

Ex-post Evaluation

PROFIL – Niedersachsen and Bremen Rural Development Programme 2007 - 2013

Summary

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Summary

1 Introduction

The present ex-post evaluation consists of a printed EU report in which all evaluation questions have been answered and of an electronic appendix with more detailed module reports on individual measures and evaluation questions.

2 Context of evaluation

Niedersachsen and Bremen (NI/HB) commissioned the evaluation of their joint rural development programme for 2007 to 2013 (*PROFIL*) in conjunction with five other federal states (Mecklenburg-Vorpommern, Schleswig-Holstein, Hamburg, Nordrhein-Westfalen and Hessen) in one package. The terms of reference comprised ongoing evaluation, drafting of annual evaluation reports, a mid-term evaluation in 2010 and the ex-post evaluation. The evaluation was conducted by the Thünen Institute of Rural Studies taking the lead, in cooperation with the Thünen Institute of Farm Economics, the Thünen Institute of International Forestry and Forest Economics, and the environmental planning office entera. To manage the evaluation activities, a steering committee comprising the representatives of the federal states and the evaluators was set up.

Evaluation of *PROFIL* as part of the 7-state evaluation

Results from the ongoing evaluation have been prepared continuously and presented in committees such as the steering committee, the *PROFIL* monitoring committee, briefing meetings, at specialist conferences and/or published as a written module report. Those module reports have been integrated into the ex-post evaluation.

Results of the evaluation have been communicated and discussed continuously within the state

3 Programme structure and implementation

In the context of all EU funding programmes, *PROFIL* is very important financially for Niedersachsen. In relation to the Common Agricultural Policy, however, and despite the restructuring in the context of the Health Check, the emphasis continued to fall on the direct payments under the first pillar. In comparison to other regional policies in Niedersachsen, the proportion of second pillar CAP funding was around 9% on average over several years, with higher proportions in rural districts.

***PROFIL* was very important financially for Niedersachsen**

According to the planning, a total of around €1.6 billion of public funding was available for the funding period 2007 to 2013. This was supplemented by around €780 million of national public funding for top-ups (Article 89 measures). Most of the public funds (including the top-ups, which applied to coastal protection in particular (code 126)) were intended for Axis 1 “Improving the competitiveness of the agricultural and forestry sector” (42%), followed by Axes 2 “Improving the environment and the countryside” (27%) and 3 “Quality of life in rural areas and diversification of the rural economy” (24%). The Leader Axis was allocated 6% of the public funds, while 1% was provided for Technical Assistance (TA).

Most of the funds were earmarked for Axis 1

The National Framework Regulation (NRR) was important in all of the axes in terms of state aid. A large amount of funding came to Niedersachsen and Bremen through the Joint Task for the Improvement of Agricultural Structures and Coastal Protection (GAK). GAK funds were used above all for investment in individual businesses, forestry measures, agri-environmental schemes, land consolidation, village regeneration and coastal protection. Road construction and many Axis 3 schemes, even if they were NRR measures, were largely co-financed with local funding.

NRR state aid important, co-financing frequently however not with GAK funds but with local authority funding

Because of the Health Check and other financial adjustments, from 2010 there was 11% more public funding in *PROFIL* than originally planned. The additional funds were allocated primarily to Axis 2. Few new sub-measures were scheduled, but there was no fundamental re-alignment of *PROFIL*.

The Health Check led to only slight changes in the content of *PROFIL*

PROFIL was distinctive not only because it was a two-state programme, but also because it covered two categories of region, namely the convergence region in the former government district of Lüneburg and the non-convergence region in the rest of NI/HB. Management was therefore very challenging, especially in terms of finance.

Two federal states, two categories of region

In the final analysis, the planned public funding of €1.6 billion was almost entirely used up (97% in relation to the planning status in 2009) in all four axes. Only the expenditure for Technical Assistance remained significantly below the planning projection. The national funding used as a top-up came to a total of €1.1 billion and was therefore significantly above the projection.

The planned funding was almost entirely used up

Within Niedersachsen, most of the funding went to the western and northern regions, both absolutely and in relation to area or population. Regional focal points emerged as a result of the content of the measures and the varying population densities, settlement structures, agricultural structure, land utilisation and economic strength.

The northern and western regions of Niedersachsen obtained more funding

Over the survey period, more funding went to Bremen under the second pillar of the CAP than under the first. In total, around €30 million of public *PROFIL* funding was spent in Bremen up to 31.12.2015, 97% of which was in the city of Bremen. Most funds were spent on Axis 1. Three key areas of measures can be identified: area-related measures, investment in nature conservation and coastal protection.

In Bremen, the focus was on land measures, investment in nature conservation and coastal protection.

In relation to the funding target groups, most of the public money went to farms (43%), followed by municipalities (25%) and public bodies (22%). Among farms, the take-up of *PROFIL* funding rose disproportionately with increasing size of the business. The EAFRD funding was an important source of finance for municipalities, accounting for 5% of the real investment made by them over the programme period.

Farmers and municipalities are the most important target groups of *PROFIL*

4 Methodology

The ex-post evaluation was based on the structure and findings of the mid-term evaluation. The modified report and question structure in the guidelines from the EU-COM for the ex-post evaluation 2014 have been taken into account. The measure-based questions of the CMEF have been retained insofar as they appeared useful in evaluating the measures and were key to the original design of the analysis.

Ex-post evaluation builds on the mid-term evaluation and takes account of the current guidelines

A distinction was made between three levels in the evaluation: measure, axis and programme. At measure level, either individual measures or a group of measures were examined in terms of their results and impacts (questions 15 to 24). At the axis level, the measure-based findings were brought together and extended in relation to the common output and result indicators. At the programme level, questions 1 to 11, which relate to impacts, were dealt with in special in-depth studies with the aim of quantifying the impact indicators. In questions 13 and 14 on running the programme, the focus was on analysing the funding efficiency.

Analyses at measure, axis and programme level

The evaluation was based on existing secondary data. For the agricultural and environmental measures in particular, high-quality data was available, which also facilitated with/without comparisons. In other areas of measures and questions in the programme evaluation, additional data was obtained by various survey methods. For example, recipients of funding were surveyed, meetings with experts and group discussions were held and case studies were carried out.

A wide range of secondary and primary data was used for the evaluation.

The impacts analysis comprised a variety of qualitative and quantitative methods that were applied in accordance with the measure or the evaluation question to be answered. Among other things, descriptive/associative analyses, econometric approaches at the micro and/or macro level, analyses of documents/literature and GIS analyses were used. The methods were combined in such a way that complex interdependencies could be depicted as effectively as possible.

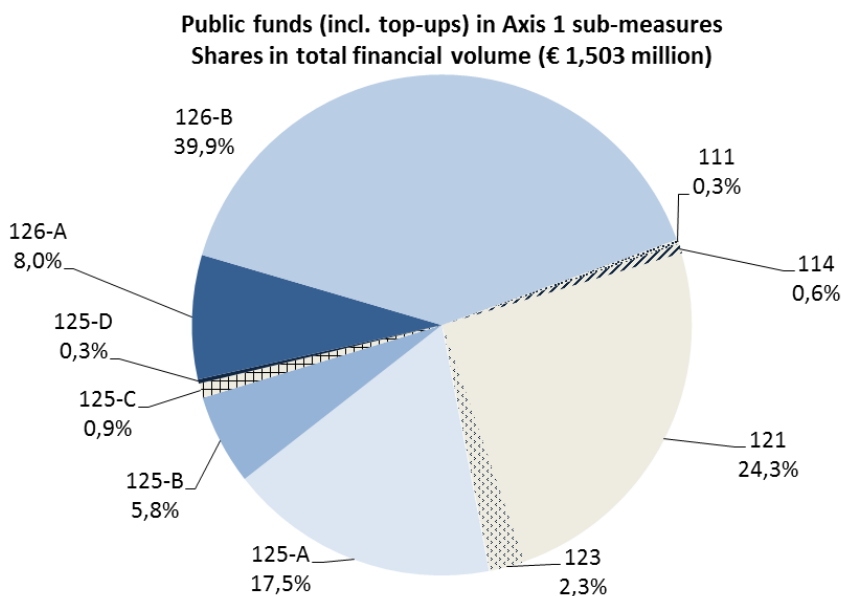
The impact analysis is based on a mixed method approach

5 Measures and results in Axis 1

NI/HB drew up a total of ten measures to improve the competitiveness of the agriculture and forestry sector under six EAFRD codes. In the context of the Health Check, the Agricultural Investment Funding Programme (AFP, 121) was increased to help the Community priority “restructuring of the milk sector”. During the funding period, sub-measure 125-D (Irrigation) was newly introduced.

