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**Mid-term evaluation of single farm assistance under the
regulation (EC) no. 1257/1999: methodological
problems, data shortcomings and possible
solutions**

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Mid-term evaluation of single farm assistance under the Regulation (EC) No. 1257/1999: methodological problems, data shortcomings and possible solutions

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Abstract

Assistance of farm investments and less favoured areas are core elements of agri-structural policy in Germany and make up about 16% and 13% respectively of the rural development plans 2000 to 2006. Due to legal obligations, these measures have to undergo a systematic evaluation process. For that purpose the European Commission (COM) elaborated guidelines, which are very helpful for designing evaluations. They contain most relevant questions and propose predominantly sensible criteria and indicators. However, while performing the mid-term evaluation, important difficulties occurred, especially from the application of with/without- and before/after-comparisons. Regarding the EU-level synthesis sought by the COM, many indicators lack a precise definition which is an essential precondition for homogeneous measurement and comparable assessment.

In addition to the methodological problems, many analyses suffer from major data shortcomings. Necessary data is often only available with a large time-lag and/or requires enormous effort to make it usable. Some of these problems can certainly be linked to the specifics of German federalism and the numerous particularities of the respective intervention designs and data gathering on state level. These could lead to considerable additional evaluation costs in comparison to unitarian member states.

Finally, some recommendations for further evaluations are made. The authors see a growing necessity to supplement the evaluation process with scientific studies which are not squeezed into the rigid timetable and analysis frame of the COM, but focus on thematic aspects that need clarification. Currently, there is a trend to invest much money in evaluation at the cost of more profound scientific studies. Among other recommendations, this paper concludes that more efforts should be made to improve the systematic exchange of evaluators' experiences of different member states.

Keywords: assistance of farm investment; compensation allowances; less favoured areas; mid-term evaluation

1. Introduction

Rural development programmes (RDPs) are subject to an obligatory evaluation process under the Council Regulation (EC) No 1257/1999. For this purpose, the European Commission (COM) elaborated a common framework with core questions, criteria and indicators. This framework should enable as standardized an evaluation as possible at the national level, and permit a credible synthesis of the national results at the Community level (COM, 2000). This document constitutes the basis for mid-term, update (facultative) and ex

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post evaluations at the national or regional level.² In Germany, where every federal state designs and performs its own RDP, several chapters of Regulation (EC) No 1257/1999 were evaluated mid-term by one central evaluation body (i.e., FAL³), whereas other chapters were respectively dealt with by state-related evaluators. The programme evaluators on the state level were provided with a measure-related report from the central evaluation body which then was integrated into the programme evaluation report.

Among the centrally evaluated measures are the assistance scheme for farm investments (AFI) and the compensatory allowance (CA) for less-favoured areas (LFA). These measures make up about 16 % and 13 % respectively of planned total expenditures for the German RDPs within the programming period 2000 to 2006.⁴ While AFI is basically offered in every state, CA is of very little importance in Schleswig-Holstein and has been suspended in Lower-Saxony and Hamburg since 1996. For a long time already, both measures play a prominent role in the national agri-structural policy, jointly planned and financed by the federal and the state level.

This article aims to illustrate selected methodological problems and shortcomings in the collection and provision of data with respect to the mid-term evaluation of subsidization measures for farm investment and less-favoured areas.⁵ Finally, we present a few suggestions for overcoming some of these difficulties.

2. Evaluation objectives

Prior to the discussion of the methodological difficulties, it is helpful to portray the central objectives and requirements regarding assessments within the framework of the mid-term evaluation dealing with RDPs. Generally, evaluation of this policy field is aimed at assessing the relevance, effectiveness, efficiency, utility and sustainability of the assisted interventions. Specifics depend on the stage of programme implementation. A key purpose of the mid-term evaluation „is to improve the implementation of the rural development programmes or in certain cases to refocus its aims or priorities“ (COM, 1999, p. 25). A valid basis for follow-up evaluations should be created, meaning a consistent evaluation design and the preparation of a useful database. An update and ex-post evaluation should be able to tie in with the methodology and the database laid down in the preceding evaluation stage. „Mid-term evaluation shall deal with the evaluation questions and shall examine in particular the initial achievements, their relevance to and consistency with the rural development programming document and the extent to which the targets have been attained“ (Art. 56 No 2 of COM 2002a). If a common evaluation question, criteria and indicator is not considered relevant, then „an underpinned justification must be elaborated“ (COM 2002b, p. 2).

