

SLU Swedish University of Natural Sciences

# Midterm evaluation of the Swedish Rural Development Programme 2007- 2013

– English summary

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## Executive summary

The Swedish RDP amounts to 3 917 M euro of which 14 percent is spent on Axis 1, 69 percent on Axis 2, 8 percent on Axis 3 and 7 percent on Axis 4. From the economic point of view, the programme is dominated by subsidies to various forms of land use and capital grants. Farms account for more than 80 percent of the total spending. The programme has contributed to the desired objectives but could do better. Objectives of the programme are very ambitious in relation to the size of the budget, the type of eligible measures and the way the measures have been implemented. The programme has contributed to better growth prospects but not to better employment possibilities. The outcome is more favourable in case of environmental objectives, which is not surprising taking into account that Axis 2 spending dominates the programme. Moreover, provision of public goods, which is at the heart of the Axis 2 spending, motivates public intervention. In contrast, support to private investments is only justified if rural capital markets are failing, which seems not to be the case as the support appears to have replaced private investment to a large extent. The uptake of the measures has been uneven. Some of the potentially more promising measures have been exploited only to a limited extent.

The evaluator recommends that the balance between funds devoted to direct investment support to farms/firms/projects and to funds spent on capacity building, economic and social, should be changed to the advantage of the latter. The capacity building measures need, however, further refinement. Several measures (diversification, business creation, tourism) have similar objectives and operate in a similar way. The evaluator suggests that those measures should be combined into one and offered to all types of rural firms. Furthermore, on the theoretical grounds, there is no reason to separate these measures from the support to farm business and investment in processing.

Agri-environmental payments included in Axis 2 constitute an extremely complicated system. One piece of land often receives several payments for different purposes. A simpler, result-oriented system is

needed, possibly based on a contract between a farmer and the society. The evaluator suggests that environmental payments should focus on a whole landscape and not only on an individual farm. An incentive should be offered with the aim of facilitating creation of contiguous areas that are functional from a conservation perspective or with respect to nutrient leaching. The environmental effects should determine how the measures/payments are designed. This may involve offering a higher or a lower payment. The evaluator also recommends that funds should be reallocated from general to site-specific payments, since the latter have been found more cost-efficient.

The borderline between projects belonging to Axis 3 and to Axis 4 is blurred. The evaluator suggests that support to basic services and to village renewal should be moved to Axis 4. Focus on innovation in the work of LEADER should be reintroduced. A new model for allocation of resources, which takes into account variation in development conditions, should be applied.

# 1

## Introduction

### 1.1 The Swedish Rural Development Programme 2007-2013

The budget settled in 2006 for the entire programming period is shown in the table below. There is a strong focus on agri-environmental payments and Axis 2 is amounting to almost 70 percent of the budget.

**Table 1.1: Budgetary allocation on axes for the programme period 2007 – 2013, M euro (before the 2010 revision)**

|   | Budget, M euro | Percent of budget |
|---|----------------|-------------------|
| Axis 1- to improve the competitiveness of the agriculture and forestry sector by means of support for restructuring, development and innovation | 555            | 14                |
| Axis 2 – to improve the environment and the countryside by means of support for land management   | 2 702          | 69                |
| Axis 3 – to improve the quality of life in rural areas and encourage the diversification of economic activities                                 | 326            | 8                 |
| Axis 4: LEADER  | 264            | 7                 |
| Technical assistance  | 70             | 2                 |
| Total   | 3 917          | 100               |

*Financial plan, 2007. The Swedish Department of Agriculture, 2010.*

As a result of the Health Check and the EU Economic Recovery plan the total budget was increased by 124 M euro and now enclose of 4 041 M euro. Environmental measures in Axis 1 and 3 have been reinforced, and the budgetary allocation to Axis 2 has decreased to 65 percent.

Uptake and budget actually spent is shown in table 1.2. As could be seen, spending differs a lot between axes and is on the whole lagging behind. When 43 percent of the programming period is expired, 27, 5 percent of the budget has been spent.

**Table 1.2: Budget actually spent 2007 - 2009, M euro and percent**

| Axis                 | M euro spent 2007-2009 | Percent of budget |
|----------------------|------------------------|-------------------|
| Axis 1               | 144                    | 26                |
| Axis 2               | 851                    | 31                |
| Axis 3               | 42,5                   | 13                |
| Axis 4 Leader        | 4,1                    | 1,6               |
| Technical assistance | 38,5                   | 55                |
| Total                | 1 080                  | 27,5              |

*Source: The Swedish Board of Agriculture*

Social and economic needs in Sweden motivating support are described in the following way in the Swedish RDP:

- Entrepreneurship and self-employment are less common in rural areas than in urbanised areas and towns; this makes them more vulnerable to globalisation. Therefore self-employment and entrepreneurship in farming and other sectors in rural areas might need to be stimulated.
- Valuable landscapes and biodiversity are gradually threatened by changes in production methods, land use and social development. Natural and cultural values of the landscape need to be preserved and developed. The land-based industries role as natural and cultural enterprises and as producers of public goods might need to be strengthened and the negative external effects of agriculture on the environment need to be reduced.
- Sparse structures, vast distances and changes in service and infrastructure result in poorer growth conditions for inhabitants and companies in rural areas. This applies e.g. to farms in less favoured areas. The conditions for economic development in rural areas might in a broad sense need to be strengthened.

Target groups eligible for support are;



Axis 1: Farmers, including reindeer husbandry and horticulture, forest holders and small processing firms that process raw materials from the land-based industries. For processing of forest raw materials however, the businesses in focus are micro-businesses and micro-processing businesses within the forestry sector; for skills acquisition, it also includes forest.

Axis 2: Land users and other land managers, and in some cases livestock keepers with endangered domestic breeds, breeding associations, and Sami villages and Sami associations.

Axis 3: Agricultural holdings, micro-businesses/small rural businesses, local development groups and other actors.

Axis 4: Beside local development groups also business communities, NGOs and the public sector is involved.

## **1.2 Organisation of the work and applied methodology**

Organisation of the work followed the structure of the programme with four working groups analysing an axis each.

The ambition of the evaluator has been to base the assessment of the impact of the programme on a counterfactual approach. Such an approach implies a comparison between a supported group and a control group preferably selected in such a way that it resembles the supported group as much as possible. However, in several cases, for practical or for theoretical reasons, this was not possible. The practical considerations included difficulties to identify control groups due to lack of proper register. In case of measures that are extended to all farmers or support that is paid in a form of a project it is theoretically not possible to form a control group. Evaluation of Axis 2 measures was particularly complicated due to large number of measures interacting with each other and with Pillar I payments. To remedy this, economic and environmental modelling was relied on to some extent. However, models do not lend themselves easily to a detailed analysis of many small and highly specific support schemes.

