriactivity of part-time farmers or to gainful activities on holdings other than the production of basic agricultural/forestry products (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) of which indirectly as a result of supplier effects (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Criterion:</strong> Transv.3-2 Income of non-farming population maintained or improved, directly or indirectly, by the programme</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Indicator:</strong> Transv.3-2.1 Income of directly/indirectly assisted non-farming population (€/person, number concerned): a) of which relating to rural tourism (%); b) of which relating to local crafts/products (%); c) of which indirectly as a result of supplier and multiplier effects (%)</td>
<td>Comments: • See above.</td>
<td></td>
</tr>
</tbody>
</table>
**Question:** Transv.4  
To what extent has the programme improved the market situation for basic agricultural/forestry products?

**Criterion:** Transv.4-1  
Productivity has been improved and/or costs reduced in key production chains thanks to the programme.

**Indicator:** Transv.4-1.1  
Ratio \{turnover\} to \{cost\} in key benefiting production chains (filières)

**Comments:**
- Exogenous factors will need to be identified and causality assigned.
- This ratio was not constructed in the vast majority of MTE reports.

**Criterion:** Transv.4-2  
Market positioning (quality, etc) has improved for key production chains (filières) thanks to the programme

**Indicator:** Transv.4-2.1  
Change in added value per unit of basic agricultural/forestry product for key benefiting production chains (filières) (%)

Transv.4-2.2  
Share of basic agricultural product being subject to quality improvement at any level along benefiting production chains (filières) thanks to programme (%)

Transv.4-2.3  
Evidence of better market positioning (description)

**Comments:**
- A mixture of the above Indicators were used in the MTE reports.

**Criterion:** Transv.4-3  
There is a positive development in the turnover and price for key production chains (filières) thanks to the programme

**Indicator:** Transv.4-3.1  
Change in annual gross sales for key benefiting production chains (filières) (%)

Transv.4-3.2  
Evolution in price per unit of standardised product for key benefiting production chains (filières) (%)

**Comments:**
- Exogenous factors will need to be considered and causality assigned. The extent to which market forces play a role should be considered, non-assisted enterprises could potentially also experience positive developments.

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

**Criterion:** Transv.5-1  
The combination of supported actions (from within and between different chapters) focusing on production/development and/or on the environment generates positive environmental effects.

**Indicator:** Transv.5-  
Share of supported actions entirely/mainly intended for
<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Environmental protection or enhancement (% of programme costs; % of projects)</td>
</tr>
<tr>
<td>Transv.5-1.2</td>
<td>Share of supported actions focusing on production and development aspects generating positive environmental spin-offs (% of programme costs; % of projects)</td>
</tr>
<tr>
<td></td>
<td>a) of which thanks to cleaner technology (%)</td>
</tr>
<tr>
<td></td>
<td>b) of which thanks to improved agricultural practices or change/maintenance of land-use patterns (incl. location/concentration of livestock) (%)</td>
</tr>
<tr>
<td>Transv.5-1.3</td>
<td>Share of supported actions having generated negative environmental effects (% of programme costs; % of projects)</td>
</tr>
<tr>
<td></td>
<td>a) of which during the establishment/investment/construction phase (%)</td>
</tr>
<tr>
<td></td>
<td>b) of which during the operational phase (%)</td>
</tr>
</tbody>
</table>

**Comments:**
- There is an issue with respect to the degree of impact (with regard to both positive and negative impacts), a large proportion of supported actions will not necessarily result in a more significant impact.
- The Indicators are generally well used, although most MTE reports concentrate on Transv.5-1.1.

**Criterion:**
- Transv.5-2 Land-use patterns (incl. the location/concentration of livestock) have been maintained or have developed in a way which is environmentally beneficial

**Indicator:**
- Transv.5-2.1 Share of area within zone covered by the programme with beneficial (or prevented negative) land-use changes related to the programme (%) |
|         | a) of which concerning permanent crops (grassland, orchards, woodland…) (%) |
|         | b) of which concerning arable land (organic farming, rotation) (%) |
|         | c) of which concerning non-cultivated or semi-natural land (%) |

**Comments:**
- As above, the share of area is not necessarily a guide to the importance of the impact.
- This Indicator is well used in many MTE reports, but is not usually broken down as set out.

**Criterion:**
- Transv.5-3 Unsustainable use or pollution of natural resources has been avoided or minimised.

**Indicator:**
- Transv.5-3.1 Share of water resources subject to reduced depletion (or better replenishment) thanks to programme (%)
### Transv.5-3.2
- Share of water resources subject to reduced/stabilised pollution levels thanks to programme (%)
  - a) of which related to basic agricultural (or forestry) production (%)

### Transv.5-3.3
- Trend in annual greenhouse gas emission (tons of carbon equivalents) due to programme (approximate estimates)
  - a) of which from carbon dioxide (%)
  - b) of which from nitrous oxide (%)
  - c) of which from methane (%)

### Comments:
- As above, the share of area is not necessarily a guide to the importance of the impact.

### Criterion:
- Transv.5-4 Rural landscapes have been maintained or enhanced

### Indicator:
- Transv.5-4.1 Share of area within zone covered by the programme with beneficial (or prevented negative) landscape effects (%)
  - a) of which classified as contributing to respectively:
    - landscape coherence (%);
    - landscape differentiation (homogeneity/diversity) (%)
    - cultural identity (%)
  - b) of which concerning permanent crops (grassland, orchards, woodland…) (%)

### Comments:
- There is a degree of subjectivity here.

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

### Criterion:
- Transv.6-1 The assisted actions are concerted and complementary so as to produce synergy through their interaction on different aspects of rural development problems/opportunities

### Indicator:
- Transv.6-1.1 Frequency of groups/combos of actions/projects, from within and/or between chapters, targeting rural development problems/opportunities (i) at different levels along agricultural/forestry production chains (filières); (ii) different aspects of particular bottlenecks and/or (iii) jointly creating critical mass (%)

### Comments:
- No comments.

### Criterion:
- Transv.6-2 The uptake within the programme (by holdings,
enterprises, associations...) involves those having the biggest need and/or potential for rural development in the area concerned by the programme (needy, capable, initiating good projects ...), thanks to a combination of implementing arrangements such as (I) publicity about the support opportunities, (ii) eligibility criteria, (iii) premium differentiation and/or (iv) procedures/criteria for selection of projects as well as (v) the absence of unnecessary delays and bureaucratic costs for these beneficiaries.

| Indicator: | Transv.6-2.1 | Main types of direct beneficiaries and operators (e.g., holdings, enterprises, associations, networks; owners/holders, processors/marketers; arable/pastoral; small/large) involved in the programme (typology) |
| Comments: | • | There are other reasons why applications for assistance may not be made such as ability to apply (for example, education level, access to programme information and having the time to follow the programme) and these should also be considered as potential barriers to entry. |
| Criterion: | Transv.6-3 | Leverage effects have been maximised through a combination of eligibility criteria, premium differentiation or procedures/criteria for selection of projects. |
| Indicator: | Transv.6-3.1 | Leverage rate = \{total spending by direct beneficiaries on assisted actions\} to \{public co-financing\} |
| Comments: | • | This is generally well answered in the MTE reports. |
| Criterion: | Transv.6-4 | Dead-weight effects have been avoided through a combination of eligibility criteria, premium differentiation and/or procedures/criteria for selection of projects. |
| Indicator: | Transv.6-4.1 | Evidence of dead-weight (description and approximate quantification) |
| Comments: | • | Evaluators need to have gone beyond simply asking participants whether they would have made an investment without support and to have considered the extent to which, for example, resources might have been reallocated to competing investment opportunities in the absence of support. |
| Criterion: | Transv.6-5 | Beneficial indirect effects (especially supplier effects) have been maximised |
| Indicator: | Transv.6- | Evidence of actions/projects resulting in beneficial...
### 5.1 indirect effects (description)

| Comments: | • Accounting for exogenous factors and assigning causality will be important. |

#### A3.10.2. Further evaluation questions

| Question: | Transv.7. A | Is there evidence that the efficiency of programme implementation (“value for money”) could be improved by changes in the current delivery mechanisms or programming approach? If yes, in what way could this happen? |
| Criterion: | Transv.7.A -1 | Not applicable |
| Indicator: | Transv.7.A -1.1 | Not applicable |
| Comments: | • It is not appropriate to define criteria and indicators in this case. The question is concerned with programme efficiency and a judgement on this and the scope for improvements is envisaged through improvements to delivery mechanism and programming approach. |

| Question: | Transv.7B | What have been the evaluation results and recommendations on the performance of the managing authority, the appropriateness of project selection criteria and the quality of the control systems? |
| Criterion: | Transv.7.B -1 | Not applicable |
| Indicator: | Transv.7.B -1.1 | Not applicable |
| Comments: | • It is not appropriate to define criteria and indicators in this case. The question is concerned with the performance of the managing authority and implies that a judgement on this will be made taking into consideration project selection criteria and the quality of the control system. |

#### A3.11. Non-Chapter specific evaluation questions

Further evaluation questions not relating to specific measures are set out below as they appeared in the contract. Some questions have been split up and abbreviated in the main text for clarity.

**A3.11.1. Questions regarding the assessment of the evaluation system**
• FEQ.ES.1. To what extent have the Common evaluation questions listed in the Evaluation guidelines been answered and the criteria and indicators proposed been applied in the national/regional evaluation reports?

• FEQ.ES.2. Are the Common evaluation questions sufficiently relevant and correctly formulated to evaluate the quality of the rural development policy approach?

• FEQ.ES.3. Did national/regional evaluators or authorities develop alternative or supplementary criteria and indicators not already listed in the Commission’s guidelines for the Common Evaluation Questions? Did they supplement the Common Evaluation questions listed in the Commission’s guidelines with their own programme-specific questions? If yes, were there questions, criteria, or indicators which were similarly or identically applied in a wide range of programmes?

• FEQ.ES.4. Is the current evaluation system 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?

A3.11.2. Key questions regarding the overall objectives of Rural Development

• FEQ.KQ.1. Is the current menu of Rural Development measures 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?

• FEQ.KQ.2. Could a widening of eligibility and scope of Rural Development measures towards non-agricultural beneficiaries be a means for better achieving the objectives of Rural Development?

• FEQ.KQ.3. Are the existing agricultural restructuring measures (c.f. overview in point 2.1.) adequate and effective to address the problems of the agricultural sector? Would the support of the non-agricultural sector in rural economies be supportive of agricultural restructuring?

• FEQ.KQ.4. What have the current measures relating to the Wider Rural Economy and Community (c.f. overview in point 2.1.) achieved so far? Are there ways to raise the efficiency and effectiveness of measures under Article 33 of Reg. 1257/99? 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?

• FEQ.KQ.5. Has the coherence and/or complementarity of Rural Development measures supported from EAGGF with measures supported from other Structural Funds played a role in programming and programme implementation? Has there been coherence and complementarity between the rural development
measures supported from EAGGF and state aid on Rural Development? If yes, to what extent has this been the case? Have synergies between Rural Development measures and programmes and other EU or national policies promoting growth, competitiveness, employment, and cohesion evolved? Are there ways to better exploit such synergies and complementarities?

• **FEQ.KQ.6.** Has gender been taken into account in the programmes in a horizontal manner or through specific programmes? If yes, what has been the effect and how has this been measured?
Appendix 4: Analysis of the use of CEQs, additional indicators and national questions

A4.1. Use of Common Evaluation Questions, criteria and indicators

The use of the Common Evaluation Questions (CEQs), their criteria and indicators is discussed by RDR Chapter in the sub-sections below. This was addressed through the indicator level and the logic behind building answers at criteria and question level is set out in Section 5.1 of the First Interim Report. Only where questions, criteria and indicators were applicable were they considered, i.e. where measures under the Chapter were taken up and implemented in time to allow consideration at the mid-term evaluation point. Each RDR Chapter begins with an overview of the use of CEQs, their criteria and indicators. The figures provide information condensed from two dimensions: individual mid-term evaluation reports and, in turn, questions, criteria and indicators. This allows an index to be constructed where 100 would mean that all mid-term reports answered all questions (used all criteria/indicators). An index of 50 therefore indicates that:

a) half the mid-term evaluation reports answered all the questions (used all the criteria/indicators); or,
b) all the mid-term evaluation reports answered half the questions (used half the criteria/indicators); or,
c) some combination of the above (for example, just over 70% of mid-term evaluation reports answered a similar proportion of questions).

The production of this index allows a comparison to be made between RDR Chapters and this appears in Section A4.1.11. Each Chapter then considers the use made by the mid-term evaluation reports of each question, criteria and indicator individually in tabular form.
A4.1.1. Chapter I: Investment in farms

The index of use for CEQs, criteria and indicators are set out in Table 4.2 with the lowest and highest usage for individual questions, specified criteria and indicators and alternative indicators also shown in percentage terms.

Table 4.2: Summary of question, criteria and indicator use in Chapter I: Investment in farms

<table>
<thead>
<tr>
<th></th>
<th>Lowest % used</th>
<th>Highest % used</th>
<th>Usage index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questions answered:</td>
<td>74%</td>
<td>83%</td>
<td>80</td>
</tr>
<tr>
<td>Specified criteria used</td>
<td>68%</td>
<td>83%</td>
<td>76</td>
</tr>
<tr>
<td>Specified indicators used</td>
<td>10%</td>
<td>76%</td>
<td>58</td>
</tr>
<tr>
<td>Alternative indicators used</td>
<td>3%</td>
<td>19%</td>
<td>10</td>
</tr>
</tbody>
</table>

The breakdown of use of questions, criteria and indicators is presented in Table 4.3.

Key points to note are as follows:

- Answers to the **CEQs** were provided in the majority of cases with just under three quarters (74%) of mid-term evaluation reports providing answers to CEQ I.1 and CEQ I.5 and 83% of reports providing answers to CEQ I.3 and CEQ I.6.
- The use of **criteria** ranged from 68% (I.4-2) to 83% (I.6-1), although in the first case this criteria was one of two relating to the question, the other was used in 75% of mid-term reports.
- Generally the **specified indicators** were used to answer the evaluation questions (usually ranging between 50% and 70% use). Exceptions were indicator I.6-1.1 (76% use) and indicators I.3.2-3 and I.4.1-2 (26% and 10% usage respectively).
- The greatest use of **alternative indicators** was made in respect of indicator I1-1.1 (19% use), but generally the use of alternative indicators was limited.

Table 4.3: Use of CEQs in Chapter I: Investment in farms

<table>
<thead>
<tr>
<th>Question, criteria, indicator numbers and text</th>
<th>Used (%)</th>
<th>Alternative used (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.1 To what extent have supported investments improved the income of beneficiary farmers?</td>
<td>74%</td>
<td></td>
</tr>
<tr>
<td>I.1-1 The income of beneficiary farmers has improved</td>
<td>74%</td>
<td></td>
</tr>
<tr>
<td>I.1-1.1 'Gross farm income' of assisted holdings (€)</td>
<td>56%</td>
<td>19%</td>
</tr>
<tr>
<td>I.2 To what extent have supported investments contributed to a better use of production factors on holdings?</td>
<td>81%</td>
<td></td>
</tr>
<tr>
<td>I.2-1 Increase in factor productivity</td>
<td>81%</td>
<td></td>
</tr>
<tr>
<td>I.2-1.1 Output per hectare on assisted holdings (€/ha)</td>
<td>61%</td>
<td>17%</td>
</tr>
<tr>
<td>I.2-1.2 Output per hour of labour on assisted holdings (€/h)</td>
<td>62%</td>
<td>17%</td>
</tr>
<tr>
<td>Question, criteria, indicator numbers and text</td>
<td>Used (%)</td>
<td>Alternative used (%)</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------------------------------------------</td>
<td>----------</td>
<td>----------------------</td>
</tr>
<tr>
<td>I.2-1.3 Cost (i.e. ‘direct inputs’) per unit of basic products sold (e.g. €/tonne, €/m³, etc…) on assisted holdings.</td>
<td>54%</td>
<td>12%</td>
</tr>
<tr>
<td>I.3 To what extent have supported investments contributed to the reorientation of farming activities?</td>
<td></td>
<td>83%</td>
</tr>
<tr>
<td>I.3-1 Holdings re-deploy production by moving out of surplus product lines or moving into products which have good market outlets</td>
<td>75%</td>
<td></td>
</tr>
<tr>
<td>I.3-1.1 Net change in &quot;surplus product&quot; activity after the investment = holdings with sum of scores for all surplus lines&gt; 0 [the holding’s score (per surplus product line) = +1 if &gt;10% decrease in annual average livestock numbers or crop area 0 if no change (between -10% and +10%)-1 if &gt;10% increase].</td>
<td>63%</td>
<td>13%</td>
</tr>
<tr>
<td>I.3-2 Holdings take up more alternative activities</td>
<td></td>
<td>73%</td>
</tr>
<tr>
<td>I.3-2.1 Number of assisted holdings introducing alternative activities. Use:</td>
<td>68%</td>
<td>5%</td>
</tr>
<tr>
<td>I.3-2.2 Share of assisted holdings with a significant part of their turnover (&gt;10%) from alternative activities (%).</td>
<td>63%</td>
<td>5%</td>
</tr>
<tr>
<td>I.3-2.3 Share of working time spent on alternative activities on the holding (%).</td>
<td>26%</td>
<td>3%</td>
</tr>
<tr>
<td>I.4 To what extent have supported investments improved the quality of farm products?</td>
<td></td>
<td>80%</td>
</tr>
<tr>
<td>I.4-1 The quality of farm products has improved</td>
<td>75%</td>
<td></td>
</tr>
<tr>
<td>I.4-1.1 Ratio of {price of assisted quality-improved basic products} to {average price for the commodity concerned}</td>
<td>60%</td>
<td>15%</td>
</tr>
<tr>
<td>I.4-1.2 Gross sales of assisted quality-improved basic products (€)</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>I.4-2 Farm products comply with quality standards, particularly at Community level</td>
<td>68%</td>
<td></td>
</tr>
<tr>
<td>I.4-2.1 Share of assisted products sold with quality label (%); (a) of which EU-level labelling schemes (%); (b) of which national level labelling schemes (%) (c) of which other labelling schemes (%)</td>
<td>60%</td>
<td>8%</td>
</tr>
<tr>
<td>I.5 To what extent has the diversification of on-farm activities originating from supported alternative activities helped maintain employment?</td>
<td></td>
<td>74%</td>
</tr>
<tr>
<td>I.5-1 Employment is maintained or increased through alternative activities on the holding</td>
<td>74%</td>
<td></td>
</tr>
<tr>
<td>I.5-1.1 Number of full-time equivalent jobs maintained or created thanks to the assistance for alternative activities (FTE)</td>
<td>62%</td>
<td>13%</td>
</tr>
<tr>
<td>I.6 To what extent have supported investments facilitated environmentally friendly farming?</td>
<td></td>
<td>83%</td>
</tr>
<tr>
<td>I.6-1 Integration of environmental concerns into farm investments</td>
<td>83%</td>
<td></td>
</tr>
<tr>
<td>I.6-1.1 Share of beneficiary holdings introducing environmental improvements thanks to the co-financing (%); (a) of which with the environmental improvement as the direct aim of the investment (%); (b) of which as a collateral effect (e.g., due to new equipment acquired mainly for economic purposes) (%); (c) of which relating to waste and excess manure (%); (d) of which relating to on-farm water management (%); (e) of which relating to (other) benign farming practices/systems (%).</td>
<td>76%</td>
<td>7%</td>
</tr>
<tr>
<td>I.6-2 Improved storage and landspreading of farm manure</td>
<td>73%</td>
<td></td>
</tr>
<tr>
<td>I.6-2.1 Share of assisted holdings improving storage/landspreading of farm manure (%); (a) of which co-financed from the assistance (%); (b) of which storage (%); (c) of which landspreading (%)</td>
<td>68%</td>
<td>5%</td>
</tr>
<tr>
<td>Question, criteria, indicator numbers and text</td>
<td>Used (%)</td>
<td>Alternative used (%)</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------------------------------------------</td>
<td>----------</td>
<td>----------------------</td>
</tr>
<tr>
<td>I.6-2.2 Ratio of {storage capacity of farm manure on assisted holdings) to {total farm manure output on assisted holdings}</td>
<td>60%</td>
<td>3%</td>
</tr>
<tr>
<td>I.6-2.3 Share of assisted holdings meeting standards concerning farm manure (%)</td>
<td>58%</td>
<td>3%</td>
</tr>
<tr>
<td>I.7 To what extent have supported investments improved production conditions in terms of better working conditions and animal welfare?</td>
<td>81%</td>
<td></td>
</tr>
<tr>
<td>I.7-1 Working conditions have improved</td>
<td>79%</td>
<td></td>
</tr>
<tr>
<td>I.7-1.1 Evidence of significant reduction thanks to the assistance in exposure to any of the following: noxious substances, odours, dust, extreme climatic conditions outdoor/indoor, lifting of heavy loads, aberrant working hours (description).</td>
<td>71%</td>
<td>7%</td>
</tr>
<tr>
<td>I.7.2 Animal welfare has improved</td>
<td>76%</td>
<td></td>
</tr>
<tr>
<td>I.7-2.1 Share animals on assisted holdings enjoying improved welfare thanks to assisted investments (%); (a) of which with animal welfare as a direct aim (%); (b) of which with animal welfare as a collateral effect (e.g., due to new housing or equipment acquired mainly for other reasons) (%); (c) of which related to welfare standards (%); (d) of which related to EU-welfare standards (%)</td>
<td>66%</td>
<td>10%</td>
</tr>
</tbody>
</table>
A4.1.2. Chapter II: Young farmers

Table 4.4 presents summary statistics showing the overall extent to which CEQs and alternative indicators were used in this Chapter.

Table 4.4: Summary of question, criteria and indicator use in Chapter II: Young farmers

<table>
<thead>
<tr>
<th>Questions answered:</th>
<th>Lowest % used</th>
<th>Highest % used</th>
<th>Usage index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specified criteria used</td>
<td>13%</td>
<td>50%</td>
<td>36</td>
</tr>
<tr>
<td>Specified indicators used</td>
<td>13%</td>
<td>45%</td>
<td>32</td>
</tr>
<tr>
<td>Alternative indicators used</td>
<td>0%</td>
<td>10%</td>
<td>5</td>
</tr>
</tbody>
</table>

A breakdown of CEQ use is presented in Table 4.5. Key points to note are:

- At best only half the CEQs were addressed where relevant (II.1 and II.3). CEQ II.2.A was only answered in 22% of cases.
- Use of criteria ranged from 13% (II.2.A-2) to 50% (II.1-1 and II.3-1). Although criteria II.2.A-2 is one of a pair, its companion was only used in 22% of cases meaning that the related CEQ was not widely answered (see above).
- The use of specified indicators was not widespread with the highest use still below 50% (II.2-1.1 at 45%).
- Alternative indicators were not widely used to replace those specified with the greatest use being instead of indicator II.1-1.1 in just 10% of mid-term evaluation reports.

Table 4.5: Use of CEQs in Chapter II: Young farmers

<table>
<thead>
<tr>
<th>Question, criteria, indicator numbers and text</th>
<th>Used (%)</th>
<th>Alternative used (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>II.1 To what extent has the aid for setting up covered the costs arising from setting up?</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>II.1-1 High incentive effect of the setting-up aid</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>II.1-1.1 Ratio between (setting-up aid) and (actual setting-up costs)</td>
<td>40%</td>
<td>10%</td>
</tr>
<tr>
<td>II.2 To what extent has the setting-up aid contributed to the earlier transfer of farms (to relatives versus non-relatives)?</td>
<td>48%</td>
<td>0%</td>
</tr>
<tr>
<td>II.2-1 Reduction of average age of transferees and/or transferors in assisted transfers</td>
<td>48%</td>
<td></td>
</tr>
<tr>
<td>II.2-1.1 Average age of transferee in assisted setting up</td>
<td>45%</td>
<td>3%</td>
</tr>
<tr>
<td>II.2-1.2 Average age of transferors in assisted setting up</td>
<td>36%</td>
<td>4%</td>
</tr>
<tr>
<td>II.2.A 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</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>Question, criteria, indicator numbers and text</td>
<td>Used (%)</td>
<td>Alternative used (%)</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>----------</td>
<td>----------------------</td>
</tr>
<tr>
<td>earlier transfer?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>II.2.A-1 Simultaneous take-up of the two schemes</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>II.2.A-1.1 Ratio between (number of beneficiaries of setting-up aid replacing beneficiaries of early retirement aid) and (total number of farm transfers in period)</td>
<td>17%</td>
<td>4%</td>
</tr>
<tr>
<td>II.2.A-2 Reduced average age of the transferee in the case of combined aid</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>II.2.A-2.1 Ratio between (average age of assisted transferees (young farmers receiving setting-up aid) replacing assisted transferors) and (average age of all young farmers receiving setting-up aid)</td>
<td>13%</td>
<td>0%</td>
</tr>
<tr>
<td>II.3 To what extent has the aid influenced the number of young farmers of either sex setting up?</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>II.3-1 More young farmers are installed</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>II.3-1.1 Number of assisted young farmers installed (by gender)</td>
<td>43%</td>
<td>7%</td>
</tr>
<tr>
<td>II.4 To what extent has the setting up of young farmers contributed to safeguarding employment?</td>
<td>38%</td>
<td></td>
</tr>
<tr>
<td>II.4-1 Jobs are maintained or created</td>
<td>38%</td>
<td></td>
</tr>
<tr>
<td>II.4-1.1 Number of full-time equivalent jobs maintained or created (FTE)</td>
<td>31%</td>
<td>7%</td>
</tr>
<tr>
<td>II.4-2 Main-occupational farming is secured</td>
<td>24%</td>
<td></td>
</tr>
<tr>
<td>II.4-2.1 Ratio between (% of assisted set ups resulting in main-occupational farming) and (% of all establishments resulting in main-occupational farming)</td>
<td>21%</td>
<td>3%</td>
</tr>
</tbody>
</table>
A4.1.3. Chapter III: Vocational training

The extent to which CEQs and alternative indicators were used in this Chapter is presented in Table 4.6, which also shows the lowest and highest use of individual CEQs and alternative indicators.