Axis 1: six EAFRD codes, ten sub-measures

Including top-ups, around €1,503 million of public money was spent over the *PROFIL* funding period. The measures attracting the most finance were 126 (Flood control and coastal protection), 121 and 125 (Agricultural and forestry infrastructure). In the case of 126, the top-ups were around six times the amount of the funds deployed through *PROFIL*.



In the measures with the most finance, the public funding planned in 2009 was almost entirely spent. In measures 123 (Processing and marketing, P&M), 114 (Advisory services) and 111 (Vocational training and information), the funding proposed in 2009 was only partly used up, in the case

The funding planned for the measures with the most finance was used up

of 114 only half of it. In Bremen, measures for coastal protection were a key area of finance; in addition, money was spent on the AFP and P&M.

As far as the output targets set in 2009 are concerned, the target achievement level is between 28% and 753%. Output-related achievement of targets (e.g. farms or participants receiving funding) largely corresponds with the financial execution rate. Only in the case of 111 is the output achieved (number of participants or completed training days) significantly above the target numbers, despite a cut in funding. The extreme value of 753% in measure 126 points to problems in recording the indicator “supported area”.

The output targets were also achieved for the most part

The EU had specified five common result indicators for Axis 1, of which three were taken into consideration. The result indicators could be applied in a meaningful way only to some of the measures. Moreover, there was no definition of the terms “successful” or “new”, for example, with the result that both the targets set ex ante and the description of what has been achieved are difficult to interpret. However, the various issues represented by the result indicators were included and discussed in detail in the evaluations of measures.

The common result indicators were not particularly suitable for assessing the success of the programme

The common evaluation question for Axis 1 (*how and to what extent has the measure contributed to improving the competitiveness of the beneficiaries?*) was only at the heart of the rationale of measures 121 and 123. The training and advisory measures 111 and 114 and the public investments in 125 and 126 pursued a wide spectrum of targets and impacts.

Competitiveness is not the focus of all of the measures

In measure 111 (Vocational training), around 13,200 managers and employees in the agricultural sector were supported, taking part in over 900 vocational training courses. The courses covered a broad thematic range. The area of “business management, administration and marketing” was addressed most frequently. One reason for the unexpectedly low level of take-up of funding was the fact that the support went to the participant for the first time, rather than to the provider, as had been the case previously. The high level of administrative effort associated with this presumably reduced the interest of training providers and potential participants.

111 Vocational training

According to evaluations of the course questionnaires completed at the end of the courses, over 90% of participants anticipated a (very) significant professional benefit for themselves personally. Well over 80% of the participants expected a (very) significant benefit to their businesses. Without support, a large proportion of the participants would have taken fewer vocational courses or none at all.

Significant benefits for participants

The support should be continued. The most important subject areas remain diversification strategies, the creation of market-orientated quality products, professional training for non-family employees and social skills for those with management roles.

Carry on

Under measure 114 (Advisory services), almost 15,000 individual advisory sessions were funded in 7,880 agricultural and horticultural businesses. The advice was aimed at observing cross-compliance obligations and eliminating weaknesses, together with improving energy efficiency in the businesses (from 2009). From 2012, the measure was offered with an extended range of advice (so-called New Challenges), in accordance with the NRR. Take-up of the measure declined from 2008 and only increased when new subject areas were introduced.

114 Advisory services

Of the managers surveyed, over 50% made improvements to administrative management as a result of the advice and 30% to business/production plans. As a result of better documentation of business processes, 78% saved time. More than half of the recommendations had been implemented within a short time of the advice; in a quarter of cases, the implementation was still ongoing when the survey was carried out. The vast majority of those surveyed considered that their expectations of the advice had been met.

Recommendations of advice were accepted

The support should be continued, although new, attractive advice topics should be introduced continually. There is still a high demand for advice in the area of animal welfare, e.g. in best practice examples for redesigning barns, requirements of the animals being farmed and management concepts.

Carry on, update advice topics continually

Under measure 121 (AFP), 4,027 investment projects (of which 21 were in HB) were supported on 3,683 farms. Eligible investments amounting to €1,564 million were supported. The focus of the support was in the area of dairy cattle, with 2,066 cases. The funding reached 22% of all dairy cattle farmed in Niedersachsen and 17% of all breeding sows, but only 1.7% of all fattening pigs and 0.7% of poultry. The available funds were fully exhausted. The funding conditions were changed several times over the period of *PROFIL*. From 2012, support was targeted more at animal welfare and environmental protection objectives.

121 Modernisation of agricultural holdings

The impact of the funding was not clear. The funded investments led to significant growth and rationalisation of individual farms and to increases in productivity. But the profits of the dairy farms supported did not increase; it was only possible to improve working productivity in comparison

The supported farms have increased their productivity, but has the sector become more

to farms of the same type of production. Whether the impacts on individual farms have improved the structure and competitiveness of the entire sector could not be ascertained with the analytical methodology chosen, as the individual funding for agricultural holdings was associated with windfall, transfer and displacement effects that should not be overlooked. As regards support for animal welfare farming, the AFP was used to build both barns that facilitate normal behaviour (e.g. stable cubicles with access to grazing for dairy cattle) and barns that are not regarded as animal-friendly, e.g. those with fully slatted floors for fattening bulls and pigs.

competitive as a result?

The AFP should be targeted at the provision of public benefits such as animal welfare and environmental protection and not general improvement in competitiveness. A combination of investment aid, premium payments, advice and vocational training would be a suitable approach to improving animal welfare.

Modify significantly and target aid at public benefits

A total of 73 investments were supported in the food industry under measure 123 (P&M), with a total investment volume of €107.3 million. The measure set investment incentives for companies, but they were associated with hardly any changes in the behaviour of the recipients. Agricultural producers benefited only indirectly and slightly from the contractual involvement of the supported processing company.

123 Processing and marketing

The investments supported with funding led to an improvement in important performance indicators such as turnover, gross value creation, quality and employment in the companies. Whether the structure and competitiveness of the entire agricultural and food sector was improved could not be ascertained, as the support for adding value was associated with strong windfall and displacement effects so that the net effect of the funding was not clear.

Performance indicators of the supported businesses were enhanced.

General funding of P&M is not effective. The funding should therefore be focused more on innovations. However, as a matter of principle there is a risk of distorting competition and causing strong deadweight effects when trying to influence investment decisions with grants.

Modify support significantly

Under sub-measure 125-A (Land consolidation), 361 projects for investment in land consolidation procedures were implemented over a total area of 483,000 hectares. With EU co-financing, 1,435 km of rural roads were developed, while other types of projects (e.g. land improvement, landscape design or survey costs) were financed with national funds only. In the PROFIL funding period, 141 supported procedures were completed and 100 new ones initiated.

125-A Land consolidation

Through the supported procedures, the field structures of the farms involved were improved. This and the improvements to the infrastructure through road building lowered production costs in agriculture by €7.5 million a year, according to model calculations. Depending on the objective of the individual procedures, conflicts resulting from the use of agricultural land for, among other things, residential development, traffic projects, flood protection, drinking water protection and nature conservation were solved. For at least 3% of the procedure area, legal ownership regulations were put in place to support nature conservation or water management. As a result, land consolidation also had impacts on environmental resources, the economy and the quality of life in rural areas.

Impacts in all target areas of PROFIL

Land consolidation is a tool that is particularly suitable for solving complex problems relating to the use of land in rural areas and should continue to receive support.

Carry on

Under measure 125 B (Road construction), the development of rural roads covering a total length of 1,133 km was funded. The roads were adapted in relation to load capacity, width and condition to the growing demands of ever larger and wider agricultural machines. It was primarily local connecting roads and main development roads that were upgraded, predominantly by surfacing them with asphalt.