The evaluation questions elaborated by the COM refer to almost all relevant aspects of the interventions AFI and CA. They were derived from the respective objectives of the Council Regulation No. 1257/1999 and also mirrored in the national implementation guidelines (Table 1).

2 There will be an update of the mid-term evaluation in Germany since results necessary for designing the RDPs 2007-2013 should be based on an up-to-date database and the mid-term evaluation has not attained enough valid results.

3 FAL is the German abbreviation for Federal Research Centre for Agriculture, which is located in Braunschweig (Lower Saxony) and financed by the national budget.

4 These figures do not account for Bavaria and the new states Brandenburg, Mecklenburg-Western Pomerania, Saxony, Saxony-Anhalt and Thuringia as these states perform their investment assistance outside of the RDPs.

5 These measures were chosen because the authors performed mid-term evaluation on them.

Table 1: Evaluation questions regarding assistance of farm investments and compensatory allowance⁶

Assistance of Farm Investments [Ch. I]	Compensatory Allowance [Ch. V]
I-1 Development of the income of beneficiary farmers.	V-1 Offsetting of income deficits due to natural handicaps.
I-2 Changes in the use of production factors on beneficiary holdings.	V-2 Development of agricultural land use.
I-3 Reorientation of farming activities through * redeployment of agricultural production towards products with favourable market outlets <i>or</i> * more alternative activities (diversification).	V-3 Maintenance of a viable rural community (land use, farm population, standard of living). V-4 Protection of the environment by sustainable farming.
I-4 Increase of the quality of farm products.	
I-5 Employment effects by assisted alternative activities.	
I-6 Increase of environmentally friendly farming.	
I-7a Development of working conditions.	
I-7b Development of animal welfare.	

Source: Own description.

While evaluation questions are quite extensive and relevant, criteria, and especially indicators, are incomplete, sometimes somewhat difficult to understand and unbalanced. Therefore they require numerous supplements (Forstner et al., 2004). Transaction costs emerging from planning, implementation, and monitoring as well as administration-related costs on the beneficiaries' side (e.g., application, queueing time), have generally been neglected in formulating the questions. That is most surprising since in some cases these costs account for more than one third of total costs (Striewe et al., 1996; Mann, 2000). One reason may be that these costs are not very transparent and rather difficult to grasp.

As for incomplete indicators, we can exemplarily point to the question regarding the development of beneficiaries' income after having performed assisted investments. Here the COM limits the analysis of the relevant intervention impacts to the farm, not considering that impacts possibly reach beyond the farm gate depending on rationalisation or production factors, (esp. labour), set free for other purposes, so that farmers can earn additional non-farm income. Further problems arising from insufficiently defined indicators will be mentioned in Section 5.

3. Literature/studies

Since a great share of national financial resources is designed for AFI and CA in less favoured areas (LFA), these measures have repeatedly been under scrutiny in the past.

Analyses of the AFI show mixed results. On the one hand, some judged this measure as necessary and effective (e.g., Beuermann et al., 1996), but on the other hand, it has also

⁶ Since AFI/CA is often referred to as Chapter I/Chapter V according to the numeration of the set of common evaluation questions (COM 2000, Part B), we occasionally use this designation in this paper.

been criticized to some extent due to its failure to meet prominent objectives (e.g., Striwe et al., 1996). The ex-post-evaluation of Regulation (EC) No. 950/97 could not provide much additional evidence for the measure's effectiveness and efficiency (Burgath et al., 2001). A more methodology-oriented analysis by Forstner (1999) showed that the accounting data, used in most preceding empirical studies, can only be drawn upon if major corrective calculations are performed. These necessary corrections largely relate both to differences between economic and fiscal accounting and to the specification of private consumption and private capital building. Questions relating to net effects of the AFI (including deadweight effects, etc.) have not been tackled empirically.

