Synthesis of SAPARD ex post evaluations

Executive Summary

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ADVISORY
EXECUTIVE SUMMARY

1. Background, objective and method

This report presents a synthesis of Special Accession Programme for Agriculture and Rural Development (SAPARD) ex post evaluations in eight Central and Eastern European countries. The countries are the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.

The ultimate objective of the evaluation was to examine the extent of the success of SAPARD in preparing the eight countries to implement the Common Agricultural Policy (CAP) after accession and in contributing to solving priority problems in their respective rural areas and agricultural sectors. Additional objectives of the evaluation were to provide an overview of what was achieved through SAPARD in the eight countries, provide a justification for the provision of pre-accession aid to candidate countries, and inform policy design for pre-accession aid in the post-2013 period.

The Synthesis Report draws on a series of key primary and secondary data sources, as summarised below.

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<thead>
<tr>
<th>Secondary</th>
<th>Primary</th>
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<tr>
<td>Eight country ex post evaluations</td>
<td>Questionnaire-based survey of 302 beneficiaries</td>
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<td>Other central SAPARD documentation</td>
<td>Interviews with 30 institutional representatives</td>
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<td>Country-level programming documentation</td>
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<td>Existing databases of beneficiaries</td>
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<td>EU and national statistical sources</td>
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This information was analysed to draw evidence-based conclusions and recommendations. The sections below summarise the outcome in relation to the agreed cross-cutting issues and focus areas of the evaluation. In each case key findings and conclusions are summarised, followed by key recommendations.

2. Methodological approach

The first phase of the project included in-depth analysis of the national SAPARD Programmes and factual synthesis of the answers to the Common Evaluation Questions (CEQ) based on the ex post evaluations. The methodology of the factual synthesis was based on an indicator table that contained all relevant information gathered from the ex post evaluations with respect to all CEQ indicators. That was followed by a consistent assessment of the quality of the indicators, the factual synthesis of the indicator values and, building upon those findings, the factual synthesis of each CEQ. As an overarching conclusion, the share of useful answers in country ex post evaluations, according to the evaluation criteria, was considerably lower than the initial expectations by the Commission, necessitating considerable primary research to fill the information gap.

In the second phase of the project additional data collection and fieldwork were carried out in the eight countries, involving 302 beneficiary interviews (resulting a representative stratified sample along the strata of country, measure, beneficiary type and project size), more than 30 interviews with institutional stakeholders and analysis of official statistical databases and additional data sources such as evaluations progress reports, programming documents and available studies. Having combined the results of the ex post evaluations and the results of further data collection the evaluators provided answers to the agreed focus questions that targeted Common Evaluations Questions and Further Evaluations Questions. Data analysis was carried out using standard procedures for the analysis of different variable types and, in the end, resulted in integrated answers utilising and combining multiple sources of information.

The third phase covered the formulation of conclusions based on the evidence-based findings and formulating recommendations with the aim of informing design of future pre-accession programmes. The fourth phase targeted the reconciliation and finalisation of the findings, conclusions and recommendations of the evaluation.
3. Summary of Findings

Cross-cutting issues

SAPARD, originally introduced in 1999, was the European Union’s pre-accession programme for agriculture and rural development. In order to achieve its overall objectives, it provided support for investments related to agriculture and rural development.

The national SAPARD Programmes were the first systematic, strategy based multi-annual development programmes in the eight countries in the field of agriculture and rural development. The evaluation found that these contributed to the evolution of strategic thinking regarding the sectors concerned.

However, the strategic focus of SAPARD Programmes was generally inadequate. In general, the intervention logic of national SAPARD Programmes was not adequately planned. Programme objectives were not necessarily obvious consequences of the identified needs and problems and strategic choices between eligible measures were generally not underpinned by programme objectives.

The absorption capacity of SAPARD was adequate. Final allocated budgets have been utilised in all countries, except Latvia. However, absorption capacity was varied across measures. In most countries absorption was strongest in simple interventions (measures such as farm investment, marketing and processing, rural infrastructure) and weakest in those which are more complicated to implement such as agri-environment, training and producer groups measures.