Table 4.6: Summary of question, criteria and indicator use in Chapter III: Vocational training

<table>
<thead>
<tr>
<th></th>
<th>Lowest % used</th>
<th>Highest % used</th>
<th>Usage index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questions answered:</td>
<td>60%</td>
<td>67%</td>
<td>63</td>
</tr>
<tr>
<td>Specified criteria used</td>
<td>55%</td>
<td>67%</td>
<td>61</td>
</tr>
<tr>
<td>Specified indicators used</td>
<td>38%</td>
<td>60%</td>
<td>47</td>
</tr>
<tr>
<td>Alternative indicators used</td>
<td>7%</td>
<td>17%</td>
<td>13</td>
</tr>
</tbody>
</table>

The use of CEQs in the mid-term evaluation reports is illustrated in Table 4.7. Key points to note are set out below:

- **CEQs** were addressed in 67% and 60% of the mid-term evaluation reports for III.1 and III.2 respectively.
- The use of **criteria** matched the use of the CEQ for III.1, as dictated in the logic of building this data up. The second criteria was used slightly less than the first for CEQ III.2.
- Where the criterion was used for CEQ III.1 it was typically addressed through the specified indicator (90% of the time) and through alternative indicators in 10% of cases. The use of the specified indicators was lower for CEQ III.2.
- **Alternative indicators** were used more often to address CEQ III.2 than CEQ III.1.

Table 4.7: Use of CEQs in Chapter III: Vocational training

<table>
<thead>
<tr>
<th>Question, criteria, indicator numbers and text</th>
<th>Used (%)</th>
<th>Alternative used (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>III.1 To what extent are the assisted training courses in accordance with needs and coherent with other measures of the programme?</td>
<td>67%</td>
<td></td>
</tr>
<tr>
<td>III.1-1 The training responds to the needs and potential for adaptation (conversion, reorientation, improvement) at the level of individuals, sectors or regions (including gaps/weaknesses or potential/opportunities identified during programming or ex-ante evaluation)</td>
<td>67%</td>
<td></td>
</tr>
<tr>
<td>III.1-1.1 Share of assisted training accommodating issues identified as gaps/weaknesses or potential/opportunities during programming/ex-ante evaluation (%); (a) of which thanks to the type/mix of participants (e.g., young people, women…) (%); (b) of which thanks to the topic/contents of the courses (%); (c) of which related to co-financed actions of other chapters of the programme (%)</td>
<td>60%</td>
<td>7%</td>
</tr>
<tr>
<td>Question, criteria, indicator numbers and text</td>
<td>Used (%)</td>
<td>Alternative used (%)</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------</td>
<td>----------------------</td>
</tr>
<tr>
<td>III.2 To what extent have the acquired skills/competence helped improve the situation of the trainees and of the agricultural/forestry sector?</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>III.2-1 The skills/competence acquired by the trainees help improve their employment conditions.</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>III.2-1.1 Share of assisted trainees (both holders and employees) experiencing job improvements related to the training (%); (a) of which farm/forest holders (%); (b) of which employees (%); (c) of which thanks to better remuneration (%); (d) of which thanks to non-pecuniary job quality (e.g., seasonal/contractual work security, exposure to risk and adverse conditions, job-variation/enrichment…) (%).</td>
<td>43%</td>
<td>17%</td>
</tr>
<tr>
<td>III.2-2 The skills/competence acquired by the trainees facilitate the adaptation of agriculture and forestry (conversion/reorientation/improvement)</td>
<td>55%</td>
<td></td>
</tr>
<tr>
<td>III.2-2.1 Share of holdings with an assisted trainee, initiating conversion/reorientation/improvement related to the assisted training (%); (a) of which new/additional activities (%); (b) of which improved quality/hygiene/added value concerning existing activities (%); (c) of which management related (%); (d) of which environmental benign methods/practices (%); (e) of which farming (%); (f) of which forestry (%)</td>
<td>38%</td>
<td>17%</td>
</tr>
</tbody>
</table>
A4.1.4. Chapter IV: Early retirement

CEQ and alternative indicator usage is presented for this Chapter in Table 4.8, as are the lowest and highest incidence of use.

Table 4.8: Summary of question, criteria and indicator use in Chapter IV: Early retirement

<table>
<thead>
<tr>
<th></th>
<th>Lowest % used</th>
<th>Highest % used</th>
<th>Usage index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questions answered:</td>
<td>27%</td>
<td>50%</td>
<td>40</td>
</tr>
<tr>
<td>Specified criteria used</td>
<td>20%</td>
<td>50%</td>
<td>34</td>
</tr>
<tr>
<td>Specified indicators used</td>
<td>7%</td>
<td>50%</td>
<td>29</td>
</tr>
<tr>
<td>Alternative indicators used</td>
<td>0%</td>
<td>13%</td>
<td>6</td>
</tr>
</tbody>
</table>

The use of CEQs in this Chapter is set out in Table 4.9. Key points are:

- Use of **CEQs** was generally low with only half the mid-term evaluation reports using CEQ IV.1 and as few as 27% using CEQ IV.3.
- Use of **criteria** was even lower in some cases (CEQ IV.2) where it seems that the second criteria was only used in reports where the first had also been used.
- **Specified indicators** were widely used where CEQs were answered with use of **alternative indicators** not widespread.

Table 4.9: Use of CEQs in Chapter IV: Early retirement

<table>
<thead>
<tr>
<th>Question, criteria, indicator numbers and text</th>
<th>Used (%)</th>
<th>Alternative used (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IV.1 To what extent has aid for early retirement contributed to the earlier transfer of farms?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IV.1-1 Released land is transferred to younger farmer(s)</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>IV.1-1.1 Average difference in age between transferor and transferee (years)</td>
<td>38%</td>
<td>13%</td>
</tr>
<tr>
<td>IV.1-1.2 Surface area released early (hectares and number of holdings)</td>
<td>50%</td>
<td>0%</td>
</tr>
<tr>
<td>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?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IV.1.A-1 There is a significant amount of simultaneous take-up of the two aid schemes</td>
<td>44%</td>
<td></td>
</tr>
<tr>
<td>IV.1.A-2 Ratio of (number of beneficiaries of setting-up aid replacing beneficiaries of early retirement aid) to (all cases of assisted retirement)</td>
<td>44%</td>
<td>0%</td>
</tr>
<tr>
<td>IV.1.A-2 There is an additional reduction of the average age of the beneficiaries of early retirement in the case of combined aid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IV.1.A-2 There is an additional reduction of the average age of the beneficiaries of early retirement in the case of combined aid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IV.1.A-2 Ratio of (average age of the beneficiaries of early retirement aid replaced by beneficiaries of setting-up aid) to (average retirement age of all farmers receiving early retirement aid)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Question, criteria, indicator numbers and text

<table>
<thead>
<tr>
<th>Question, criteria, indicator numbers and text</th>
<th>Used (%)</th>
<th>Alternative used (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IV.2</strong> To what extent has the economic viability of the remaining agricultural holdings improved?</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td><strong>IV.2-1</strong> Improvement in the factors of production</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td><strong>IV.2-1.1</strong> Ratio of (cost) to (turnover) on assisted holdings (where costs = 'all inputs'); (a) description of the indicator's relationship to the conditions mentioned in Article 11(2) 1st indent: skill/competence, surface area, volume of work or income</td>
<td>7% 13%</td>
<td></td>
</tr>
<tr>
<td><strong>IV.2-1.2</strong> Development of farm structures due to mergers: (a) increase in average size of all involved holdings remaining after transfer/merger (hectares and %); (b) decrease in number of holdings remaining after transfer/merger (number); (c) trend in specialisation of holdings (mixed production versus separate animal and arable…) (description)</td>
<td>40% 0%</td>
<td></td>
</tr>
<tr>
<td><strong>IV.2-2</strong> Viable production conditions in relation to production restrictions</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td><strong>IV.2-2.1</strong> Trend due to mergers in the production conditions in relationship to production restrictions (production rights, livestock density, manure restrictions, etc.) (description)</td>
<td>20% 0%</td>
<td></td>
</tr>
<tr>
<td><strong>IV.3</strong> 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?</td>
<td>27%</td>
<td></td>
</tr>
<tr>
<td><strong>IV.3-1</strong> The level of income is satisfactory and provides an incentive to stop farming</td>
<td>27%</td>
<td></td>
</tr>
<tr>
<td><strong>IV.3-1.1</strong> Ratio of (premium + capital income (from sale of farm/land)) to {previous family farm income}</td>
<td>13% 13%</td>
<td></td>
</tr>
</tbody>
</table>


### A4.1.5. Chapter V: Less Favoured Areas

Table 4.10 shows the extent to which CEQs and alternative indicators were used in this Chapter. Lowest and highest use of individual CEQs and alternative indicators is also shown.

**Table 4.10: Summary of question, criteria and indicator use in Chapter V: Less Favoured Areas**

<table>
<thead>
<tr>
<th></th>
<th>Lowest % used</th>
<th>Highest % used</th>
<th>Usage index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questions answered:</td>
<td>0%</td>
<td>79%</td>
<td>66</td>
</tr>
<tr>
<td>Specified criteria used</td>
<td>0%</td>
<td>79%</td>
<td>58</td>
</tr>
<tr>
<td>Specified indicators used</td>
<td>0%</td>
<td>64%</td>
<td>33</td>
</tr>
<tr>
<td>Alternative indicators used</td>
<td>0%</td>
<td>47%</td>
<td>15</td>
</tr>
</tbody>
</table>

Table 4.11 presents the use of CEQs by question. Key points to note are as follows:

- The use of **CEQs** was generally high, although CEQ V.4B was not used at all (this question was not considered applicable in many cases, but it was not answered even when it was considered to apply).
- Use of **criteria** generally followed use of CEQs (mainly because multiple criteria are rare in this Chapter), with the exception of V.3-2 which was only addressed in 33% of mid-term evaluation reports. This may have been because of the criterion which includes the use of the problematic “fair standard of living”.
- **Specified indicators** were used to varying degrees with the less onerous ones in terms of data collection used most.
- **Alternative indicators** were widely used for some CEQs, in two cases (V.1-1.1 and V.3-1.1) more than the specified set.

**Table 4.11: Use of CEQs in Chapter V: Less Favoured Areas**

<table>
<thead>
<tr>
<th>Question, criteria, indicator numbers and text</th>
<th>Used (%)</th>
<th>Alternative used (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>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?</td>
<td>79%</td>
<td></td>
</tr>
<tr>
<td>V.1-1 The income deficit due to natural handicaps or environmental restrictions is offset by compensatory allowances or payments</td>
<td>79%</td>
<td></td>
</tr>
<tr>
<td>V.1-1.1 Ratio of {premium} to {higher production costs + reduction in value of farm output}</td>
<td>32%</td>
<td>47%</td>
</tr>
<tr>
<td>V.1-1.2 Share of compensated holdings where premium is: (a) lower than 50% of {higher production costs + reduced value of farm output} (%)</td>
<td>57%</td>
<td>15%</td>
</tr>
<tr>
<td>Question, criteria, indicator numbers and text</td>
<td>Used (%)</td>
<td>Alternative used (%)</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>----------</td>
<td>----------------------</td>
</tr>
<tr>
<td>V.2 To what extent have compensatory allowances helped in ensuring continued agricultural land use?</td>
<td>79%</td>
<td></td>
</tr>
<tr>
<td>V.2-1 Agricultural land use continued</td>
<td>79%</td>
<td></td>
</tr>
<tr>
<td>V.2-1.1 Change in Utilised Agricultural Area (UAA) in LFAs (hectares and %)</td>
<td>64% 15%</td>
<td></td>
</tr>
<tr>
<td>V.3 To what extent have compensatory allowances contributed to the maintenance of a viable rural community?</td>
<td>78%</td>
<td></td>
</tr>
<tr>
<td>V.3-1 Continued agricultural land use is critical for the maintenance of a viable rural community</td>
<td>67%</td>
<td></td>
</tr>
<tr>
<td>V.3-1.1 Evidence of continued agricultural land use as critical factor for the maintenance of a viable rural community (description)</td>
<td>24% 43%</td>
<td></td>
</tr>
<tr>
<td>V.3-2 Fair standard of living for farmers</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>V.3-2.1 Ratio of (“family farm income“ + off-farm income of holder and/or spouse) to (average family income in related area)</td>
<td>24% 9%</td>
<td></td>
</tr>
<tr>
<td>V.4A 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 LFAs?</td>
<td>67%</td>
<td></td>
</tr>
<tr>
<td>V.4A-1 Maintenance/promotion of sustainable farming</td>
<td>67%</td>
<td></td>
</tr>
<tr>
<td>V.4A-1.1 Share of UAA under environmentally benign farming systems (hectares and %); (a) of which used for organic farming (hectares and %); (b) of which used for integrated farming or integrated pest management (hectares and %); (c) of which used as pasture with less than 2 LU/ha (or a specified regional variant) (hectares and %).</td>
<td>60% 9%</td>
<td></td>
</tr>
<tr>
<td>V.4A-1.2 Share of UAA used for arable farming where the quantity of nitrogen applied (farm manure + synthetic) is less than 170 kg/ha per year (hectares and %).</td>
<td>45% 4%</td>
<td></td>
</tr>
<tr>
<td>V.4A-1.3 Share of UAA used for arable farming where the quantity of pesticides applied is less than a specified threshold (hectares and %)</td>
<td>9% 6%</td>
<td></td>
</tr>
<tr>
<td>V.4B 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?</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>V.4B-1 Increased implementation and respect of targeted environmental protection restrictions limiting agricultural use</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>V.4B-1.1 Share of Utilised Agricultural Area (UAA) (within the region covered by the programme) covered by Environmental Restrictions that allow farmers to draw payments (hectares and %).</td>
<td>0% 0%</td>
<td></td>
</tr>
<tr>
<td>V.4B-1.2 Share of eligible holdings taking up payments for environmental restrictions (number and %).</td>
<td>0% 0%</td>
<td></td>
</tr>
<tr>
<td>V.4B-1.3 Ratio of (% of beneficiary holdings having faced action for non-compliance with restrictions) to (% of holdings not claiming payments having faced actions for non-compliance)</td>
<td>0% 0%</td>
<td></td>
</tr>
</tbody>
</table>
A4.1.6. Chapter VI: Agri-environment and areas with environmental restrictions

The extent of use of CEQs and alternative indicators is presented for this Chapter in Table 4.12 which also shows the lowest and highest use in percentage terms.

Table 4.12: Summary of question, criteria and indicator use in Chapter VI: Agri-environment and areas with environmental restrictions

<table>
<thead>
<tr>
<th></th>
<th>Lowest % used</th>
<th>Highest % used</th>
<th>Usage index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questions answered:</td>
<td>26%</td>
<td>87%</td>
<td>71</td>
</tr>
<tr>
<td>Specified criteria used</td>
<td>11%</td>
<td>87%</td>
<td>59</td>
</tr>
<tr>
<td>Specified indicators used</td>
<td>3%</td>
<td>72%</td>
<td>45</td>
</tr>
<tr>
<td>Alternative indicators used</td>
<td>3%</td>
<td>19%</td>
<td>10</td>
</tr>
</tbody>
</table>

The extent to which CEQs were used in this Chapter is illustrated in Table 4.13. Key points to draw from this Table are:

- Most CEQs were widely addressed in the mid-term evaluation reports, although CEQ VI.1.C was only considered in 26% of cases where its use was considered applicable.
- Use of criteria was mixed with widespread use in many cases, but with notable exceptions such as VI.1.C-2, VI.1.B-2 and VI.1.B-3 where the criteria implied reasonably onerous data collection requirements.
- The same pattern can be observed with respect to use of specified indicators with low use especially noted under CEQ VI.1.C.
- The use of alternative indicators was typically low.

Table 4.13: Use of CEQs in Chapter VI: Agri-environment and areas with environmental restrictions

<table>
<thead>
<tr>
<th>Question, criteria, indicator numbers and text</th>
<th>Used (%)</th>
<th>Alternative used (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VI.1.A To what extent have natural resources been protected ...in terms of soil quality, as influenced by agri-environmental measures?</td>
<td>85%</td>
<td></td>
</tr>
<tr>
<td>VI.1.A-1 Soil erosion has been reduced</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VI.1.A-1.1 Farmland under agreements preventing/reducing soil loss (number and hectares); (a) of which reducing erosion from (mainly) water/wind/tillage respectively (%) (b) of which due to: i) land-use (pasture, other permanent crops...) (c) of which due to: ii) barriers or diversions (terraces, linear elements) (d) of which due to: iii) agricultural practices (reduced tillage, specific types of irrigation, contour cultivation, soil cover ...) (e) of which due to: iv) stocking density of grazing animals (f) of which due to: v) other types of actions (mainly/exclusively targeting erosion control (%).</td>
<td>80%</td>
<td>66% 14%</td>
</tr>
<tr>
<td>Question, criteria, indicator numbers and text</td>
<td>Used (%)</td>
<td>Alternative used (%)</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------------------------------------</td>
<td>----------</td>
<td>----------------------</td>
</tr>
<tr>
<td>VI.1.A-2 Chemical contamination of soils has been prevented or reduced</td>
<td>83%</td>
<td>12%</td>
</tr>
<tr>
<td>VI.1.A-2.1 Farmland under agreements reducing soil contamination (number and hectares); (a) of which reduced use of plant protection substances (%); (b) of which reduced use of plant nutrient/manure (%); (c) of which the object of assisted actions explicitly targeting soil contamination (%).</td>
<td>71%</td>
<td>12%</td>
</tr>
<tr>
<td>VI.1.A-3 The protected soil gives raise to further benefits at farm or societal level</td>
<td>62%</td>
<td>10%</td>
</tr>
<tr>
<td>VI.1.A-3.1 Farm and/or off-farm indirect impacts resulting from farmland under agreements (description)</td>
<td>52%</td>
<td>10%</td>
</tr>
<tr>
<td>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?</td>
<td>87%</td>
<td></td>
</tr>
<tr>
<td>VI.1.B-1 Reduction of agricultural inputs potentially contaminating water</td>
<td>87%</td>
<td></td>
</tr>
<tr>
<td>VI.1.B-1.1 Area subject to input-reducing actions thanks to agreement (hectares); (a) of which with reduced application per hectare of chemical fertiliser (%); (b) of which with reduced application per hectare of manure or reduced livestock density (%); (c) of which with crops and/or rotations associated with low inputs or low nitrogen-surplus (in case of fertiliser) (%); (d) of which with reduced application per hectare of plant protection products (%).</td>
<td>72%</td>
<td>13%</td>
</tr>
<tr>
<td>VI.1.B-2 The transport mechanisms (from field surface or rootzone to aquifers) for chemicals have been impeded (leaching, run-off, erosion)</td>
<td>71%</td>
<td></td>
</tr>
<tr>
<td>VI.1.B-2.1 Area subject to supported actions reducing the transport of pollutants to aquifers (through run-off, leaching or erosion) (hectares): (a) of which with particular cover/crop (%); (b) of which with non-crop barriers to run-off (field margins, hedgerows, contour cultivation, field size) (%)</td>
<td>61%</td>
<td>10%</td>
</tr>
<tr>
<td>VI.1.B-3 Improved quality of surface water and/or groundwater</td>
<td>24%</td>
<td></td>
</tr>
<tr>
<td>VI.1.B-3.1 Concentration of the relevant pollutant in water flowing from areas under agreement = the proportion of surface/groundwater above the threshold concentration of the relevant substance (mg, µg, etc per litre).</td>
<td>17%</td>
<td>7%</td>
</tr>
<tr>
<td>VI.1.B-4 Water protection gives raise to further benefits at farm or societal level</td>
<td>51%</td>
<td></td>
</tr>
<tr>
<td>VI.1.B-4.1 Farm and/or off-farm indirect impacts resulting from farmland under agreements (description)</td>
<td>47%</td>
<td>4%</td>
</tr>
<tr>
<td>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?</td>
<td>26%</td>
<td></td>
</tr>
<tr>
<td>VI.1.C-1 The utilisation (abstraction) of water for irrigation has been reduced or increase avoided</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>VI.1.C-1.1 Area not irrigated thanks to agreement (hectare); (a) of which due to direct limitation of irrigated area (%); (b) of which due to changed crop pattern/vegetation or farm practice (%).</td>
<td>11%</td>
<td>3%</td>
</tr>
<tr>
<td>VI.1.C-2 Area with reduced rate of irrigation (consumption/hectare) thanks to agreement (hectare); (a) of which due to direct limitation of irrigation rate (%); (b) of which due to changed crop pattern/vegetation or farm practice (other than irrigation) (%); (c) of which due to improved</td>
<td>11%</td>
<td>3%</td>
</tr>
<tr>
<td>Question, criteria, indicator numbers and text</td>
<td>Used (%)</td>
<td>Alternative used (%)</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------------------------------------</td>
<td>----------</td>
<td>----------------------</td>
</tr>
<tr>
<td>irrigation methods (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VI.1.C- Reduction in quantity of water used for irrigation thanks to agreement (m3, hectares concerned)</td>
<td>14%</td>
<td>3%</td>
</tr>
<tr>
<td>1.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VI.1.C- Efficiency of irrigation for key crops influenced by agreements, i.e., quantity of crop produced per unit of water (tons/m3)</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>VI.1.C-2 Water resources protected in terms of quantity</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>VI.1.C- Trend concerning the water levels in surface and ground water (description and/or indicator to be defined at programme level).</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>VI.1.C-3 Protected water resources give raise to further benefits (farm or rural level, environment, other economic sectors)</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>VI.1.C- Global impacts arising thanks to the protection of the water levels of surface and ground water (description)</td>
<td>13%</td>
<td>3%</td>
</tr>
<tr>
<td>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?</td>
<td>85%</td>
<td></td>
</tr>
<tr>
<td>VI.2.A-1 Reduction of agricultural inputs (or avoided increase) benefitting flora and fauna has been achieved</td>
<td>82%</td>
<td></td>
</tr>
<tr>
<td>VI.2.A- Area with assisted input-reducing actions (hectares): (a) of which with reduced application per hectare of plant protection products (%); (b) of which with reduced application per hectare of fertiliser (%); (c) of which with avoidance of specific inputs at critical periods of the year (%)</td>
<td>70%</td>
<td>12%</td>
</tr>
<tr>
<td>VI.2.A- Reduction of agricultural input per hectare thanks to agreement (%)</td>
<td>61%</td>
<td>12%</td>
</tr>
<tr>
<td>VI.2.A- Evidence of a positive relationship between assisted input reduction measures on the targeted land and species diversity (description, where practical involving estimates of species abundance).</td>
<td>52%</td>
<td>10%</td>
</tr>
<tr>
<td>VI.2.A-2 Crop patterns [types of crops (including associated livestock), crop rotation, cover during critical periods, expanse of fields] benefitting flora and fauna have been maintained or reintroduced</td>
<td>80%</td>
<td></td>
</tr>
<tr>
<td>VI.2.A- Area with beneficial lay out of crops [types of crop (including associated livestock), crop-combinations and size of uniform fields] maintained/reintroduced thanks to assisted actions (hectares)</td>
<td>59%</td>
<td>14%</td>
</tr>
<tr>
<td>VI.2.A- Area with beneficial vegetation/crop-residues at critical periods thanks to assisted actions (hectares)</td>
<td>49%</td>
<td>11%</td>
</tr>
<tr>
<td>VI.2.A- Evidence (by key type of farmland) of a positive relationship between the layout of crops or cover on the farmland under agreement and the impact on species diversity (description, and where practical, estimates of numbers of nest (of birds, mammals, etc) or species abundance (or observation frequency).</td>
<td>43%</td>
<td>15%</td>
</tr>
<tr>
<td>VI.2.A-3 Species in need of protection have been successfully targeted by the supported actions</td>
<td>51%</td>
<td>0%</td>
</tr>
<tr>
<td>VI.2.A- Area of farmland under agreements targeting particular wildlife species or groups of species (hectares and specification of species): (a) of which widespread species (%); (b) of which specialist species (%); (c) of which declining species (%); (d) of which stable or increasing species (%); (e) of which soil-organisms (%); (f) of which species figuring on international lists of endangered species (%).</td>
<td>32%</td>
<td>13%</td>
</tr>
<tr>
<td>Question, criteria, indicator numbers and text</td>
<td>Used (%)</td>
<td>Alternative used (%)</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>-----------</td>
<td>----------------------</td>
</tr>
<tr>
<td>VI.2.A-3.2 Trend in populations of target species on the specifically targeted farmland (cf., indicator 3.1) (where practical involving estimates of population size) or other evidence for a positive relationship between the supported actions and the abundance of the targeted species (description).</td>
<td>26%</td>
<td>19%</td>
</tr>
<tr>
<td>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)?</td>
<td>74%</td>
<td></td>
</tr>
<tr>
<td>VI.2.B-1 “High nature-value habitats” on farmed land have been conserved</td>
<td>71%</td>
<td></td>
</tr>
<tr>
<td>VI.2.B-1.1 High nature-value farmland habitats that have been protected by supported actions (number of sites/agreements; total hectares, average size): (a) of which resulting from specific land-uses or traditional farming systems (%); (b) of which resulting from prevention of encroachment (colonisation by scrub, etc) or abandonment (%); (c) of which located in Natura 2000 areas (%); (d) of which habitats that in particular benefit specific species or groups of species (%); (e) of which considered rare habitats at the relevant geographical level (%).</td>
<td>60%</td>
<td>10%</td>
</tr>
<tr>
<td>VI.2.B-2 Ecological infrastructure, including field boundaries (hedges…) or non-cultivated patches of farmland with habitat function have been protected or enhanced</td>
<td>66%</td>
<td></td>
</tr>
<tr>
<td>VI.2.B-2.1 Assisted ecological infrastructure with habitat function or non-farmed patches of land linked to agriculture (hectares and/or kilometres and/or number of sites/agreements; (a) of which linear features (hedges, walls, etc) (%; kilometres); (b) of which patches or areas of non-farmed land (i.e. ecological set-aside, other non-cropped areas, etc.) or partly non-cultivated land (unweeded and/or unfertilised edges of fields) (%); (c) of which isolated features (patches of trees, etc) (number); (d) of which enhancing existing high nature-value habitats by alleviating their fragmentation (%).</td>
<td>53%</td>
<td>13%</td>
</tr>
<tr>
<td>VI.2.B-3 Valuable wetland (often uncultivated) or aquatic habitats have been protected from leaching, run-off or sediments originating from adjacent farmland</td>
<td>49%</td>
<td></td>
</tr>
<tr>
<td>VI.2.B-3.1 Area under assisted farming systems or practices that reduce/prevent leaching, run-off or sedimentation of farm inputs/soil in adjacent valuable wetland or aquatic habitats (hectares); (a) of which input reduction techniques (%); (b) of which run-off and/or erosion prevention (%); (c) of which reduction of leaching (%)</td>
<td>40%</td>
<td>6%</td>
</tr>
<tr>
<td>VI.2.B-3.2 Adjacent valuable wetland or aquatic habitats that have been protected thanks to the assisted actions (hectares); (a) of which protected from eutrophication and/or sediment flows (%); (b) of which protected from toxic substances (%); (c) of which in Natura 2000 areas; (d) of which habitats that particularly benefit specific species or groups of species (%); (e) of which considered rare habitats at the relevant geographical level (%)</td>
<td>34%</td>
<td>4%</td>
</tr>
<tr>
<td>VI.2.C To what extent has biodiversity (genetic diversity) been maintained or enhanced thanks to agri-environmental measures...through the</td>
<td>55%</td>
<td></td>
</tr>
<tr>
<td>Question, criteria, indicator numbers and text</td>
<td>Used (%)</td>
<td>Alternative used (%)</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>----------</td>
<td>----------------------</td>
</tr>
<tr>
<td>safeguarding of endangered animal breeds or plant varieties?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VI.2.C.- 1  Endangered breeds/varieties are conserved</td>
<td>55%</td>
<td></td>
</tr>
<tr>
<td>VI.2.C.- 1.1 Animals/plants reared/cultivated under agreement (number of individuals or hectares broken down to breed/variety): (a) of which figuring on EU or international lists: World Watch List of FAO; International Undertaking on Plant Genetic Resources for Food and Agriculture (pending); (b) of which conserved within the farming system they traditionally are part of (%)</td>
<td>43% 13%</td>
<td></td>
</tr>
<tr>
<td>VI.3. To what extent have landscapes been maintained or enhanced by agri-environmental measures?</td>
<td>74%</td>
<td></td>
</tr>
<tr>
<td>VI.3.-1. The perceptive/cognitive (visual, etc) coherence between the farmland and the natural/biophysical characteristics of the zone has been maintained or enhanced.</td>
<td>59%</td>
<td></td>
</tr>
<tr>
<td>VI.3.-1.1. Farmland under agreement contributing to coherence with the natural/biophysical characteristics of the zone (number of sites and hectares): (a) of which due to land-use patterns as influenced by the supported actions (where relevant specified to type, such as grassland, etc...) (%); (b) of which due to environmental features such as flora, fauna or habitats directly/indirectly resulting from the supported actions (%); (c) of which due to the preservation of landforms such as relief or contours (%); (d) of which due to the preservation, resulting from supported actions, of water levels and the contours of water bodies (stemming, irrigation restrictions, etc) (%)</td>
<td>55% 4%</td>
<td></td>
</tr>
<tr>
<td>VI.3.-2. The perceptive/cognitive (visual, etc) differentiation (homogeneity/diversity) of farmland has been maintained or enhanced.</td>
<td>65%</td>
<td></td>
</tr>
<tr>
<td>VI.3.-2.1. Farmland under agreement contributing to perceptive/cognitive, in particular visual, differentiation (homogeneity/diversity) in the landscape (number of sites and hectares/ kilometres): (a) of which due to the visual complexity resulting from land-use/crop patterns influenced by the supported actions (extent, spatial arrangement including height, colours) (%); (b) of which due to environmental features such as flora, fauna or habitats directly/indirectly resulting from the supported actions (%); (c) of which due to man-made objects (hedgerows, ditches, tracks) introduced/preserved by the supported actions or the possibility, thanks to support for vegetation management, of viewing the landscape differentiation (homogeneity/diversity) (%)</td>
<td>49% 15%</td>
<td></td>
</tr>
<tr>
<td>VI.3.-3. The cultural identity of farmland has been maintained or enhanced.</td>
<td>64%</td>
<td></td>
</tr>
<tr>
<td>VI.3.-3.1. Farmland under agreement contributing to the maintenance/enhancement of cultural/historical characteristics of the zone (number of sites/objects, and hectares/ kilometres): (a) of which due to the presence of traditional crops or traditional domestic animals as influenced by the supported actions (%); (b) of which due to man-made linear objects (hedgerows, ditches, tracks) reintroduced/preserved by the supported actions (%); (c) of which due to man-made point/singular features reintroduced/preserved by the supported actions (e.g., presence of patches of trees or the possibility of viewing heritage thanks to vegetation management, etc) (%)</td>
<td>50% 14%</td>
<td></td>
</tr>
<tr>
<td>Question, criteria, indicator numbers and text</td>
<td>Used (%)</td>
<td>Alternative used (%)</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------------------------------------------</td>
<td>----------</td>
<td>----------------------</td>
</tr>
<tr>
<td>which due to opportunities for experiencing traditional farm activities (herding, transhumance, haymaking, etc) reintroduced/preserved by the supported actions (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VI.3-4. The protection/improvement of landscape structures and functions relating to farmland results in societal benefits/values (amenity values)</td>
<td>52%</td>
<td></td>
</tr>
<tr>
<td>VI.3-4.1. Evidence of societal benefits/value resulting from the protected/improved landscape structures and functions (description)</td>
<td>48%</td>
<td>4%</td>
</tr>
</tbody>
</table>
A4.1.7. Chapter VII: Investments in processing and marketing