A wide range of methodological approaches was used in the process of the evaluation. A short summary follows below. Support to investment in farming (121) and support to investment in processing (123) were evaluated using matched control groups and firm-level data. Matching was based on propensity score and Difference in Difference methodology was applied. Randomly selected control groups and mailed questionnaires were used for analysis of diversification (311), business creation (312) and encouragement of tourism (313) when support was paid to farms/firms. Similar support paid in the form of a project was evaluated using postal questionnaires sent to project owners. Postal questionnaires were also sent to young farmers (112) and in case of support to infrastructure (125). Statistical analysis was performed on the data collected by means of questionnaires. Postal questionnaires, interviews and case studies were used to evaluate Axis 3 measures devoted to improvement of quality of life (321, 322, 323, 331 and 341) and for assessment of the effects of LEADER (all measures in Axis 4). Agricultural sector models (CAPRI and AgriPoliS) were used to analyse the results of environmental support. The impact on water quality was analysed using models SOILNDB and ICECREAMDB. Spatial comparisons between areas receiving support and not receiving support was done using GIS. In addition, a spatial regression analysis was conducted to investigate the overall impact of the programme on employment and growth at the municipality level.

# 2

## **Axis 1- to improve the competitiveness of the agriculture and forestry sector by means of support for restructuring, development and innovation**

### **2.1 Measures and total budget**

Axis 1 consists of the following measures:

- Vocational training and information actions, including diffusion of scientific knowledge and innovative practices for persons engaged in the agricultural, food and forestry sectors (measure code 111) and Use of advisory services for farmers and forest holders (measure code 114).
- Setting up of young farmers (measure code 112).
- Modernisation of agricultural holdings (measure code 121).
- Adding value to agricultural and forestry products (measure code 123).
- Cooperation for development of new products, processes and technologies in the agricultural and food sector and in the forestry sector (measure code 124).
- Improving and developing infrastructure related to the development and adaptation of agriculture and forestry (measure code 125).

The measures in Axis 1 represent about 15 percent of the total budget of the RDP. The aim of the measures is to help increase the competitiveness of agricultural, forestry and reindeer herding businesses and of businesses within the food and processing industry, based on sustainable use of natural resources. The measures consist of direct investment support and support for capacity building. Support for vocational training and information actions, including diffusion of scientific knowledge and innovative practices for persons engaged in the agricultural, food and forestry sectors (measure code 111) and use of advisory services for farmers

and forest holders (measure code 114) are capacity building measures with clear links to the measures within Axis 2, and the aims of the measures include facilitating implementation of the measures within Axis 2. The support to promote cooperation for development of new products, processes and technologies in the agricultural and food sector and in the forestry sector (measure code 124) and that for improving and developing infrastructure related to the development and adaptation of agriculture and forestry (measure code 125) are also capacity building measures. The start-up support for young farmers (measure code 112), the support for modernisation of agricultural holdings (measure code 121) and that for adding value to agricultural and forestry products (measure code 123) are existing structural measures that have long been available as agricultural subsidies.

Table 2.1 shows the relative budgetary allocation for the measures in Axis 1. The greatest proportion of the support goes to measure 121: Modernisation of agricultural holdings, which receives almost half the funding available within Axis 1. The next greatest proportion goes to measures 111 and 114: Vocational training [and Diffusion of knowledge]. Together, these measures receive 28 percent of the total funding within Axis 1.

**Table 2.1: Budgetary allocation to measures within Axis 1**

|  | <b>Total budget (m euro)</b> | <b>Percent of budget</b> |
|--|------------------------------|--------------------------|
| Vocational training (111 and 114)                        | 156                          | 28.0                     |
| Start-up support (112)                                   | 31                           | 5.6                      |
| Modernisation of agricultural holdings (121)             | 267                          | 48.2                     |
| Adding value to agricultural and forestry products (123) | 54                           | 9.8                      |
| Cooperation for development of new products (124)        | 23                           | 4.2                      |
| Infrastructure (125)                                     | 23                           | 4.2                      |
| Total, Axis 1  | 555                          | 100                      |

*Source: The Swedish Board of Agriculture*

## **2.2 Results of evaluation – links between measures and desired objectives**

In the case of support for vocational training, the desired correlations are difficult to prove. In a correlation analysis of the links between vocational training and aspects such as likelihood to apply for support within Axis 2 and the critical remarks made in inspections of e.g. grazing, the evaluator generally found very weak correlations and correlations with the opposite to expected sign. One reason why it is so difficult to find the desired correlations is that the targets for the measures have been set very high and are probably unrealistic to achieve. Vocational training often consists of short courses, field tours or short advisory visits. Expecting such measures to have measurable effects on the behaviour of businesses as regards e.g. management of natural resources is probably too ambitious. In order to achieve the desired measurable effects, there is probably a need for more comprehensive training actions.

*Start-up support* has been continually questioned in previous evaluations. In the current evaluation, data obtained in surveys were used to examine the attitude of grant recipients as regards the importance of the grant. Data from the Agricultural Economic Investigation were also used, where holdings receiving grants were compared with other holdings in the investigation. From the analytical results, the evaluator found reason to question the importance of start-up support for desired outcomes such as lasting establishment of young farmers of both sexes, structural adjustment, increased human potential in the agricultural sector and the competitiveness of the sector. The evaluator also found it remarkable that one of the terms of the start-up grant is that the recipient must actually have professional skills in agriculture. This was found to restrict the experience of grant recipients as regards areas other than agriculture, creating a risk of old structures in the agricultural sector being locked in. It would be better to let the grant recipients themselves decide how they should acquire professional skills in agriculture, e.g. through employees. In that way, persons with experience from other sectors would be able to start farming and contribute to renewal of the agricultural sector.

In the case of support for *modernisation of agricultural holdings* (investment grants) and *adding value to agricultural and forestry products* (process-

ing grants), the evaluation found, using counterfactual analysis with matched control groups, that the effects are very limited. When agricultural holdings receiving grants were compared with their counterparts receiving no support, it emerged that the grants only generated new investment to a very limited extent. In addition, the grants only had very small effects as regards target variables such as the introduction of new technology and innovations, market entry and market share, and no effects on competitiveness and the utilisation of production. In the case of processing grants too, there was nothing to indicate that the investments actually generated by the grants had increased the quality of agricultural and forestry products.

As regards investment grants and processing grants, it can also be stated that it was not possible to analyse the impact of environmental investments or investments in animal welfare on the results. This is unfortunate, since environmental investments probably had positive external effects, while investments in animal welfare can be said to represent investment in a collective good. The full value of such investments is not reflected in the price of agricultural products, which means that the effect on processing values and productivity may have been underestimated. However, there are no data available at present that make it possible to distinguish investments in environment and animal welfare from other types of investment and analyse their effects on target variables.

