

Rural development
programming in ***Principistan:***

Land of Wine and Honey

Good Practice Workshop
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Presentation outline

PART 1: Introduction to Principistan

PART 2: Overview of the sequential logic of programming in Principistan

PART 3: M&E system

PART 4: Conclusions and recommendations

Part 1. Introduction to Principistan

- Pre-candidate country
- Scarce resources for programming
- Humble and pragmatic approach
- Country of wine and honey
- Big challenges in rural development

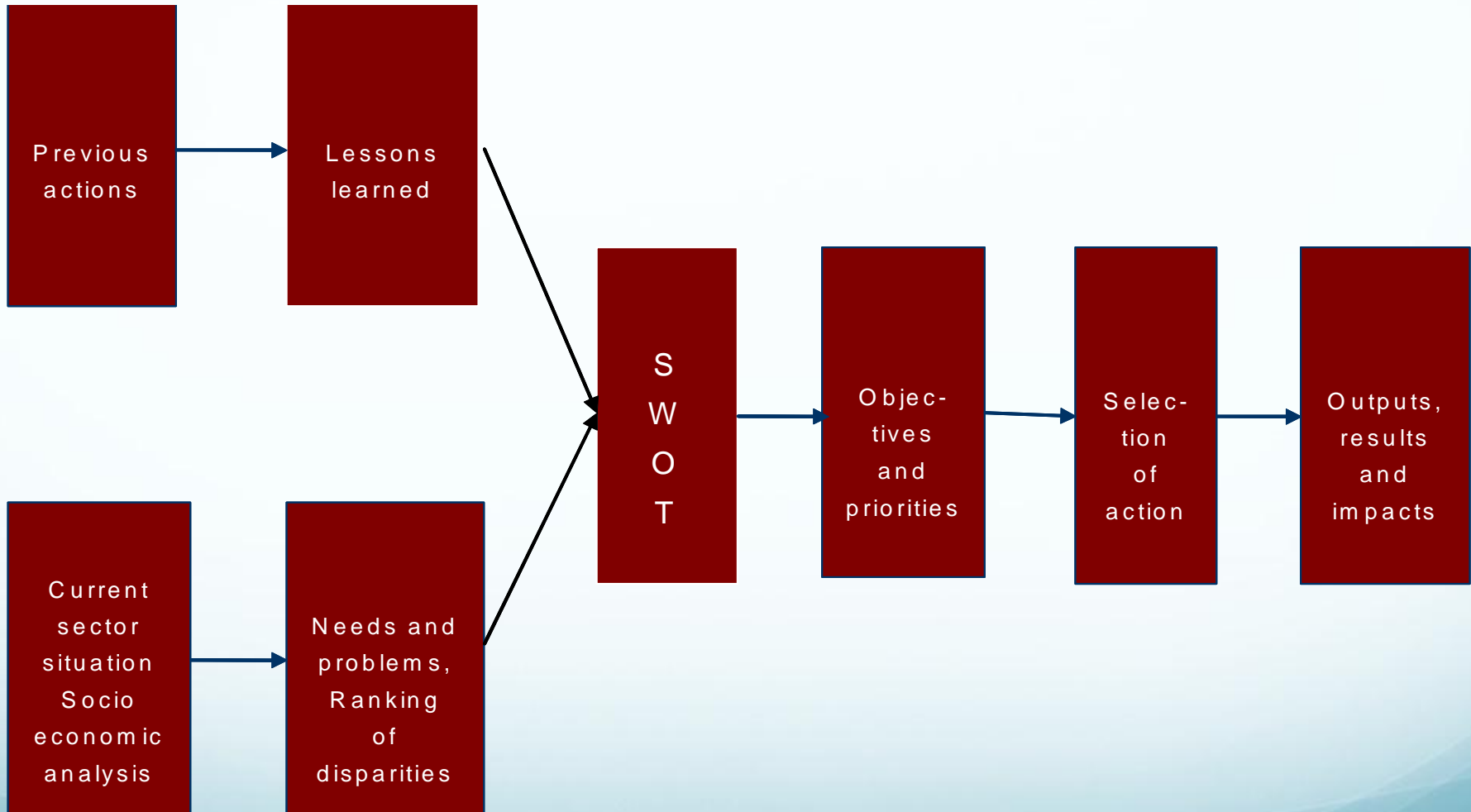
Part 2. Overview of the sequential logic of programming in Principistan