Table 4.14 illustrates the extent to which CEQs and alternative indicators were used in this Chapter. The range of use as represented by lowest and highest values in percentage terms is also shown.

Table 4.14: Summary of question, criteria and indicator use in Chapter VII: Investments in processing and marketing

<table>
<thead>
<tr>
<th></th>
<th>Lowest % used</th>
<th>Highest % used</th>
<th>Usage index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questions answered</td>
<td>58%</td>
<td>62%</td>
<td>61</td>
</tr>
<tr>
<td>Specified criteria used</td>
<td>19%</td>
<td>62%</td>
<td>46</td>
</tr>
<tr>
<td>Specified indicators used</td>
<td>19%</td>
<td>56%</td>
<td>34</td>
</tr>
<tr>
<td>Alternative indicators used</td>
<td>0%</td>
<td>21%</td>
<td>11</td>
</tr>
</tbody>
</table>

The use of CEQs is set out in Table 4.15. Key points to note are as follows:

- There is a very small range in terms of the extent to which **CEQs** were addressed in this Chapter.
- The use of **criteria**, on the other hand, is more variable with most CEQs being addressed through a combination of criteria rather than just one dominant one (although CEQ VII.1 is the exception to this).
- The same pattern is by and large observed for **specified indicators**.
- **Alternative indicators** are generally used sparingly, but there are some exceptions where their use is more significant (VII.2-1.1, VII.5-1.1 and VII.3-2.1, for example). However, even in these cases a greater proportion of mid-term evaluation reports used the specified indicators.

Table 4.15: Use of CEQs in Chapter VII: Investments in processing and marketing

<table>
<thead>
<tr>
<th>Question, criteria, indicator numbers and text</th>
<th>Used (%)</th>
<th>Alternative used (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>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?</td>
<td>63%</td>
<td></td>
</tr>
<tr>
<td>VII.1-1 Rational procedures in assisted processing &amp; marketing lines.</td>
<td>63%</td>
<td></td>
</tr>
<tr>
<td>VII.1-1.1 Evidence of more rational processing and marketing procedures (description, e.g., including the trend in beneficiaries having ISO 9000)</td>
<td>57%</td>
<td>6%</td>
</tr>
<tr>
<td>VII.1-2 Better use of production factors in assisted processing &amp; marketing lines</td>
<td>41%</td>
<td></td>
</tr>
<tr>
<td>VII.1-2.1 Capacity-use in assisted processing &amp; marketing lines (%)</td>
<td>35%</td>
<td>6%</td>
</tr>
<tr>
<td>VII.1-3 Lower costs in assisted processing &amp; marketing lines</td>
<td>37%</td>
<td></td>
</tr>
<tr>
<td>VII.1-3.1 Change in processing/marketing costs per unit of basic product thanks to assistance (%)</td>
<td>29%</td>
<td>9%</td>
</tr>
<tr>
<td>VII.2 To what extent have the supported investments helped to increase the ...</td>
<td>59%</td>
<td></td>
</tr>
<tr>
<td>Question, criteria, indicator numbers and text</td>
<td>Used (%)</td>
<td>Alternative used (%)</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------------------------------------</td>
<td>----------</td>
<td>----------------------</td>
</tr>
<tr>
<td><strong>VII.2-1 The intrinsic quality of processed/marketed agricultural products is improved</strong></td>
<td>47%</td>
<td></td>
</tr>
<tr>
<td><strong>VII.2-1.1 Share of agricultural basic products contained in processed/marketed products with improved intrinsic quality from assisted processing/marketing lines (%)</strong></td>
<td>26%</td>
<td>21%</td>
</tr>
<tr>
<td><strong>VII.2-1.1a</strong> Share of which subject to systematic quality monitoring thanks to assistance (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>VII.2-1.1b</strong> Share of which with improved homogeneity within and/or between batches (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>VII.2-2 Uptake of quality labels has increased</strong></td>
<td>47%</td>
<td></td>
</tr>
<tr>
<td><strong>VII.2-2.1 Share of marketed products from assisted processing/marketing lines sold with quality label (number of products and %)</strong></td>
<td>35%</td>
<td>12%</td>
</tr>
<tr>
<td><strong>VII.2-2.1a Share of which EU-level labelling schemes (%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>VII.2-2.1b Share of which national-level labelling schemes (%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>VII.2-2.1c Share of which other labelling schemes (%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>VII.2-3 Higher added value in financial terms thanks to improved quality</strong></td>
<td>41%</td>
<td></td>
</tr>
<tr>
<td><strong>VII.2-3.1 Added value in assisted processing &amp; marketing lines (%)</strong></td>
<td>26%</td>
<td>15%</td>
</tr>
<tr>
<td><strong>VII.3 To what extent have the supported investments improved the situation of the basic agricultural production sector?</strong></td>
<td>61%</td>
<td></td>
</tr>
<tr>
<td><strong>VII.3-1 Demand for and price of basic agricultural products assured or improved</strong></td>
<td>51%</td>
<td></td>
</tr>
<tr>
<td><strong>VII.3-1.1 Trend (in terms of quantity and price) in purchases of raw materials by assisted production/marketing lines</strong></td>
<td>44%</td>
<td>9%</td>
</tr>
<tr>
<td><strong>VII.3-1.2 Share (within area of programme) of gross sales of basic agricultural products that are sold to outlets safeguarded or created thanks to the assistance (%)</strong></td>
<td>23%</td>
<td>6%</td>
</tr>
<tr>
<td><strong>VII.3-2 Co-operation developed between the producers of basic agricultural products and the processing/marketing stages</strong></td>
<td>53%</td>
<td></td>
</tr>
<tr>
<td><strong>VII.3-2.1 Share of supply of basic products to beneficiary producers (processing) or marketers that depends on multi-annual contracts or equivalent instruments (%)</strong></td>
<td>35%</td>
<td>18%</td>
</tr>
<tr>
<td><strong>VII.4 To what extent have the supported investments improved health and welfare?</strong></td>
<td>61%</td>
<td></td>
</tr>
<tr>
<td><strong>VII.4-1 Health and welfare concerns are appropriately integrated into the programme</strong></td>
<td>53%</td>
<td></td>
</tr>
<tr>
<td><strong>VII.4-1.1 Share of assisted investments in processing and marketing related to health and welfare (%)</strong></td>
<td>41%</td>
<td>13%</td>
</tr>
<tr>
<td><strong>VII.4-1.1a Share of which aiming to improve of the nutritive and hygiene quality of products for human consumption (%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>VII.4-1.1b Share of which aiming to improve the nutritive and hygiene quality of animal feed (%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>VII.4-1.1c Share of which aiming to improve workplace safety (%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>VII.4-1.1d Share of which aiming to improve animal welfare (%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>VII.4-2 Animals transported or handled for slaughter do not infect live animals</strong></td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td><strong>VII.4-2.1 Trend in spread of contagious diseases during handling and transport of animals for slaughter related to assistance (description, e.g., frequency of incidents)</strong></td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td><strong>VII.4-3 Workplace conditions improved for persons involved in processing and marketing</strong></td>
<td>44%</td>
<td></td>
</tr>
<tr>
<td><strong>VII.4-3.1 Trend in workplace conditions related to assistance (description, e.g., frequency of reported incidents)</strong></td>
<td>41%</td>
<td>3%</td>
</tr>
<tr>
<td>Question, criteria, indicator numbers and text</td>
<td>Used (%)</td>
<td>Alternative used (%)</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>---------</td>
<td>----------------------</td>
</tr>
<tr>
<td>VII.5 To what extent have the supported investments protected the environment?</td>
<td>61%</td>
<td></td>
</tr>
<tr>
<td>VII.5-1 Profitable outlets for basic agricultural products that are linked to environmentally benign farming have been provided</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>VII.5-1.1 Capacity created or upgraded thanks to assistance for processing/marketing of basic agricultural products resulting from environmentally benign farming (tons): (a) of which processing/marketing of products produced by farmers respecting environmental obligations that are verified by public authorities or regulated by contractual obligations or an equivalent instrument (e.g., organic products, integrated production, etc.) (tons); (b) of which processing/marketing of crops for renewable energy or traditional non-food land uses (e.g. cork) (ton)</td>
<td>27% 18%</td>
<td></td>
</tr>
<tr>
<td>VII.5-2 The assisted operations relating to processing or marketing exceed minimum environmental standards</td>
<td>55%</td>
<td></td>
</tr>
<tr>
<td>VII.5-2.1 Share of processing and marketing lines introducing environmental improvements thanks to co-financing (%): (a) of which with environmental improvement as the direct aim (%); (b) of which with environmental improvement as a collateral effect (e.g., due to new technology mainly for other purposes (%); (c) of which assisted investments going beyond standards concerning emissions (waste, sewage, smoke) directly from the processing and marketing sites (‘end of pipe’) (%); (d) of which assisted investments concerning resource use (water, energy…) and environmental effects of the products after leaving the processing/marketing site (transport, packaging…) (%)</td>
<td>39% 15%</td>
<td></td>
</tr>
</tbody>
</table>
A4.1.8. Chapter VIII: Forestry

The degree of use of CEQs and alternative indicators for this Chapter is presented in Table 4.16. The Table also shows the lowest and highest use of individual CEQs and alternative indicators in percentage terms.

<table>
<thead>
<tr>
<th>Questions answered:</th>
<th>Lowest % used</th>
<th>Highest % used</th>
<th>Usage index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specified criteria used</td>
<td>52%</td>
<td>81%</td>
<td>64</td>
</tr>
<tr>
<td>Specified indicators used</td>
<td>33%</td>
<td>76%</td>
<td>51</td>
</tr>
<tr>
<td>Alternative indicators used</td>
<td>13%</td>
<td>72%</td>
<td>36</td>
</tr>
</tbody>
</table>

The extent to which individual CEQs were addressed in the mid-term evaluation reports is set out in Table 4.17. Key points are as follows:

- The use of CEQs was fairly widespread with each one answered in more than half mid-term evaluation reports.
- With the exception of CEQ VIII.3.B, most of the CEQs were addressed through the first criteria with use of the subsequent criteria declining. The same pattern can be seen for the specified indicators.
- Alternative indicators were used sparingly and in no cases were they used more than those specified.

<table>
<thead>
<tr>
<th>Question, criteria, indicator numbers and text</th>
<th>Used (%)</th>
<th>Alternative used (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VIII.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?</td>
<td>82%</td>
<td></td>
</tr>
<tr>
<td>VIII.1.A- Increase of wooded area on previous agricultural and non-agricultural land</td>
<td>77%</td>
<td></td>
</tr>
<tr>
<td>VIII.1.A- Area of assisted plantings (hectares)</td>
<td>72%</td>
<td>4%</td>
</tr>
<tr>
<td>VIII.1.A- Anticipated increase of volume of growing stock thanks to planting of new woodland and improvement of existing woodlands</td>
<td>62%</td>
<td></td>
</tr>
<tr>
<td>VIII.1.A- Anticipated additional average annual increment thanks to assistance (m3/hectare/year): (a) of which in new plantings (% and hectares concerned); (b) of which due to improvement of existing woodlands (% and hectares concerned)</td>
<td>53%</td>
<td>9%</td>
</tr>
<tr>
<td>VIII.1.A- Anticipated improvement in quality (assortment, diameter...) and structure of growing stock thanks to forest improvement</td>
<td>61%</td>
<td></td>
</tr>
<tr>
<td>VIII.1.A- Trend in structure/quality parameters (description, e.g., including</td>
<td>50%</td>
<td>11%</td>
</tr>
<tr>
<td>Question, criteria, indicator numbers and text</td>
<td>Used (%)</td>
<td>Alternative used (%)</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>----------</td>
<td>----------------------</td>
</tr>
<tr>
<td>3.1 hardwood/softwood, diameter-evolution, straightness, knots…)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>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?</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>VIII.1.B- There is additional build up of carbon in the growing stock of new and existing woodlands</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>VIII.1.B- Average annual net carbon storage from 2000-2012 thanks to assistance (millions of tons/year)</td>
<td>43%</td>
<td>7%</td>
</tr>
<tr>
<td>VIII.1.B- Trend in average annual net carbon storage beyond 2012 thanks to assistance (millions of tons/year)</td>
<td>26%</td>
<td>13%</td>
</tr>
<tr>
<td>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?</td>
<td>57%</td>
<td></td>
</tr>
<tr>
<td>VIII.2.A- More rational production of forest products (or services)</td>
<td>52%</td>
<td></td>
</tr>
<tr>
<td>VIII.2.A- Short/medium term change in annual costs for silviculture, harvesting and transport/collection, stocking operations thanks to the assistance (€/m3)</td>
<td>26%</td>
<td>13%</td>
</tr>
<tr>
<td>VIII.2.A- Share of holdings being connected to associations of forest holders or similar organisation thanks to assistance (%)</td>
<td>35%</td>
<td>9%</td>
</tr>
<tr>
<td>VIII.2.A- Enhancement of outlets for forest products</td>
<td>39%</td>
<td></td>
</tr>
<tr>
<td>VIII.2.A- Additional assisted outlets, in particular for products of small dimension/low quality (m3)</td>
<td>30%</td>
<td>9%</td>
</tr>
<tr>
<td>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?</td>
<td>66%</td>
<td></td>
</tr>
<tr>
<td>VIII.2.B- More activities/employment on holdings</td>
<td>57%</td>
<td></td>
</tr>
<tr>
<td>VIII.2.B- Activity on holdings from {own execution of assisted planting/improvement works} plus {anticipated work at the holding deriving from the assisted action in the short/mid term} (hours/hectare/year): (a) of which falling in periods where agricultural activity level is below the capacity on combined farm/forest holdings (hours/holding/year + number of holdings concerned); (b) of which leading to additional or maintained employment on holdings (full time equivalents/year)</td>
<td>49%</td>
<td>8%</td>
</tr>
<tr>
<td>VIII.2.B- More activities in rural community, due to primary or secondary production on holdings or due to initial processing and marketing stages</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>VIII.2.B- Volume of short/medium term supply of basic forest products for small scale, local processing (m3/year)</td>
<td>15%</td>
<td>2%</td>
</tr>
<tr>
<td>VIII.2.B- Employment in the short/medium term outside holdings (logging, initial processing and marketing, and further local, small scale processing and marketing) directly or indirectly depending on assisted actions (full time equivalents/year)</td>
<td>37%</td>
<td>8%</td>
</tr>
<tr>
<td>VIII.2.B- Greater attractiveness of area for local population or rural tourists</td>
<td>52%</td>
<td></td>
</tr>
<tr>
<td>Question, criteria, indicator numbers and text</td>
<td>Used (%)</td>
<td>Alternative used (%)</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------------------------------------</td>
<td>----------</td>
<td>----------------------</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VIII.2.B- Additional attractive/valuable area or sites due to assistance [description, taking into account the concepts of perceptive/cognitive coherence, differentiation (homogeneity/diversity) and cultural identity as well as the number of hectares involved (c.f., Question VI.3.)]</td>
<td>46%</td>
<td>6%</td>
</tr>
<tr>
<td>VIII.2.B- Maintaining or increasing income in rural areas</td>
<td></td>
<td>46%</td>
</tr>
<tr>
<td>VIII.2.B- Income in the short/medium term due to assisted activities (€/year, number of beneficiaries): (a) of which additional sustainable income on holdings (%), and hectare); (b) of which due to knock-on activities or assisted off-farm activities (%)</td>
<td></td>
<td>32% 4%</td>
</tr>
<tr>
<td>VIII.2.B- Ratio of {premium for loss of income} to {net-income from previous land use} (i.e., previous ‘gross margin’)</td>
<td></td>
<td>26% 6%</td>
</tr>
<tr>
<td>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?</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>VIII.2.C- Appropriate protection actions undertaken</td>
<td></td>
<td>55%</td>
</tr>
<tr>
<td>VIII.2.C- Area planted/managed with a view to protective functions (hectares)</td>
<td></td>
<td>55%</td>
</tr>
<tr>
<td>VIII.2.C- Non-woodland and socio-economic interests are protected</td>
<td></td>
<td>35%</td>
</tr>
<tr>
<td>VIII.2.C- Resources/assets enjoying improved protection due to assisted forest actions (hectare): (a) of which agricultural land (%); (b) of which water bodies (%); (c) of which villages, tourist facilities (%), plus type &amp; magnitude of interest - e.g., expressed approximately as number of inhabitants, night beds, etc</td>
<td></td>
<td>23% 13%</td>
</tr>
<tr>
<td>VIII.3.A To what extent have the assisted actions contributed to the ecological functions of forests...by maintenance, conservation and appropriate enhancement of biological diversity?</td>
<td>70%</td>
<td></td>
</tr>
<tr>
<td>VIII.3.A- Genetic and/or species diversity protected/improved by using indigenous tree species or mixtures in assisted actions</td>
<td></td>
<td>63% 6%</td>
</tr>
<tr>
<td>VIII.3.A- Area planted/regenerated/improved with indigenous tree species (hectares): (a) of which in mixture (hectares); (b) of which providing in situ conservation of genetic resources (hectares)</td>
<td></td>
<td>57% 6%</td>
</tr>
<tr>
<td>VIII.3.A- Protection/improvement of habitat diversity through the upkeep of representative, rare or vulnerable forest ecosystems/habitats that depend on specific assisted forest structures or silvicultural practices</td>
<td></td>
<td>48%</td>
</tr>
<tr>
<td>VIII.3.A- Critical sites maintained/improved due to assistance (hectares): (a) of which in or linked to Natura 2000 areas (hectares); (b) of which protected/restored from natural hazards (hectares)</td>
<td></td>
<td>30% 4%</td>
</tr>
<tr>
<td>VIII.3.A- Trend in protection of vulnerable non-commercial (i.e., non-traded forest products) species/varieties of flora &amp; fauna on land subject to assisted actions (description, e.g., number of different species/varieties affected and where possible change in the abundance of key species)</td>
<td></td>
<td>35% 2%</td>
</tr>
<tr>
<td>VIII.3.A- Protection/improvement of habitat diversity through beneficial interaction between assisted areas and the surrounding</td>
<td></td>
<td>48%</td>
</tr>
</tbody>
</table>
### Question, criteria, indicator numbers and text

<table>
<thead>
<tr>
<th>Question, criteria, indicator numbers and text</th>
<th>Used (%)</th>
<th>Alternative used (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>landscape/countryside</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VIII.3.A- Area planted in zones with low or missing forest cover (hectares): (a) of which in or linked to Natura 2000 areas (hectares); (b) of which forming corridors between isolated, precarious habitats (hectares)</td>
<td>38%</td>
<td>2%</td>
</tr>
<tr>
<td>VIII.3.A- 'Ecotones' established (forest edge…) of significant value for wild flora and fauna (kilometres)</td>
<td>27%</td>
<td>5%</td>
</tr>
<tr>
<td><strong>VIII.3.B To what extent have the assisted actions contributed to the ecological functions of forests…by maintenance of their health and vitality?</strong></td>
<td>53%</td>
<td></td>
</tr>
<tr>
<td>VIII.3.B- Less damage to soil and growing stock from silvicultural or harvesting operations</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>VIII.3.B- Volume of growing stock subject to reduced damage thanks to assisted equipment or infrastructure (m3/year)</td>
<td>23%</td>
<td>12%</td>
</tr>
<tr>
<td>VIII.3.B- Prevention of calamities (particularly pests and diseases) through appropriate forest structure and silvicultural practice</td>
<td>41%</td>
<td></td>
</tr>
<tr>
<td>VIII.3.B- Area where improved forest structure or silvicultural practice relevant to the prevention of calamities has been introduced (hectares)</td>
<td>34%</td>
<td>7%</td>
</tr>
<tr>
<td>VIII.3.B- Production potential protected or restored from damage arising from natural hazards</td>
<td>48%</td>
<td></td>
</tr>
<tr>
<td>VIII.3.B- Area protected or restored from damage arising from natural hazards (including fire) (hectares)</td>
<td>40%</td>
<td>7%</td>
</tr>
</tbody>
</table>
A4.1.9. Chapter IX: Adaptation of rural areas

CEQ and alternative indicator usage in this Chapter is presented below in Table 4.18 which also shows the lowest and highest individual use in percentage terms.