A topic that has hardly been investigated to date are transaction costs; however, initial investigations indicate that transaction costs make up a considerable share of total costs, primarily comprising expenditures for the actual measure, administration costs and opportunity costs (Mann, 2000; Striwe et al., 1996).

The studies mentioned above deal exclusively or predominantly with the development of productivity and profitability of supported farms. In contrast, aspects like animal welfare, working conditions, quality of environmental protection and employment, which are of central significance for current rural development policy, have not been investigated thus far. One noteworthy exception is the report on the ex post-evaluation for the period 1994-1999.

A similar situation applies to CA, where the analyses have resulted in the following major findings:

- due to its original animal-related dimension (effective till 1999), CA contained considerable production incentives (Neander, 1992);
- CA contribute to a slow down of agri-structural change in less favoured areas (Neander, 1994, Köhne, 1988);
- to some extent, the specification of LFA does not correspond to the essential problems (Köhne, 1988, Plankl and Neander, 1994);
- valid evidence for the effectiveness of the CA could not be generated by means of statistical analysis (esp. Plankl and Neander, 1994).

Briefly, CA, as they were implemented, were judged to be not very specific or goal-oriented. Quantitative analysis of the CA is hardly deemed possible due to strong exogenous factors and poor objective-specifications of the measure.

Thus far, neither the studies on the AFI nor those on the CA have provided many valid results concerning the effectiveness and efficiency of the measures. This is mainly because of the respective complexity of the instruments with impacts that are only difficult to comprehend and to assess due to the multidimensional objectives. Additionally, a well-structured goals and means system is missing to enable the classification of certain objectives followed by the applied measures and the evaluation of the instruments. Such systems are indispensable especially if evaluations are needed to deliver recommendations for a reallocation of budgets.

4. Evaluation design

Generally, the evaluation targets the COM-guidelines including the questions, criteria and indicators (COM 2000). This approach centers on answering the core questions of a pragmatic methodological basis without taking cause-impact-relations (e.g., by regression analysis) much into account. The emphasis is on comparisons of farmers supported by the programme vs. non supported peers (counterfactual situation), while simultaneously conducting a temporal comparison (before/after) for the individual participants. At some points, the COM suggests a comparison with target levels (e.g., by means of benchmarking).

Since the AFI impacts of investments need time to materialize (e.g. due to adjustment of work routines), only investments that have been in use for approximately two years or more should be considered in order to record the full extent and range of impacts. Furthermore, in assessment of the development of farm income (I-1), factor productivity (I-2), reorientation of farming activities (I-3), quality of farm products (I-4), and employment through supported diversification (I-5) only investments with productive purposes should be considered. This means that investments aimed at animal welfare, better working conditions and environmentally friendly farming should be omitted for the assessment of these factors. The baseline for the before/after-comparison should be the beneficiary's starting situation in 2000 or before the investment and the respective year for non-assisted peers.

For CA, the calculation of income disparities due to unfavourable natural conditions in less benign areas is based on a comparison with reference areas where farms are not eligible to CA (V-1). For these comparisons the following reference groups are conceivable:

- average of farms in normal areas,
- average of farms in adjacent/neighbouring non-LFA areas,
- average of farms in comparable LFA areas without being granted CA (e.g., areas that lost LFA status).

These reference groups should also be used to answer the question of whether and to what extent CA has helped to ensure continued agricultural land use (V-2). With regard to the maintenance of a viable rural community (V-3), the evaluation design also projects a comparison of farm income with non-farm income within the less favoured areas for which CA is granted. The baseline for the before-/after-comparison should be the starting situation before the programme was implemented or under the previous LFA-scheme.

With respect to both measures the specific indicators should be broken down into relevant classifications, i.e., the type of area zone for CA and the appropriate type of holding for AFI and CA.

Monitoring, FADN, EuroFarm, EuroStat and on-farm enquiries should be used as main information sources. Where possible, national and regional accounts and statistics should be drawn upon. This data shall be supplemented with interviews and surveys (samples).