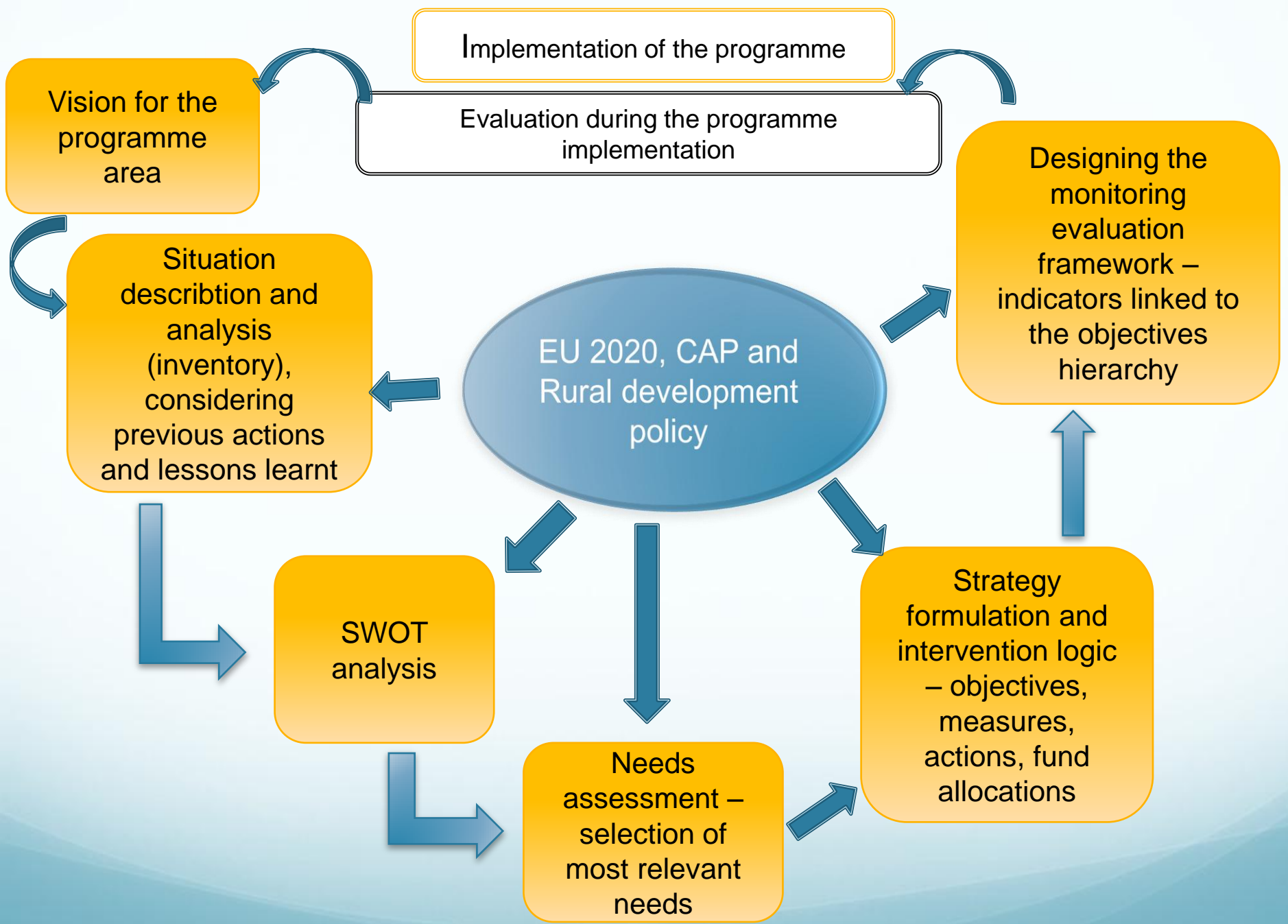
1. Step 1: Analysis of the current situation (is actually many small steps!)
2. Step 2: Needs assessment: Ranking of problems, needs and disparities
3. Step 3: Global objectives of the RDP: The vision of agricultural and rural development in Principistan
4. Step 4: SWOT
5. Step 5: Objectives hierarchy and intervention logic; the chosen strategy

Not included here:

- Step 6: Actions to be taken = RDP measures under pillar 2, pillar 1 support and national schemes + donor support on project basis
- Steps ahead: Other topics: Financial plan, management and other information, not relevant here

Our sequential logic of programming in Principistan





Step 1: Analysis of the current situation – how to structure it?

