



Ex post evaluation report

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

Final Report

12 April 2017

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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).

1 Introduction

1.1 Background, scope and objectives of the evaluation

The Ex post evaluation report provides information related to the performance, results and impacts of the “Rural Development Programme for Malta 2007-2013”. Article 86 of Council Regulation 1698/2005 specifies the function of the ex post evaluation as follows:

“The mid-term and ex post evaluations shall examine the degree of utilisation of resources, the effectiveness and efficiency of the programming of the EAFRD, its socioeconomic impact and its impact on the Community priorities. They shall cover the goals of the programme and aim to draw lessons concerning rural development policy. They shall identify the factors which contributed to the success or failure of the programmes’ implementation, including as regards sustainability, and identify best practice.”

Accordingly, the objectives of the evaluation are defined by the Terms of Reference¹ as

- to report objectively on the progress of the programme in relation to its stated goals as well as its output, result and impact indicators,
- to identify possible weaknesses in the programme and to put forward recommendations on how the quality, efficiency and effectiveness of the programme can be improved,
- to suggest possible amendments to the programme where deemed necessary for the successful completion of the programme,
- to analyse current data collection methods currently in place and to propose any improvements or new methods that will enhance the data collection function,
- to serve as a quality management mechanism and an early warning system,
- to identify data collection requirements necessary for the implementation of the programme as well as for reporting purposes,
- to collect the necessary data for the verification of result and impact indicators,
- and to review the programme indicators on an annual basis and to suggest possible refinements to such indicators.

1.2 Structure of the report

The report was structured according to the guidelines of the Common Monitoring and Evaluation Framework (CMEF) and the guideline for the ex post evaluation of RDPs. The sections contained therein are as follows:

1. Executive summary
2. Introduction: describes the purpose of the evaluation, specifies priorities and limitations of the current evaluation work and introduces the evaluation team.
3. The evaluation context: highlights key characteristics of the programme context, describes milestones of the evaluation process, draws up the scope and objectives of the evaluation contract and summarises the outcome of previous evaluations.

¹ Tender for the evaluation of the Rural Development Programme for Malta (2007-2013) (tender reference number: CT 499/2009)

4. Methodological approach: describes key features of the methodological background of the evaluation, i.e. the list of evaluation questions and indicators and the evaluation tools and techniques used throughout the evaluation.
5. Description of the programme, measures, and budget: describes the administrative system, presents an inventory of programme priorities and axes, explains the measures introduced in the RDP, summarises budget appropriations, recalls the chronology of programme implementation and provides information on the status of programme implementation as June 2016.
6. Analysis of the intervention logic of the measures: reviews the intervention logic of the measures, the needs they addressed, the intended change and long-term effects.
7. Assessment of the fulfilment of the indicator targets and answers to the evaluation questions: provides a detailed analysis of each programme measure, presents the progress of programme indicators and provides answers to measure-specific and horizontal (programme-specific) evaluation questions.
8. Conclusions and recommendations: concludes on evidence and findings presented in previous sections and formulates recommendations related to future programmes.

1.3 The evaluation team

The evaluation was carried out by KPMG Advisory Ltd. with the involvement of the following evaluators and experts:

Name	Role
Gábor Cserhádi	Project manager, QA Partner
András Kaszap	Team leader (Axis I)
László Podmaniczky	Subject matter expert (Axis II)
Balázs Podmaniczky	Evaluator (Axis IV)
Balázs Dobos	Evaluator (Axis I, III)
Marcell Németh	Evaluator (CIE, I/O analysis)
Barnabás Sándor	Evaluator (Axis I, III)
István Pósfai	Assistant evaluator (CIE, I/O analysis)

2 The evaluation context

2.1 Programme context

2.1.1 Related national policies and programmes

The planning and implementation of the Maltese RDP, Pillar II of the Common Agricultural Policy (CAP), has been influenced by a number of policy documents and programmes, the most important of which are described hereunder.

The National Strategic Reference Framework (NSRF), approved in December 2006, was the strategic framework for utilising European Regional Development Fund (ERDF), Cohesion Fund (CF) and European Social Fund (ESF) in Malta between 2007 and 2013. Strategic objectives of the NSRF are implemented through two Operational Programmes, the total budget appropriation of which amounts to € 840 million. The NSRF and the Operational Programmes served as an agreement between Malta and the European Commission on what to address by and how to deliver Cohesion Policy. Operational Programme I, utilising ERDF and CF, aimed to invest in competitiveness for a better quality of life. Interventions of OP I were grouped under 6 priority axes, covering the fields of knowledge and innovation, sustainable tourism, TEN-T development, upgrading services of general economic interest, environment, urban regeneration and improving quality of life. Operational Programme II, utilising ESF, aimed at empowering people for more jobs and a better quality of life. The programme had 4 priorities in the fields of education and skills, employability and adaptability of workforce, equal and inclusive labour market and institutional administrative capacity. Cohesion Policy funds were limited to the non-agricultural sector, but both programmes were intended to raise the quality of life, promote tourism and increase competitiveness of Malta, while improving the quality of human capital, maintaining and creating jobs and reduce territorial disparities.

The National Strategic Plan for Fisheries was the strategic plan for utilising EFF in Malta between 2007 and 2013, and its use was limited to the fisheries sector. The implementation of the strategy was carried out through a sole operational programme, the Malta Fisheries Operational Programme. Programme priorities included the adaptation of the Maltese fishing fleet; aquaculture, processing and marketing of fishery and aquaculture products; and measures of common interest (e.g. infrastructure, producer groups, relocation of fish markets, amenities). The programme had close affinity to the RDP, as they both targeted infrastructural developments in the primary and processing sector and the development of the quality of primary and processed products.

The National Reform Programme (NRP) of Malta was adopted in May 2011 and aims to reach the objectives of the Europe 2020 strategy, i.e. smart, sustainable and inclusive growth. The NRP sets out 25 measures with the objective of ensuring that Malta achieves Europe 2020 targets in the fields of education, employment, poverty, research and development, energy and the environment. Seven distinct sets of structural reform measures are coupled with the thematic measures that are to address bottlenecks of growth and macroeconomic imbalances. The total value of NRP measure, which includes EU funds as well, is estimated at € 578 million. The RDP was also planned to contribute to reach Europe 2020 targets, especially in the fields of environment, employment and education.

The Sustainable Development Strategy (2006) for the Maltese Islands is primarily aimed at improving the quality of life of all members of society, promoting convergence between the interests of different sectors and layers of society and between the interests of current and future generations. Measures are categorised under four main priority areas, namely managing the environment and resources, promoting sustainable economic development, fostering sustainable communities and other cross-cutting strategic issues. The RDP contributes to the fulfilment of the objectives set especially in the fields of environmental sustainability and social renewal of the rural areas.

The National Environmental Policy, approved in February 2012, lays down the principles upon which Malta's environment will be managed and upgraded, and which other non-environmental sectors must respect and adhere to. This is a sub-strategy of the Sustainable Development Strategy and aims to green the economy, safeguard environmental health, use resources efficiently and sustainably, improve the local environment, green Gozo and promote long-term sustainability. The document takes account of Europe 2020 priorities and builds upon RDP and other EU funded programmes in reaching its objectives.

The National Climate Change Adaptation Strategy was published in May 2012. The strategy follows a focused approach defining key sectors for climate change adaptation. As the outcome of the long consultation process, actions, responsible organisations and a roadmap were defined for policy design and implementation, legislative tasks and development of measures. Among the sectors in focus, adaptation in the field of water management and agriculture are of high relevance for the implementation of the RDP.

Malta's National Action Plan for Sustainable Use of Pesticides 2013-2018 sets the framework for pesticide use and control in Malta. Malta Competition and Consumer Affairs Authority (MCCAA) is the designated Competent Authority of the action plan; its main responsibilities relate to the provision of guidance and trainings on sustainable pesticide use for farmers, setting and enforcement of record keeping obligation for distributors and professional users. The document highlights the role of Farm Advisory Services and RDP support in promoting the adoption of sustainable agricultural practices in line with the Cross Compliance Directives. The plan envisages the improvement of monitoring system, i.e. development of research project for contamination of soils by pesticides.

One of the most important challenges for the Maltese agriculture is the organic waste accumulating on livestock farms and the sustainable fertiliser usage. The RDP gave a strong priority train farmers to improve long-term fertiliser utilisation. Malta Environment and Planning Authority (MEPA) among other things held public consultations and published legislation in the field. In 2015 alone, 11 new regulations were published regarding air quality, waste management and environmental damage mitigation.

Beyond the aforementioned issues, other policies and programmes are also having connections with or impact on the implementation of the RDP, such as the Water Catchment Management Plan of Malta, the Strategic Plan for the Environment and Development, and relevant EU directives (e.g. Water Framework Directive, Nitrate Directive and other directives under cross-compliance requirements).

2.1.2 General socio-economic context

The socio-economic context of the Maltese RDP has a number of specialties that distinguish the programme from RDPs in the rest of Europe. Malta has a **total land area of 316 km²** which is shared between three inhabited (Malta, Gozo, Comino) and two uninhabited islands (Cominotto, Filfla). The size of the country prevents the application of usual NUTS classification of regions, micro regions and localities and territorial administration is carried out only at country level and at the level of localities. For the purposes of the implementation of the LEADER approach three regions (Xlokk, Majjistral and Gozo, which includes Comino) have been defined, which are not official NUTS classified territorial units.

The population of the islands before the implementation of RDP was 404,039,² of which approximately 30,000 lived on Gozo. That implies **high population density** (1,282 / km²), which influenced the **unique definition of 'rural areas'** in Malta. Unlike in other countries, localities where population density is below 5,000 / km² are classified as rural areas, which has attributed a more urban and industrialised character to the rural areas as compared to Europe's mainland. Rural areas take up 91% of the island and 66% of the population lives there.³ The **population** (and thus population density) **has grown** during the programming period: in 2016, the total population of the island is more than 434,000.⁴

Approximately **11 thousand farms** are located in Malta with the **lowest average farm size in the EU-28 of 0.9 ha** (there was some restructuring in farm size in the previous RDP period). Small farms, fragmented farm structure and land ownership are key drivers of tailoring agricultural policies and programmes to the special context of Malta.

² RDP 2017.

³ EAFRD: Malta – Rural Development Programme pp.154. Available at: <http://www.reterurale.it/downloads/RDP/rdp%20Malta.pdf>.

⁴ Eurostat 2016.

The **share of agriculture in GDP was 2%** at the time of programme adoption, and the strategic importance of the sector was recognised by the RDP and by national policies. Since then this value **decreased to under 1.5%**.⁵ The main reason for that was the high **dependence of Malta** on the importation of food and raw materials.

A further speciality of Malta is the **drive of tourism in GDP growth**. The number of visiting tourists accounts for more than three times the permanent inhabitants per year, which has a strong influence on the rural development aspects of RDP, the formulation of Local Development Strategies and project generation of rural areas.

In addition, the Mediterranean climate, geographical location of the island, the lack of forest areas, the scarcity of surface waters, the heavy reliance on imported fuel, the impact of the sea on soil quality and limited irrigation capabilities limit the potential impacts of RDP to a significant extent.

Finally, although not strictly connected to the socio-economic background, the fact that the 2007-2013 period was the first one for Malta to implement an EAFRD programme (while Malta did not benefit from SAPARD as well) has shaped the demand for EU Funds to a significant extent.

2.1.3 Main social and economic needs of the target groups

The main objective of the RDP is to enhance the economic, social and environmental sustainability of the Maltese agriculture and rural areas. Economic viability of **agricultural holdings** is hindered by land fragmentation and small farm sizes, which is coupled with low efficiency of production. Primary needs of this group include technological modernisation to improve competitiveness and to comply with EU standards, marketing of fresh and good quality agricultural products and improve the quality of human capital through trainings. Environmental sustainability is also a general need in the sector, while social issues are also to be targeted in order to avoid long-term ageing of the farmer population and promote attractiveness and social acceptance of agricultural professions.

As regards the **agri-processing sector**, import dependence and the lack of economies of scale are the main competitive disadvantage at EU level, which is amplified by the low added value of local processing activities. Therefore, the main need of the industry players is technological modernisation in order to increase value added and operational efficiency and marketing of the processed products in domestic and EU markets.

The key challenge of **localities and rural communities** is to find the balance between the preservation of rural life and rural heritage, improvement of the quality of life, and the economic development of the rural area through increased local tourism. The main need of this group is thus to obtain financing for investments to increase tourism, while preserving their local rural heritage and improve the quality of life of local citizens. That is even more stressed by the need to tailor these developments to Local Development Strategies, approved by local communities.

2.2 Previous evaluations and monitoring reports

Prior to the current evaluation, nine evaluations have been carried out in relation to the Maltese RDP.

The **ex ante evaluation of the RDP** was carried out prior to the acceptance of the programme. The evaluation also included the preparation of Strategic Environmental Assessment and thereby the evaluation of consequence of programme implementation on certain environmental domains. The main conclusion of the ex ante evaluation was the limited relevance of the RDP due to special conditions of the Maltese economy. However, the evaluation argued that the measures chosen have a potential to reap benefits that the RDP could generate for Malta.

⁵ Aaron G. Grech: The Diversification of the Maltese Economy Policy Note 8 pp., Central Bank of Malta, September 2015. Available at: <https://www.centralbankmalta.org/file.aspx?f=1169>.

The **Strategic Monitoring Report 2007-2009** was approved by the Commission in June 2011. The paper has made an overview on the progress of the RDP, taking note of the financial implementation and the achievement of indicator targets as well. It also analysed steps taken to ensure the quality of programme implementation and carried out an analysis of programme effectiveness.

The **mid-term evaluation (MTE)** of the RDP evaluated programme implementation until 30 June 2010 and the final version was submitted to the Commission on 31 December 2010, and the Commission acknowledged receipt of this report on 14 January 2011. The evaluation has analysed the evaluation context, described the programme, measures and budget, evaluated the individual measures and horizontal issues and provided conclusions and recommendations for future programme implementation. As a general finding of this evaluation, the implementation of the RDP had just started to gain momentum at that time. Therefore, the results and impacts could not be evaluated yet.

The **Interim Evaluation Report 2010-2011** covered the period of 30 June 2010 – 31 December 2011, final version of the report was approved by the Managing Authority in June 2012. The evaluation work has provided description of the programme, measures and budget and analysis of the evaluation context, evaluated the progress of implementation of individual measures and budget utilisation, and provided answers to horizontal and measure-specific evaluation questions according to the information available. The report has concluded a moderate, but positive relevance at programme level. Nevertheless, it has also noted that there are big differences regarding performance of measures, and highlighted the necessity to devote more attention to less-favoured measures and consider possible reallocations to maximise budget utilisation. Due to the late start of programme implementation and lack of an integrated data warehouse for monitoring and evaluation purposes, data for result and impact indicators was limited.

The final version of **Strategic Monitoring Report 2010-2011** was submitted to the Commission in August 2012. The document has provided a qualitative and quantitative assessment on the progress of implementation, with special attention to budget utilisation and achievement of indicator targets. The report has also covered the analysis of the consistency of RDP and coordination arrangements with other EU policies and financial instruments.

The **Interim Evaluation Report 2012** evaluated programme implementation for the period of 1 January 2012 – 31 December 2012. The final version of the report was approved by the Managing Authority in May 2013. Similarly to IER 10-11, the report assessed the progress of implementation of individual measures, evaluated budget utilisation in terms of commitments and disbursements and provided answers to measure-specific and horizontal EQs. In order to enhance the set of information available for evaluation, the evaluators conducted beneficiary survey for measures 121, 123, 313 and 323, and carried out in-depth interviews with selected beneficiaries for the compilation of case studies for selected measures (altogether 9 case studies). The additional data collection has provided more comprehensive answers for case studies, as well as estimation of data for some of the result indicators. The report noted that disbursements had showed a moderate progress in the course of 2012, but no uptake had been realised for commitments, which was considered to be a significant risk factor for absorption of RDP funds, in particular for certain axis 1 and axis 4 measures.

Focus of the **Interim Evaluation Report 2013** was shifted towards supporting successful programme closing and efficient utilisation of funds. In addition, the report moved on to explore interim results of interventions and capture long-term impacts were available. The report concluded programme implementation for the period of 1 January 2013 – 31 December 2013. Analogously to previous IERs, the report assessed implementation progress of individual measures, evaluated financial utilisation in terms of commitments and payments and presented answers to measure-specific and horizontal EQs. Additional data collection has been continued with the conduction of 3 case studies for LAG projects and exploratory phone interviews with measure 124 and 132 beneficiaries. Furthermore, focus group discussion was organised with the participation of beneficiaries who received training under measure 111. The report included the comprehensive counterfactual impact evaluation for axis 1 and detailed expert assessment of R(06) indicator based on GIS and PAIS data, which allowed to calculate values for a number of indicators. The evaluation concluded that at programme level financial progress is adequate; nevertheless, for 6 out of the 17 measures (including certain axis 1 measures and actions launched by LAGs) risk of not utilising RDP funds was noted.

The **third Strategic Monitoring Report**, covering years 2012-2013 has been submitted to the Commission services in September 2014. The report provided quantitative assessment of baseline and programme indicators, as well as financial implementation. Beyond that, the report contained the qualitative evaluation of measure-level implementation progress and assessment of consistency of RDP and coordination arrangements with other EU policies and financial instruments.

In the **Interim Evaluation Report 2014** the analysis of results and impacts of the RDP were more in the focus. The report provided in-depth assessment of the progress of implementation, which became even more important towards the end of the programming period. The report contained a case study report on the implementation of measure 125, focusing on the potential effects of the installation of water meters on farm holdings. The case study report applied a theory-based approach for the assessment.

From these evaluations five were carried out by KPMG Advisory Ltd. (two monitoring and two interim evaluation reports) with the involvement of the evaluators and experts included in the table below. It is evident from the table, that the senior experts of the team remained unchanged throughout the years, which enabled the evaluators to gain a firm understanding of the context of the Maltese RDP and ensured the continuity of the on-going evaluation exercise right until the ex post evaluation report.

Table 2: Monitoring and evaluation assignments related to the 2007-2013 RDP carried out by the KPMG evaluation team

Role	Strategic Monitoring Report 2010-2011	Interim Evaluation Report 2012	Strategic Monitoring Report 2012-2013	Interim Evaluation Report 2014	Ex Post Evaluation Report
Project manager, QA Partner	Gábor Cserhádi	Gábor Cserhádi	Gábor Cserhádi	Gábor Cserhádi	Gábor Cserhádi
Team leader	András Kaszap	András Kaszap	András Kaszap	András Kaszap	András Kaszap
Subject matter expert	Balázs Podmaniczky	Balázs Podmaniczky	Balázs Podmaniczky	Balázs Podmaniczky	László Podmaniczky
Evaluators and assistant evaluators	Anda Berényi László Podmaniczky Anna Vincze	Anda Berényi László Podmaniczky Anna Vincze	Anna Vincze László Podmaniczky Balázs Dobos	László Podmaniczky Anna Vincze Balázs Dobos Éva Krisztina Maklár	Balázs Podmaniczky Balázs Dobos Marcell Németh Barnabás Sándor István Pósfai

Source: KPMG (2016).

3 Methodological approach

3.1 Indicators and evaluation questions

Indicators form an important part of the monitoring system. They are not only the measurement units of success, they also aim to ensure the consistency of the data collection and the consistency of the methodology for evaluating the outcomes and impacts of RDPs across the EU Member States.

The Common Monitoring and Evaluation Framework (CMEF) defines the indicators to be used for the evaluation of rural development programmes during the 2007-2013 programming period. In the CMEF guidelines indicators are classified into five different categories, as follows:

- **Input indicators:** these indicate the budget or other resources allocated,
- **Output indicators:** outcome, physical or monetary units directly realised by a certain intervention,
- **Result indicators:** these provide information on changes, the direct and immediate effects of the interventions,
- **Impact indicators:** impacts, benefits linked to the wider objectives of the programme (which have also been interpreted as the 'net' effects, i.e. the effects attributable to the RDP, towards the second half of the programming period),
- **Baseline indicators:** there are two different types of baseline indicators: objective related and context related. They had the most important role in the ex ante evaluations: they formed the basis for setting of objectives established in the regulation and the Community Strategic Guidelines. Baseline indicators were not used systematically for the ex post evaluation. Still where assessing the baseline indicators provides valuable information for evaluating the impacts of the different measures, reference is made to certain relevant baseline indicators. The comprehensive and most recent list (2011) of baseline indicators and their ex ante values are provided in the Annex G of this report.

In general, Managing Authorities should ensure that indicators are available for all objectives identified in the programme to support the assessment of effects and impacts. The output, result and impact indicators relevant for the Maltese RDP, also being subject to the present evaluation, are estimated and analysed in Section 6 of this report.

Evaluation questions

The report answers the evaluation questions proposed by the Ex post Evaluation Guideline of the European Evaluation Network for Rural Development in Sections 6 and 7 of the report.

3.2 Evaluation methods and tools

The evaluation applied a **mixed method approach** as a response to the heterogeneous interventions of the RDP. 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 objective of this exercise was to develop approaches that help us **approximate the 'net' contribution** of the programme to the observed effects, i.e. the effects that would not have been achieved had the programme not been in place.

The following table summarises the evidence base of the evaluation:

Table 3: 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).

Main evaluation tasks carried out were as follows:

■ **Structuring**

- Reconstruction of the intervention logics of the programme measures
- Definition of the evaluation questions, elaboration of judgement criteria
- Assessment of the availability of data, and the risks and cost-benefit of the different possible methods
- Development of evaluation approaches for each measure, relevant result and impact indicator
- Development of approaches to answer evaluation questions

■ **Observing**

- Development of the tools needed for data collection and analysis (interview guides, scripts for focus group discussion and expert discussion, FADN data need specifications, list of shape files needed for the GIS-based analysis, structure and template of project-level case studies etc.)
- Review of programme documents (priorities, measures, targets, budgets, reallocations etc.)
- Collection of the required data – empirical work (see table above), including
 - 15 semi-structured interviews with institutional representatives of MA, PA and LAGs
 - 13 semi-structured interviews with beneficiaries of the RDP (not counting case studies)
 - 11 beneficiary level case studies (including in-depth interviews and site visits)
 - 3 beneficiary surveys (two for M121, one for M123)
 - 1 focus group discussion (M111)
 - 1 expert discussion on GNB (expert panel)
 - FADN data 2008-2014
 - Data regarding the tax returns of M123 beneficiaries and an appropriate comparison group
 - Statistical data (NSO, Eurostat)
 - Administrative data

- Indicator and financial data
- Symmetrical input-output tables for Malta (OECD)
- Various shape files (for the GIS analysis)
- LAG international benchmarking (3 Maltese LAGs versus 5 LAGs in the Mediterranean region in isolated areas, based on interviews and desk research)
- ~40 programme-related documents and reports
- 8 earlier evaluation reports
- Project documentations, information and publicity materials
- Training attendance sheets
- **Analysing**
 - Carrying out quantitative and qualitative analysis, e.g.
 - analysis of interview results
 - processing the outcomes of the focus group discussion and the expert discussion
 - analysing document contents
 - analysing survey results
 - counterfactual impact evaluation for measure 123: a total of 34 enterprises (supported group) were compared to 1,553 enterprises (comparison group)
 - counterfactual impact evaluation for measure 121: a total of 77 enterprises (supported group) were compared to 152 enterprises (comparison group)
 - complementary input/output analysis (I/O) for measures 121 and 123
 - descriptive statistics of available monitoring, financial, statistical and administrative data
 - spatial analysis in GIS
 - expert calculations (e.g. GNB, R6 indicators)
 - analysis of the intervention logics
- **Judging**
 - Formulation of answers to measure-specific and horizontal evaluation questions
 - Assessment of the effectiveness and efficiency of the programme
 - Formulation of conclusions and recommendations
 - Discussion on a stakeholder seminar (20 October 2016) to discuss and validate findings

Some of these methods are further detailed below.

Document and literature review

In the course of the evaluation, the following documents were subject to overview and analysis:

- A sustainable development strategy for the Maltese Islands (2007-2016)
- Aaron G. Grech: The Diversification of the Maltese Economy Policy Note 8 pp., Central Bank of Malta, September 2015.
- Annual Progress Report (2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007)
- Draft Water Catchment Management Plan for the Maltese Islands (March 2010)
- Ex post evaluation report on Malta's Rural Development Programme 2004-2006
- Final report of the ex post evaluation of SPD (2004-2006)
- Fisheries Operational Programme for Malta (2007-2013)
- Handbook on CMEF, Guidance note N.

- Info Nitrate report sections regarding results of soil tests for gross nitrogen balance (project ref: Information and Communications Campaign for the Proper Use and Management of Nitrates in Agriculture and Livestock Breeding (Life10 INF/MT/000092))
- Interim Evaluation Report (2014, 2013, 2012, 2010-2011)
- Local Development Strategies
 - Xlokk LAG
 - Majjistral LAG
 - Gozo LAG
- Malta Country Report (Country Profiler, 2011)
- Malta's National Reform Programme under the Europe 2020 strategy
- Malta's National Strategic Plan For Fisheries (2007-2013)
- Malta's National Strategic Reference Framework (NSRF)
- Malta's Single Programming Document (2004-2006)
- Mid-term Evaluation Report of the RDP (2007-2010)
- National Climate Change Adaptation Strategy (May 2012)
- National Environment Policy (February 2012)
- National Greenhouse Gas Emissions Inventory for Malta (2013) – Annual Report for Submission under the United Nations Framework Convention on Climate Change
- National Reform Programme under the Europe 2020 strategy.
- National Strategy for Policy and Abatement Measures Relating to the Reduction of Greenhouse Gas Emissions (September 2009)
- Operational Programme I and II (2007-2013)
- Relevant EC legislations
- Rural Development Programme (2004-2006)
- Rural Development Programme (2007-2013)
 - version November 2009
 - version November 2010
 - version June 2012
 - version April 2013
 - version August 2014
 - version 2016 (revision of budgets)
- Rural Development Programme (2014-2020)
- Strategic Monitoring Report (2007-2013)
- Strategic Monitoring Report (2010-2011)
- Strategic Monitoring Report (2010-2013)
- Strategic Monitoring Report (2012-2013)
- Strategic Monitoring Report of the RDP (2007-2009)
- The Water Catchment Management Plan for the Maltese Islands (March 2011)
- Working paper on Approaches for assessing the impacts of the Rural Development Programmes in the context of multiple intervening factors. European Evaluation Network for Rural Development, March 2010.

Desk research

In the course of the evaluation, the following tasks were carried out via desk research:

- Review of information on Malta's socio-economic background
- Collection of data on key economic indicators of Malta, especially with respect to agriculture (via National Statistical Office and Eurostat)
- Collection of information on beneficiaries
- Collection of information on the sectors the beneficiaries are operating in
- Context analysis of closing report documents

Beneficiary surveys

The beneficiary survey for measure 323 projects (including integrated 313-323 projects as well) has been prepared on the basis of previous questionnaire template used in 2012 for the measure 313 and 323 survey. Information gained from the survey has been channelled to the answers provided for EQs and calculation of indicator values.

Additionally, beneficiary surveys were conducted to obtain direct beneficiary information on a wider scale for measure 121 and 123. This was used to collect supplementary data for calculating indicator values and for exploring beneficiary perceptions. The beneficiary survey was performed in the on-going phase of the evaluation (in two phases in the case of measures 121).

Group discussions

A focus group discussion with beneficiaries was held in the on-going phase of the evaluation to explore perceptions regarding the usefulness of the trainings received for measure 111. Related to Axis II, an expert group discussion was held in July 2016 regarding the GNB impact indicator. Both events surfaced views of different stakeholders in a similar subject, providing an opportunity to discuss and confront opinions and achieve commonly agreed conclusions.

Semi-structured stakeholder interviews

In the course of this evaluation, interviews were important tools for the triangulation of evidence and evaluation findings. Interviews have been conducted with institutional representatives, experts, beneficiaries, as well as other relevant stakeholders for all measures (e.g. authorities).

These interviews followed a semi-structured approach, i.e. a standard list of questions were asked along with other, specific questions related to the subject matter, while we also left space for the discussion of different project-specific usually born on-the-spot. This approach was beneficial for the present evaluation as

- the aid of previously drafted standard interview questions supported the conduction of well-structured interviews, allowed comparison and aggregation of the results of different interviews, which allowed us to draw findings on the collected evidence,
- discussion of specific questions related to each measure allowed the identification and explanation of differences between the efficiency and effectiveness of their implementation, and
- a leaving room for open discussion and encouraging interviewees to explain their full view on the subject matter enabled us to understand of evaluation issues in a wider context, to identify possible further issues to be assessed during the upcoming evaluations, and to enrich evaluation findings with individual stories and specific points of view from interviewees.

All interviews were carried out by at least two professionals in order to minimise information loss and to be able to keep records of the interview.

Collection and analysis of administrative, financial, indicator and statistical data

As a rule of thumb the cut-off rate for financial data was at 30th June 2016. The measure specific investment data was submitted to the European Commission on this date and included the deduction of any financial corrections as 30th June 2016.

The RDP 2007-2013 database⁶ served as the main source of capturing the implementation of the measures. Data from the monitoring tables was utilised for assessing the level of achievement of target values set for all measures.

The following databases and data tables have been analysed:

- FADN farm level data for the period 2008-2014
- Custom query of PAIS on the commitments of the RDP as 30th June 2016 (project names, legal form, committed fund)
- Custom query of electronic database on the commitments for measures 212 and 214 (commitment type, total grant amount and area committed)
- List of total disbursements and commitments per measure as at June 2016
- Common and additional result indicator tables 2013
- General indicators 2013
- Horizontal indicator table 2013
- Update of baseline and target indicators (RDP version of April 2013)

Assessment of indicator values

During the course of the evaluation, all relevant information, documents and data have been analysed to extract output, results and impacts indicators for the purposes of the evaluation of the programme.

Firstly, baseline and target indicator values were identified from the last (current) version of the RDP. That was followed by the calculation of indicator values and, finally, by the assessment of actual progress against the targets through the evaluation questions.

The evaluators were able to calculate output indicators based on the electronic databases and interviews conducted with institutional representatives (regarding the number of supported beneficiaries, the volume of investments). Similarly to the above, computation of result indicators was performed on the basis of monitoring data as well as data collected by case studies, surveys and interviews. Results of the counterfactual impact evaluation (henceforward CIE) allowed the calculation economic indicators for measure 121 and 123, which can serve as a good point of reference for other Axis 1 measures as well. In cases where monitoring data was not available, evaluators used alternative methods to assess indicator values (e.g. evaluation of case study and survey results, analysis of FADN farm level data, analysis of Eurostat data). As regards impact indicators, values were calculated by CIE and by means of the aforementioned alternative methods (e.g. for GNB) that allowed the estimation of the 'net' impacts as far as possible.

Counterfactual impact evaluation

Counterfactual impact evaluation was performed regarding the economic performance of the supported holdings measure 121 and 123. For the purposes of the evaluation of measure 121 data was used from the Maltese FADN (Farm Accountancy Data Network) surveys ranging from 2008 to 2014. The variables utilised in the estimations were constructed from a set of more than 600 variables

⁶ IACS

collected through the FADN survey. For the evaluation of the economic impacts of measure 123, accounting data was used regarding supported and similar non-supported enterprises. The data was provided by the Inland Revenue Department of Malta.

The detailed methodology of the counterfactual evaluation can be found in the A. and B. Annex of this report.

GNB indicator analysis

The gross nitrogen balance represents the theoretical nitrogen surplus in the soil calculated by the difference between the total quantity of nitrogen inputs entering the soil and the quantity of nitrogen outputs leaving the soil annually. The use of gross nitrogen balance as an indicator of the potential N loss to aquatic system is significant. The GNB indicator analysis was used in the evaluation of measure 214.

The detailed methodology of the GNB indicator analysis can be found in the C. Annex of this report.

GIS-based spatial analysis

The aim of the GIS analysis was to evaluate the spatial relevance of the parcels related to commitments, answering - for example – on the following question: what is the impact of the biodiversity-oriented commitments on the areas related to different biodiversity problems? In favour of this we used the following maps for territorially clarifying areas related to different environmental problems.

The detailed methodology of the GIS-based spatial analysis can be found in the D. Annex of this report.

I/O analysis

Input-output analysis is a method used to characterise economic activity in a given time period, and to predict the reaction of the economy to economic stimuli, in this case, for the impacts attained as the result of RDP support. We used this method to determine output, GVA and employment multipliers required for the calculation of impact indicators which take into account both the direct impacts realised by beneficiaries and the indirect impacts realised by other economic actors.

The detailed methodology of the I/O analysis can be found in the E. Annex of this report.

LAG international benchmarking

International benchmarking utilised in this study was a comparative analysis of several Mediterranean LAGs in the case of several performance indicators. The results of the benchmarking were mainly used in the evaluation of Axis 3 and 4 measures. In order to compare and classify our findings, we have utilised the methodological concept of 'benchmarking'. Benchmarking helped to assess the achievements of Local Action Groups by placing the results in context, and by identifying the main factors that potentially improve the outcomes. The outcome of the performed benchmarking is a comparative analysis. Our study attempted to draw solid conclusions and lessons learnt on the fruition of the LEADER programme concerning the seven chosen isolated intervention regions.

The detailed methodology of the LAG international benchmarking can be found in the F. Annex of this report.

Beneficiary case studies

During the examination we carried the following case studies:

Table 4: Case studies

Measure	Cases
Measure 121	Case 1: Growing sustainably for a better future

	Case 2: Farm livestock production systems investment
Measure 123	Case 1: Production of local originated produce
	Case 2: Adding value to fresh local poultry products
Measure 125	Case 1: Case study on the effectiveness of Measure 125 (Installation of water meters)
Measure 313	Case 1: Upgrading of a bird park to enhance the local tourism product implemented by Bird Park Malta Ltd.
	Case 2: Sustaining rural tourism in the Maltese Islands carried out by Malta Tourism Authority
	Case 3: Implementing leisure and sporting facility carried out by Ghaxaq Local Council
	Case 4: Implementing leisure park carried out by Għarb Local Council
Measure 323	Case 1: Rural heritage (Roman Baths and Catacombs) rehabilitation implemented by Heritage Malta
	Case 2: Establishing management plans Natura 2000 sites carried out by MEPA.

Source: KPMG (2016).