5. Methodological problems

Difficulties arose in various areas while we tried to perform the outlined evaluation design for the mid-term evaluation. These problems will initially be described and briefly discussed. Subsequently we will make some suggestions for possible solutions.

Measurement of net effects

The objectives of evaluation within the COM-framework can easily be referred to as ambitious. Basically, only effects that can actually be imputed to the public intervention (net effects) shall be identified and evaluated. In doing so it is necessary to consider gross effects as well as dead-weight, displacement, substitution and demand effects. Actually, transmission effects (i.e., prices for land use, financial capital, milk quota, buildings and technical equipment) should also be taken into account in order to find the real net impact of intervention use. Calculating these effects is very tricky and time-consuming, and requires a great deal of information and data; hence it would often be preferable to make use of conclusive theoretical deliberations, expert interviews and surveys in order to make a better assessment of these effects in a better applicable form. Unfortunately, the COM-framework only provides methodological support for the work on most of these effects. Predominantly gross effects are calculated with indications to other effects, which can only be addressed qualitatively.

Counterfactual situation

Both the subsidization for farm investment and for less favoured areas have already existed for many years with only slightly different specifications. Major changes occurred in AFI when upper production limitations in dairy farming were lifted in 1994, and in CA when payments were decoupled from the number of livestock (since 2000). As a consequence, there is no identifiable peer group of farms that was not assisted in the previous ten to 15 years. This is also true for a before/after-comparison of CA because eligible farms were assisted even before the programme period started. The definition of a baseline is especially problematic in the case of CA, since these payments were already granted for many years before the current programme came into existence.

Therefore, it is difficult to determine and to select comparison groups in a strict sense, i.e., potential beneficiaries who were also offered assistance but did not participate. In practice, individuals of a reference group who do not apply for the interventions are mostly not entitled to them and differ in comparison to the individuals of the assisted group.

The composition of reference groups is not sufficiently defined by the COM-framework. As for AFI, we could take (a) all farms not assisted during the observation period, (b) all farms never assisted and (c) all farms not assisted and investing in comparable objects as the farms assisted. Furthermore we could impose restrictions on the comparison with respect to farm type and size. The same is true for CA, where reference groups also are not defined. Due to insufficient guidelines, evaluators have to determine the respective reference group. Since results of evaluations vary considerably depending on the chosen reference group, this lack of determination causes problems for the comparison or aggregation of the results of several measures, especially on the programme-level, and for the validity of a EU-level synthesis.

In addition, it is often very difficult to obtain the necessary information from the individuals in a reference group. This is especially true for data with regard to income, productivity and structural aspects, since there is no legal basis for participation.

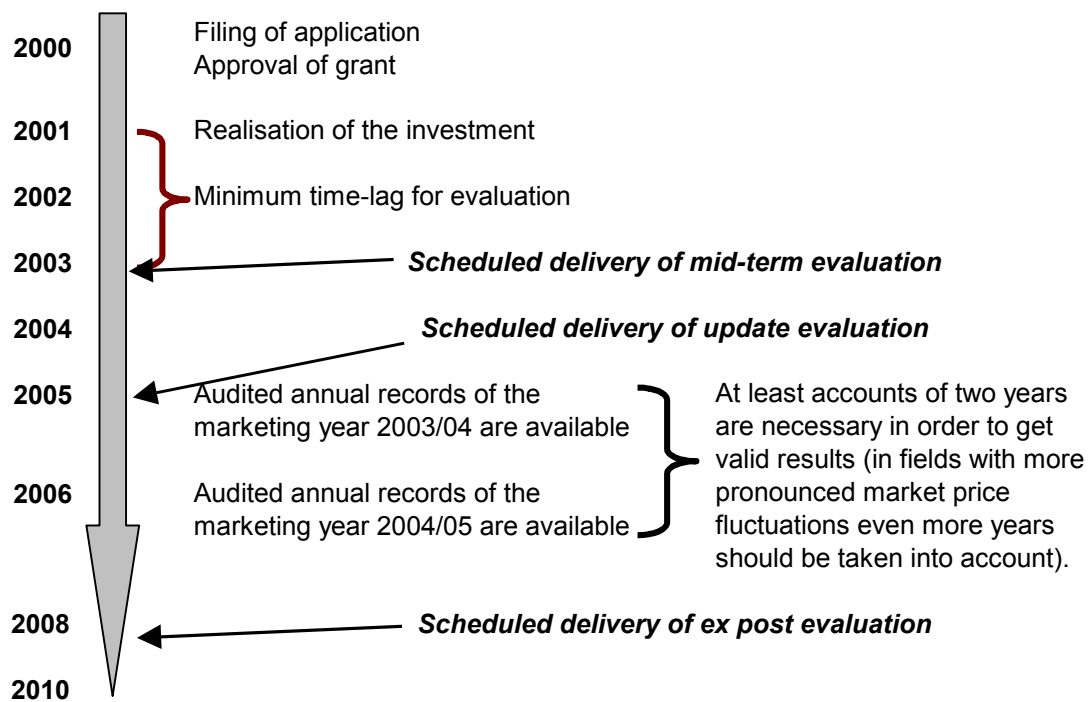
The required break-down of the analyses according to LFA-status (mountain areas, other LFAs and areas affected with specific handicaps), type of holdings (full-/part-time, size, farm production) and regions often cannot be delivered since available data is not sufficient to render valid results (e.g., samples are too small or not representative).