125-B Road construction

The improvement in the infrastructure lowered transport costs in agriculture by at least €2.8 million a year. Most of the upgraded roads are used multifunctionally. With the help of the funding, the appeal of rural areas for tourism thus increased and the quality of life of the rural population was enhanced.

Multifunctional impacts of the funded roads

As large parts of the rural infrastructure are still inadequately developed and the municipalities are not in a position to finance development alone, there is still a high demand for funding for road construction. Fundamentally, however, new concepts for financing the construction and upkeep of rural roads must also be found (reconstitution of maintenance associations, recurring contributions for upgrading).

Generous funding required

Under measure 125-C (Forest road construction), upgrading and new construction of forest roads over a total length of 526 km was supported. Upgrades predominated; only 37 km of new roads were created. In total, it was possible to open up approx. 24,000 ha of forest for more rational cultivation.

125-C Forest road construction

As a result of the funding, it was possible to cut the costs of the timber harvest to the standard market level and thus to increase the competitiveness of the timber industry in Niedersachsen. Support that is provided in future at a purely national level makes sense.

Carry on

Under measure 125-D (Irrigation), the construction of a reservoir for intermediate storage of waste water from the Uelzen sugar factory was funded. The nutrient-rich water is used to irrigate adjacent agricultural land covering 1,250 ha. This individual project was effective from both an agricultural perspective (safeguarding yields, saving on irrigation costs) and an ecological perspective (protection of other water sources, saving on fertilizers).

**125-D Irrigation
(individual project)**

Under measure 126-A (Flood protection), the focus of funding was on reinforcing and increasing the height of dykes along larger rivers and the construction of inland pumping stations. Support through *PROFIL* represented only a fraction (10%) of the total finance for flood protection in Niedersachsen.

126-A Inland flood protection

With the aid of the funding, the level of protection against flooding for residents, businesses and property in the rural area was improved. Flood protection is an ongoing task requiring significant financial efforts, given the changes in climate. In future, appropriate funding will continue to be required from the public purse.

Substantial funding required, whether with or without EAFRD support

Under measure 126-B (Coastal protection), a total of €600 million (public funding including top-ups) was invested in coastal protection. The EAFRD support accounted for only 4% of this in Niedersachsen and 11% in Bremen. The measures were integrated into the long-term coastal protection programme of the states.

126-B Coastal protection

As the primary coastal protection measures to achieve a consistently high standard of safety on the coast have not yet been completed and as the current increase in sea level is continually creating new demand, appropriate funding from the public purse will continue to be necessary in the future.

Substantial funding required, whether with or without EAFRD support

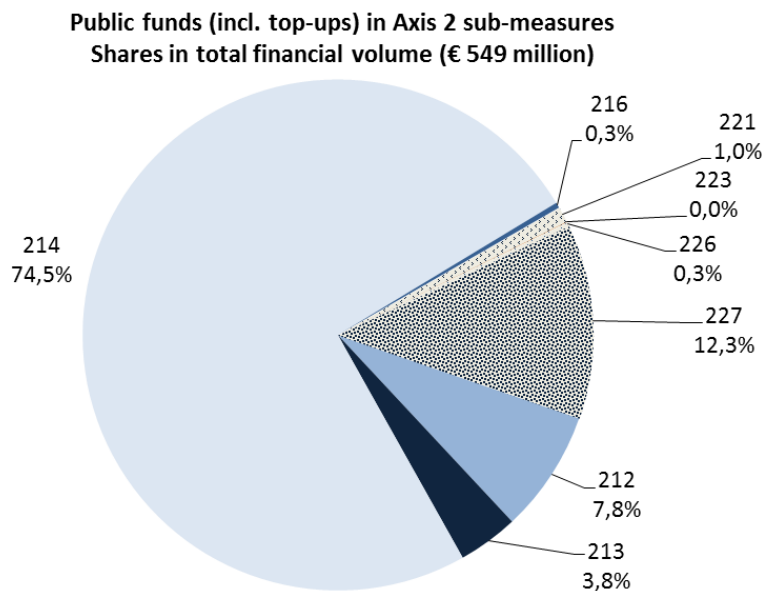
6 Measures and results in Axis 2

NI/HB included measures to improve the environment under nine EAFRD codes on their programme. Some of the sub-measures under the agricultural environmental measures (AEMs, 214) and special species and habitat protection (216) were newly introduced in the context of the Health Check.

Axis 2: nine EAFRD codes, numerous sub-AEMs

Compensation payments for farmers in less favoured areas (CP, 212) were reintroduced in 2009, having been suspended for 13 years in NI and three years in HB.

Including top-ups, around €549 million of public funds was spent on Axis 2 in the *PROFIL* funding period. The predominant measures were the AEMs, followed at some remove by non-productive investments in forestry (227) and the CP. More extensive payments for top-ups were provided in measures 214 and 227.



The public funding planned in 2009 was used up only in measures 212, 213, 226 and 227. In the other measures, the projections between 2009 and 2013 were lowered by a total of 6%. The utilization of less AEM funding than projected (94%) affects the average for Axis 2. Only 35% of the funds for afforestation (221, 223) were used; funding for forest environmental measures (225) was not taken up at all.

Half of the Axis 2 funds in Bremen were spent on Natura 2000 compensation payments (213), followed by AEMs and CP.

Utilization of the projected funds between 0% and over 100%

As far as the output targets set in 2009 are concerned, the target achievement level is between 7% and 215%. The percentages correspond to the financial execution rates in part only. Extremes in the target achievement levels are also the result of a lack of clarity about how the targets were to be quantified (as an average or a cumulative value).

Confusion about recording of the output targets

Regarding the common result indicators for Axis 2, the targets set were achieved, with limitations in the case of biodiversity, and in some cases they were even exceeded by some distance. From the point of view of the evaluation, the indicator R6 (Areas under successful land management

The common result indicators are hardly meaningful at all

measures which contribute to the individual environmental targets) is hardly meaningful at all, as the term “successful” was not operationalised and target values were quantified merely using potential target contributions for the measures.

The common evaluation question for Axis 2 (*How and to what extent has the measure contributed to improving the environmental situation?*) was applied differently to the protected areas of biodiversity, water, soil and climate. For the CP, reference was made to the questions of the previous period 2000 to 2006. Where it seemed meaningful to do so, individual Axis 2 measures were also examined for their impacts on the economy and the competitiveness of agriculture.

Under measure 212 (CP), annual payments of €35 per hectare of pasture have been made to farmers in less favoured areas since 2010. Around 9,500 farmers and 400,000 hectares of pasture have received support every year.

With this low level of support, it was not possible to achieve the objective of the CP of compensating farmers in less favoured areas for supposed income handicaps. The income variations between farmers are considerable both within and outside the less favoured areas. The target formulated in *PROFIL* of maintaining permanent pasture through CP would also not have been achieved, but this was attained in part by changes to the regulations.

The support should either be abolished or focused on areas that are at risk of abandonment and need to be kept in production.

Under measure 213 (Natura 2000 payments), farmers were awarded financial compensation for grassland that can only be farmed to a limited extent because of regulations in conservation areas. Around 1,800 farmers working 21,000 hectares received such payments every year. These payments offset the economic disadvantages arising from the requirements of conservation areas very precisely.

In accordance with the funding rationale of Article 38 of the EAFRD Directive, it was not possible for the measure to have an environmental impact beyond the conservation area requirements. However, it increases acceptance of the conservation area requirements and is an important component in the system of agri-environmental support in Niedersachsen and Bremen. Because of the high administrative costs which result, among other things, from EU specifications on land surveying, the Natura 2000 payments will in future be financed from state funds.

