



Ex post evaluation report

Ex post evaluation of the
Rural Development
Programme of Malta
(2007-2013)

Final Report

30 October 2016

Executive Summary

Background and methodology

This ex post evaluation report provides information regarding the performance, results and impacts of the “Rural Development Programme for Malta 2007-2013. The evaluation develop approaches which could approximate the ‘net’ contribution of the implementation of the RDP to the observed effects, i.e. the effects that would not have been achieved had the programme not been in place. Considering the heterogeneous interventions of the RDP, a mixed methodological approach was applied to achieve the abovementioned objectives. For each measure an individual approach was developed in view of the already available data, the characteristics of the measure (beneficiary type, number, financial amount, type – investment or income support) and the perceived cost to benefit ratio of the different evaluation methods. A similar approach was used for relevant result and impact indicators. The following table summarises the evidence base of the evaluation.

Table 1: Evidence base of the ex post evaluation (RDP Malta 07-13)

Evidence base of the ex post evaluation (RDP Malta 07-13)	111	114-115	121	123	124	125	132	142	212	214	313	323	341	41	42	43	5
Analysis of programme documents , literature																	
Analysis of monitoring, financial and administrative data																	
Review of the findings of IERs and SMRs																	
Review of project lists and project documentations																	
Counterfactual impact evaluation (I1, I2, I3)																	
Input-output analysis (multipliers)																	
Beneficiary survey			2	1							1	1					
Semi-structured stakeholder interviews		3			4	1	4	1						3			12
Beneficiary case study with in-depth interviews			2	2		1					4	2					
Beneficiary focus group discussion	1																
GIS-based spatial analysis																	
Review and comparison of farmland bird reports (I4)																	
Expert panel & expert assessment (I6)																	
Estimation of renewable energy savings (I7)																	
Review of training attendance sheets																	
LAG international benchmarking (Mediterranean)																	
Review of various information and publicity materials																	
Stakeholder consultation																	

Source: KPMG (2016).

Market performance and the competitiveness of the agricultural sector

“The impact on the growth of gross value added and labour productivity are considerable”

Market performance and competitiveness of the agricultural sector are in the foresight of decision makers both at European and at the Member State level, including Malta. The impact of the investment measures (121 and 123) financed by the Rural Development Programme on economic growth and labour productivity are considerable. The increase in competitiveness is evidenced by an estimated net increase of € 1,853 in the labour productivity of enterprises supported under the two investment measures (121 and 123). Not only did investment measures foster growth

for the direct beneficiaries, they also resulted in significant spillover effects on the Maltese rural economy: total impacts are estimated to be 1.37 to 2.01 times higher than the impacts directly realised by beneficiaries. Overall, economic growth in the rural economy attributable to the implementation of the Rural Development Programme is estimated to be € 7,169,014 or PPS 8,860,901.

The cost-effectiveness of the RDP measures in terms of the increase in Gross Value Added attributable to the programme implementation can be assessed as moderate. In the case of measure 121, € 10.33 of public support was required to attain a net increase of 1 euro in gross value added in the Maltese economy.

Trainings and advisory services complemented the investment measures and contributed to the increase in the competitiveness of farms. Supported farmers managed to increase their market shares, better complied with EU regulations, increased production efficiency and also the quality of their products.

Current market needs and quality requirements are driving all market players towards making investments in the dairy sector. Such investments largely rely on RDP resources. In this regard, one of the key impacts of the RDP was contributing to the modernisation of the dairy sector through the shortening of the value chain by investments which allowed beneficiaries to handle more elements of the value chain alone, eliminating intermediaries. Subsequently, consumer prices decreased which contributed to the competitiveness of the dairy sector.

“The implementation of the RDP contributed to the modernisation of the dairy sector.”

Recommendation: exploit the potential in trainings and advisory services

Timely implementation and streamlined content of advisory and training services can help exploit synergies between the measures of the RDP. Advisory services have become available for the farmers towards the end of the programming period. The empirical work concluded that there is high additional demand for such services among the targeted farmers, with further potential in extending the scope of advisory services. Based on the feedback of training participants, the target group would welcome more practical training services that are related to their activities, e.g. training for animal breeders on efficient production techniques. In the 2007-2013 programming period, training courses were available in similar subjects, yet they were not chosen by the farmers. Promotion and information activities to the targeted audience could raise awareness regarding the utility of such training and advisory opportunities. Extended advisory services and more tailored training programmes are expected to complement other programme measures and thereby contribute to the use of better farming and management practices and sustainable growth of the competitiveness of Maltese farmers.

Innovation is a key driver of competitiveness, yet farmers in Malta were generally found not to be innovation and co-operation oriented in practice. Support under measure 121 and particularly under measure 123 reached positive results in terms of innovation. Among measure 121 beneficiaries, 70% developed new products or new production techniques, while this figure exceeds 90% for measure 123. Also, projects targeting the development of new specialty products, especially with the help of measure 123 and 124, promoted innovation activities.