Recommendations:

- The Commission should orient countries towards developing and implementing more streamlined and focused programmes, and choosing the right balance between simple measures with great absorption capacity (e.g. agri-investment) and more complicated measures with less absorption capacity, but higher significance for the fulfilment of programme objectives (e.g. agri-environment).
- Best practices regarding the development and implementation of SAPARD programme strategy should be disseminated to future candidate countries. An intensive and more integrated way of sharing country-level experiences during the programme could enhance the quality of planning and implementation.
- Common workshops for candidate countries, organised by the Commission, could enhance the quality of the planning process and programme implementation through the exchange of expertise and experience of countries.
- In future pre-accession programmes, the institutional goal of absorbing the available funds should co-exist with the goal of meeting strategic objectives of the programme, in order to prevent absorption from being the key driver of strategic decisions.

Focus area 1: impact of SAPARD on the implementation of post-accession rural development programmes

SAPARD contributed significantly to preparing the countries for implementation of post-accession rural development programmes. It was required to establish and accredit the SAPARD Agency, which would serve as the basis for the Paying Agency delivering post-accession rural development programmes. As it was the first EU pre-accession programme implemented in a decentralised structure, it placed new programme planning and delivery demands on participating countries, which resulted in delays.

Nevertheless, SAPARD enabled learning and improved preparation for later programmes. It facilitated understanding of CAP principles and more efficient implementation of post-accession programmes. It also had an important role in creating necessary professional expertise.

SAPARD experience also contributed to a more efficient and better quality planning of the later programmes. Moreover, the regulations of the pre-accession programme served as a basis for the RDPs of the 2007-13 programming periods in all countries.

Beneficiaries too learned how to apply for EU funds, and how to manage and report on EU funded projects. The intended target groups of SAPARD were reached successfully. The involvement of stakeholders in the planning phase was evident, but their contribution was moderate.
Executive Summary

Recommendations:
- The Commission should continue deploying pre-accession programmes in a decentralised manner.
- Best practices and success factors of project completion for beneficiaries should be communicated by national administrations towards the target group.
- In case of future pre-accession programmes, the Commission should make efforts to prepare detailed regulations and guidelines as early as possible, using the experience cumulated during SAPARD.
- The Commission should orient countries towards the development of IT capacities, including an integrated, internal IT system for the support of monitoring.
- Future candidate countries should shift from the formal involvement towards the substantial involvement of stakeholders during programme planning. This process should be controlled also by the ex ante evaluation of future programmes that should be done in parallel with planning.

Focus area 2: impact of SAPARD on the preparation of the agricultural sector for accession

The impact of SAPARD was different in the primary production and in the processing sectors. Investments in the primary sector had considerable impact at the individual beneficiary level, but SAPARD could only reach 0.8% of the total farmer population of the 8 countries. On the contrary, in the processing sector, SAPARD could reach 9.5% of the total enterprises; hence its sector-wide impacts were more significant.

The programme had a considerably positive impact on individual beneficiaries. It helped them prepare for EU accession, comply with EU standards and penetrate successfully into new markets, especially in the EU-15. SAPARD helped 45% of the farmers benefiting from the agri-investment measure and 46% of the processing companies that received assistance of the processing investment measure to become fully compliant with EU standards.

At beneficiary level, the programme contributed significantly to the improvement of competitiveness, growth of profit, better quality and added value of products, technological modernisation and process automatisation.

Recommendations:
- Given the relatively low share of the farmer population reached, the Commission should orient candidate countries to distinguish more between farmers according to socio-economic and geographical factors (less and more developed areas).
- The Commission should consider making further investigations on whether the support of agricultural rental stations, instead of or side-by-side with supporting individual machine purchases, could result in a higher share of reached farmers in future pre-accession programmes, under the same circumstances.

Focus area 3: impact of SAPARD on the preparation of rural economies for accession (solving priority and specific problems)

SAPARD was mainly agriculture-focused, wider rural development having a smaller role. Nevertheless, it had an evident, although varying, influence on preparing rural economies for EU accession. In some countries SAPARD provided opportunities for rural residents to develop their skills and become more competitive, inducing more comprehensive effects decreased the infrastructural gap between rural and urban residents. In other countries, the impact was limited to the beneficiaries and the effect on the rural economies as a whole was relatively low.