Before/after-comparison

By using before-/after-comparisons we can identify changes owing to the intervention. Since sole comparisons within the assisted farms group do not deliver much evidence, we have to compare them with a reference group (non-beneficiaries). For these horizontal and vertical comparisons we must determine the relevant baseline and the point of time when intervention impacts can be covered. Yet these requirements are not easy to fulfill. The problems, caused by determining reference groups, have already been discussed above. Fixing the baseline is especially difficult for CA, since the intervention is granted continually every year – apart from minor changes in the amount of intervention allowances over time, which follow the public budget situation as well as modifications in political objectives.

Similarly difficult seems to be determining the point in time when the intervention should have materialized. For AFI, Figure 1 shows, that even for approved beneficiaries in 2000, it is difficult to obtain reliable data for an update-evaluation in 2005 since audited annual reports are only available with a considerable time-lag. In addition, at least two or more annual reports are necessary to achieve a valid result due to extensive fluctuations in market prices, crop yields and earnings. Accordingly it seems clear, that approved cases following out of 2003 will not be available for analysis in the ex post evaluation, which is due to be finished in 2008.

Figure 1: Available accounting data within the current evaluation cycle (2000-2008) concerning AFI



Source: Own description.

In case of many assisted investments, it is certainly necessary to adhere to the two-year-gap between realisation and evaluation as recommended by the COM. Larger investments especially incur considerable adjustment and learning costs, and therefore require a time gap before it makes sense to measure intervention impacts. But the establishment of the relevant „after-situation“ relies to a large extent on the question that has to be answered. While questions referring to income and productivity require some distance to the termination of the investments, questions with regard to diversification, animal welfare, environmental practices and working conditions can be assessed earlier. Even though some questions require a large time span in order to be reasonably answered, intervening factors may emerge in the interim that could hamper an appropriate assessment as time goes by.

The use of perennial averages, necessary due to annual fluctuations in production and economic success, causes a strong limitation of the observation period. As for AFI-assessment requiring an additional two-year-gap, single farm accounting data will not even be sufficient in the update evaluation (cf. figure 1).

EU-level synthesis

The COM aims at extensively harmonized national evaluations in order to be able to compile a synthesis report for all member states. Major discrepancies seem to exist between the member states and the COM's objectives concerning evaluation. Member states should favour more individual approaches that are more in line with their policies and interests.

Though the COM prescribed a detailed list of questions, criteria and indicators to achieve harmonization, many indicators are not sufficiently defined. This problem has already been addressed with respect to choice of an adequate reference group („counterfactual situation“). This is not the place to pinpoint all the indicator-related deficits in the COM-framework, but it should be mentioned that different definitions of indicators and reference groups generate major differences in results, and can therefore lead to different assessments.