The support for *cooperation for the development of new products* (cooperation grants) was found by the evaluator to be frequently granted to activities where public support cannot be regarded as justified. For example, grants were awarded to minor marketing drives that should have been funded by private means. The support has also had a very low rate of uptake. Judging by how the support has been utilised to date, it is therefore not possible to draw any conclusions on whether it has had the desired effects. However, it is important to emphasise that this support has the potential to contribute to desired effects if it can be used in a more appropriate way in the future, e.g. by being awarded to activities that are characterised by high transaction costs, that are difficult to start up on a small scale or where public sector actors play a significant role in the projects.

The support for *infrastructure* is considered by the evaluator to be one of the few measures within Axis 1 that exclusively aims to cover a need where there is not a functioning market, and is therefore considered to have the most justifiable intervention logic. The evaluator has come to the conclusion that the support has helped restructure the infrastructure in the agriculture and forestry sector. However it is more difficult to prove that the restructuring carried out has been important for the competitiveness of the sector. Once again, this is an example of the targets for the measures being set at far too ambitious a level. It is not reasonable to believe that the type of projects carried out, the majority of which have dealt with improving roads, will lead to measurable effects on the economic results of the participating businesses.

### **2.3 Balance between measures**

From the analyses carried out, it appears that there is an imbalance in Axis 1 as regards the relative budgetary allocation to the measures. The majority of the resources go to old types of support (start-up, investment and processing grants), which have been questioned in a number of evaluations. In order to fully realise the potential of the resources to contribute to a strong and competitive agricultural sector, it would appear to be more justifiable for a larger proportion of the support to go to the capacity building measures. However, this would require such measures to be implemented in a way that increased their potential to contribute to the targets. For example, vocational training would have a greater effect if the funding were to be used e.g. for more comprehensive training activities. In addition, cooperation support has the potential to have greater effect if it can be better marketed and if it is awarded to activities where public intervention is truly justified.

### **2.4 Synthesis and conclusions**

The evaluation showed that most measures within Axis 1 must be regarded as having a limited effect in terms of contributing to fulfilling the desired targets. Future support programmes should therefore consider redistributing the resources between the measures and should also consider changing the application of the measures. For example, the capacity building measures within Axis 1 could have considerably greater ef-

fect if they were to be applied differently, and if they had more resources to distribute. An example is that vocational training would probably help to achieve more radical effects if more comprehensive training actions were implemented. In addition, cooperation support could contribute considerably more to the objectives of Axis 1 if it were to be more actively distributed to cooperative ventures where public support is justified and if it were to be given higher priority in marketing of support options.

## **2.5 Recommendations**

In the case of the support in Axis 1, the evaluator has the following recommendations:

- Within the current programme period, the requirement for an individual to have professional knowledge in order to qualify for start-up support should be removed.
- If the limited importance of start-up support is confirmed in the final evaluation of the current programme, it should be removed from the programme.
- Investment and processing grants should be restricted to apply to investments in collective goods or investments with positive external effects, e.g. investments in animal welfare or the environment.
- Cooperation support has been granted to activities that could have been carried out without public funding. In the future, an activity's need for public support should be investigated more closely before support is granted.
- Cooperation support and infrastructure support both have a very low degree of uptake. It is therefore strongly recommended that these forms of support be better marketed so that knowledge of their existence increases among possible applicants.



# 3

## Axis 2 – to improve the environment and the countryside by means of support for land management

### 3.1 Measures and budget

Axis 2 consists of five different measures. The greatest proportion goes to measures 214/216, which account for 78 percent of the budget.

**Table 3.1: Budgetary allocation to measures within Axis 2**

|  | Total budget (m euro) | Percentage of budget |
|--|-----------------------|----------------------|
| 211, 212 Natural handicap payments to farmers in mountain areas and to farmers in other areas with handicaps | 562                   | 21                   |
| 214, 216 Agri-environment payments and support for non-productive investments                                | 2 106                 | 78                   |
| 227 Support for non-productive investments – forestry  | 34                    | 1                    |
| Total, Axis 2  | 2 702                 | 100                  |

Source: The Swedish Board of Agriculture

Measure 214 consists of eight different payments, which in turn are divided into subgroups and targeted at different types of activities.

**Table 3.2: Payments within measure 214/216**

|    | Payments for...  | Indicative budget (m euro) |
|----|--|----------------------------|
| 1. | ...biodiversity and cultural heritage in semi-natural grazing lands, mown meadowland and wetlands      | 626                        |
| 2. | ...valuable natural and cultural environments in the agricultural landscape and reindeer herding areas | 132                        |
| 3. | ...regional priorities   | 78 + 36                    |
| 4. | ...traditional cultivated plants and livestock breeds  | 8                          |
| 5. | ...reduced nutrient leaching from arable land  | 114                        |
| 6. | ...environment protection measures   | 75                         |
| 7. | ...organic forms of production   | 544                        |
| 8. | ...extensive ley management for a better environment and an open landscape                             | 493                        |

### **3.2 Results of evaluation – links between measures and desired objectives**

Given that other agri-environmental payments continues to be paid out, the natural handicap payments to farmers in mountain areas and in other areas with handicaps has limited consequences for land use and income in the regions concerned. Through moderating the rate of structural transformation in agriculture, the payments to farmers in mountain areas and in other areas with handicaps is contributing to higher employment in agriculture. However, this may be at the expense of future competitiveness. This lower rate of structural transformation is probably having a positive effect on cultural environment values in the landscape, but biodiversity does not appear to have been markedly affected.

Agri-environmental payments consist, as shown in the table 3.2, of a large variety of payments aiming at promoting sustainable agriculture, mainly environmental and economic sustainability. Since the agri-environmental payments (together with the natural handicap payments) increase farm income, such funding is contributing to economic sustainability. Environmental sustainability encompasses preservation of biodiversity, of soil and water quality as well as mitigation of climate change. The sole target or one of several targets for the majority of the payments within the measure for environmentally friendly agriculture is to protect or improve livelihoods and biodiversity. The payments for "biodiversity and cultural heritage in semi-natural grazing lands, mown meadowland and wetlands" has contributed to more pastures and grazing animals remaining in production. The payments for upkeep of wetlands and the specialist measures for pastures and meadows are contributing to the continuing upkeep of land with high biological value. Areas receiving payments compared with areas outside the scheme appear to have a more favourable environmental status, but the differences are small and not always in favour of the areas receiving payments. The payments for organic forms of production are contributing to decreasing the use of pesticides, which can contribute to promoting biodiversity in certain cases. The effects of the payments for "valuable natural and cultural environments in the agricultural landscape and reindeer herding

areas" on biodiversity are unclear, although it is probable that it contributes to the upkeep of a greater number of elements. In summary, this indicates that the payments have contributed to the conservation of biodiversity.