Table 4.18: Summary of question, criteria and indicator use in Chapter IX: Adaptation of rural areas

<table>
<thead>
<tr>
<th></th>
<th>Lowest % used</th>
<th>Highest % used</th>
<th>Usage index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questions answered:</td>
<td>66%</td>
<td>73%</td>
<td>69</td>
</tr>
<tr>
<td>Specified criteria used</td>
<td>29%</td>
<td>68%</td>
<td>51</td>
</tr>
<tr>
<td>Specified indicators used</td>
<td>11%</td>
<td>56%</td>
<td>29</td>
</tr>
<tr>
<td>Alternative indicators used</td>
<td>0%</td>
<td>23%</td>
<td>8</td>
</tr>
</tbody>
</table>

Table 4.19 breaks the use of CEQs down to the individual level. Key points to note are:

- General use of the CEQs was high with at least two thirds of mid-term evaluations answering them in each case.
- It is hard to discern a pattern in terms of use of criteria with some CEQs being mainly addressed by the first criterion and others addressed through a mixture.
- Again there is little general pattern in the use of specified indicators.
- The use of alternative indicators is generally low, although in some cases (for example IX.5-2.1 and IX.2-1.1) it is as high, or almost as high, as that of the specified indicators.

Table 4.19: Use of CEQs in Chapter IX: Adaptation of rural areas

<table>
<thead>
<tr>
<th>Question, criteria, indicator numbers and text</th>
<th>Used (%)</th>
<th>Alternative used (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IX.1 To what extent has the income of the rural population been maintained or improved?</td>
<td>70%</td>
<td></td>
</tr>
<tr>
<td>IX.1-1 Farm income maintained/improved</td>
<td></td>
<td>59%</td>
</tr>
<tr>
<td>IX.1-1.1 Share of farming population's income generated by assisted actions (€/beneficiary, no. concerned): a) of which gross farm income (from improved agriculture or from transactions generated by off-farm assistance) (%); b) of which from pluriactivity generated by off-farm assistance (%)</td>
<td>44%</td>
<td>10%</td>
</tr>
<tr>
<td>IX.1-1.2 Ratio of costs to turnover for assisted farm-related activities (where costs = ‘all inputs’)</td>
<td>23%</td>
<td>10%</td>
</tr>
<tr>
<td>IX.1-2 Off-farm income maintained/improved</td>
<td></td>
<td>58%</td>
</tr>
<tr>
<td>IX.1-2.1 Share of gross income of off-farm beneficiaries generated by the assistance (€/beneficiary, no. concerned): a) of which relating to tourism (%); b) of which relating to crafts and local products (%)</td>
<td>33%</td>
<td>13%</td>
</tr>
<tr>
<td>IX.1-2.2 Share of rural non-farming population having an income from</td>
<td>34%</td>
<td>3%</td>
</tr>
<tr>
<td>Question, criteria, indicator numbers and text</td>
<td>Used (%)</td>
<td>Alternative used (%)</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------------------------------------</td>
<td>----------</td>
<td>----------------------</td>
</tr>
<tr>
<td><strong>IX.2</strong> 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?</td>
<td>67%</td>
<td></td>
</tr>
<tr>
<td>IX.2-1 Remoteness has been alleviated</td>
<td>56%</td>
<td></td>
</tr>
<tr>
<td>IX.2-1.1 Share of holdings/households/businesses having access to assisted telecommunication facilities/services (%; no.)</td>
<td>16%</td>
<td>11%</td>
</tr>
<tr>
<td>IX.2-1.2 Transport/journeys facilitated or avoided due to assisted actions (description and kilometres and/or hours avoided per year): a) of which concerning agricultural holdings (kilometres and/or hours avoided per year); b) of which concerning the rural community (kilometres and/or hours avoided per year)</td>
<td>46%</td>
<td>5%</td>
</tr>
<tr>
<td>IX.2-1.3 Evidence of economic activity resulting from assisted, enhanced telecommunications or transport facilities (description)</td>
<td>18%</td>
<td>5%</td>
</tr>
<tr>
<td>IX.2-2 Social and cultural facilities have been maintained/enhanced, particularly for young people and young families</td>
<td>39%</td>
<td></td>
</tr>
<tr>
<td>IX.2-2.1 Share of rural population with access to social/cultural activities that depend on assisted facilities (%; a) of which farmers taking leave-days thanks to assisted relief services (%; and number of days); b) of which young people and young families (%)</td>
<td>29%</td>
<td>11%</td>
</tr>
<tr>
<td>IX.2-3 Neighbourhood amenities and housing conditions maintained/improved</td>
<td>62%</td>
<td></td>
</tr>
<tr>
<td>IX.2-3.1 Share of rural population enjoying access to amenity land/nature or conserved rural heritage/sites thanks to assisted actions (%)</td>
<td>28%</td>
<td>23%</td>
</tr>
<tr>
<td>IX.2-3.2 Share of rural accommodation that has improved due to assistance (no. and %): a) of which for rural tourism (%); b) of which providing an incentive for remaining/settling in area (%)</td>
<td>29%</td>
<td>12%</td>
</tr>
<tr>
<td><strong>IX.3</strong> To what extent has employment in rural areas been maintained?</td>
<td>69%</td>
<td></td>
</tr>
<tr>
<td>IX.3-1 Employment of the farming population maintained/increased</td>
<td>68%</td>
<td></td>
</tr>
<tr>
<td>IX.3-1.1 Farm employment created/maintained by assisted actions (FTE, no. of holdings concerned): a) of which from improved agriculture or transactions, generated by assisted activities off-farm (%); b) of which from pluriactivity generated by assisted activities off-farm (%); c) of which concerning farming population younger than 30 years of age (%); d) of which concerning women (%)</td>
<td>54%</td>
<td>15%</td>
</tr>
<tr>
<td>IX.3-1.2 Cost per job maintained/created for the farming population (£/FTE)</td>
<td>27%</td>
<td>5%</td>
</tr>
<tr>
<td>IX.3-2 Seasonal variation of activities is more effectively balanced.</td>
<td>31%</td>
<td></td>
</tr>
<tr>
<td>IX.3-2.1 Workforce obtaining employment during periods of low agricultural activity thanks to assistance (FTE, no. of persons concerned)</td>
<td>21%</td>
<td>7%</td>
</tr>
<tr>
<td>IX.3-2.2 Prolongation of the tourist season (days/year)</td>
<td>15%</td>
<td>5%</td>
</tr>
<tr>
<td>IX.3-3 Diversification of activities contributes to employment of the non-farming population</td>
<td>57%</td>
<td></td>
</tr>
<tr>
<td>IX.3-3.1 Employment for off-farm beneficiaries maintained/created by the assistance (FTE, no of persons concerned): a) of which relating to tourism (%); b) of which relating to crafts and local products (%); c) of which relating to agri-business (%); d) of which concerning persons younger than 30 years of age (%); e) of which concerning women (%)</td>
<td>50%</td>
<td>7%</td>
</tr>
<tr>
<td>IX.3-3.2 Cost per job maintained/created for the non-farming population</td>
<td>29%</td>
<td>5%</td>
</tr>
<tr>
<td>Question, criteria, indicator numbers and text</td>
<td>Used (%)</td>
<td>Alternative used (%)</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>----------</td>
<td>----------------------</td>
</tr>
<tr>
<td><strong>IX.4</strong> To what extent have the structural characteristics of the rural economy been maintained or improved?</td>
<td>73%</td>
<td></td>
</tr>
<tr>
<td>IX.4-1 Productive structures linked to agriculture have been maintained or improved.</td>
<td>63%</td>
<td></td>
</tr>
<tr>
<td>IX.4-1.1 Share of farms enjoying agricultural improvements thanks to assisted actions (no. and % of holdings and hectares): a) of which land improvement (no. and % of hectares); b) of which improved irrigation (no. and % of hectares); c) of which relating to farm/field structure (foncière) (no. and % of holdings); d) of which more professional farm management (no. and % of holdings)</td>
<td>43% 5%</td>
<td></td>
</tr>
<tr>
<td>IX.4-1.2 Assisted new/improved production related activities connected to agriculture including marketing of quality agricultural products (description)</td>
<td>38% 3%</td>
<td></td>
</tr>
<tr>
<td>IX.4-1.3 Capacity-use for assisted off-farm facilities (%).</td>
<td>16% 3%</td>
<td></td>
</tr>
<tr>
<td><strong>IX.4-2</strong> Agricultural production potential has been protected/restored regarding natural hazards</td>
<td>41%</td>
<td></td>
</tr>
<tr>
<td>IX.4-2.1 Share of threatened land protected thanks to assisted actions (hectares and %)</td>
<td>36% 6%</td>
<td></td>
</tr>
<tr>
<td>IX.4-2.2 Share of damaged land restored thanks to assistance (hectares and %)</td>
<td>14% 8%</td>
<td></td>
</tr>
<tr>
<td><strong>IX.4-3</strong> Dynamism of rural actors promoted and potential for endogenous development mobilised in rural areas</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>IX.4-3.1 Evidence of improved dynamism/potential thanks to assisted actions (description, e.g., relevant networks, financial engineering...)</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td><strong>IX.5</strong> To what extent has the rural environment been protected or improved?</td>
<td>70%</td>
<td></td>
</tr>
<tr>
<td>IX.5-1 Agricultural improvements generate environmental benefits.</td>
<td>54%</td>
<td></td>
</tr>
<tr>
<td>IX.5-1.1 Share of land where soil protection has improved, particularly by reducing erosion thanks to assisted action (hectares and %)</td>
<td>31% 6%</td>
<td></td>
</tr>
<tr>
<td>IX.5-1.2 Reduced water loss from irrigation infrastructure thanks to assistance (hectares benefiting and m³/tons of crop)</td>
<td>11% 3%</td>
<td></td>
</tr>
<tr>
<td>IX.5-1.3 Evidence of positive environmentally related trends in farming systems, practices, ecological infrastructure or land-use due to assisted actions (description).</td>
<td>37% 3%</td>
<td></td>
</tr>
<tr>
<td>IX.5-2 Pollution/emissions prevented and better use of natural/non-renewable resources.</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>IX.5-2.1 Waste/sewage collected/treated thanks to assisted actions (% of waste/sewage and % of farms/households served)</td>
<td>11% 11%</td>
<td></td>
</tr>
<tr>
<td>IX.5-2.2 Share of farms/households having access to renewable energy thanks to assisted actions (%)</td>
<td>13% 5%</td>
<td></td>
</tr>
<tr>
<td>IX.5-3 Non-agricultural land has been maintained/improved in terms of biodiversity, landscapes or natural resources.</td>
<td>55%</td>
<td></td>
</tr>
<tr>
<td>IX.5-3.1 Evidence of improvements on non-agricultural land in terms of biodiversity/landscape/natural resources thanks to assistance (description).</td>
<td>35% 20%</td>
<td></td>
</tr>
<tr>
<td>IX.5-4 Increased knowledge/awareness about rural environmental problems and solutions</td>
<td>49%</td>
<td></td>
</tr>
<tr>
<td>IX.5-4.1 Rural actors having improved exchange of or access to information</td>
<td>41% 8%</td>
<td></td>
</tr>
<tr>
<td>Question, criteria, indicator numbers and text</td>
<td>Used (%)</td>
<td>Alternative used (%)</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------------------------------------</td>
<td>----------</td>
<td>----------------------</td>
</tr>
<tr>
<td>concerning environmentally benign activities thanks to assisted actions (number, %): a) of which concerning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>agricultural techniques/practices and systems (no. and %); b) of which concerning non-farming activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(no. and %)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### A4.1.10. Cross cutting

The extent to which CEQs and alternative indicators were used in addressing cross-cutting questions is illustrated in Table 4.20 which also presents lowest and highest use in percentage terms.

#### Table 4.20: Summary of question, criteria and indicator use in Chapter X: Cross cutting

<table>
<thead>
<tr>
<th></th>
<th>Lowest % used</th>
<th>Highest % used</th>
<th>Usage index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questions answered:</td>
<td>60%</td>
<td>79%</td>
<td>69</td>
</tr>
<tr>
<td>Specified criteria used</td>
<td>33%</td>
<td>77%</td>
<td>58</td>
</tr>
<tr>
<td>Specified indicators used</td>
<td>6%</td>
<td>66%</td>
<td>43</td>
</tr>
<tr>
<td>Alternative indicators used</td>
<td>2%</td>
<td>23%</td>
<td>12</td>
</tr>
</tbody>
</table>

The use of CEQs in the cross-cutting questions is considered in Table 4.21. The key points to note are as follows:

- **All CEQs** were answered in at least 60% of mid-term evaluation reports.
- The use of **criteria** was also high with the lowest use (33% for Transv.4-3) being an exception.
- The use of **specified indicators** was more variable with indicators under Transv.4 being used particularly sparingly.
- **Alternative indicators** were not widely used, but were used more under Transv.4 (see above), where more alternative indicators were used instead of Transv.4-2.2. This was also the case for Transv.4-3.1.

#### Table 4.21: Use of CEQs in Chapter X: Cross cutting

<table>
<thead>
<tr>
<th>Question, criteria, indicator numbers and text</th>
<th>Used (%)</th>
<th>Alternative used (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transv.1 To what extent has the programme helped stabilising the rural population?</td>
<td>63%</td>
<td></td>
</tr>
<tr>
<td>Transv.1-1 Age profile of population benefiting from assistance contributes towards maintaining/promoting a balanced population structure</td>
<td>55%</td>
<td></td>
</tr>
<tr>
<td>Transv.1-1.1 Share of persons working on beneficiary farm/forest holdings, and aged: (I) &lt; 30 years (%); (ii) 30-39 years (%); (iii) &gt; 40 years (%)</td>
<td>49% 6%</td>
<td></td>
</tr>
<tr>
<td>Transv.1-2 Gender profile of population benefiting from assistance contributes towards maintaining/promoting a balanced population structure.</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>Transv.1-2.1 Ratio of (female) to (male) for persons benefiting from assistance</td>
<td>52% 6%</td>
<td></td>
</tr>
<tr>
<td>Transv.1-3 Rural depopulation has been reduced</td>
<td>54%</td>
<td></td>
</tr>
<tr>
<td>Transv.1-3.1 Evidence of positive influences of the programme on reduction of rural depopulation (description, including change in farming population</td>
<td>52% 2%</td>
<td></td>
</tr>
</tbody>
</table>
## SYNTHESIS OF RURAL DEVELOPMENT MID-TERM EVALUATION LOT 1

<table>
<thead>
<tr>
<th>Question, criteria, indicator numbers and text</th>
<th>Used (%)</th>
<th>Alternative used (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>and other rural population</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transv.2</strong> To what extent has the programme been conducive to securing employment both on and off holdings?</td>
<td>67%</td>
<td></td>
</tr>
<tr>
<td>Transv.2-1 Employment is created or maintained, directly and indirectly by the programme, on farm/forestry holdings</td>
<td>64%</td>
<td></td>
</tr>
<tr>
<td>Transv.2-1.1 Employment maintained/created on directly/indirectly benefiting farm/forestry holdings (FTE): (a) of which holders (%); (b) of which non-family labour (%); (c) of which women(%); (d) of which concerning full-time employment (%); (e) of which concerning gainful activities other than the production of basic agricultural/forestry products (%); (f) of which indirectly as a result of supplier effects (%)</td>
<td>43%  21%</td>
<td></td>
</tr>
<tr>
<td>Transv.2-2 Employment is created or maintained, directly and indirectly by the programme, in enterprises (other than holdings) in rural areas or in branches connected with agriculture.</td>
<td>47%</td>
<td></td>
</tr>
<tr>
<td>Transv.2-2.1 Employment maintained/created in directly/indirectly benefiting enterprises (other than holdings) (FTE): (a) of which women; (b) of which young people (under the age of 30); (c) of which concerning the pluriactivity of part-time farmers; (d) of which indirectly as a result of supplier and income multiplier effects</td>
<td>29%  18%</td>
<td></td>
</tr>
<tr>
<td><strong>Transv.3</strong> To what extent has the programme been conducive to maintaining or improving the income level of the rural community?</td>
<td>64%</td>
<td></td>
</tr>
<tr>
<td>Transv.3-1 Income of the farming population maintained or improved, directly or indirectly by the programme</td>
<td>62%</td>
<td></td>
</tr>
<tr>
<td>Transv.3-1.1 Income of directly/indirectly assisted farming population (€/person, number concerned): (a) of which ‘family farm income’ (%); (b) of which income of non-family workforce on holdings (%); (c) of which relating to pluriactivity of part-time farmers or to gainful activities on holdings other than the production of basic agricultural/forestry products (%); (d) of which indirectly as a result of supplier effects (%)</td>
<td>40%  22%</td>
<td></td>
</tr>
<tr>
<td>Transv.3-2 Income of non-farming population maintained or improved, directly or indirectly, by the programme</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>Transv.3-2.1 Income of directly/indirectly assisted non-farming population (€/person, number concerned): (a) of which relating to rural tourism (%); (b) of which relating to local crafts/products (%); (c) of which indirectly as a result of supplier and multiplier effects (%)</td>
<td>32%  14%</td>
<td></td>
</tr>
<tr>
<td><strong>Transv.4</strong> To what extent has the programme improved the market situation for basic agricultural/forestry products?</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>Transv.4-1 Productivity has been improved and/or costs reduced in key production chains thanks to the programme.</td>
<td>46%</td>
<td></td>
</tr>
<tr>
<td>Transv.4-1.1 Ratio {turnover} to {cost} in key benefitting production chains (filières)</td>
<td>30%  16%</td>
<td></td>
</tr>
<tr>
<td>Transv.4-2 Market positioning (quality, etc) has improved for key production chains (filières) thanks to the programme</td>
<td>56%</td>
<td></td>
</tr>
<tr>
<td>Transv.4-2.1 Change in added value per unit of basic agricultural/forestry product for key benefitting production chains (filières) (%)</td>
<td>25%  14%</td>
<td></td>
</tr>
<tr>
<td>Transv.4-2.2 Share of basic agricultural product being subject to quality improvement at any level along benefitting production chains (filières) thanks to programme (%)</td>
<td>20%  23%</td>
<td></td>
</tr>
<tr>
<td>Question, criteria, indicator numbers and text</td>
<td>Used (%)</td>
<td>Alternative used (%)</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>----------</td>
<td>----------------------</td>
</tr>
<tr>
<td>Transv.4- Evidence of better market positioning (description)</td>
<td>46%</td>
<td>5%</td>
</tr>
<tr>
<td>Transv.4- There is a positive development in the turnover and price for key production chains (filières) thanks to the programme</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>Transv.4- Change in annual grass sales for key benefiting production chains (filières) (%)</td>
<td>23%</td>
<td>11%</td>
</tr>
<tr>
<td>Transv.4- Evolution in price per unit of standardised product for key benefiting production chains (%)</td>
<td>14%</td>
<td>11%</td>
</tr>
<tr>
<td>Transv.5 To what extent has the programme been conducive to the protection and improvement of the environment?</td>
<td>77%</td>
<td></td>
</tr>
<tr>
<td>Transv.5- The combination of supported actions (from within and between different chapters) focusing on production/development and/or on the environment generates positive environmental effects.</td>
<td>77%</td>
<td></td>
</tr>
<tr>
<td>Transv.5- Share of supported actions entirely/mainly intended for environmental protection or enhancement (% of programme costs; % of projects)</td>
<td>66%</td>
<td>11%</td>
</tr>
<tr>
<td>Transv.5- Share of supported actions focusing on production and development aspects generating positive environmental spin-offs (% of programme costs; % of projects) (a) of which thanks to cleaner technology (%) (b) of which thanks to improved agricultural practices or change/maintenance of land-use patterns (incl. location/concentration of livestock) (%)</td>
<td>57%</td>
<td>11%</td>
</tr>
<tr>
<td>Transv.5- Share of supported actions having generated negative environmental effects (% of programme costs; % of projects) (a) of which during the establishment/investment/construction phase (%) (b) of which during the operational phase (%)</td>
<td>26%</td>
<td>20%</td>
</tr>
<tr>
<td>Transv.5- Land-use patterns (incl. the location/concentration of livestock) have been maintained or have developed in a way which is environmentally beneficial</td>
<td>67%</td>
<td></td>
</tr>
<tr>
<td>Transv.5- Share of area within zone covered by the programme with beneficial (or prevented negative) land-use changes related to the programme (%) (a) of which concerning permanent crops (grassland, orchards, woodland…) (%) (b) of which concerning arable land (organic farming, rotation) (%) (c) of which concerning non-cultivated or semi-natural land (%)</td>
<td>54%</td>
<td>13%</td>
</tr>
<tr>
<td>Transv.5- Unsustainable use or pollution of natural resources has been avoided or minimised.</td>
<td>55%</td>
<td></td>
</tr>
<tr>
<td>Transv.5- Share of water resources subject to reduced depletion (or better replenishment) thanks to programme (%) (a) of which related to basic agricultural (or forestry) production (%)</td>
<td>6%</td>
<td>20%</td>
</tr>
<tr>
<td>Transv.5- Share of water resources subject to reduced/stabilised pollution levels thanks to programme (%) (a) of which related to basic agricultural (or forestry) production (%)</td>
<td>24%</td>
<td>19%</td>
</tr>
<tr>
<td>Transv.5- Trend in annual greenhouse gas emission (tons of carbon equivalents) due to programme (approximate estimates) (a) of which from carbon dioxide (%) (b) of which from nitrous oxide (%) (c) of which from methane (%)</td>
<td>38%</td>
<td>9%</td>
</tr>
<tr>
<td>Transv.5- Rural landscapes have been maintained or enhanced</td>
<td>64%</td>
<td></td>
</tr>
<tr>
<td>Question, criteria, indicator numbers and text</td>
<td>Used (%)</td>
<td>Alternative used (%)</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------------------------------------</td>
<td>----------</td>
<td>----------------------</td>
</tr>
<tr>
<td><strong>Transv.5-4.1</strong> Share of area within zone covered by the programme with beneficial (or prevented negative) landscape effects (%) (a) of which contributing to respectively: i) landscape coherence (%): ii) landscape differentiation (homogeneity/diversity) (%) iii) cultural identity (%) (b) of which concerning permanent crops (grassland, orchards, woodland...) (%)</td>
<td>47%</td>
<td>16%</td>
</tr>
<tr>
<td><strong>Transv.6 To what extent have the implementing arrangements contributed to maximising the intended effects of the programme?</strong></td>
<td>79%</td>
<td></td>
</tr>
<tr>
<td>Transv.6-1 The assisted actions are concerted and complementary so as to produce synergy through their interaction on different aspects of rural development problems/opportunities</td>
<td>57%</td>
<td></td>
</tr>
<tr>
<td>Transv.6-1.1 Frequency of groups/combinations of actions/projects, from within and/or between chapters, targeting rural development problems/opportunities (i) at different levels along agricultural/forestry production chains (filières); (ii) different aspects of particular bottlenecks and/or (iii) jointly creating critical mass (%)</td>
<td>45%</td>
<td>13%</td>
</tr>
<tr>
<td>Transv.6-2 The uptake within the programme (by holdings, enterprises, associations...) involves those having the biggest need and/or potential for rural development in the area concerned by the programme (needy, capable, initiating good projects ...), thanks to a combination of implementing arrangements such as (I) publicity about the support opportunities, (ii) eligibility criteria, (iii) premium differentiation and/or (iv) procedures/criteria for selection of projects as well as (v) the absence of unnecessary delays and bureaucratic costs for these beneficiaries</td>
<td>73%</td>
<td></td>
</tr>
<tr>
<td>Transv.6-2.1 Main types of direct beneficiaries and operators (e.g., holdings, enterprises, associations, networks; owners/holders, processors/marketers; arable/pastoral; small/large) involved in the programme (typology)</td>
<td>63%</td>
<td>9%</td>
</tr>
<tr>
<td>Transv.6-2.2 Evidence of discouraging, unnecessary delays or costs for the direct beneficiaries/operators (description)</td>
<td>61%</td>
<td>4%</td>
</tr>
<tr>
<td>Transv.6-3 Leverage effects have been maximised through a combination of eligibility criteria, premium differentiation or procedures/criteria for selection of projects</td>
<td>54%</td>
<td></td>
</tr>
<tr>
<td>Transv.6-3.1 Leverage rate = (total spending by direct beneficiaries on assisted actions) to (public co-financing)</td>
<td>46%</td>
<td>7%</td>
</tr>
<tr>
<td>Transv.6-4 Dead-weight effects have been avoided through a combination of eligibility criteria, premium differentiation and/or procedures/criteria for selection of projects.</td>
<td>61%</td>
<td></td>
</tr>
<tr>
<td>Transv.6-4.1 Evidence of dead-weight (description and approximate quantification)</td>
<td>58%</td>
<td>4%</td>
</tr>
<tr>
<td>Transv.6-5 Beneficial indirect effects (especially supplier effects) have been maximised</td>
<td>52%</td>
<td></td>
</tr>
<tr>
<td>Transv.6-5.1 Evidence of actions/projects resulting in beneficial indirect effects (description)</td>
<td>48%</td>
<td>4%</td>
</tr>
</tbody>
</table>
A4.1.11. RDR Chapter comparison

This sub-section provides a comparison in terms of the use of CEQs, their criteria and indicators and alternative indicators between RDR Chapters (and the cross-cutting evaluation Chapter). Table 4.22 presents an index of use by Chapter which is drawn from the sub-sections above (this is also presented graphically in Figure 4.1). It shows that, where Chapters and questions were applicable, the degree to which answers to questions are available in the mid-term evaluation reports is greatest in Chapter I: Investment in farms at 80 (which is equivalent to 80% of questions being answered in each mid-term evaluation report). The lowest index for answering questions is in Chapter IV: Early retirement, closely followed by Chapter II: Young farmers at 40 and 43 respectively. This is likely to be partly a function of the CEQs (perhaps more accurately the indicators associated with these) in these respective Chapters. To take an example, establishing setting up costs in order to compare these with assistance under Chapter II: Young farmers, is likely to be fairly expensive and problematic given that these will vary according to individual circumstances.