4 Description of the Rural Development Programme 2007-2013 for Malta

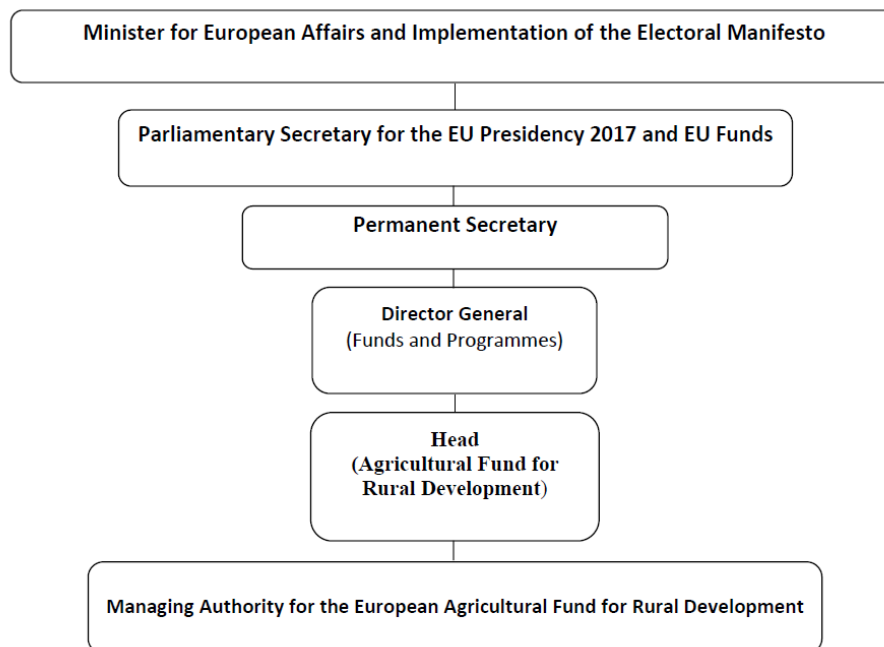
4.1 Administrative system

Article 74(2) of Council Regulation (EC) No. 1698/2005 (hereinafter referred to as EAFRD regulation) stipulates that Member States have to designate a Managing Authority, a Paying Agency and a Certifying Body for their respective rural development programmes. Beyond that, key actors of programme implementation include the Competent Authority, the Monitoring Committee, representing various programme stakeholders, and Local Action Groups.

The EAFRD Managing Authority currently resides within the Funds and Programmes Division of the Ministry for European Affairs and Implementation of the Electoral Manifesto (MEAIM). Formerly, the Managing Authority resided in the Ministry for Sustainable Development, Environment and Climate Change, preceded by Ministry for Resources and Rural Affairs. This change has been in effect since 14 April 2014. The MA has the overall responsibility for rural development funding.

Managing Authority

Figure 1: Organisational chart of the Managing Authority in Malta



Source: Managing Authority, August 2016.

According to Article 75 of Council Regulation 1290/2005 the Managing Authority (MA) shall be responsible for managing and implementing the programme in an efficient, effective and correct way. In Malta the MA operates within the Funds and Programme Division of the Ministry for European Affairs and Implementation of the Electoral Manifesto. The MA has the overall responsibility for programme planning, for formulating amendments to the programme after approval of the Monitoring Committee, and deciding on the monitoring and evaluation activities of the RDP. More specifically, Article 75 defines the tasks of the Managing Authority as follows:

- ensure that operations are selected for funding in accordance with the criteria applicable to the Maltese Rural Development Programme 2007-2013
- ensure that there is an electronic system to record and maintain statistical information on implementation adequate for the purposes of monitoring and evaluation
- ensure that beneficiaries and other bodies involved in the implementation of operations:
 - are informed of their obligations resulting from the aid granted, and maintain either a separate accounting system or an adequate accounting code for all transactions relating to the operation
 - are aware of the requirements concerning the provision of data to the Managing Authority and the recording of outputs and results.
- ensure that programme evaluations are conducted within the time limits laid down in Council Regulation (EC) No. 1698/2005 and conform to the common monitoring and evaluation framework and for submitting evaluations undertaken to the relevant national authorities and the Commission
- lead the Monitoring Committee and send it the documents needed to monitor implementation of the programme in the light of its specific objectives
- ensure compliance with the obligations concerning publicity
- draw up the annual progress report and, after approval by the Monitoring Committee, submit it to the Commission
- ensure that the Paying Agency receives all necessary information, in particular on the procedures operated and any controls carried out in relation to operations selected for funding, before payments are authorised

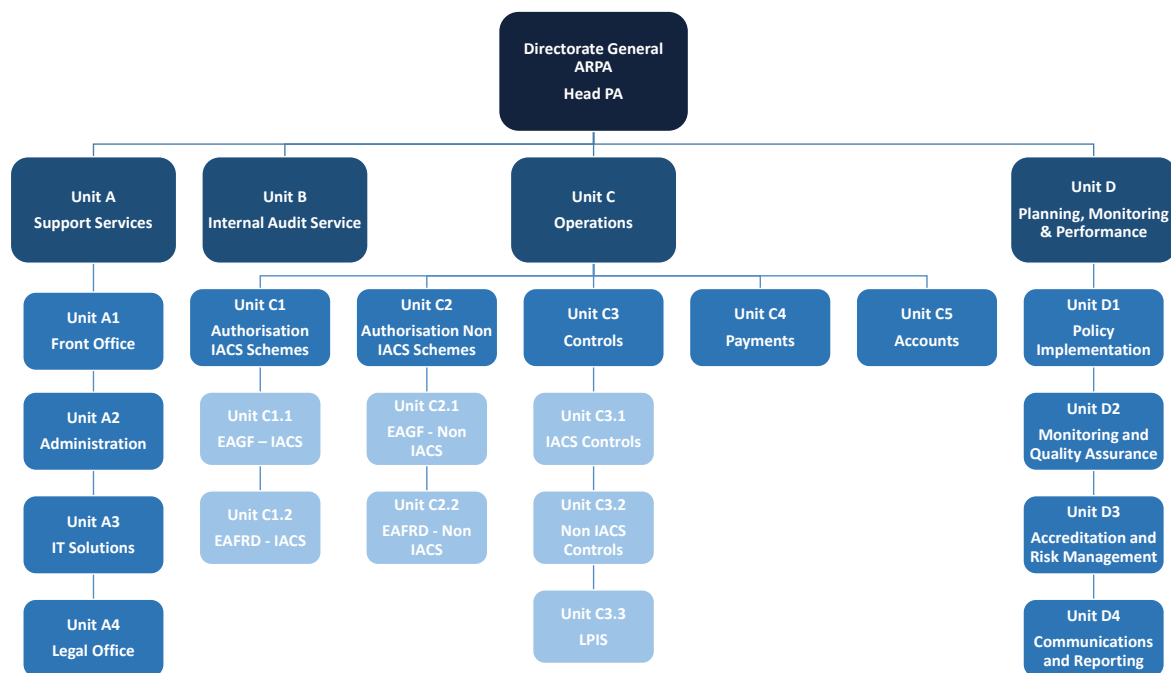
Paying Agency

The Agriculture and Rural Payments Agency (ARPA) is an accredited body that pays expenditure from European agricultural funds (EAFRD, EAGF). In Malta the designated Paying Agency is the Agriculture and Rural Payments Agency within the Ministry for Sustainable Development, the Environment and Climate Change (MSDEC) that has been accredited on 15 October 2007 by the Competent Authority.

According to Article 6 of Council Regulation (EC) No. 1290/2005 Paying Agencies should provide sufficient guarantees that:

- the eligibility of requests and, in the framework of rural development, the procedure for allocating aid, as well as their compliance with Community rules are checked before payment is authorised
- accurate and exhaustive accounts are kept of the payments made
- the checks laid down by Community legislation are made
- the requisite documents are presented within the time limits and in the form stipulated by Community rules
- the documents are accessible and kept in a manner which ensures their completeness, validity and legibility over time, including with regard to electronic documents within the meaning of Community rules

Figure 2: Organisational chart of the Paying Agency in Malta



Source: Managing Authority, February 2015

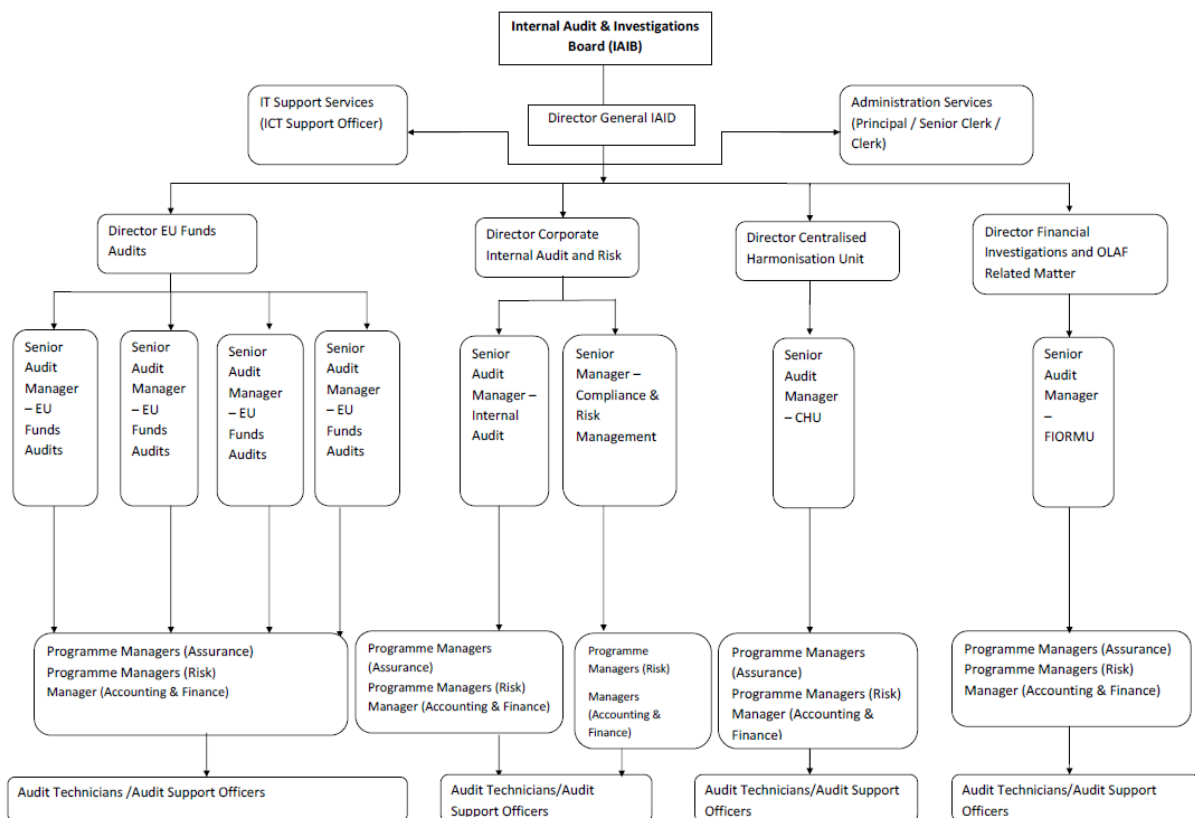
Competent Authority (CA)

The Competent Authority (CA) for the Maltese RDP is the Office of the Policy Development and Programme Implementation Directorate within MEAIM. The CA is the body which has the powers to issue and withdraw accreditation of the Paying Agency. The CA should decide on the accreditation of the PA on the basis of an examination of the fulfilment of the accreditation criteria.

In addition, the CA selects the Certifying Body (CB) in order to certify annual accounts and to keep a continuous review of the compliance with the accreditation criteria. Based on the findings of the examination, the CA instructs and monitors the PA to correct any significant deficiencies by means of a remedial plan.

Certifying Body (CB)

Figure 3: Organisational chart of the Certifying Body in Malta



Source: Managing Authority, October 2016

According to Article 7 of Council Regulation 1290/2005 the certification body should be designated with a view to certifying the truthfulness, completeness and accuracy of the accounts of the accredited paying agency, taking account of the management and control systems set up. In Malta the Internal Audit and Investigation Department (IAID) within the Office of the Prime Minister is the Certifying Body (CB) for the Paying Agency.

As the CB of these funds, the IAID has to draw up a certificate that the annual accounts transmitted by the Agriculture Paying Agency to the Commission are true, complete and accurate, and that the internal control procedures have operated satisfactorily. To this end, the IAID carries out checks at beneficiaries' levels to make sure that actual transactions have been executed correctly. In addition, the CB has to produce annually a report stating whether the PA complies with the accreditation criteria.

Monitoring Committee (MC)

The Monitoring Committee (MC) is responsible for the continuous monitoring of the RDP. The MC includes representatives from the MA, economic and social partners, competent local and public authorities and other bodies representing civil society, non-governmental organisations (including environmental organisations and those responsible for promoting equality). The Commission is invited to Monitoring Committee meetings in an observer status. Monitoring Committee meetings usually take place once a year.

Local Action Groups (LAGs)

Local Action Groups (LAGs) are made up of public and private partners from rural areas, and include representatives from different socio-economic sectors. In Malta, the following 3 LAGs have been established:

- GAL Xlokk Foundation
- Majjistral Action Group Foundation
- Gozo Action Group Foundation

The primary aim of LAGs is to implement the LEADER approach based on Local Development Strategies (LDS). Therefore, on one hand, LAGs are delegated to manage the implementation of certain programme measures under Axis 3, especially under measure 125 as well as under Axis 4, in particular actions under measure 410, while on the other hand, LAGs are also final beneficiaries of the programme, receiving funds to finance their operation.

4.2 Programme priorities and axes

The final goal of the Rural Development Programme for Malta 2007-2013 is to implement an effective management of the rural sector, in order to facilitate the shift towards a multifunctional agriculture. In order to achieve this aim, priority areas were identified to draw up a strategic and holistic approach with respect to the specific attributes and weaknesses of the Maltese agricultural sector. The measures activated under the programme targeted the need of integration of both economic and environmental concerns with relevance to the sustainable development of the agricultural sector. This section presents the priorities and measures defined for the axes.

Axis 1

The overall objective of axis 1 is to improve the competitiveness of the agricultural sector, by means of putting emphasis on investments targeting restructuring and innovation, and enhancement of human and physical potential. Support provided under this axis accounts for 38.6% of the total EAFRD allocation, as of 31 December 2015. This axis is divided into 4 priorities, as listed below:

- knowledge transfer
- modernisation of holdings
- adding value to agricultural products with respect to quality
- enhancing cooperation among producers

The first priority targeted the need of focused and specialised training for actors in the agricultural sector and the diffusion of knowledge, as a basis and catalyst for the better implementation of all measures. This priority includes support for:

- vocational training and information actions (measure 111)
- use of advisory services (measure 114)
- setting up of advisory services (measure 115)

According to the original budget, the measures promoting knowledge and improving human potential had 4.6% share of EAFRD allocated resources.

The main aim of support under the second priority is to overcome the inherent structural weakness of Maltese agriculture resulting from the very limited real capital expenditure channelled to upgrade the existing production systems. The objective of this priority is to provide financial support for restructuring and developing the physical potential and for the adoption of innovative, state-of-the-art technologies to enhance the quality of products, and thus promote the competitive and qualitative survival of producers on the market. Support adds up to 36.9% of the total allocations and is granted for:

- the modernisation of agricultural holdings (measure 121)
- investments for adding value to agricultural products (measure 123)
- cooperation for development of new products, processes and technologies in the agriculture and food sector (measure 124)
- investments in infrastructure related to the development and adaptation of agriculture (measure 125)

The third priority aims to encourage the adding value to primary produce, enhance market consolidation and provide consumers with improved quality products. This priority was planned to include support for:

- the participation of farmers in food quality schemes (measure 132)
- information and promotion activities (measure 133, not implemented).

Support provided under the third priority – covering measure 132 - accounts for 0.01% of EAFRD resources.

The fourth priority introduces a transitional measure, the setting up of producer groups (measure 142) in order to remedy the structural deficiencies related to supply and marketing of agricultural products, by improving the cooperation among primary producers. The fourth priority accounts for the 0.2% of the total allocation.

Axis 2

The main objective of axis 2 was to improve the environment and the countryside, by means of encouraging farm management practices that incorporate actions targeting environmental and ecological sustainability. Total supported covered for by this axis adds up to 28% of the total EAFRD allocation.

The priority of this axis is the sustainable use of agricultural land. Support is directed to reduce the pressure on natural resources imposed by the increased use of inputs in agricultural production by integrating environmental concerns into farming practices, and to conserve biodiversity, with particular attention on indigenous animal and plant species in danger. Support was originally divided among the following measures:

- support for areas with handicaps, other than mountain areas (measure 212)
- agri-environmental commitments and conservation of biodiversity (measure 214)

Axis 3

The main objectives of axis 3 were to improve the quality of life in rural areas and diversify rural economic activities. Originally, support provided under this axis amounted to 32.5% of the total EAFRD budget, but as transfers were made for the benefit of Axis 1 measures, the total share of Axis 3 measure decreased to 26.7%. Measures introduced under axis 3 are built around the following 4 priorities:

- diversification of rural economy
- improving quality of life in rural areas
- training, skills acquisition and animation
- implementation of axis 4

The financial support was directed to the development and rehabilitation of rural areas and landscape amenities in order to provide opportunities for diversification associated with tourism and informal recreation. For the realisation of the objectives the following measures were introduced:

- encouragement of tourism activities (measure 313)
- conservation and upgrading of the rural heritage (measure 323)
- skills acquisition, animation and implementation (measure 341)

Axis 4

The main objective of the Leader initiative is to build local capacity and improve the efficiency of local decision making. Measures introduced under this axis aims at the introduction and adoption of the Leader approach to Malta. The financial allocation is 4% the total EAFRD resources. Support is divided among the following measures:

- implementation of the local development strategies (measure 410)
- inter-territorial and transnational cooperation (measure 421)
- running costs, acquisition of skills and animation (measure 431)

The financial assistance provided under axis 4 focuses on bringing together the different local public and private actors in the form of local action groups to promote cooperation, innovation and improve local governance.

By means of this, the LEADER approach and the efficient operation of the local action groups constitute a crucial element in the realisation of the various measures under the LEADER programme and under Axis 3, with the overarching aim to improve the quality of life in rural areas.

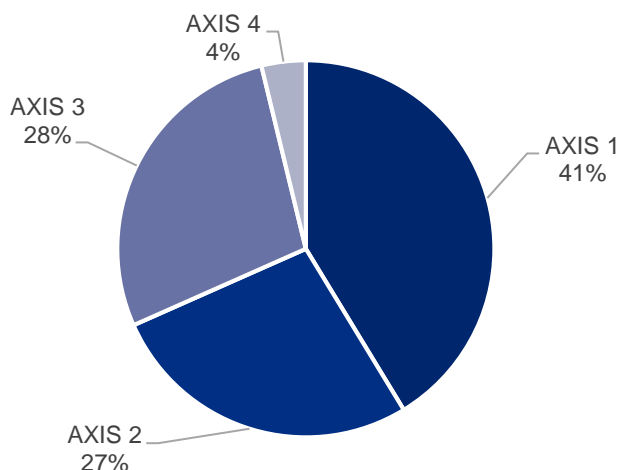
Technical Assistance (TA)

As a supplementary fund for the axes, the main aim of support under TA was to facilitate the proper implementation of measures, by means of allocating financial resources for the enhancement of human and physical resources of the Managing Authority and other delegated bodies. Support is channelled for harmonisation and development of IT systems, employment and training of associated personnel, and projects related to programme implementation and evaluation tasks.

4.3 Status of implementation as at 30th June 2016

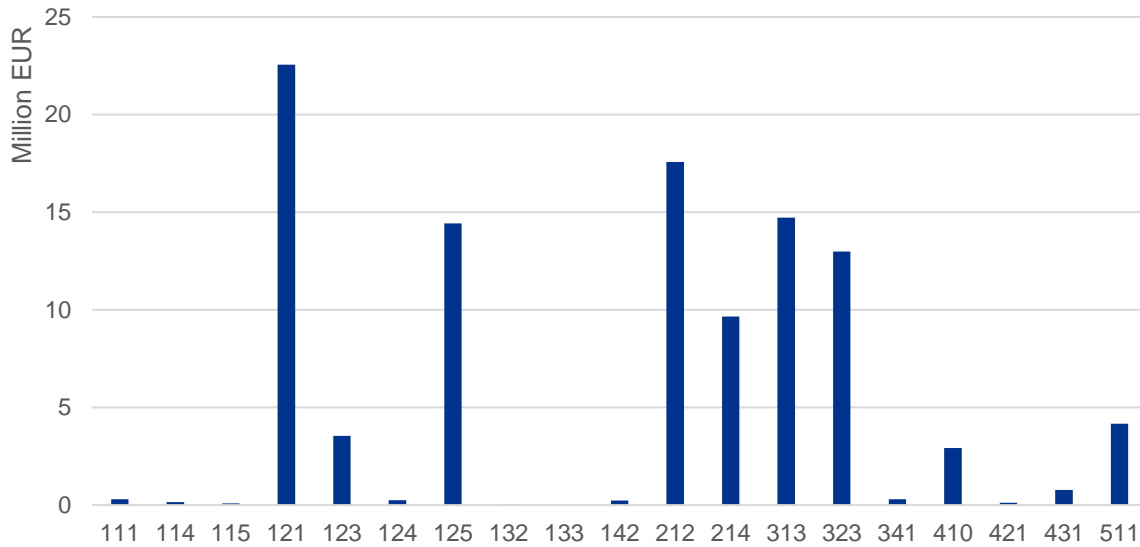
The implementation of the programme was concluded when the MA sent the final financial data to the European Commission on the 30th of June 2016. The revised data sheet included the final allocated ceilings of each measure as well as the final expenditure of the measures, which included the deduction of any financial corrections. Based on this data the implementation of the RDP can be assessed as good, with the vast majority of committed funds disbursed. The chart below highlight the distribution of the final data between Axes and measures

Figure 4: Distribution of disbursed funds by Axis as at 30th June 2016



Source: Custom query of PAIS on the commitments of the RDP as 30th June 2016

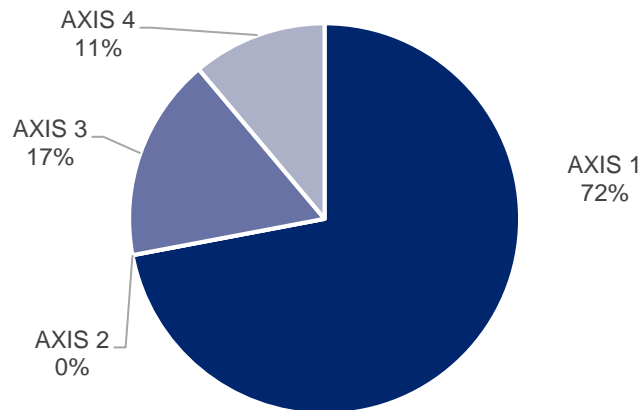
Figure 5: Distribution of disbursed funds by measure as at 30th June 2016



Source: Custom query of PAIS on the commitments of the RDP as 30th June 2016

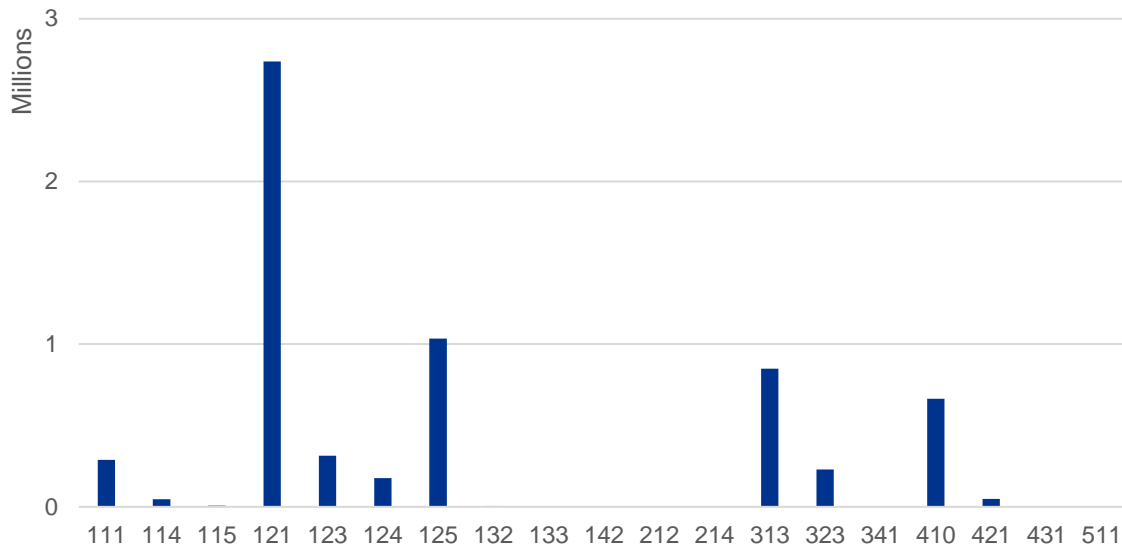
As at end Dec 2015 most of the funds has been disbursed leading to a finally distribution of allocations by fund and measure (see figure 4. and 5.). The sum of disbursed funds for Axis 1, 2 and 3 is relatively similar after the re-allocations with 41%, 27% and 28% respectively. Axis 4 on the other hand only received 4% of the total funds. The distribution more uneven when it comes to individual measures. Measure 121, 125, 212, 214, 313 and 323 makes up the vast majority of the disbursed funds. While the disbursed funds of measure 123 are still respectable, the other measures are at an order of magnitude smaller disbursement rates.

Figure 6: Distribution of undisbursed yet committed funds by Axis as at 30th June 2016



Source: Custom query of PAIS on the commitments of the RDP as 30th June 2016

Figure 7: Distribution of undisbursed yet committed funds by measure as at 30th June 2016



Source: Custom query of PAIS on the commitments of the RDP as 30th June 2016

The results are different for funds already committed, but not disbursed as one can see from Figure 6 and 7. Axis 1 amounts to 72% of the undisbursed funds followed by Axis 3 and 4. The distribution of undisbursed yet committed funds by measure shows the majority of funds not yet paid are to be found in measure 121.

5 Analysis of the intervention logic of the individual measures

5.1 Axis I - Improving the competitiveness of the agricultural and forestry sector

5.1.1 Measure 111 - Vocational training and information actions

This measure targeted the needs of focused trainings for established farmers, agro-retailers and other workers in agro-food industry. The aim of this measure was to improve the sustainability and competitiveness of the agricultural sector by investing in human potential. The specific objective was to facilitate the evolution and specialisation of agriculture and to enable the acquisition of an appropriate level of technical and economic training, with special focus on the application of sound and sustainable production practices at the primary production and processing level, the application of better management techniques for economically viable agri-business enterprises.

The immediate beneficiaries were legal entities appointed by MSDEC to organise trainings, as well as natural persons or legal entities engaged in scientific research and experimental activities. The final beneficiaries were adult individuals and legal entities engaged in activities related to agriculture and food, including public officials with a regulatory function, with priority given to beneficiaries of measures 121 and 214. In the agro-food sector, training was restricted to owner-managers, and not extended to employees, as a demarcation criteria with respect to training provided under the European Social Fund.

The financial support targeted training programmes that do not form part of the normal agricultural education, as well as demonstration activities and operations related to mass media information. Actions supported under this measure targeted only the primary production and agro-food sectors, and fell within the following categories/topics: maintenance and enhancement of landscape and protection of the environment (including good agricultural policies); new technological processes and innovative practice; ICT training in agriculture; management administration and marketing skills; new standards and product quality.

The support was expected to lead to the qualitative re-orientation of production resulting in diversification, the acquisition of a strategic attitude and skills needed to manage an economically viable agri-business enterprise, and the application of production practices compatible with the maintenance and enhancement of the landscape, the protection of environment, hygiene standards and animal welfare.

5.1.2 Measure 114 - Use of advisory services

Support under this measure targeted the needs of farmers to adopt new developments and techniques to improve economic viability of their holdings, and the need to comply with statutory requirements and Community standards.

Financial support was focused only on individual farmers, and as a demarcation criterion, the members of producer organisations in the fruits and vegetables sector who receive aid under the National strategy for the sustainable operational programmes in the fruit and vegetables market were excluded. The support targeted the use of advisory services offered by registered farm advisory consultants or companies, covering advice related to mandatory EU requirements set in Regulation 1782/2003, occupational safety standards and the preparation of supporting documentation needed for certain measures supported under the EAFRD (business plan, nutrition management plan, etc.). Priority was given to farmers who received more than € 15,000 in direct aid, or entered into an agri-environmental commitment and also to holdings that were relatively more commercially viable.

The upper funding limit was 80% of total eligible costs, and € 1,500 per beneficiary per comprehensive service. As a general rule, support for advisory services covered a single event during the programming period per beneficiary.

The financial support was expected to lead to improvement with regard to the overall performance of farm holdings by adopting sustainable practices, and to help them comply with statutory requirements, as well as to facilitate access to rural development measures.

5.1.3 Measure 115 - Setting up of advisory services

As a complementary action to measure 114, the aim of this measure provided a solution for the lack of advisory services for farmers and promoted the diffusion of knowledge, thus targeting the needs of farmers to adopt new techniques and practices, to meet the economic challenges and to comply with specific Community standards and requirements.

The immediate beneficiaries were private legal entities which had been recognised as farm advisory service providers. Individual farm advisory consultants and temporary farm advisory officials were not eligible for support under this measure. The final beneficiaries were farmers making use of the advisory services offered.

Support was given as an incentive to help the setting up of farm advisory service bodies, which are competent to provide advisory services covering at least the following fields: statutory management requirements; Good Agricultural and Environmental Conditions; animal welfare standards; good agricultural practices; occupational health and safety standards and the preparation of supporting documentation required for certain EAFRD measures. The rate of support could be up to a maximum of 100% of total eligible expenditure (reduced by the same percentage every year in order to be phased out by the end of the fifth year), with a threshold not exceeding € 100,000 paid over the entire 5 years.

5.1.4 Measure 121 - Modernisation of agricultural holdings

The measure was targeting the need for real capital expenditure channelled to upgrade existing production structures in order to facilitate conversion to a more competitive, sustainable and environmentally friendly production and to improve the environmental, occupational safety, hygiene and animal welfare status of the holdings.

The support under this measure was granted for three types of investments:

- sub-measure 1: general modernisation and improvements in the performance of agricultural holdings
- sub-measure 2: environmental investments
- sub-measure 3: on-farm investments in order to comply with newly introduced Community standards

The beneficiaries of the support were registered part- or full-time farmers and agricultural enterprises. Beneficiaries of sub-measure 1 were required to commit to undertake specified training provided under measure 111.

Actions eligible for support under sub-measure 1 included the installation, modernisation and automation of production and energy utilisation systems and processes. Sub-measure 2 was targeting the adoption of environmental sensitive technologies, operating systems and processes to reduce the consumption of resources. Priority was given to integrated operations rather than standalone type of investments. Support granted under sub-measure 3 was aiming to provide help for installation of new systems or the modernisation of existing systems to comply with newly introduced Community standards. As a demarcation criteria, the investments implemented through specified national plans and programmes were not eligible.

Tangible investments were eligible for support include the construction or modernisation of new or existing buildings and structures, including greenhouses, reservoirs and waste management facilities; the acquisition of new or specialised farm equipment, machinery, systems and infrastructures; and the acquisition of IT equipment, including software. Eligible intangible expenses were costs linked to tangible investments, with a threshold of 12% of total expenditure of the investment. The aid intensity was 50% of the total eligible expenditure, with respect to a maximum eligible amount of € 150,000.

Support granted under this measure was expected to lead to the adoption of state-of-the-art production technologies, facilitating a more differentiated production with added value in food quality, sustainable use of natural resources and environmentally friendly production, and improving the efficiency and productivity of the sectors, with special attention to the livestock sector.

5.1.5 Measure 123 - Investments for adding value to agricultural products

Measure 123 aimed at exploiting distinctive product attributes to develop quality products, possibly through collaborations between primary producers and agro-processors and the need to diversify into niche production to overcome the inability to compete in large scale production, by using the traditional and unique nature of the products as a marketing tool.

The beneficiaries were limited to SMEs and enterprises with less than 750 employees and a maximum turnover of € 200 million. Priority was given to enterprises that were able to demonstrate that they had a guaranteed supply of agricultural products directly from primary producers. Support could not be granted to enterprises in difficulty as defined by Community guideline on State aid for rescuing and restructuring firms in difficulty. In order to avoid double funding, producer organisations were eligible for support under the condition that they are able demonstrate that they did not receive support for the same activity under the Common Market Organisation.

Grants were allocated to the following categories of actions:

- focusing on quality that can be attested by quality marks
- building upon the traditional characteristics of the product
- building upon the freshness of the agricultural input
- elaboration of the primary product by hand in small scale units
- creating new markets for agricultural products (new use of products)

The supported tangible investments covered fixed and mobile installations; new operational buildings or refurbishing of existing ones and new equipment and machinery. Intangible investments eligible up to 10% of the total expenditure of the investment could include application of new technologies and hire-purchase costs. Priority was given to investments related to the processing or marketing of products having Organic Certification.

The expected effect of the measure was not only enhancing the competitiveness of the agro-food sector, but also bringing about a tangible benefit to the primary production sector, by orienting to exploit or enhance the certain intrinsic characteristics of primary products. The maximum amount of the grant was € 150,000. The aid intensity depended on the size of the agricultural enterprise: 50% for micro and small sized enterprises, 40% for medium enterprises and 25% for enterprises which do not fit the SME category but employ less than 750 people with a turnover not exceeding € 200 million.

5.1.6 Measure 124 - Cooperation for development of new products, processes and technologies in the agriculture and food sector

The support provided under this measure sought the solution for the need of innovation and development of value added quality products and branding of Maltese products. The main objective was to enhance collaboration for innovative solutions among producers and processors, in order to help farming sector and agro-food processing industry to become more competitive.

The cooperation project supported had to involve at least 2 actors, one of which from primary producers. The actors could be either individual entrepreneurs, or a partnership of entrepreneurs from the following sectors: agro-food processors, other manufacturing industries, establishments involved in food preparation and primary producers (farmers, farmers' associations and cooperatives, producer groups and organisations). Only one holding or enterprise could act as an applicant, and an officially registered cooperation agreement is required for the partnership.

The projects supported had to focus on the development of a new product with value added attributes enabling it to apply for a quality mark, a new process ameliorating agricultural production or having clear environmental benefits, or an innovative new technology, which could be registered or patented. The aid intensity was 60% of total eligible costs, with a threshold of € 120,000 per project over a maximum duration of 3 years.

The measure was expected to lead to an improvement with regard to the level of innovation and marketability of agricultural products, through the creation of better working relationship between primary producers and processors in the sector.

5.1.7 Measure 125 - Investments in infrastructure related to the development and adaptation of agriculture

The measure aimed at overcoming the need for adequate natural freshwater supply and for effective control and management concerning the extraction of groundwater by farmers for irrigation purposes, as well as exploiting the potential of surface runoffs and treated sewage effluent. Therefore the main objective was to give an incentive for the development of the necessary water related infrastructure to improve farm accessibility and manage water scarcity.

The beneficiaries supported under this measure could be legal entities forming part of central or local government, including ministries, authorities, corporations and local councils, legally constituted farmers' groups and associations and NGOs.

Financial support was granted for a range of off-farm investment actions putting in place or rehabilitating the necessary infrastructure related to water management. Statutory functions (like ordinary maintenance operations) of the public authorities and on-farm activities with the exception of water measurement investment for sustainable groundwater management (extracted for agricultural purposes) were excluded from the support. The upper funding limit was 90% of total eligible costs of the investment.

The support is expected to lead to a better access to agricultural holdings and more efficient and effective water management by exploiting the so far under-estimated potential of treated sewage effluent, in order to ensure the continued survival and development of the Maltese agricultural sector, and to improve the profitability and utilisation of agricultural land resources.