The payments for "extensive ley management for a better environment and an open landscape" may potentially have negative effects, particularly in combination with the payments for biodiversity and cultural heritage in semi-natural grazing lands, mown meadowland and wetlands and the natural handicap payments to farmers in mountain areas and to farmers in other areas with handicaps. The payment for extensive ley management (cultivated grassland) for a better environment and an open landscape admittedly keeps the countryside open, but also contributes to homogenisation in the form of increasing the proportion of cultivated grassland in a landscape already dominated by cultivated grasslands.

The payment for traditional cultivated plants and livestock breeds is aimed directly at preventing the depletion of biological diversity. The conservation of rare breeds is important, e.g. in order to retain genetic variation.

A number of different payments, especially payments for reduced nutrient leaching contribute to decreasing nutrient leaching from arable land and pesticide use. The payments that are most effective, measured per ha, concern wetlands in the case of nutrient leaching and buffer zones in the case of decreasing phosphorus emissions. The payment decreasing the use of pesticides most is that for organic forms of production

As regards preservation of landscape characteristics, this is a matter of retaining agricultural land and the characteristics that such land possesses when in production. If the environmental payments were to be removed, agricultural land would decrease by 8 percent, mainly owing to a strong decrease in pastures (semi-natural grazing land). The payment for valuable natural and cultural environments has undoubtedly helped ensure that a greater number of landscape elements have been maintained.

No agri-environmental payments target directly the mitigation of the climate change. Impact of agricultural production on climate change is a very complicated matter and gaps in the knowledge about the emission process are many. Based on the CAPRI model, it can be concluded that if all payments in Axis 2 were eliminated, the emission would decrease somewhat because the payments contribute to more agricultural land being used and more grazing animals' being kept.

### **3.3 Balance between measures**

Due to the fact that payments for natural handicaps (211/212) can primarily be seen as an environmental payment and because measures 214/216 (agri-environmental payments), includes a very large number of payments, which differ considerably in range and objectives, it seems more reasonable to analyse the balance on a more disaggregated level. In particular, a question can be asked about a balance between more demanding, site-specific (targeted) payments and more broadly applied, less demanding payments. The evaluation has reached a conclusion that targeted schemes, in particular in case of payments aiming at improving water quality, were cost-efficient while environmental benefits from some of the broad payments are more limited. Hence, the balance between broad and site-specific measures should be altered to the advantage of the latter.

### **3.4 Synthesis and conclusion**

The evaluator is of the opinion that an imbalance exists between the large number of output and result indicators and the few impact indicators within Axis 2. For example, there are no indicators about answering questions on climate effects. More national impact indicators need to be introduced. The evaluator proposes that the work on developing new impact indicators should be coordinated with increased collection of field data.

Before the next programme period, considerable simplifications should be considered and an investigation on how these can be achieved should start relatively soon. An important aspect to consider is placing greater focus on the results to be achieved in the form of decreased nutrient leaching, increased biodiversity or climate-related issues. The evaluation

proposes that a new way of drawing up contracts between farmers and the Swedish Board of Agriculture or county boards should be investigated.

### **3.5 Recommendations**

The evaluator is of the opinion that the environmental effects should determine how the measures/payments are designed. This may involve offering a higher payment if that is considered necessary for the inclusion of areas that are strategically positioned from an environmental perspective, either to conserve or enhance biodiversity or prevent plant nutrient or pesticide leaching. However, it can also mean the payment not being paid out if the environmental benefit in the case in question is doubtful.

The evaluator has the following recommendations:

- The landscape perspective should be taken into account in the design of environmental measures in Axis 2. A new measure should be formulated with the aim of facilitating the creation of contiguous support regions/areas that are functional from a conservation perspective or in order to prevent negative impacts, and in which the payments are coordinated.
- Since permanent, unsprayed, blooming habitats are a scarce resource in the plains landscape, a payment that covers this mechanism should be considered.
- Consideration should be given to removing the payment to extensive ley management for a better environment and an open landscape. The preservation of openness of the landscape and active farming still has to be considered.
- In order to decrease plant nutrient losses, additional resources should be made available for targeted payments. The computer simulations carried out regarding the effect of organic production and the measurements carried out in the field show that this payment has had little or no effect on decreasing plant nutrient losses from agricultural land.
- Evidence that the advisory resources are inadequate is provided by the fact that a number of payments (e.g. within selected environments) or certain regulations (late grazing, no grazing years)

have scarcely been applied, despite the existence of areas of land and presumably farmers who could utilise these. The advisory resources need to be improved.

- The newly introduced definitions of “pasture” risk leading to negative consequences for the conservation of biodiversity. Additionally, the definitions have resulted in an increasingly complicated system. Therefore these definitions should be reassessed.

# 4

## **Axis 3 – to improve the quality of life in rural areas and encourage the diversification of economic activities**

### **4.1 Measures and total budget**

Axis 3 consists of the following measures:

- Diversification into non-agricultural activities (measure code 311)
- Support for business creation and development (measure code 312)
- Encouragement of tourism activities (measure code 313)
- Basic services for the economy and rural population (measure code 321)
- Village renewal and development (measure code 322)
- Conservation and upgrading of the rural heritage (measure code 323)
- A training and information measure for economic actors operating in the fields covered by axis 3 (measure code 331)
- A skills-acquisition and animation measure with a view to preparing and implementing a local development strategy (measure code 341)

The measures within Axis 3 are intended to promote diversification of business in rural areas, improve the opportunities for employment and better quality of life and encourage sustainable use of resources in rural areas. The expressed intention is for this axis to work on capacity building for expansion of business in rural areas. The individual measures have different specialisations, but two main groups can be distinguished: the three first measures in the list above (311 – 313) aim to diversify the rural economy, while the other five (321 – 341) aim to improve the quality of life in rural areas. Axis 3 represents approximately 12 percent of the programme's total budget. This axis has clear links to axis 4 in that some of the measures are implemented using the LEADER approach.

Table 4.1 shows the budgetary breakdown between the measures in Axis 3. The measures receiving the greatest proportion of the budget are located within the group of measures that aim to improve the rural economy (measures 311 – 313). In total, these measures make up 64.5 percent of the total budget for the axis.