Ex-ante-evaluation

Most rural development programmes lack a profoundly elaborated ex ante analysis. Quantified target levels are often missed. Hence it is difficult to assess the effectiveness of the respective measures. A later definition of target levels within the mid-term evaluation as suggested by the COM must actually be rejected due to the logic of evaluation. If target levels are nevertheless fixed afterwards, this has clearly to be articulated in the evaluation reports.

Multidimensional measures

The objectives of AFI and CA are of a multidimensional nature (“multiple objective”) and not specified in quantitative terms (target level). These measures lack a consistently devised system of objectives that shows a hierarchy as well as existent complementarities and possible conflicts between the objectives. One conflict, identified also by the COM, exists for the AFI where the COM suggests that questions relating to income and factor productivity should only be analysed by taking farms with productive investments into account. This means that investments aimed at environment, working conditions and animal welfare should not be considered in this context. In practice however, many investors follow several goals and therefore it is difficult to analyse investments in line with their specific goals. It would be much easier to trim the policy measures to one or few core objectives.

Nature of impact

Impacts of assisted investments emerge differently, subject to the type of investment (e.g., volume, degree of innovation, area of investment) and the strategic orientation of the holding. For example, young farmers often conduct a series of basic investments after taking over the farm from their predecessors, partly with and without public assistance. In the aftermath of these investments, the economic situation of these holdings will initially be very tight. That is presumably different when there are no follow-up investments to the assisted investment or when the assisted investments have only a minor influence on the farm.

Since investment aid belongs by nature to the structure-effective type of interventions, its impacts are only to be essentially grasped in the mid- or long-term. The following example can make this point clear: Continuous steps to extend one’s farm size are often a precondition for higher factor productivity and hence for a sufficient competitiveness. On the other hand, many farms fare much better in terms of profitability by not investing due to low depreciation costs, at least in the short run. Therefore it is necessary to expand the analysis to a longer period in order to grasp the real impacts of this structure-related instrument. Yet this approach can be hampered by confounding factors (exogenous factors) which increase over time.

Growing enterprises need additional resources (land, milk quota, etc.) which have to be provided by farms reducing in size or leaving the sector. These interactions of growing, diversification, decreasing and leaving affect the regional factor prices as well as the size of the workforce in agriculture.

6. Data shortcomings

The COM suggests making as much use of available data as possible in order to avoid an expensive ad-hoc collection of data. The following data sources have been proposed by the COM: monitoring data, farm accountancy data (FADN), on farm enquiries, EuroFarm, EuroStat, national accounts/statistics and administrative information. In practice, the recommended data were of only limited benefit (monitoring), not up-to-date for analysis (FADN) or not detailed enough for an analysis as differentiated as the COM requires (EuroStat, national accounts/statistics). Therefore ad-hoc collection of data had been conducted and a special survey had to be conceived for AFI on a single farm basis.

Due to the federal political system in Germany, the states often create their own data-management systems. This is true for INADCOS, accounting data (obligatory for certain AFI-cases) and for the investment plans under the farm investment scheme.

Monitoring

Monitoring data was only of limited benefit since it contains very little selected information on a highly aggregated basis. The analysis, however, should be broken down by type of holding (size, type of crops/animals, age of farmers, etc.), type of production, type of investment and regional location of holdings. Therefore it would be necessary to have all single observations at one's disposal or to get monitoring data according to the differentiation by the groupings required.

Community and national statistics

EuroFarm, EuroStat and national accounts/statistics are only available with a two-year delay. Special analyses with regard to less favoured/favoured areas could not be conducted due to financial restrictions. Since the national agri-structural census is executed in a four year cycle, even for an updated mid-term evaluation, only data from 1999 are available. For CA, it is not possible to differentiate by the area status (LFA, non-LFA), since data is aggregated on county level.

National FADN-data

FADN data is of equal significance both for AFI and CA, especially with respect to the questions I-1, I-2 and V-1. Basically, these data facilitate a comparison between beneficiaries and non-beneficiaries. The data comprises information referring to balance sheet, profit and loss account, numerous indicators referring to production factors, production and socio-economic information. Quick access to FADN-data is beneficial for evaluation and analysis.