The other particular aim of measure 125 which was by large implemented by Transport Malta is the resurfacing of rural roads. Many farms are at the risk of being abandoned in Malta, mostly as result of land fragmentation and lack of connections. Actions undertaken under measure 125 involved cleaning of sites, demolition and earth works as well as formation and resurfacing of roads. This helps in the daily life of farmers, with easier access to their agricultural holdings with heavy machinery leading to increased competitiveness through better time management.

5.1.8 Measure 132 - Participation of farmers in food quality schemes

The measure aimed at encouraging the transition towards organic farming, as well as offering an incentive for the development of value added quality products.

The overall aim of the measure was to provide consumers with assurances on the quality of the product or the production process used as a result of participation in food quality schemes. The specific objective was to encourage farmers to participate in Community and national food quality schemes.

Beneficiaries were eligible for support are primary producers or farmers who participate in specific Community or national quality schemes, and primary producers who are in the conversion period of the organic farming quality scheme. (At the time only one scheme was eligible for support, the Organic production of agricultural products as specified in Council Regulation (EC) no 2092/91.)

Financial support under this measure was limited to agricultural products intended for human consumption and recognised by Community or national food quality schemes. In the case of organic farming, products that are in the period of conversion were also eligible. Actions related to production adjustments to make necessary technical changes were excluded. The rate of support was 100% of total expenses, with an upper limit of € 3,000 per annum for a maximum duration of 5 years.

The support contributed to the adoption of agricultural production methods by means of which higher added value of products could be ensured.

5.1.9 Measure 133 - Information and promotion activities

Similarly to measure 132, the support was planned to target the need for innovation and development of quality products and their branding. The objective was to improve the financial situation of producer groups and their members, through providing help for the promotion of their products certified under food quality schemes.

Support under this measure have been granted to producer groups producing agricultural products intended for human consumption certified as organic products in line with the provisions of Council Regulation (EC) no 2092/91. Producer group in this context did not only cover an organisation of any legal form but also a group of producers of organic products that are formally constituted.

However, due to the fact that no applications have been received during the 2 application periods, the measure was not implemented and all the financial resources (€ 670,000) have been transferred to measure 123 in the course of 2012.

5.1.10 Measure 142 – Setting up of Producer Groups

This measure sought to improve the market efficiency of agricultural sector by encouraging the setting up of producer groups, targeting the need for cooperative marketing techniques amongst producers and improving marketing structures.

Support could be granted to formally recognised producer groups or producer organisations. The measure supported the establishment and operation of producer groups which can demonstrate that their formation contributes to the maintenance of viable businesses supplying genuine market outlets. As a demarcation criterion, producer organisations could be supported only if they operated in sectors not covered by equivalent provision within the framework of the Common Market Organisation, such as potatoes, pig meat, poultry, milk, cheeselets, honey, rabbits and grapes for wine production.

The aid granted under this measure was limited to cover the setting up and administrative operation of producer groups, in the form of flat rate support granted in annual instalments for 5 years following the date when the producer group was recognised. The amount was calculated on the basis of the group's annual marketed production, with an upper funding rate of 5%, 5%, 4%, 3% and 2% of the value of production up to € 1,000,000 marketed respectively for the years. The upper funding limit was € 100,000 for the first 2 years, and reduced by 20% for each following year. The minimum amount of support was € 63,000 for the first 3 years, € 60,000 for the fourth year and € 50,000 for the fifth year.

The operation of producer groups was expected to contribute to the adaptation of production and output to market requirements, by supporting the jointly placing of goods on the market and thus enhancing the market control and economic viability of producers.

5.2 Axis II - Improving the environment and the countryside

5.2.1 Measure 212 - Support for areas with handicaps, other than mountain areas

The measure was targeting the need of the continuation of agricultural activity and the conservation and upgrading of the environment, to maintain the countryside and preserve tourist potential in disadvantaged areas, along with enhancing the role of farmers as environmental stewards.

The main objective of the measure was to prevent land abandonment in disadvantaged areas as a first step, and to encourage farmers to take agri-environmental measures on a voluntary basis as a second step to ensure the environmental sustainability of farming.

All farmers with at least 1 tumolo (0.1124 hectare) of utilisable agricultural land could apply for support under this measure. Farmers receiving aid had to commit to farm the area in respect of which compensatory payment was granted for a minimum of 5 years following the first payment. Beneficiaries must have observed the baseline Cross Compliance Requirements which included the Statutory Management Requirements (SMR) and the Good Agricultural and Environmental Conditions (GAEC). The level of support

was based on the eligible utilisable agricultural land area, with a payment rate of € 250 per hectare. There was no upper limit with regard to the eligible total area.

The support was expected to reverse the process of abandoning agricultural lands in disadvantaged areas, and to increase the number of holdings adopting agri-environmental commitments, thus facilitating the uptake of actions with direct positive impact on the environment.

5.2.2 Measure 214 - Agri-environmental commitments and conservation of biodiversity

The measure consisted of 4 standalone measures:

- Rural Areas Conservation Scheme, which consisted of 7 sub-measures, each targeting one particular agri-environmental commitment
- Support for organic farming
- Support for the conservation of species in danger of genetic erosion
- Support for the conservation of genetic resources in agriculture

Besides the above 10 sub-measures, the beneficiaries had the possibility to apply for 2 types of joint commitment packages. The purpose of the packages was to enable measure combinability with respect to the same type of land use. Farmers undertaking commitment under packages could adopt the sub-measures in combination on their respective parcels.

- Package 1 consisted of sub-measure 2 and sub-measure 3 and could be adopted only on dry-farmed agricultural land.
- Package 2 covered sub-measure 1 and sub-measure 4 and could be adopted on vineyards and fruit orchards.

Sub-measure 1: Support for the use of environmentally friendly plant protection methods in vineyards

The objective of the sub-measure was to reduce the use of certain chemical plant protection products by encouraging the use of alternative, environmentally friendly methods of pesticide control.

All farmers having at least 1 tumolo of agricultural land officially registered as vineyard could to control infestation by grape moth and to deter birds. As an alternative protection method, beneficiaries were expected to use biological control (*Bacillus thuringiensis*) against grape moth and cover the vines with specifically designed nets to prevent the entry of birds without trapping them.

Sub-measure 2: Support for the traditional crop rotation including the cultivation of sulla

The main objective of the sub-measure was to encourage the cultivation of the traditional sulla through its inclusion in a specified crop rotation, thus preserving an important part of the Maltese rural heritage and also contributing to the maintenance of soil fertility.

All farmers having at least 1 tumolo of agricultural land area could be supported under this sub-measure. Beneficiaries were required to follow a specified crop rotation pattern throughout a 5-year commitment period involving crops that did not need irrigation within the rotation scheme. They had to commit to cultivate sulla in 2 non-consecutive years of the commitment period. In the growing season farmers were not allowed to use herbicides and any fertilisers (including chemical ones and livestock manure).

Sub-measure 3: Support for low input farming

The aim of the sub-measure was to reduce the repetitive use of plant protection products in forage production, and thus decreasing the likelihood of ground and surface water contamination and avoid pesticide residues in crops intended for animal consumption.

Support was applicable to all farmers with at least 1 tumolo of agricultural land. Beneficiaries were required to undertake the following agronomic commitments:

- no application of post-emergence herbicides after germination, only manual de-weeding was allowed
- cultivation of only 1 crop on the specified parcel per year
- refraining from irrigation during the whole growing season
- only healthy seeds purchased from reliable sources could be sowed, proof of purchase had to be presented

Sub-measure 4: Support to suppress the use of herbicides in vineyards and fruit orchards

The sub-measure aimed to support farmers to refrain from the use of herbicides in vineyards and fruit orchards by supporting the use of an alternative method of weed control for inter-row vegetation, with the final objective of reducing the risk of pollution of soil and water resources.

All farmers with at least 1 tumolo of agricultural land devoted to the cultivation of fruit trees (other than vine) or officially registered as vineyards could apply for support. Beneficiaries are required to maintain a suitable inter-row vegetative cover (containing spontaneously growing or seeded grasses) between October and March, throughout the duration of the agri-environmental commitment. Farmers were not allowed to use herbicides during the whole year, could not till the land from October to March, and they had to ensure that excess vegetation cut by the grass cutter was left on the ground to serve as green mulch.

Sub-measure 5: Support for the establishment and maintenance of conservation buffer strips

The sub-measure aimed to support the protection of water resources from the pressures of agricultural inputs by encouraging farmers to reserve designated parts of their fields as non-cultivated buffer zones between the agricultural land and the land-based or freshwater habitats harbouring wildlife. By means of this, farmers could contribute to the conservation of biodiversity in their respective territories.

Support was available for all farmers having at least 1 tumolo of agricultural land. Beneficiaries were required to maintain buffer areas consisting of strips of spontaneous non-agricultural vegetation of at least 2 meters in width in designated areas situated along water bodies. Farmers were responsible for keeping the buffer strips in good condition by mechanical means only, without using fertilisers and other type of chemicals.

Sub-measure 6: Support for the conservation of rural structures providing a natural habitat for fauna and flora

The support was targeting the need for the protection of wildlife through the conservation of valuable structural features that provide a habitat to species of flora and fauna in the islands.

All farmers with at least 1 tumolo of agricultural land could apply for support. Beneficiaries had to commit themselves to the maintenance of at least 1-meter buffer strip along and in alignment to structural features with importance to the conservation of biodiversity, including rubble walls, corbelled stone huts, open water channels and old reservoirs. Farmers also needed to adapt their agricultural practices to reduce the risk of damage or deterioration of these sites. The buffer strips had to be uncultivated and the use of fertilisers or other chemicals was prohibited.

Sub-measure 7: Support for providing a healthy forage area for bees

The sub-measure aimed to encourage farmers to maintain patches of land with forage potential for honey bees on their holdings, thus contributing to the conservation of biodiversity and maintenance of honey production having a long tradition in Malta.

Each farmer with at least 1 tumolo of agricultural land could be eligible for support, undertaking commitment to cultivate certain species that provide healthy and nutritious forage for bees, on part of their holding. The minimum area cultivated for such purposes needed to be 1 meter in width or 10 m² per tumolo. Beneficiaries were required to cultivate plants that flower from May to October, and did not need irrigation or chemical means of plant protection.

Support for organic farming

The objective of the measure was to promote sustainable use of farmland and organic forms of production, and to increase the awareness of farmers of environmentally friendly agricultural practices.

Beneficiaries could be farmers with a minimum of 1 tumolo of agricultural land, recognised by the certification bodies as either being in the stage of conversion to organic production or certified organic producers with quality label. The support was applicable with respect to the area under organic or conversion production of the holding. Any type of crops intended for human or animal consumption was eligible. Beneficiaries were required to undertake a 5-year commitment of organic farming for the respective parcels, and participation in training on agricultural practices compatible with the protection of the environment was also compulsory.

For producers in the process of conversion the rate of financial support was 100%, for certified producers it could be 80% of the amounts presented below:

- forage plants including cereals: € 613 per hectare per year
- vines and other fruit trees: € 996 per hectare per year
- open field vegetables: € 1,378.5 per hectare per year

The support was expected to contribute to the use of more sustainable types of agricultural systems and to an increased awareness with respect to the protection of the environment.

Support for the conservation of species in danger of genetic erosion

The measure was targeting the need to conserve agricultural biodiversity by preserving endangered Maltese indigenous livestock breeds and plant species. The specific objective of the support was to conserve Maltese ox, holm oak, olive, carob, mulberries and citrus species.

In the case of Maltese ox, beneficiaries could have been officially registered breeders willing to undertake the following commitments: sanitary programme in order to avoid disease outbreaks, the maintenance of detailed records for each animal, participation in breeding programmes with the aim to select, conserve and increase the population of Maltese ox.

With respect to plant species, support was applicable to farmers, other land managers (including private orchard owners) and NGOs entrusted with the management of a particular site where such trees are situated. Beneficiaries were required to adopt appropriate orchard management techniques and good agricultural practices, or refrain from any intervention in case it is recommended so by experts.

Beneficiaries under this measure were also required to undertake training on agricultural practices compatible with the protection of the environment.

The rate of support with respect to the species was as follows:

- Maltese ox: € 1,238 per livestock unit per year
- Holm oak, carob and mulberries: € 23.96 per tree per year with an upper limit of 18 trees per hectare
- olives and citrus trees: € 44.26 per tree per year up to a maximum of 10 trees per hectare

The financial support hoped to contribute to the survival of the specified indigenous species by reversing the process of genetic erosion, and helps to maintain the native varieties and genetic heritage of the island, by means of which the agri-touristic potential of the island was also expected to improve.

Support for the conservation of genetic resources in agriculture

The main objective of the measure was to reverse the trend of genetic erosion of resources in agriculture, including indigenous plant species and livestock breeds.

Support under this measure was open to public entities, research institutions, private bodies, NGOs and producers' organisations and associations, carrying out projects that were directly focused on conservation procedures targeting ex situ and in situ conservation.

Actions supported had to be project-type operations aiming at reversing the trend of genetic erosion of resources on specialised and technical level. Projects eligible for support were conservation-type operations including (1) targeted actions of ex situ and in situ conservation, characterisation, collection and utilisation of genetic resources in agriculture, (2) concerted actions promoting the exchange of information and (3) accompanying actions such as information, dissemination and advisory actions. Projects had to be completed over a maximum duration of 3 years. The aid intensity was 100% of the eligible costs.

The agri-environment measures were expected to contribute to the maintenance of rural landscape and biodiversity in broad terms, promoting the use of sustainable and environmentally friendly farming practices, reducing the negative impact of agricultural production on the quality of natural environment and resource base, and reversing the trend of fragmentation of natural habitats and wildlife, paying special attention to the conservation of indigenous species in danger of erosion.

5.3 Axis III - Quality of life in rural areas and diversification of the rural economy

5.3.1 Measure 313 - Encouragement of tourism activities

The overall objective of the measure was to manage tourism and recreational activities in a sustainable manner, and to help the preservation of rural crafts and traditional skills as activities that potentially render economic return as well. The specific objective of the support was to encourage tourist activities in rural areas, and thus promote economic growth, employment and diversification of rural economic activities.

The financial aid was directed to the development and marketing of tourism services and products linked to the rural dimension. Beneficiaries could be natural persons and public or private entities. For public entities, the rate of support could cover 100% of the total eligible costs. With regard to private entities, only small enterprises (as defined by Commission Recommendation 2003/361/EC) were eligible, and the aid intensity was 50%. Projects had to build upon the rural dimension and local peculiarities in order to receive support. Preference was given to integrated projects applying more than one action under this measure or measure 323, and to projects that could demonstrate how the tourism product of rural areas will be visibly enhanced through their investment. As a demarcation criterion with respect to other EU financial instruments, actions eligible for support were limited to small scale infrastructure and marketing activities with a local dimension. Projects could link different localities through a trail. Projects that built upon the participation of more than one locality, such as setting up of trails and events, and the conversion of farmhouses for the purpose of accommodation are specifically excluded.

5.3.2 Measure 323 - Conservation and upgrading of the rural heritage

The overall objective of the measure was to answer the need for the conservation and upgrading of natural environment, and the for management and action plans for the preservation and rehabilitation of built and cultural heritage, as well as the distinct feature of rural villages. The measure aimed at improving the quality of life in rural areas by investments which made these places more attractive to live in and visit. The specific objectives of the support were to conserve, restore and upgrade rural heritage, and to increase the awareness of the value of natural and built rural heritage.

As per RDP, the scope of support included the drawing up of protection and management plans related to Natura 2000 sites and other places with high natural value, and investments and studies associated with the maintenance, restoration and upgrading of

the cultural heritage. This measure was the exclusive source of financing the drawing up of management plans for Natura 2000 sites. With respect to other EU financial instruments, world heritage sites and sites of national importance were excluded from support.

The rate of support varied depending on the type of the operation. In the case of the drawing up of studies and plans for the conservation and management of Natura 2000 sites and areas of high natural value, the aid intensity was 100%, while for other types of operation, such as environmental awareness and educational actions and investments related to the conservation or upgrading of rural heritage it was 90%. The support was expected to facilitate the sustainable use of rural heritage resources, implying also economic and social benefits.

5.3.3 Measure 341 - Skills acquisition, animation and implementation

The overall objective of the measure was to encourage the involvement of local councils and private rural stakeholders in the development of their locality. The main objective of the support was to lay down the foundation of the Leader initiative and facilitate its successful operation, by providing financial assistance for selected Local Action Groups for the preparation and implementation of Local Development Strategies. Support could be provided for skills acquisition and animation activities that were strictly connected to the Leader programme and LDS. The scope of eligible activities was restricted to studies of the area concerned; providing information about the area and the LDS; training of staff involved in the preparation and implementation of LDS and promotional events along with the training of leaders. Actions under this measure were fully co-financed.

The support was expected to encourage the mobilisation of broad-based partnerships and the elaboration of three Local Development Strategies, thus contributing to the Leader bottom up approach and enhancement of rural areas.

5.4 Axis IV - LEADER

5.4.1 Measure 41 - Implementation of the local development strategies

As described under measure 341, the Leader approach was targeting the need for the involvement of local actors and the local knowledge base in the development of their respective territory, by giving them relative independence, responsibility and financial support with respect to the preparation and implementation of local strategies that also fit into the objectives set out in the Rural Development Programme.

The objective of the measure was to stimulate local actors to successfully implement the strategy they developed for their region, to effectively administer actions reserved to them under Axis 1 and 3, to animate local stakeholders to tap funds under Axis 1-4 and to fully utilise the funds they had at their disposal along with the implementation of projects that contribute to the improvement of their territory. In order to avoid the possibility of double funding, LAGs were expected to verify that their projects are not financed under other European or national funds.

Through the bottom-up approach of the Leader, the measure was expected to contribute to the successful mobilisation of the rural areas' development potential, and enhances the commitment of local actors to the development of their own territory.

5.4.2 Measure 421 - Inter-territorial and transnational cooperation

The measure sought to promote cooperation initiatives within regions and across different countries.

Support under this measure was provided for cooperation projects between LAGs and different territories and between Leader and non-Leader groups, on condition that the project was coordinated by a LAG with the final responsibility of implementing the project. Actions were eligible for support include preparatory activity, coordination, animation and as a compulsory element the implementation of a joint project. Only activities taking place within the EU are eligible for funding, but groups from third countries can be involved in the joint actions. The support was expected to promote innovative ideas and initiatives related to the development of rural areas, thus contributing to the improvement the quality of life in rural areas.

5.4.3 Measure 431 - Running costs, acquisition of skills and animation

The aim of the support was to ensure the efficient administration of LAGs as a crucial element for the success of Leader Axis, through contributing to the collection of sufficient resources and expertise for local decision making.

As a supplementary action with respect to measure 341, this measure was focusing on the training of leaders (members of the decision body) and of staff involved in the implementation of the strategy, the organisation of promotional events and the ongoing implementation of LDS. The aid intensity could be a maximum of 80%, however it must not exceed 20% of the total public expenditure of the LDS.

5.5 Axis V - Technical assistance

5.5.1 Measure 511 – Technical Assistance Operations

The rationale for technical assistance support was to facilitate the successful implementation of the program, providing adequate human and financial resources for the MA and other delegated bodies to ensure that they have the necessary capacity for the implementation.

The main beneficiaries were the Agricultural and Rural Payments Agency, the Managing Authority, Local Action Groups and other Government Departments and bodies linked with the implementation of the RDP. Expenditure eligible for support under technical assistance could cover procurement of services, including staff salaries, costs of trainings, information campaigns, promotional actions and costs of expert consultancy and commissioned studies. TA under RDP was mainly used for activities related to management and support, monitoring and evaluation, information; conferences and events, staff salaries, development of IT systems and other control functions.

1	142	Setting up of producer groups	236,000.00	177,000.00	236,000.00	177,000.00	236,000.00	177,000	100%
Total Axis 1			39,177,242.00	29,382,931.50	46,192,190.81	34,644,143.11	38,669,260.41	29,001,945.32	98.7%
2	212	Support for areas with handicaps	17,655,867.00	14,124,693.60	17,577,206.72	14,061,765.38	17,576,415.48	14,061,132.39	99.6%
2	214	Agri-environment Measures	9,525,000.00	7,620,000.00	9,655,581.78	7,724,465.42	9,647,096.78	7,717,677.42	101.2%
Total Axis 2			27,180,867.00	21,744,693.60	27,232,788.50	21,786,230.80	27,223,512.26	21,778,809.81	100.2%
3	313	Encouragement of tourism activities	14,575,356.00	10,931,517.00	15,579,234.35	11,684,425.76	13,959,953.93	10,469,965.45	95.8%
3	323	Conservation and upgrading of the rural heritage	12,266,035.00	9,199,526.25	13,222,624.08	9,916,968.06	12,102,160.61	9,076,620.46	98.7%
3	341	Skills acquisition, animation and implementation	308,438.00	231,328.50	308,438.29	231,328.72	308,437.93	231,328.45	99.9%
Total Axis 3			27,149,829.00	20,362,371.75	29,110,296.72	21,832,722.54	26,370,552.47	19,777,914.36	97.1%
4	41	Implementation of Local Development Strategy	2,935,000.00	2,348,000.00	3,590,176.05	2,872,140.84	2,656,533.75	2,125,227	90.5%
4	421	Inter-territorial and transnational cooperation	165,000.00	132,000.00	165,000.00	132,000.00	116,705.05	93,364.01	70.7%
4	431	Running costs, acquisition of skills and animation	775,000.00	620,000.00	777,174.39	621,739.51	775,532.15	620,425.72	100%
Total Axis 4			3,875,000.00	3,100,000.00	4,532,350.44	3,625,880.35	3,548,770.95	2,839,017	91.6%
5	511	Technical Assistance Operations	4,084,473.00	3,063,354.75	4,163,666.13	3,122,749.60	4,096,899.69	3,072,674.77	100.3%
Total			101,467,411.00	77,653,351.60	111,231,292.60	81,888,976.80	99,908,995.78	76,470,360.99	98.5%

Source: Cumulative Financial Scenario, based on data submitted to the EC by the Paying Agency (2017).

6.2 Axis I - Improving the competitiveness of the agricultural and forestry sector

6.2.1 Measure 111 - Vocational training and information actions

Table 6: Measure 111 - Evaluation criteria

Evaluation criteria	Evaluation criteria for individual evaluation questions
Evaluation question no. 1	Recipients of the measure received training that can contribute to enhanced labour productivity and/or other elements related to competitiveness.
Evaluation question no. 2	Other effects of the implementation including those related to other objectives/axes (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level).

Source: KPMG (2016).

Table 7: Measure 111 – Data sources and analytical tools applied

Name of method	Data sources and description of the methods used
Analysis of programme documents and literature	Review of programme documents including priorities, measures, targets, budgets and reallocations, as well as the relevant literature.
Collection and analysis of administrative, financial, indicator and statistical data	Database RDP, RDP monitoring tables. The current available data on the utilisation of the RDP 2007-2013 was used to analyse the financial and material progress for individual measures. Database RDP 2007-2013 served as the main source of capturing the implementation of the measures. Quantified the value of output, result and impact, respectively. Data from the monitoring tables was utilised for assessing the level of achievement of target values set.
Review of the findings of IERs and SMRs	Review and re-evaluation of the findings of the Interim Evaluation Report and the Strategic Monitoring Report in light of the more recent developments.
Beneficiary focus group discussions	Group discussion with beneficiaries was held in the on-going phase of the evaluation to explore perceptions regarding the usefulness of the trainings received.
Review of training attendance sheets	Review of training attendance sheets provided by training providers
Stakeholder consultation	Discussion on a stakeholder seminar (20 October 2016) to discuss and validate findings

Source: KPMG (2016).

Evaluation of implementation

Up to 2010, the measure was not able to reach significant success; no successful applications were submitted in the first call. During 2010-2012, two other calls were launched. The 2011 call attracted 4 applications, with 3 of them being eligible, while two applications received in the 2012 call were found ineligible. 2013 marked the launch of 3 subsequent calls: the March-April call with 2 ineligible applications, the June-July call with 2 beneficiary and the fifth November call with 2 applications. At the end of 2014, commitments amounted to € 773,050; however, savings were realised on the first three closed contracts (approximately € 200,000). A fifth contract of € 20,000 was signed in the beginning of 2015, increasing commitment rate to 128%. In total the 5 contracts were given € 300,840 and leaving a balance of measure 111 at € 127,726 by the end of the programme. Nevertheless since disbursements had finished, the total grant amounts given were only concluding at € 300,840 (with an EAFRD contribution of € 225,630), leaving a final commitment rate of 65% for the M111 ceiling of € 461,984.

According to the measure guidelines, legal entities appointed by MSDEC to organise trainings, as well as natural persons or legal entities engaged in scientific research and experimental activities were entitled to submit applications for measure 111. This means that the beneficiaries of the measure were different institutions providing education to farmers on different issues of agricultural and agro-food sectors. However, the impacts shall be measured concerning the 'real beneficiaries' of the support scheme: the participants of the trainings. The ultimate beneficiary who is receiving training is the farmer.

The education programme and the topics of the trainings were defined by the Managing Authority, which also had defined strict eligibility criteria for the measure. The course packages had been tailored to cover specific issues of selected branches of agriculture, i.e. fruit and vegetable and animal breeding sectors. The planning documents and guidelines showed that the MA put an emphasis on avoiding the possibility of double funding. However, the strict criteria might have had prevented the measure from reaching a high level of participation in the programme.

The low level of literacy and the cultural effects among farmers was another important issue that has not yet been addressed in terms of the design of the training programme. This high rate of illiteracy hinders the provision of more technical and advanced courses. Cultural effects meant that many of the farmers were taking up training for the first time and were not used to the kind of educational setting.

Table 8: Measure 111 - Evaluation of indicator values

	Indicator	Target	Value	Execution rate
Output	Number of participants to training	2,500	2,558	102%
Output	Number of training days received	2,635	11,454	435%
Result	Number of farmers successfully ending training	2,000	2,379	119%
Impact	Change in gross value added per full time equivalent	1.2%	6.89% €870 ⁷	574%

Source: KPMG (2016).

Answers to measure-related CEQs

Question 1 - How and to what extent has the measure contributed to improving the competitiveness of the beneficiaries?

The target values set in terms of number of participants, successful completions and training days were all achieved by the implementation of the measure. Also, there is a positive value regarding the change in GVA per FTE, i.e. labour productivity.

The modules defined by MA covered a set of management improvement issues, such as efficient production methods, use of IT resources as a development tool, basic business running skills and farm assurance. These trainings promoted improvement with respect to economic performance and viability, and were expected to contribute to the spread of professional management attitude across the agricultural sector.

⁷ For indicator value computation the results of CIE for measure 121 were considered (as training is obligatory for measure 121 beneficiaries), while for participant not supported under measure 121 the change in GVA/FTE in the whole agricultural sector in 2010-2013 was used (based on Eurostat data).

Based on the information received from participants of the focus group discussion, the farmers did not choose courses relating to farm revenues and costs, but other courses with other focus. Though the courses were perceived by the participants as having little or no impact on farm revenues and costs, the participants did report that the courses were successful in other regards. The stakeholder held in October 2016 revealed that in many cases the farmers were obliged to do these courses which is also reflected in their satisfaction.

One of the two service providers focused on trainings related to regulatory requirements, i.e. trainings on AEM obligations and nitrate regulation. These trainings target diffusion of knowledge on sustainable agricultural practices and have indirect effect on economic competitiveness. The supported organisations also offered trainings focusing on the Nitrate Directive which was transposed into national legislation in 2011, while controls were being done through Cross Compliance in 2005 and the Nitrates Action unit in 2013. The training is highly relevant with respect to sub-measure 3, which targets investments ensuring compliance with the Nitrate Directive. Courses held also cover topics relevant for the animal breeding industry, such as trainings on nutrition, animal health, animal welfare, and hygienic standards. These trainings are of high importance for measure 121 beneficiaries, but also helped many more beneficiaries who also participated in these trainings.

Training provided by DOA, under the fourth call was finalised in 2015. This meant that more courses started and they provided specific farm practices, which were more relevant to the farmers. Courses under the Fourth Call were aimed to be practical oriented, allowing participants to apply the knowledge and skills gained within their everyday working environment thus ensuring that the courses relate to the real needs of the farmers. This included courses on the fruit and vegetable sector, as well as nitrates and a total of 1154 farmers have participated. Evaluation sheets gauged the respondents' satisfaction of course content, execution speed, resources utilized and lecture room together with lecturer's knowledge of the subject, preparation and delivery. Results of the evaluation sheets filled in by the participants' show that the majority of participants declared that the course met their expectations and found the slides and notes presented helpful in their understanding of the subject.

As a general feedback, participants involved in focus group discussion agreed that the training was useful yet regarding the relevance of information, opinions of farmers vary across different sectors. For the sheep and goat sector, the training event was considered to be relevant, providing new information and practical component was also assessed to be adequate and useful. Adequate time was allocated to discuss specific questions and problems raised by farmers. Nevertheless, poultry, pig and rabbit sector participants of the focus group discussion on measure 111 shared the overall opinion on trainings being of rather general nature, i.e. refreshing information rather than providing new ideas.

Question 2 - What other effects, including those related to other objectives/axes, are linked to the implementation of this measure (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level)?

The MA introduced an obligation for beneficiaries under measure 121, and 214 to complete a minimum number of hours of training. As for axis 2 measures, trainings covered GAEC and statutory management requirements, as well as good agricultural practices such as nutrient, waste, plant protection and soil management practices. In principle, these trainings could effectively contribute to promote sustainable management of land and natural resources, and provided information on environmentally friendly farming practices. Case study results indicated that training contributes to raise awareness regarding sustainable farming methods and related EU regulations, and helped farmers to implement these methods in practice. Nevertheless, sectorial effects remained modest, as not all farmers participated in the trainings (and especially not all types of training). The effect can be identified for the farmers that participated, but not for the whole sector. According to the beneficiary database of measure 214, the majority of farmers undertake commitment related to low input farming and decrease in use of herbicides in vineyards and fruit orchards. Therefore the improvement in sustainable land management can be assessed especially in terms of the increasing application of these 2 farming techniques.

Organisations supported under the measure offered courses related to different compliance issues, such as cross compliance system, requirements within the framework of the new Nitrate Directive. All of these compliance systems aimed at harmonising the farming techniques and environmental considerations. Training participants from the animal breeding sector have been informed about how manure should be stored on the farm, and restrain distribution or leakage of manure to the land and water bodies. Restriction of contaminating practices and raising awareness of farmers on the obligations was expected to have positive effects in terms of reducing soil and water pollution. The courses of the fourth call provided applied practices to make sure that they addressed the real need of the farmers.

Other positive effects included the acquisition of general competences such as strategic skills for economically viable enterprises, environmental considerations and animal welfare.

6.2.2 Measure 114 - Use of advisory services

Table 9: Measure 114 - Evaluation criteria

Evaluation criteria	Evaluation criteria for individual evaluation questions
Evaluation question no. 1	Recipients of the measure received advisory support that can contribute to enhanced labour productivity and/or other elements related to competitiveness.
Evaluation question no. 2	Other effects of the implementation including those related to other objectives/axes (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level).

Source: KPMG (2016).

Table 10: Measure 114 – Data sources and analytical tools applied

Name of method	Data sources and description of the methods used
Analysis of programme documents and literature	Review of programme documents including priorities, measures, targets, budgets and reallocations, as well as the relevant literature.
Collection and analysis of administrative, financial, indicator and statistical data	Database RDP, RDP monitoring tables. The current available data on the utilisation of the RDP 2007-2013 was used to analyse the financial and material progress for individual measures. Database RDP 2007-2013 served as the main source of capturing the implementation of the measures. Quantified the value of output, result and impact, respectively. Data from the monitoring tables was utilised for assessing the level of achievement of target values set.
Review of the findings of IERs and SMRs	Review and re-evaluation of the findings of the Interim Evaluation Report and the Strategic Monitoring Report in light of the more recent developments.
Review of project lists and project documentations	Review of lists provided by the advisory service provider
Semi-structured stakeholder interviews	Three semi-structured stakeholder interviews were conducted with professional staff of the advisory service provider.
Stakeholder consultation	Discussion on a stakeholder seminar (20 October 2016) to discuss and validate findings

Source: KPMG (2016).

Evaluation of implementation

Up to 2010, the measure marked no progress; the first call in 2009 attracted no applications. In 2011 an open call was launched. However, due to the late start-up of FASC and slow uptake in registration of farmers the first applications were received in 2013.

As of 2013, there were 103 registered applicants in total, out of which 62 have taken up the whole service, with the service completed by the end of 2013. By end 2014, number of registered farmers reached 266, out of which 149 farmers took up the service. Registrations were taking up rapidly (above 400 in total), and there were around 150 farmers waiting for the service contract. The reason for the accelerated increase was the high demand for fertiliser plan. The FASC started to advertise provision of fertiliser plan as a new type of service in late 2013, and interest for this service has grown due to the obligation imposed by the Agricultural Directorate. According to the regulation, farmers had to obtain a fertiliser plan from an authorised entity. FASC offers a combined package: if farmers opt to take cross compliance service, they receive the fertiliser plan at a reduced price. In 2014, 108 farmers took cross compliance service, optionally combined with fertiliser plan, while 41 farmers opted for fertiliser plan only.

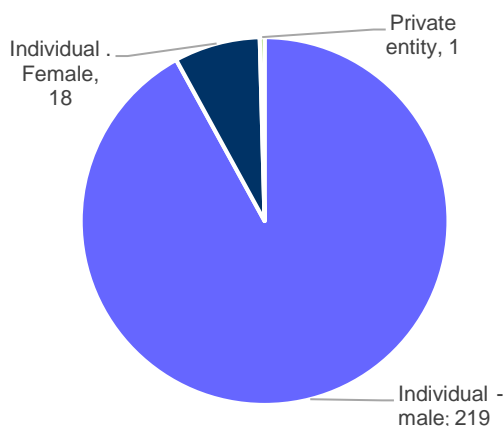
The successful implementation in the beginning was hindered by the fact that only one service provider has been set up, at the end of 2011. The delay of measure 115 had a direct effect on measure 114 as well, as it resulted in a situation where no supplier was appointed to offer the advisory services. Despite the much higher number of applications, at the end of the programme a total 238 farmers, received funding with an average committed grant of € 836, from which € 560 was paid on average. According to the interviews conducted, the lack of popularity in the beginning was due to several issues, which are as follows:

Historical issues: the farmers are used to turn to the Ministry or other experienced people that they personally know for advice, and they do not yet have trust in the appointed body to provide advisory services.

Financial issues: farmers in Malta are not used to paying for advisory services, as traditionally they have received advice from the Government free of charge. In the case of measure 114, 20% of the fee shall be paid by the farmers.

The initial reluctance of farmers to apply clearly showed that the measure and the conditions have not been sufficiently planned and tailored according to the needs of the potential beneficiaries. Nevertheless, increased attention to the enforcement of regulations has raised interest and demand for farm advisory services. Due to the late start-up, the majority of the original budget was transferred to measure 121 in the course of 2011 and 2013 (€ 1,500,000 and € 1,300,000 respectively). In view of the increased demand for FASC services experienced in 2014 and early 2015, it was highly probable that the current budget of € 200,000 would have been utilised, and savings from other measures have been needed. As at 30th June 2016, 99% of the allocated budget was committed for 238 beneficiaries, and roughly 75% percent of the budget was spent. Thus, since disbursements stopped, the final expenditure of measure 114 amounted to € 152,495.80.