The common evaluation question is applied differently according to the environmental resources

212 Compensation payments

Non-specific payments without impact

Abolish or focus on genuine problem areas

213 Natura 2000 payments

Effective component of agri-environmental aid

Measure 214 (AEMs) comprises three components, the Agri-environmental Programme of Niedersachsen and Bremen (NAU/BAU), Farming to Protect Ground Water (GSL), and the Nature Conservation Cooperation Programme (KoopNat). With the funding, obligations of farms over several years were paid for in a total of 23 sub-measures. In 2012, the area funded by the NAU/BAU was 318,000 ha, by the KoopNat 48,000 ha and by the GSL measures 16,000 ha. Calculations suggest that AEMs covered 14.4% of the total agricultural land in Niedersachsen and Bremen, but since combinations of AEMs on the same land were permitted, the actual physical area was smaller. Organic farming, as an AEM with multi-functional environmental impacts, reached a supported area of 73,600 ha. Just under 3% of the total agricultural land in NI/HB was farmed organically in 2012.

214 Agri-environmental measures

Positive impacts on species and habitats were achieved over an area of 126,200 ha with AEMs (5% of agricultural land or 11% of pasture). The net area following deduction of deadweight effects was 115,100 ha of agricultural land. Slight to moderate impacts were achieved in most areas. Significant biodiversity impacts were achieved in particular by KoopNat measures over 37,900 ha. Overall, the importance of the AEMs for biodiversity targets was high. However, the impacts largely took effect only locally to regionally and were unable to stop or reverse the state-wide decline in basic indicators.

Some significant but regionally restricted impacts on biodiversity

Positive impacts on water, soil and climate were achieved by reducing the nitrogen surpluses by 8,100 t per year gross; this corresponds to 3.5% of the overall surpluses. After deduction of the deadweight effects, the net reduction was 4,700 t. In this way, the greenhouse gas emissions of agriculture were simultaneously reduced by 1.5% (462 kt CO_{2eq} per year); this amounted to 222 kt CO_{2eq} or 0.7% net. Phosphorus surpluses were reduced by 800 t or 5%, phosphorus deposits in watercourses by 9%. A further protective effect on the soil was the prevention of 324 kt of erosion a year.

Further impacts on water, soil and climate

Most sub-measures should be continued, with some modifications. Abolishment of the sub-measures mulching and direct sowing operations, environmentally friendly application of slurry, climate-friendly grassland farming and grassland farming of individual areas is recommended because of significant deadweight effects. In general, ongoing, stronger and continuous support for farmers participating in AEMs is recommended.

Different recommendations for sub-measures

<p>Under measure 216 (Non-productive investments) measures to safeguard or restore endangered types of habitat on (semi) dry grasslands and mountain hay meadows were supported in the mountainous region in the south of Niedersachsen and in degraded upland moors in the Diepholz moorland. This resulted in positive impacts on the management of cultivated landscape and protection of the diversity of flora and fauna.</p>	<p>216 Non-productive investments</p>
<p>The measure is aimed very clearly and effectively at specific support projects designed to maintain certain habitats of flora and fauna. The support should be continued, although options for simplifying the administrative procedures should be explored.</p>	<p>Continue support, but simplify it</p>
<p>Under measures 221 and 223 (Afforestation) afforestation of 590 ha of largely agricultural land was supported. The target formulated originally was missed by some distance because the funding is less attractive, compared to alternative uses of the land and other afforestation instruments.</p>	<p>221/223 Afforestation</p>
<p>The environmental impacts of the measure were limited because of the low take-up rate. Under the current conditions, support for afforestation should be suspended. Since an increase in forests in regions with few of them is positive in itself, alternative methods for targeted afforestation should be developed.</p>	<p>Abolish, develop alternative methods for targeted afforestation</p>
<p>Measure 225 was intended to promote environmental commitments in forests. Over the funding period, however, no contracts were concluded as the support was not financially attractive and was associated with conditions that are incompatible with forestry practice. The effort involved in applying for this fundamentally sensible measure was too high in relation to the funds provided.</p>	<p>225 Forest environmental measures (not implemented)</p>
<p>Under measure 226 (Restoring forestry potential), one-off funding to purchase and install a terrestrial camera-based forest fire monitoring system was provided. This facilitates early detection of forest fires and quick responses to them, thereby preventing the fire from spreading and destruction of larger areas of forest.</p>	<p>226 Restoring forestry potential (single project)</p>
<p>Under measure 227 (Non-productive forest investment), the following environmentally related sub-measures were supported: Forest restructuring over 11,100 ha, soil liming over 42,900 ha, location mapping over 96,400 ha and management of young trees over 3,900 ha; the latter was abolished in 2012 because of significant deadweight effects.</p>	<p>227 Non-productive forest investment</p>

Forest restructuring supported conversion of pure coniferous stocks into deciduous or mixed forests; this had positive impacts on biodiversity, soil, water and climate. The support should be continued, but the establishment of mixed stocks should be equivalent to that of deciduous stocks. Soil liming has slightly positive impacts, provided that site-specific action is taken. It should be supported further, but closer scientific monitoring of impacts is required. The support for location mapping is sensible as this forms the basis for further measures.

Varied impacts at the level of sub-measures

Continuing the support with purely national funds will result in some scope to simplify administration that should be exploited fully.

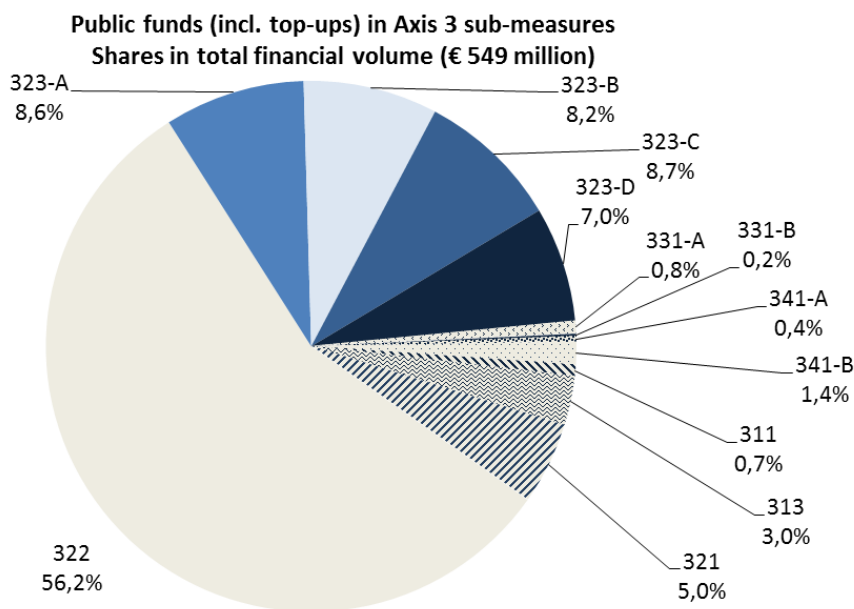
Use future national support for simplification

7 Measures and results in Axis 3

NI/HB have programmed a total of twelve sub-measures for the diversification of the economy and improvement in the quality of life under seven EAFRD codes. The range of measures remained virtually unchanged over the term of the programme. Two sub-measures under 323 (Conservation of the rural heritage) were also announced as Health Check measures, while two new funding objects were integrated into 321 (Basic services).

Axis 3: seven EAFRD codes, twelve sub-measures

Including top-ups, around €548 million of public funding was spent on Axis 3 in the *PROFIL* funding period. Measures 322 (Village renewal) and 323 dominated financially. Extensive top-ups were given in measures 321, 322 and 323.