However, there are also some disadvantages with the FADN-data. These especially concern smaller farms which are not included if they are smaller than 8 European Size Units (ESU); this corresponds to a Standard Gross Margin (SGM) of 9.600 Euro. These limitations mean that especially part-time and small farms, often with comparatively low income, are strongly under-represented. Gaps also exist in the area of non-farming income and assets, and making it difficult to compare the standard of living of farming and non-farming people in less favoured areas. Unfortunately the FADN-data does not contain sufficient information on investment support; therefore it is necessary to combine these data with further information on the type and volume of investment assisted, which is available from investment plans (see below).

For data protection reasons, this national FADN data is not generally available. Up to now, only federal and state-related institutions are allowed to use this valuable data pool.

Besides the FADN, which consists of selected farms according to an elaborated survey plan, there are annual accounts of all farms having been granted investment assistance if certain limits of eligible investments were reached. Those beneficiaries are generally obliged to deliver annual accounts to the approval agency for analysis purposes. In doing so, they have to comply with certain requirements concerning the quality and extent of the account. This obligation, mainly aimed at evaluating the intervention's success, starts in the year of approval and lasts 10 years. As for FADN, these data mainly contain farms with large investments. Furthermore, there are serious differences between states regarding the accessibility and usability of these data since some states do not gather them systematically. Therefore much effort is required to use this data which is not complete anyway because more than 50 % of beneficiaries relate to relatively small investments and are therefore not obliged to deliver annual accounts.

Investment plan

Farmers applying for investment assistance have to submit a detailed investment plan containing the situation directly before investment (base line), the sort and volume of investment, the planned finance and the prospective structural, financial and income effects once the investment has been conducted. For smaller eligible investments only a shortened version of this plan is necessary. Whereas there exists vast information on the before and after situation of the assisted farms, this information was not easily useable due to uncoordinated gathering of the responsible authorities (e.g., due to different software, inconsistent data sheets, non-digital formats). Therefore evaluators using these data had to dedicate much time to data gathering and management which cost them valuable time for analysis.

While these data include a great deal of useful information, one has to be aware of the plan's purpose from the farmer's angle. For the farmer, the plan is a means to receive a grant, and the grant is bound to certain requirements and restrictions. Therefore the farmer or his/her adviser is presumably inclined to design the investment plan in order to get as much assistance as possible.

Since these data contain only the baseline and business targets, they have to be combined with information on structure, productivity and profitability (annual accounts) once the assisted investments have been finished.

INADCOS

The integrated administration and controlling system (INADCOS) provides valuable information about farm structure, land use and livestock husbandry for certain aspects of COM-questions regarding CA. Against this, income and workforce related information as well as the amount of assistance (CA) is not gathered within that system. The detailed coverage of land use on single farm basis provides a sound basis for the question regarding the protection of the environment by maintaining or promoting sustainable farming (V-4).

Unfortunately, there are also different data management systems on state level in the case of INADCOS, which lead to additional administration and analysis costs.

A combination of INADCOS-data with other sources (e.g. FADN, national farm survey) containing complementary information (income, workforce, amount of assistance) is subject to strict data protection and prohibited by several states.

Finally, it should be pointed out that a huge range of data was available for analysis despite the data shortcomings mentioned. However only part of it could be used due to shortages in time or personnel during the mid-term evaluation. Unfortunately, once the evaluation report is finished, the report's commissioners do not allow publications regarding further investigations. Hence, the data's potential cannot be exhausted by far.

7. Recommendations

After having portrayed the essential difficulties of the evaluation of farm interventions like AFI and CA, we would finally like to make some suggestions on the organisation of evaluation in general, evaluation design and on the specifics of evaluating both measures discussed in this paper. The following recommendations are quite general and apply both for AFI and CA.

Evaluation design

Evaluation is a pragmatic activity which uses methodological tools that shall lead to results in a given time according to the commissioner's terms of reference. The time-schedule is often quite tight and financial resources scarce. Therefore evaluation tools of a high technical complexity or demanding much time and financial means are rarely applied.