Recommendation: promote innovation and co-operation to further increase competitiveness

The empirical work confirmed that innovation and co-operation can be significant drivers of competitiveness of Maltese agricultural production. The small size of the Maltese market calls for differentiation and innovation in terms of products and production techniques. The lowest average holding size in the EU requires effective co-operation of the market actors in order to stay competitive. In line with that, the MA should consider increasing the promotion of innovation and co-operation in the agricultural sector in future programmes (the RDP 2014-2020 already made significant steps in this direction). The MA could consider the application of more effective and efficient communication and publicity methods to promote innovation and co-operation in the agricultural sector, highlighting the potential mutual benefits for the parties engaged in such activities. Communication activities may include road shows, integration of the themes to MA and PA presentations or even to compulsory training measures and targeted advisory activities. Strengthening stakeholder involvement in the development and implementation of local initiatives should complement these actions.

Although the investment measures were less successful in fostering an increase in employment in the agricultural sector, in an environment where developments have shifted focus from labour intensive to capital intensive technologies is an achievement in itself stable employment figures can be considered as achievements by themselves.

Protecting the environment

Moderate but positive programme results were estimated in terms of protecting the environment, combating climate change and reversing biodiversity decline. Notably, the evaluation of environmental impacts and the monitoring of environmental impact indicators was challenging in the 2007-2013 period. Despite the continuous joint efforts of the MA, PA and the evaluators to estimate environmental impacts in a rigorous way, data availability limited the scope of potential methods to be used in the evaluation.

Recommendation: develop an environmental impact monitoring system

The MA should consider developing an environmental impact monitoring system for agri-environment-climate measures in the 2014-2020 programming period, which would be based on field observation. Preparations with the involvement of respective institutions are suggested to be launched as soon as possible, in order to set up a functioning system for the RDP 2014-2020, allowing proper assessment of baseline values. The environmental impact monitoring system is expected to contribute to the rigour of future programme evaluations (via more credible estimation of the net effects of the programme), the results of which can effectively feed into the policy-cycle.

The RDP contributed to a major increase in the production of renewable energy. A total of 1,956,981 yearly kWh of renewable energy was generated by the end 2015. The majority of this volume can be attributed to photovoltaic panels installed by the beneficiaries of measure 121. A smaller contribution was added by solar water heaters installed by the beneficiaries of measure 121 (4,292 kWh) and photovoltaic panels installed by the beneficiaries of measure 123 (119,623 kWh). Carefully defined project selection criteria, rewarding projects with energy and power savings (+10% each) and favouring if the applicant has also applied for measure 214 (+5%) contributed to these results.

“The RDP contributed to the major increase in the production of renewable energy.”

While the target value for land management contributing to climate change mitigation were 0 ha, the RDP created 292 ha of such land mostly through measure 214. Another, even more important aim was the creation of renewable energy infrastructure which reduces CO₂ emissions. A total of 25,991 tonnes of CO₂ emissions were saved through photovoltaic panels and solar water heaters. The vast majority of the CO₂ (25,947 tonnes) was saved through measure 121 and only 44 tonnes through measure 123. For reference, in 2011, Malta emitted approximately a total of 3,000,000 tonnes of CO₂ yearly, so the RDP reduced Maltese CO₂ by 0.9% yearly.

Another contribution to the RDP to climate change mitigation is through soil and tree planting measures. This was accomplished through measure 214 in the form of increased soil organic matter and carbon sink capacity. The scope of these measures, however, remained limited as both land area covered and beneficiaries contracted remained low.

Agri-environment measures were expected to bring about improvements in the fields of biodiversity, preservation and development of high nature value farming. The effectiveness of the agri-environment measures in enhancing biodiversity and water quality was weakened by the fact that the vast majority of beneficiaries applied for low input farming only, which did not prescribe any requirements, or restrictions, directly in favour of biodiversity or water quality.

Development of rural areas

Axis 3 of the RDP (excluding measure 341), was strongly ‘pulled’ by the tourism sector in Malta, which became a common theme in almost all rural development projects. To reflect the needs of the applicants (mostly local municipalities), cross-financing from

measure 313 and 323 was made available to the target group in order to facilitate coordinated implementation. This practice was effective and welcome by beneficiaries of Axis 3. According to their feedback, integrated projects provided a good opportunity for more comprehensive development of the technical content of the project, and were also associated with less administrative burden compared to parallel applications and project management. This has contributed to a focused use of the available funds under Axis 3, which was perceived to have brought benefits for the Maltese rural areas especially through increased rural tourism (number of tourist visits) and, as a consequence, generation of additional revenues for rural areas.