- Use ad hoc available statistical information and descriptions?

Or

- Use 2007-2013 Context indicators from the CMEF guidance note G?

Or

- Use the RD priority related list of context indicators?

Or

- Combine the various approaches?

- What did others do?

What we did, and what you
may consider doing!

Between fiction and reality

Step 1: Analysis of current situation and the *sub-steps* to take

1.1: Use *general context indicators* to describe and analyse the general background information

1.2: Use *economic and environmental context indicators* to an overall economic context analysis

1.3: Focus on *RD priorities*, one by one, and define your objectives for each priority. Start with priority 2: Competitiveness and viable farms

1.4 – 1.8: Continue with 3, 4+5 and 6 and end with 1 as horizontal objective

Sub-step 1.1: Analysis of current situation – Use country background information

- Selected **general** context indicators
 - ✓ Name: Principistan (**new**)
 - ✓ Location, area, climate zones, types of landscapes (**new**)
 - ✓ Inhabitants: Numbers (**new**)
 - ✓ Languages and religions (**new**)
 - ✓ Population density: Inhabitants/km² (**CI 53**)
 - ✓ Age structure: % people aged various intervals (**CI 54**)
 - ✓ Designation of rural areas: OECD method (**CI 37**)
 - ✓ Importance of rural areas: % territory in rural areas; % population in rural areas, GVA and employment in rural areas (**CI 38**)

Sub-step 1.2: Analysis of current situation – Focus your country background information

- Selected **economic** context indicators
 - ✓ Economic development: GDP, absolute figures and growth (new)
 - ✓ Economic development: GDP per capita, absolute figures and growth, EU index (CI 1)
 - ✓ Structure of the economy: GDP by sector and branch, absolute figures and growth (new)
 - ✓ Structure of the economy: GVA (%) by branch (primary, secondary, tertiary sector) (CI 55)
 - ✓ Labour force: Numbers
 - ✓ Employment rate: Share of total and numbers (CI 2)
 - ✓ Structure of employment: % employment per sector (primary, secondary, tertiary) (CI 56)
 - ✓ Unemployment: Rate of unemployment of active population (CI 3)

Sub-step 1.3: RD priorities, one by one.
First overall objective: Viable food and **agricultural**
production