Figure 8: Distribution of commitments between private entities and farmers under Measure 114



Source: PAIS query received from MA, August 2016

The above figure points out that the majority of projects were carried out by sole male entrepreneurs. Female entrepreneurs were rare among the beneficiaries, accounting for 7.5% of supported entities. There was only one private entity in supported in this measure with average sum paid. The average grant provided was € 836, while the average amount paid was € 560.

Table 11: Measure 114 - Evaluation of indicator values

	Indicator	Target	Value	Execution rate
Output	Number of farmers supported	1,000	238	23.8%

Result	Increase in agricultural gross value added in supported holdings	2.7% €600,000	Based on the analysis of the intervention logic of the measure and the type of services provided , primarily environmental benefits registered from the implementation of the measure ⁸	
Result	Increase in agricultural gross value added in the whole agricultural sector	2.7% €1,700,000	9.33% €5,876,165 ⁹	346%
Impact	Change in gross value added per full time equivalent	2.7% €441	Economic and competitiveness related impacts of the implementation of the measure are expected on the longer run. ⁸	
Impact ¹⁰	Change in gross value added per full time equivalent in the whole agricultural sector	2.7% €441	13.8% €2,260 ¹¹	512%

Source: KPMG (2016).

Answers to measure-related CEQs

Question 1 - How and to what extent has the measure contributed to improving the competitiveness of the beneficiaries?

Services were offered to farmers regarding the following topics: Cross Compliance (Statutory Management Requirements (SMRs) and Good Agriculture and Environmental Conditions (GAEC)); Occupational health and safety, and Crop and fertiliser plans. As discussed above, farm advisory services focused primarily on regulatory compliance issues, providing cross compliance checks and fertiliser plans, which is obligatory for farmers and promote the improved management of natural resources and adaptation of farming techniques to obligatory standards. Considering the main focus of the services (compliance with regulatory requirements), the late start of implementation and the relatively short period of time left until programme closing, the effects of measure 114 on improvement of economic performance of holdings was expected to be moderate. The advisory services focused primarily on regulatory compliance issues, mainly SMRs, cross compliance, crop plans and fertilizer plans and health and safety on the holding. When taking this into consideration, the effects of Measure 114 on improvement of farm management and economic performance is expected to be moderate. However the positive effect of the measure is more related to the promotion of adaptation of farming techniques to regulatory and environmental standards.

Following a slow start in the implementation of this measure, progress has been registered in 2013- 2015, which can be attributed to the intensification and increase in enforcement of certain legal obligations and SMRs, especially those concerning the application of organic fertilisers to land. This, and a direct marketing strategy, has been a major contributing factor to the increase in uptake of FASC's services among farmers. Farmers are also increasingly appreciative of the value of EU-subsidised advisory service as they are also made tangibly aware of the potential damage that non-compliance with environmental obligations can cause, as well as the actual price associated with such damage.

⁸ Fertiliser plans and similar services mainly aim at enhancing water quality and other environmental aspects of farming activities. These environmentally conscious farming practices also have economic effects, however on the longer run only. Consequently, no quantified results can be provided regarding the change of GVA based on the current examination period.

⁹ Calculations based on result estimation of Measure 121.

¹⁰ Programmespecific indicator

¹¹ Calculations based on result estimation of Measure 121.

Question 2 - What other effects, including those related to other objectives/axes, are linked to the implementation of this measure (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level)?

Given that the advisory services mainly focus on compliance to regulatory standards, other effects may be captured in terms of improved awareness of farmers regarding cross compliance issues and related to that, adoption of compliant farming methods and proper implementation of the fertiliser plans. Also, services related to occupational health and safety can contribute to the improvement of the human potential in the agricultural sector.

6.2.3 Measure 115 - Setting up of advisory services

Table 12: Measure 115 - Evaluation criteria

Evaluation criteria	Evaluation criteria for individual evaluation questions
Evaluation question no. 1	Recipients of the measure received advisory support that can contribute to enhanced labour productivity and/or other elements related to competitiveness.
Evaluation question no. 2	Other effects of the implementation including those related to other objectives/axes (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level).

Source: KPMG (2016).

Table 13: Measure 115 – Data sources and analytical tools applied

Name of method	Data sources and description of the methods used
Analysis of programme documents and literature	Review of programme documents including priorities, measures, targets, budgets and reallocations, as well as the relevant literature.
Collection and analysis of administrative, financial, indicator and statistical data	Database RDP, RDP monitoring tables. The current available data on the utilisation of the RDP 2007-2013 was used to analyse the financial and material progress for individual measures. Database RDP 2007-2013 served as the main source of capturing the implementation of the measures. Quantified the value of output, result and impact, respectively. Data from the monitoring tables was utilised for assessing the level of achievement of target values set.
Review of the findings of IERs and SMRs	Review and re-evaluation of the findings of the Interim Evaluation Report and the Strategic Monitoring Report in light of the more recent developments.
Review of project lists and project documentations	Review of lists provided by the advisory service provider
Semi-structured stakeholder interviews	Three semi-structured stakeholder interviews were conducted with professional staff of the advisory service provider.
Stakeholder consultation	Discussion on a stakeholder seminar (20 October 2016) to discuss and validate findings

Source: KPMG (2016).

Evaluation of implementation

In terms of outputs, measure 115 could be characterised by success, as the planned FAS had been set up as an outcome of 2 application periods. A remaining budget of € 500,000 has been transferred to measure 123 in the course of 2012. The delay in implementation occurred primarily as a consequence of an unsuccessful call in 2009, when out of the 5 applications received, none were considered as eligible. As a consequence, no farm advisory services could be set up at the beginning of the programming period. The new call for the measure was launched in 2011, with one submitted application, which turned out to be successful.

While the applications were scarce in the beginning as the FAS consortium was slow to emerge, the measure started to take up by 2015. This was due to the increasing importance of being able to comply with EU regulations. Farmers increasingly grew aware that compliance is very important and thus their demand for measure 114 and 115 increased.

Members of the FAS Consortium, the beneficiary contracted, included the major representatives from several sectors, comprising different agricultural associations and ministry representatives. A second registered FAS has dropped out and locally there are no other organisations licensed to act as a FAS. The contract with FAS Consortium was signed in August 2011, and disbursements have taken up in 2013. In line with the 4-year payment schedule, € 96,431 has been disbursed by PA by the end of the funding period, which was 93% of the € 99,900 ceiling of measure 115.

Table 14: Measure 115 - Evaluation of indicator values

	Indicator	Target	Value	Execution rate
Output	Number of newly set up advisory services	1	1	100%
Result	Increase in agricultural gross value added in supported holdings	3.8% €223,288	Based on the analysis of the intervention logic of the measure and the type of services provided, primarily environmental benefits are expected from the implementation of the measure ⁸	
Result	Increase in agricultural gross value added in the whole agricultural sector	2.33% €1,370,000	9.99% €5,876,165 ¹²	429%
Impact	Change in gross value added per full time equivalent	0.43% €52	Economic and competitiveness related impacts of the implementation of the measure are expected on the longer run. ⁸	
Impact ¹³	Change in gross value added per full time equivalent in the whole agricultural sector	0.43% €52	18.7% €2,260 ¹⁴	4346%

Source: KPMG (2016).

Answers to measure-related CEQs

Question 1 - How and to what extent has the measure contributed to improving the competitiveness of the beneficiaries?

As indicated in the RDP, the eligibility criteria included a minimum range of services that should be provided, covering good agricultural practices, occupational health and safety standards and statutory management requirements. These were relevant elements with respect to improvement of farm management, however, due to the late launch of operation, small portion of the farming society has been reached so far. Cross compliance services, fertiliser plans and counselling on health and safety requirements provided for farmers were of high relevance for improving farm management in terms of sustainable land use and production techniques, and animal welfare. From economic point of view, as services focus on promotion of compliance to statutory requirements, it can be reasonably assumed that the measure did not have real financial impact on beneficiaries, but at the same time fertilisers plans and similar services aim at enhancing environmental aspects of farming activities- however these practices in the long run are expected to have indirect economic effects. The effects of Measure 114 on improvement of farm management and economic performance is expected to be moderate. However the positive effect of the measure is more related to the promotion of adaptation of farming techniques to regulatory and environmental standards.

¹² Calculations based on result estimation of Measure 121.

¹³ Programmespecific indicator

¹⁴ Calculations based on result estimation of Measure 121.

Question 2 - What other effects, including those related to other objectives/axes, are linked to the implementation of this measure (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level)?

Advisory services provided support for farmers to meet cross compliance requirements and apply fertilisers properly, which is relevant in terms of promoting sustainable management of natural resources and adoption of related up-to-date production techniques. In addition, services are offered in relation to occupational health and safety.

6.2.4 Measure 121 - Modernisation of agricultural holdings

Table 15: Measure 121 - Evaluation criteria

Evaluation criteria	Evaluation criteria for individual evaluation questions
Evaluation question no. 1	Investments contributing to a better use of production factors on agricultural holdings, in particular, to the introduction of new technologies and innovation.
Evaluation question no. 2	Other effects of the implementation including those related to other objectives/axes (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level).

Source: KPMG (2016).

Table 16: Measure 121 – Data sources and analytical tools applied

Name of method	Data sources and description of the methods used
Analysis of programme documents and literature	Review of programme documents including priorities, measures, targets, budgets and reallocations, as well as the relevant literature.
Collection and analysis of administrative, financial, indicator and statistical data	Database RDP, RDP monitoring tables. The current available data on the utilisation of the RDP 2007-2013 was used to analyse the financial and material progress for individual measures. Database RDP 2007-2013 served as the main source of capturing the implementation of the measures. Quantified the value of output, result and impact, respectively. Data from the monitoring tables was utilised for assessing the level of achievement of target values set.
Review of the findings of IERs and SMRs	Review and re-evaluation of the findings of the Interim Evaluation Report and the Strategic Monitoring Report in light of the more recent developments.
Review of project lists and project documentations	Review of the provided lists of funded projects in measure 121.
Counterfactual impact evaluation	Counterfactual impact evaluation was performed regarding the economic performance of the supported holdings based on FADN data.
I/O analysis	Input/output analysis was used to analyse four primary sectors affected by the implementation of RDP.
Beneficiary survey	Beneficiary survey was conducted to obtain direct beneficiary information on a wider scale. This was used to collect supplementary data for calculating indicator values and for exploring beneficiary perceptions. The beneficiary survey was performed in the on-going phase of the evaluation.
Case studies	Case studies were used to obtain in-depth information and to complement the beneficiary survey. During the examination we carried out two case studies related to measure 121. Case 1: Growing sustainably for a better future Case 2: Farm livestock production systems investment

Name of method	Data sources and description of the methods used
Estimation of renewable energy savings	Estimation of savings based on photovoltaic and solar water heater data provided by the MA.
Stakeholder consultation	Discussion on a stakeholder seminar (20 October 2016) to discuss and validate findings

Source: KPMG (2016).

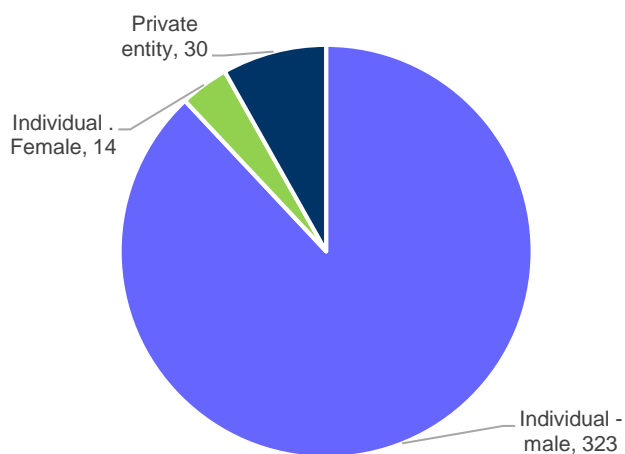
Evaluation of implementation

Measure 121 is considered to be one of the flagship measures of RDP 2007-2013. Since this was the first Maltese CAP measure period together with the fact the Malta was not part of SAPARD, the whole process was a new experience for the farmers. Demand was very strong, which can be seen from the many transfers made for the benefit of Measure 121.

As a consequence of its popularity and absorption capacity, € 3,474,325 have been transferred to measure 121 from other measures (111, 114, 115, 123, 124, 132, 142, 323 and 341), resulting in a combined new budget of € 23,402,970; the largest within the programme. With this reallocation, the aggregated budget transfer since the launch of the programme amounts to an additional € 8,582,970 (original budget was € 14,820,000).

In 2014 the contracting of applicants from the second call that were originally put on hold due to budgetary limits, were eventually continued. Throughout the programme period, 374 applications (282 from the first call and 92 from the second call) have been committed by August 2016 with a total value of € 25,296,208. Disbursements have reached € 22,494,182 by end 2015. The year of 2015 brought € 3,776,327 increase in the disbursements. The final expenditure of € 22,494,182 amounts to 96% of revised ceiling of M121, which is € 23,402,970.

Figure 9: Distribution of commitments between private entities and farmers under Measure 121

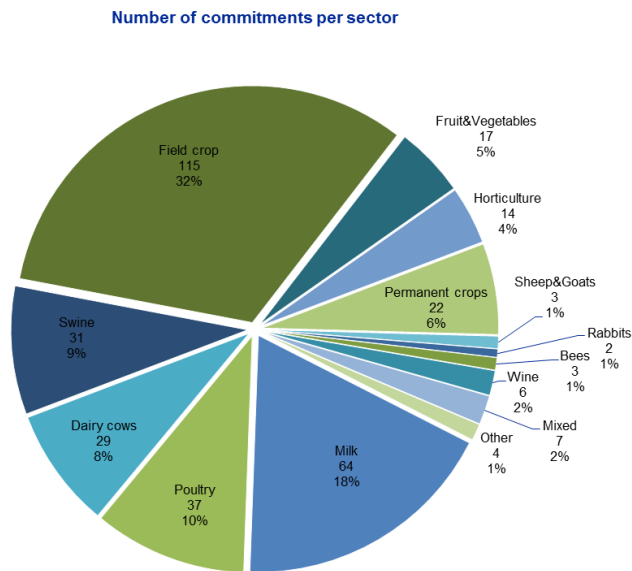
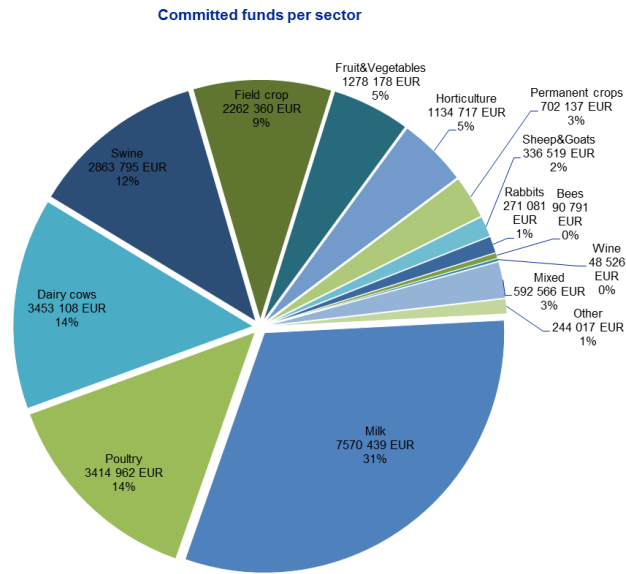


Source: PAIS query received from MA, August 2016.

The above figure points out that the majority of projects were carried out by sole entrepreneurs. Female entrepreneurs were rare among the beneficiaries, accounting for 3.8% of supported entities. Private entities had a share of approximately 8% regarding number of commitments, but this share increases once looking at the value of total project cost. This indicates that firms implemented larger projects, with an average total project cost of € 232,416, while in case of sole entrepreneurs the average total project cost is considerably smaller, € 126,750.

The below figures present how commitments were distributed along different sectors.

Figure 10: Distribution of commitments between sectors under Measure 121¹⁵



Source: PAIS query received from MA, May 2015.

¹⁵ The beneficiaries of the second call with involved in multiple sectors ('Fruit&Vegetables/Poultry' and 'Dairy cows/Poultry') are indicated together with the 'Mixed' category of the first call.

45% of funds has been committed for the dairy and milk sector, corresponding to the investment need of the sector. Following the derogation period for Malta, local dairy farmers had to comply with Community regulations in the fields of environmental protection, animal welfare, hygiene, occupational health and safety. That was accompanied by a strong need for technological modernisation and the increase of operational efficiency. The need for high quality milk also emerged as a market requirement, which was also a strong driver for applying for EU funds. The dairy co-operative, which is governing the centralised processing and distribution of Malta's dairy products, was a useful help for dairy farmers to identify their technological shortcomings and non-compliance with EU regulations. The co-operative was also a catalyst for farmer's applications.

Projects financed in the dairy sector were essential for farmers to continue operation and to set conditions for future growth. Investments usually included reconstruction works, building of animal housing and milking machines. Current market needs and quality requirements are driving all market players towards these investments, the financing of which were critically based on RDP resources. Key impacts of the measure in this sector so far have been the increasing of operational efficiency and technological modernisation that contributed to the survival of dairy producers on the market, the maintenance of their competitiveness and their compliance with EU standards.

Farmers engaged in other animal rearing activities (poultry, swine, rabbit, sheep) were also represented among beneficiaries. Based on the in-depth case study in the swine sector (Wistin Muscat & Sons Ltd.), the sector suffered heavily from outdated production infrastructure and deteriorated buildings and machinery. Investments were often vital for farms to be able to operate and to stay on the market, aiming to improve the basic physical infrastructure of farms. Results and impacts should be interpreted within this context, where meeting market requirements, continuing production and maintaining the output and gross value added are already great achievements of the programme.

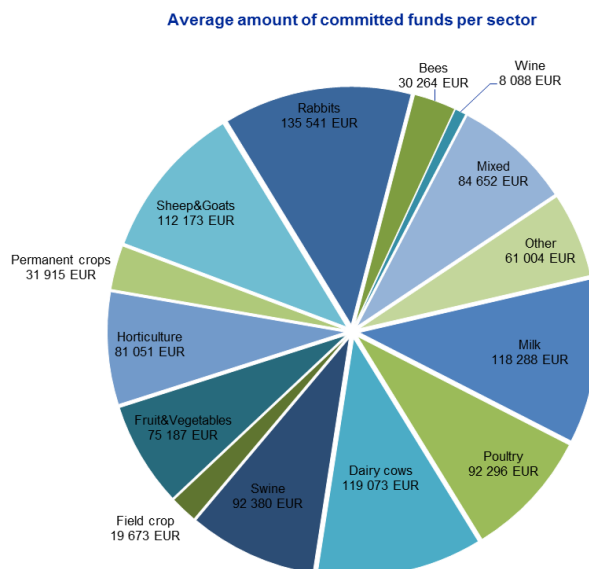
A common feature of the animal husbandry sector was the dependence on the importation of forage, which cannot be satisfied from inland production due to the limited size of utilisable agricultural area (85% of the beneficiaries rearing animals source more than 50% of their inputs from abroad¹⁶). The threat of cheaper foreign products put a cap on consumer prices that eventually decreases the added value of animal products. As a result, sector-wide technological improvement is a must to maintain the competitiveness of the farmers, which is underlined by the fact that 100% of the beneficiaries rearing animals marked their investments as vital regarding their future operation.

Within the crops sector (including field crops, permanent crops, wine and mixed farming) farmers have usually invested in buildings and machinery, including irrigation equipment, tractors, greenhouses and water reservoirs. The in-depth case study in the sector (Charles Muscat) indicates that the sector's competitiveness is greatly hindered by the small economic size of Maltese farms¹⁷ and land fragmentation, the shortage of good quality water for irrigation and the suboptimal climate for agricultural production. Results and impacts were usually related to the increase in the efficiency of production (decrease energy costs, plant diseases etc.), production volume (technology and irrigation), output and gross value added. Similarly to the animal husbandry sector, there was a vast additional demand for this measure, which was underpinned by the continued success of the second call of the measure.

¹⁶ Source: beneficiary survey.

¹⁷ Averaging 4.4 ha by programme participants (beneficiary survey) and 0.9 ha at national level (National Statistical Office).

Figure 11: Average amount of funds on average per sector



Source: PAIS query received from MA, May 2015.

The above chart clearly shows that large investments have been typically made in the animal husbandry sector. However, it should be noted that because of the considerable differences in the number of supported beneficiaries (e.g. in case of the rabbit sector there were only two beneficiaries, while most of the projects with commitments at or above € 150,000 are in the dairy and milk sectors) the above chart is indicative only.

In summary, the relevance of the measure was high. It has a clear target group with well-identified needs, which was adequately supported by the financed activities. High relevance was also underpinned by the success of the second call, which had the potential to absorb additional funds beyond the budgeted amount. Therefore, overall risk of underutilisation of community funds was low.

The effectiveness of the measure could be evaluated as good. Evidence from case studies, interviews and the beneficiary survey suggest that the investments have helped farmers a lot in maintaining or increasing output, gross value added, capitalisation, labour productivity, improving the quality of products, improving operational efficiency, and improving animal welfare, as detailed below by the evaluation questions.

The counterfactual impact evaluation, detailed in the Annex of the report, provided quantitative evidence on positive net impacts regarding gross value added and labour productivity, while no significant impacts were identified regarding employment creation. The latter indicate however that economic development, which often involved a switch from labour intensive to capital intensive technologies, has not resulted in lay-offs at least, and employment could be retained at its original level in the midst of the economic crisis. Employment can also be characterised by a high degree of inertia over the years, which can be explained by the high proportion of family members and small farms, which are less likely to adapt their workforce resiliently to their yearly production level.

Table 17: Measure 121 - Evaluation of indicator values

	Indicator	Target	Value	Execution rate
Output	Number of farm holdings supported	363	363	100%

Output	Total volume of investment	€39,700,000	€ 51,637,253	130%
Result	Increase in gross value added in supported holdings/enterprises	9.2% €1,439,836	20.2% €3,159,228	219%
Result	Number of holdings/enterprises introducing new products or techniques	216	273	126%
Impact	Net additional value added expressed in PPS	PPS 1,483,012	PPS 6,173,499 ¹⁸	416%
Impact	Change in gross value added per full time equivalent	4.7% €564	10.1% €1,215	215%

Source: KPMG (2016).

Notes on result and impact indicators

For the purposes of the evaluation of Measure 121 data was used from the Maltese FADN surveys ranging from 2008 to 2014. The variables utilised in the estimations were constructed from a set of more than 600 variables collected by the FADN survey. Calculations were based on the Variables in Standard Results table of the FADN guidebook *An A to Z of methodology* (2010). In order to estimate the effects of the support on the impact indicators¹⁹ we used fixed effects regression analysis. The sample on which we conducted our evaluation consisted of 86 supported and 152 non-supported farms (238 altogether).

The final estimations were based on 77 beneficiaries as those were the ones which could be included in the model with a two-year lag which proved to be the best fit for the data among the models considered. We calculated our final results with the assumption that the sample of 77 farms was representative of the whole population (i.e. the 363 beneficiaries).²⁰

There are notable differences in the characteristics of the supported and non-supported enterprises:

- On average supported enterprises had a higher value added (€ 42,302) and higher value added per full-time equivalent (€ 15,041) than non-supported enterprises (€ 27,887 and € 11,746 respectively) throughout the period 2008-2014.
- Higher productivity of the supported farms is achieved despite a slightly higher average number of employed FTEs (2.82 and 2.38) with a moderate convergence at the end of the period (mainly due to a small decrease of employed FTEs in supported farms).

Answers to measure-related CEQs

Question 1 - How and to what extent has the measure contributed to improving the competitiveness of the beneficiaries?

The supported investments had a significantly positive impact on the use of production factors, both in terms of their capital and workforce. The modernisation of the technological background of Maltese farmers has been fostered by a high share of new products and technologies introduced.

¹⁸ Assuming that all support was directed at the "Agriculture, forestry and fishing" sector, the GVA multiplier is 1.86. According to EUROSTAT table tec00120, the relative price level compared to the EU28 in Malta was 80.9% in 2014. Hence the PPP conversion rate is 1/0.809=1.236. Deadweight is assumed to be 15%.

¹⁹ Gross Value Added and Gross Value added over Annual Working Units.

²⁰ The supported farms in the sample represent the 23.7% of the total 363 farms, while the disbursed € 6.8 million support represents 29.4% of the total budget of M121.

The results of the beneficiary survey conducted in the on-going phase of the evaluation indicate that 68% of the beneficiaries introduced new technology(ies) (57%: 1 to 3 new technologies, 11%: 4+ new technologies), and 23% of them developed new product(s) (15%: 1 to 3 new products, 4%: 4+ new products). Altogether, 70% of the supported projects resulted in new products or technologies. In broader terms, 88% of the investments have brought about significant modernisation of the applicants' technological background. As a consequence, the majority (89%) of the beneficiaries experienced considerable increase in the efficiency of production thanks to the support of the programme. As for innovation, 93% of them reported that they have tried out new methods, techniques or other innovative solutions thanks to the support of the programme, which is an important and intended side effect of the support.

According to the two in-depth case studies, beneficiary interviews and other data sources (interviews with co-operatives, evaluations etc.), the developments typically included the installation of new technologies, such as milking robots in the dairy sector, feeders and cooling in all animal husbandry sectors, irrigation devices, tractors, greenhouses and other machinery in crops production. All of those have improved the efficiency of agricultural production, resulting in lower operational expenses, thereby setting the conditions for further growth.

As regards the utilisation of human production factors, the counterfactual impact evaluation concluded that programme support generated a higher level of labour productivity, by € 1,215 on average in the case of supported farms. This increase can be considered as a net impact that appears to take effect two years after receiving the subsidy, and remains as a significant difference between supported and non-supported enterprises over the following years. The maintained higher level of productivity resulted in higher gross value added in the case of the supported farms. The increased GVA of all the supported units aggregated for all years resulted in a significant positive impact of the implementation of the RDP in the sector.

The supported investments have had a moderate impact on gaining market share in the farmers' regular markets in Malta, but have had a limited impact on accessing new domestic markets, and almost insignificant impact on accessing export markets.

The beneficiary survey indicates that half of the beneficiaries (53%) experienced growth in their market share thanks to the supported investment. For the majority of them (34% of all beneficiaries) there was a one-digit growth, while some of them experienced two-digit growth (19%) of the market share that is mainly attributable to the RDP project. In contrast to that, only 17% of all beneficiaries have reported to have penetrated a new market, or have successfully targeted new groups of customers in Malta (6% reported new customers, while 13% reported winning customers from competitors).

Case studies and beneficiary interviews explain these trends as the developments were usually aimed at maintaining market position, and doing regular business at a more efficient way, with increased production volumes and higher revenues in order to protect their market position primarily against cheaper import agricultural primary products.

Question 2 - What other effects, including those related to other objectives/axes, are linked to the implementation of this measure (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level)?

As regards environmental sustainability, the results of the beneficiary survey show positive results amongst relevant projects in decreasing the use of pesticides and herbicides (55%), decreasing the use of chemical fertilisers (45%), decreasing the amount of manure seeping into the ground (64%). The results for increasing animal welfare are very promising (88%).

As for energy consumption, positive trends can be observed as regards the reduced water use (57%) and less fuel burnt (33%). The electricity consumption decreased for 13% of the beneficiaries, saving € 5,550 on electricity bills on average per year. 19% of the beneficiaries reported to have implemented some form of a renewable energy source (mostly photovoltaic systems) that contributed to savings on energy. These results are partly attributable to programme selection criteria, rewarding projects with energy and power savings (+10% each) and favouring if the applicant has also applied for measure 214 (+5%).

As for the social sustainability of farms, the majority of the beneficiaries run agricultural activity as family business (85%), however, only 70% envisage that a younger family member will continue running the business once the generation shift becomes inevitable.

Beneficiary case studies, and other data sources coincide with these outcomes, covering the installation of photovoltaic systems, reducing ground water consumption, optimising energy consumption, increasing hygienic conditions and animal welfare, etc.

6.2.5 Measure 123 - Investments for adding value to agricultural products

Table 18: Measure 123 - Evaluation criteria

Evaluation criteria	Evaluation criteria for individual evaluation questions
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Evaluation question no. 1	Investments contributing to a better use of production factors on agricultural holdings, in particular, to the introduction of new technologies and innovation.
Evaluation question no. 2	Other effects of the implementation including those related to other objectives/axes (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level).

Source: KPMG (2016).

Table 19: Measure 123 – Data sources and analytical tools applied

Name of method	Data sources and description of the methods used
Analysis of programme documents and literature	Review of programme documents including priorities, measures, targets, budgets and reallocations, as well as the relevant literature.
Collection and analysis of administrative, financial, indicator and statistical data	Database RDP, RDP monitoring tables. The current available data on the utilisation of the RDP 2007-2013 was used to analyse the financial and material progress for individual measures. Database RDP 2007-2013 served as the main source of capturing the implementation of the measures. Quantified the value of output, result and impact, respectively. Data from the monitoring tables was utilised for assessing the level of achievement of target values set.
Review of the findings of IERs and SMRs	Review and re-evaluation of the findings of the Interim Evaluation Report and the Strategic Monitoring Report in light of the more recent developments.
Review of project lists and project documentations	Review of the provided lists of funded projects in measure 123.
Counterfactual impact evaluation	Counterfactual impact evaluation was performed regarding the economic performance of the supported holdings based on data from the relevant authority.
I/O analysis	Input/output analysis was used to analyse four primary sectors affected by the implementation of RDP.
Beneficiary survey	Beneficiary survey was conducted to obtain direct beneficiary information on a wider scale. This was used to collect supplementary data for calculating indicator values and for exploring beneficiary perceptions. The beneficiary survey was performed in the on-going phase of the evaluation.
Case studies	Case studies were used to obtain in-depth information and to complement the beneficiary survey. During the examination we carried out two case studies related to measure 123. Case 1: Production of local originated produce Case 2: Adding value to fresh local poultry products
Estimation of renewable energy savings	Estimation of savings based on photovoltaic and solar water heater data provided by the MA.
Stakeholder consultation	Discussion on a stakeholder seminar (20 October 2016) to discuss and validate findings

Source: KPMG (2016).

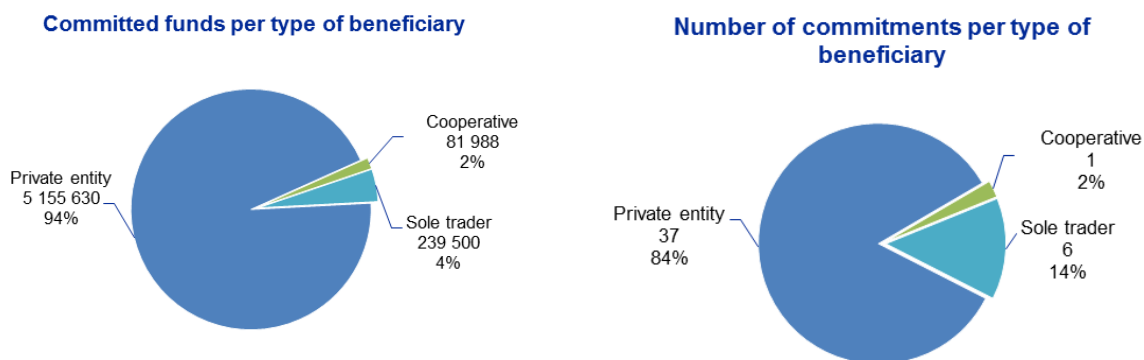
Evaluation of implementation

The programme has committed 25 applicants from the first call (out of 29), one of which has been terminated, making it to 24 contracts. In 2013 commitments continued with the contracting of applicants from the second call, which resulted in 21 contracted beneficiaries.

In 2014 allocated budget was revised and an amount of € 803,656 was transferred to measure 121, resulting in a reduced budget of € 5,554,749. 2014 end figures show that the budget is fully committed (99%); however, savings will be realised on closed projects and on terminated projects. In the course of 2014 the implementation and closure of second call projects have progressed. Payments progressed at an adequate pace, and reimbursement rate for the measure stood at 92.8% by the end of the programme. In 2015 the commission approved another Programme modification, whereby savings registered from concluded projects under M123 were transferred to Measure M125 and M212. The amount of €69,248.08 (EAFRD part) was transferred to Measure 125, whilst € 1,224,396.33 (EAFRD part) were transferred to M212. As at 30th June 2016 when the measure was finally evaluated, expenditures amounted to € 3,553,508 which meant a nearly completed utilisation of the revised ceiling of M123 that is € 3,829,892.

The majority of projects were carried out by private entities, both in terms of committed funds (€ 5.3 million) and number of projects (37). The rest of the funds was contracted with sole traders and one cooperative.

Figure 12: Distribution of commitments between private entities and sole traders



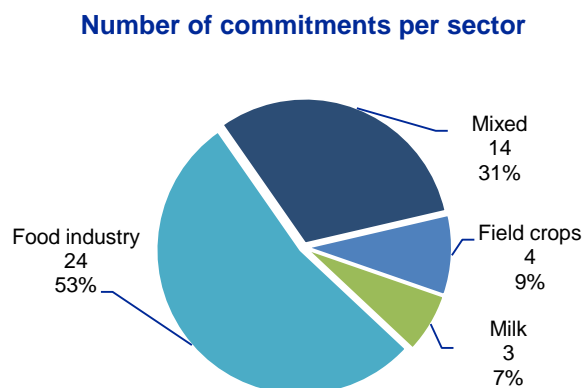
Source: PAIS query.

Average commitment amounted to € 134,910 for private entities (small and medium enterprises) and € 60,938 for sole traders (micro enterprises). Difference in firm size; however, could justify a much larger gap. The reason for the relatively small gap was owed in part to the regressive aid intensity²¹ and to the maximisation of grant amount in € 150,000. 11 out of the 45 beneficiaries were limited by this threshold. No large enterprise received funds under the measure. The largest projects were implemented in the wine, and processed food sectors with grants reaching € 150,000.

As depicted by the figure below, more than half of the projects was implemented in the food processing industry, agriculture was represented by 7 beneficiaries from the field crop and milk sectors.

²¹ 50% for micro and small enterprises, 40% for medium enterprises, 25% for large enterprises employing less than 750 employees with a yearly turnover less than € 200 million.

Figure 13: Distribution of projects by sector



Source: PAIS query²².

Maltese processing companies had to cope with the dismantling of import levies when Malta joined the EU. Prior to EU accession the Maltese agricultural sector operated within a complex network of protective measures aimed at encouraging local production by ensuring a regular income flow through a system of price guarantees and quota restrictions on imports. While free trade offered a large scale market for Maltese processed products, it also raised competition to international level, which still puts a large pressure on Maltese processing companies, especially when competing with cheaper imported products.

