



# Mid-term Evaluation Report



## Executive Summary

**Halle (S.), 22.12.2010**

### Array of evaluation

With reference to Art. 86 of EC regulation (EC) No. 1698/2005 for the European Agricultural Fund for Rural Development (EAFRD) a system for accompanying evaluation was introduced in Saxony-Anhalt. The mid-term evaluation refers to the status as of the end of 2009. The basis was set in the year 2008 as well as 2009 step by step.

According to the regulation the evaluation has to focus on:

- The degree of usage of the funds
- Effectiveness and efficiency of the programme
- Socio-economic impact i.e. on the priorities of EU

The main part of the evaluation report focuses on the implementation of the standard guidelines set within CMEF<sup>1</sup> including therein mentioned evaluation questions. Comprehensive evaluation results are recorded separately for all measures and sub-measures of the EAFRD in the annex. This structure should create a high degree of transparency with view on the derivation of evaluation results as well as recommendations.

### Development of context conditions for implementation of the programme

Most relevant for the mid-term evaluation of EAFRD for the period 2007-2013 were achieved results within the years 2008 and 2009. Financial implementation of the recent programme gained substantial progress in 2008. In 2007 a large number of projects were granted from the budget of the previous period.

In 2007 the market situation for important parts of the agricultural products significantly improved (increasing producer prices for example for milk, rye and wheat). However, since the end of 2007/beginning of 2008 these trends reversed. Since the end of 2008 development was greatly influenced by global financial and economic crisis. In comparison, impacts on agriculture, forestry as well as fishing seemed to be rather limited.

Paralleled to the financial and economic crisis, development on agricultural markets had partly negative impacts on income in agricultural sector as well as foodstuffs industry. According to agricultural businesses the year of 2009 was one of the most complicated for a long time.

With view on the future, agricultural businesses as well as rural areas in Saxony-Anhalt yet are facing big challenges. Agricultural businesses are facing the trend towards less regulated markets and a slightly reduction of subvention. To survive within this process, increased competitiveness is necessary.

Within the rural areas of Saxony-Anhalt, agriculture is yet not the most important but still a very important development factor. Still there are many places where agricultural business

---

<sup>1</sup> Common Monitoring and Evaluation Framework

plays an important role as a source of income as well as for conservation of cultural landscape.

In the long term, the most challenging question for most places in Saxony-Anhalt is to face the increased aging of population.

To flank adjustment processes resulting from these challenges in terms of regional policy is last but not least an important task for Rural Development Programme (RDP) of Saxony-Anhalt.

### Programme structure

Programme planning for EAFRD was embedded in the development of a multi-fond development and funding strategy in Saxony-Anhalt. The government of Saxony-Anhalt had fixed priorities on the basis of a comprehensive analysis. These priorities reflect a significant importance for improved growth and employment in Saxony-Anhalt's rural areas from the perspective of the government. These strategic priorities include:

- Research, development and innovation,
- education,
- investment promotion, training and reduction of financial constraints for businesses, especially SME.

Specific measures should support implementation of these strategic priorities.

The granting of projects aiming at fostering growth and employment as well as modernization of important infrastructures delivers a substantial input to buck the trend of decreasing population in rural areas and increase attractiveness in these areas as a working and living space especially for young people and families. Moreover, EAFRD should contribute a substantial amount to cross-sector targets such as nature and environmental protection as well as risk management and therefore faces goals set in the Gothenburg strategy.

The EAFRD in Saxony-Anhalt consists of four main emphasises or priorities:

- Enhancing competitiveness of agriculture and forestry as well as (axis: 10 measures/ sub-measures)
- Improvement of environment and countryside (axis 2: 11 measures/ sub-measures)
- Quality of life in rural areas and diversification of rural economy (axis 3: 15 measures/ sub-measures)
- Leader (axis 4: 4 measures)

As conducted from situation analysis and targeting, axes 3 and 1 contribute to a strong financial amount. axis 3 accounts for 33.5% and axis 1 accounts for about 29% of the originally indicated total budget of 817.5 m EUR. axis 2 accounts also for about 29%. Its priorities have been set according to the needs for environmental and nature protection, especially with reference to the EU WFD, Natura 2000 network as well as climate policy targets. According to the considerations by the evaluation team, a feasible emphasis of the programme structure has been introduced.