As would be expected from both logic and our methodology, the relative use of specified criteria and indicators follows that of questions, but because there are sometimes multiple criteria and indicators the indices in both cases are lower than for questions. Interestingly the use of indicators in Chapter IX: Adaptation of rural areas and Chapter V: LFAs are among the lowest (29 and 33 respectively) despite the reasonable degree to which questions in these Chapters are answered. This results from the relatively large set of indicators in this Chapter meaning that questions can be answered using only a small sub-set of indicators.

Generally the use of alternative indicators is low. The greatest use of alternative indicators is made in Chapter V: LFAs (index = 15) and the lowest use of these is made in Chapters II: Young farmers and IV: Early retirement. (index = 5 and 6 respectively). In the latter cases this is likely to result from the fact that the schemes under these Chapters are very specific and the indicators that are required to evaluate the impact of these schemes are therefore clear, albeit expensive and difficult to use (see above).

Finally, a weighted average across all mid-term evaluation reports, all questions (or criteria or indicators) and all Chapters provides a guide as to whether the degree of use of CEQs and alternative indicators in each Chapter is higher or lower than average. On this basis only Chapter II: Young farmers and Chapter IV: Early retirement appear to have been answered particularly sparingly, although the use of criteria in Chapter VII: Investments in processing and marketing is also relatively low, as is the use of specified indicators in Chapter IX: Adaptation of rural areas and
Chapter V: LFAs. Finally, use of alternative indicators is particularly high in Chapter V: LFAs.
Table 4.22: Use of questions, specified criteria and indicators and alternative indicators (index 100 = full use)

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Questions answered</th>
<th>Specified criteria used</th>
<th>Specified indicators used</th>
<th>Alternative indicators used</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>80</td>
<td>76</td>
<td>58</td>
<td>10</td>
</tr>
<tr>
<td>II</td>
<td>43</td>
<td>36</td>
<td>32</td>
<td>5</td>
</tr>
<tr>
<td>III</td>
<td>63</td>
<td>61</td>
<td>47</td>
<td>13</td>
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<tr>
<td>IV</td>
<td>40</td>
<td>34</td>
<td>29</td>
<td>6</td>
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<tr>
<td>V</td>
<td>66</td>
<td>58</td>
<td>33</td>
<td>15</td>
</tr>
<tr>
<td>VI</td>
<td>71</td>
<td>59</td>
<td>45</td>
<td>10</td>
</tr>
<tr>
<td>VII</td>
<td>60</td>
<td>46</td>
<td>34</td>
<td>11</td>
</tr>
<tr>
<td>VIII</td>
<td>64</td>
<td>51</td>
<td>36</td>
<td>7</td>
</tr>
<tr>
<td>IX</td>
<td>69</td>
<td>51</td>
<td>29</td>
<td>8</td>
</tr>
<tr>
<td>X</td>
<td>69</td>
<td>58</td>
<td>43</td>
<td>12</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>66</strong></td>
<td><strong>55</strong></td>
<td><strong>40</strong></td>
<td><strong>10</strong></td>
</tr>
</tbody>
</table>

Figure 4.1: Use of CEQs and alternative indicators across all RDR Chapters

A4.2. Alternative criteria and indicators used

Where mid-term evaluations used alternative indicators they did so in a rather loose way and without defining criteria. Generally the indicators fitted under existing criteria, but in some cases it was not clear that they did. In all cases, however, it was clear which question was being addressed. In some cases alternative indicators
were used instead of those specified in the DG Agri guidelines, but in others they were used in addition to these (or some of these). This sub-section sets out the alternative (including additional) indicators used by question and Member State on a Chapter by Chapter basis.

**A4.2.1. Chapter I: Investment in farms**

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

- **Austria**
  - Analysis of the type and volume of investment and comment on which type/volume of investment has which effect on income.
  - Classification of investments according to objectives (increase income, improve working conditions, hygiene, environment etc.)

- **France**
  - Gross holding income
  - Added value

- **Italy**
  - Net farm income
  - Net family farm income

- **Spain**
  - Change in farms' net margin (%)
  - % of beneficiaries considering that their income has increased after the investment

- **UK**
  - Change in income

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

- **Belgium**
  - Earnings modifications per Human Work Unit

- **Denmark**
  - Output per capital unit

- **Spain**
  - % of beneficiaries indicating that production costs per unit of product have decreased after the investment
  - % of investments aimed to reduce production costs
  - Production per FTE in the supported farms

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

- **Spain**
  - % of alternative crops (animals) in the farm
  - % of farms reducing surplus production lines
  - Proportion of beneficiaries changing from surplus sub-sectors to non surplus sub-sectors
  - Net change in production of surplus products
  - % of change in the FTEs in farms investing in diversification activities
Belgium  •  No. holdings having started rural tourism, direct marketing of farm products or provision of work to others as a percentage of total sample

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

Austria  •  Whether the various types of investments improved the quality of the products and whether this implies an increase in income (qualitative)

Denmark  •  Ratio of financial input to outputs as supplement

Luxembourg  •  Evidence of the scheme improving product quality (qualitative)

Spain  •  % of total sales represent by products with improved quality due to investments supported

Spain  •  % of plans supported that include quality improvements

UK  •  % reporting quality improvements
  •  % reporting use of quality labels

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

Belgium  •  Increase in earnings

Spain  •  Employment (FTE) maintained or created due to the measure

UK  •  % reporting enhanced job security

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

Spain  •  % of investments targeted towards environmental improvements

UK  •  % applications expected to result in environmental improvements

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

Spain  •  % of investments supported with impact on quality of life
  •  % of investments supported including improvements in quality of life
  •  % of investments supported including improvements on animal welfare and working conditions

UK  •  % beneficiaries reporting improvements in animal welfare
A4.2.2. Chapter II: Young farmers

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

Austria  • Ratio between \{number of beneficiaries\} and \{number of eligible farmers\}

Denmark  • Evidence of enhanced opportunity to access other sources of finance
          • Price development of holdings
          • Impacts and attractiveness of subsidies versus guarantees

Spain    • % of young farmers that would have access to farming even in the absence of the measure

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

Austria  • Age structure of transferees according to the size (land and livestock) and income of the transferred farms

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

Austria  • Number of male/female transferees with and without partner.

France   • Holding renewal rate
          • Trend in holding numbers

Italy    • Change in the number of farms operated by young farmers
          • Improvement in business effectiveness

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

France   • Rate of holding transfers

Italy    • The extent to the farmers have set up without the allowance

Spain    • Employment (FTE) maintained or created due to the measure
A4.2.3. Chapter III: Vocational training

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

Austria
- Ratio of male to female for course participants
- Share of support granted to female and male participants by course topic
- Age structure of course participants by course topic

Italy
- Number and typologies of the training participants

UK
- Gender and age profile of participants
- Total beneficiaries

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

Austria
- (Likely) benefits of participating in the courses

France
- Change in professional practices
- Change in work organisation and in work efficiency
- Increase in trainee incomes

Italy
- Profile of potential users

A4.2.4. Chapter IV: Early retirement

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

Spain
- Average age of transferee in the assistant holding
- Average age of transferor in the assistant holding
- Number of animals transferred
- Type of transfer
- Pattern of transfer (%)
- Ratio of (number of beneficiaries that would have not transfer their activity if the absence of the measure) to (total number of beneficiaries surveyed)

CEQ 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?

Spain
- Ratio of (number of hectares transferred to transferees that are beneficiaries of the setting up of young farmers) to (total transferred
hectares)
- Number of years that the transfer should have been delayed in the absence of the measure
- Ratio of {number of beneficiaries that would have not transfer their activity if the absence of the measure} to {total number of beneficiaries surveyed}.
- Number of years that the retirement would have been delayed in the absence of the measure

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

Greece  
- Change in the average farm size

Portugal  
- Comparison of the Economical Dimension of the transferred holding to the new holding

Spain  
- Number of holdings and hectares transferred due to abandonment of the activity
- % of transferors surveyed that agree that their quality of life has increased in relation with transferors surveyed in disagree with this statement

CEQ 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?

Ireland  
- Evolution of average Early Retirement Scheme (ERS) payment

Spain  
- Ratio of {retired workers in the transferor's holding} to {workers nor retired or unemployed}
- % deviation of {average amount received per beneficiary} to {average amount received per beneficiary planned in the program} (€)
- % of transferors surveyed that agree that the payment received has been enough in relation with transferors surveyed in disagree with this statement

A4.2.5. Chapter V: Less Favoured Areas and areas with environmental restrictions

CEQ 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?
Denmark  •  The size of the agricultural production and earnings in LFA compared to the rest of the country
France  •  Allowance increase between 2000 and 2003
•  Number of beneficiaries receiving less than 1,000 EUR
•  Remaining income differential with non-LFA areas
•  Proportion of beneficiaries in the Massif central mountain range (with significantly lower incomes but few alternatives)
•  Compensation perception score by beneficiaries
•  In overseas districts, comparison with amount of CAP first pillar cow raising measures
Germany  •  Profit per (ha, employee etc.)
•  Profit per holding
•  Profit per holding plus personnel costs
Ireland  •  Change in Family Farm Income
Luxembourg  •  Ratio of {premium} to {development of direct costs}
UK  •  Net farm income
•  Cash flow data and gross outputs

CEQ V.2: To what extent have compensatory allowances helped in ensuring continued agricultural land use?

Denmark  •  Average size of holdings
France  •  Change in area under permanent pasture
•  % of holdings above allowance ceiling of 50 ha
•  % of non-beneficiaries
•  % of allowance/total CAP subsidies
Germany  •  Rent price of agricultural area (indicator for the market value of land)
Portugal  •  UAA for the 1989 to 1999 period
•  Number of farms and areas benefiting

CEQ V.3: To what extent have compensatory allowances contributed to the maintenance of a viable rural community?

Austria  •  Income per holding
•  the agricultural income per family worker in LFAs and other areas
Denmark  •  Number of applicants to the scheme
•  Population development
Finland  •  Ratio of gross family farm enterprise income per family member to the gross family income per family members in all households, all
households but farm families, other enterprises, regular employees

France
- Trend in numbers of communes with between 0 and 3 ‘professional’ farmers
- Trend in holding numbers
- Trend in family agricultural employment (showing existence of viable off-farm employment)
- Farmer satisfaction score on living standards

Germany
- Rent price of the agricultural land
- Population decrease (migration) in LFA
- No. employees in the agricultural sector (in and outside LFA)
- The rate of equity capital of the holdings (in and outside LFA)

Ireland
- National migration data was used to describe migration into administrative areas that are wholly/predominantly LFA

Luxembourg
- Ratio of {average agri income of beneficiaries} to {average income in Luxembourg}
- Amount of compensatory payment per agricultural labourer

Portugal
- Comparison of ratio used for Indicator V.3.2.1 with average family income in the region, with the national average, and with the average for a non LFA region

UK
- Number of claimants and average farm size

CEQ 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 LFAs?

Finland
- UAA by crop use and by support areas
- Share of pesticide-free area in UAA

France
- Share (areas, holdings) of meat production systems in mountain areas
- Share (areas, holdings) of mixed crop-livestock farming systems in non-mountain LFAs
- Number of districts with nitrogen-vulnerable areas in LFAs

Germany
- Comparing the area under NATURA 2000 inside LFA with those outside LFA

Ireland
- Uptake of extensification premia
- Uptake of agri-environment scheme

Spain
- % of beneficiaries declaring to have introduce positive environmental practices on their farms as a consequence of the LFA payments and requirements
- Crop Ha. using less than 170 kg/ha before the RDP in LFA areas * 100 / Ha. in UAA in LFA before the RDP
- Crop Ha. using less than 170 kg/ha after the RDP in LFA areas * 100 / Ha. in UAA in LFA after the RDP

UK
- Uptake (by age) of LFA members of organic schemes
- Uptake of Rural Stewardship Scheme as indicator of benign farming systems

**A4.2.6. Chapter VI: Agri-environment**

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

**Austria**
- Impact of measures (prevention of soil erosion) via analysing soil samples in 3 test areas and running erosion models.

**Germany**
- Agricultural area under contract for the protection of the organic matter in soils (ha)
- Duration of soil coverage (in days) comparison among participants/non participants
- Farm land used for cultivation of plants enhancing soil erosion
- Potential risk of pesticide contamination in surface water
- Farm land with contract to reduce heavy metal mobility in soils with contamination problems
- Reduction of the degradation of lowland moor
- Farmland under contract to reduce the lowland moor degradation; of which with a) groundwater regulation b) continuation/rehabilitation of extensive land use compatible to lowland moor c) change of arable land to pasture land. Indicator
- Evidences to stabilisation/reduction of lowland moor degradation

**Finland**
- Filter strips and ditch margins (ha and % of area)
- Controlled drainage area per total area of agreements (%)

**Ireland**
- Reduction in ewe numbers per hectare

**UK**
- Change in ratio of cropped land to grassland as an indicator of soil erosion propensity
- Area covered by Good Farming Practice

**Finland**
- % of area under organic farming in total area of agreements
- Number of contracts and hectares concerning promotion of natural diversity

**CEQ 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?**

**Austria**
- Development of the area under organic farming
Finland
- Livestock unit/ha and nitrate and phosphate/ha in manure
- Phosphate balance

Greece
- Nitrate concentration in groundwater

Ireland
- Soil P index
- Soil N comparison between agri-environment and non-agri-environment
- Reduction in uptake of on-farm waste management options
- Reduction in fish kill incidents

Luxembourg
- Nitrogen balance at farm level

UK
- % reporting reduction in usage

Austria
- Modelling of the nitrate transport to aquifers with and without agri-environment measures
- Reduction of nitrate run-off/leaching as a result of certain agri-environment measures
- Impact of non-crop barriers to run-off on nitrogen levels
- Development of the nitrate content in ground water

CEQ 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?

Finland
- Groundwater area as % of UAA.

CEQ 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?

Germany
- Biological risk for soil and water organisms
- Influence of the management system on the environment

Austria
- Biodiversity on farmland under agreements

Ireland
- Length of field margin/boundaries protected
- Field margin species richness
- Width of field margins
- Hedgerow density

Portugal
- Bird counts
- Environmental features with impact on bird diversity
- Shannon diversity index
- Specific bird richness
- Relative abundance
UK
- % beneficiaries reporting increases in wildlife
- Proportion of beneficiaries increasing/decreasing inputs (rather than rates per hectare)
- Area covered by stocking reductions

CEQ 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)?

Austria
- Quantification of measures aiming to maintain/create habitats

Finland
- Number of agreements and ha concerning the management of traditional biotopes

Portugal
- Area included in Natura 2000
- Area under commitments relating to structural habitat features

Germany
- Important wetland areas are protected by compensated restrictions or other protecting measures (in ha)
- Evidence of a positive relationship between fish pond management due to contracts and biodiversity (description and - if possible - abundance of species or occurrence)

CEQ 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?

Finland
- Livestock unit and number of animals of domestic species under special subsidy agreements

Portugal
- Number of land races LUs
- % of livestock supported by AEM

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

Ireland
- Length of field boundaries protected
- Farmyard improvement measures
- Traditional buildings per farm
- Number of new archaeological/historical features identified on farms participating in agri-environment scheme (REPS)

Portugal
- % of area under AEM that includes explicit commitments of preservation or reinforcement of perceptive differentiation
UK
- Level of co-operation between farms in the same area
- Amount of land subject to access agreements
- Ratio of cropped land to grassland
- Area of ‘strip’ access and area of ‘part/whole field’ access

A4.2.7. Chapter VII: Investments in processing and marketing

CEQ 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?

Denmark
- Side effects in terms of work health and safety that lead to less work related absenteeism among employees

France
- Significant technology improvement
- Labour productivity increase
- New marketing channels
- Increase in export sales
- Purchases under contracts
- Purchases under TORs/SOQ TORs
- Investment has allowed merging/specialisation
- Use of by-products
- Raw material yield
- Energy consumption
- Waste production
- Waste uses

Italy
- Total utilised capacity by assisted farm
- Differences among typologies of companies (Ltd, Join vent, etc)

Spain
- % of beneficiaries answering that processing systems have improved after the investment
- % of beneficiaries answering that production costs per unit of product have decreased after the investment
- % of industries having decreased transformation and commercialisation costs after the investment
- Trend in labour productivity
- Evolution of waste raw materials
- Average cost of processing and marketing per unit of product

UK
- Proportion of beneficiaries reporting that capacity-use enhancements were achieved via the better use of existing facilities or due to new buildings and/or equipment
CEQ VII.2: To what extent have the supported investments helped to increase the added value and competitiveness of agricultural products by improving their quality?

**Italy**
- Change in the market products with multi-annual contracts

**Spain**
- % farmers with intrinsic quality improved by the aids (%): a) respect to the product; b) respect to the image; c) respect to the product and image
- Agricultural basic products contained in processed/marketed products with improved intrinsic quality from assisted processing/marketing lines (description)
- % of products in supported industries sold under quality labels
- % of beneficiaries answering that investments have presented an impact over the added value of their products
- Agri-food industries supported obtaining higher sales (%); b) in financial terms due to higher quality (%).
- Food industries with higher quality products in relation to total industries of the same sector (%)
- % of raw materials devoted to the production under PDOs
- % of beneficiaries considering that it is easier for them to sell their products at a better price after the investment

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

**France**
- Investment has contributed to merging
- Investment has contributed to closing sites
- Investment has contributed to increased prices for agr. products
- Socio-economic trends among farms and producers
- Trends in producer numbers and their staff after merging

**Spain**
- Change in the number of suppliers of basic agricultural products
- Evolution of prices for basic agricultural products
- Evolution of number of suppliers of raw materials
- % of plantings supported that will become into permanent forests
- % of payments to producer associations
- % of supported agri-food industries that have incorporated pluri-annual contracts or equivalent mechanisms for the acquisition of agricultural basic products
- % of investments implemented by co-operatives
- Qualitative assessment about the degree of co-operation among producers and industries promoted by the investments
• Evolution of the contribution of food and agriculture to total GDP

UK
• Number suppliers of inputs/raw materials
• No. suppliers of inputs/raw materials that are primary producers
• Proportion of raw materials direct from primary producers
• Percent change in proportion of total output to customers before and after project

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

France
• Investment used for traceability
• Investment used for health and well-being
• Investment used for laboratory
• Investment used to improve workplace conditions
• Investment used to reduce workers’ non-attendance days

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

Denmark
• Inter-linkages between rationalisation and environmental impact and working condition effects

Italy
• Would the farms have invested the same amount without the allowance?

Spain
• % of supported industries that have incorporated environmental positive actions
• Evolution of the area of organic farming agricultural by type of crop or of holding (ha)
• Qualitative assessment about this criteria but without specific use of the indicator VII.5.1.1
• General trend (description)
• Industries supported with high environmental concerns (%)
• % of supported industries incorporating actions exceeding minimum
environmental legal requirements
- Support for environmental investments
- Share of the total project costs that applicants indicated would be spent on environmental protection
- % beneficiaries entering into some form of contractual agreement with suppliers to respect environmental obligations

A4.2.8. Chapter VIII: Afforestation of agricultural land, other forestry

**CEQ 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?

**Austria**
- Additional indicator for criterion VIII.1.A-3: Areas covered by measures for quality improvement

**Denmark**
- Specification needed: plantation of formerly agricultural areas versus replanting after storms
- Species specified, as a consequence of differentiated subsidies

**Spain**
- Assessment by beneficiaries of the impact of the measure wood stocks

**CEQ 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?

**Austria**
- Average carbon storage achieved as a result of the support

**France**
- Trends in forest fire prevention

**Spain**
- Qualitative assessment based on the number of assisted plantings (hectares)
- Qualitative assessment about this criteria but without specific use of the indicator VIII.1.B.1.1

**CEQ 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?

**France**
- Length of forest tracks open or rehabilitated

**Portugal**
- Average area of forest allotments under Afforestation of Agricultural Land by average area of allotments
- % of the area under AAL which is under associations
- Share of the area of holdings being connected to associations of forest holders or similar organisation thanks to assistance (%)
Spain • Total Ha affected (from cases with economic exploitation of forestry resources) and number of municipalities affected
• Qualitative assessment about this criteria but without specific use of the indicators VIII.2.A.1.1, VIII.2.A.2.1, VIII.2.A.1.1, VIII.2.A.2.1
• Number of actions supported
• Modernisation of productive structures (description)
• Increase in production

CEQ 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?

France • Trend in financial measure levels compared to added value in the sector (including stakeholders’ opinions)
• Trend in employment on forest holdings generated by subsidised works
• Share of programme implemented in Objective 2 regions
• Trend in employment in the forest-wood commodity lines generated by subsidised works
• Trends in recreation forest use and landscape being taken into account in subsidy applications
• Stakeholders’ opinion on programme impact on rural incomes

Portugal • Full-time equivalent used in afforestation (planting and fertilising).

Spain • Qualitative assessment about this criteria but without specific use of the indicators VIII.2.B.1.1, VIII.2.B.2.2, VIII.2.B.3.1

CEQ 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?

Austria • Improvement in protective function
• Maintenance of/increase in parameters improving stability

France • Trend in protection being a factor taken into account
• Trend in subsidised plantings located in water source protection perimeters

Spain • Qualitative assessment about this criteria obtained from analysing the projects supported database
• Length of forest road and fire-defence lines made and maintained (km)
• Forestry hectares protected by forest roads or by created fire-defence lines (%)
• New points of access to water
• Beneficiaries assisted to participate in forest management associations
SYNTHESIS OF RURAL DEVELOPMENT MID-TERM EVALUATION LOT 1

(%)
- Forestry societies beneficiaries by the aids (%)
- Increase in the dynamism of the forestry sector (description)

CEQ VIII.3.A: To what extent have the assisted actions contributed to the ecological functions of forests...by maintenance, conservation and appropriate enhancement of biological diversity?

Austria
- Securing the supply with domestic seeds/seedlings for the forestry sector
- Number of beneficiaries receiving support for quality seeds

France
- Trend/evolution of aspects related to genetic diversity

Spain
- Evidence whether Natura 2000 areas have been considered when planning the implementation of the measure (replacing indicator VIII.3.A-2.1)
- Qualitative assessment about this criteria but without specific use of the indicators VIII.3.A.3.2, VIII.3.A-3.2

UK
- Proportion of assisted actions involving mixed planting
- Proportion of assisted actions within ancient woodland boundaries

CEQ VIII.3.B: To what extent have the assisted actions contributed to the ecological functions of forests...by maintenance of their health and vitality?

France
- Trend in pest protection being taken into account during implementation

Portugal
- Area subject to reduced damage thanks to assisted equipment or infrastructure

Spain
- Hectares where forestry improvements or practices have been introduce to prevent natural hazards
- Qualitative assessment on results obtained regarding the prevention of plagues and diseases
- Qualitative assessment on results obtained regarding the prevention of fires

A4.2.9. Chapter IX: Adaptation of rural areas

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

Austria
- What was the general increase in income?
- Additional income originating from production and sales
- Additional input (costs and employment
- Profitability of the supported activity
France
- Farmer income indirectly generated by measure supporting non-farmer beneficiaries: (a) through improvements in production modes, product sales on niche markets or services using farm equipment out of the farm; (b) through pluriactivity; (c) share of related gross income

Germany
- Impact on stability of the holdings
- Maintenance/improvement of the family income of non agric. families in rural areas as an indirect result of a enhanced attractiveness
- Maintenance/improvement of the family income of non agric. families in rural areas as indirect result of investments in rural infrastructure (descriptive)
- Maintenance/improvement of the income in rural areas during the planning and implementation phase of new projects

Spain
- % of change in production
- Absolute and % of income increase, total and average
- Maintenance/improvement in agricultural incomes (%).
- Qualitative assessment about this criteria but without specific use of the indicators IX.1.1.1, IX.1-1.2, IX.1-2.1
- Increase in sales per supported farm (%)

UK
- Increases/decreases in costs, value added, sales and prices

CEQ 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?