<p>The public funding planned in 2009 was largely exhausted in most of the measures, while in 322 and 313 (Tourism) it was even exceeded. Only 311 fell significantly below the projection. In Bremen, the financial focus was on investment in nature conservation projects (323).</p>	<p>Planned funds largely used up, in some cases projections exceeded</p>
<p>Regarding the output targets set in 2009, the target achievement level is between 31% and 2,493%. This reflects the financial execution rate only in part and indicates, as with the other axes, that output targets are difficult to quantify for anything but standard measures.</p>	<p>Output targets were difficult to quantify</p>
<p>The common result indicators for Axis 3 are hardly meaningful at all when it comes to <i>PROFIL</i> support in which it was mainly public investments that were funded. R7 (Additional gross value creation) and R8 (Additional jobs) are aimed at business investment that is virtually only supported in 311 (Diversification). R9 (Additional tourists) could not be measured in the projects that were supported nor at regional level. The result indicators R10 (Population in rural areas) and R12 (Participants with an educational qualification) do not reflect the results of the funding. R11 (Increase in access to the internet) was not quantified, as the original plan did not include any funding for this.</p>	<p>The common result indicators are not appropriate for <i>PROFIL</i> funding</p>
<p>There are three common evaluation questions (17 to 19) for specific Axis 3 measures that relate to economic factors and quality of life, and are also relevant for most of the (sub-)measures. Sub-measures 323-A to 323-C were aimed primarily at environmental impacts, however. These impacts were described under question 20, even though they were not supplementary impacts but the main impacts of the measures.</p>	<p>The common evaluation questions were extended to include environmental factors</p>
<p>Under measure 311 (Diversification), 85 projects involving a change of use of agricultural buildings were supported, with rented and holiday accommodation as the most frequent type of use. Implementation remained considerably below expectations because most farmers prioritised investments in agriculture.</p>	<p>311 Diversification</p>
<p>This measure led to only a slight increase in revenue and employment. More important was the maintenance of largely historical structures by supporting their long-term use. In future, support should confront the multitude of obstacles to realization of such complex projects by providing active advice and support for project development.</p>	<p>Carry on, but better advisory support</p>
<p>Under measure 313 (Tourism), a total of 317 projects were supported, most of which dealt with small-scale tourist infrastructure and recreational route networks. Most projects were integrated into higher-level regional</p>	<p>313 Tourism</p>

concepts. The support was distributed locally wide and irrespective of the intensity of tourism.

The support has primarily strengthened regions away from the tourist hot spots as tourist locations for active holidays in particular – also because of the division of labour with ERDF support. The economic impacts in the regions were not quantifiable, however. The projects were also useful for local recreation and thus contributed to the quality of life of the population.

Attractiveness of regions for active holidays strengthened

The support should be continued, but an attempt should be made to exploit synergies by coordinating with supra-regional tourism concepts and with measures under ERDF/GRW support.

Carry on, but exploit synergies with ERDF measures

Measure 321 (Basic services) comprised support for 69 village community facilities, including local heating networks and various social and local service projects, together with 207 projects for the provision of broadband (from 2009). The comparatively new funding approach of the measure and the complex support structures were responsible for the fact that fewer community facilities were set up than expected. Only in recent years have more projects received support.

321 Basic services

The measure has contributed to strengthening the service and communication function of the villages, improving the local residential conditions, reconciling family and career and strengthening local value creation. For more successful support in the future, options for simplification and capacity building in implementation should be explored.

Support funding for community facilities better

The support for the provision of broadband has made only a small contribution to the development of the broadband networks in Niedersachsen; this is also the result of the GAK restrictions. The continued high demand would be dealt with most effectively by an overall national concept for need-based expansion of broadband.

Overall concept for the expansion of broadband required

Under measure 322 (Village renewal), around 11,000 projects were supported, the majority (around 84%) with purely national funds. Public corporations received the largest proportion of the funding, but private individuals implemented the larger number of projects. Individual projects were implemented far less, as the support was concentrated more heavily on villages in the village regeneration programme than expected. This should be seen positively, as such projects are based on plans that have been drawn up with the involvement of the population. The interaction of several projects in a village was also facilitated as a result.

322 Village renewal

The investment projects were aimed primarily at the overall appearance of localities. In addition, many village community facilities were supported. The target achievement level of the funding in relation to these aspects was high. The additional targets set in relation to citizen orientation and the self-development potential of the villages was achieved only in part.

Impacts primarily on the appearance of localities

For future funding which will be significantly different in concept, continued distribution of targeted information to all stakeholders about the re-alignment of the support and examples of good implementation practice is recommended. Citizens' involvement in the village regeneration process should be extended beyond the pure creation phase of the concept. If the aim is to support more village community projects, their development must receive active support.

Continue support with different conception

Under measure 323-A (Nature conservation and maintenance of the countryside), it was mainly public bodies that received support in implementing a wide range of projects for the purchase of land, targeted maintenance and development of the conservation of habitats and species and the experience of nature in valuable areas. In financial terms, 323-A was the most important instrument for the implementation of Natura 2000 in NI/HB.

323-A Nature conservation and maintenance of the countryside

The sub-measure made valuable contributions to maintaining and increasing the diversity of species in Natura 2000 areas. In the context of the objectives of Natura 2000, there is an ongoing high demand for funding. The support should therefore be continued. The administrative work for the project managers is large, however, because of the EU requirements. For small associations run on a voluntary basis, purely national funding should be facilitated.

Continue support, also with national funding

Under measure 323-B (Watercourse development), 499 projects mainly run by public bodies were supported with the aim of putting watercourses into good ecological condition. The focus was on projects for near-natural development of bodies of water, for the establishment of riparian strips and to make it possible to move freely through watercourses.

323-B Watercourse development

The measure served to improve water morphology and biology and stabilised the ecosystem in relation to diversity of species and water quality. In this way, it supported the objectives of the EU Water Framework Directive. The support should continue because there is a high demand for funding here. As for 323-A, purely national support should be provided for small, voluntary bodies running projects.

Continue support with additional national funds

<p>Measure 323-C (Support measures for the protection of waters) primarily supported advice to farms in a total of 376 drinking water abstraction areas. The aim was to improve the knowledge and practices of farmers in relation to farming methods that protect ground water. The advice previously financed with state funding was supported with EU money for the first time from 2007; this increased the administrative work.</p>	<p>323-C Protection of drinking water</p>
<p>Monitoring of success indicates the positive impact on water quality of advice on protection of drinking water. This is quantified with a reduction in the nitrogen input of 10 kg/ha. There is still a demand for advice. The support method has proved itself and should be continued.</p>	<p>Carry on</p>
<p>Under measure 323-D (Cultural heritage), around 850 projects run by private and public owners for the structural maintenance of cultural landmarks were supported. The number of projects was significantly higher than planned, but a change of use took place in far fewer buildings than planned.</p>	<p>323-D Cultural heritage</p>
<p>The measure has made a contribution to the preservation of cultural landmarks and improved the appearance of villages. Culturally important locations and some meeting places and tourist attractions in rural areas have been preserved. The support is effective. However, the importance of maintaining a heritage site should be the priority in the target definition and project selection process, rather than changing the use of the building.</p>	<p>Continue support but focus on cultural value</p>
<p>Under measure 331-A (Creating transparency), the cooperation of educational institutions (including environmental educational centres, associations) and economic stakeholders from agriculture and the food industry was supported in order to run educational events on topics related to regional food production. Among other things, 41,252 three-hour information events and 2,780 action days were supported.</p>	<p>331-A Creating transparency</p>
<p>The measure improved contact of those involved in the regional economy with young consumers and among one another and has contributed to a positive perception of the regional agriculture and food industries. The networks created provide support for development in the rural regions. The support should continue, although the work carried out by the stakeholders in the regional economy should receive better remuneration.</p>	<p>Carry on, but better remuneration for the work</p>
<p>Under measure 331-B (Training for nature conservation), group and individual advice sessions were funded for farmers who come into consideration for participation in the Nature Conservation Cooperation programme</p>	<p>331-B Training for nature conservation</p>

(214-C). The take-up for the measure was relatively good at the end of the programme period, but overall it was lower than planned.

The impact was evident in the higher participation in AEMs of farmers who had received advice. The advisers gained experience in implementing the AEMs, which can be used for future organisational purposes. The measure should be continued and extended. More continuity in the advice is recommended by means of longer-term awards and the removal of administrative obstacles.

Carry on but simplify

Measure 341 comprised the sub-measures 341-A “Integrated rural development concepts” (IRDCs) and 341-B “Regional management”. 44 IRDCs were supported, primarily at the start of the funding period, but also at the end. Subsequently, a total of 23 regional managements were supported in IRD regions up to 2012. In some respects, the measure offers more flexible options than Leader and is an effective complement to it.

341 IRDC and regional management

As a result of the measure, the climate of cooperation and collaboration between the communities has improved significantly. Participation of private stakeholders was only partly successful. A continuation of the support makes sense. Implementation should be supported more closely by quality control measures and networking between the regions.