On one hand, that necessitates higher operational efficiency both at enterprise and at supply chain level, even though the whole sector lacks the advantage of economies of scale. Finding new domestic markets and penetrating niche markets abroad also requires compliance with higher quality standards that, due in part to the lack of economies of scale, are usually too expensive to obtain at individual enterprise level. On the top of that, compliance with EU standards also raised need for additional external funding.

The eligibility criteria required that the investments should result in indirect benefit for primary producers, while selection criteria were rewarding investments with clear links to marketing of products, improving quality, adapting environmentally friendly technologies and job retention.

The measure has been successful in tackling these problems. Evidence shows that the measure has been efficient in meeting the current needs of the sector, and positive impacts are foreseen with respect to raising competitiveness, improving the quality of products, raising market access, increasing operational efficiency and fostering innovation. Moreover, thanks to the relatively large coverage of the industry by the programme, these impacts are perceptible at national level as well.

The dependence of the processing sector on importation and the lack of economies of scale is expected to keep operational costs at a high level as compared to foreign companies, which should be tackled in the long run in order to level up the competitiveness of local companies. Alternative solutions are also worth considering, such as that applied in the dairy sector, which chose to shorten the supply chain of producing dairy products by eliminating middlemen between dairy farmers and processing companies, having replaced it by a non-profit dairy co-operative.

In summary, the intervention logic of the measure has been appropriate and the effectiveness of the measure can be evaluated as good.

²² In 2014 one contract was terminated.

Table 20: Measure 123 - Evaluation of indicator values

	Indicator	Target	Value	Execution rate
Output	Number of enterprises supported	40	43	108%
Output	Total volume of investment	6,866,621	6,946,758	101%
Result	Increase in gross value added in supported holdings/enterprises	8.4%	14.1%	168%
		€ 953,595	€ 1,598,093	
Result	Number of holdings/enterprises introducing new products or techniques	22	61	277%
Impact	Net additional value added expressed in PPS	PPS 280,00 1,105,996	2,737,410 ²³	243%
Impact	Change in gross value added per full time equivalent	1.3% € 233	40.37% € 7,237	3105%

Source: KPMG (2016).

Notes on result and impact indicators

For the purposes of the evaluation of measure 123 data was provided to KPMG regarding 43 supported enterprises by the Managing Authority and the Inland Revenue Department. For the establishment an appropriate comparison group, the Inland Revenue Department provided additional data regarding 2,863 enterprises not receiving support under measure 123. In the sample of non-supported enterprises, all Maltese enterprises were included which operated in the same industrial sectors as the 43 supported enterprises. For both samples, data was provided covering each year between 2004 and 2014.

Prior to the analysis it is worthwhile to describe the observable characteristics of supported and non-supported enterprises in order to establish whether there are any systematic differences in the characteristics of supported and non-supported enterprises.

- Approximately 55.9% of enterprises supported under sub-measure 123 operated in the following sectors:
- Processing and preserving of fruit and vegetables
- Processing and preserving of meat and production of meat products
- Animal production and Wholesale of food, beverages and tobacco.

These sectors are overrepresented among supported enterprises, as the three sectors represent a higher share of enterprises in the supported group than they do in the non-supported group.

Programme beneficiaries differed from non-supported enterprises in a number of characteristics:

- Approximately 29% of supported enterprises received support from other measures of the RDP, besides measure 123.
- Between 2007 and 2014, on yearly average, supported enterprises had a somewhat lower level of value added (€ 310 636) than non-supported enterprises (€ 286 258). This can most probably be attributed to the fact that the supported enterprises are on average younger than non-supported enterprises. On average, supported enterprises were established in 2001. On the

²³ Econometric results not statistically significant, but relatively robust across estimation methods.

other hand, the population of non-supported enterprises operating in the same sectors as the supported enterprises were on average established in 1997.

- Even though supported enterprises were on average younger than non-supported enterprises, on yearly average they employed more FTEs (29) over the period of 2007-2013 than non-supported enterprises (21).

Answers to measure-related CEQs

Question 1 - How and to what extent has the measure contributed to improving the competitiveness of the beneficiaries?

The supported investments have had a positive impact on introducing new technologies and fostered innovation by the majority of beneficiaries. The estimated impacts were all positive regarding the number of FTEs and GVA based on the counterfactual impact evaluation. The estimated impact on GVA was positive in models not containing year dummies but turns into negative once year dummies are included in the model. This can indicate that it was rather the general trends in the industrial sectors of the supported enterprises that had a positive impact on their performance in terms of GVA than the support itself.

The results of the beneficiary survey conducted in the on-going phase of the evaluation also confirmed the positive assessment, indicating that 93% of all beneficiaries have introduced one or more new technologies, while 79% of them had developed new products thanks to the investment (21% of them more than 10 of them). Altogether, 93% of the supported projects resulted in new products or technologies. Taking a broader perspective, all investments have brought about significant modernisation of the applicants' technological background. Innovative solutions were applied in the majority of cases (67%), showing that the funds were able to trigger a change in the regular business of processing companies, which might be turned into economic success in the future.

Both in-depth case studies underline these results. In one case, the supported enterprise could introduce 3 brand new products produced from local ingredients, while in the other case, innovative technological solutions enabled the optimisation of production and enhancement of the value added of the whole product portfolio. Other beneficiary interviews show similar results regarding the introduction of new technologies (i.e. for peeling, washing and packaging of potatoes for a potato export-import firm) and new products.

The quality of products has significantly increased amongst the beneficiaries, both regarding the quality of the final product and the increased quality of raw products used as input. However, the use of quality labels is still not widespread in the Maltese processing sector.

Evidence from the beneficiary survey shows that in all cases beneficiaries enhanced the quality of their final products. As regards the inputs they purchase to produce final products, 78% of beneficiaries relevant in this regard reported that they have had significant improvement in their quality. That implies that in many cases the support has not only had an impact only on the processing companies but on their suppliers as well, favouring those with good quality raw products. In contrast to that, only 36% of the beneficiaries sell their products under quality labels, the majority of which is operating in the wine sector.

One of the case studies shows an increase in food safety and the intrinsic quality of the final products, which is more consistent in time. The other case brought about a change in the added value of products that, thanks to the improved technological environment, also had positive implications on product quality. Other beneficiary interviews also indicate positive impact in this respect, where the value added content of final products has been raised (e.g. peeled potatoes), and intrinsic quality dimensions of the final products have been raised by sourcing more raw products of domestic origin.

The RDP has been successful in contributing to raising the efficiency in the Maltese agri-processing sector. The beneficiary survey indicates that operational efficiency has been improved in 92% of the cases thanks to the investment. Efficiency increase could cover many different dimensions, such as the efficient operation of new machinery, better utilisation of the human resources, improved control of operational and marketing costs, less energy consumption etc. For instance, efficiency improvements have been reached by decreasing water use (73%), reducing fuel use (56%), reducing energy consumption (67%), increasing the amount of waste recycled (54%) and producing more green energy (14%).

The case studies provide further evidence supporting these findings. In one case, the increase in efficiency was clearly visible through the modernised technological background, the installation of solar water heaters and better waste water treatment, while the other beneficiary has realised efficiency improvement through installing modern and high-capacity food producing machines. The third interviewed beneficiary could extend its production period through the year, increase turnover and increase the quality of their products without rising unit costs of production.

Question 2 - What other effects, including those related to other objectives/axes, are linked to the implementation of this measure (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level)?

The supported investments have had a positive impact on processing companies with respect to gaining market share on both domestic and export markets.

The beneficiary survey indicates that the majority of the beneficiaries (85%) experienced growth in their market shares thanks to the supported investment. Most of them (69% of all beneficiaries) experienced a one-digit growth, while some of them could attain two-digit growth (15%) of the market share that is mainly attributable to the RDP project. Beyond extending market share, 85% of the beneficiaries have reported to have penetrated a new market, or have successfully targeted new groups of customers in Malta. 31% of them could even gain better access to export markets thanks to the improvements.

One of the case study subjects demonstrated improvements in the marketing of their product and reported to have strengthened its position on the Maltese market. The other beneficiary in the food industry concluded that the development resulted in better opportunities to penetrate foreign markets and export high quality Maltese products. The other interviewed beneficiary could find new markets for its new products both in domestic markets (i.e. serve local tourism industry with peeled potatoes) and in international ones (primarily in the Netherlands).

6.2.6 Measure 124 - Cooperation for development of new products, processes and technologies in the agriculture and food sector

Table 21: Measure 124 - Evaluation criteria

Evaluation criteria	Evaluation criteria for individual evaluation questions
Evaluation question no. 1	Support contributing to enhance cooperation of agricultural holdings, in particular, in the introduction of new technologies and innovation.
Evaluation question no. 2	Other effects of the implementation including those related to other objectives/axes (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level).

Source: KPMG (2016).

Table 22: Measure 124 – Data sources and analytical tools applied

Name of method	Data sources and description of the methods used
Analysis of programme documents and literature	Review of programme documents including priorities, measures, targets, budgets and reallocations, as well as the relevant literature.
Collection and analysis of administrative, financial, indicator and statistical data	Database RDP, RDP monitoring tables. The current available data on the utilisation of the RDP 2007-2013 was used to analyse the financial and material progress for individual measures. Database RDP 2007-2013 served as the main source of capturing the implementation of the measures. Quantified the value of output, result and impact, respectively. Data from the monitoring tables was utilised for assessing the level of achievement of target values set.
Review of the findings of IERs and SMRs	Review and re-evaluation of the findings of the Interim Evaluation Report and the Strategic Monitoring Report in light of the more recent developments.
Semi-structured stakeholder interviews	Four semi-structured stakeholder interviews were conducted with institutional representatives, experts, beneficiaries, as well as other relevant stakeholders.
Stakeholder consultation	Discussion on a stakeholder seminar (20 October 2016) to discuss and validate findings

Source: KPMG (2016).

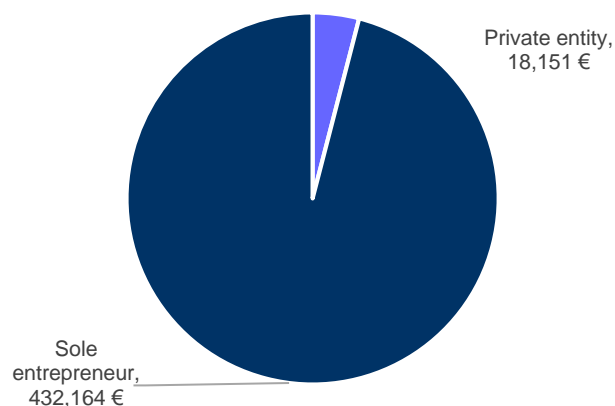
Evaluation of implementation

The main objective of this measure was to increase the competitiveness of the farming sector and of the agri-food processing industry through the development of new products, the introduction of new processes or new technologies and at the same time to increase cooperation between producers and the processing sector. These aims were considered to be highly relevant, as they were targeting specific issues that are relevant in the current Maltese rural economy. According to the stakeholder interviews previously performed, the Maltese agri-food sector is facing cultural issues regarding the cooperation among farmers, while there is a general reluctance towards the cooperation with the processing sector. However, this measure was important in terms of breakout opportunities for high quality rural products. Cooperation would support farmers in the market competition. Another obstacle of a greater success may be derived from the lack of synergies with other measures, such as 121 and 123.

The limited interest in research and innovation in this sector was reflected in the number of applications submitted for measure 124. As a result of the first call launched in late 2009, the MA contracted with 3 beneficiaries out of the 5 applications. The MA launched a second call in 2011, and received 5 applications for which the selection process was undertaken in 2012, with a result of 3 eligible projects. Six beneficiaries were funded from measure 124, with a sectoral composition of 3 dairy sector operators, and 1 each in the wine, fruit and vegetable and carob sector respectively. All the beneficiaries were already established organisations or cooperatives in their field.

By the end of the financing period, a total of € 250,505 was paid to the 4 beneficiaries, while 2 beneficiaries did not receive funding. The ceiling of € 427,569 was thus only utilised at 59% even though commitments supposed nearly 100% utilisation rate.

Figure 14: Distribution of commitments between private entities and farmers under Measure 124



Source: PAIS query received from MA, August 2016.

The figure above points out that 5 projects were accepted from private entities with an average grant amount of € 86,432 and one beneficiary was a sole entrepreneur with € 18,151 committed. A total of € 450,316 was contracted, but only around half of that, € 250,505 was paid as of June 2016.

With respect to the indicators listed below, it can already be assessed that targets for output indicators have not been met. The values presented can be regarded as approximate final figures. According to this, the volume of investment per cooperation initiative is considerably smaller than previously expected.

In 2015 following a budget shift approved by the commission on the 16th of November 2015, savings registered from concluded projects, which add up to €16,382.65 (EAFRD part), were transferred to M125. This modification was made in order to make efficient use of available funds. The demand under Measure 125 justified the need to transfer unutilised funds from Measure 124, for which, no new calls were envisaged, hence this transfer reduce the risk of unutilized funds. Therefore, as at end 2015, the total budget allocated towards M123 amounted to €427,569, with an EAFRD contribution €320,676.75.

Table 23: Measure 124 - Evaluation of indicator values

	Indicator	Target	Value	Execution rate
Output	Number of cooperation initiatives supported	5	4	80%
Output	Volume of investment	€712,615	€417,509 ²⁴	55.7%
Result	Increase in gross value added in supported holdings/enterprises	€68,622	€71,856	104%
Result	Number of holdings/enterprises introducing new products or technologies	10	8	80%
Impact	Net additional value added expressed in PPS	PPS 63,751	PPS 112,670	6,938%
Impact	Change in gross value added per full time equivalent	0.2% €22	13.9% €2,004	9,109%

Source: KPMG (2016).

Answers to measure-related CEQs

Question 1 - How and to what extent has the measure contributed to improving the competitiveness of the beneficiaries?

The measure was successful, however it only managed to attract limited number of beneficiaries. As all the beneficiaries were already established organisations or cooperatives in their respective sector, the efficiency of cooperation was expected to be high on project level, and positive outcomes were foreseen with respect to product and technology developments.

The interviewed beneficiaries implemented research projects with no direct market connection. One project aimed at increasing feed efficiency in dairy sector and thus contributing to reduction of costs and increasing income of milk farms. The other project targeted development of production techniques with exploring innovative product opportunities for an indigenous Maltese grape variety. The latter project does not result in direct economic benefits, new production techniques are in experimental stage, but were applied soon after. According to the beneficiary, market opportunities and adaptation of production to market requirements would be subject to continued research.

Due to the limited take up rate and the slow progress of project implementation on beneficiary level, the measure has not significantly contributed to improving the competitiveness of the agricultural or food sectors to a significant extent. Given the small number of cooperatives and final beneficiaries supported, the extent of contribution to improve the competitiveness of the sectors is expected to be very moderate. According to the specific focus of projects, the support is foreseen to affect small, separate areas of the agriculture and agro-processing sector, such as manufacturing of a special cheese product.

Question 2 - What other effects, including those related to other objectives/axes, are linked to the implementation of this measure (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level)?

As the measure did not see the expected amount of applications indirect effects remain modest. Mild economic benefits are expected however, since the development of new products benefits the whole Maltese economy.

²⁴ The indicator value has been calculated on the basis of disbursements as end 2015, taking into account 60% aid intensity applicable for the measure.

6.2.7 Measure 125 - Investments in infrastructure related to the development and adaptation of agriculture

Table 24: Measure 125 - Evaluation criteria

Evaluation criteria	Evaluation criteria for individual evaluation questions
Evaluation question no. 1	Investments contributing to the adaptation of agricultural holdings.
Evaluation question no. 2	Other effects of the implementation including those related to other objectives/axes (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level).

Source: KPMG (2016).

Table 25: Measure 125 – Data sources and analytical tools applied

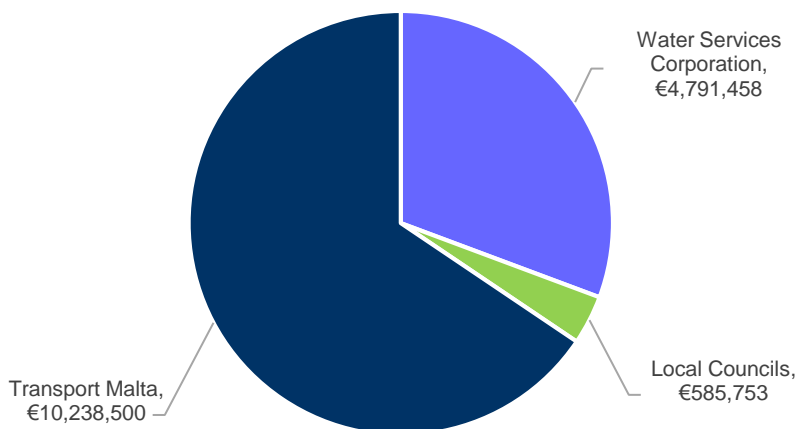
Name of method	Data sources and description of the methods used
Analysis of programme documents and literature	Review of programme documents including priorities, measures, targets, budgets and reallocations, as well as the relevant literature.
Collection and analysis of administrative, financial, indicator and statistical data	Database RDP, RDP monitoring tables. The current available data on the utilisation of the RDP 2007-2013 was used to analyse the financial and material progress for individual measures. Database RDP 2007-2013 served as the main source of capturing the implementation of the measures. Quantified the value of output, result and impact, respectively. Data from the monitoring tables was utilised for assessing the level of achievement of target values set.
Review of the findings of IERs and SMRs	Review and re-evaluation of the findings of the Interim Evaluation Report and the Strategic Monitoring Report in light of the more recent developments.
Semi-structured stakeholder interviews	A semi-structured stakeholder interviews were conducted with institutional representatives, experts, beneficiaries, as well as other relevant stakeholders.
Case studies	Case studies were used to obtain in-depth information and to complement the beneficiary survey. During the examination we carried out a case study related to measure 125. Case 1: Case study on the effectiveness of Measure 125 (Installation of water meters)
Stakeholder consultation	Discussion on a stakeholder seminar (20 October 2016) to discuss and validate findings

Source: KPMG (2016).

Evaluation of implementation

Measure 125 targeted two types of infrastructure investments; the issue of water scarcity and the improvement of farm accessibility through the upgrading of rural roads. The first initiative was launched by the MA, while the rural roads upgrading component was launched by the LAGs. In 2014, a third restricted call was issued under this Measure, again targeting the upgrading of rural roads. This call was issued by the Managing Authority.

Figure 15: Distribution of the budget per type of beneficiary for measure 125



Source: PAIS query received from MA, August 2016.

The issue of water scarcity was treated by this measure in supporting the installation of smart water meters on the one hand, with the aim of improving water management, being a highly relevant issue in the Maltese agriculture. On the other hand, as a large project accounting for approximately 40% of the measure budget, a water distribution pipeline was planned to be constructed, to facilitate irrigation of lands with utilisation of treated sewage effluent.

The part of the measure relating to the water meters was able to reach its objectives, as the use of the new type of water meters has direct effect only on the awareness and control over water consumption which was its intended aim.

The project by Water Services Corporation aimed to provide the farming community with high quality treated sewage effluent, which can be used for irrigation purposes. This reduced the dependence of the agricultural community on the extraction of water from underground reservoirs, which in turn will lead to improved groundwater health and better water quality.

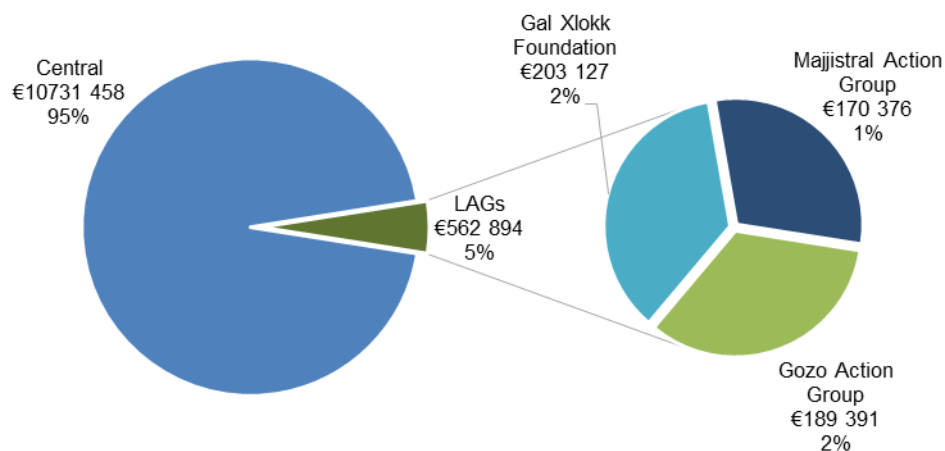
In the course of 2014 and 2015, significant amount of funds were reallocated to the measure, increasing available budget from € 5.2 million to € 10.5 million. Newly available funds have been contracted with a sole beneficiary (Transport Malta) in the course of 2014 and 2015.

Through this project, Transport Malta resurfaced approximately 78 rural roads across Malta and Gozo. The aim was to improve accessibility to agricultural holdings and reduce the probability of land abandonment.

The three LAGs account for somewhat less than 4% of the commitments under the measure, handling about 23 projects with an even distribution both in number of beneficiaries and amounts committed among the three action groups. 6-8 projects were implemented per LAG.

In total, the 25 beneficiaries were paid a total of € 11,607,078 and the revised ceiling of the measure amounted to € 10,511,036. While this means that 110% of the final ceiling was spent, the difference was covered from other measures.

Figure 16: Distribution of committed funds and number of commitments under measure 125



Source: PAIS query received from MA, February 2015.

The case study on installation of water meters concluded that water meters constitute the first step in increased awareness of water usage and establishment of monitoring system. In order to ensure more conscious water management and improved irrigation practices, further steps should be taken starting with thorough analysis of data collected by water meters, effective policy planning and provision of training to farmers on water management. Support under the measure is considered to be a preliminary objective to achieve wider water management policy impacts and thus no direct impacts are expected.

Table 26: Measure 125 - Evaluation of indicator values

	Indicator	Target	Value	
Output	Number of operations supported	25	34	152%
Output	Total volume of investment	€11,678,929	€16,036,840	137%
Result	Increase in gross value added in supported holdings/enterprises	0% ²⁵ 0	0 ²⁵	n/a
Impact	Net additional value added expressed in PPS	0 ²⁵	0 ²⁵	n/a
Impact	Change in gross value added per full time equivalent	0% ²⁵ 0	0 ²⁵	n/a

²⁵ As all beneficiaries are public entities, no GVA increase is expected. Also, based on the case study conducted on the implementation of the measure, economic benefits might be realised on the long-run only, no change in GVA attributable to the implementation of M125 are observable in the course of the examination period.

Source: KPMG (2016).

Answers to measure-related CEQs

Question 1 - How and to what extent has the measure contributed to improving the competitiveness of the beneficiaries?

Measure 125 targeted two types of infrastructure investments; the issue of water scarcity and the improvement of farm accessibility through the upgrading of rural road. The construction of distribution network for treated sewage is a major improvement for environmentally sustainable irrigation of utilised agricultural land. The future contribution of the rural road component is that allows for a better cooperation between farms and better connection to the market. As such, it contributes to the competitiveness of the beneficiaries and indirectly, the whole economy.

Question 2 - What other effects, including those related to other objectives/axes, are linked to the implementation of this measure (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level)?

In terms of water management, the pipeline project is assumed to be of high relevance with respect to efficient water management, therefore it is expected to significantly contribute to long-term sustainable economic operation of holdings. The construction of the pipeline aims to increase the use of treated sewage effluent for irrigation instead of extraction of groundwater resources.

The installation of the smart water meters increases the awareness and control over the water consumption and can be interpreted as an initial step to raise environmental consciousness of farmers.

As for the road construction initiative, the impact on competitiveness of the holdings is expected to be very major, as support is upgrading key infrastructure, which is assumed to be of large relevance regarding the economic performance of holdings. The road construction initiative is of high relevance since holdings which were not very accessible can now be accessed with more ease, using machinery which greatly helps farmers in the day to day running of the holding. The impact on competitiveness of the holdings is expected to be significant since holdings which might have been inaccessible and with a high risk of abandonment, can now be accessed. Additionally, better access to machinery and means of transportation will also facilitate the farmer's day to day work, including transportation of produce. This increases efficiency and improves time and farm management.

6.2.8 Measure 132 - Participation of farmers in food quality schemes

Table 27: Measure 132 - Evaluation criteria

Evaluation criteria	Evaluation criteria for individual evaluation questions
Evaluation question no. 1	Support contributing to enhance participation in food quality schemes, enhance quality of the product to foster competitiveness.
Evaluation question no. 2	Other effects of the implementation including those related to other objectives/axes (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level).

Source: KPMG (2016).

Table 28: Measure 132 – Data sources and analytical tools applied

Name of method	Data sources and description of the methods used
Analysis of programme documents and literature	Review of programme documents including priorities, measures, targets, budgets and reallocations, as well as the relevant literature.
Collection and analysis of administrative, financial, indicator and statistical data	Database RDP, RDP monitoring tables.

Name of method	Data sources and description of the methods used
	The current available data on the utilisation of the RDP 2007-2013 was used to analyse the financial and material progress for individual measures. Database RDP 2007-2013 served as the main source of capturing the implementation of the measures. Quantified the value of output, result and impact, respectively. Data from the monitoring tables was utilised for assessing the level of achievement of target values set.
Review of the findings of IERs and SMRs	Review and re-evaluation of the findings of the Interim Evaluation Report and the Strategic Monitoring Report in light of the more recent developments.
Semi-structured stakeholder interviews	All beneficiaries of the measure were interviewed in a semi-structured manner on four occasions.
Stakeholder consultation	Discussion on a stakeholder seminar (20 October 2016) to discuss and validate findings

Source: KPMG (2016).

Evaluation of implementation

Although a national quality brand did not exist currently in Malta, the fund has not been used to support the creation of such a mark, but to provide funding for producers participating in already existing community food quality schemes. The aim was to compensate producers for the additional costs that occur from the obligations they need to fulfil when they are participating in such schemes, in particular organic certification scheme. During the finalisation of this report (October 2016), the European Commission approved a new Maltese quality improvement scheme, to be implemented in the 2014-2020 programming period.

The eligibility criteria has not fulfilled its function and resulted in rather demanding conditions for producers to take part in this funding scheme. The measure favoured organic products, in spite of the fact that the share of organic farming in Malta is relatively small. This may be the reason for the fact that only 4 applications were considered as eligible, which resulted in a low take up rate.

During the evaluation, the lack of synergies with similar measures (such as measure 124 or 133) has been identified. According to the beneficiary interviews, several Maltese agri-food products are of good quality, but with specialities that are not favoured by other European food quality marks. This is an obstacle for Maltese producers especially in competing on an international market. Therefore, a measure targeting food quality schemes and enhancing the competitiveness of local products is considered as relevant.

As regards the progress of measure implementation, there have been 2 application periods. The first call resulted in 4 contracted beneficiaries, while the second call in late 2011 was not successful, as no further contract has been initiated. As at 30th June 2016 only 34% of the committed grant has been given to the 4 beneficiaries (all sole entrepreneurs). The measure thus concluded with only 38% of the € 7,894 ceiling utilised and a leftover sum of € 4,927.

Table 29: Measure 132 - Evaluation of indicator values

	Indicator	Target	Value	Execution rate
Output	Number of supported farm holdings participating in a quality scheme	3	4	133%
Result	Value of agricultural production under recognised quality label/standards	€18,185	The production is not market oriented, no financial data regarding the value of the	

Impact	Net additional value expressed in PPS	due to the nature of the supported projects (non-market oriented production), no increase is envisaged	agricultural production under recognised quality label is available. No associated economic impacts were identified. ²⁶ 0%
Impact	Change in gross value added per full time equivalent	due to the nature of the supported projects (non-market oriented production), no increase is envisaged	

Source: KPMG (2016).

Answers to measure-related CEQs

Question 1 - How and to what extent has the measure contributed to improving the competitiveness of the beneficiaries?

Semi-structured interviews were performed with each of the beneficiaries of this measure. The respondents stated that overall the benefits received have had a moderate impact in contributing towards quality and transparency in the production process where they were implemented. The overall reach of the measure has been limited, since it only supported very few farmers.

Besides the above, support has been restricted to costs associated with the certification, i.e. professional analysis, administrative fees, annual certification fee and annual contribution to cover the costs of checks. Expenditure related to production adjustments or introduction of new technologies was ineligible under this measure. (Optionally, these investments could have been financed under measure 121.) Consequently, the improvement of quality of production process was not in the scope of the measure. Quality improvement might be achieved by favouring combination of quality scheme measure with investment support.

Due to the small number of beneficiaries and the fact that organic production represents a tiny fraction of the whole agriculture sector, the extent of contribution to sector level competitiveness is almost non-significant.

The support can be beneficial in terms of maintaining farming and competitiveness of participating small family farms. Large scale production increase for these farms is not set as a goal, especially as economies of scale cannot be obtained in the Maltese farm structure. As the grant is restricted to cover administrative costs of certification, a more realistic aim for the measure is to facilitate sustainable operation and a moderate level of profitability of holdings, as well as promote the maintenance of organic production.

Question 2 - What other effects, including those related to other objectives/axes, are linked to the implementation of this measure (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level)?

One of the beneficiaries interviewed has been involved in organic farming since 2004. The farm is a family run business, producing for the local market. Fruits, vegetables and olive oil are sold from the farm. The production and income generated from organic farming can be assessed as stable over the years, significant production increase or entering into markets outside of the locality are not targeted by the beneficiary.

6.2.9 Measure 133 - Information and promotion activities

Table 30: Measure 133 - Evaluation criteria

Evaluation criteria	Evaluation criteria for individual evaluation questions
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²⁶ Based on semi-structured interviews conducted with each of the beneficiaries.

Evaluation question no. 1	n/a
Evaluation question no. 2	n/a

Source: KPMG (2016).

Evaluation of implementation

This measure would have supported the promotion of products that have been certified under one of the food quality schemes, with the aim of improving competitiveness of the local agricultural and food sectors. The issues targeted by this measure are relevant in Malta; however the success has been hindered by the fact that the intervention is linked to measure 132 which has not been able to reach satisfying results so far.

The potential beneficiaries of measure 133 have been the producer groups. For the two calls that were launched since the start of the programme applications 0 were submitted. In the course of 2012, the full budget was reallocated to measure 123. Therefore, the measure is not implemented in the current programming period.

Table 31: Measure 133 - Evaluation of indicator values

	Indicator	Target	Value	Execution rate
Output	Number of supported actions	0	n/s	n/a
Result	Value of agricultural production under recognised quality label/standards	0	n/s	n/a
Result	Increase in gross value added in the agricultural sector	0	n/s	n/a
Impact	Net additional value added expressed in PPS	0	n/s	n/a
Impact	Change in gross value added per full time equivalent	0	n/s	n/a

Source: KPMG (2016).

6.2.10 Measure 142 – Setting up of Producer Groups

Table 32: Measure 142 - Evaluation criteria

Evaluation criteria	Evaluation criteria for individual evaluation questions
Evaluation question no. 1	Support contributing to setting-up producer groups to enhance the marketability and competitiveness of the production.
Evaluation question no. 2	Other effects of the implementation including those related to other objectives/axes (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level).

Source: KPMG (2016).

Table 33: Measure 142 – Data sources and analytical tools applied

Name of method	Data sources and description of the methods used
Analysis of programme documents and literature	Review of programme documents including priorities, measures, targets, budgets and reallocations, as well as the relevant literature.
Analysis of monitoring and financial data	Database RDP, RDP monitoring tables.

Name of method	Data sources and description of the methods used
	The current available data on the utilisation of the RDP 2007-2013 was used to analyse the financial and material progress for individual measures. Database RDP 2007-2013 served as the main source of capturing the implementation of the measures. Quantified the value of output, result and impact, respectively. Data from the monitoring tables was utilised for assessing the level of achievement of target values set.
Review of the findings of IERs and SMRs	Review and re-evaluation of the findings of the Interim Evaluation Report and the Strategic Monitoring Report in light of the more recent developments.
Semi-structured stakeholder interviews	All beneficiaries of the measure were interviewed in a semi-structured manner.
Stakeholder consultation	Discussion on a stakeholder seminar (20 October 2016) to discuss and validate findings

Source: KPMG (2016).

Evaluation of implementation

Malta's agri-food sector is facing issues with the limited level of cooperation among producers. The lack of good experience of farmers with the producer groups and the lack of cooperation culture both hinder the effectiveness of this measure. As a consequence of the low uptake, measure 142 has not been able to reach significant impacts.

The only beneficiary contracted is Malta Viticulture Producer Organisation (Vitimalta), which comprises grape producers. Members account for approximately 90% of grapes produced for wineries, thus the producer group plays a very significant role in the sector. The producer group is engaged in multiple activities, such as control of grape production for quality wines, dissemination and marketing activities and organisation of information courses for farmers.

The uptake of this measure has been rather limited since only one beneficiary has been selected for funding out of the 11 applicants in the first call. For the second call, which was launched in year 2011, 4 applications have been submitted, out of which 2 were found eligible. Out of the 2 eligible applicants one could be contracted in 2013. The contract was eventually withdrawn and all funds which were previously allocated to it were transferred to another measure. As per eligibility criteria, support can be granted exclusively to producer groups officially recognised by the Director of Agriculture of MSDEC in accordance with the national legislation. For acquiring the status of producer group, applicants have to meet the conditions set for the minimum number of members and minimum value of marketable production.

According to the beneficiary interviews, the concept of the producer groups is not operating as successfully as it is aimed. Several members of such organisations had negative experiences regarding the management of the producer groups and the negotiations with the processing sector. Farmers did not see the positive effects of becoming a member of the organisation, as they do not experience any difference to the amount they are paid for their products. They did not see the real benefits; consequently they showed low interest towards the producer group membership. Furthermore, special features of the Maltese agriculture, such as the age composition of farmers, fragmented holding structure, as well as the high portion of non-specialised farms could have had a stake in the low interest for membership in producer groups.

As regards financial implementation, the only beneficiary contracted has been fully disbursed. Based on interview with PA personnel, the delay in evaluation of payment claims can be attributed to problematic procurement issues, i.e. incompleteness of submitted underlying documentation.

Due to the low uptake and de-commitment of one applicant, the remaining budget of € 741,000 was transferred to measure 125 in the course of 2014.

Table 34: Measure 142 - Evaluation of indicator values

	Indicator	Target	Value	Execution rate
Output	Number of supported producer groups	1	1 ²⁷	100%
Output	Turnover of supported producer groups	€1,950,000	€2,312,301	119%
Result	Number of farms entering the market	4	0 ²⁸	0%
Result	Increase in gross value added by supported producer groups	€149,750	As the producer group comprises farms already present in the market, the economic performance of the supported farms cannot be clearly linked to the producer group. However, the activities of the producer group are expected to result in positive economic effects on medium and long term. ²⁹	

Source: KPMG (2016).

Answers to measure-related CEQs

Question 1 - How and to what extent has the measure contributed to improving the competitiveness of the beneficiaries?

In line with the low take up described in the above section, we cannot observe significant change as regards the impact of this measure. With respect to Vitimalta the producer group has reached successes in adaptation of productions to market requirements, particularly regarding the control of production for high quality wines. The beneficiary also received support under measure 124 for a research project on developing new type of products from traditional grape varieties; thus, the producer group is active in seeking new market opportunities.