France
- Perception of trends in living standards and well-being by (a) beneficiary population, and (b) overall population
- Beneficiary perception of improved economic attractiveness resulting from RDR measures as a whole

Germany
- Evidence of activities that facilitate the access to important tourism areas
- Proportion of institutions which offer, social/cultural/sportive activities situated in tourist regions
- Proportion of supported tracks with special value for tourism in the region
- Evidence of improvement in quality of life
- Evidence of projects which improve the situation of young and elderly people
- Evidence of Protection against flooding
- No. residents who directly benefit from security measures for the region
- Protection of infrastructure facilities
- Creation of areas for retention of flood water (m³)
- Enlargement of tube width to increase flow capacity (m²)
Spain

- % of kms improved over total number of kms
- Assisted population by accessing to electricity
- Improvement of life conditions and reduction of isolation for beneficiaries (%)
- Migratory balance in the municipalities of the objective zones (No. of inhabitants)
- Number of actions supported and total population assisted
- Qualitative assessment about this criteria but without specific use of the indicators IX.2.1.1, IX.2.1.2, IX.2.2.1
- Evidence of social or cultural activities due to supported services in the area (description)
- Ratio of territorial distribution of expenditure in improving neighbourhood measures to current territorial distribution of the population
- Rural lodges improving due to supported actions (description)

UK

- Proportion beneficiaries reporting increased income from off-farm activities
- No. projects relating to social/cultural facilities supported

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

Austria

- Non-agricultural employment (hours/week)
- Employment of non-agricultural workers in agriculture and other sectors
- Effectiveness of support (a) support per work hour created, (b) work hours per support unit

Germany

- Improvement of employment possibilities for farmers as an indirect result of the improvement of rural infrastructure (FTE, description)
- Costs per direct created/preserved job (Euro per job)
- Costs per indirect created/preserved job (€ per job)
- Improvement of employment possibilities for non farming population due to the enhanced attractiveness of the region
- No. of jobs created in the planning and implementation of projects

Spain

- Qualitative assessment about this criteria but without specific use of the indicators IX.3.1.1, IX.3.3.1
- Change in the unemployment rates in the areas where the programme is applied
- Number of women employed in the agricultural sector
- Share of agricultural employment (%)

**CEQ IX.4: To what extent have the structural characteristics of the rural economy been maintained or improved?**
### France
- Strengthening dynamism of rural actors
- Participation of collective structures whose goal is to strengthen dynamism of rural actors
- Expansion of capacity of networks and supportive associations in the rural development sector

### Germany
- Evidence of the maintenance/improvement of the possibilities in rural areas

### Spain
- Qualitative assessment about this criteria but without specific use of the indicators IX.4.2.1, IX.4.2.2
- Meters of stone walls and number of farms supported
- Increase in the number of registered products
- Change in products under quality labels
- Change in the proportion of production under quality labels

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

### Finland
- Number of assisted projects pursuing improved waste/sewage collection/treatment
- Number of assisted projects pursuing an access to renewable energy

### France
- Collective undertakings in favour of environment

### Germany
- Reduced emission of CO\textsubscript{2}, NH\textsubscript{3}, CH\textsubscript{4} due to the support
- Improved use of non-renewable resources
- Maintenance/Improvement of non-agricultural farm land with respect to biodiversity
- Maintenance/Improvement of non-agricultural farm land with respect to landscape, water, soil, climate/air

### Spain
- Investments in machinery for communal use destined to reduce environmental impacts
- Qualitative assessment about this criteria but without specific use of the indicators IX.5.2.1, IX.5.4.1

#### A4.2.10. Cross cutting

#### CEQ Transv.1: To what extent has the programme helped stabilising the rural population?

### Spain
- Share of agricultural employment (%)
- % employees in the supported agricultural / forestry farms from total agricultural employment
- Number of jobs maintained or created (direct or indirect) in forestry or agricultural societies respect to total employment maintained or created in forest and agricultural sectors (%)
- Number of women employed in the agricultural sector
- % of employees in the agri-food industries supported, by age ranges
- Qualitative assessment about this criteria but without specific use of the indicators Transv.1-1.1, Transv.1-1.2
- % of women working on the supported agri-food industries in relation to total number of employees
- Regional distribution of the measure regarding the distribution of farmers older than 55

**UK**
- Change in agriculture, forestry and fishery employment compared to change in total population

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

**France**
- Qualitative change in employment on assisted holdings

**Germany**
- Effects on short term/temporary employment

**Spain**
- Employment maintained/created in directly/indirectly benefited agricultural/forestry holdings (Description)
- Employment maintained/created in directly/indirectly benefited enterprises (other than holdings) (Description)
- Qualitative assessment about this criteria but without specific use of the indicator Transv.2.2.1
- Number of FTEs maintained or created
- Number of jobs maintained or created (direct or indirect) in forestry or agricultural societies respect to total employment maintained or created in forest and agricultural sectors (%)
- Number of jobs maintained or created (direct or indirect) in beneficiaries societies respect to total employment maintained or created in the rural areas (%)

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

**Austria**
- Qualitative assessment of the income effect of the various RDP measures

**France**
- Ratio program financial support/income before tax

**Spain**
- Ratio of {costs} to {sales} in the agricultural activities supported
- % of income of the beneficiaries in relation with average agricultural income
- Evidence of increase in the income of directly/indirectly assisted non-farming population (Description)
Evidence of increase in the income of directly/indirectly assisted farming population (Description)

Qualitative assessment about this criteria but without specific use of the indicators Transv. 3-1.1, Transv.3.2.1

% of beneficiaries answering that the measure has positive effects on rural income

Change in gross income per capita (%)

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

Denmark
- Evidence about better market positioning

France
- RDR resources used in quality improvement projects, diversification, organic agriculture

Spain
- % of beneficiaries answering that the measure has positive effects on profitability and modernisation of the agricultural sector
- % of industries having decreased transformation and commercialisation costs after the investment
- Agricultural products being subject to quality improvements at any level along production chains (filières) thanks to the programme (Description)
- Qualitative assessment about this criteria but without specific use of the indicators Transv.4.1.1, Transv.4.2.2, Transv.4.3.1, Transv.4.3.2
- Share of inputs in total value of agricultural production
- % of beneficiaries answering that the measure has positive effects on quality of products
- Change in agricultural production
- Change in the value of products sold by the beneficiaries (%)
- Index of agricultural prices perceived (base: 1995=100)
- Production per hectare in supported farms (Euros/ha)
- Production per FTE in supported farms (Euros/FTE)

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

France
- Share of contracted area allocated to measures allowing decrease of water consumption or decrease/stabilisation of pollution levels

Germany
- Increase in the consumption (usage) of quantitative and qualitative resources

Spain
- Qualitative assessment about this criteria but without specific use of the indicators Transv.5.1.2, Transv.5.3.1, Transv.5.3.2, Transv.5.3.3,
Transv.5.4.1

- % of investments implying positive changes (or avoiding negative effects) in land uses
- % of farms supported where the use of waste produced has been reduced or stabilised
- % of farms supported where the use of water has been reduced
- % of beneficiaries surveyed that agree that the early retirement measure present positive effects on environment and local landscape
- % of farms supported where there have been landscape improvements

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

<table>
<thead>
<tr>
<th>Country</th>
<th>Code</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td></td>
<td>User satisfaction with the administration</td>
</tr>
<tr>
<td>France</td>
<td></td>
<td>Programme capacity to facilitate or initiate collective projects</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Age and gender of beneficiaries</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Analysis of type of beneficiaries/non-beneficiaries</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Analysis of implementation procedures.</td>
</tr>
<tr>
<td>Spain</td>
<td></td>
<td>% of beneficiaries with more than one action supported</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Qualitative assessment about this criteria but without specific use of the indicators Transv.6.1.1, Transv.6.2.1</td>
</tr>
<tr>
<td>Spain</td>
<td></td>
<td>% of beneficiaries answering that the measure has positive effects on profitability and modernisation of the agricultural sector</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of industries having decreased transformation and commercialisation costs after the investment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Agricultural products being subject to quality improvements at any level along production chains (filières) thanks to the programme (Description)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Qualitative assessment about this criteria but without specific use of the indicators Transv.4.1.1, Transv.4.2.2, Transv.4.3.1, Transv.4.3.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Share of inputs in total value of agricultural production</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of beneficiaries answering that the measure has positive effects on quality of products</td>
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<tr>
<td></td>
<td></td>
<td>Change in agricultural production</td>
</tr>
<tr>
<td></td>
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<td></td>
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<td>Index of agricultural prices perceived (base: 1995=100)</td>
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<td></td>
<td></td>
<td>Production per hectare in supported farms (Euros/ha)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Production per FTE in supported farms (Euros/FTE)</td>
</tr>
</tbody>
</table>

**A4.3. National/regional questions**
Additional national/regional questions are presented below on a Chapter by
Chapter basis. Some questions are very general and do not have defined criteria or indicators. Our convention is that questions, criteria and indicators are nested and are in bold, italic and normal text respectively.

A4.3.1. Chapter I: Farm investment

Denmark

- **To what extent is the scheme decisive to improvement of animal welfare**
  - **Criteria:**
    - Has the scheme caused earlier investments
  - **Indicator(s):**
    - Evidence about investment plans, timing and investment volumes

- **To what extent does the projects fulfil their own individual targets**
  - **Criteria:**
    - A high fulfilment of targets
  - **Indicator(s):**
    - Project specific Indicator(s), for example space per animal

- **How attractive is the scheme for the holdings**
  - **Criteria:**
    - High demand for the scheme, many applicants
  - **Indicator(s):**
    - Project applications (no and volume) Project beneficiaries (no and volume) Qualitative evidence of importance

France

- **To what extent do investment support tools, including the Farm Territorial Contracts, and market regulation tools (compensatory measures, production rights and subsidy access rights) interact with the farm set up procedures?**
- **To what extent are financial schemes for holding transfer (subsidised loans for young farmers) and for holding modernisation relevant and useful with regard to holding needs?**
  - **Criteria:**
    - To what extent does the current young farmer set-up scheme facilitate holding setting-up for farmers out of a family framework, in particular for holdings with strong capital intensity or with production rights?
    - To what extent does financial weight of the capital transfer leave enough scope for the objectives of diversification and quality increase?
    - To what extent are the various tools of public intervention (young farmer loans, subsidised loans, taxation) adapted to the
financing of holding transfers?

- **Indicator(s):**
  - mid-term and long-term indebtedness 3 years after holding set-up
  - total net depreciation after three years
  - total assets
  - dairy quotas

- **To what extent have the investment support schemes (farm territorial contracts and investment plans) modified the investment policy?**
  - **Criteria:**
    - to what extent are investments carried out under Farm Territorial Contracts complementary to special mid-term loans (MTS) and special modernisation loans (PSM)?
    - To what extent have the special mid-term loan and special modernisation loan investments out of Farm Territorial Contracts been shifting towards multifunctionality and sustainability?
    - Has the approach to farm assessment under the Farm Territorial Contracts had an influence on how assessments for special modernisation loans are carried out?
    - To what extent does the current scheme allow the financing of immaterial (non-physical) investments on holdings?

- **To what extent could the management procedures of measures focused on investment be improved in order to become more relevant and effective in reaching the objectives of article 8 in CE 1257/99?**

- **Italy**

  - **To what extent have supported investments improved the quality of farm products?**
    - **Criteria:**
      - The quality of agricultural products has improved
    - **Indicator(s):**
      - Share of investments directed to the adoption of voluntary systems of certification
      - Share of beneficiary holdings adopting voluntary systems of quality certification
    - **Criteria:**
      - Farm products comply with quality standards, particularly at Community level
    - **Indicator(s):**
      - Share of assisted products sold and/or granted from the assisted farms to the processing industry for high quality production

- **Have the forms of investment plan questions at regional level and**
delegated authority enabled to reach the goals of the Plan?

- **Criteria:**
  - The selection of the investment plan was appropriate.

- **Indicator(s):**
  - Critical description of the admittance criteria and selection, about the actually presented Investments Plans and about the potential users, by defining in particular: Emerged criticality - Plan typologies, holdings or advantaged or disadvantaged investments by the selection – comparisons among the different forms of the Provincial Operative Plans.

**A4.3.2. Chapter II: Young farmers**

**Denmark**

- **Contribution to vitality in rural areas**
  - **Criteria:**
    - More attractive condition for settling in rural areas
  - **Indicator(s):**
    - Evidence from beneficiaries and other stakeholders
    - Ratio of beneficiaries who have moved as a consequence of scheme

- **Contribution to the expansion of production**
  - **Criteria:**
    - Production volumes
  - **Indicator(s):**
    - Various output measures

- **Relevance in connection with other means of finance**
  - **Criteria:**
    - Relevance for YF
  - **Indicator(s):**
    - Number of applications
    - Number of beneficiaries
    - Evidence from beneficiaries.

**Spain**

- **To what extent the setting up of young farmers has contributed to diversification?**
  - **Criteria:**
    - Implementation of new activities
  - **Indicator(s):**
    - Number of assisted farms with a mix technical-economic orientation (%)
    - Number of farms with a mix technical-economic orientation (%) in the region
    - Number of assisted farms with diversified activities
• % sales from diversified activities
• % assisted farms implementing diversifying
• To what extent the setting up of young farmers has contributed to a greater orientation towards quality production?
  • Indicator(s):
    • Share of young farmers installed in connection with quality labels
    • Share of young farmers installed investing in quality and environmental improvement actions
    • Total investment devoted to quality and environment improvements

France
• To what extent does the young farmer set up policy contribute to maintaining holdings of family size?
• To what extent has the proportion of holding set-ups by farmers from non-farming families (“non-family framework set-ups”) had an impact on the renewal of the farmer social group?
• To what extent does the young farmer set up policy allow young farmers whose income is 40 to 60% of the reference income making there holding viable in the long term?
• To what extent does the young farmer set up policy allow the development of a sustainable and multifunctional agriculture? Under which modalities should the policy possibly be modified to improve achievement of its objectives?
• To what extent does the young farmer set up policy contribute to maintaining production systems that contribute to France’s export capacity?
• To what extent does the young farmer policy strengthen economic organisation among producers and commodity lines?
• To what extent does the young farmer set up policy allow a balanced use of territories? Under which modalities should the policy possibly be modified to improve achievement of its objectives?
• To what extent do the tools of the young farmer set up policy take into account the risks, both natural and economic, that are linked to choosing farming as an occupation?
• To what extent have other measures in the farm size/structure policy (farm size control, directory of farm availability and set-up, and land consolidation under measure k) allowed to facilitate the allocation of agricultural land for young farmer set up?
• To what extent are financial schemes for holding transfer (subsidised loans for young farmers) and for holding modernisation relevant and useful with regard to holding needs?
• Criteria:
To what extent does the current young farmer set-up scheme facilitate holding setting-up for farmers out of a family framework, in particular for holdings with strong capital intensity or with production rights?

To what extent does financial weight of the capital transfer leave enough scope for the objectives of diversification and quality increase?

To what extent are the various tools of public intervention (young farmer loans, subsidised loans, taxation) adapted to the financing of holding transfers?

Indicator(s):
- mid-term and long-term indebtedness 3 years after holding set-up
- total net depreciation after three years
- total assets
- dairy quotas

Italy

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

Criteria:
- The setting up took place due to activity cession

Indicator(s):
- Conditions of acquisition of the holding title due to activity cession

Criteria
- The setting up took place due to the establishment of a new farm

Indicator(s):
- Conditions of acquisition of the holding title due to the establishment of a new farm

To what extent has the aid attracted young farmers coming from sectors different from farming?

Criteria:
- The set up young farmers come from sectors different from farming

Indicator(s):
- Percent of the beneficiaries, with a training different from the agricultural one.
- Percent of the beneficiaries, with a previous professionalism (vocational) different from the agricultural one.

To what extent has the setting up aid favoured the improvement of the holding efficiency?
• **Criteria:**
  - The set up young farmers have realised holdings investments

• **Indicator(s):**
  - Percent of the beneficiaries, with a training different from the agricultural one.

• **Criteria:**
  - The set up young farmers have adopted efficient holdings infrastructures

• **Indicator(s):**
  - Net farm income
  - Profitability of the Family farming labour
  - Profitability of the farming labour
  - Added value by agricultural capital unit (by OTE and UDE)
  - Number of farms ran by young beneficiaries of setting up aid, adopting voluntary systems of quality certification / Number of farms ran by young beneficiaries of setting up aid
  - Number of farms ran by young beneficiaries of setting up aid, adopting organic production systems / Number of farms ran by young beneficiaries of setting up aid
  - Number of farms ran by young beneficiaries of setting up aid, taking part to technical assistance services / Number of farms ran by young beneficiaries of setting up aid
  - Number of farms ran by young beneficiaries of setting up aid, taking part to production organisations / Number of farms ran by young beneficiaries of setting up aid

• **To what extent would the farmers have set up without the allowance?**

• **Criteria:**
  - Number of beneficiaries that would have chosen farming as the main activity: 1 of which coming from the agricultural sector; 2. of which coming from other sectors

• **Indicator(s):**
  - Number of beneficiaries that would have chosen farming as the main activity: a) of which coming from the agricultural sector; b) of which coming from other sectors
  - Description of the beneficiaries’ tendency to set up

• **Have the forms of selection questions at regional level and delegated authority enabled to reach the goals of the Plan?**

• **Criteria:**
  - The selection of the questions was appropriate.

• **Indicator(s):**
  - Critical description of the admittance criteria and selection,
about the actually presented Investments Plans and about the potential users, by defining in particular:- Emerged criticality - Question typologies, holdings or advantaged or disadvantaged investments by the selection – comparisons among the different forms of the Provincial Operative Plans.

A4.3.3. Chapter III: Vocational training

Denmark
- **Is the financial support decisive for the participation**
  - **Criteria:**
    - The financial support is a decisive incentive
  - **Indicator(s):**
    - Qualitative Indicator(s)
- **How do participants evaluate relevance and quality of courses**
  - **Criteria:**
    - A significant proportion find the courses relevant and of high quality
  - **Indicator(s):**
    - Satisfaction by person

Spain
- **How are the training courses planned in the context of the RDP?**
- **Has it been detected specific and relevant training needs that are not been appropriately covered by the actions implemented?**

A4.3.4. Chapter IV: Early retirement

Germany
- **How to ensure the living standard of elder employees who will take part in the scheme early retirement**

France
- **Which proportion of retirees’ land may in the future exit agricultural uses, and which proportion may be used for young farmer setting-up?**
- **To what extent have other measures in the farm size/structure policy (farm size control, directory of farm availability and set-up, and land consolidation under measure k) allowed to facilitate the allocation of agricultural land for young farmer set up?**

Spain
- **Do implementation arrangements, information and administration procedures contribute to increase the uptake in the measure?**
  - **Criteria:**
    - The available information has been enough and easy to be understood by the beneficiaries
  - **Indicator(s):**
    - % of beneficiaries surveyed agreeing that the information provided has been enough and clear in relation with those in disagree with this statement
    - The measure is also know by non-beneficiaries (description)
• Share of beneficiaries that knew the measure through: a) Local agricultural offices or press; b) Other beneficiaries; c) Other sources
• Media used by the Administration to provide the information (description)
• Criteria:
  • Application procedures and requirements are not an obstacle to participate in the measure
• Indicator(s):
  • % of beneficiaries surveyed agreeing that the application process was easy in relation with those in disagree with this statement
  • % of beneficiaries surveyed considering that some potential applications in their area have not benefited from the measure due to the existence of requirements not well adapted to the local conditions in the area
• Has been efficient the implementation of the measure?
  • Criteria:
    • The cost per hectare transferred has been appropriate
  • Indicator(s):
    • Ratio of {total public expenditure} to {number of hectares transferred} per year and region
    • Ratio of {total public expenditure} to {number of transferors} per year and region
• To what extent it has been reduce the average age of labour in the holdings?
  • Criteria:
    • Farm workers in the transferee’s farm are younger than farm workers in the transferors’ farm
  • Indicator(s):
    • Ratio of {average age of the farm workers in the transferor’s farm} to {average age of the farm workers in the transferee’s farm}
• To what extent the measure has contributed to maintaining agricultural employment?
  • Criteria:
    • Increase in full-time labour
  • Indicator(s):
    • % of partial time transferees becoming full-time farmers
    • % of transferees incorporating to the agricultural sector
• To what extent the measure has contributed to maintaining rural
population?
• **Criteria:**
  • Maintenance of a critical level of rural population
• **Indicator(s):**
  • % of transferees living in the rural area
  • % of young farmers from rural areas installed due to the measure
  • % of viable farms due to transfers
• **To what extent the measure has contributed to improve the sustainability of farms and their respect for the environment?**
  • **Indicator(s):**
    • % of transferees under organic or integrated agriculture
    • % of transferees improving the environment
  • **Criteria:**
    • Level of intensification in the farm
  • **Indicator(s):**
    • Variation in the use of off-farm inputs

A4.3.5. Chapter V: Less Favoured Areas and areas with environmental restrictions

**Austria**

• **To what extent did national criteria contribute (differentiation of the payment level according to the score in the mountain register and area payment 1 or 2 and other criteria) to the effectiveness and efficiency of the compensatory allowance?**
• **To what extent did the national top-up contribute to achieving the objectives of the LFA scheme?**
  • **Criteria:**
    • Increased effectiveness and efficiency of the compensatory allowance
  • **Indicator(s):**
    • Difference in the level of aide per ha and holding according to different handicap clusters and distribution of the supported farms on this cluster; comparison with the former compensatory allowance (before 2001)
    • Ratio of area payment 1 and area payment 2 according to handicap cluster
    • Share of supported farms who received a national top-up and share of national top-up in total LFA support, by handicap cluster; comparison with the 1995-2000 period

**France**

• **Which proportion of livestock and of eligible crops are covered by compensatory allowances?**
• **Relevance of eligibility criteria, including Usual Good Farming Practice**
(BPAH), for implementation of compensatory allowance in Overseas Districts.

- Relevance of zoning into LFA categories in each Overseas district
- For which categories of farmers (by region, by production system) have allocated funds increased, stagnated, or decreased in 2001 due to new implementation modalities of the measure (including for part-time farmers)?
- In which way does communication with beneficiaries contribute today, or could contribute, to the effectiveness of the measure?
- To what extent are eligibility criteria relevant for the implementation of the measure? Are they coherent with the objectives of the measure?
- To what extent is administrative cost of the implementation of the compensatory allowance satisfactory, compared to the cost of other CAP measures, particularly the RDR measures in the RDP and in SDPs?
- To what extent do the definition of beneficiaries, access conditions and allowance levels allow sustainable and optimal settlement in less-favoured territories?
- In which way does the use of a "financial stabilising factor for budget regulation" impact staying in line with the compensatory allowance objectives?
- To what extent is current LFA zoning coherent with the concept of handicap compensation and relevant towards economic reality of holdings, territories, and their future?
- To what extent does initial demarcation of LFAs still comply with the criteria that have allowed them to be defined as less-favoured?
- Which criteria could be redefined for eligibility, for measuring handicap and for compliance, with which impact on holdings and on overall budget requirements for compensatory allowance? Should other eligibility criteria of eligibility, of handicap measure and of compliance be introduced?
- To what extent has the compensatory allowance compensated natural handicaps without slowing down exploitation of potential related to the territories?
- To what extent can increasing farm incomes in LFAs be done through increasing added value in line with the changing demand for food product quality and environment quality?
- For which reasons have compensatory allowances for areas with environmental restrictions not been implemented? Could this sub-measure be set up in some of the zones that are eligible to the LFA compensatory measure or to agri-environmental measures?
- In which way is animal load a relevant criteria and why? Does it allow
to take into account most environmental needs without specifying types of fodder production areas? To what extent has paragraph 9 of article R113-20 on animal welfare and farm manure land spreading plans been taken into account in the implementation of the measure, when the allowance is allocated or during field control?