**Table 4.1: Budgetary allocation to measures within Axis 3**

|   | <b>Total budget<br/>(m euro)</b> | <b>Percentage of budget</b> |
|---|----------------------------------|-----------------------------|
| Diversification into non-agricultural activities (311)  | 54                               | 16.7                        |
| Support for business creation and development (312)   | 78                               | 23.9                        |
| Encouragement of tourism activities (313)   | 78                               | 23.9                        |
| Basic services for the economy and rural population (321)   | 21                               | 6.4                         |
| Village renewal and development (322)   | 27                               | 8.4                         |
| Conservation and upgrading of the rural heritage (323)  | 13                               | 4.1                         |
| A training and information measure for economic actors operating in the fields covered by axis 3 (331)                  | 53                               | 16.2                        |
| A skills-acquisition and animation measure with a view to preparing and implementing a local development strategy (341) | 1,7                              | 0.5                         |
| <b>Total, Axis 3</b>  | <b>326</b>                       | <b>100</b>                  |

*Source: The Swedish Board of Agriculture*

## **4.2 Results of evaluation – correlation between measures and desired objectives**

### *Measures that focus on the rural economy*

The measures that focus on the rural economy aim to encourage various types of entrepreneurship, employment and quality of life in rural areas. This support was mainly analysed with the help of data from surveys in



which businesses and projects that had received support were asked about themselves and their opinions on the support. A group of businesses that had not received support were also asked to participate in the survey, so that we had a comparison group against which to compare the businesses that had received support. For project support there was no corresponding possibility to create a comparison group, since there was no list of projects other than those that had applied for support. The analyses carried out on activities with diversification support, business creation support and tourism support reached the conclusion that the activities with business creation support and tourism support in particular contributed to the desired objectives of the measures.

However, the diversification support, business creation support and tourism support are problematic from a conceptual perspective, even though the analyses show that these measures have contributed to achieving the desired objectives. According to the RDP for Sweden 2007-2013, the support is given to activities that can encourage sustainable development, or activities with products that are in demand on the market and that have the potential to be competitive and profitable in the long term. For the latter type of activities it is difficult to see why they could not obtain sufficient financing on the private capital market and what it is that actually justifies public funding. This is despite the fact that the supported activities have often developed in a favourable way and in accordance with the objectives of the measures. The type of activity described should not encounter problems in finding private financing. Support for investment can only be justified in cases where the activity aims to produce collective goods or goods with great positive external effects for which there is no functioning market, since it is difficult to prevent those who have not paid for the goods from consuming them. There can be other factors hampering business in rural areas in general (e.g. high transaction costs due to long distances to the market). However, this problem is not solved through supporting investment in production by rural businesses. Rather, it is a question of support for infrastructure of different types (for example access to broadband, better transport network, etc.).

Another problem with the diversification support, business creation support and tourism support is that the intervention logic (in the EU Commission's interpretation) assumes that it is farm businesses that must diversify their activities in order for the rural economy to be developed. This applies to measures 312 and 313 too, which should be directed more towards also developing other types of activities. First, farm businesses make up a very limited proportion of society's economy. Second, objectives such as increased employment opportunities and better quality of life in rural areas could be achieved just as well by more specialist farm businesses. Therefore it is in fact the growth in all businesses in rural areas that can contribute to achieving the objectives.

One can also question the logic of having farm businesses diversify their activities away from traditional farming, while at the same time wanting to have an increased flow of tourists to rural areas. If it is the case that farm diversification activities displace farming activities, this means that we will see a gradual decline in farming activities as a result of diversification. This can have negative consequences e.g. for tourism in rural areas, which is often based on the beauty of the landscape that is produced by farming.

Finally, it must be pointed out that in the opinion of the evaluator, diversification support, business creation support and tourism support are very similar to each other and could be combined into a single measure. A central feature of all these is that they deal with improving the rural economy and it should be possible to achieve this objective by instead having a combined measure that focuses on sustainable development of the rural economy.

#### *Measures that focus on quality of life in rural areas*

The measures that focus on quality of life in rural areas can be divided into two sub-groups, namely measures that deal with services, rural heritage and village renewal, and measures that deal with skills acquisition and animation. It is of course difficult to define 'quality of life' and this has not been done explicitly in the RDP. Nevertheless the concept is defined implicitly through the choice of activities that qualify for support and the conditions of the support. Since quality of life can include

different components for different people, this can have a negative effect on both the uptake and the outcome of the measures.

The first sub-group of measures was analysed with the help of interviews and surveys. The analyses showed that the measures are exploited to a very small extent. This in itself means that their importance in contributing to achievement of the objectives must be regarded as very limited. Furthermore, three county administration boards have received over 40 percent of the funding granted, which means that the measure is unevenly distributed throughout the country. This further decreases the potential for contributing to the objective of improving the quality of life and attractiveness and counteracting economic and social degeneration.

On the one hand, the analyses indicate that the reasons for the low uptake are that the county administration boards have not prioritised these measures; that administrative procedures were initially underdimensioned and were not in place at the start of the period; and that the measures partly concern areas that do not lie within the traditional area of responsibility of the county administration board. On the other hand, the analyses indicate that the low uptake can result in the project support being perceived as being too administratively cumbersome and overcontrolled by the target groups for which the support is intended. A possible solution can therefore be to decrease the degree of detailed control in the administrative system and instead work with an assessment of the effectiveness as regards capacity building and development-related project activities.

The measure Basic services is intended to support solutions at local level for service problems in rural areas and to support local culture and recreation. However, this funding does not appear to have reached the relevant actors for developing such solutions to any major degree. In general, the activities must therefore be regarded as only making an insignificant contribution to the objectives of the measure, although individual projects may have had considerable effects at the local level. Only a few aspects that can be judged to be related to quality of life were influenced by the projects carried out and the evaluator found that these projects had scarcely contributed at all to the attractiveness of rural areas or to counteracting economic and social decline in rural areas.

Similar conclusions were reached for the measure Conservation and upgrading of the rural heritage. The analyses showed that the funding granted within the framework for this measure generally had little significance for the objectives which the measure was intended to achieve: the attractiveness of rural areas, sustainable management and development of areas of outstanding natural beauty and quality of life in rural areas. Issues of cultural heritage were relatively better provided for than those of natural heritage. Local projects focusing on conservation and upgrading of concrete areas of natural beauty are very few and cases of local management of nature conservation concerns are generally lacking.

As regards the analyses of projects carried out within the framework of the measure Village renewal and development the picture appears somewhat brighter. Admittedly only a few projects have been carried out, and here too the contribution to quality of life, attractiveness and economic and social development has been limited. However, the aim of the measure is to contribute to village renewal and as regards the funds granted, the evaluator came to the conclusion that these may have had a certain impact on optimism, participation and social interaction in rural areas. The measure is considered to have the potential to be important for the quality of life in rural areas in the future, but this would require the activities carried out within the measure to be extended and to be more comprehensive.