Carry on, but with more guidance

8 Measures and results in Axis 4

In Axis 4 (Leader), 32 regions in Niedersachsen were funded using a local, participatory approach with regional development concepts (RDCs) and regional management. A total of €101.5 million was spent under this axis, which is slightly more than projected in the 2009 plan.

32 Leader regions

In terms of the output targets, the target achievement level was between 32% and 313%. The high target achievement level for measure 421 (Cooperation projects) can be explained by its output targets, which were not particularly ambitious. On the other hand, the number of instances of support under 431 (Ongoing costs of the LAGs) was much lower than expected; quantification of the number of projects has hardly any meaning, however. No common result indicators were formulated for Leader. Four evaluation questions specific to the key areas had to be answered.

Output targets not particularly meaningful

After a delay to the start of implementation, it has run at a continuously high level since 2011. Projects were completed mainly in the areas of tourism and village development; alongside those, a wide range of projects in integrated rural development were supported, as were projects in for example nature conservation, environmental education and flood protec-

Funding used up to a large extent

tion. National public co-funding was mainly provided through the municipalities. State funds were not used.

The Local Action Groups (LAGs) were dominated by municipal administrations and associations. Some stakeholder groups (economic stakeholders and women, for example) were under-represented. The administrative requirements favoured the implementation of projects by regional bodies. For private stakeholders, securing national public co-funding was problematic, as the procedures were frequently too complex and the advance financing was not affordable. The Leader support was heavily biased towards mainstream EAFRD measures; this restricted the regions' options and their scope for innovation.

Participation of municipal stakeholders dominated

Overall, implementation of the specific features of Leader was largely successful. Despite the limited implementation conditions, innovation also took place at project level. The capacity of the stakeholders to exercise control and take action was improved. This was also evident in improvements in relationships, contacts, knowledge and capabilities, as well as in the extension of cooperation and networking. However, municipal stakeholders benefited from such improvements more than stakeholders in civil society and business.

Specific features of the Leader approach came to the fore

Recommendations focus on better support from the awarding authorities especially at the start of the funding period, adequate facilities for regional management and more precise criteria for selecting the Leader regions e.g. in relation to the composition of LAGs. Networking and interaction between and with the regions should be improved, as should communication between specialist departments, LAGs and awarding authorities. It may be necessary to consider stronger "regional" networking in view of the increase in the number of regions. More resources are required for this than in 2007 to 2013 because of the higher number of stakeholders involved.

Provide more resources for networking and interaction

The support procedures of EAFRD and structural funds should be standardised and linked together more effectively. The support for inter-regional and, in particular, transnational cooperation projects should be fundamentally reconsidered by the EU, as it is hardly used at all. If the EU-COM is attempting to bring about support for Leader across various funds, it should focus more on standardising the implementation provisions than it has done to date. In addition, both the state and the EU-COM should work more towards simplifying the implementation conditions.

Explore opportunities for harmonisation

9 Programme impacts

In relation to economic growth, as a programme directed at the primary sector, environmental issues and rural areas, *PROFIL* had only limited scope to create impulses that stimulate growth. There was essentially a conflict of interest between the balancing objective of rural development policy and the growth objective of the new Lisbon strategy.

Question 1: Contribution to the growth of the whole rural economy

PROFIL had no significant effect on the development of gross value added of the total economy and of non-primary sectors. Measures of Axis 1 (121, 125) had a significant positive, although small effect on the gross value added of the primary sector. Indirect economic effects of supported investments into rural infrastructure could not be quantified.

Small impact on gross value added of the primary sector

Although there was a need for action to reduce the sometimes high unemployment rates in rural districts of Niedersachsen, *PROFIL* had hardly any appropriate instrument for taking action in this area. The financial importance of *PROFIL* for the objective of creating employment was also small in comparison to economic development instruments and active employment policy.

Question 2: Contribution to employment creation

Outside the primary sector, about 223 to 285 full-time equivalent jobs were created through measures of Axis 3 and 4. Employment effects in the primary sector tended to be negative but can be neglected regarding their magnitude. Overall, the influence of *PROFIL* on the employment figures in NI/HB was negligible.

Only slight impact on employment

In the context of the ongoing negative trend in biological variety and in view of international conservation obligations, there is a strong need for action to protect biodiversity. However, the potential of voluntary measures – such as those of the EAFRD – is limited, as incentive systems are not permitted and, as a result, relevant areas cannot be reached sustainably to the extent required. This represents a problem in the hot spots of biodiversity in particular, as negative trends are apparent in the state of conservation of FFH types.

Question 3: Contribution to the protection of resources, here: Biodiversity

27% of all of the public funds went on measures with positive impacts on biodiversity, but only half involved significant impacts on species and habitats. The key areas were the KoopNat and selected NAU/BAU measures (214), investment in nature conservation measures (323-A, 323-B) and training in nature conservation (331-B). In the area of forestry, forest restructuring to create near-natural mixed forests (227) is particularly worth highlighting.

High significance of *PROFIL* measures for biological diversity

Only 6.4% of the total agricultural land was reached by the funding, but 15% of the forest. The continuing decline in biological diversity could not be stopped with *PROFIL*. In comparison to other public investment in nature conservation outside EAFRD funding, however, *PROFIL* is financially significant and must therefore account for a considerable proportion of the overall impact on biological diversity.

Impacts could not reverse the fundamentally negative trend in biological diversity

Generation of renewable energy was not supported directly through *PROFIL*; only its distribution and use in local heating networks (321) can be considered as a contribution to increasing the efficiency of renewable energy. The impacts were very slight from the state perspective (less than 0.01% of the annual agricultural emissions of Niedersachsen).

Question 4: Contribution to supply of renewable energy: negligible

Fundamentally, the working productivity of Niedersachsen's agricultural sector is relatively high by national standards, with the result that only limited action was required in relation to the sector's competitiveness. Rather, this related to the maintenance and improvement of rural infrastructure and new challenges for business management as a result of relatively high pressure for growth and social expectations of a modern and competitive agricultural sector.

Question 5: Contribution to improving the competitiveness of the agricultural sector

As important factors affecting competitiveness lie outside the sphere of activity of the EAFRD support, the potential of *PROFIL* to promote competitiveness in the agricultural sector was limited. Positive impacts can be ascribed to approximately 22% of the overall funding. The funds were spent on public investments (125), individual business investments (121, 123) and investments in human capital (111, 114), albeit with lower budgetary significance. Overall, *PROFIL* had a small effect on the development in the working productivity and gross value creation of the primary sector.

No significant influence on the competitiveness of the agricultural sector

Over the funding period, the basic political and economic conditions for farms keeping dairy cattle changed significantly. A significant structural change in milk production towards fewer dairy farms with larger herds was the consequence. *PROFIL* had contradictory impacts on this process. On the one hand, production capacities were modernised or extended through the AFP. On the other hand, the increased quantities of milk from 2014 led to significant price cuts, putting numerous producing farms into difficulties that threatened their very existence. The overall effects of the Health Check funding on development in the sector may be considered marginal in comparison with other developments, such as support for renewable energy in particular. It was hardly possible to counteract market forces at all through *PROFIL*.

Question 6: Contribution to restructuring of the milk sector: marginal in relation to market forces

There are now international and national climate protection strategies in place to protect the world's climate and reduce greenhouse gases, along with a multitude of regulatory, incentive-based and market-orientated instruments. In this context, *PROFIL* represented a very small component.

Question 7: Contribution to climate change mitigation and adaptation

As an average of the projected scenarios, a total of 918 kt CO_{2eq} of emissions (gross) were prevented by the *PROFIL* measures. This corresponded to approx. 1.4% of emissions from primary energy consumption in Niedersachsen in 2010 or 3.1% of the agricultural emissions in 2009. The majority of the impacts were achieved under the codes 214 and 227. Compared with existing and optional instruments which are far more effective, the EAFRD support is not particularly suitable as a strategic method of protecting the climate.

There are more effective instruments for protecting the climate outside *PROFIL*

Generous funding was provided through *PROFIL* for adaptation to climate change, in this case protection against flooding, storm surges and a rising sea level, primarily in the form of national top-ups.

Flood and climate protection requires a lot of funding.