In the course of Health Check and EU business activity programme the available budget of EAFRD as of the end of 2009 has increased by 86.7 m EUR to 903.9 m EUR. Additional budget was spent on financial increase of axis 2 (agri-environmental measures: +81.7 m EUR) as well as axis 1 (modernisation of agricultural holdings: +5.0 m EUR). This meets concerns ("new challenges") such as climate protection, biodiversity, renewable energies, supply of broadband in rural areas. To react on this, a number of specific submeasures have been newly introduced in 2009 to the RDP.

### Status of implementation

Until the end of 2009 the monitoring system recorded no implementation activities for 14 out of 40 measures and submeasures (except technical assistance). Three of them have been newly introduced in 2009. 8 measures/ sub-measures were first implemented only in 2009.

In general, implementation status as of 31st December 2009 varies. In comparison to the implementation of the development programmes for rural areas in other German states the status of implementation is significantly well below average. Implementation deficits especially apply to axes 1 and 3.

**Tab. 1 Financial absorption of EAFRD by main emphasis (axis) \*)  
as of 31.12.2009**

<b>Axes</b>	<b>Plan 2007-13 (€)</b>	<b>Granting as of 31/12/2009 (€)</b>	<b>Payment as of 31/12/2009 (€)</b>	<b>Granting quota (%)</b>	<b>Payment quota (%)</b>
Axis 1	240,906,500	33,043,854	22,019,629	13.7	9.1
Axis 2	233,636,673	89,434,005	88,257,566	38.3	37.8
Axis 3	280,704,083	64,525,858	29,866,779	23.1	10.7
Axis 4	45,218,072	23,787,600	8,764,321	52.6	19.4
Technical assistance	16,749,200	2,497,049	2,413,435	14.1	13.6
<b>EAFRD total</b>	<b>817,214,528</b>	<b>213,288,365</b>	<b>151,321,730</b>	<b>26.1</b>	<b>18.5</b>

\*) except additional budget from Health Check and European Recovery Package

Source: EAFRD Managing Authority: status report as of 31<sup>st</sup> Dec 2009.

It is quite obvious that measures which have already been established for a while (i.e. not changed or well marketed since the last funding period) in general show a more advanced implementation and target achievement than newly introduced measures.

The reasons for the underspending after 3 years of programme implementation can be summarized in three different causal complexities:

- a lack of conceptual and legal preconditions for granting of projects (measures/ submeasures 111, 114, 224, 225, 323-II, 341 as well as loan fund as a part of measure 121);
- marginal demand i.e. insufficient granting incentives (measures 124, 312)

→ newly introduced measures in 2009  
(125-IV, 321-V, 321-VI).

For some measures, more than one reason is of importance.