The second sub-group of measures, those dealing with skills acquisition and animation, consists of two measures, namely measure 331, A training and information measure for economic actors working in the fields covered by Axis 3 and measure 341 a skills acquisition and animation measure with a view to preparing and implementing a local development strategy. The former consists of skills development provision for the implementation of other measures within Axis 3, while the latter consists of measures to facilitate the implementation of LEADER and is therefore dealt with in conjunction with Axis 4.

The training and information measure for economic actors working in the fields covered by Axis 3 was analysed with the help of descriptive survey data collected by Statistics Sweden on behalf of the Swedish Board of Agriculture. The analyses showed that the support can be con-

sidered to have contributed to some extent to objectives such as improving the human potential in such a way that diversification of farming activities to other types of activities can be facilitated. However the support must be regarded as having a limited effect as regards its ability to contribute to improving the quality of life in rural areas.

### **4.3 Balance between measures**

The measures focusing on the quality of life in rural areas can be said to be capacity building for a number of vital aspects of rural areas, such as entrepreneurial efforts and social development. The measures include projects that are very similar and it is unclear whether the subdivision is effective. It is also unclear whether it is effective to distinguish them from the matters covered by LEADER. Although measures 321, 322 and 323 have had very limited uptake to date, and have therefore had very limited significance, the activities for which the support is intended should have the potential to contribute to rural development. In a comparison between these measures and the group of measures focusing on the rural economy, the latter therefore appear to occupy a disproportionately large part of the budget for Axis 3.

### **4.4 Synthesis and conclusions**

The evaluator has come to the conclusion that measures within Axis 3 that focus on strengthening the rural economy (measures 311 – 313) cannot be regarded as having reasonable grounds for public funding in those cases where the activities of the business are in demand on the market and have the potential to be competitive in the long term. In these cases there should be no problems in finding capital on the private capital market. However, activities that encourage sustainable development, but for which there is not sufficient demand on the market to ensure sustainable rural development, should continue to be supported by the measures within axis 3.

Measures within Axis 3 that focus on the quality of life in rural areas should have good potential to be capacity building, although the theoretical grounds are weak. However, the low uptake of these measures hampered the analysis. These must be better marketed in future, and the funding should be granted to projects with high potential to contribute to the objectives of the measures.

## 4.5 Recommendations

Measures 311, 312 and 313, which are intended to strengthen the rural economy, should be combined into a single measure that is directed at all businesses in rural areas with the aim of stimulating growth of sustainable development that would not take place to a satisfactory extent through only private initiative. Furthermore, on theoretical grounds there is actually no reason to separate these measures from the support for investments in farm businesses and investments in processing of agricultural and forestry products in Axis 1. The proposal is therefore to incorporate measures 311, 312 and 313 into one of these measures, that should be targeted at all rural firms.

Activities that have the potential to become competitive and profitable in the long term would probably be able to obtain sufficient funding on the private capital market and should therefore not be supported by public funding.

Measures 321, 322 and 323, which can be regarded as capacity building for economic and social development in rural areas, should be given a greater share of the budget. For example, a redistribution can be made from activities within measures 311, 312, 313, for which public funding cannot be justified as discussed in the paragraph above. However, measures 321, 322 and 323 need to be utilised considerably better if their potential is to be realised. This will require precise definition of the objectives and greater management by objectives of project activities. In addition, knowledge about the measures needs to be increased. Therefore we strongly recommend that they be better marketed.

By transferring measures 321 and 322 to Axis 4, overlaps with Axis 4 could be avoided. Measure 322 already overlaps to a great extent with LEADER. Transferring measure 321 to Axis 4 would increase the local embedding of project activities and allow municipalities to be engaged in realisation of the objectives of the measures to a higher degree. Both measures would also ensure better distribution throughout the country. On similar grounds, the parts of measure 323 that deal with the conservation and upgrading of the rural heritage should be transferred to Axis 2, since there is no reason to provide support for investment in natural environments in different axes.

# 5

## Axis 4 – LEADER

Axis 4 is a horizontal axis in which the former Commission initiative LEADER has been introduced as an approach in the RDP. LEADER is intended to contribute to the overall objectives of the RDP, to achieving the targets of Axis 1, 2 and 3, to contribute to better governance in rural areas and to support endogenous development in rural areas.

LEADER is characterised by a territorial approach, i.e. measures are carried out in distinct geographical areas. LEADER is intended to contribute to better governance in rural areas through public sector collaboration with the private sector and civil society. Local partnerships, so called Local Action Groups (LAG), in which representatives from these sectors participate, are therefore central to the LEADER method. The LAGs make decisions on project funding based on local strategies that are constructed according to the conditions and needs of the area. LEADER is also intended to mobilise the endogenous development potential of rural areas, which involves an emphasis on a capacity building approach. The work is expected to be imbued with a bottom-up perspective, local embedding, networking and cooperation, horizontal integration of measures, multisectoral approaches and learning.

LEADER is implemented through three measures in Axis 4: *Implementing local development strategies* (411, 412, and 413), *Implementing cooperation projects* (421), and *Running the local action group, acquiring skills and animating the territory* (431). Prior skills development to support the creation of LAG ahead of the establishment of LEADER was achieved through the measure *Skills acquisition and animation measure with a view to preparing and implementing a local development strategy* (341) in Axis 3. This evaluation of LEADER covers all these measures. The measures in Axis 4 together comprise 7 percent of the RDP's budget. The budget for the measures within Axis 4 is shown in Table 5.1, which shows that LEADER is primarily expected to contribute to the objectives of Axis 3. The programme's allocation of the LEADER budget across axes and measures is also intended to be reflected in the LAG budgets.

**Table 5.1: Budgetary allocation to measures within Axis 4**

|                   | <b>Total budget (m euro)</b> | <b>Percentage of budget</b> |
|-------------------|------------------------------|-----------------------------|
| 411 LEADER Axis 1 | 7,8                          | 4                           |
| 412 LEADER Axis 2 | 36,2                         | 20                          |
| 413 LEADER Axis 3 | 96                           | 52                          |
| 421 Cooperation   | 7,8                          | 4                           |
| 431 Running costs | 36,9                         | 20                          |
| Total, Axis 4     | 185                          | 100                         |

Source: The Swedish Board of Agriculture

This evaluation was based on a survey of project owners, staff at county administrative boards, LEADER staff and LAG chairpersons, and on case studies in three LEADER areas.