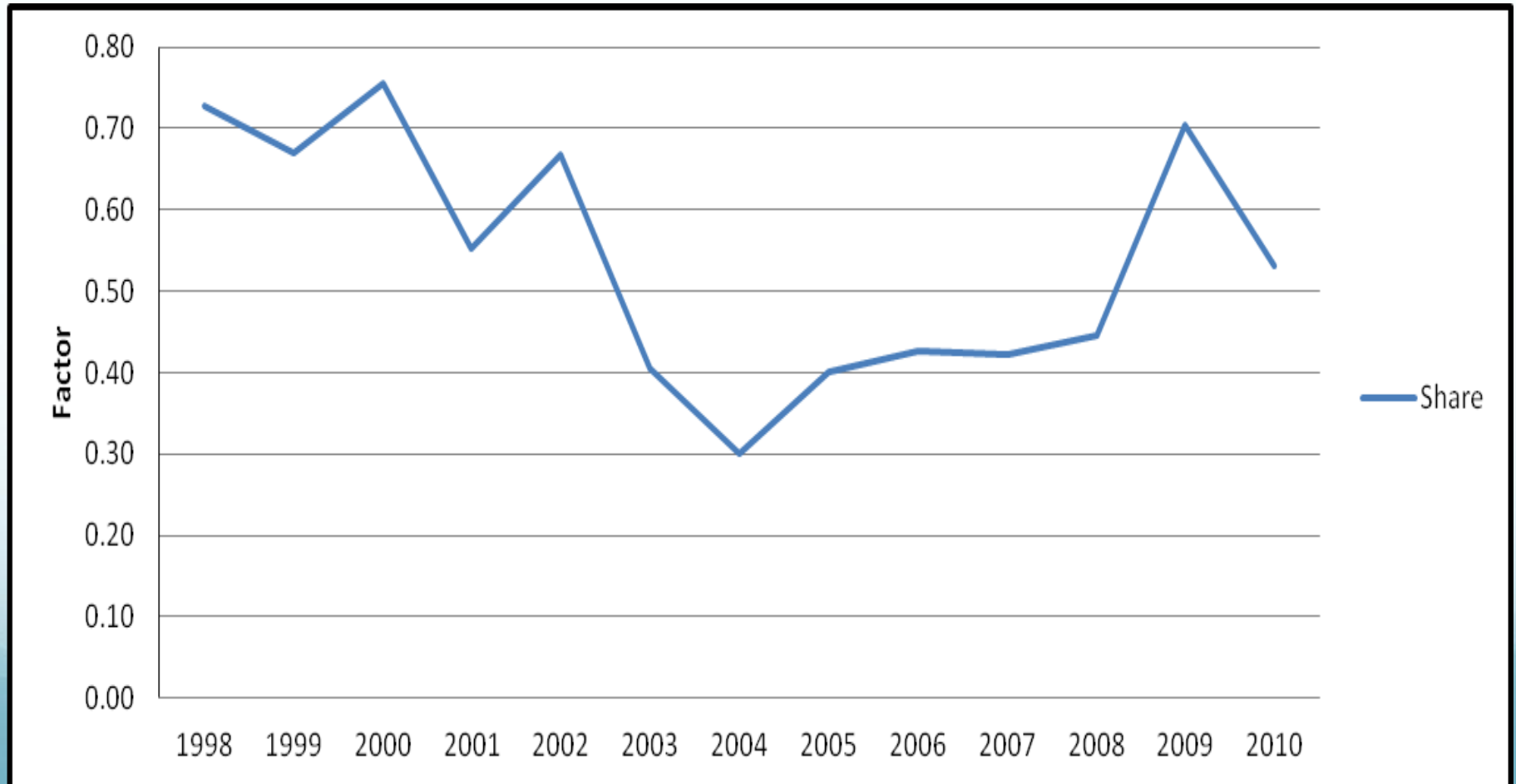
Priority 2: Enhancing competitiveness of agriculture and farm viability

- Follow a value chain approach: From grape to glass and back again!
- But start with the overall objectives related to the priority
- What determines high **competitiveness**?
- What determines **farm viability**?

Define Competitiveness

- Competitiveness is defined as the relative share of the market of a specific product on a defined market
- Competitiveness is *demonstrated* in the market (fork and glass!), but is *determined* in production (farm and grape!)
- Can we provide an example? Yes, we can!

Example: Share of domestic market in Principistan



Competitiveness determinants: Which indicators to use in analyses of the value chains?

- ✓ Productivity (TFP): $GVA/Unit$ costs
- ✓ Labour productivity: GVA/AWU or FTE
- ✓ Economics of scale (for some types of products, not all)
- ✓ Product quality
- ✓ Farm structure
- ✓ Value chain organisation
- ✓ Other factors?

Select RD priority 2 context indicators to describe and analyse your value chains (a)

- ✓ Agricultural and food industry GDP: Share of total GDP and absolute **(new)**
- ✓ Land and land use: Total area, Agricultural land, Utilized Agricultural Area (UAA), types of utilization - ha **(CI 39)**
- ✓ **Farm structure: Number of farms, average farm size – ha, economic size – GVA or Turnover (CI 40) Data below on next slide!**
- ✓ **Farm fragmentation: Number of parcels, size of parcels (new) Data below on next slide!**
- ✓ Utilization of resources: Yield per ha, per animal, per bee hive, others **(new)**
- ✓ Agricultural and food industry GVA: Share of total GVA and absolute value **(CI 9 and CI 13)**

Farm structure: Example of competitiveness determinant in Principistan

Small scale farming is an obstacle for economics of scale, technology investments and high productivity and hence for high competitiveness

Ha interval	Estimated number of households	Total number of ha
0.001 - 0.5	10,216	1,268
0.51 - 1	367	211
1.1 - 2	212	203
2.1 - 5	135	338
5.1 - 10	19	97
x > 10.1	39	1,352
TOTAL	10,989	3,468

Farm fragmentation: Same problem!