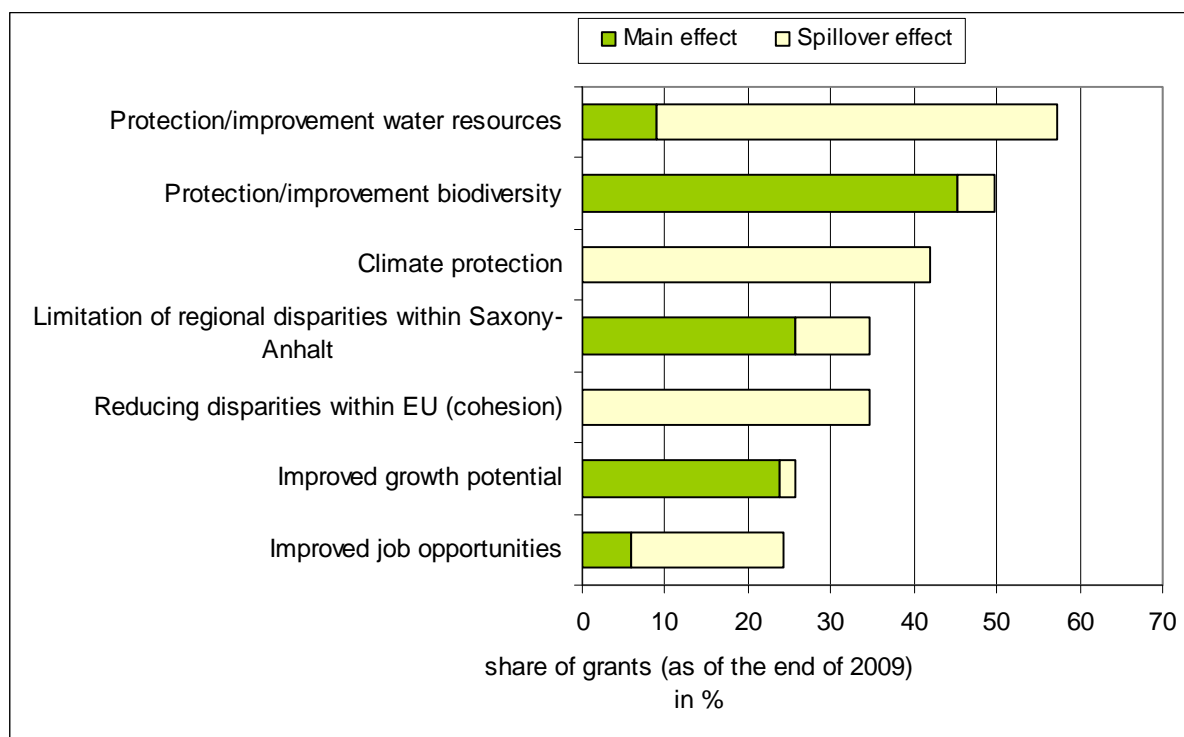
#### Outputs and outcomes of the programme implementation

The programme contributes to a long-term development of rural areas especially through infrastructure improvements as well as vitalization of the production potential within the agricultural sector as well as forestry.

All in all, it is quite strongly focused on improvement of the environmental situation. This applies especially to axis 2 which aims at improvement of environment and countryside. Moreover, axis 3 also features a number of measures under this topic. Impacts on biodiversity within axis 2 are mostly generated by local measures on grassland. It can also be stated that a number of positive effects on the environment appear as a side effect within a number of measures.

By utilization of EAFRD budget substantial contribution to safeguarding nearly equal conditions of life in rural areas compared to more densely populated areas. This applies last but not least if characteristics of rural areas in terms of social infrastructure are considered. Even small communities in rural areas benefit from the granting to a substantial amount (for example within the framework of Leader or village renewal). Improvements achieved through EAFRD measures in terms of quality of life within the rural areas of Saxony-Anhalt can be interpreted as a catching-up process with better performing regions within Germany as well as the EU. In this respect the programme refers to cohesion policy targets of the community.

figure: Contribution of impact of EAFRD grants to selected main emphasises/ priorities as of the end of 2009



The focus on agricultural sector (axis 1), improvement of environmental situation (axis 2) as well as development of rural areas (axis 3) offers the chance to implement a broad approach for integrated development of rural areas in Saxony-Anhalt.

All in all, the „micro structure“ of the programme is drawn by the continuation of measures which have been set up in the last period as well as the introduction of a number of new measures. Therefore the programme now comprises a broad array of measures. Analysis of the implementation indicates that especially newly introduced measures require a substantial effort for preparation and implementation until projects can be granted and payments can be made. Given this, a reduction i.e. simplification of the programme structure seems an appropriate solution.

### Conclusions and recommendations

The mid-term evaluation report comprises detailed observations on each measure and sub-measure of the programme. These were the basis for conclusions and recommendations for further implementation as well as preparation of the upcoming structural funds period. These can be summarized as following:

- (1) For 8 measures/ sub-measures it can be stated that either intended physical goals as well as financial absorption will be reached. It is recommended by the evaluation team to cease these measures as of the next change if there is no adequate progress been made.
- (2) For 2 measures it is recommended to check on a mid timeline if there is still a need for continuation of the funding or not.

- (3) Based on the obvious need it is recommended to check if 4 measures can be enhanced after reallocation of the budget.
- (4) For 11 measures/ sub-measures according to the evaluation team there is a need to check shortly, but not later than the end of the period if there is a clear perspective for continuation which should effect adjustment of the programme planning for the remaining time.
- (5) All other 11 measures/sub-measures should be continued in general as before.