### **5.1 Measure 341 – Skills acquisition and animation measure with a view to preparing and implementing a local development strategy**

The objective of measure 341 was to support the creation of LAGs, the formation of LEADER areas and the development of local strategies. The measure contributed to the creation of 63 LEADER areas, which cover practically all rural areas in Sweden. In relation to indicators, the supported activities have been very successful. In relation to the evaluation question regarding the extent to which the supported activities have contributed to *implementing local development strategies and measures for rural development* after establishment of the areas, the outcome is more uncertain. It is not uncommon for LAG members to be poorly acquainted with the LEADER approach and the group's local strategy, which they were often not involved in formulating. The funding model for LEADER has resulted in the areas having widely different economic circumstances for carrying out their activities.

Within the programme period, continuing efforts to consolidate the partnerships are recommended. In the longer term, LEADER areas should be formed on the basis of development-related criteria and only then receive centrally allocated base resources in relation to the criteria. This is related to the recommendations for measure 431 given below.



## **5.2 Measures 411, 412, 413 – Implementing local development strategies**

The measure relates to the implementation of local development strategies and project activities. The codes 411, 412 and 413 refer to the axis in the RDP to which each project relates. As Table 5.1 shows, it is assumed that LEADER will mainly work in relation to Axis 3. Project activities have progressed to varying extents in the different areas, mainly owing to the LAGs being created at different times. During spring 2010 the pace of these activities increased.

The question on how LEADER has contributed to better governance in rural areas is answered partly by an analysis of the horizontal aspect of governance, i.e. how the partnerships are functioning, their legitimacy and work. As with the analysis of measure 341, the evaluation showed that there are certain shortcomings, but there is much to indicate that the partnerships have good scope to improve governance. As regards the vertical aspect of better governance, i.e. the administrative context within which the LAGs operate, the analysis shows counterproductive effects. An administrative process, detailed reporting requirements and tools that are not suited to the activities attract comment. The widespread feeling of being mistrusted by authorities risks hampering the implementation of the political objectives and undermining social trust in the activities.

Regarding the evaluation question on the contributions to endogenous development in rural areas, the answer is that the conditions for this exist, mainly through the bottom-up perspective being emphasised at all levels. This has had a clear impact on the project activities. As regards the question of how the LEADER approach has contributed to introducing multisectoral approaches and to promoting collaboration, there are indications that the measures have contributed, but project owners do not relate this to LEADER to any major degree. Multisectoral methods are not uncommon, but could be given more attention. As regards the contribution to the priorities in Axis 1, 2 and 3, it appears to have been difficult to develop projects within Axis 1 and 2, which may be partly due to the mobilising character of Axis 3 being important at the begin-

ning of the programme, but also to the sectorial approach in Axis 1 being difficult to fit into LEADER.

It is suggested that the administrative system should be more characterised by management by objectives and LAGs given increased responsibility for project administration, with the Swedish Board of Agriculture as the single administrative authority. At the same time, models for exchanges between LAGs and regionally relevant development bodies should be drawn up. Additional recommendations to increase the contribution of LEADER to mobilising the endogenous developmental potential of rural areas are to: 1) reintroduce a focus on innovation; 2) allow LAG to work with business support; and 3) allow LAG to cooperate with actors associated with major conurbations. Finally, it is proposed that the project allocation to the programme's Axis 1-3 be replaced by indicators for target areas that are linked to these. As a consequence of the proposal for management by objectives, two levels of indicators are suggested, one level based on local strategies and the other on national priorities.

### **5.3 Measure 421 – Implementing cooperation projects**

The objective of this measure is for all LAGs to participate in cooperation projects, interregionally within Sweden or transnationally. The underlying motive is to generate experiences that can lead to new, more efficient methods and ideas for development within the local area. Very few projects have been approved and none have been completed. Probable reasons are, apart from many areas being in early stages of development, that it is regarded as complex in administrative terms and time-consuming to develop cooperation projects. The projects that have been implemented show that the measures have been used for cooperation on specific issues (for example the young), or for joint projects that cover a particular geographical area, e.g. destinations, walks, etc. It is not uncommon for a party other than LAG to initiate and run projects. The rural development network should continue to provide examples of potential cooperation projects and to create meeting places for developing joint projects. Learning and exchanges of experiences should be emphasised in the projects. If there is serious intent to encourage cooperation projects, this measure's potential share of the budget should be in-

creased. Interregional projects could potentially be integrated into 411-413.

#### **5.4 Measure 431 – Running the local action group, acquiring skills and animating the territory**

This measure aims to fund the running of the LEADER office and the work of the LAGs. The support has contributed to increasing the capacity of LAG to implement local development strategies to a varying extent. The differences between groups relate to the allocation described in measure 341. Some groups have very little means for running the activities, something which hampers the implementation of Axis 4

A working group should be appointed to develop a model for allocation of resources before the next programme period that takes account of the variations in development conditions between rural areas in Sweden. LAGs with very limited operating budgets should be given additional funding even within the current programme period. In the longer term, it is proposed that all groups be given the base resource of 1 post for running LEADER.

#### **5.5 Balance between measures**

The evaluation suggests that in the long run means for measure 431 *Running the local action group, acquiring skills and animating the territory* partly should be allocated per LAG and not in proportion to projects means in measures 411, 412 and 413, and 421. In the long run it is also suggested that the part of the budget possible to use for cooperation in 421 should be increased. Interregional project may also be integrated in measure 411, 412 and 413.



# 6

## Horizontal Evaluation Questions

### 6.1 Introduction

The horizontal evaluation questions include both issues that to some extent already were covered by the analysis of the individual measures and new issues related to the overall objectives of the Union, design of the programme and administrative routines. In the presentation below, more emphasis is given to those new aspects.

### 6.2 Contribution to employment and growth

This section refers to the horizontal evaluation question 1.

For the counterfactual analysis of the overall effects on *employment and income* of the RDP (question 1), municipal level data were used. No effect on employment, and only a limited positive effect on income growth was found (an increase in RDP-support of 1 percent would increase income growth by 0.01 percent or by 0.005 percent if the effect of Pillar I support also were accounted for). However, there were questions regarding the direction of causality (i.e. whether the RDP-supports generate the growth in income or whether the RDP-supports primarily have been granted municipalities with higher than average income growth). It was concluded that it is the RDP-supports that caused the growth in income because the environmental payments, which dominate the spending, primarily are area-based. Also other measures, those containing the bulk of the funding, are granted to rural firms regardless of their location.

### 6.3 Contribution to sustainable development and environmental objectives

This section refers to the horizontal evaluation questions 2-3.

The prioritized environmental objectives highlighted in the question include biodiversity, water quality and climate. Several environmental payments contributed to preservation of biodiversity, in particular payments for biodiversity and cultural heritage, which have resulted in more pastures and grazing animals remaining in production. The pay-

ments for organic production contributed to decreasing use of pesticides which can promote biodiversity in certain cases.

Water quality was improved by reduction of nutrient leaching. The payments that are most effective, measured per hectare, concern wetlands (nitrogen) and buffer zones ((phosphorous). The uptake of the measures was, however, low limiting the total effect.