Municipality	Vineyards, ha	Parcel average area, ha	Total parcels, numbers
1	1,073.57	0.50	2,147
2	270	0.18	1,667
3	3.53	0.05	66
4	101	0.09	1,177
5	42.27	0.19	222
6	372	0.18	2,123
7	328.55	0.25	1,307
8	350	0.50	700
9	30	0.09	333
10	85.9	0.08	1,063
11	770	0.23	3,403
TOTAL	3,456.82	0.24	14,208

Select RD priority 2 context indicators to describe and analyse value chains (b)

- ✓ Productivity (TFP): GVA/Unit costs (new)
- ✓ Labour productivity: GVA/AWU or FTE (CI 6 and CI 10)
- ✓ Gross Fixed Capital Formation: Absolute and % of total (CI 7 and CI 11)
- ✓ Employment in primary and food sector: Absolute and share of total (CI 8 and 12)
- ✓ Product quality: Number of recognised quality products, value and share of production (CI 76 + new)
- ✓ Organic production: area covered, number of certified producers, value and share of production (CI 23 + new)

Define Farm viability

- A viable farm is a farm able to generate an income for an average farm family equal to the (average *or* minimum) income level of the economy

Select context indicators for farm viability

- ✓ Gross farm income per farm (CI 61 modified)
- ✓ Gross value added per farm – GVA (CI 9 modified)
- ✓ Standard gross margins – SGM: If FADN is in place (new)
- ✓ Economic Size Units – ESU (CI 61 modified, CI 16 on semi-subsistence farms)

Sub-step 1.4: Viable food and agricultural production: RD Priority 3

Priority 3: Promoting food chain organisation and risk management in agriculture

- Indicators for organisation
 - ✓ Producer groups: Number, members, turnover, area, absolute and share of total (new)
 - ✓ **Commercial production and sales: volume and value, absolute and share of production sold on the market (new) See example below!**
 - ✓ Commercial production sold on markets: Absolute and share to middlemen/traders; green/fresh markets, contracted processors (new)
 - ✓ Vertical cooperation: Number and share of farmers in input-cooperatives, value and share of input purchased through cooperatives (new)
 - ✓ Number of farmers markets (CI 75)
- Indicators for risk management
 - ✓ Number of contractual relations between producers and processors, value of contracts, share of total sales (new)
 - ✓ Others

Example of organization of value chains: Registered and un-registered production of wine in Principistan

	Ha	% of total ha	Yield per ha (kg)	Total yield (kg)	Wine production, litres (0,65 l/kg)
Registered wineries (46)	1,296	40	7,000	9,072,000	5,896,800
Unregistered wine producers	1,944	60	7,000	13,608,000	8,845,200
TOTAL	3,240	100.00	7,000	22,680,000	14,742,000

Sub-step 1.5: Second overall objective: Sustainable management of natural resources and climate action: RD

Priority 4

Priority 4: Restoring, preserving and enhancing ecosystems dependent on agriculture and forestry

- Indicators
 - ✓ Biodiversity: Farmland birds (CI 17), HNV land (CI 18), Tree species composition (CI 19)
 - ✓ Water quality (CI 20 and 21)
 - ✓ Soil erosion: Area – ha – in danger (CI 22)
 - ✓ Organic farming (CI 23)
 - ✓ LFA: Mountain areas, Absolute and share of UAA (CI 44)
 - ✓ Less extensive agriculture: Absolute and share of UAA (CI 45)
 - ✓ Natura 2000 designation: Number of ha and share of total (CI 46)
 - ✓ Forestry related indicators, if relevant

Sub-step 1.6: Sustainable management of natural resources and climate action: RD Priority 5

Priority 5: Promoting resource efficiency and shifting towards a low carbon and climate resilient economy in agriculture, food and forestry sectors

- Indicators
 - ✓ Water use: **number of ha** and % of irrigated UAA (**CI 51** and **new**)
 - ✓ Energy efficiency: Consumption of energy (kwh/EUR produced) (**CI 66**)
 - ✓ **Recycling: Value and amount of recycling of waste products and residues** (**CI 67** and **new**)

Sub-step 1.7: Third overall objective: Balanced territorial development of rural areas: RD Priority 6

Priority 6: Promoting social inclusion, poverty reduction and economic development in rural areas