There is urgent need for action on water protection in Niedersachsen because of surplus nutrients in bodies of water, which are mainly the result of diffusion of nutrient contamination from agriculture. There are also significant shortcomings in the ecological condition of the surface waters in NI/HB. The strategic funding approach envisaged a combination of regulatory and voluntary measures for water protection. In the case of surplus nutrients, however, the opportunities for voluntary measures under the EAFRD were limited.

Question 8: Contribution to improvement of water management

The contribution of *PROFIL* measures to reducing the nitrogen balance in NI/HB was a total of around 15,000 t N a year, which corresponds to a reduction of 5.8 kg N/ha or 6.5% in relation to the agricultural land throughout the state. After deduction of deadweight effects, the reduction was 10,700 t N or 4.1 kg N/ha. The AEMs and the drinking water protection cooperation agreements under 323-C accounted for the largest proportion of this. The *PROFIL* measures just managed to offset the trend towards an increase in N surplus, which is determined by extrinsic factors.

***PROFIL* measures were able to offset the trend towards a growth in N surpluses**

The most important component in improving the ecological state of watercourses was support for the near-natural development of watercourses through public investment (323-B, in part also 413), which was completely funded through *PROFIL* in NI. Land consolidation to make appropriate areas available complemented this.

High importance of *PROFIL* for ecological development of watercourses

Economic, employment and social policy at national, state and municipal level is primarily able to bring about improvement in the quality of life. Compared with those instruments and opportunities for action in these areas, the significance of *PROFIL* in improving the quality of life in rural areas was small. The relevance of *PROFIL* support in relation to quality of life concerned the decline in infrastructure and in the appeal of living in rural areas, especially in those regions affected by negative population trends. In the EAFRD there is no definition or clarification of the term quality of life; this gap should therefore be filled with discussions about “the good life in rural areas” concentrating on concrete, specific targets.

Question 9: Contribution to improving the quality of life and encouraging diversification

Of the various dimensions covered by quality of life, the *PROFIL* measures had an impact in particular on the dimensions “social relationships”, “political participation”, “personal activities (leisure)” and, above all, “conditions of residential locations”. The dimension “personal and economic insecurity” was of only minor significance because of the limited effects on employment. Conditions of residential locations, primarily the external appearance of villages and quality of visits to them, were changed in a positive way by measures 321, 322 and Leader. Personal (leisure) activities were also facilitated by better road infrastructure under 125-A and 125-B. The integrated approaches of rural development under Axes 3 and 4 were directed at the development of an entire region and had a particular impact on strengthening endogenous potential in rural areas. Although the measures were not able to counteract demographic change, they were able to confront it at the level of projects or localities.

Impacts on conditions of residential locations and leisure activities

It was possible to identify approaches to innovation in *PROFIL* under measures 111, 121, 123, 323-C, 321 and Leader. The measures were based on different conceptions of innovation, however, and there were no clear definitions. In contrast to the important role played by innovation in some descriptions of measures, it was primarily “standard projects” with little innovative content that were implemented.

Question 10: Contribution to introduction of innovative approaches: small

The demand for the development of faster internet connections is high in many rural regions of Niedersachsen. Support was possible in *PROFIL* through measure 321, although primarily with national funds. Compared to the demand, the projects implemented made only a small contribution to improvement.

Question 11: Contribution to providing access to broadband internet: small

Animal welfare in agriculture is increasingly an important issue in social debates. Of the measures in the EAFRD potentially suitable for improving animal welfare, only advice (114) and the AFP (121) were offered in *PROFIL*. The two measures had only a limited scope for impact as many

Programme-specific question of animal welfare: hardly any impacts

animal welfare problems can be solved only with compensation for increased running costs for animal-friendly husbandry.

Gender equality is an objective of state policy and it is also pursued explicitly through *PROFIL*. However, the *PROFIL* measures were largely equality-neutral in design; only a minority were potentially directed at equality. In the relevant impact areas of “employment and entrepreneurship”, “training and gender competence” and “reconciliation of family and career”, it was possible to identify contributions to objectives relating to gender equality policy. There is still a need for improvement in the area of “participation in decision-making processes” in relation to the quota of women involved in the various committees.

Contribution of *PROFIL* to the horizontal objective of equality: signs of improvement

10 Running of *PROFIL*

NI/HB were a long way from using up the original framework for Technical Assistance. This was also the result of restrictions in the selection of possible activities. To avoid differentiation problems with the first pillar and a potential risk of penalties, large areas were excluded (e.g. funding for personnel and IT which could not be unequivocally assigned to the implementation of *PROFIL*).

Question 13: Use of Technical Assistance

Around half of the funds deployed were spent on obligatory components such as external evaluation, recording and analysis of monitoring data, or explanatory plaques. The other half supported the administration in creating and implementing the programme with additional personnel, appointment of external staff, various network activities and measures to develop capacity. A small proportion went on PR work. Most of the activities would have been carried out to a significantly more limited extent, if at all, without this funding. NI/HB are recommended to continue to use Technical Assistance in a flexible way.

Flexible deployment of funding

The costs for implementation of the funding programme are referred to as implementation costs (ICs) and comprise personnel, IT and other material costs for the bodies involved. In 2011, a total of just under 370 full-time employees were involved in the implementation of *PROFIL* in NI/HB, while the ICs ran to around €27 million. The relative ICs in relation to the total disbursements of funds on average in the period 2010 to 2012 was around 9%.

Question 14: Efficiency of the use of resources

The relative ICs varied over a wide range, depending on the measure. In the measures relating to land, they were between 1.2% for CP and 28.6% for Natura 2000 payments. Of the investment measures, 126, 121 and

Relative ICs vary across a wide range

125, which involved a large amount of finance, were relatively cheap to implement with 3% - 6% relative ICs. Measures with a relatively small volume of finance such as training and cooperation measures (331-B, 421, 111) were, by contrast, particularly expensive. The forest funding measures, with a good 22% of relative ICs, were also comparatively expensive to implement.

In comparison to the other programmes in the seven-state evaluation, *PROFIL* has the best ratio of ICs to funding implemented by some distance. There were significant synergies as a result of having a joint programme for NI and HB. Compared to the survey of 2005, however, the absolute and relative ICs have increased. This is the result, among other things, of the larger number of measures, the integration of Leader and the increased complexity of implementation in compliance with EU regulations.

NI/HB have the lowest relative ICs among the seven states

In the context of qualitative analyses, factors of the implementation framework affecting ICs were examined. The inconsistent and constantly changing legal framework of EU funding, the necessary variety and depth of the monitoring measures and the sanction regulations carried over from the first pillar were identified as the main factors that increased ICs. The degree of detail in the legal framework and the retrospective changes (of interpretation) in particular led to inefficiencies and the risk of errors.

Implementation framework: the legal framework as the biggest weakness

The legal framework of EAFRD funding must therefore undergo fundamental simplification. This is a task primarily for the EU-COM. Approaches to optimisation include e.g. introducing de minimis limits for reclaiming funds, rethinking sanction regulations, clarifying vague legal terms and keeping the legal framework consistent throughout the entire funding period.

EU-COM must simplify the legal framework

By contrast, the organisational structure of *PROFIL* implementation had a positive effect on the efficiency of implementation. The administrative structures were complex at the management level, but demonstrated good functionality. Award of funding was grouped into three strands. At the level of the awarding authorities, little changed in terms of organisation over the funding period. Comprehensive changes that made things more complicated took place at the management level. This had hardly any impact on *PROFIL*, but probably will affect the transition to the following funding period. At the level of awards, the degree of concentration and centralisation in carrying out tasks was relatively high. However, the implementation framework made high demands on human resources, both quantitatively and technically. The staffing of the administrative bodies proved in part to be an increasing bottleneck in implementation.

Strength of the *PROFIL* implementation is the organisational structure

The identified strengths of the organisational structure should be preserved. The functional capacity of the newly created structures should be reviewed at the management level in two years.

Maintain strengths

Deadweight effects reduced the efficiency of deployment of the funding, as the money spent was not associated with additional impacts. Private beneficiaries received around €1,050 million of public funds in the *PROFIL* funding period. 23% of this was associated with a full deadweight effect, i.e. the projects or land management process would also have been implemented in an identical way without any funding. A large proportion of the deadweight effect can be traced back to sub-measures in NAU/BAU, CP and investment support for individual farms. 32% of the funds given to private individuals were associated with a partial deadweight effect, i.e. the funding created a preference for or a modification of an investment which was planned in any case. To a certain extent, such effects were the intention of the funding policy.