Question 2 - What other effects, including those related to other objectives/axes, are linked to the implementation of this measure (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level)?

No other effects were identified.

6.3 Axis II - Improving the environment and the countryside

6.3.1 Measure 212 - Support for areas with handicaps, other than mountain areas

Table 35: Measure 212 - Evaluation criteria

Evaluation criteria	Evaluation criteria for individual evaluation questions
Evaluation question no. 1	Enhanced environmental situation as a result of the implementation of the measure.

²⁷ Two beneficiaries were contracted but one of the contracts was withdrawn in 2015.

²⁸ According to beneficiary interview, all members of the producer group have been present in the market prior to the intervention.

²⁹ The producer group is engaged in multiple activities, such as control of grape production for quality wines, dissemination and marketing activities and organisation of information courses for farmers.

Evaluation question no. 2	Other effects of the implementation including those related to other objectives/axes (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level).
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Source: KPMG (2016).

Table 36: Measure 212 – Data sources and analytical tools applied

Name of method	Data sources and description of the methods used
Analysis of programme documents and literature	Review of programme documents including priorities, measures, targets, budgets and reallocations, as well as the relevant literature.
Collection and analysis of administrative, financial, indicator and statistical data	Database RDP, RDP monitoring tables. The current available data on the utilisation of the RDP 2007-2013 was used to analyse the financial and material progress for individual measures. Database RDP 2007-2013 served as the main source of capturing the implementation of the measures. Quantified the value of output, result and impact, respectively. Data from the monitoring tables was utilised for assessing the level of achievement of target values set.
Review of the findings of IERs and SMRs	Review and re-evaluation of the findings of the Interim Evaluation Report and the Strategic Monitoring Report in light of the more recent developments.
GIS-based spatial analysis	GIS-based spatial analysis was used for the calculation of result indicator R6.
Stakeholder consultation	Discussion on a stakeholder seminar (20 October 2016) to discuss and validate findings

Source: KPMG (2016).

Evaluation of implementation

Measure 212 was the second largest measure in terms of allocated budget. The objective of this measure was to compensate farmers operating in areas that were naturally disadvantaged. Because of the special land and weather conditions in Malta, the European Union has accepted to consider all agricultural land in the Maltese Islands as least favoured area. This was the reason why all beneficiaries of the single payment scheme, who have the minimum size holding, were eligible for measure 212. It was important to mention that the main conditions to qualify for this measure were the cross-compliance criteria and a minimum size of holding (1 tumolo, 0.1124 ha), with which farmers already needed to comply with if they applied for the SPS scheme. The only additional criterion of measure 212 was that the farmers need to commit themselves for a minimum of five years.

Out of the 12,530 farms in Malta³⁰, 5,823 were supported under measure 212, which amounts to 46% of farms. This proportion was considered to be high, as 5,331 holdings had less than 0.5 hectares³¹ meaning that a significant part did not necessarily meet the eligibility criteria of the minimum holding size. With respect to the area committed, out of the total 11,450 hectares of utilised agricultural area³² 8,484 hectares were committed under the measure. This high proportion (74%) also indicated that the LFA scheme is very popular among farmers. The average area of committed parcels amounted to 0.15 hectares, which was just above the minimum size requirement, indicating highly fragmented parcel structure. As for the type of beneficiaries, the overall majority of commitments was undertaken by farmers, 16 out of the 5,823 beneficiaries were classified as other land managers.

In the beginning it was not common to use this form of claim submission among farmers. Therefore, the PA sent a pre-filled payment claim to the beneficiaries who did not fill the online application in the first month open for submission. By sending these claims, that

³⁰ Eurostat, data as of 2010, http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ef_kvaareg&lang=en.

³¹ Rural Development Programme for Malta 2007-2013.

³² Eurostat, data as of 2010, http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ef_oluaareg&lang=en.

only need to be signed, to the home address of the beneficiaries, the number of applications had significantly increased. Simplification of the application process had been carried out by PA through registering each parcel and commitment, which allowed the pre-filling of payment claims from the registry and also eases the cross-check of parcels submitted for support. The new system was introduced in 2011, and became fully functioning in 2012.

During the beneficiary interviews and the case study performed, the interviewees were complaining about the delay of the fund transfer. Evidence suggest that the support for beneficiaries with simple applications (e.g. low number of parcels) would be remitted much earlier, than in the case of more complex ones , where a longer administrative control was necessary. The interviewed beneficiaries explained that the money they received was spent on investment in machinery.

Due to the over-commitment of the budget, savings from measure 323 were transferred to the LFA scheme in 2014, and savings from measure 123 were transferred to LFA scheme in 2015, and funds from the next programming period were used to cover disbursements for later commitments ongoing after 2015.

Table 37: Measure 212 - Evaluation of indicator values

	Indicator	Target	Value	Execution rate
Output	Agricultural land area supported in areas with handicaps, other than mountain areas	8,500ha	8,484 ha	99.8%
Output	No. of supported holdings in areas with handicaps, other than mountain areas	6,000	5,823	97.1%
Result	Area under successful land management contributing to: (a) bio diversity	195 ha	479 ha	246%
	(b) water quality	202 ha	497 ha	246%
	(c) climate change	0 ha	292 ha	n/a
	(d) soil quality	303 ha	454 ha	150%
	(e) avoidance of marginalisation and land abandonment	170 ha	155 ha	91%
Impact	Change in trend in biodiversity decline	no decline regarding the population of farmland bird species, and effective control of trapping and hunting activities	Farmland Bird Index has declined to 81.93% relative to the baseline value of 100% set in 2008	n/a
Impact ³³	Decline in rate of land abandonment	no more than 1% land abandonment of the beneficiaries	Compared to the baseline value, a general positive trend can be observed in terms of land utilisation in Malta (10,149 ha in 2001 and 11,450 ha in 2015). Land abandonment has affected only a minor part of the agricultural lands.	
Impact (s)	Maintenance of HNV farming and forestry areas		n/a	

Source: KPMG (2016).

³³ Programmespecific indicator

Answers to measure-related CEQs

Question 1 - How and to what extent has the measure contributed to improving the environmental situation?

Due to the relatively low amount of payment, the impact was minimal from a financial point of view. Additionally, the requirements with respect to the adoption of sustainable farming techniques are very limited under measure 212. Therefore the measure itself was not expected to have a significant impact on promoting sustainable farming systems. Complying with cross compliance requirements could contribute to the improvement of sustainability and the environment; however, it was compulsory for all farmers receiving support from EAGF and EAFRD, thus its impacts could not have been attributed to this measure only.

In line with this, potential positive impacts were limited to contribution to maintaining farming activities on rural areas and carrying out basic activities of land management (i.e. preserving good agricultural and environmental condition of areas). Nevertheless, the recent Info Nitrate observation and information campaign on nitrogen fertilisation showed that there is a significant increase in number of fields with high excess of nitrogen between 2012 and 2014, indicating that there is still room for development in order to reduce fertiliser use and utilise more efficient techniques.

However, the wide coverage of the Measure has helped farmers in maintaining and developing their businesses, and to mitigate the problems deriving from undercapitalisation. Additionally, cross compliance brings a number of environmental benefits through its practices. On the long run, cross compliance assures the preservation of agriculture's natural resource base, such as soil and water. Cross compliance brings additional benefits in the form of nature conservation including decreased risk of soil erosion, less water pollution and improved maintenance of natural and historical features on farmland.

Question 2 - What other effects, including those related to other objectives/axes, are linked to the implementation of this measure (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level)?

A beneficiary survey was performed as part of the mid-term evaluation where 300 beneficiaries were asked about the impact level of the measure on ensuring the long-term use of agricultural areas. 34% of the interviewees stated that the measure had a minimal or no impact at all while 29% of the interviewees stated that it had a significantly strong impact in this regard. Most respondents, that is 42%, stated that the impact was moderate.

The impact of measure 212 is highly interwoven with the effects of other area or entitlement based agricultural support schemes. The compensations are expected to increase the number of farmers that maintain their agricultural land use due to the 5 year commitment that restrict them from giving up their farming activities.

6.3.2 Measure 214 - Agri-environmental commitments and conservation of biodiversity

Table 38: Measure 214 - Evaluation criteria

Evaluation criteria	Evaluation criteria for individual evaluation questions
Evaluation question no. 1	Enhanced environmental situation as a result of the implementation of the measure.
Evaluation question no. 2	Other effects of the implementation including those related to other objectives/axes (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level).

Source: KPMG (2016).

Measure 214 – Data sources and analytical tools applied

Name of method	Data sources and description of the methods used
Analysis of programme documents and literature	Review of programme documents including priorities, measures, targets, budgets and reallocations, as well as the relevant literature.

Name of method	Data sources and description of the methods used
Analysis of monitoring and financial data	Database RDP, RDP monitoring tables. The current available data on the utilisation of the RDP 2007-2013 was used to analyse the financial and material progress for individual measures. Database RDP 2007-2013 served as the main source of capturing the implementation of the measures. Quantified the value of output, result and impact, respectively. Data from the monitoring tables was utilised for assessing the level of achievement of target values set.
Review of the findings of IERs and SMRs	Review and re-evaluation of the findings of the Interim Evaluation Report and the Strategic Monitoring Report in light of the more recent developments.
GIS-based spatial analysis	GIS-based spatial analysis was used for the calculation of result indicator R6.
Review and comparison of farmland bird reports	Based on the Farmland Bird Index survey compiled in 2013.
Expert panel and expert assessments	An expert panel was organised on gross nutrient balance, which was used for the calculation of result indicator R6
Stakeholder consultation	Discussion on a stakeholder seminar (20 October 2016) to discuss and validate findings

Source: KPMG (2016).

Evaluation of implementation

The objective of the measure was to promote the adoption of sustainable farming practices and thus reduce harmful environmental effects of agricultural production.

Based on the relative proportion of the sub-measures in terms of the total areas committed, the great majority of the total agricultural area cultivated under Measure 214 were committed under two sub-measures, namely sub-measure 3 “low input farming” (69% of committed area) and sub-measure 4 “suppression of use of herbicides in vineyards and fruit orchards” (14% of committed area). Sub-measure 6 “conservation of rural structures providing a natural habitat for fauna and flora”, sub-measure 9 “Support for the conservation of species in danger of genetic erosion” and Package 2, which covers sub-measure 1 and sub-measure 4, or the combination of the two, and can be adopted on vineyards and fruit orchards take up a relatively significant proportion of the total areas (altogether 12% of committed area), but all the other sub-measures were insignificant or had not been implemented at all.

Although the number of beneficiaries was relatively large, amounting to 1,907 holdings; the funds claimed are very small compared to the overall budget of Measure 214. The amount paid per sub-measure ranges between € 312 and € 1280. The smallest amount per hectare was paid for sub-measure 2, while the largest was disbursed under Package 2. Beneficiaries of the most popular sub-measure 3 received the support of € 660 per hectare.

Sub-measure 10 of the measure aimed at supporting the conservation of genetic resources in agriculture. A sum of € 2,500,000 was committed with the aid intensity of 100%. One beneficiary, Plant Health Directorate within MSDEC, was contracted for €2,263,217.93. The project established a habitat for wild species, which helped in conserving these species as well as disseminated information among the general public.

As regards different sub-measures, progress and success of implementation show large variation. Organic farming has had low uptake, with commitments of less than 1% of the total funds committed for 2014 and 2015. It is mainly due to the low demand for organic produce and the extensive land fragmentation in Malta, which renders it more difficult for beneficiaries to comply with the requirements of organic farming.

Following the reallocation € 1,000,000 in 2012 to the LFA scheme, the budget amounts to € 9,525,000 as at 30th June 2016. Following the deduction of any financial corrections € 9,654,100 had been disbursed, which amounts to a final execution rate of 101%.

Table 39: Measure 214 - Evaluation of indicator values

	Indicator	Target	Value	Execution rate
Output	Number of farm holdings supported	2,241	1,907	85%
Output	Total area under agri-environment support (ha)	5,486	1,478.21	27%
Output	Total number of contracts	6,096	5,538	90.1%
Output	Physical area under agri-environment support (ha)	2,017	1,478.21	73%
Result	Areas under successful land management contributing to: (a) biodiversity (ha)	195 ha	479 ha	246%
	(b) water quality (ha)	202 ha	497 ha	246%
	(c) climate change (ha)	0 ha	292 ha	n/a
	(d) soil quality (ha)	303 ha	454 ha	150%
	(e) avoidance of marginalisation and land abandonment	40 ha	155 ha	388%
Impact	Reversal in biodiversity decline (farmland bird species population)	no decline regarding the population of farmland bird species, and effective control of trapping and hunting activities	By 2013, FBI has declined to 81.93% relative to the baseline value of 100% set in 2008	n/a
Impact	Change in high nature value areas	n/a		
Impact	Changes in gross nutrient balance (GNB)	40kg N/ha less (target: 80kg N/ha)	31kg N/ha less	76%
Impact	Contribution to combating climate change – Increase in production of renewable energy	Improved soil protection by at least 25% of beneficiaries	1,956,981 kW·h yearly	n/a

Source: KPMG (2016).

Answers to measure-related CEQs

Question 1 - How and to what extent has the measure contributed to improving the environmental situation?

Since most of the total areas committed were related to only two of the sub-measures (sub-measure 3 and 4), the contribution of the other sub-measures to maintain or promote sustainable farming can be assessed as insignificant. Both sub-measure 3 “low input farming” and sub-measure 4 “support to suppress the use of herbicides in vineyards and fruit orchards” focused mainly on the restriction of the use of plant protection products, especially herbicides. Although all restrictions in the use of chemical products is beneficial for the environment in general, it did not create significant impact in terms of environment protection, because the plant production types targeted by the programmes (i.e. crops produced for forage in the case of low input farming and wine and fruit production in case of sub-measure 4), did not necessarily require the use of herbicides anyways. This however does not mean that herbicides were completely marginalised. In reality, most of the farmers tended to spray specific herbicides to fodder crops in January to control weeds. This herbicide specifically targets broad leaf plants, the occurrence which has been successfully lowered thanks to the spraying. It is due to the fact that in dense crops the development of weeds is less likely than in thinner row crops, such as corn or sunflower. In case of vineyards and fruit orchards, the use of fungicides and insecticides are more dominant, the utilisation of which is not restricted in the sub-measure. Moreover, many vineyard farmers spray throughout the winter to control weeds growing in the passage ways. Another requirement of sub-measure 4 is to maintain a suitable inter-row vegetative cover in the space between the rows of fruit trees. It has not only environmental implications, but it is also advantageous from an economic perspective for two main reasons. First of all, it reduces the costs of spraying. Secondly, it enhances the water resisting capacity of the vegetation.

The main influence of agriculture on water quality is due to the diffuse contaminations originating from the nutrient washed out from manure and fertilisers and from herbicides. Approximately 20% of the ground water in Malta would not qualify for the good conditions laid down in the Water Framework Directive until 2015. The agri-environmental measures contributes to the improvement of water quality by enforcing the compliance with the requirements of the Code of Good Agricultural Practices. Since the Malta, just like other member states, have implemented the Nitrate Directive, the requirements to reduce the burden on water originating from fertilisers and manures is applicable for all farmers.

The requirement of sub-measure 2 and 5 are the most directly related to water quality, while farming practices in line with the prohibitions of sub-measure 3 affects water quality to some degree. The growing and maintenance of buffer strips in sub-measure 5 contributed to the maintenance and improvement of water quality. Requirement of sub-measure 2, such as the restriction from the use of chemical plant protection products and fertilisers during the growing season, together with the prohibitions of irrigation would be also relevant from the perspective of water quality, but since the uptake of the sub-measure was nil, we cannot attribute any effect to it. However, since the use of irrigation and the application of post-emergence herbicides is prohibited also for low-input farming, which is the most commonly used sub-measure, there is a greater chance for experiencing a more significant effect in terms of water quality on the long-run.

When it comes to the gross nutrient balance the impact of the measure is negative, though it is still acceptable. Plants cultivated in the period used more nitrogen, and the difference was taken from the soil. The target of 80 N/ha was not met, as the soil lost 40 N/ha. This, however is probably due to the fact that calculations were calculating with higher than the actual plant nitrogen need and the general low value of the deficit is normal and the situation is sustainable.

Agri-environmental measures per definition place great emphasis on the landscapes and the cultivation of land. The agri-environmental programmes always intended to enhance cultivation methods that adapt to the environment and the features of landscapes. Therefore, there was no question about the positive impacts of the sub-measures related to landscapes, since only by sustaining the cultivation of land in rural areas, they contribute to the maintenance of a favourable landscape. With the absence of cultivation, the landscapes would transform into weedy, abandoned territories that also lack natural features (which would require several centuries to develop). The maintenance of organic farming status under sub-measure 8 and the participation in selection and breeding programmes targeted at selecting, conserving and increasing the population of this endangered breed under sub-measure 9 are targeted requirements that could also influence the maintenance of landscapes in a positive way. With the current emergence of sub-measure 9, the contribution of agri-environmental interventions to the improvement of landscape has relatively increased.

Question 2 - What other effects, including those related to other objectives/axes, are linked to the implementation of this measure (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level)?

A potential positive effect identified was the setting-up of the first organic farms in Malta. However, since only few beneficiaries undertook such projects the effect remained limited. Still, through the dissemination of practices these first few organic farms could represent the start of the Maltese organic farming culture.

6.4 Axis III - Quality of life in rural areas and diversification of the rural economy

6.4.1 Measure 313 - Encouragement of tourism activities

Table 40: Measure 313 - Evaluation criteria

Evaluation criteria	Evaluation criteria for individual evaluation questions
Evaluation question no. 1	Contribution of the measure to diversify rural activity to increase tourist attractiveness of rural areas.
Evaluation question no. 2	Other effects of the implementation including those related to other objectives/axes (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level).

Source: KPMG (2016).

Table 41: Measure 313 – Data sources and analytical tools applied

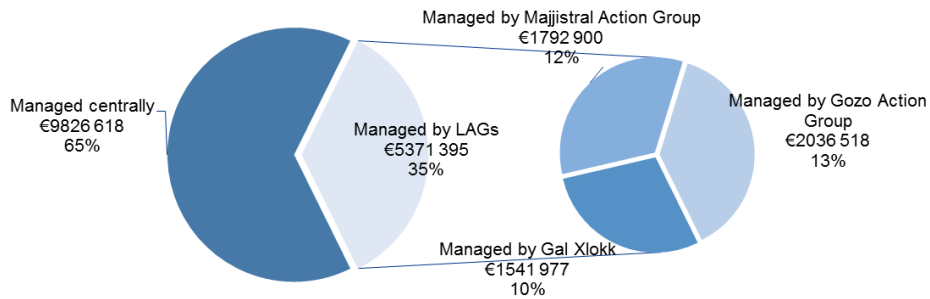
Name of method	Data sources and description of the methods used
Analysis of programme documents and literature	Review of programme documents including priorities, measures, targets, budgets and reallocations, as well as the relevant literature.
Collection and analysis of administrative, financial, indicator and statistical data	Database RDP, RDP monitoring tables. The current available data on the utilisation of the RDP 2007-2013 was used to analyse the financial and material progress for individual measures. Database RDP 2007-2013 served as the main source of capturing the implementation of the measures. Quantified the value of output, result and impact, respectively. Data from the monitoring tables was utilised for assessing the level of achievement of target values set.
Review of the findings of IERs and SMRs	Review and re-evaluation of the findings of the Interim Evaluation Report and the Strategic Monitoring Report in light of the more recent developments.
Review of project lists and project documentations	Analysis of 43 detailed project closing reports prepared by the beneficiaries in a standard document format.
Beneficiary survey	Beneficiary survey was conducted to obtain direct beneficiary information on a wider scale. This was used to collect supplementary data for calculating indicator values and for exploring beneficiary perceptions. The beneficiary survey was performed in the on-going phase of the evaluation.
Case studies	During the examination we carried out four case studies related to measure 313. Case 1: Upgrading of a bird park to enhance the local tourism product implemented by Bird Park Malta Ltd. Case 2: Sustaining rural tourism in the Maltese Islands carried out by Malta Tourism Authority Case 3: Implementing leisure and sporting facility carried out by Ghaxaq Local Council Case 4: Implementing leisure park carried out by Għarb Local Council
Stakeholder consultation	Discussion on a stakeholder seminar (20 October 2016) to discuss and validate findings

Source: KPMG (2016).

Evaluation of implementation

Measure 313 was partly implemented by the Local Action Groups. The allocation of funds is depicted by the figure below.

Figure 17: Distribution of commitments under measure 313

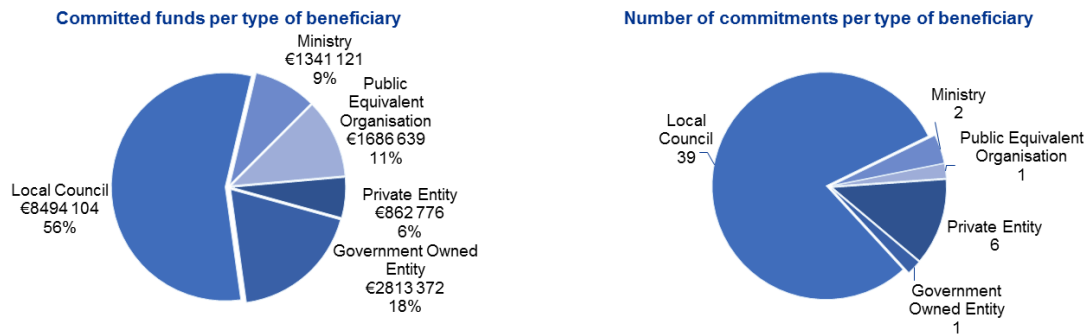


Source: PAIS query received from MA, March 2015.

Measure 313 was launched in 2009 with €11,536,667 total public expenditure allocated and the allocation, from which €7,000,000 was allocated to the first call. In 2014 contracting for second call applications submitted to Majjistral and Gozo LAG has been concluded. As at 30th June 2016, a total of €13,972,862 was paid from the measure ceiling of €14,575,355 leading to a final absorption rate of 96% following deduction of any financial corrections.

Since the launch of the measure, five commitments have been withdrawn. Due to the reallocation of savings, even distribution of funds among the three LAGs had slightly changed. As at end 2014, Gozo LAG accounted for the 13% of total funds committed, followed by Majjistral LAG (12%) and Gal Xlokk (10%).

Figure 18: Distribution of measure 313 commitments per type of beneficiary



Source: PAIS query received from MA, February 2015.

Majority of funds supported investments made by public authorities. Out of 49 projects committed 43 were implemented by public sector organisations. 39 projects belonged to Local Councils, one project was implemented by the Ministry for Gozo (Walks and trails on rural Gozo), one by MSDEC aiming at investing in Dingli cliffs' tourism, six by private entities, one project by the Malta

Tourism Authority³⁴ (“Malta goes rural”) and far the biggest one by Wasteserv Ltd., a government organisation, aimed at the development of leisure park for local and foreign visitors (€ 2.8 million).

Projects in general were relatively evenly distributed between small-scale infrastructure developments (information centres, signposting of tourist sites), recreational infrastructure (offering access to natural areas, small-capacity accommodation) and the development and marketing of rural tourism services.

8 of the 39 projects implemented by Local Councils were integrated projects, as they were co-financed from measures 313 and 323 simultaneously. Selection criteria of the measure rewarded this integrated approach with extra 12% (3% per actions, for a maximum of 4 actions). Evidence collected through the beneficiary surveys and other interviews proved this approach to be right for the needs of the target group, especially in cases where investments were aiming at exploiting tourism potential of the area’s rural heritage. By such projects, while all project elements were treated and kept records of separately, the investment could be planned, submitted and managed as a whole, avoiding unnecessary administration and management costs related to project implementation. Typical integrated projects aimed at embellishing rural localities and developing heritage trails.

The demand for this measure had been considerable, which had been earmarked by the increase of the measure budget by € 3 million to the detriment of measure 323, thus allowing the contracting of eligible applications that were originally put on a reserve list. In 2013, the Majjistral and the Gozo LAG issued a second call for measure 313, resulting in 13 new beneficiaries.

Evidence collected through two case studies (Birdpark Ltd., Malta Tourism Authority), beneficiary interviews carried out for IER 10-11 and institutional representatives underlined that Local Councils usually lack financial resources and such development could not have been carried out without EAFRD financing. Beneficiaries commonly commented that no projects could have been implemented with the same technical content or same timing, without the funding.

Although the progress of project implementation showed heterogeneous picture, some of the anticipated impacts could already be observed. Based on the results of case studies and survey, the measure had been successful in reaching its objectives, especially as regards increasing awareness of Maltese inhabitants and foreign tourists; generating touristic potential while improving the rural landscape; enhancing of the ‘value’ of localities; generating revenues for the localities and local businesses (e.g. sale of food, beverages, local products) through increased number of tourists; and improving the quality of life of residents. The inter-linkage between measures 313 and 323 has been strong, given that tourism, as a key source of living for many people in Malta, is a common theme in almost all rural development projects. This is underpinned by the survey results, where the majority of responding beneficiaries welcomed the possibility to implement integrated projects.

Table 42: Measure 313 - Evaluation of indicator values

	Indicator	Target	Value
Output	Number of new tourism actions supported	60	104
Output	Total volume of investment	€ 14,872,812	€ 15,421,600
Result (07)	Increase in non-agricultural gross value added in supported businesses	1.5% € 3,720	€ 979
Result (08)	Gross number of jobs created	53	28 ³⁵
Result (09)	Additional number of tourist visits	24,800	246,395
Impact (01)	Net additional value added expressed in PPS	PPS 5,597	2,858

³⁴ Classified as ‘public equivalent organisation’.

³⁵ This does not take into effect jobs created indirectly, because of the measure.

Impact (02)	Net additional full-time equivalent jobs created	59	22
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Source: KPMG (2016).

Answers to measure-related CEQs

Question 1 - How and to what extent has the measure contributed to the economic diversification of the beneficiaries?

The diversification measure was not introduced in Malta in the 2007-2013 programming period, therefore the economic diversification of beneficiaries was not a primary expectation regarding programme impacts. Nonetheless, such impacts can be derived indirectly from the implementation of the other measures. These impacts were examined during the evaluation process.

In the case of measure 313, for instance Alka Ceramics refurbished its exhibition area to demonstrate local unique ceramics. As a result, the beneficiary had diversified its ceramics procurement activity successfully by entering the tourism sector. The closing reports showed that in 8 cases there was employee number increase mainly projects focused on leisure activity promotion. The implementation of measure 313 also generated an increase of tourist visitor numbers. Based on the closing reports and statistical data about inbound tourists distributed by the NSO the number of inbound tourist increased from 2012 to 2014 by 16%.

Question 2 - What other effects, including those related to other objectives/axes, are linked to the implementation of this measure (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level)?

According to the closing report documents the categories of the investments mainly focused on implementing and improving rural heritage trail and footpath, promotion of rural area, and evolving leisure areas such as outdoor gyms and recreational parks accomplished by governmental organisations.

Creating new workplaces applied typically to the leisure park implementation projects and integrated projects. These New job opportunities mainly related to maintenance activities of the sites.

However the closing reports showed that the implementation of the projects under measure 313 had positive indirect effect to the employment during the implementation of the projects. Specifically, such projects attracted inland and foreign tourists, and thus had indirect economic effects. They will also contribute to the aesthetic value of rural areas and lead to a better quality of life for visitors and residents.

Projects have generated revenues for local businesses, directly and indirectly. With respect to revenue generation, short-term and long-term impacts should be differentiated. On the one hand, the projects contributed to one-off or short-term revenue generation for local business carrying out construction work or services related to technical implementation of the RDP projects. On the other hand, long-term effects are anticipated as a result of increasing the tourism potential, i.e. the investments are expected to contribute to increase revenue of local businesses active in the tourism sector.

The Measure had contributed significantly to the improvement of the quality of life in rural areas. Quality of life has many dimensions, but all projects had been efficient in one way or another, directly or indirectly, example through favourable side effects on touristic attractions, the rural landscape, and the embellishment of rural villages, making them more appealing for both residents and tourists.

Based on the closing reports the additional number of tourists applied throughout all type of projects, the main aim of these investments being to promoting rural heritage so it has a positive impact in the visitor number change.

The beneficiaries, mainly government organisations the sustainability of the projects is their responsibility. According to the closing reports the beneficiaries take the responsibility to maintain the projects, and the projects are aiming access to natural areas (rural heritage trail) will require continuous maintenance.

6.4.2 Measure 323 - Conservation and upgrading of the rural heritage

Table 43: Measure 323 - Evaluation criteria

Evaluation criteria	Evaluation criteria for individual evaluation questions
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Evaluation question no. 1	Contribution of the measure to the improving the quality of life of beneficiaries.
Evaluation question no. 2	Other effects of the implementation including those related to other objectives/axes (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level).

Source: KPMG (2016).

Table 44: Measure 323 – Data sources and analytical tools applied

Name of method	Data sources and description of the methods used
Analysis of programme documents and literature	Review of programme documents including priorities, measures, targets, budgets and reallocations, as well as the relevant literature.
Collection and analysis of administrative, financial, indicator and statistical data	Database RDP, RDP monitoring tables. The current available data on the utilisation of the RDP 2007-2013 was used to analyse the financial and material progress for individual measures. Database RDP 2007-2013 served as the main source of capturing the implementation of the measures. Quantified the value of output, result and impact, respectively. Data from the monitoring tables was utilised for assessing the level of achievement of target values set.
Review of the findings of IERs and SMRs	Review and re-evaluation of the findings of the Interim Evaluation Report and the Strategic Monitoring Report in light of the more recent developments.
Review of project lists and project documentations	Analysis of 14 detailed project closing reports prepared by the beneficiaries in a standard document format.
Beneficiary survey	Beneficiary survey was conducted to obtain direct beneficiary information on a wider scale. This was used to collect supplementary data for calculating indicator values and for exploring beneficiary perceptions. The beneficiary survey was performed in the on-going phase of the evaluation.
Case studies	During the examination we carried out two case studies related to measure 323. Case 1: Rural heritage (Roman Baths and Catacombs) rehabilitation implemented by Heritage Malta Case 2: Establishing management plans Natura 2000 sites carried out by MEPA.
Stakeholder consultation	Discussion on a stakeholder seminar (20 October 2016) to discuss and validate findings

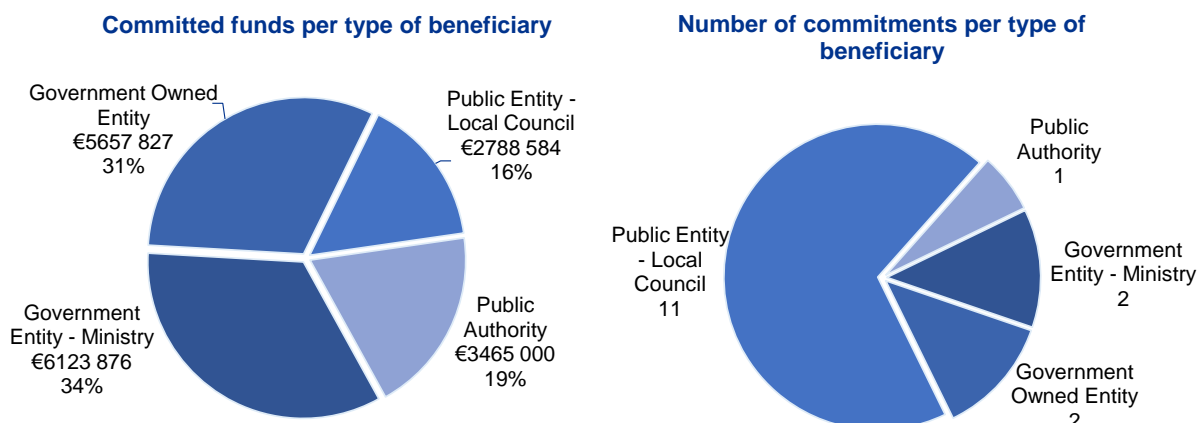
Source: KPMG (2016).

Evaluation of implementation

One call had been launched for the measure, attracting 38 applications, out of which 16 had been contracted by the end of 2011. Remaining non-committed part of the budget was transferred to measure 313 in 2011. Due to revision of commitments, further reallocations were requested in 2013-2014, resulting in a decreased budget of € 12.7 million. The final revised ceiling of the measure as 30th June 2016 was € 12,266,035 from which a total of € 12,102,161 was disbursed, leading to a 98.7% final execution rate.

The distribution of active commitments between public and private entities is depicted below.

Figure 19: Distribution of measure 323 commitments per type of beneficiaries



Source: PAIS query received from MA, February 2015.

All 16 projects have been implemented by public entities. 11 projects belong to Local Councils (16% of the budget), two projects are implemented by ministries (restoration of Buskett farm houses, Salini rehabilitation project), one by Heritage Malta (restoration of Roman baths and Christian catacombs) and one by Wasteserv (MSDEC). Typical projects implemented under the measure, apart from the MEPA project drawing up of studies and plans for Natura 2000 sites and other areas of high natural value, were the development of leisure and historic parks, restoration and upgrading of rural heritage and investing in other associated actions (e.g. cleaning facilities).

8 of the 16 projects were integrated projects, i.e. they were co-financed from measures 313 and 323 simultaneously, which aim at embellishing rural localities and developing heritage trails. Selection criteria of the measure rewarded this integrated approach with extra 12% (3% per actions, for a maximum of 4 actions). Evidence from the beneficiary survey, beneficiary interviews and case studies proved this approach to be appropriate for the needs of the target group, especially in cases where investments were aiming at exploiting tourism potential of the area's rural heritage. Such way, the investments could be planned, submitted and managed as a whole, avoiding unnecessary administration and management costs related to project implementation.

The relevance of the measure of the programme proved to be high, however, the large drop in the commitment to MEPA freed additional budget, while limited demand prevented the measure from absorbing any more funds.

The impacts of the measure 323 overlap with those of measure 313, due to the fact that half of measure 323 projects are integrated ones. Due to the limited financial capacity of Local Councils, their projects could not have been carried out without EAFRD financing, which indicates low deadweight for this measure. Key impacts foreseen by beneficiaries include the embellishment of rural localities, the improvement of rural landscape, the protection of local flora and fauna (e.g. birds, typical local habitats), the preservation of rural heritage, the increase of the awareness of Maltese rural heritage, and the improvement of the quality of life. The inter-linkage between measures 313 and 323 has been strong, given that tourism, as a key source of living for many people in Malta, is a common theme in almost all rural development projects.

Table 45: Measure 323 - Evaluation of indicator values

	Indicator	Target	Value
Output	Number of rural heritage actions supported	17	34
Output	Total volume of investment	€ 13,900,000	€ 19,581, 030

Output	Completed Natura 2000 management plans as a % of total Natura 2000 sites	100	100
Result (08)	Gross number of jobs created	8	26
Result (10)	Population in rural areas benefiting from improved services	192,442	192,442
Impact (01)	Net additional value added expressed in PPS	0	0
Impact (02)	Net additional full-time equivalent jobs created	9	25

Source: KPMG (2016).

Answers to measure-related CEQs

Question 1 - How and to what extent has the measure contributed to the improving the quality of life of beneficiaries?