An assessment of the impact of the programme on the emission of green house gases based on the model CAPRI indicates that in the absence of the payments the emissions would have been somewhat smaller due to fewer grazing animals and fewer hectares in use. The model does not give any indication, however, as to the fate of the abandoned agricultural land, which may affect the overall impact.

#### **6.4 Contribution to economic and social cohesion**

This section refers to the horizontal evaluation question 4.

Due to the lack of data it was not possible to establish whether the programme has contributed to the equalization of individual incomes. Moreover, the level of income of the applicant is not used as a criterion while granting the support. As to the equalization of regional (municipal) incomes, it can be observed that the total rural development payments per capita in a municipality are negatively correlated with the average income level in the municipality. Hence, payments have favored low income municipalities. A conditional convergence of the incomes seems to have occurred during the analyzed period but this does not necessarily imply that the convergence is linked to the programme.

#### **6.5 The targeting of relevant areas and needs**

This section refers to the horizontal evaluation question 5-6.

Natural conditions for agriculture vary considerably from very favorable in the southern plains to difficult in the northern regions, which are dominated by forest. In the northern parts of the country, the growing season is much shorter, farms are smaller and distances between farms and to the markets are longer. These parts of the country are also much more sparsely populated and experiencing depopulation. Simulations

with agricultural sector model CAPRI indicates that removal of all Axis 2 payments (i.e. almost 70 percent of all payments) would cause an income loss between 40 percent and 30 percent in the most affected regions in the northern parts of the country. By comparison, the decline of farm income in the southernmost region of Scania would be only 8 percent. Accordingly, the programme has targeted the most relevant areas and needs.

## **6.6 Contribution to increased efficiency in the agricultural and food processing sector.**

This section refers to the horizontal evaluation questions 7-10.

To investigate to what extent the RDP had contributed to *structural change and modernisation in agriculture* (question 7), the analysis was focused on the support measures specifically targeted on these issues (i.e. setting up young farmers, modernisation of agricultural holdings, and adding value). The effects of each of these three measures were analysed using firm-level data. The analyses found no indications that the support to setting up young farmers had contributed to structural change and modernisation of agriculture and only very marginal effects of the other two support measures.

The analysis of the RDP's contribution to the *development of high-quality products* (question 8) shows no indications of an increase in the number of high-quality products as a result of support to modernization or adding value. The results from the analyses of the two measures in Axis 3 are not as clear cut. The recipients of the supports seem to diversify and develop new products to a greater extent than non-recipients. However, it cannot be ruled out that these supports primarily have been granted to firms that already have had ideas for new product lines and products.

As to the remaining two questions; the RDP's contribution to *creating a strong and dynamic European agricultural sector* (9) and to the *enhancement of innovation in the European agricultural sector* (10), it may be concluded that these effects primarily would occur as a result of the programme's effects on the national agricultural sector. The effects of the support to

investment in human capital could not be analysed due to lack of data but it is unlikely that the effects could be very large since the measures primarily consist of short courses. Analysis of the effects of the support to modernisation of agricultural holdings and the support for adding value revealed that recipients of these supports invest marginally more than other firms. However, the analyses found no indications of that the support had improved efficiency. The analysis of the effects of the support to setting up young farmers found no indications of that it had contributed to structural change. Hence, the overall conclusion was that the RDP's contribution to creating a strong and dynamic European agricultural sector and enhancing innovation in this sector is negligible.

### **6.7 Contribution to partnerships, equality and complementarities and cohesion**

This section refers to the horizontal evaluation questions 11-13 concerning the RDP's contribution to strengthened partnerships at regional, national and European level, to promoted quality between women and men and to complementarities and coherence between EAFRD and other EU funds.

It is not realistic to expect signs of strengthened partnerships as a consequence of the RDP, as only a negligible part of the budget for Axis 4 is allocated to arrangements of this kind of activities. Besides, the measure has not yet been fully made use of. Regarding ensured complementarity and coherence between EAFRD and other EU funds a national working group has been established in order to draw up coordinating rules for the handling of supports from different funds in the same area. The outcome of the working group has not yet been evaluated.

Still the main part of the applicants for support from Axis 1 and 3 is men, though an increased part of women is applying and also receiving support (e.g. the start-up support) in the ongoing programming period compared to the former. It is however difficult to judge whether this is a result of the RDP or an effect of the ongoing development in the society.



## **6.8 Maximizing of synergies**

This section refers to the horizontal evaluation question 14.

The four axes of the programme cover different aspects of sustainable development, economic, social and environmental. This creates synergy as all three are essential for sustainability. However, it is not possible to establish whether maxim synergy has been created. Only in few cases synergies between specific measures could be analyzed. However, the desired correlations were difficult to prove.

## **6.9 Contribution to integration, administration and international networking**

This section refers to the horizontal evaluation questions 15-17 concerning an integrated approach to rural development, technical support to managing authorities and the role of the European Network for Rural Development in order to establish good rural development practices.

The main part of the RDP funding is directed to agri-environmental measures and to agricultural holdings. This restricts the possibilities to achieve integration with other actions targeting at development of rural areas and rural based firms in general.

The means for technical assistance has undoubtedly been of importance for implementing, managing and controlling the RDP and for preparing data for the midterm evaluation. From an evaluating point of view the quality of data is of essential importance. However, data covering control groups (where this is possible) is still to a great extent missing, and the evaluator strongly recommends this to be attended to before the ex post evaluation.

The ENRD Contact Point, the thematic initiatives and the transnational cooperation has not been working long enough to be meaningful to evaluate in midterm. The evaluator suggests the question should be paid attention to in the ex post evaluation.

### **6.10 Avoiding deadweight and encouraging multiplier effects**

Deadweight occurs when support is paid to activities that are profitable for private investors because such activities are likely to materialize even in the absence of the support, provided that rural credit markets are operating satisfactory. In the case of investment support and support to processing, funds are granted to promising ventures. Accordingly, it is reasonable to expect that public money replaces private money to a large extent, which has also been confirmed by the econometric analysis. Also in case of support to diversification, business creation and encouragement of tourism, potentially economically viable activities are targeted and the risk for deadweight is not negligible. Environmental payments in Axis 2, targeting public goods and other environmental benefits, are, on the other hand, less likely to generate deadweight even though some of those public goods are produced jointly with agricultural production. The similar can be said about capacity building measures in Axis 1, 3 and 4.

With respect to multiplier effects, it can be stated that effects on growth and employment that were examined in horizontal question 1, referred to the net effects, i.e. multiplier effects were accounted for in the analysis. Since the reported impact was small, it can be presumed that the multiplier effects were limited.