Deadweight effects affected a quarter of total funding for private beneficiaries

To reduce the deadweight effect, the requirements should reflect public interest in the funding in an effective way, while the funding should essentially compensate for the additional costs of those requirements.

Design conditions of funding to take account of deadweight effects

Additionality exists when public beneficiaries of funding make investments that they would not otherwise have made. With the increasing limitations on municipal budgets, this requirement has been relativised, as many municipalities cannot make essential investments without additional funding. According to the surveys, the public investments supported with *PROFIL* show a lack of additionality only to a very small extent. However, there is a risk of regional misallocation if some of the municipalities cannot make their own contributions as required, with the result that the funding does not go to the neediest regions.

Additionality was apparently high among public beneficiaries

The additionality of *PROFIL* funding was seemingly high, as even central areas of public services could only be covered with the aid of funding programmes. It would have been more efficient if such areas could have been financed directly through allocation of funding from taxation. The entire system of municipal funding should therefore be reviewed accordingly.

***PROFIL* bridges gaps in municipal budgets**

It was possible to identify synergies between measures, but the extent of these had no significant effect on funding efficiency. There is greater potential in providing so-called multifunctional measures with synergetic effects, such as organic farming, the development of watercourses, or projects to protect moorland under 323-A and 216, which have positive impacts on several fields of activity at the same time.

Synergies between measures had no significant effect on funding efficiency

As there are few structures to combine measures at the implementation level in NI/HB, the specialist departments should exchange information about measures that work in a complementary way on a regular basis to generate synergies.

Facilitate regular exchange of information between specialist departments

To be able to assess the efficiency of the funding as a whole, the overall costs must be set against a quantifiable benefit. This was possible, to a limited extent, for the environmental impact areas. For *PROFIL* overall, evaluation was impossible because of a lack of comparability between, for example, environmental and socio-economic impact areas.

Efficiency of funding for environmental objectives only partly quantifiable.

High relative implementation costs are not always a sign of a lack of funding efficiency. Higher administrative expenses are sometimes necessary to achieve greater effects. An unbalanced attempt to simplify administration can therefore also reduce the efficiency of funding.

Do not opt for unbalanced simplification of administration

In the field of biodiversity, it was possible to show for *PROFIL* that there is a close relationship between relative ICs, overall costs and effectiveness. However, it was not possible to draw up a clear ranking for the various measures because they varied significantly in duration of impact and were also aimed at specific species or types of habitat.

Biodiversity

An efficiency calculation showed that there were large differences in the cost-effectiveness of the various measures aimed at protecting water by reducing the N balance. Crucial in this context were the sometimes large deadweight effects of the funding.

Water

In the area of climate protection, it was possible to calculate efficiency performance indicators (costs per saved CO₂ equivalent) only in part. The indicators covered a wide range. At the same time, climate protection was only a subsidiary objective for most *PROFIL* measures.

Climate protection

In its overall strategy and structure of measures, *PROFIL* had features that affected the amount of ICs and also effectiveness. On the one hand, measures with a high implementation cost strengthened the effectiveness of the funding and therefore of funding efficiency. On the other hand, the heavy financial emphasis on sector-related standard measures had a clearly negative effect on the overall funding efficiency of *PROFIL*.

***PROFIL* has features of both high and low funding efficiency**

Overall, an efficient use of resources was associated with *PROFIL* in large part. 69% of the total funding (without coastal protection) went into measures that were particularly effective in at least one impact area. The implementation of those measures incurred 76% of the total ICs.

69% of *PROFIL* funding was effective in at least one target area

In terms of funding efficiency, very small measures should be supported from national funds insofar as they are effective. High de minimis limits should apply to EU funding. Measures with low effectiveness and high proportions of expenditure such as CP and the AFP should be modified fundamentally or no longer be offered.

Better to fund small measures nationally

11 Overall assessment and general recommendations

The overall assessment covers the effects of *PROFIL* in the context of the main objectives of EAFRD funding and aspects of programme implementation. Overall, NI/HB set realistic targets in *PROFIL* which corresponded to the potential of EAFRD funding. This is also reflected in the very small number of measures that can be classified as having missed their objectives in the overall picture.

Very few measures that can be classified as having missed their objectives

PROFIL support is the most important funding instrument for measures in the target areas of biodiversity and water protection (in particular surface water), where there is simultaneously a very high requirement for action and a high degree of effectiveness of the mix of measures offered. These areas should be strengthened financially and by optimising measures in future.

Strengthen measures in the target areas of biodiversity and water

The objectives of economic growth and employment creation, on the other hand, were target areas of *PROFIL* with a low need for action and limited impacts. The funding-intensive measures in the areas of infrastructure, public service and regional development processes supported economic development of rural areas mainly in an indirect way. However, *PROFIL* offered only very limited opportunities for a funding policy orientated towards the economy and employment in rural areas. This was partly the result of the restrictive regulatory framework of the EAFRD Directive.

Only limited impacts on economic strength and employment.

The EU Commission should resolve the conflict of objectives between the overall European growth strategy Europe 2020 and the rural development policy in the EU which is directed towards balance.

Resolve conflict of objectives between growth and balance

In the context of the limited impacts of the *PROFIL* funding on the competitiveness and work productivity of the agricultural sector, the funding should be restricted in future to the provision of public goods and of advice and training measures.

Concentrate funding in the primary sector on the provision of public goods

The quality of life in rural areas also depends on functioning public services, a fact which has been addressed increasingly by *PROFIL* over recent

Ensure overall funding for the municipalities

years. These beginnings should be continued. The EAFRD alone cannot solve the large challenges being created by, among other things, demographic change. Sufficient overall funding for the municipalities and public bodies must therefore be ensured.

and public bodies

PROFIL has efficient implementation systems for funding. The system has no basic weaknesses but had several problems of detail and solutions that were less than optimal. Recommendations have been formulated in this connection at many points in the evaluation.

Efficient implementation systems

The question of the need for appropriate funding of *PROFIL* for specific target areas could only be answered to a very limited extent. From a technical perspective, although there is additional need for effective environmental measures, the existing funds were not taken up in full. This was also because of the risks and the efforts involved for the applicants.

It is difficult to reconcile demand and implementation under the existing framework

The increasingly complex regulatory framework of the EU has a negative effect on the implementation of the EAFRD programmes. The implementing administrative bodies are already putting a lot of effort into avoiding procedural errors and are increasingly declining to implement measures that may be highly effective but are prone to errors. On the other hand, measures that can be standardised, are less target-orientated and are associated with adaptation costs tend to be marked by lower intensity of impact and deadweight effects. Both effects cause the costs of missing targets to increase.

Complexity of the EU regulatory framework increases the costs of missing targets

A fundamental resetting of the legal framework conditions is therefore essential and it must be tackled promptly. The central points are greater legal clarity, the implementation of the single audit principle for the EAFRD, greater emphasis on the principle of proportionality enshrined in the contracts, and a ban on retrospective application of changes to the legal framework and legal interpretations.

The legal framework must be fundamentally revised

Conclusion

Niedersachsen and Bremen have used second-pillar EU funding to offer a wide range of measures in a consistent strategic framework in *PROFIL*. It was possible to identify positive impacts of the *PROFIL* support in most measures in the ex-post evaluation. The objectives and impacts of the measures went far beyond the programme questions and indicators prescribed by the EU, which are heavily restricted in theme to the EU 2020 objectives. Especially in the area of rural development, the measures were directed at specific local needs, potential and strategies and led to ex-

tremely heterogeneous projects and impact pathways. Narrow limits were therefore inevitably set for the aggregation of overall effects. The potential of a rural development programme is too limited to have a measurable effect on the impact indicators for economic growth and employment set by the EU, as was realistically forecast in the planning document. In the area of the environment impacts were measurable, but the counteracting factors outside the programme had too strong an influence to maintain the status quo, which was the aim of the global impact indicators. Important and, in part, more effective levers often lie outside support policy.