LEADER approach

Local capacities were strengthened by Local Action Groups, which played a vital part in the 2007-2013 programming period in involving and animating local actors. The three Local Action Groups cover the whole territory of Malta and Gozo. All of them were able to bring together the private, public and civil sector in the formulation of the action groups. The local development strategies reflected a multi-sectoral approach and a strong sensitivity for the localities they cover. The LEADER approach has contributed to involve the relevant actors of the socio-economic spectrum of the area in the decision-making process and cross-sectoral cooperation proved to be of great importance in the LAGs. The embeddedness of LAGs in the life of the affected localities also contributed to their ability to generate 'bottom-up projects' in rural areas. Given the short history of the activities of the LAGs, this is a significant achievement of them. The international LAG benchmarking study, covering 5 other isolated regions in the Mediterranean region, showed however that some of the more mature and experienced LAGs have successfully assumed greater responsibilities in coordinating different funding opportunities in their areas. This might have relevance for the future of the LAGs in the post-2020 period.

Social challenges

The Rural Development Programme had limited success in targeting the social challenges faced by the rural population of Malta. The agricultural population is aging, while the appeal of working in the agricultural sector is considered to be relatively low, especially by younger generations. However, Malta did not implement specific measures targeting young farmers and early retirement of farmers in the 2007-2013 programming period, as the limited amount of programme budget (€ 96 million disbursed in total) had to be concentrated in order to anticipate significant impacts. Nonetheless, such measures would have had the potential to counter current tendencies. Therefore, it is welcome, that generational change is supported under the 2014-2020 Rural Development Programme in Malta. Additional facets of the quality of life in rural areas include easier accessibility (transportation), embellished social areas, conservation of the rural heritage and promotional events and festivals.

Implementation and institutional capacity

Due to the small size of the programme, available human capacities had difficulties with addressing the proportionately large scope of administrative activities, in part due to fluctuation, occasional shortage of staff, occasional lack of specialised skills, and limited opportunities for effective task sharing. In general, the scope of statutory activities, management tasks and monitoring activities were wide and challenging in view of the limited human resources of the MA and PA. In the case of the PA, handling of mass applications, payment claims and contracting in peak periods required considerable extra efforts, particularly from the Investment Measures Unit which was responsible for a wide range of measures. In the case of the MA, available human resources constituted a bottleneck for efficient operation and management of multiple responsibility areas, especially for the ones requiring special professional background and knowledge (i.e. public procurement, audits, IT development and system queries, publicity and communication actions).

Recommendation: improve institutional capacity to cope with demanding administration

The ex post evaluation (and the interim evaluations from 2012 on) found that the administrative costs of implementing the Maltese RDP were perceived to be disproportionately high by the institutional stakeholders, mainly due to the small size of the RDP compared to the administrative duties prescribed by the regulations for all Member States and programmes ('one size fits all' rules). Based on the evidence collected from stakeholder interviews the MA may consider involving external service providers or other public sector organisations as strategic partners in certain activities requiring specific professional background that would be difficult to be developed in-house. Potential areas could be public procurement processes, communication, publicity and information actions, monitoring, as well as and issues requiring legal counselling. These measures are expected to help the MA and PA focus on their core activities and cope with the peak periods during programme implementation.

The Maltese Rural Development Network (NRN) financed by RDP funding participated extensively in the implementation of the RDP since 2009 and also in the programming of the 2014-2020 RDP. The NRN selected three thematic areas to focus on in terms of raising awareness, enhancing beneficiaries' involvement and taking up rural development related initiatives. Selected focus areas such as increasing competitiveness and value added (measure 123), water management (measure 125) and rural tourism (measure 313) bearing substantial importance as basic and relevant catalysts of a sustainable Maltese rural development program.

Publicity actions were one of the most beneficial activities performed by the NRN very intensively in the first two years of its establishment. Several leaflets (on LAGs, cross-compliance, etc.), handbooks, newsletters were distributed, and an official website was developed. Regular TV programmes were sponsored and launched to promote the possibilities in European rural investment in Malta. In 2011 as a new way of communication, personalised SMS and payment claim campaigns were launched to promote the new measures and the newly established online application system. From 2012 onwards, the NRN has been very active in the planning of Rural Development Programme of the 2014-2020 programming period.

Internal coherence and complementarity of the programme

The RDP had a coherent programme strategy, though potential synergies have been utilised moderately as regards training, quality schemes, innovation, and co-operation. The RDP applied a coherent approach for rural development in Malta, where individual measures were intended to mutually strengthen the impact of each other. However, these synergies have been realised to a limited extent in some fields, the most important of which were related to quality schemes contributing to investment measures (121, 123 versus 132, 133), innovation and co-operation-related schemes contributing to investment measures (121, 123 versus 124, 142) and training schemes contributing to agri-environment measures (111, 114 versus 214).