- Indicators
 - ✓ Farmers with other gainful activities (CI 27): Honey production, snails, handicraft, services etc., Value and numbers
 - ✓ Tourism infrastructure in rural area (CI 31 and new): Number of hotels/motels etc., number of beds, number of cellars with tasting rooms and restaurants, number of km wine roads and similar thematic roads, number of producers linked to thematic roads

Sub-step 1.8: Horizontal objectives: RD priority 1

Priority 1: Fostering knowledge transfer and innovation in agriculture, forestry and rural areas

- Indicators
 - ✓ Value of Tech Transfer and innovation in MoA budget, share of total (new)
 - ✓ Number of extension service/rural advisor staff (new)
 - ✓ Budget for extension service and rural advisory service, % of total budget of MoA (new)
 - ✓ Number and share of farmers and agri-processors covered by service (new)
 - ✓ Number and share of farmers and agri processors using information (new)
 - ✓ Number of farmers and agri processors benefitting from services, increased turnover, GVA, quality (new)
 - ✓ Number of new technologies and production principles introduced in agriculture, agri processing and diversification (new)

Sub-step 1.9: Horizontal objectives

- **Institutional development and implementation and enforcement of EU regulatory requirements**
- Indicators (new)
 - ✓ Institutional development: Institutions established and in operation, budgets allocated
 - ✓ Regulatory development: Laws and by-laws prepared and adopted, numbers, relevance for the economy of the sector
 - ✓ Enforcement: System in place and operational, qualifications developed, resources allocated, number of inspections and controls being accomplished

Step 2: Needs assessment: ranking of problems, needs and disparities

Use economic ranking criteria

- ✓ Past and present weight in the economy of the sector/sub-sector/product
- ✓ Future (estimated) weight in the economy of the sector/sub-sector/product
- ✓ Estimate the investment needs for the sector/sub-sector (public and private) to surpass the competitiveness threshold

Add on top also political criteria, if relevant (Yes, it is!)

- ✓ Balanced territorial development
- ✓ Social inclusion
- ✓ Subsistence and semi-subsistence farmers
- ✓ Environmental and nature considerations
- ✓ Other concerns

How do we come from the needs assessment to the strategy?

- After the exercise with the ranking of disparities, problems etc. in the need assessment, we have a picture of the state-of-the-art in rural areas in Principistan
- Next is to decide about the strategy
- The vision can help us frame, what we want to achieve, where we see the sectors and the rural areas in a given period of time
- The needs assessment and the vision can help structure the selection of input to the SWOT
- The SWOT gives us a number of strategies to select among and to choose from!

Step 3: Global objectives of the RDP: The vision of agriculture and rural development in Principistan

The framework for development of the agriculture and rural areas in *Principistan* can be summarized as follows:

- Efficient, innovative and viable agriculture and agri-processing sector capable to sustain the competitive pressure in the national, regional and EU market through a sustainable utilization of resources and
- Viable rural areas providing economic activities and employment opportunities, social inclusion and quality of life to rural residents

Step 4: SWOT

- How to structure the SWOT?
 - ✓ One aggregated SWOT for all overall objectives?
 - ✓ One for each of the 3 overall objectives?
 - ✓ One for each of the 6 priorities?
 - ✓ One for each of the main economic sectors?
- ✓ What is most operational for you? Where do you recognise the real problems and needs in the sector in the SWOT?
- How to select the topics to be included in the SWOT?
 - ✓ Use the ranking and the vision as guiding posts
- Use stakeholder involvement, for example in workshops contributing to ownership, realism, participation and commitment
- The outcome and utility of the SWOT is to a large extent depending on the input

Step 4: Selection of topics to a sector focused SWOT

Strengths:

- Favourable climatic, natural and environmental conditions
 - ✓ Use general context indicators (CI) and priority 4 CI
- High quality of autochthonous varieties and local production
 - ✓ Use priority 2 and priority 3 CI
- Human resources and knowledge in private and academic sector
 - ✓ Use priority 1 and priority 2 CI
- Tradition and passion in production of autochthonous varieties
 - ✓ Use qualitative indicators (new)

Step 4: Selection of topics to a sector focused SWOT

Weaknesses:

- Small and fragmented holdings
 - ✓ Use priority 2 CI
- High production costs (capital and labour costs)
 - ✓ Use priority 2 CI
- Poor cooperation among producers and processors
 - ✓ Use priority 3 CI
- Weak promotion and marketing nationally and internationally
 - ✓ Use priority 2 CI and priority 3 CI

Step 4: Selection of topics to a sector focused SWOT

Opportunities:

- Wine and thematic route tourism under development
 - ✓ Use priority 2, priority 3 and priority 6 CI
- Market for organic production increasing
 - ✓ Use priority 2 and priority 6 CI
- Terroir as focus strategy in the high-end market with increasing potential and demand
 - ✓ Use priority 2 and priority 3 CI
- Available farmland for increased vineyard and other high value product capacity
 - ✓ Use priority 2 CI
- EU and national financial support and interest subsidies

Step 4: Selection of topics to a sector focused SWOT

Threats:

- Increased competition, nationally and internationally
 - ✓ Use priority 2 and priority 3 CI
- Low national attention to consumption of local products
 - ✓ Use priority 2 CI
- Production of wine and other local products of dubious quality among unregistered producers
 - ✓ New programme specific indicators, also for the following topics:
- Uncontrolled imports of grapes and wine and other products of dubious quality
- Complex legislation and at the same time no national level Wine Law
- Lack of control (export, import, quality, seedlings)
- Unresolved legal and property relations
- High interest rates on loans
- Underground economy and unregistered products on the market

Step 5: The hierarchy of objectives and intervention logic

Overall objectives and impacts

- Increased competitiveness in agriculture and agri-processing (Indicators: relative market shares)
- Increased viability in agriculture and agri processing (Indicators: increased income and productivity)
- Improved organisation of the value chains (Indicators: increased share of production sold through formal markets)
- Improved sustainable utilization of resources (Indicators: better land and water utilization, increased recycling)
- Climate change mitigation (Indicators: increased energy efficiency)
- Social inclusion and quality of life in rural areas (Indicators: new income generating possibilities, increased cooperation among producers)

Step 5: The hierarchy of objectives and intervention logic

Specific objectives and results

- Increased farm size (Ha/farm) and reduced fragmentation (Indicators: Number of parcels/ha)
- Increased productivity (Indicators: GVA/AWU)
- Increased professionalism of the sector (Indicators: Increased share of production to market)
- Enhanced cooperation in the value chains (Indicators: Increased number of producer groups and other associations, contracted sales etc.)
- Enhanced cooperation regarding marketing and export (Indicators: Number of marketing and export projects, increased value of sales and exports due to marketing efforts)

Step 5: The hierarchy of objectives and intervention logic

Operational objectives and outputs

- Increased quality production (Indicators: number, volume and value of products registered)
- Increased utilization of resources (Indicators: number of hectares used for quality products, water management, recycling, energy efficiency investments)
- Diversification and tourism investments (Indicators: number, investments, types of output)
- More farmers and agri-processors benefitting from advisory service and tech transfer projects (Indicators: Numbers)
- More controls and inspections accomplished (Indicators: Numbers)

Part 3. Setting up the M&E system

- Context indicators shall reflect the characteristics of the rural areas, which we wish to improve!
- Impact indicators shall and will logically be included in the set of context indicators
- Programme authorities can also develop Programme specific result and impact indicators beside the common ones
- Operations are linked to output indicators
- Organize the on-going data collection to monitor the progress of programme implementation and fulfilment of objectives

Part 3. Setting up the M&E system

Some important questions to be asked:

- Are the baselines for the context indicators prepared?
- Are the defined objectives appropriately described and measured with indicators?
- Are the quantified targets and the expected output, results and impacts well prepared and justified?
- Are the defined quantified targets realistic for each level of objectives: Operational, specific and overall objectives?
- Are the resources allocated for each measure and priority appropriate?
- Is data collection in place for monitoring and evaluation of changes made in context indicator values?

Part 4. Conclusions and Recommendations

- Follow a simple programming sequential logic and follow the KISS principle
- Be specific and operational in relation to your own situation
- Use the provided context indicators, where relevant and not exclusively
- Use programme indicators, which can be used to describe your country and programme specific topics and problems/needs/objectives
- And what else?? Ask the Helpdesk!!

Thank you for your attention!

Time for questions and comments