- In which way has the LFA measure an impact on agricultural demography, both for beneficiary farmers and non-beneficiaries? Can different holding types be identified, and what is the LFA measure impact on farmers and on agricultural workers?
- To what extent has the LFA measure allowed maintaining a sufficient number of active persons on holdings in LFAs?
  - **Criteria:**
    - How, and for which types of holdings, do the compensatory allowances combined with other subsidies compensate lower productivity due to high production costs?
    - Which holdings in the various LFAs do not receive this subsidy? To what extent do these holdings take part in countryside maintenance?
    - How does the compensatory allowance have an impact on agricultural demography, both for beneficiary farmers and others? Can one specify for the various types of holding, and what is the impact on the demography of both farmers and employees?
  - **Indicator(s):**
    - Income and living standards
    - Size and viability
    - Local dynamics.
- **Indicator(s):**
  - Trends in holding numbers
- To what extent has the LFA measure allowed maintaining or improving acceptable incomes and living standards for farmer? What is an acceptable minimum income for farmers and their families?
  - **Indicator(s):**
    - Number of beneficiaries above ceiling
- Which holdings in the various LFAs do not receive the compensatory allowance? To what extent do these holdings participate in the maintenance of the countryside?
  - **Indicator(s):**
    - Number of beneficiaries
- To what extent has the compensatory allowance ceiling influenced holding size, and does it allow the preservation of a sufficient number of viable holdings with acceptable livelihoods
• How, and for what types of holdings, does the LFA measure combined with other measures compensate the lower productivity that results from higher production costs?
• To what extent has the compensatory allowance ceiling of 50 hectares triggered discontinuation of agricultural land use in the most difficult areas?
• To what extent has the new basis of the compensatory allowance on area induced land market pressure, or generated new forms of mobility?
• To what extent has payment based on area linked to compliance with an optimal animal load (Common Good Farming Practice) induced continuation of agricultural land use?
• To what extent has the compensatory allowance, combined with other measures of the first pillar of CAP, had an influence on the balance between fodder production area and areas farmed with grain, oil and legume crops?
• What has been the impact of the shift from animal numbers to area as a basis for the compensatory allowance and the animal load criteria on agricultural land use? Has self-consumption of grain, oil and legume crops produced on holdings changed?
• To what extent has the compensatory allowance allowed maintaining open countryside and well-managed landscapes? In which ways and why are countryside and landscape well appreciated?
  • Indicator(s):
  • trends in permanent pasture areas (STH)
  • trends in UAA
• To what extent has the compensatory allowance had an impact on the implementation of other environmental programs such as agri-environmental measures, the Farm Territorial Contracts, Natura 2000, LIFE, etc.
  • Indicator(s):
  • [Number of LFA communes in protected areas] used as evidence but not as indicator
• Which synergies and competing effects are there between the compensatory measure and the PMSEE (premium for maintenance of extensive husbandry systems) agri-environmental measure?
• To what extent does the compensatory allowance contribute to maintaining or promoting viable and sustainable production systems?
  • Criteria:
  • To what extent the ICHN have supported the “environmental dimension” of durable agriculture in the areas concerned, and
for the various components which it covers (quality of the grounds, quality of the natural environments, qualitative and quantitative management of water and the aquatic environments, etc…)?

- To what extent the ICHN have supported the “social dimension” of durable agriculture in the areas concerned (maintenance or total development of employment, assertion of the territorial identity, equity of working condition and standard of living, response to society requirements, etc…)?

- To what extent the ICHN have supported the “economic dimension” of durable agriculture in the area concerned (production of quality products, promotion of the territories, synergy with the other economic activities, financing of positive externalities)?

  **Indicator(s):**
  - Number of holdings with (a) extensive livestock systems and with (b) mixed crop-livestock systems

- To what extent has the LFA measure influenced local economic dynamics? To what extent has the compensatory allowance favoured the “social dimension” of sustainable agriculture in the LFAs (maintaining or developing overall employment, strengthening territorial identity, equity in living standards and working conditions, responding to social demand, etc)?

  **Indicator(s):**
  - Trends in number of holdings
  - Number of communes with less than three or no “professional” farmers
  - \([\text{UAA}] / [\text{Total commune land area}]\) ratio

- To what extent has the compensatory allowance favoured the “environmental dimension” of sustainable agriculture in LFAs, and for the various components that this covers (soil quality, quality of natural environment, qualitative and quantitative water management and aquatic environment management, etc.)?

  **Indicator(s):**
  - Number of holdings with (a) extensive livestock systems and with (b) mixed crop-livestock systems

**Spain**

- Which are the effects from changing the way to calculate the LFA payment from a per headage base to a per hectare base?

  **Indicator(s):**
  - Qualitative assessment about the question

- Which are the synergies, overlapping and contradictions between the
LFA payment and CAP first pillar payments?
  - Indicator(s):
    - Qualitative assessment about the question
  - Which are the synergies, overlapping and contradictions between the LFA payment and the agri-environmental measures?
    - Indicator(s):
      - Qualitative assessment about the question
  - To what extent the LFA payments have contributed to innovation/modernisation in the management of farms?
    - Criteria:
      - LFA payments have contributed to farms' modernisation
    - Indicator(s):
      - % of farms receiving LFA payments that have invested in innovative or modernising actions
  - To what extent the LFA payments have contributed to assure succession on farms?
    - Indicator(s):
      - % farms receiving the LFA payment that have been transferred to a young farmer
      - Increase in the % of young farmers in the area receiving the LFA payment
      - \{(Number of farmers older than 55 receiving the LFA payments * 100) / Total number of beneficiaries of the LFA payments\}
      - \{(Number of farmers older than 55 in the LFA area* 100) / Total number of farms in the LFA area\}
  - To what extent the LFA payments have implied changes in the full/partial dedication of beneficiaries to farming?
    - Criteria:
      - Increase in the share of time spent in the farm due to the LFA payment
    - Indicator(s):
      - Increase in the number of FTEs in the farms
      - Evolution of number of FTEs in Less Favoured Areas and Areas under Environmental Limitations
      - Evolution of the number of full time workers in Less Favoured Areas and Areas under Environmental Limitations
      - Evolution of the number of full time workers in LFA Areas

Denmark
  - What is the attractiveness of the LFA as an economic supplement to other schemes under the RDP
    - Criteria:
      - The scheme is an incentive and economic supplement to other
schemes under RDP

- **Indicator(s):**
  - Project applications (no and volume)
  - Project beneficiaries (no and volume)
  - Qualitative evidence of importance

**Italy**

- **Have the forms of selection demands at regional level and delegate authority enabled to reach the goals of the Plan?**
  - **Criteria:**
    - The selection of the demands was appropriate.
  - **Indicator(s):**
    - Critical description of the admittance criteria and selection, about the actually presented Investments Plans and about the potential users, by defining in particular: - Emerged criticality - Demand typologies or holdings, advantaged or disadvantaged by the selection

**UK**

- **LFA scheme impact on farming practice**
- **Better understanding of environmental impacts**

**A4.3.6. Chapter VI: Agri-environment**

**Germany**

- **To what amount were natural resources protected due to the positive effects to the atmosphere of the scheme?**
  - **Criteria:**
    - Reduction of the pollution of the atmosphere with gas causing the green house effect
  - **Indicator(s):**
    - Energy saving and increase of energy output of fossil energy

- **To what amount can the agri environment measures contribute to the harmonisation between agriculture and nature protection in protected areas**
  - **Indicator(s):**
    - Proportion of the area in this scheme comparing to the total area in Sachsen (area and %)
    - Improved implementation of certain environmental restrictions by farms (area with extended restriction)
    - Proportion of the supported area to the total area with environmental restrictions
    - Amount of support measures in the border of restricted areas which serve as buffer zones for the kernel restriction zones

**Austria**

- **To which extend has the socio-economic situation of farmers improved as a result of the agri-environment programme?**
  - **Criteria:**
• Distribution effect
• Impacts of the modulation element in the agri-environment programme
• Estimation of the efficiency of the measure ‘eco-scores’ in the region of ‘Niederoesterreich’

France

• What is the outcome of agri-environmental measures on trends in pasture area?
• What is the outcome of agri-environmental measures on the preservation of wetlands?
• Regarding the two previous points, was there a change between the current program (2000-2006) and the previous one (2078/92 regulation)?
• Who carries out environmental assessments in holdings and how are they carried out?
• Were some of the territorial assessments carried out at a detailed level? Who carried out such assessments and how?
• How has the participation of environmental protection organisations been organised at each stage of implementation?
• What is the impact of financial support ceilings (degressivity) on contracts signed?
• What may be said about the priority given to Farm Territorial Contracts in the implementation of agri-environmental measures?
• Does the current implementation process lead to excessively scattered contracts? Is there a trickle-down effect?
• How could the previous agri-environmental measures (local agri-environmental operations (OLAE), for which contracts will soon progressively come to an end between 2003 and 2005) be replaced?
• Are accompanying measures of agri-environmental measures (beneficiary training) appropriate, both in quantitative and qualitative terms, to facilitate success of the beneficiary projects?
• Do any measures have potential impact on air quality?
• Do any measures have potential impact on energy consumption?
• Do any measures have potential impact on flood risks?
• What is the position of agri-environmental measures within the range of various agri-environmental tools?
• Which major actors formulate and promote demand for agri-environment in the agri-environment support scheme?
• What are the main criteria in the selection of measures in holdings under contract:
  • Criteria:
    • highest performance, both economically and technically
• Which environmental stakes have been assessed as priorities? How were they selected?
  • Indicator(s):
    • Mapping of erosion risks
    • Biochemical water quality

• What is the comparative impact of agri-environment support on different holding categories?
  • Indicator(s):
    • Number of holdings under various measures
    • Areas under various measures
    • Holdings and areas under several measures

• Relevance of using the national catalogue (of agri-environmental measures), need for local adaptations

• Relevance of regionalised measures regarding local specific features; specifically, appropriateness of measures implemented and of local environmental priorities.

Spain

• To what extent the payments cover the costs of adaptation to the new productive systems?
  • Indicator(s):
    • Economic balance
    • Farmers getting out of integrated/organic agriculture (description)

• To what extent the agri-environmental measures have contributed to assure succession on farms?
  • Indicator(s):
    • Increase in economic viability
    • Maintenance/creation of jobs

• To what extent the agri-environmental measures have implied changes in the total/partial dedication of beneficiaries to farming?
  • Indicator(s):
    • % farmers becoming full-time workers

• Have there exist any synergy with the setting up of young farmers measures to improve their environmental effects?
  • Indicator(s):
    • % of agri-environmental payments destined to young farmers

Denmark

• To what extent are there environmental impacts from "green accounting" submeasure
  • Criteria:
    • Extensive use of the scheme.
    • Holdings experience improved N- and pesticide performance
• **Indicator(s):**
  - No and type of holdings in the sub-scheme.

• **Is the conversion sufficient to ensure positive environmental impacts**
  - **Criteria:**
    - Conversion takes place to a large extent in the total eligible area
  - **Indicator(s):**
    - Size of converted areas by holding type
    - Organic farming as a % of total area
    - Clusters in the location of organic farming

• **To what extent does organic production contribute to better animal welfare**
  - **Criteria:**
    - Number of animals under organic production regime is increasing
  - **Indicator(s):**
    - Number of animals

• **To what extent does organic production contribute to better working conditions**
  - **Criteria:**
    - Better working conditions
  - **Indicator(s):**
    - Evidence from beneficiaries and other stakeholders

• **To what extent does organic farming contribute to the food supply**
  - **Criteria:**
    - Better performance than national "Action plan II"
  - **Indicator(s):**
    - Production of various categories of organic food

**Italy**

- For beneficiary holdings: are there eventual troubles and/or difficulties preventing the involvement in the agri-environmental measures?
- For beneficiary holdings: what are the main negative effects for their own farms, coming from the involvement in the agri-environmental measures?
- For beneficiary holdings: what are the main benefits for the farm (in addition to the received allowance), coming from the adoption of the agri-environmental measures?
- For not beneficiary holdings: For what reason did you not adhere to the agri-environmental measures?
- How have the local communities used the means of the agri-environmental agreements?
  - **Criteria:**
    - The advisability of agreements agri-environmental was
considered

Indicator(s):
- Number of agreements, areas, farms and concerned people

Criteria:
- Resources were concentrated in sensitive areas from an agri-environmental point of view

Indicator(s):
- Ratio of {total aids} (in terms of amounts and areas) to {agricultural aids}.
- Percentage of concerned area by typology of measure in the sensitive zones

Criteria:
- The trouble areas have been identified in zones with specific environmental measures

Indicator(s):
- Type and territorial distribution of the trouble areas
- Description of the coherence between the trouble the area was built for and the actions actually
- Description of the coherence between the actual characteristics of the territory and the trouble areas

Criteria:
- The threshold of 40% of UAA is suitable for the application of the agri-environmental measures

Indicator(s):
- Description and comparison among the various agreements of the form of the threshold application
A4.3.7. Chapter VII: Investments in processing and marketing

**Denmark**
- **To what extent does the projects fulfil their own individual targets**
  - Criteria:
    - A high fulfilment of targets
  - Indicator(s):
    - Project specific Indicator(s), for example space per animal
- **What is the relevance of the scheme compared to other national schemes**
  - Criteria:
    - The scheme is complementary
  - Indicator(s):
    - Evidence from beneficiaries and other stakeholders
- **To what extent is the scheme appropriate in terms of increasing incomes in the primary sector**
  - Criteria:
    - Increased incomes
  - Indicator(s):
    - Evidence from beneficiaries and other stakeholders
- **Employment impacts for rural districts**
  - Criteria:
    - Location in rural areas

**Spain**
- **To what extent the measure has contributed to help consumers to increase their knowledge about quality labels?**
  - Indicator(s):
    - Variation in funds devoted to publicity and other marketing instruments
    - Variation in people's level of knowledge about quality labels
- **To what extent the measure is contributing to the creation and consolidation of a competitive business net?**
  - Indicator(s):
    - Qualitative assessment about the question
- **To what extent has the measure contributed to the creation of new competitive industries?**
  - Indicator(s):
    - Qualitative assessment about the question
- **To what extent the territorial distribution of the support has obeyed to industrial competitiveness criteria?**
  - Indicator(s):
    - Qualitative assessment about the question
- **Which are the main limitations for the industries to increased the added value of their products in terms of quality?**
• **Indicator(s):**
  - Qualitative assessment about the question

• **To what extent the aids for the industries have contributed to stabilised the local population?**
  - **Indicator(s):**
    - Qualitative assessment about the question

• **Which has been the contribution of the measure to the adoption of new technologies?**
  - **Indicator(s):**
    - % of industries supported implementing new technologies
    - % of funds devoted to implement new technologies

• **Which has been the contribution of the measure to the access to new markets and increase in exports?**
  - **Criteria:**
    - Aids have helped to open new markets
  - **Indicator(s):**
    - % of funds devoted to develop new products
    - Variation in the % of products exported in the industries supported
    - Variation in the % of products exported in the Catalanian agri-food industry sector

• **Which has been the contribution of the measure to the improvement of the performance of the agri-food sector?**
  - **Indicator(s):**
    - % of beneficiaries proceeding from mergers
    - % of aids in beneficiaries proceeding from mergers

• **To what extent the measure has contributed to maintain the rural population?**
  - **Indicator(s):**
    - % of labour in the industries supported coming from the surrounding rural areas
    - Indirect employment generated or maintained by the investments

• **Have the forms of selecting questions at regional level and delegate authority enabled to reach the goals of the Plan?**
  - **Criteria:**
    - The selection of the questions was appropriate.
  - **Indicator(s):**
    - Critical description of the admittance criteria and selection, about the actually presented Investments Plans and about the potential users, by defining in particular:- Emerged difficulties -
A4.3.8. Chapter VIII: Afforestation of agricultural land, other forestry

**Germany**
- To what amount reforestation lead to the extension of forest area?
  - *Proposed criteria:*
    - Increase of forests in sparsely wooded regions
  - *Indicator(s):*
    - Reforested area in sparsely wooded area

**France**
- What have been the implications of the last minute incorporation of the emergency plan for timber affected by the storms into the national RDP and the implementation of the plan?
- What are the consequences of the transfer of measures previously implemented through regional programmes (Objective 5b) into a national plan (RDP)?
- To what extent have the measures adopted in the emergency plan for timber affected by the December 1999 storms responded in a first stage to local actors' expectations and needs, and then in a second stage to difficulties encountered by the wood commodity chain/sector (filiere) following these storms?
- Which outcomes can be expected from the program for the forest-wood commodity chain/sector?
- Have the implementation means been coherent with initial objectives?
  - *Criteria:*
    - Implementation tools were clearly defined and appropriate with regards to the scale of event
    - Priorities were established in implementation of the measures
    - Application procedures for the subsidies and beneficiary information allow processing of a satisfying number of requests - (d) Requests for support and the amount of support received by the beneficiaries are coherent.
  - *Indicator(s):*
    - quantitative assessment, qualitative assessment and trends in measure implementation
    - establishment of priorities in measure implementation
    - beneficiary opinion.
- Have the implemented measures been effective?
  - *Criteria:*
    - Beneficiaries are overall satisfied
• Area affected but the disaster were inventoried and mapped
• Shattered timber was moved out of the disaster areas
• Shattered timber was stored under good conditions
• Stakeholders in the wood sector received good information
• The expansion of diseases was controlled
• Plantings were rehabilitated

**Indicator(s):**
• Area of disaster-affected zones mapped
• Volume of disaster-affected timber used
• Volume of disaster-affected timber stored
• Trends in forest health division (DSF) data in disaster affected areas
• Disaster-affected areas rehabilitated thanks to subsidies

**Spain**

**Which has been the scope of the forest management plans and the level of compliance with them after their approval?**

**Criteria:**
• Forest management technical plans and forest planning projects implemented

**Indicator(s):**
• Plans supported in the period
• Plans modifications
• Forest owners beneficiaries presenting approved plans (%)
• Actions supported in areas with approved plans
• Forest area covered by new plans (%)
• Forest area covered by modified plans (%)
• Forest area managed under approved plans with actions supported in areas
• Qualitative assessment about the increase in the quality of the forest management

**To what extent the measure has contributed to increase the added value obtained from natural resources?**

**Criteria:**
• The economic value of the surface supported has increased

**Indicator(s):**
• Total economic value of the hectares planted
• People willingness to pay to maintain the afforestation measure

**Denmark**

**To what extent do the projects fulfil their own individual targets**

**Criteria:**
• A high fulfilment of targets

**Indicator(s):**
• Project specific Indicator(s)
- **How attractive is the scheme for the holdings**
  - Criteria:
    - Evidence of attractiveness by holdings
  - Indicator(s):
    - Number of projects
    - Size of applications
    - Qualitative evidence

- **Coherence with Organic farming measure under EDP**
  - Criteria:
    - Supplements
    - Synergy
  - Indicator(s):
    - Qualitative evidence

- **Public or private NFP**
  - Criteria:
    - Private target 6,232 ha NFP, public 870. N reduced by 1,100 tons/year
  - Indicator(s):
    - Geographical distribution
    - Location in areas of special groundwater preservation interests

- **Quality of NFP compared to national targets**
  - Criteria:
    - Comparison of policies
  - Indicator(s):
    - Types of trees
    - Location of NFP

- **Multi-use achieved**
  - Criteria:
    - Multi-use at 12,000 ha
  - Indicator(s):
    - Location of multi-use
    - Types of landscapes

- **Contribution to the national water environment plan III**
  - Criteria:
    - N reduced by 1,100 tons per year
  - Indicator(s):
    - Changes in N

- **Agreements of hardwood plantation**
  - Criteria:
    - Contracts made
  - Indicator(s):
SYNTHESIS OF RURAL DEVELOPMENT MID-TERM EVALUATION LOT 1

- Number of contracts, distribution on sandy and other soil types.
- Evidence from holdings

Italy
- Have the forms of selecting questions at regional level and delegate authority enabled to reach the goals of the Plan?
  - Criteria:
    - The selection of the questions was appropriate.
  - Indicator(s):
    - Critical description of the admittance criteria and selection, about the actually presented Investments Plans and about the potential users, by defining in particular:
      - Emerged difficulties
      - Question typologies or beneficiaries (public/private), advantaged or disadvantaged by the selection – comparisons among the different forms of the Provincial Announcements

A4.3.9. Chapter IX: Adaptation of rural areas

France
- Which reasons, in the EAGGF guarantee section of regional SPDs (DOCUP) explain the important differences between measures and between regions in programming and in project implementation?
- What is the impact of the shift from EAGGF guidance to EAGGF guarantee on the integration of rural development measures in SPDs?
- How important are actions to which non-farmer beneficiaries may be eligible? What is the proportion of non-farmer beneficiaries for actions that have started?
- In which way has the diversity of actions within a single RDP measure allowed coherence and clarity in the double-pronged programming?
- Do some actions implemented under regional SPDs reinforce the effectiveness of actions implemented the national RDP?
- To what extent has the design of regional programmes relied on a regional strategy based on strong synergy between structural funds?
- What is the proportion of discontinuity and continuity compared to previous programmes?
- Have regional programmes facilitated the initiation and implementation of projects?
- What can be said about linkages with specific programmes implemented by the regions and with other national rural development policies?
- What is the EAGGF guarantee proportion in the 3 measures that can be financed both through ERDF and through EAGGF (measures o, p and r), and what are the main criteria in selecting one of these funds?
  - Criteria:
    - What is the share of EAGGF-G in the financing of measures o, p...
and r?

- For which reasons do regions choose financing through EAGGF-G?
- What are the criteria behind their choices?

Spain

- **To what extent land reparcelling has contributed to increase farming competitiveness and to improve farming income?**
  - **Criteria:**
    - Improvements in production
  - **Indicator(s):**
    - Variation of production (%)
  - **Criteria:**
    - Reduction of production costs
  - **Indicator(s):**
    - Variation of costs (%)
    - Variation of labour required per hectare (%)
    - Variation of time expended to reach the plots (%)
  - **Criteria:**
    - Increase of the land value
  - **Indicator(s):**
    - Variation of land prices (%)
    - Variation of land rent prices (%)

- **To what extent land reparcelling has contributed to increase the size of farms?**
  - **Criteria:**
    - Good rates of concentration has been reached
  - **Indicator(s):**
    - Total number of parcels reduced
    - Total number of land owners reduced
  - **Criteria:**
    - Impact of measure on average farm sizes
  - **Indicator(s):**
    - % of farmers increasing their farms' size
    - % of increase in the size of farms

- **To what extent land reparcelling has contributed to increase investments in farming mechanisation?**
  - **Indicator(s):**
    - Trends in machinery along the period (description)
    - Variation in the mechanisation index (hp/ha)

- **To what extent land reparcelling has contributed to improve labour conditions and quality of life?**
  - **Indicator(s):**
• Variation in time available for family and leisure
• Evolution of security in the trips
• Improvements in the quality of work

UK
• In respect of Article 33 measures within the Plan, a comparison of the current situation (with that when the Article was drafted) and review of whether or not the implication of the indents as originally drafted is still appropriate. The rationale behind this is that the schemes to deliver Indents 5, 6 and 10 of Article 33 have yet to be finalised and implemented

A4.3.10. Cross cutting

France
• To what extent has the programme helped holdings shift towards sustainable and multifunctional agriculture?
• To what extent has the program helped supporting rural development? Does this program respond to priority needs? Is the local area development (territorial) dimension sufficiently taken into account, particularly through the Farm Territorial Contracts?
• Relevance of the selection of programming levels. Does the option selected allow enough participation from regional and district (departement) partners?
• Programme coherence with CAP first pillar. Are there synergies, are there contradictions?

Spain
• To what extent the RDP contributes to a territorially balanced and sustainable development?
  • Indicator(s):
    • Qualitative assessment about the question
• Has rural exodus been reduced?
  • Indicator(s):
    • Qualitative assessment about the question
• Have positive migration movements been generated?
  • Indicator(s):
    • Qualitative assessment about the question
• Which is the incidence of the RDP in the management of environment in the region?
  • Indicator(s):
    • Qualitative assessment about the question
• To what extent the measure has contributed to increase the presence of women in the rural economy?
  • Indicator(s):
    • Female employment maintained/created direct/indirectly in the forestry/agricultural farms supported
• % of female employment maintained/created direct/indirectly in the forestry/agricultural farms supported / total number of female employment maintained/created direct/indirectly in the area
• Trends in the female employment in the area
• Variation in the % of female employees in the supported agri-food industries

• To what extent the measure has contributed to a more professional agriculture?
  • Indicator(s):
    • Number of beneficiaries becoming full-time workers due to the programme
    • Evolution of full-time farmers
    • Measures requiring to be a full-time farmer to be entitled for them
  • Measures with higher aids for full-time farmers

Austria
• Did the RDP contribute to promote equal chances for men and women?
  • Criteria:
    • Structural data on the female population are an essential condition to take tender-specific issues into consideration in the context of the support schemes
    • Economic situation of women in the agricultural sector
    • What is the RDP's impact on equal chances in rural areas?
  • Indicator(s):
    • Share of women in the various categories: (a) Share of female farm owners; (b) Age structure of female population; (c) unemployment rate of women in rural areas; (d) Nurseries in rural areas
    • Position of the woman according to different criteria: (a) Allocation of access to/control over the resources of the farm between both sexes. (b) Farm-off remunerative activities of women. (c) Training and further training opportunities. (d) Ratio between men and women in agricultural unions etc.
    • What is the RDP's impact on equal chances in rural areas?

Denmark
• To what extent has the RDP contributed to improved human resources
  • Criteria:
    • Educational level increased in rural areas
  • Indicator(s):
    • Labour qualification levels
    • Farmers educational level of training
Germany
- Contribution of the RDP to the stabilisation of the population
  - Criteria:
    - Saving and raising job opportunities
    - Creation of attractive living conditions
    - Creation of an attractive living environment and recreation opportunities
    - Access to and quality of basics (food...)