The measure has contributed significantly to the improvement of the quality of life in rural areas. Contribution can be interpreted in terms of providing more pleasant living environment through the restoration and upgrading of natural and cultural heritage sites, improving facilities related to outdoor activities and enhancing the visual experience for the local population.

Based on information stemming from the projects, the programme has had a positive impact on raising attractiveness of rural areas. The majority of projects have had impacts on increasing the attractiveness of rural areas. Most of the projects involved activities related to the physical reservation of the site, which had a direct positive visual effect for the local population.

Most of the projects supported include activities which improve access and facilities available at natural and cultural heritage sites. The measure has had positive side effects contributing to environmental sustainability and higher environmental awareness, and has result in the establishment of management plans and legal provisions for all terrestrial Natura 2000 sites. As surveys had found there was a strong interest in Malta for such sites and this was further verified in during public discussions. Several discussions and a total of 20 stakeholder workshops were held to ensure the implementation of management plans. This was important since through consultation with the stakeholder, both the conservation values of Natura 2000 and the economic interest of the stakeholders satisfied, creating a ripple effect of sustainable growth.

As regards environmental sustainability and awareness, this Measure showed a positive impact. In terms of contribution to biodiversity, a number of projects have a direct link to the protection of wildlife species and endangered animals/breeds.

The measure has contributed significantly to the improvement of the quality of life in rural areas. Contribution can be interpreted in terms of providing more pleasant living environment through the restoration and upgrading of natural and cultural heritage sites, improving facilities related to outdoor activities and enhancing the visual experience for the local population.

Question 2 - What other effects, including those related to other objectives/axes, are linked to the implementation of this measure (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level)?

On the basis of closing report documents the multiplier effect of the projects was noticeable. Mainly the projects embellishing rural heritages generated interest of local citizens and improved economic activity in the area such as opening local supermarkets leisure areas and restaurants.

New workplace creation mainly applied to projects aiming embellishment of rural heritages and conserving archaeological and architectural value. According to the closing report documents four beneficiaries were able to employ new employees regarding to the projects and 26 new workplaces had been created during the implementation of the measure.

Based on the closing report documents and case studies the major risks stated by the beneficiaries the administrative challenges such as long lasting procurement process and time management challenges. 8 of the 16 beneficiary implemented their projects integrally with measure 313. According to their opinion the cooperation and coordination between the two projects was also challenging.

6.4.3 Measure 341 - Skills acquisition, animation and implementation

Table 46: Measure 341 - Evaluation criteria

Evaluation criteria	Evaluation criteria for individual evaluation questions
Evaluation question no. 1	Contribution of the measure to the improving the quality of life of beneficiaries.
Evaluation question no. 2	Other effects of the implementation including those related to other objectives/axes (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level).

Source: KPMG (2016).

Measure 341 – Data sources and analytical tools applied

Name of method	Data sources and description of the methods used
Analysis of programme documents and literature	Review of programme documents including priorities, measures, targets, budgets and reallocations, as well as the relevant literature. Analysis of 7 detailed annual progress reports prepared by the Management Authority
Collection and analysis of administrative, financial, indicator and statistical data	Database RDP, RDP monitoring tables. The current available data on the utilisation of the RDP 2007-2013 was used to analyse the financial and material progress for individual measures. Database RDP 2007-2013 served as the main source of capturing the implementation of the measures. Quantified the value of output, result and impact, respectively. Data from the monitoring tables was utilised for assessing the level of achievement of target values set.
Review of the findings of IERs and SMRs	Review and re-evaluation of the findings of the Interim Evaluation Report and the Strategic Monitoring Report in light of the more recent developments.
Semi-structured stakeholder interviews	Three semi-structured stakeholder interviews were conducted with institutional representatives, experts, beneficiaries, as well as other relevant stakeholders.
Stakeholder consultation	Discussion on a stakeholder seminar (20 October 2016) to discuss and validate findings

Source: KPMG (2016).

Evaluation of implementation

The call under Measure 341 was launched in 20th February 2009 and was closed in 29th May 2008. A total of 4 applications were submitted to the Paying Agency, among which 1 was found to be ineligible. The 3 selected formulations were contracted on 19th June 2009 for a total amount of € 318,600. Measure 341 was a one-time call and the Measure is now closed. By the end of the funding period, the total public expenditure disbursed for Measure 341 was that of €308,437.93, the EU part amounting to €231,328.45.

The GAL Xlokk Foundation was originally founded in 2009 with the participation of 12 local councils and 13 private members. Their local development strategy was finalised in December 2010. The Majjstral Action Group Foundation was set up in 2009 when a group of local councils and private operators from the area initiated the Leader process. As for the public sector, the LAG consists of 16 localities. Beyond these, there are numerous LAG members from the private sector that are represented by 'Farmers' Organisations', NGOs and SMEs. The action group existed with 18 associates in 2009, of which 8 were the localities. By 2011, the number of members rose to 36. At the very beginning, the distribution of participants was 51-49% to the private sector; later on, the private sector has achieved a remarkable margin. Their sustainable development strategy was developed by December 2009.

The Gozo Action Group Foundation was officially launched on the 8th of August, 2008 in the form of public private partnership. All 14 local councils were founding members, while the private sector was also widely represented. In the initial situation the ratio of participants of the private sector was 57%, the ratio of public members is 43%. Because the forming action group did not have former experiences in the LEADER approach, a team of experts assisted the LAG during the development of the Local Development Strategy. These were the BEurope Ltd., ECubed Consultants Ltd. and the ADI Environmental Consultants Ltd.

The relevance of the measure was high, since the Leader initiative being a new concept in Malta, there was a strong need to support the foundation of the implementation system and to facilitate the successful operation of the LAGs. Information activities, animation and promotional events were crucial to mobilise stakeholders in order to initiate cooperation among the rural actors and to enhance participation by the local residents during the consultations regarding the local development strategy.

The measure has contributed effectively to the formation of public-private partnerships and to the elaboration of local development strategies. A large number of studies were carried out about the territories, promotional events were organised and leaders and staff involved in the development of the strategy were trained. Bearing in mind that most of the Maltese population had not been familiar with the Leader approach before the launch of the measure, the communication activities about the rural territory and the local development strategy proved to be relatively successful in terms of capacity-building.

Table 47: Measure 341 - Evaluation of indicator values

	Indicator	Target	Value
Output	Number of skills acquisition and animation actions	6	26
Output	Number of participants in actions	30	1,390
Output	Number of supported public-private partnerships	3	3
Result (12)	Number of participants that successfully ended a training activity	25	27

Source: KPMG (2016).

Answers to measure-related CEQs

Question 1 - To what extent has the measure enhanced beneficiaries' capacities to improve economic diversification and quality of life in rural areas?

According to the MA Annual Progress reports the supported activities of the LAGs have contributed significantly to the improvement of the quality of life. The information activities, animation and promotional events were important to mobilise stakeholders in order to initiate cooperation among the rural actors and to enhance participation by the local residents.

For example the LAGs members took trainings in the topic of public procurement procedures and project management to improve decision making processes in RDP.

Question 2 - What other effects, including those related to other objectives/axes, are linked to the implementation of this measure (indirect, positive/negative effects on beneficiaries, non-beneficiaries, local level)?

According to the MA's annual progress reports the measure has contributed effectively to the formation of a balanced structure of public-private partnerships and to the elaboration of local development strategies that take into account the socio-economic circumstances and the territorial specificities of the regions. Further impacts regarding the reinforcement of territorial coherence and synergies between the measures are expected upon the implementation of the Leader-specific actions to be launched.

In addition to the direct goals of the supported activities, measure 341 was expected to have indirect positive impacts on the rural environment due to the fact that trainings and animations raise environmental awareness of the local people

In addition, as main sources of information regarding the actions of the local development strategy, the training of the LAG staff is important for them to act as stewards of the LEADER programme. This measure had been contributing continuously to the efficient and effective implementation of Local Development Strategies.

6.5 Axis IV - LEADER

6.5.1 Measure 41 - Implementation of the local development strategies

Table 48: Measure 41 – Data sources and analytical tools applied

Name of method	Data sources and description of the methods used
Analysis of programme documents and literature	Review of programme documents including priorities, measures, targets, budgets and reallocations, as well as the relevant literature.
Collection and analysis of administrative, financial, indicator and statistical data	Database RDP, RDP monitoring tables. The current available data on the utilisation of the RDP 2007-2013 was used to analyse the financial and material progress for individual measures. Database RDP 2007-2013 served as the main source of capturing the implementation of the measures. Quantified the value of output, result and impact, respectively. Data from the monitoring tables was utilised for assessing the level of achievement of target values set.
Review of the findings of IERs and SMRs	Review and re-evaluation of the findings of the Interim Evaluation Report and the Strategic Monitoring Report in light of the more recent developments.
Semi-structured stakeholder interviews	Three semi-structured stakeholder interviews were conducted with institutional representatives, experts, beneficiaries, as well as other relevant stakeholders.
Case studies	During the examination we carried out three case studies related to Axis IV measures. Case 1: Support for capital expenditures for the crafts and artisan sector
LAG international benchmarking	A LAG benchmarking study was performed based on the detailed review of LAG activities in Malta and the Mediterranean region. This was complemented with semi-structured interviews with LAG representatives.
Review of various information and publicity materials	Publicity actions were 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 created by the NRN were analysed.
Stakeholder consultation	Discussion on a stakeholder seminar (20 October 2016) to discuss and validate findings

Source: KPMG (2016).

Evaluation of implementation

After the LAG foundations had been preselected based on the eligibility criteria, the LAGs started to develop their strategy. The official launch of the three prospective LAGs was held on 28th July, 2009. The Local Development Strategies submitted by the three LAGs were approved by the Selection Committee in April 2010, followed by the official approval of the three LAG foundations by the Managing Authority. Contracting between the LAGs and the Paying Agency took place in September 2010, after which the LAGs could start the implementation of their strategies. Detailed project plans for each action of the LAGs were submitted to the MA by the end of 2010. The LEADER Programme was officially launched on 29th March 2011.

The LAGs identified a number of actions that they would implement in the framework of the LEADER programme.

The actions that have been launched by LAG Xlokk are the following:

- 413.A2: Capital investment to support artisanal agricultural activity
- 413.A1A: Communication and branding of the region
- 413.A1B: Setting up of Tourist Hub
- 413.A3: Open Call – Voluntary Organisations
- 413.A5: Embellishment Projects
- 413.A6: Cultural/Educational Activities
- 413.A7: Community Support for Children
- 413.A8: Open Call – Sports Activities/Facilities

The actions launched by the Majjistral LAG are as follows:

- 413.1: One-time support for a culinary and crafts festival
- 413.2: Support for direct marketing for the crafts sector
- 413.3: Support for capital expenditures for the crafts and artisan sector
- 413.4: Creation of 3 distinctive products for the Majjistral Territory
- 413.5: Creation of a rural tourism network
- 413.6: Support to arts, cultural and musical societies

The actions launched by the Gozo LAG are as listed:

- 413.1: Promotion of Gozo as a Distinct Destination
- 413.2: Folk and Traditional Activities Support
- 413.4: Landscaping
- 413.5: Improve Signposting to Sites of Interest
- 413.6: Festivals and Events

After year 2011, which represented a period of preparation for the launch of the actions and in 2012, which can be characterised as the year of take-off regarding the implementation of the measure, all LAGs have continued to issue several calls in the course of 2013-2014.

At end 2015, GAL Xlokk had contracted about € 992,068 among 47 beneficiaries, MAGF contracted about € 1,457,801 among 49 beneficiaries, while GAGF contracted € 921,461 between 15 beneficiaries. As 30th June 2016, € 2,925,704 had been disbursed between the 113 supported beneficiaries.

All LAGs managed to incorporate a balanced selection of private and public partner, which led to better cooperation and governance among local actors. Participatory decision-making, as an essential element of the LEADER approach, was implemented by the LAGs in general to a significant degree. Finally, the LAGs participated in a number of international meetings, which resulted in more knowledge shared and brought networking benefits.

Table 49: Measure 41 - Evaluation of indicator values

	Indicator	Target	Value	Execution rate
Output	Number of local action groups supported	3	3	100%
Output	Total size of LAG area (km ²)	287	287	100%

Output	Total population in LAG area	260,635	275,906 ³⁶	106%
Output	Number of projects financed by LAGs	40	113	282.5%
Output	Number of beneficiaries supported	40	113	282.5%
Result	Gross number of jobs created	6	6 ³⁷	100%
Result	Number of successful training results	0 ³⁸	0	n/a
Impact	Net additional value added expressed in PPS	Not ³⁹ interpreted		
Impact	Net additional FTE jobs created	5	6	120%

Source: KPMG (2016).

6.5.2 Measure 421 - Inter-territorial and transnational cooperation

Table 46: Measure 421 – Data sources and analytical tools applied

Name of method	Data sources and description of the methods used
Analysis of programme documents and literature	Review of programme documents including priorities, measures, targets, budgets and reallocations, as well as the relevant literature.
Collection and analysis of administrative, financial, indicator and statistical data	Database RDP, RDP monitoring tables. The current available data on the utilisation of the RDP 2007-2013 was used to analyse the financial and material progress for individual measures. Database RDP 2007-2013 served as the main source of capturing the implementation of the measures. Quantified the value of output, result and impact, respectively. Data from the monitoring tables was utilised for assessing the level of achievement of target values set.
Review of the findings of IERs and SMRs	Review and re-evaluation of the findings of the Interim Evaluation Report and the Strategic Monitoring Report in light of the more recent developments.
Semi-structured stakeholder interviews	Three semi-structured stakeholder interviews were conducted with institutional representatives, experts, beneficiaries, as well as other relevant stakeholders.
LAG international benchmarking	A LAG benchmarking study was performed based on the detailed review of LAG activities in Malta and the Mediterranean region. This was complemented with semi-structured interviews with LAG representatives.

³⁶ Total rural population in Malta, as at end 2014 (NSO).

³⁷ Most projects are not associated with employment generation. Therefore, the number of LAG managers and secretaries were considered since their employment is directly linked to the Measure.

³⁸ The action financed under this measure were not related to the provision of training activities of any kind. Consequently, the target value was reduced to 0, following programme modification.

³⁹ Due to the nature and dimension of the supported projects and the fact that a significant proportion of the beneficiaries were public entities, this indicator is not to be applied for this measure.

Name of method	Data sources and description of the methods used
Review of various information and publicity materials	Publicity actions were 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 created by the NRN were analysed.
Stakeholder consultation	Discussion on a stakeholder seminar (20 October 2016) to discuss and validate findings

Source: KPMG (2016).

Evaluation of implementation

The originally allocated amount of €500,000 had been reduced to €165,000 with a transfer of the remaining budget to measure 410. The rationale behind the transfer was to further support the implementation of the local development strategies and reduce the risk of having unutilised programme funding. A total of €116,705 was disbursed by the end of the programme, leading to an absorption rate of 70.7%.

The application forms and guidelines for this measure have been drafted in 2011 and the Maltese LAGs have received several requests for cooperation from LAGs in other Members States. A transnational project named "MeDIETerranea" was launched in December 2012 with the participation of the Xlokk and the Majjistral LAG together with 7 Italian LAGs. The budget of the cooperation was 880.000 EUR. In November 2012, the Gozo LAG submitted a project proposal, which aimed at the development of a wine and food route that was linked to the similar gastronomic itineraries of the 14 partner LAGs.

In the second half of 2014, the Majjistral and Xlokk LAG participated in two events organised in the framework of the project by the Italian partners. These events were held in Sardegna and Vento. The aim of the events was to exhibit local produces from each LAG area and facilitate the exchange of experience. More than 60 local operators from both LAGs exhibiting products were selected via open calls, applicants were evaluated according to pre-defined criteria. The Majjistral and Xlokk LAG have already spent approximately 70% of the allocated funds. The remaining resources have been used to finance the project closing event (MeDIETerranea Food Festival) to be organised jointly by the two LAGs in Malta in May 2015. Implementation of the project of the Gozo LAG lagged behind, due to a number of problems encountered by the lead LAG. The tasks of the Gozo LAG included preparation of various platforms to promote the route, e.g. video, website, brochures.

Another facet of inter-territorial cooperation is the sheer amount of study visits and workshops held between 2011 and 2015. GAGF travelled to Bari, Italy in 2011, to meet with GAL Cosvel (Rotondella, Basilicata Italy) for a study visit about sharing experiences. GAL Xlokk also organised a workshop in 2011 in collaboration with representatives from several Slovakian LAGs. The aim of this seminar was to share experiences with the Slovakian contingent on LEADER in Malta, the implementation of LAG strategy in Malta, potential of the LAG area and rural tourism in the region of the LAG. Moreover in 2011, the Maltese NRN hosted an Estonian delegation who awarded several LEADER projects in many categories, as well as GAL Xlokk travelled to Abruzzo to visit several factories and other places of interest that benefitted from EU Funding under the LEADER programme. This visit was beneficial for LAG members since it enabled them to see how funds are being administered by other LAGs outside of Malta.

The European Network for Rural Development (ENRD) organised the 'LEADER Event 2012: Local Development Strategies and Cooperation' in Brussels in April 2012 for 400 participants and two Maltese LAGs together with the MA could participate in this meeting. During the third annual ENRD LEADER event participants also had the opportunity to learn from experiences, case studies and success stories of other LAGs. Since then in 2015 MAGF and GXF participated in the Dieta Medieterranea – Food Festival, GAGF in 2015 participated in a fair in Nice, Milano EXPO and IFTM TOP RESA of Paris and finally the Chairperson and Vice-Chairperson of Galxlokk attended a TNC exchange in November 2015 in Umbria Italy.

Table 50: Measure 421 - Evaluation of indicator values

	Indicator	Target	Value	Execution rate
Output	Number of supported cooperation projects	3	2 ⁴⁰	100%
Output	Number of cooperating LAGs	3	3	100%
Result	Gross number of jobs created	0 ⁴¹	0 ⁴²	n/a
Result	Net additional full-time equivalent jobs created	0 ⁴³	0 ⁴⁴	n/a

Source: KPMG (2016).

6.5.3 Measure 431 - Running costs, acquisition of skills and animation

Table 51: Measure 431 – Data sources and analytical tools applied

Name of method	Data sources and description of the methods used
Analysis of programme documents and literature	Review of programme documents including priorities, measures, targets, budgets and reallocations, as well as the relevant literature.
Collection and analysis of administrative, financial, indicator and statistical data	Database RDP, RDP monitoring tables. The current available data on the utilisation of the RDP 2007-2013 was used to analyse the financial and material progress for individual measures. Database RDP 2007-2013 served as the main source of capturing the implementation of the measures. Quantified the value of output, result and impact, respectively. Data from the monitoring tables was utilised for assessing the level of achievement of target values set.
Review of the findings of IERs and SMRs	Review and re-evaluation of the findings of the Interim Evaluation Report and the Strategic Monitoring Report in light of the more recent developments.
Semi-structured stakeholder interviews	Three semi-structured stakeholder interviews were conducted with institutional representatives, experts, beneficiaries, as well as other relevant stakeholders.
Stakeholder consultation	Discussion on a stakeholder seminar (20 October 2016) to discuss and validate findings

Source: KPMG (2016).

Evaluation of implementation

After the official approval of the local development strategies a LAG manager and LAG secretary has been appointed in each of the three LAGs. With the launch of Measure 341, they have become eligible for support in relation to the running costs of the LAGs.

⁴⁰ MAGF and GXF are participating in the same TNC project together with several Italian LAGs.

⁴¹ Due to the nature of the cooperation projects implemented, no effect on jobs creation can be expected. Consequently following programme modification the target was reduced to 0.

⁴² The nature of the implemented projects do not lead to job creation.

⁴³ Due to the nature of the cooperation projects implemented, no effect on jobs creation can be expected. Consequently following programme modification the target was reduced to 0.

⁴⁴ The nature of the implemented projects do not lead to job creation.

The Majjistral and the Xlokk LAGs have received an eligible grant amount of € 263,500, while in the case of the Gozo LAG, an amount of € 248,000 was committed under Measure 431. Overall, by 30th June 2016 a total amount of € 777,174 was disbursed under this Measure, which is 100% of the total budget available.

The relevance of the Measure is justified by a number of factors. First, there was a continuous need for the LAG offices to provide assistance for potential beneficiaries. Secondly, the delegated tasks carried out by the LAGs regarding administrative checks on the applications and project selection requires certain skills and capacities within the management. Finally, LAGs have a role as major information providers related to the actions of the local development strategies.

The Maltese NRN organised a three day training programme for the three Maltese Local Action Groups (LAGs) in October 2010. The LAGs were invited to a public conference was held on 15th June 2012, at Mount St. Joseph in Mosta. This conference entitled 'L-Agricoltura: il-Qofol ta' Kull Żvilupp Rurali' (Agriculture: the Key to Rural Development), launched the NRN Consultation Process for the Programming Period 2014 - 2020. Training was also provided by the MA in 2014 on "on the spirit that guides public procurement" to all the three LAGs. This was followed by the launch of LDS guidelines February 2015 to all the three LAGs.

The effectiveness of the measure could be assessed as good. The three LAG offices have been set up, and their continuous operation is guaranteed. The LAG managers have received trainings regarding their roles and responsibilities in order to be able to carry out their tasks effectively. Moreover, several communication tools have been used by the LAGs in order to promote the actions and spread information regarding the Leader programme, opening calls or implementation timelines.

Table 48: Measure 431 - Evaluation of indicator values

	Indicator	Target	Value	Execution rate
Output	Number of supported cooperation projects	30	50	166.6%
Output	Number of participants in actions		n/a	
Result	Number of successful training results		n/a	

Source: KPMG (2016).

Answers to measure-related CEQs for Axis IV - Leader

Question 1 - To what extent has the RDP contributed to building local capacities for employment and diversification through LEADER?

Direct help was given through Measure 41 to the crafts and artisan sector by supporting the capital expenditures they had; and to operators who created new, innovative and distinctive products in the territory. Since the most important sector in regard to employment and competitiveness where the LAG may cause changes was tourism, most of the actions promoted were at least indirectly targeted towards tourism (landscape, environment, attitude towards outsiders, rural heritage assets). The creation of the Rural Tourism Network provided indirect help to the local competitiveness. Other measures had a focus on the arts, artisan, socio cultural and agriculture related projects. An important measure for the Majjistral and Galxlokk LAGs was the arts measure along with the actions of rural tourism network was also important since a number of farmers were aided indirectly through this measure.

The promoted actions aimed at strengthening the local economy without jeopardising the potential of future economic development. The LAG interprets economic viability as the sum of financial viability, the social and external economic benefits. Consequently, the project evaluation takes into consideration this more complex concept of economic viability. This allows projects with lower financial return to be financed within the LEADER setting, thus those may provide a social benefit that far outweighs the financial costs incurred.

The events and fairs organised under Measure 421 in the framework of the MeDIETerranea project as well as the Grand Culinary and Crafts Christmas festival organised by MAGF in December 2012 created a good platform for networking, knowledge sharing and transfer of best practices for the local producers selected and attendees of these events.

Question 2 - To what extent have LAGs contributed to achieving the objectives of the local strategy and the RDP?

Local competitiveness has been emphasised in the local development strategies of the LAGs to a varying extent. The Majjistral LAG aimed to promote the use of local products locally. In Xlokk, the enhancement of local entrepreneurial potential and creation of jobs and businesses has been emphasised to a lesser degree.

All three LAGs were able to bring together the private, public and civil sector in the formulation of the action groups. The local development strategies reflect a multi-sectoral approach, where the priorities tend to cover the needs and expectations of the main stakeholders of the regions. The socio-economic circumstances and the development needs of the territories were also taken into account during the creation of the local development strategies, therefore all three strategies reflect a great extent of sensitivity for the localities they cover.

The participation of the stakeholders from the public, private and civil sector was promoted by intensive consultation campaigns, meetings held at the localities, sector meetings, and introductory seminars with local councils during the formulation of the local development strategies. The ideas gathered from different localities as well as sector meetings were used as important sources in the definition of problems, the assessment of alternative options and the development of actions. The mobilisation of the local people to participate in the planning phase of the local development strategy was also enhanced by an intensive online campaign in all three LAGs, which proved to be an important and straightforward tool for the collection of ideas among local citizens. However, the late start of the Leader programme, and the fact that many people had not been familiar with the Leader concept before the foundation of the LAGs, since they had not seen any LAGs in operation before encumbered the effective mobilisation of the local actors. According to the self-assessment of the LAGs, since the launch of the Leader programme people have become much more aware of the socio-economic and environmental problems in the area and they are more willing to solve these issues.

The absence of solid local identity has been identified as a major weakness of the LAG areas. Experiences showed that festivals and other cultural events are important events for villages, and could be effective tools to improve the local identity. In the Majjistral area, 7 seven such projects were launched providing small scale investment for businesses in the form of marketing support, new product development support, awareness raising, the development of tourism networks and aiding the development of local festivals. In Xlokk, the territory has a high incidence of low quality dwellings new and emerging industries or visually obnoxious industrial activities, where embellishment projects could further enhance the level of local identity. The area saw 8 projects come to fruition that among other things, embellished the countryside, supported artisanal activities, set up a tourist hub and provided community support for children. In Gozo, one of the most important sectors is tourism. In order to promote tourism as the flagship sector related to local identity, the area should invest money into the renovation of touristic sites and environmentalism. Gozo benefitted from all 6 of its projects that promoted local products, helped the craftsman sector, empowered traditional activities and supported local festivals.

Cross-sectoral cooperation proved to be of great importance in the LAGs. During its operation, the LAG established numerous external contacts. The main benefit of networking activities have been the exchange of information and methodologies. LAGs have participated in a number of international meetings, also for the purpose of knowledge sharing.

Knowledge transfer and cooperation could not yield significant results through measure 421 with respect to the objectives of other axes. The main focus of the two projects is promotion of the localities, with special emphasis on local traditional or speciality products. Thus, impacts related primarily to axis 3 objectives, especially diversification of rural economy, but projects were also relevant in terms of the axis 1 priority of knowledge transfer, while they corresponded less to axis 2 goals.

Question 3 - To what extent has the Leader approach been implemented?

The Leader approach has contributed to involve the relevant actors of the socio-economic spectrum of the area in the decision-making process. The major stakeholders are represented in the decision-making committees, with the exception of the representation of environmental issues that could potentially be improved in order to increase the involvement of the environmental perspective in the decision-making.

Participatory decision-making, as an essential element of the LEADER approach, was implemented by the LAGs in general to a significant degree. All LAGs have pointed out the better understanding of local needs as the major achievement due to the involvement of local actors in the development process. It has also led to the diversification of the local economy. However, participatory decision-making overall has only influenced the consensus concerning local policies to a moderate degree, with Majjistral LAG assessing the effect of the governance structure to a greater degree, while the other two LAGs claiming to have witnessed lesser affect in that respect. In case of Xlokk, new interest groups have also emerged as a result of participatory governance structure. The other two LAGs have not experienced much change from that respect. All three LAG were able to bring together the private, public and civil sector in the formulation of the action groups. The local development strategies reflect a multi-sectoral approach, where the priorities tend to cover the needs and expectations of the main stakeholders of the regions. The socio-economic circumstances and the development needs of the territories were also taken into account during the creation of the local development strategies, therefore all three strategies reflect a great extent of sensitivity for the localities they cover.

Cross-sectoral cooperation proved to be of great importance in the LAGs. The greatest level of multi-sectoral cooperation could be experienced during the selection of projects. Moderate level of cross-sectoral activities could be observed through project animation and the preliminary negotiations among interest groups. However, actors of the assisted activities have cooperated only at moderate level beyond LEADER.

During its operation, the LAG established numerous external contacts.

Question 4 To what extent has the implementation of the Leader approach contributed to improving local governance?

Under measure 41, the participation of the stakeholders from the public, private and civil sector was promoted by intensive consultation campaigns, meetings held at the localities, sector meetings, and introductory seminars with local councils during the formulation of the local development strategies.

The Leader approach consists of a decentralised management and financing system, which is expected to contribute to a great extent to improving governance in rural areas on the long run. Overall, LAGs in Malta have assessed their level of autonomy as moderate in decision-making. They are authorised to allocate the resources freely within the given budget on the basis of actions planned. Once these budgets have been approved, the LAG has the authority to ask for transfers of budgets within the same Axis but this must be approved. The LAG is also eligible to modify and adjust the previously defined budget allocation during the implementation period of the Local Development Strategy. The project applications are evaluated and approved or rejected by the members of the decision-making committees of the LAGs.

All LAGs were able to draw up a balanced and representative selection of private and public partners in their foundations, which also contributes to improving governance based on enhanced partnership and cooperation among local actors. The Leader approach has contributed to involve the relevant actors of the socio-economic spectrum of the area in the decision-making process.

All LAGs were able to draw up a balanced and representative selection of private and public partners in their foundations, which also contributes to improving governance based on enhanced partnership and cooperation among local actors. In the framework of measure 421 all three LAGs have engaged in international cooperation projects with multiple partners, mainly from Italy. Both projects targets the promotion of local special or traditional produces, and builds on cooperation and networking with local enterprises and producers.

Similar outcomes materialised in the case of the Gozo LAG. The Gozo Action Group Foundation took part in the 'Network of Transnational Eno-gastronomic itineraries for the promotion of the Mediterranean cultural-food model' project, whose lead LAG is Luoghi del Mito. The aim was to develop an Eno-Gastronomic Itinerary in the Island Region of Gozo, while also building transnational cooperation and a Wine and Food Route in the Island Region of Gozo.

As part of this project 'Network of Transnational Eno-gastronomic itineraries for the promotion of the Mediterranean cultural-food model', the Gozo Action Group Foundation organised a seminar in Gozo on the 20th July 2015 promoting the objectives of the project. After the seminar the Maltese TV station TVM Malta showed a short clip in relation to the TNC project. The Gozo Action Group Foundation also published a booklet: TEINET- the Gozo Eno-Gastronomic Itinerary as part of this project.

6.6 Axis V – Technical Assistance

6.6.1 Measure 511 – Technical Assistance Operations

Table 52: Measure 511 – Data sources and analytical tools applied

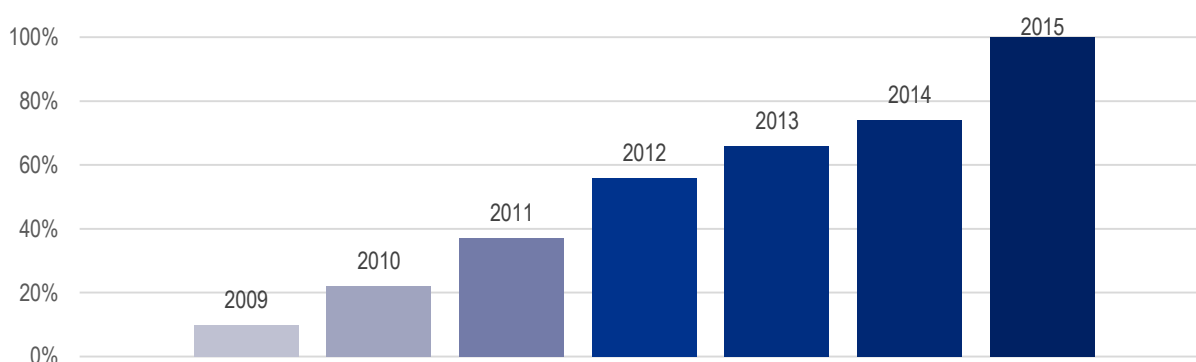
Name of method	Data sources and description of the methods used
Analysis of programme documents and literature	Review of programme documents including priorities, measures, targets, budgets and reallocations, as well as the relevant literature.
Collection and analysis of administrative, financial, indicator and statistical data	Database RDP, RDP monitoring tables. The current available data on the utilisation of the RDP 2007-2013 was used to analyse the financial and material progress for individual measures. Database RDP 2007-2013 served as the main source of capturing the implementation of the measures. Quantified the value of output, result and impact, respectively. Data from the monitoring tables was utilised for assessing the level of achievement of target values set.
Review of the findings of IERs and SMRs	Review and re-evaluation of the findings of the Interim Evaluation Report and the Strategic Monitoring Report in light of the more recent developments.
Semi-structured stakeholder interviews	Twelve semi-structured stakeholder interviews were conducted with institutional representatives, experts, beneficiaries, as well as other relevant stakeholders.
Stakeholder consultation	Discussion on a stakeholder seminar (20 October 2016) to discuss and validate findings

Source: KPMG (2016).

Evaluation of implementation

Technical assistance under Axis 5 and measure 511 was aimed to provide support for the implementation of the measures by enhancing the human and physical resources of the Managing Authority. Support was used to develop IT systems and train personnel in order to assure the smooth implementation of other measures. The fund allocated for measure 511 was 4% of the total EAFRD funding. A total of €4,084,473 was allocated with an EAFRD contribution of €3,330,933. The absorption rate grew steadily from 2009, plateauing at 100% by end of 2015.

Figure 20: Absorption rate of Technical Assistance funds by year



Source: Annual Progress report 2015

Funds were mainly allocated to preparation and programming in the first years of utilisation, while management, controlling, monitoring and evaluation got greater focus in the following years. Overall, the MA preferred to prioritise the funds to programme

management, evaluation and control as these were deemed the most important areas. Technical Assistance funds were also used for improving the monitoring and controlling functions. The single largest commitment items were the PA's information system development initiatives and the third party engagements to perform the evaluation of the RDP. While limited capacities were a challenge for the MA during the implementation, technical assistance funds enabled it to fulfil all of its obligations.

7 Overall assessment of common indicators

7.1 Common impact indicators

According to the Guidelines for the ex post evaluations, the common indicators refer to the benefits of the programme implementation both at the intervention level but also more generally in the programme area. They are linked to the wider objectives of the RDP. Impact indicators are perhaps the most important of all in assessing the success of the RDP. However, they cannot be understood in isolation, and in order to explain observed outcomes, reference may need to be made to output and result indicators which can be found under each measure.

As shown by the table below, indicators of economic growth were vastly overperformed, while indicators of job creation almost reached the intended targets. The RDP contributed to the major increase in the production of renewable energy.

Table 53. Common impact indicators and their execution

Common impact indicator	Target value	Actual ex post value	Exec.	Level of assessment of impacts ⁴⁵			CIE ⁴⁶		M	Data/information and sources as listed in the report	Applied evaluation methods (short list)	Observations
				RDP	Axis	M	Yes	No				
1. Economic growth (net additional Gross Value Added in PPS)	PPS 1832360	PPS 6969427 ⁴⁷	380%			x	x		121 123 124 132 313	Programme documents, data from the Maltese tax authorities, stakeholder consultation	8 stakeholder interviews, review of project documentations, counterfactual impact evaluation, input-output analysis, 4 beneficiary survey, 8 beneficiary case study, estimation of energy savings	Value is the sum of gross value added in PPS (some overlaps may be present in M124 and M125 because of overlaps in beneficiaries). Measure 132 was not included in the calculation as benefits were expected only in the longer term. This likely leads to some overestimation of the impacts, which taking also this into account, are still considerable.
2. Employment creation (net additional full time equivalent jobs created)	73	53	73%			x	x		313 323 41	Programme documents, data from the Maltese tax authorities, stakeholder consultation	Review of project documentation, 2 beneficiary survey, 6 beneficiary case study, stakeholder interviews.	