Currently, the trend is that profound scientific analysis is losing ground to evaluation studies which are obligatory according to Reg. 1257/1999. Due to the public budget constraints, this trend is continuing or is even gaining momentum. Evaluations, however, as they were performed thus far, mainly use pragmatic approaches to keep up with given timetables. As a consequence, further developments in methodology tend to take a back seat, while evaluation concentrates mainly on easy milestones.

Evaluations generally bound to commissioners' terms of reference should be more connected with scientific studies in the future. Special difficulties, that arise during the evaluation process, should receive scientific attention while scientifically based developments in methodology should be applied to evaluations. Scientific studies are less subject to time pressure and other requirements of the evaluation cycle, and are therefore capable of generating knowledge complementary to that gleaned in the evaluations.

Ex ante-evaluation

Ex ante evaluation has to be assigned more importance in the next programme period. This must be ensured by the responsible authorities by stating clear requirements before the programme is compiled. Programmes may only be approved if they adhere strictly to the stated requirements. Ex ante evaluation has to provide the necessary basis for monitoring and future evaluations by ensuring precise and preferably quantified objectives. Such an evaluation must be performed before the implementation of the programme.

Intervention design

Interventions should be more focused on clearer and fewer basic objectives. The objectives must be accessible for quantification and tagged with target levels. By defining a consistent system of objectives and respective interventions, internal coherence would be visibly improved. The definition of target groups should be sharpened, which could improve the success of interventions.

New approaches

Since new approaches are unforeseeable in their results and there is no appropriate methodology to conduct them, they should first be tested in studies outside the evaluation cycle.

One new approach should tackle transaction costs arising from planning, implementation, monitoring and evaluation. Since there is little experience and knowledge in measuring the transaction costs of rural area policy, more methodologically oriented studies should be commissioned in advance in order to deliver the framework for follow-up evaluations. Because data collection in this field seems to be very difficult, investigations should initially be confined to one or two measures on a relatively low regional administration level (e.g., county-level).

Since single farm assistance (esp. investment aid) has already been granted nearly unchanged for many years, studies should focus more on mid- and long-term effects (10 to 15 years). This approach should include transmission effects of public assistance towards land rent, interest on capital and quota prices. The same applies to deadweight and substitution effects.

Thus far, evaluation does not refer enough to regional dynamics of structural change. Since this is certainly a complex field, that requires much diligence and know-how, it should be started via a pilot study. With such an approach the views of different farm and non-farm stakeholders should be embraced. Special attention should also be given to farms not assisted or retiring.

Performing these problem-oriented studies is a way to provide better methodological guidelines for evaluators in quite important areas of evaluation. This might lead to a considerable improvement of the assessment of agri-structural instruments.

Data and data management

The collection and provision of relevant data has to be improved considerably. The lack of information for small farms and small investments should be compensated through additional surveys (samples). For a better harmonised data base, existing data collection concepts should be implemented along the same standards (formats and techniques).

Monitoring data should be available on single observation basis. Thus analysis of distribution and other statistical investigations could be performed. Where single observations are provided (e.g., investment plans), this should be executed in form of database instead of single farm files.

Since evaluators tend to require as much data as possible, cost-benefit relationships have always to be kept in mind. In order to make data collection more efficient, different collection methods and survey coverages should be analysed regarding their costs and utility.

Mid-term evaluations show that data collection takes a great deal of time to prepare and to implement. Therefore indicators must be defined by the ex ante evaluation so that the data collection coincides with the implementation of the interventions.

Exchange of experiences between evaluators

Since there are only few evaluators on the measure level in one country to exchange and discuss experiences and difficulties concerning evaluations, such an exchange and discussion should be promoted on the Community level. The exchanges should be differentiated by intervention chapters since the evaluation is, in practice, mostly conducted by measure-related specialists. As a matter of course, questions regarding programme evaluation should also be tackled in specialized groups.

These exchanges could take place in the form of regular meetings (workshops), by providing all relevant information on a central homepage and by the establishment of chatrooms. Meetings should focus on certain themes and be summarised in a commonly usable documentation. A central body should be established to initiate and coordinate these exchanges. Since this organisational work incurs costs, financial resources would have to be provided by the COM. Like an evaluation, this accompanying task should be opened for bidding.

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