Italy
- To what extent have the structural characteristics of the rural economy been maintained or improved?
  - Criteria:
    - Infrastructures for the rural population have been improved
  - Indicator(s):
    - Energy supply
    - Water supply for human and animal use
    - Services to the rural population (rural roads)
    - Population supplied with created/improved infrastructures

- Have the forms of selecting questions at regional level and delegate authority enabled to reach the goals of the Plan?
  - Criteria:
    - The selection of the questions was appropriate.
  - Indicator(s):
    - Critical description of the admittance criteria and selection, about the actually presented Investments Plans and about the potential users, by defining in particular:- Emerged difficulties - Question typologies or beneficiaries, advantaged or disadvantaged by the selection – comparisons among the different forms of the Provincial Announcements

UK
- Are there valid economic rationales for each scheme?
- To what extent have individual scheme objectives been met?
- Are the project selection procedures appropriate?
- Is the system of administration and monitoring effective and economic?
- How efficiently have scheme outputs been achieved (bearing in mind the financial, administrative and other resource inputs)?
- Have there been positive or negative side effects?
- Are the scheme outcomes sustainable (environmentally, socially and economically)?
- Has there been additionality generated by the scheme, or has there been displacement over time and/or space?
- Has the scheme reached the target group, and what is the policy deadweight in terms of benefit reaching groups that are not targets?
• What interactions (synergy, conflict) have there been with other schemes?
• What potential is there for further complementarity/synergy between schemes that are not achieved under present arrangements?
• Identify where there has been any significant impact on the traditional Welsh family farm and be able to define a typical Welsh family farm
• Identify where there is any acceleration towards farm amalgamations, and/or an increase in off-farm working (the latter also being implied by EU evaluation)
• The interactions (especially synergy) of the RDP with other domestic policies and with other Structural Funds programmes (i.e. what happens under Objectives 1, 2 and 3 and Leader+ where different funding arrangements apply)
• To what extent have individual scheme objectives been met?
• How effective is the programme in meeting its national and EU objectives?
• What lessons can be learned from the operation of the programme so far?
• Are the scheme/programme outcomes sustainable?
• How effective is the Programme in meeting Programme, national and EU objectives?
• Are the separate schemes coherent with each other and the Programme as a whole?
• Are the scheme/Programme outcomes sustainable?
• How efficiently have scheme/Programme outputs been achieved?
• How appropriate and transparent are the procedures and criteria for project selection?
• What groups has the ERDP targeted and how does this fit with the objectives set out in the Programme document? Should changes be made to better target certain groups?

A4.3.11. Non Chapter specific questions

France
• In which ways do the Farm Territorial Contracts (FTC/CTE) allow maintaining and developing on holdings production systems that are more environment-friendly?
• In which ways do the FTC contribute to preserving natural resources?
• To what extent does the linkage within FTCs between socio-economic objectives and environmental objectives helps holdings to adjust to trends in the economic environment?
• To what extent does this linkage contribute to improve economic viability of holdings and commodity chains/sectors?
• To what extent do FTCs allow maintaining or developing agricultural employment?
• To what extent do FTCs allow improvements in working conditions and qualifications?
• To what extent do FTC funding modalities impact redistribution of public support among different types of holdings?
• To what extent do FTC funding modalities allow an improved balance in the allocation of public funds between productions or production types, and between territories?
• To what extent does the option retained of individual contracts allow an effective allocation of public funds?
• What has been the role of the regulatory and administrative procedure design in the implementation of FTCs?
• To what extent do implementation modalities allow taking into account specific local area development (territory) features?
• To what extent do implementation procedures enhance public debate and compromise building related to agriculture and rural development?
• To what extent are technical, professional and administrative organisations enough prepared and organised to back up the FTC programme?
• Is the process of designing individual contracts appropriate?
• To what extent are management costs appropriate in relation to FTC objectives and to scaling up the FTC programme?
• To what extent do the FTCs create collective dynamics (local and professional community change processes)? Which role can these play to trigger and strengthen the FTC approach?
• To what extent are collective dynamics (local and professional community change processes) strong enough to allow individual contracts to respond to local area development (territory) stakes?
• In which ways can the strong and weak points of both the FTCs and the previous programs favour a focus of public action on local area development (territorialisation)?
• How can FTCs link up with other local area development procedures?
• To what extent are FTCs linked to other public support tools to agriculture and sustainable development?
• To what extent do FTCs allow accommodating both objectives of effectiveness (relative to environment and economy) and objectives of redistribution or equity (between holdings and between regions)?
• Analysis of financial resources, implementation and monitoring
• Coherence of forestry sub-measures relative to other forestry sub-
measures, and incorporation of Natura 2000 sites into forestry sector support schemes.

- Coherence of means (RDP measures) versus local objectives (objective documents, DOCOB)
- Identification of potential beneficiaries and attractiveness of RDR measure.
- Effectiveness of agri-environmental measures and Farm Territorial Contracts in implementation of Natura 2000 and their capacity to enhance interest.

- Criteria:
  - use of agri-environment measures (both within and out of the Farm Territorial Contract framework
  - conditions for Farm Territorial Contracts related to Natura 2000 are implemented
  - the financial incentive of 20% is effective
  - The amount of financial support for various agri-environment measures is sufficient for the implementation of the single objective document (DOCOB)
  - The amount of financial support provided through the Farm territorial Contracts is sufficient for the implementation of the single objective document
  - The technical contents of agri-environment measures are relevant
  - Potential barrier effect of Farm territorial Contracts in Natura 2000 contracts.

- Indicator(s):
  - Number of contracts, subsidies and areas covered by agri-environmental measures within Natura 2000 Farm Territorial contracts
  - % of Indicator(s) A1 compared to the corresponding objectives and compared to the total of the contracts Natura 2000
  - Same, out of Farm territorial Contracts

- Types, budget and proportion of agri-environmental measures from single objective documents included in Natura 2000 Farm territorial Contracts (technical Indicator(s) of follow-up and scientific impact assessment

- Types, budget and proportion of compulsory single-objective document measures included in Natura 2000 Farm territorial contracts

- Number of Farm Territorial Contracts having received the additional Natura 2000 allowance - Opinion of the recipients and of the district/regional/national stakeholders - Reasons mentioned for not-
attribution of the subsidy.

- Presence of a budget need analysis in single objective document
- Differences between the budget needed and the regional synthesis budget
- For each agri-environmental measure requested in the single objective document: actual area under contract compared to potential area
- Opinion of facilitating and beneficiary organisations
- Measures for which amounts are considered to be insufficient
- Average subsidy amount of Natura 2000 Farm Territorial Contract and comparison with non-Natura 2000 contracts
- Opinion of beneficiaries and district/regional/national stakeholders
- Number and proportion of beneficiaries or potential beneficiaries assessing Farm territorial contracts to be a barrier
- Effectiveness of the f measure specific to Natura 2000 out of the agri-environmental and forestry frameworks.

**Criteria:**

- Implementation of the Natura 2000 "measure t"
- financial support within the framework of agri-environment measures and forestry measures are effective
- "measure t" contracts are effective

**Indicator(s):**

- number of Natura 2000 contracts financed by measure t
- budget of assistance and related areas
- % compared to objectives and total Natura 2000 contracts
- Number of contracts and % compared to the number of potential beneficiaries
- Opinion of beneficiaries and potential beneficiaries on nature of measures

**Use of technical follow-up and scientific assessment Indicator(s)**

- Generally speaking, which new factors, both external and internal, may have influenced the economy of eligible regions, either in a negative or in a positive way?
- Have the disparities underlined in the ex-ante evaluation become worse or have they been reduced?
- Can any new trends be identified with regard to European priorities? Have any factors made the need to address these priorities more pressing?
- Have any new significant needs emerged since 1999 which have not been addressed?
- Are the SDP and the Additional Programming document
(compendium of actions) still up-to-date with regard to the current regional context?

- Is the hierarchy of objectives and measures, in terms of funding, still in line with trends identified in the regional context?
- Are the detailed contents of actions coherent with the overall SPD?
- What are the lessons learnt regarding synergies or complementary roles between the SPD and other intervention means (the State-region planning contract, the national RDP, Objective 3 and IFOP). Which recommendations can be made to improve coherence between interventions under these development instruments?
- Have lessons learnt from the ex-post evaluations of previous programmes been taken into account in the SPD?
- Is quantitative progress in line with the hierarchy of SPD priorities?
- Has there been limiting factors in operational implementation of the programme objectives?
- Have management constraints slowed down programme effectiveness through reduced mobilisation of project owners? Are EAGGF guarantee management procedures compatible with integrating this fund into the overall programme?
- Base on the above what levels of implementation progress may be expected during remaining years?
- What is the efficiency of interventions?
- What is the impact of enterprise support on employment (excluding dead weight effect)
- In which sectors and regions has the added value of the European structural funds been highest?
- What is the quantitative outcome of the program with regard to quantified Indicator(s)?
- What lessons can be derived from the level of achievement of these quantified objectives?
- What is the probability of achieving quantified objectives at a later stage?
- Based on the above should the quantified objectives be readjusted?
- Is the definition of output monitoring Indicator(s) relevant? If not, how can they be improved?
- Assess the monitoring processes and procedures in place, with regard to the upcoming ex-post evaluation.
- What is the current added value of the monitoring system in programme implementation? How could it be optimised?
- Is there an optimum definition of implementation management at each stage?
• Are human resources available satisfactory?
• How actual and effective are partnerships in the selection of projects and in programme management?
• Are selection processes and criteria transparent?
• How are national and European priorities taken into account in project selection?
• Have recommendations from previous evaluations been taken into account?
• What is the effectiveness of financial management? of interventions?
• Is financial management transparent?
• What is the European added value provided by project selection and management procedures?
• What is the quality of the PRESAGE monitoring system?
• Is the PRESAGE software adapted to the objectives of this monitoring tool?
• Are material and human resources allocated to the operation of PRESAGE enough?
• Are communication procedures and means adapted to the targeted audience, and how can they be improved?
Appendix 5: CAP-IDIM output tables

This Appendix contains a set of output tables derived from CAP-IDIM data supplied to Agra CEAS by the Commission in September. Key points to note are presented in the main text in Chapter 3.1.2.
Table A5.1: Measure (a.): Investment in agricultural holdings (Ch. I, art. 4-7).

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<th>Number of applications approved</th>
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Notes:
2003: FR, BE (Wallonie), IT (Fruili-Venezia-Guilia), UK (England): no data for "green investments" category.
Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
Table A5.2: Measure (b.): Setting-up of young farmers (Ch. II, art. 8).

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Notes:
DE, BE (some programmes): total no. of applications is greater than sum of age categories as age breakdown not available.
Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
### Table A5.3: Measure (c.) Training (Ch. III, art. 9)

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<td>Preparation for the application of production practices compatible with the maintenance and enhancement of the landscape, the protection of the environment, hygiene standards and animal welfare</td>
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<td>18</td>
<td>76</td>
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<td>61</td>
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<td>8,843</td>
<td>6,601</td>
<td>9,148</td>
<td>2,644</td>
<td>1,890</td>
<td>3,232</td>
<td>7,153</td>
<td>7,948</td>
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<td>18,438</td>
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</table>

Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
Table A5.4: Measure (d.): Early retirement (Ch. IV, art. 10-12)

<table>
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<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
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<td></td>
<td>Total number of new agreements</td>
<td>Total number of new agreements</td>
<td>Total number of new agreements</td>
</tr>
<tr>
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<td>Farmer</td>
<td>Farm worker</td>
<td>Total</td>
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<td>NP</td>
</tr>
<tr>
<td>Dk</td>
<td>NP</td>
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<tr>
<td>De</td>
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<td>961</td>
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<tr>
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<td>270</td>
<td>2,718</td>
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<td>610</td>
</tr>
<tr>
<td>Ire</td>
<td>499</td>
<td>2</td>
<td>501</td>
</tr>
<tr>
<td>It</td>
<td>61</td>
<td>3</td>
<td>64</td>
</tr>
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<tr>
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<td>NP</td>
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<tr>
<td>UK</td>
<td>NP</td>
<td>NP</td>
<td>NP</td>
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<tr>
<td>EU</td>
<td>4,655</td>
<td>278</td>
<td>4,933</td>
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</table>

Notes:
- 2001: IT (Basilicata RDP): no data provided, though listed as implemented.
- 2002: Spain (Baleares), Italy (Abruzzo, Basilicata, Calabria): some data not provided.
- 2003: IT (Abruzzo): some data not provided.

Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
### Table A5.5: Measure (e.): Less-favoured areas and areas with environmental restrictions (Ch. V, art. 13-21)

#### e.1 Less Favoured Areas (holdings receiving compensatory allowances by pre-dominant LFA type)

<table>
<thead>
<tr>
<th>Country</th>
<th>2001 Number of holdings receiving payments</th>
<th>2002 Hectares receiving payments (’000)</th>
<th>2003 Hectares receiving payments (’000)</th>
<th>2001 Hectares receiving payments (’000)</th>
<th>2002 Hectares receiving payments (’000)</th>
<th>2003 Hectares receiving payments (’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Be</td>
<td>NP</td>
<td>1,832</td>
<td>NP</td>
<td>NP</td>
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<td></td>
</tr>
<tr>
<td>Dk</td>
<td>628</td>
<td>597</td>
<td>24</td>
<td>24</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>De</td>
<td>147,845</td>
<td>145,222</td>
<td>4,582</td>
<td>4,545</td>
<td>4,316</td>
<td></td>
</tr>
<tr>
<td>El</td>
<td>120,423</td>
<td>118,203</td>
<td>1,860</td>
<td>1,830</td>
<td>2,098</td>
<td></td>
</tr>
<tr>
<td>Es</td>
<td>123,794</td>
<td>112,514</td>
<td>7,662</td>
<td>6,697</td>
<td>7,826</td>
<td></td>
</tr>
<tr>
<td>Fr</td>
<td>112,295</td>
<td>108,629</td>
<td>4,403</td>
<td>4,395</td>
<td>4,483</td>
<td></td>
</tr>
<tr>
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<td>98,500</td>
<td>98,800</td>
<td>2,614</td>
<td>2,614</td>
<td>2,614</td>
<td></td>
</tr>
<tr>
<td>It</td>
<td>42,493</td>
<td>50,172</td>
<td>675</td>
<td>747</td>
<td>925</td>
<td></td>
</tr>
<tr>
<td>Lux</td>
<td>2,003</td>
<td>1,590</td>
<td>118</td>
<td>113</td>
<td>117</td>
<td></td>
</tr>
<tr>
<td>NL</td>
<td>1,544</td>
<td>851</td>
<td>20</td>
<td>1</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>At</td>
<td>106,960</td>
<td>105,935</td>
<td>1,527</td>
<td>1,533</td>
<td>1,545</td>
<td></td>
</tr>
<tr>
<td>Pt</td>
<td>107,968</td>
<td>103,234</td>
<td>781</td>
<td>805</td>
<td>672</td>
<td></td>
</tr>
<tr>
<td>Fin</td>
<td>72,360</td>
<td>70,108</td>
<td>2,169</td>
<td>2,184</td>
<td>2,186</td>
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</tr>
<tr>
<td>Se</td>
<td>21,990</td>
<td>20,000</td>
<td>554</td>
<td>551</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>52,689</td>
<td>48,931</td>
<td>6,263</td>
<td>5,576</td>
<td>4,393</td>
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</tr>
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<td>EU</td>
<td>1,011,492</td>
<td>974,416</td>
<td>33,252</td>
<td>31,616</td>
<td>31,207</td>
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**Notes:**
- SE: some data not provided.
- Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
### Table A5.6: Measure (e.): Less-favoured areas and areas with environmental restrictions (Ch. V, art. 13-21)

#### e.2 Areas with environmental restrictions (holdings receiving art. 16 payments)

<table>
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<th></th>
<th>Number of holdings receiving payments</th>
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<td>NI</td>
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<tr>
<td>Dk</td>
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<td>NP</td>
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<tr>
<td>De</td>
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<tr>
<td>Fr</td>
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<td>NP</td>
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<tr>
<td>Ire</td>
<td>NP</td>
<td>NP</td>
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<tr>
<td>It</td>
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<td>NP</td>
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<tr>
<td>NL</td>
<td>NP</td>
<td>NP</td>
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<tr>
<td>At</td>
<td>NI</td>
<td>NP</td>
</tr>
<tr>
<td>Pt</td>
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<td>Se</td>
<td>NP</td>
<td>NP</td>
</tr>
<tr>
<td>UK</td>
<td>NP</td>
<td>NP</td>
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<tr>
<td><strong>EU</strong></td>
<td>4,156</td>
<td>3,753</td>
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**Notes:**
- 2001: IT (Liguria RDP): no data provided.
- 2002: DE (Niedersachsen): no data provided for other less favoured areas.
- Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
### Table A5.7: Measure (f.): Agri-environment (Ch. VI, art. 22-24)

#### 1. Crops

<table>
<thead>
<tr>
<th>Country</th>
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<tr>
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<tr>
<td>Total</td>
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<tr>
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<tr>
<td>Total</td>
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<td>2,590</td>
</tr>
<tr>
<td>Of which organic farming</td>
<td>551</td>
<td>790</td>
</tr>
<tr>
<td>De</td>
<td></td>
<td></td>
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<tr>
<td>Total</td>
<td>81,826</td>
<td>55,368</td>
</tr>
<tr>
<td>Of which organic farming</td>
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</tr>
<tr>
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<tr>
<td>Total</td>
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<td>2,483</td>
</tr>
<tr>
<td>Of which organic farming</td>
<td>827</td>
<td>814</td>
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<tr>
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<td></td>
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<td>Total</td>
<td>21,222</td>
<td>11,963</td>
</tr>
<tr>
<td>Of which organic farming</td>
<td>1,172</td>
<td>650</td>
</tr>
<tr>
<td>Fr</td>
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<td></td>
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<tr>
<td>Total</td>
<td>29,277</td>
<td>69,670</td>
</tr>
<tr>
<td>Of which organic farming</td>
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<td>8,451</td>
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<td></td>
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<tr>
<td>Total</td>
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<td>11,223</td>
</tr>
<tr>
<td>Of which organic farming</td>
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<td>Total</td>
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<td>Of which organic farming</td>
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<td>Of which organic farming</td>
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<tr>
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<tr>
<td>Total</td>
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<td>Of which organic farming</td>
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<td>Total</td>
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<tr>
<td>Of which organic farming</td>
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<tr>
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<tr>
<td>Total</td>
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<td>5,155</td>
</tr>
<tr>
<td></td>
<td>Number of contracts</td>
<td>Number of hectares</td>
</tr>
<tr>
<td>----------------</td>
<td>---------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>Of which organic farming</td>
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<td>Of which organic farming</td>
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<td></td>
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<td>Total</td>
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<tr>
<td>Of which organic farming</td>
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Notes:
New agreements only.
2002: IE: no data provided for organic farming contracts, UK (Wales RDP): data not available for organic farming, and EAGGF expenditure, IT, FI, FR, ES, GR, DE: some data not provided.
2003: IE: no data provided for organic farming contracts, SE: Table poorly completed, IT (Basilicata): Organic farming: some data missing.
Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
### Table A5.8: Measure (f.): Agri-environment (Ch. VI, art. 22-24)

#### 2. Breeds in danger of being lost to farming

<table>
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<th></th>
</tr>
</thead>
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<tr>
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<tr>
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<td>3,012</td>
<td>220</td>
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<td>0</td>
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</tr>
<tr>
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<td>0</td>
<td>0</td>
<td>NP</td>
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<td>1,369</td>
<td>709</td>
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<tr>
<td>Fin</td>
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<td>245</td>
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<td>596</td>
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</table>

**Notes:**

New agreements only.

2002: IT, FI, FR, ES, GR, DE: some data not provided.


Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
### Table A5.9 Measure (g.): Improving processing and marketing of agricultural products (Ch. VII, art. 25-28)

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</tr>
</thead>
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<td>Number of applications approved</td>
<td>of which for organic products</td>
<td>% of the eligible costs allocated to &quot;green investments&quot;</td>
</tr>
<tr>
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<td>0%</td>
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<tr>
<td>Dk</td>
<td>45</td>
<td>15</td>
<td>12%</td>
</tr>
<tr>
<td>De</td>
<td>90</td>
<td>3</td>
<td>15%</td>
</tr>
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<td>NP</td>
<td>NP</td>
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<td>Es</td>
<td>688</td>
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</tr>
<tr>
<td>Fr</td>
<td>269</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Ire</td>
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<td>NP</td>
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<td>363</td>
<td>31</td>
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</tr>
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<td>NI</td>
<td>NI</td>
</tr>
<tr>
<td>NL</td>
<td>1</td>
<td>NP</td>
<td>0%</td>
</tr>
<tr>
<td>At</td>
<td>80</td>
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<td>0%</td>
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<tr>
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<td>NP</td>
<td>NP</td>
<td>NP</td>
</tr>
<tr>
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<td>NP</td>
<td>NP</td>
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<tr>
<td>Se</td>
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<td>0</td>
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<tr>
<td>UK</td>
<td>29</td>
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<td>49</td>
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**Notes:**

2001: ES (Aragon, Balearic Islands, Catalonia, La Rioja and Madrid RDPs): no data for "green investments" category, UK (England and Wales RDPs): no data for "of which organic products" and "green investments" categories.


**Table A5.10: Measure (h.) Afforestation of agricultural land and i. Other forestry measures (Ch. VIII, Art. 29-32)**

1. **Afforestation:** Establishment costs (Art.30, 1st indent and Art. 31)

<table>
<thead>
<tr>
<th>Country</th>
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<th>Other afforestation</th>
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<tbody>
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<td>Be</td>
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<td>673</td>
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<td></td>
<td>Other afforestation</td>
<td>0</td>
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</tr>
<tr>
<td></td>
<td>TOTAL</td>
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<td>256</td>
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<tr>
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<td>81</td>
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<tr>
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<td>2,895</td>
<td>1,751</td>
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</tr>
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<td>3,068</td>
<td>2,895</td>
<td>1,751</td>
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<tr>
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<tr>
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<td>387</td>
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Notes:
2001: UK (Northern Ireland, Scotland, Wales RDPs): some data not provided.
2002: DE, AT, GR, IT: some data not provided.
2003: AT, DE (Niedersachen, Saarland, Hessen): Number of ha not provided, UK(NIR), some data not provided.
Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
Table A5.11: Measure (h.) Afforestation of agricultural land and i. Other forestry measures (Ch. VIII, Art. 29-32)

2. Afforestation: maintenance costs and income loss (Art. 31)

<table>
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<tr>
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<td>Income loss</td>
<td>0</td>
</tr>
<tr>
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<tr>
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<tr>
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<td>NI</td>
</tr>
<tr>
<td></td>
<td>Income loss</td>
<td>NI</td>
</tr>
<tr>
<td>Es</td>
<td>Maintenance costs</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>Income loss</td>
<td>16</td>
</tr>
<tr>
<td>Fr</td>
<td>Maintenance costs</td>
<td>NP</td>
</tr>
<tr>
<td></td>
<td>Income loss</td>
<td>NI</td>
</tr>
<tr>
<td>Ire</td>
<td>Maintenance costs</td>
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<td>1,256</td>
</tr>
<tr>
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<td>Maintenance costs</td>
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<td>465</td>
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<tr>
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<td>Maintenance costs</td>
<td>NI</td>
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## SYNTHESIS OF RURAL DEVELOPMENT MID-TERM EVALUATION LOT 1

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<td>NP</td>
</tr>
<tr>
<td>NP</td>
<td>NP</td>
<td>NP</td>
</tr>
<tr>
<td>At</td>
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<td>NA</td>
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<tr>
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<td>3</td>
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<td>156</td>
<td>713</td>
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<td>NP</td>
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<td>5,046</td>
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### Notes:
- New agreements only.
- 2001: UK (Northern Ireland, Scotland, Wales RDPs): some data not provided, OS: no data provided for new applications in 2001 and area supported.
- 2002: DE, AT, IT: some data not provided.
- 2003: DE (Saarland, Hessen): Number of ha not provided, AT: some data not provided, LU: no data provided.
- Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
### Table A5.12: Measure (i.): Other forestry measures continued (Ch. VIII, art. 29-32)

**i.2 (art. 30, other indents; art. 32)**

**1. Art. 30 (indents 2-5)**

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<tr>
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<td>0</td>
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<tr>
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<td>691</td>
<td>156</td>
<td>251</td>
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<td>NP</td>
<td>NP</td>
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<td>NP</td>
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<td>3,146</td>
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<td>79</td>
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<td>14</td>
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</tr>
<tr>
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<td>NP</td>
<td>NP</td>
<td>NP</td>
<td>NP</td>
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<td>NP</td>
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<td>50</td>
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<tr>
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<td>493</td>
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**EU**

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<th>Area supported under Art 32 ('000 ha.)</th>
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**Notes:**

2001: BE, ES, IT (some programmes): no data for art. 30 "area supported" category.

2002: AT: No data for number of ha category.

Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
Table A5.13: Measures (j.) to (v.): Promoting the adaptation and development of rural areas (Ch. IX, art. 33)

Overview

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<td>481</td>
<td>308</td>
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<td>50,947</td>
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Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
### j. Land improvement

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**Notes:**
- 2001: FR (some Obj.2 RDPs): no data for "no. of hectares" category.
- 2002: FR (some programmes): no data for number of hectare category.

**Source:** European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
### k. Reparcelling

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Notes:
- 2001: DE (Bremen RDP): no data for “number of hectares”, “total costs borne by the beneficiaries” and “total eligible cost” categories. ES (Aragon RDP): no data for “number of hectares” category, FR (some Obj.2 RDPs): no data for “no. of hectares” category.

Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
## L. Setting-up of farm relief and farm management services

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Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
m. Marketing of quality agricultural products

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Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
**n. Basic services for the rural economy and population**

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Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
### o. Renovation and development of villages and protection and conservation of the rural heritage

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**Notes:**

2002: BE (Wallonie), FR (Rhone-Alpes): some data not provided.
Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
### Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes

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Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
### q. Agricultural water resources management

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Notes:
2001: DE (Schelswig-Holstein RDP): no expenditure/cost data provided.
Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
**s. Encouragement for tourist and craft activities**

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Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
### t. Protection of the environment in connection with agriculture, forestry and landscape conservation as well as the improvement of animal welfare

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Notes:
- 2001: BE, DK, DE, ES, IT, UK (some programmes): no data for ‘no of hectares’ category. FR (some programme): no breakdown into categories A and B - total no. of applications available only.
Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
### u. Restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention instruments

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Notes:
- 2001: ES (Catalonia RDP): no data for "no. of hectares" category, IT (Tuscany RDP): no data for "no. of hectares" category.

Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.
### v. Financial engineering

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Source: European Commission, Directorate-General for agriculture, rural development monitoring data system CAP-IDIM.