Overall, SAPARD had a positive impact on job creation (an average of 1.4 new employees per project). The trade-off between job creation and better efficiency due to technological modernisation in investment type measures (especially in the processing sector) was successfully released in most of the cases through appropriate reorganisation of the workforce, i.e. from activities replaced by machinery to new activities stemming from growth and market expansion. Only 0.5% of beneficiaries think that SAPARD had a negative impact on employment, which can be explained by the fact that steady yearly growth and new market opportunities enabled beneficiaries to maintain or even to increase employment despite of the reduced labour need of modern technologies.
Training financed under SAPARD helped in improving knowledge related to EU and national legislation, general business skills, and sector-specific agricultural methods. However, training courses provided limited information about application procedures and administrative issues related to EU funding.

The programme had significant impact on quality of life at the local micro community level by assisting infrastructural developments, such as road construction and establishment of water supply and sewage systems, as well as by renovating buildings and reconstructing playgrounds and parks. However, its relatively small budget prevented SAPARD from having an impact on a greater (national) scale.

SAPARD’s support intensity rates of below 80% in the case of infrastructure investments could tend to favour the participation of better-off municipalities, which were already in a sound financial situation due to more developed local industry.

SAPARD had positive impacts regarding the introduction of environmentally friendly technologies, although in many cases these arose as side-effects from the main objective. While environmental issues were not of primary focus for most beneficiaries, many investment projects included replacement of the old technologies, which led to enhanced protection of the environment.

**Recommendations:**

- In order to enhance the impacts of future programmes in the field of employment, selection criteria of these programmes should favour job creation and maintenance in structurally underdeveloped micro regions to a greater extent.
- In order to enhance the ability to evaluate the effectiveness of the training measure, future candidate countries should comprehensively monitor the effectiveness of the training courses through the feedbacks of the participants.
- In the case of projects implemented by municipalities, selection criteria should favour those implemented in under-developed micro-regions.
- More resources should be allocated to communication of the objective and modalities of rural diversification measures.
- Greater priority should be given to environmental aspects in future rural development pre-accession programmes.

**Focus area 4: factors influencing the timely, efficient and effective establishment and implementation of SAPARD**

In almost all countries, launch of SAPARD was significantly delayed due to lengthy accreditation of SAPARD Agencies and establishment of the necessary regulatory requirements. The resulting limited time for implementation of the programme adversely affected achievement of intended goals. However, SAPARD Agencies in general carried out their roles in a satisfactory way.

In the view of the institutional stakeholders, the establishment of new organisations for the purposes of the implementation of SAPARD was more efficient than the reorganisation of existing ones.

Development of the monitoring and evaluation system was not a priority issue during the accreditation process. Monitoring activities lacked appropriate guidance and electronic support. In addition, these systems did not provide sufficient data for evaluation. The usefulness of ex ante and mid-term evaluations was in consequence reduced.

Beneficiaries report a high administrative burden in connection with completion of their SAPARD project, including a large amount of paperwork, a high level of bureaucracy and (for a minority of beneficiaries) delays in payments. These presented the most difficulty for projects of small size.

The average deadweight effect of SAPARD was 10%, which shows that the relevance of the programme was high, along with proper project definition. It is impressive given that the programme tended to support economically viable applicants, which was ensured by strict eligibility criteria. Beyond eligibility criteria, while selection criteria were defined in each programme, no further selection procedures were applied based on the technical content of the applications.
Recommendations:

- An integrated and secured electronic information system for monitoring should be introduced in all future candidate countries, which would be a compulsory and single tool capable of recording, storing and reporting all data related to the programme.
- At national level, in case of fundamentally different administrative structures from what is required to manage EU funded projects, the Commission should consider orienting countries towards the establishment of new organisations for the purposes of programme management, instead of reorganising existing ones.
- The administrative burden on future beneficiaries and the administrative costs of the institutional systems should be reduced.
- The twinning partner system proved to be a great help for candidate countries, thus, this system should be used in future programmes to the highest possible extent.
- The usefulness and applicability of ex ante, mid-term and ex post evaluations should be enhanced in order to provide better information for policy makers and programme planners. The commitment of the countries to evaluation should be increased, the monitoring system should be developed and the content of evaluation reports should be better aligned across the countries.
- Future programmes should go beyond applying solely eligibility criteria during project selection. Selection criteria, especially for longer projects, should also be applied in practice.
- Definition of ‘maintained jobs’ should be standardised and communicated towards the beneficiaries in future programmes in order to avoid misleading data in monitoring reports.
- The Commission should consider putting greater emphasis on the calculation of baseline values of the indicators set, both for programme indicators and relevant evaluation indicators. There should be an initial analysis on the availability of these data.
- Unified evaluation questions and respective indicators should be defined prior to future pre-accession programmes similarly to SAPARD, although with utilising the experiences regarding the applicability of certain evaluation questions and the availability and cost-efficient way of collection of data to certain indicators.
- The number of regular monitoring indicators should be kept reasonably small. Very large complex indicator systems should be avoided.
- Either the programmes should be more focused or the available funds for the development of rural areas should be raised in future programmes.
- The Commission and future candidate countries should consider revising the eligibility criteria of national programmes on economic viability in order to minimise the deadweight effect of future programmes.

Focus area 5: impact of the beneficiaries’ financial and managerial situation on the implementation of SAPARD

The availability of both own financial resources and external financial instruments for SAPARD beneficiaries varied by country. Appropriate credit products did not exist, in general, financial institutions were not eager to provide tailored financial products, especially micro credits, to the beneficiaries of SAPARD. Special, state-aided financial products (credit guarantee schemes, leasing schemes, special credit products) were not available during SAPARD in half of the participating countries (Czech Republic, Hungary, Poland and Slovakia). However, contrary to the late and limited presence of these special financial products, the lack of preparedness of the financial sector and the difficulties deriving from pre-financing, beneficiaries evaluated the availability of financial resources satisfactory.

The majority of beneficiaries (81%) did not have serious liquidity problems and the financing of own funds and pre-financing grants was generally appropriate. Some beneficiaries faced difficulties with acquiring credit in the financial market, due in part to factors deriving from the nature of SAPARD. Despite this, around half of the beneficiaries used credits for financing their projects, the majority using general commercial credit products. By the end of the programming period several financial products were available, allowing less creditworthy applicants to obtain credit that was necessary to undertake their SAPARD projects.

The availability of managerial resources was appropriate during SAPARD. Those beneficiaries who were not capable of managing their project could use external advisors or, to a limited extent, advisory services of the
institutional system. As a result of SAPARD, beneficiaries could also gain significant knowledge about preparation and management of EU funded programmes.

Recommendation:
- Prior to the launch of future programmes, the Commission should consider developing guidance for the candidate countries on how to ensure the availability of tailored solutions in the financial market for prospective beneficiaries.
- Future candidate countries should devote more time to the communication of the features of future programmes towards the financial institutions.

Focus area 6: coherence, subsidiarity and relevance of SAPARD

The external coherence of SAPARD was appropriate, while many parallel national agricultural and rural development schemes were in place during the implementation period. There were occasional internal inconsistencies between SAPARD measures, e.g. processing investment and diversification measures in Estonia, but all countries reported that these had been addressed.

With respect to subsidiarity, the level of centralisation was appropriate, taking into account the limited time and the relatively small budget for implementation of the programme.

The relevance of the programme was generally adequate, SAPARD was able to respond to the most crucial needs of the beneficiaries. However, due to the small budget of SAPARD, only a small proportion of the target groups was treated, and the overall impact of certain measures (e.g. village renewal, vocational training) was often not significant at national level. In addition, the concentration on "easy to implement" measures limited the learning experience in relation to more complex interventions, such as agri-environment, producer groups and vocational training.

Recommendation:
- External coherence of future programmes with on-going national schemes should be ensured, in order to maximise the impact of agriculture and rural development support activities as a whole.
- External coherence of future programmes with other up-coming pre-accession funds should be ensured, as it happened between SAPARD and PHARE / ISPA
- Future programmes should also be managed in a decentralised structure
- Future candidate countries should consider applying a bottom-up approach during the planning of certain measures (e.g. rural infrastructure, village renewal etc.)
- Future programmes should have a strong and coherent strategic basis, including a well-founded situation analysis, in order to offer timely solutions to real needs and problems in the national agriculture and rural development