⁴⁵ Although we aggregated the indicator values, a full assessment at the axis or RDP level, considering the complex interactions between the measures was not carried out. Horizontal evaluation questions were answered based on the assessment of the contributions of the different measures.

⁴⁶ Counterfactual impact evaluation.

⁴⁷ Only measures with robust data and estimations were included in the calculation.

Common impact indicator	Target value	Actual ex post value	Exec.	Level of assessment of impacts ⁴⁵			CIE ⁴⁶		M	Data/information and sources as listed in the report	Applied evaluation methods (short list)	Observations
				RDP	Axis	M	Yes	No				
3. Labour productivity (change in GVA per Full time equivalent-GVA/FTE)	508	2 025	700%			x	x		111 114 115 121 123 124 132	Programme documents, data from the Maltese tax authorities, stakeholder consultation	11 stakeholder interviews, review of project documentations, counterfactual impact evaluation, input-output analysis, 3 beneficiary survey, 5 beneficiary case study, estimation of energy savings, focus group discussion, review of training attendance sheets.	As labour productivity is a ratio, it cannot be aggregated. Value is the weighted average of change in GVA per FTE (weighted by the disbursed funds). Therefore it shows the average increase in labour productivity attributable to the support for a single beneficiary.
4. Reversing biodiversity decline (change in trend in biodiversity decline measured by farmland bird species population (%))	no decline in the population of farmland bird species	Farmland Bird Index has declined to 81.93% (estimated) relative to the baseline value of 100% set in 2008	n/a			x		x	212 214	Programme documents, administrative data, stakeholder consultation	GIS-based spatial analysis, review of farmland bird reports, expert assessment	
5. Maintenance of high nature value farming and forestry areas (change in gross nutrient balance kg/ha)	40kg N/ha less (target: 80kg N/ha)	31kg N/ha less	76%			x		x	214	Programme documents, administrative data, stakeholder consultation	GIS-based spatial analysis, review of farmland bird reports, expert assessment	
6. Improvement in water quality	n/a	n/a	n/a					x		n/a	n/a	The installation of water meters and the planning of a new pipeline are the identifiable results of the programme implementation regarding water quality. The impacts of these, however, cannot be quantified. The effectiveness of the agri-environment measures in enhancing 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.

Common impact indicator	Target value	Actual ex post value	Exec.	Level of assessment of impacts ⁴⁵			CIE ⁴⁶		M	Data/information and sources as listed in the report	Applied evaluation methods (short list)	Observations
				RDP	Axis	M	Yes	No				
7. Contribution to combating climate change (increase in production of renewable energy (ktons))	not directly applicable to Malta	1,956,981 kW-h yearly	n/a			x		x	214	Programme documents, administrative data, stakeholder consultation	GIS-based spatial analysis, review of farmland bird reports, expert assessment	

Source: KPMG (2017).

7.2 Programme specific indicators

The Maltese RDP does not clearly identify programmes specific impact indicators. Still, they are used by measure 114 and 115 and also by measure 212.

Table 54. Programme specific impact indicators and their execution

Programme specific impact indicator	Target value	Actual ex post value	Level of assessment of impacts ⁴⁸			CIE ⁴⁹		Data/information and sources as listed in the report	Applied evaluation methods (short list)	Observations
			RDP	Axis	M	Yes	No			
Change in gross value added per full time equivalent in the whole agricultural sector	2.7% € 441	13.8% € 2260			x	x		calculations based on result estimation of M 121	Counterfactual impact evaluation	No programme specific impact indicator was clearly identified in the RDP, however, they are used under M114.
Change in gross value added per full time equivalent in the whole agricultural sector	0.43% €52	18.7% €2,260			x	x		calculations based on result estimation of M 121	Counterfactual impact evaluation	No programme specific impact indicator was clearly identified in the RDP, however, they are used under M115.
Decline in rate of land abandonment	no more than 1% land abandonment of the beneficiaries	Land abandonment has affected only a minor part of the agricultural lands.			x		x	Programme documents, stakeholder seminar, RDP monitoring tables	GIS-based spatial analysis	Compared to the baseline value, a general positive trend can be observed in terms of land utilisation in Malta (10,149 ha in 2001 and 11,450 ha in 2015). No programme specific impact indicator was clearly identified in the RDP, however, they are used under M212.

⁴⁸ Although we aggregated the indicator values, a full assessment at the axis or RDP level, considering the complex interactions between the measures was not carried out. Horizontal evaluation questions were answered based on the assessment of the contributions of the different measures.

⁴⁹ Counterfactual Impact Evaluation.

Source: KPMG (2017).

7.3 Common result indicators

According to the RDP evaluation guidelines, common result indicators measure the direct and immediate effects of the intervention. They provide information on changes in, for example, the behaviour, capacity or performance of direct beneficiaries and are measured in physical or monetary terms. Result indicators are established at the axis level, to reflect the fact that interventions under different measures may combine to achieve an observed effect.

The implementation of the Maltese RDP most often overperformed the indicator targets. Some indicator targets, such as the one connected to tourism were vastly overperformed.

Table 55. List of common result indicators in the report

Common result indicator	Target value	Actual expenditure value	Execution rate	Level of assessment of results ⁵⁰			M	Data/information and sources as listed in the report	Applied evaluation methods (short list)	Observations
				RDP	Axis	M				
1. Improving the competitiveness: Number of participants that successfully ended a training activity related to agriculture and/or forestry	2025	2406	119%			x	111 341	Programme documents, administrative data, stakeholder consultation	Focus groups, review of attendance sheets, stakeholder interviews	Value is the sum of participants.
2. Improving the competitiveness: Increase in gross value added in supported holdings/enterprises	3 832 053 €	10 705 342 €	279%			x	114, 115 121 123 124 142	Programme documents, administrative data, stakeholder consultation	8 stakeholder interviews, review of project documentations, counterfactual impact evaluation, input-output analysis, 3 beneficiary survey, 5 beneficiary case study, estimation of energy savings, focus group discussion, training attendance sheets	Value is the sum of increase in gross value. The sum only includes Axis 1 measures, but other measures (111, 313, 323) could indirectly have similar effects.
3. Improving the competitiveness: Number of holdings/enterprises introducing new products and/or new techniques	248	342	138%			x	121 123 124	Programme documents, administrative data, stakeholder consultation	4 stakeholder interviews, review of project documentations, counterfactual impact evaluation, input-output analysis, 3 beneficiary survey, 4 beneficiary case study, estimation of energy savings	Value is the sum of enterprises introducing new products.

⁵⁰ Although we aggregated the indicator values, a full assessment at the axis or RDP level, considering the complex interactions between the measures was not carried out. Horizontal evaluation questions were answered based on the assessment of the contributions of the different measures.

Common result indicator	Target value	Actual ex post value	Execution rate	Level of assessment of results ⁵⁰			M	Data/information and sources as listed in the report	Applied evaluation methods (short list)	Observations
				RDP	Axis	M				
4. Improving the competitiveness: Value of agricultural production under recognised quality label/standards	€ 18,19	n/a	n/a			x	132	Programme documents, administrative data, stakeholder consultation	4 stakeholder interviews	The production is not market oriented, no financial data regarding the value of the agricultural production under recognised quality label is available. No associated economic impacts were identified.
5. Improving the competitiveness: Number of farms entering the market	4	0	0%			x	142	Programme documents, administrative data, stakeholder consultation	Stakeholder interviews	
6a. Improving the environment: bio diversity	195 ha	479 ha	246%			x	212 214	Programme documents, administrative data, stakeholder consultation	GIS-based spatial analysis, review of farmland bird reports, expert assessment	
6b. Improving the environment: water quality	202 ha	497 ha	246%			x	212 214	Programme documents, administrative data, stakeholder consultation	GIS-based spatial analysis, review of farmland bird reports, expert assessment	
6c. Improving the environment: climate change	0 ha	292 ha	n/a			x	212 214	Programme documents, administrative data, stakeholder consultation	GIS-based spatial analysis, review of farmland bird reports, expert assessment	Due to the low uptake of sub-measure 2 impacts are indirect. For example only one crop can be cultivated on a specified parcel each year under sub-measure 3 is important for climate change.
6d. Improving the environment: soil quality	303 ha	454 ha	150%			x	212 214	Programme documents, administrative data, stakeholder consultation	GIS-based spatial analysis, review of farmland bird reports, expert assessment	
6e. Improving the environment: avoidance of marginalisation and land abandonment	170 ha	155 ha	91%			x	212 214	Programme documents, administrative data, stakeholder consultation	GIS-based spatial analysis, review of farmland bird reports, expert assessment	

Common result indicator	Target value	Actual ex post value	Execution rate	Level of assessment of results ⁵⁰			M	Data/information and sources as listed in the report	Applied evaluation methods (short list)	Observations
				RDP	Axis	M				
7. Improving the quality of life: Increase in non-agricultural gross value added in supported businesses	1,5%	0,39%	26%			x	313	Programme documents, administrative data, stakeholder consultation	review of project documentation, beneficiary survey, 2 beneficiary case study	
8. Improving the quality of life: Gross number of jobs created	67	60	90%			x	313 323 41	Programme documents, administrative data, stakeholder consultation	review of project documentation, 2 beneficiary survey, 6 beneficiary case study, stakeholder interviews	As the indicator was targeted by all measures under Axis 3 and 4, the value can be considered as the combined result of these axes..
9. Improving the quality of life: Additional number of tourists	24800	246395	994%			x	313	Programme documents, administrative data, stakeholder consultation	review of project documentation, beneficiary survey, 4 beneficiary case study	
10. Improving the quality of life: Population in rural areas benefiting from improved services	192442	192442	100%			x	323	Programme documents, administrative data, stakeholder consultation	review of project documentation, beneficiary survey, 2 beneficiary case study	
11. Improving the quality of life: Increase in Internet penetration in rural areas	n/a	n/a	n/a				n/a	n/a	n/a	This result indicator is not applicable in Malta as no relevant activities were financed by the RDP.
12. Improving the quality of life: Number of participants that successfully ended a training activity	n/a	n/a	n/a				111 341	n/a	n/a	

Source: KPMG (2017).

8 Answers to horizontal evaluation questions

1. To what extent has the RDP contributed to the growth of the whole rural economy? (Lisbon objective; related impact indicators 1: Economic growth and 3: Labour productivity)

The evaluation concludes that the RDP had a statistically significant positive effect on the Maltese rural economy. Counterfactual impact evaluations provided evidence for 'net' increase both in terms of labour productivity and economic growth thanks to the implementation of the RDP. The evaluations concluded that on average labour productivity, measured by gross value added per full time equivalent, has grown both in relation to Measure 121 and 123. The combined effect of the two measure on the rural economy, calculated as a weighted average⁵¹, is an increase of € 1,853 in labour productivity. Economic growth in the rural economy is estimated to be € 7,169,014 or PPS 8,860,901, calculated as the aggregate impact of the measures evaluated.

2. To what extent has the RDP contributed to employment creation? (Lisbon objective; related impact indicator 2: Employment creation)

The fixed effect regression analysis of the impacts of measure 123 showed a higher level of average employed full-time equivalent (by 3.6) for the supported enterprises as a result of the support. No such impacts were identified in the case of measure 121. Considering the fact that the period under analysis included the economic crisis and that farm investments can mean substitution between capital and labour, the relatively stable levels of employed workforce is a promising sign in the case of measure 121. Also, the analysis of the accounting data of measure 121 and measure 123 beneficiaries indicate that on average, beneficiaries employed more people than non-beneficiaries. Other measures contributed to rural employment indirectly: for instance, the closing reports of measure 313 and measure 323 both showed in several cases there was an increase in the number of employees.

3. To what extent has the RDP contributed to protect and enhance natural resources and landscape including, biodiversity and HNV farming and forestry? (Community strategic priority, Biodiversity is also a Health Check objective; related impact indicators 4: Farmland Bird Index, 5: High Nature Value Farming and Forestry and 6: Water quality)

Agri-environment measures (214) showed significant financial progress, which brought about moderate improvement in the fields of biodiversity, preservation and development of high nature value farming. As regards biodiversity, the Farmland Bird Index survey compiled in 2013 shows general negative trend for bird population. The index is estimated at 81.93% relative to the baseline value of 100 in 2008. The decline was not spread throughout all species with three species exhibiting an increase, whereas the majority experienced a decrease. According to Birdlife Malta report, the negative change in bird population is similar to the general declining trend across Europe, which could be attributable to farmland practices, but also to other human impacts prevalent in both urban and rural areas. However, the effectiveness of the agri-environment measures in enhancing biodiversity and water quality is weakened by the fact that the vast majority of beneficiaries applied for low input farming only, which does not prescribe any requirements, or restrictions directly in favour of biodiversity or water quality.

Still, the popular sub-measures of measure 214, such as the growing and maintenance of buffer strips contributed to the maintenance and improvement of water quality. Restriction from the use of chemical plant protection products and fertilisers during the growing season, together with the prohibitions of irrigation would be also relevant from the perspective of water quality, but since the uptake of the related sub-measures were nil, there were limited direct beneficial effects. However, since the use of irrigation and the application of post-emergence herbicides was prohibited also for low-input farming, which is the most commonly used sub-measure, there is a greater chance for experiencing a more significant effect in terms of water quality on the long-run.

⁵¹ Calculated as the average of the changes in productivity weighted by the number of beneficiaries of the measures.

4. To what extent has the RDP contributed to the supply of renewable energy? (Health Check objective; related impact indicator 7: increase in production of renewable energy)

The RDP contributed to the major increase in the production of renewable energy. The two measures related to renewable energy were measure 121 and 123. A total of 1,956,981 yearly kWh of renewable energy was generated as of end 2015. The vast majority of this value came from photovoltaics and measure 121. A smaller contribution was added by solar water heaters in measure 121 (4,292 kWh) and photovoltaic from measure 123 (119,623 kWh). 19% of the beneficiaries in measure 121 reported to have implemented some form of a renewable energy source (mostly photovoltaic systems) that contributed to savings on energy. These results are partly attributable to programme selection criteria, rewarding projects with energy and power savings (+10% each) and favouring if the applicant has also applied for measure 214 (+5%).

5. To what extent has the RDP contributed to improving the competitiveness of the agricultural and forestry sector? (Community strategic priority)

The different measures taken within the confines of the RDP have been aimed at improving several aspects of competitiveness. The most successful activity in this respect has been investing in the modernisation of farms, investing in machinery, buildings, new technologies, which directly improved productivity. Among various measurements labour productivity is an important indicator of competitiveness. Under the evaluation of Measure 121 we have estimated the labour productivity of the agricultural sector based on FADN data received for the period from 2008 to 2014. The evaluation concluded that there is a delayed effect of the support on labour productivity. The impact can be expected to take effect on average two years after the implementation of the projects. The estimated net effect of the RDP is € 1,215 higher productivity on average.

Apart from Measure 121, additional support measures included trainings and advisory services. As a result, farms managed to increase their market share, better complied with EU regulations, increased efficiency, food safety and the quality of their products. Other measures affecting competitiveness remotely are investments in infrastructure: centrally launched investment schemes tried to combat water scarcity and improve the quality of roads in rural areas. Altogether we can conclude that the programme effectively contributed to the competitiveness of the agricultural sector not just through investment support, but through other, less direct and quantifiable ways as well.

6. To what extent has the RDP accompanied restructuring of the dairy sector? (Health Check objective)

The main impact of the RDP was contributing to the modernisation of the dairy sector through the shortening of the value chain. The programme allowed beneficiaries to initiate key investments in order to better reach markets and able to provide more aspects of the value chain themselves. This led more direct distribution and the elimination of intermediaries and thus allowing lower prices and more competitive dairy sector in general.

Investments usually included reconstruction works, building of animal housing and milking machines. Current market needs and quality requirements are driving all market players towards making these investments, the financing of which are critically based on RDP resources. Key impacts of the measure in this sector so far have been the increase of operational efficiency and technological modernisation that contributed to the survival of dairy producers on the market, the maintenance of their competitiveness and their compliance with EU standards. Some of the projects under measure 124 funded research with the objective of developing new specialty products with higher value added, which is a promising sign for future development in the wine and dairy sectors.

7. To what extent has the RDP contributed to climate change mitigation and adaptation? (Health Check objective)

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. Measure 121 and 123 contributed to the yearly saving of CO₂ achieved. 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.

8. To what extent has the RDP contributed to improvement of water management (quality, use and quantity)? (Health Check objective)

Two measures were at the forefront of improving water management of Malta. Measure 125 aimed at improving use and quantity issues, measure 214 on the other hand focused on water quality. Measure 125 treated these problems through the installation of smart water meters and an extensive pipeline project. The installation of the smart water meters increased the awareness and control over the water consumption and successfully raised the environmental consciousness of the farmers, as reported in the focus group discussions. When it comes to water management, the pipeline project is as is expected to contribute to long-term sustainable economic operation of holdings, through the increased use of treated sewage effluent for irrigation instead of extraction of groundwater resources. This however is hard to evaluate at the closing of this report as it would need couple of years of data to report on the increased efficiency achieved.

The main influence of agriculture on water quality is due to the diffuse contaminations originating from the nutrient washed out from manure and fertilisers and from herbicides. The requirements and farming practices, as well as prohibitions of measure 214, all helped in improving water quality. The growing and maintenance of buffer contributed to the maintenance and improvement of water quality. Requirements, such as the restriction from the use of chemical plant protection products and fertilisers during the growing season, together with the prohibitions of irrigation were also relevant from the perspective of water quality, but since the uptake of the sub-measure was nil, we could not attribute any effect to it. However, since the use of irrigation and the application of post-emergence herbicides is prohibited also for low-input farming, which is the most commonly used sub-measure, there is a greater chance for experiencing a more significant effect in terms of water quality on the long-run.

9. To what extent has the RDP contributed to improving the quality of life in rural areas and encouraging diversification of the rural economy? (Community strategic priority)

The population density of the islands is very high (1,282 / km²), which influenced the unique definition of 'rural areas' in Malta. Unlike in other countries, localities where population density is below 5,000 / km² are classified as rural, which has attributed a more urban and industrialised character to the rural areas as compared to Europe's mainland. As such the quality of life in rural areas is not one of the most pressing issues as even the most remote areas a relatively part of the road and trade networks.

Current evidence indicates that the RDP has had limited success so far in targeting the social challenges faced by the rural population of Malta. The agricultural population is aging, while – even though actions were put in place to stimulate the involvement of young people, e.g. rewarding young farmers with 10% extra points under measure 121 – the appeal and appreciation of working in the agricultural sector is considered to be relatively low, especially by younger generations as revealed from the focus group discussions. Subsequently only 70% of the interviewed beneficiaries envision that a younger generation of the family will be able to take over their farm. In addition to these, Malta could have implemented specific measures targeting young farmers and early retirement of farmers, which would have had the potential to counter current tendencies, however, it is reasonable that the limited amount of programme budget (€ 96 million disbursed in total) had to be concentrated in order to anticipate significant impacts, which resulted in a limited number of measures implemented under the programme.

Additional facets of the quality of life in rural areas include easier accessibility (transportation), embellished social areas, conservation of heritage and promotional events and festivals. Measure 313 for example successfully increased the tourist potential and aesthetic value of several localities. This can be assessed from the four case studies analysed in the measure. Measure 323 on the other hand contributed to better quality of life through 16 operations which aimed at improving the rural surroundings of the rural population. Many of the projects of Axis IV resulted in embellished environment and encouraged tourist activities through conservation projects and development of local specialities.

Trainings provided under measure 111 contributed to the general improvement of rural life. By the end of 2015 all training activities organised by the Public Abattoir and the Agriculture Directorate had finished. While the number of participants reached the target

value, they number of training days surpassed the target value by 435%. The trainings themselves mainly focused on disseminating skills on creating and maintaining economically viable enterprises, complying with EU regulations and taking into account environmental protection and animal welfare in relation to agricultural activities. The general feedback was positive as farmers found the courses useful. Nonetheless, it was indicated that more emphasis on practical trainings would be beneficial in the future.

The encouragement of the diversification of the rural economy could not take place as no such measure was implemented.

10. To what extent has the RDP contributed to introduction of innovative approaches? (Health Check objective)

Innovation has been targeted primarily by measure 124. The measure supported six beneficiaries, among them three dairy sector operators, one in the winery, one in the fruit production and one in the vegetable and carob production sector. Evidence indicates that there is an insufficient culture towards research and development in the Maltese agricultural sector, particularly in the agri-food industry. This trend is paired with unsupportive culture towards co-operation, which explains the limited participation in this measure. This cultural trait is also signalled by the fact that beneficiaries were already established producer organisations or cooperatives, and not newly set up formations. Given that less than 0.5% of programme budget has been allocated to promote innovation, impacts can be evaluated as limited in this respect. However, at the local level, the projects targeting development of new specialty products especially with the help of measure 123 and 124.

Evidence shows that 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 techniques, while the figure exceeds 90% for measure 123. Case studies also support this finding: interviewed beneficiaries reported innovation including the development of brand new products and innovative solutions in production.

11. To what extent has the RDP contributed to creation of access to broadband internet (including upgrading) (Health Check objective)?

This horizontal evaluation question is not applicable in Malta as no relevant activities were financed by the RDP.

12. To what extent has the NRN contributed to RDP objectives?

As found out by the review of relevant documents and stakeholder consultations, the Maltese Rural Development Network (NRN) was officially established in the second half of 2009 and the governing bodies of the NRN were set up in February 2010. Having put forth the operational framework, 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. NRN was actively supporting the public debate and consultation process in Malta on "The future of the CAP post 2013" and in June 2010 hosted a meeting with DG AGRI and ENRD to provide a pan-European forum to the discussions about the upcoming reforms.

NRN members attended several conferences, international and local meetings and fairs and organised local public seminars, workshops and training programs for rural stakeholders including Producer Groups, Associations, Farmers Cooperatives and Local Action Groups to promote European funding opportunities. The NRN was actively involved in the implementation of the newly launched initiative by ENRD called ENRD Projects Database where all Member States uploaded sample projects to share knowledge, information and good practices regarding local activities. The international dimension of NRN activities was emphasised further during 2011 when Malta hosted the European Commissioner for Agriculture and Rural Development, and then the Estonian NRN group for a study visit.

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.

In order to enhance the effectiveness of the network, the NRN was restructured in 2012 by merging the Steering Committee and the Coordination Committee into a single committee with wider representation of the relevant stakeholders. From 2012 onwards, the NRN has been very active in the planning of Rural Development Programme of the 2014-2020 programming period. In the framework of the NRN Consultation Process, a public conference was organised with high attendance and six thematic working groups were set up with a good representation of various stakeholders. Outcomes of the working groups' discussions were presented in Sectoral Sub-Committee meetings with the mandate to identify main priority areas which should be taken into consideration for the drafting of the Partnership Agreement. The consultation process is considered to be very fruitful and effective in terms of involving various stakeholders of the agricultural community and defining needs and intervention areas in the different sectors.

The NRN newsletter is a communication tool developed in conjunction with the Managing Authority NRN members and individuals active in rural development. Stakeholders are periodically invited to suggest important topics, contribute articles and promote forthcoming activities. The newsletter is available for download from the new Managing Authority website.⁵²

13. To what extent has the TA contributed to RDP objectives?

In Malta, Technical Assistance (TA) had a particularly important role in enhancing the capacities of the MA and enabling it to fulfil its duties regarding local rural development programmemanagement to full extent. Utilisation of the total allocated budget for TA (€ 4,084,473) by the MA commenced in 2009 and became more intensive in the following two years. While in 2009 only 9.5% of the total budget was used, in 2010 absorption increased to 11.2% and in 2011 it reached 38.3%. To the end of the financial year 2015, all of the commitments were paid, bringing the absorption to 100%. The mid-term evaluation noted that the provision of technical support had been conducive to the programme implementation, though capacity requires further development in the future.

In 2007, the TA budget was mainly used for programming and preparation, while management, controlling, monitoring and evaluation got wider focus as the implementation of the RDP gained pace. In the case of monitoring and control, technical resources were financed from TA funds due to the limited internal resources available within MA in 2010 and 2011. The largest items in terms of single commitments were the PA's information system development initiatives and the engagements of third parties to perform the programme evaluation work pieces. Harmonisation and enhancement of the IT systems of different agencies, the ex ante evaluation, the strategic environmental assessment and the drafting of RDP 2014-2020 was also financed by the TA budget.

The role of TA has been crucial in the successful implementation, management, controlling and evaluation of the Maltese RDP and it contributed to a significant extent to MA's capacity enhancement. Nonetheless, allocation of funds for adequate training of employees related to core competency areas and outsourcing of activities requiring special professional background could further enhance the efficiency of operations.

14. How efficiently have the resources allocated to the RDP been used in relation to achieving the intended outputs?

The implementation of the RDP was financially efficient: as of end 2015 total disbursements added up to 98.53% of the total budget⁵³. In 2016, following the deduction of financial corrections, the funding disbursed compared to the total allocated funding by axes:

⁵² <http://eufunds.gov.mt/en/EU%20Funds%20Programmes/European%20Agricultural%20Fund/Pages/Newsletter/Newsletter.aspx>

⁵³ The total allocated budget amounted to €97,382,941.67. By June 2016, total disbursements reached €95,866,795.83. For comparison: 103.31% at end 2015 and 80% at end 2014.

- Axis 1: 98.76%⁵⁴
- Axis 2: 100.19%⁵⁵
- Axis 3: 97.18%⁵⁶
- Axis 4: 91.92%⁵⁷

As regards intended outputs, the implementation of the RDP surpassed targets: the average execution rate for all targets was 208.4%⁵⁸. The different axes showed different average execution rates regarding the output targets:

- Axis 1: 920% execution rate
- Axis 2: 166.6% execution rate
- Axis 4: 144.6% execution rate⁵⁹

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 was required to attain a net increase of 1 euro in gross value added.

⁵⁴ €38,690,115.16 was disbursed out of the €39,177,246.67 allocated.

⁵⁵ €27,231,306.95 was disbursed out of the €27,180,867.00 allocated.

⁵⁶ €26,383,460.59 was disbursed out of the €27,149,828.00 allocated

⁵⁷ €3,561,913.14 was disbursed out of the €3,875,000.00 allocated.

⁵⁸ Taking into consideration execution rates for outputs, results and impacts, where both target and results values are available and comparable. Measures included are the ones where execution rates were calculated: measure 111,114,115,121,123,124,212,214 and 41.

⁵⁹ Without measure 431.

9 Main conclusions and recommendations

9.1 Main conclusions

This section presents the main conclusions of the ex post evaluation related to the effectiveness, the internal coherence and complementarity and the efficiency of the programme. The conclusions are centred on the most prominent outcomes of the empirical work, highlighting key evidence that substantiates the conclusion. In order to avoid repetition, the conclusions are described briefly, pointing to the relevant sections in the report for further information.

Effectiveness

i. HIGH IMPACTS REGARDING ECONOMIC GROWTH AND LABOUR PRODUCTIVITY

Deadweight for economic growth (GVA) and labour productivity (GVA / AWU) is estimated to be low or medium, indicating that the observed outcomes are mainly attributable to the RDP. The counterfactual impact evaluation, relying on fixed effects regression techniques concluded that net impacts for the growth of GVA and GVA/AWU have been significant for investment support (measure 121 and measure 123) under the RDP. According to the beneficiary survey results, deadweight for modernisation investment measures ranges between 0% and 15%, while for axis 3 measures the deadweight ranges between 0% and 20%, confirming that RDP support plays a significant role in development of the agricultural sector.

See Sections 6.1.4, 6.1.5, Annexes (outcomes of CIEs)

ii. VARYING IMPACTS REGARDING EMPLOYMENT CREATION (AWU)

Investment projects were estimated to have limited impact on the growth of employment for the beneficiaries. The results of the counterfactual impact evaluation of measure 121 concluded that the AWUs of supported enterprises increased. However, this increase cannot be attributed to the investment support. Qualitative evidence suggests that the programme was successful in maintaining jobs in an environment where developments have shifted focus from labour intensive to capital intensive technologies. In the case of measure 123 the impact of the support on employment was estimated to be positive. The analysis of the accounting data of both measure 121 and measure 123 beneficiaries indicate that on average, beneficiaries employed more people than non-beneficiaries.

See Sections 6.1.4, 6.1.5, Annexes (outcomes of CIEs)

iii. SIGNIFICANT IMPACT MULTIPLICATION IN THE MALTESE ECONOMY

Impact multiplication regarding output, gross value added, and employment was estimated to significantly increase the impacts realised by beneficiaries. Input-output tables published by the OECD represent the sectoral interdependencies of the Maltese economy. Such input-output tables were used to estimate spillover effects in terms of output, gross value added and employment for the sectors of primary production, processing and other activities. Depending on the measure, total impacts were estimated to be 1.37 to 2.01 times higher than the primary impact realised by beneficiaries.

See Sections 6.1.4, 6.1.5, Annexes (I/O multiplication)

iv. MODERATE BUT POSITIVE ENVIRONMENTAL IMPACTS (FBI, GNB, RENEWABLE ENERGY)

Moderate but positive programme results were estimated in terms of protecting the environment, combating climate change and reversing biodiversity decline. The impact assessment of the AEM measure, utilising expert judgments of each impact factor for all sub-measures concluded that the programme was successful in making improvements in the areas of biodiversity, water quality, climate change, soil quality and land abandonment. GIS-based analysis of land data reinforced these findings by calculating overlays of areas of programme support and other maps of land characteristics.

See Sections 6.2.1, 6.2.2, Annexes for the outcomes of CIEs

v. THE ISSUE OF AGING FARMERS WAS ONLY INDIRECTLY ADDRESSED BY THE RDP

The SWOT analysis of the RDP concluded that ageing farmers and the low number of young farmers was an issue. Although this issue was in the foresight of decision makers, due to the limited budget of the RDP no specific measure was dedicated to this issue. By not including young farmer and early retirement measures in the RDP, the programme has not managed to address this problem directly in the 2007-2013 programming period. While generational change of farmers was incited by the selection criteria of projects in measure 121, stakeholders agree that this has not managed to make a significant change in the behaviour of the target groups.

See Section 6.1.4, document analysis, stakeholder interviews

vi. LAGS PLAYED A VITAL PART IN INVOLVING AND ANIMATING RURAL 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.

See Section 6.4

Internal coherence and complementarity

vii. COHERENT STRATEGY, BUT COMPLEMENTARITIES ONLY MODERATELY ACHIEVED

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 many 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). Furthermore, late start-up of measure 114-115 and 111 did not allow to capitalise on each other and attain objectives more effectively.

See Sections 5, 6.1.1, 6.1.2, 6.1.3, 6.1.6, 6.1.8, 6.1.9, 6.1.10, 6.2.2

viii. GOOD PRACTICE EXAMPLE: INTEGRATED MEASURE IMPLEMENTATION (313-323)

Axis 3 of the RDP was strongly 'pulled' by the tourism sector in Malta. 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.

See Sections 6.3.1, 6.3.2

Efficiency

i. THE RDP SPENT 10 EUROS TO ACHIEVE 1 EURO OF NET ADDITIONAL GVA

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.

See Sections 6.1.4, Annexes (outcomes of CIEs)

ii. ADEQUATE CAPACITIES ARE REQUIRED FOR EFFICIENT IMPLEMENTATION

Available human capacities had difficulties with addressing the scope of administrative activities required by the implementation of the RDP. This can be attributed to several reasons, including staff 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 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).

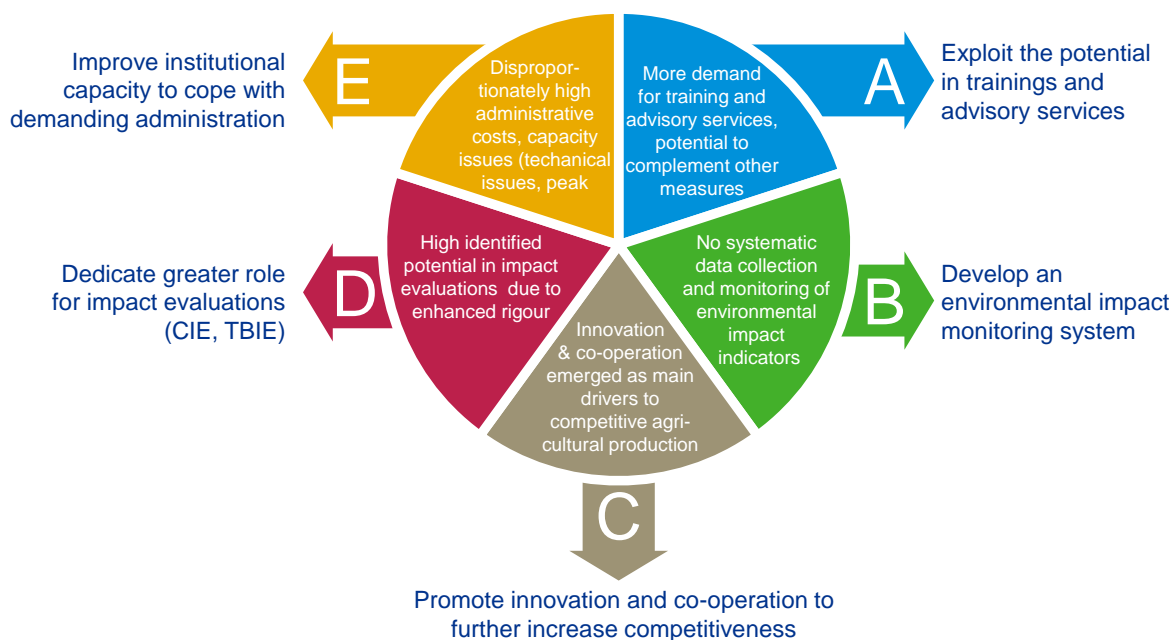
Stakeholder interviews, desk research, document analysis

9.2 Recommendations

The ex post evaluation was the last stage of an on-going evaluation process between 2012 and 2016. The Interim Evaluation Reports (2010-2011; 2012; 2013 and 2014) identified several recommendations over these years at both strategic and operational level, many of which have already been taken on board by the implementing authorities in the 2007-2013 programming period or have been channelled into the programming of the Malta's RDP 2014-2020. Given that the RDP 2014-2020 is already in its implementation phase, this ex post evaluation focuses a limited number of strategic level recommendations that are key to the success of the 2014-2020 programming period and possibly have relevance for the post 2020 period as well.

The 5 main recommendations of the ex post evaluation are summarised in the following chart.

Figure 21: The 5 main recommendations of the ex post evaluation report



Source: KPMG (2016).

A. 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 current 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 would 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.

See Sections 6.1.1, 6.1.2, 6.1.3

B. DEVELOP AN ENVIRONMENTAL IMPACT MONITORING SYSTEM

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. 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.

See Sections 6.2.1, 6.2.2

C. 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 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.

See Sections 6.1.4, 6.1.6

D. DEDICATE GREATER ROLE FOR RIGOROUS IMPACT EVALUATIONS (CIE, TBIE)

In line with the Common Provisions Regulation and the compulsory Evaluation Plan in the 2014-2020 period, evaluations and impact evaluations should play a central role during the 2014-2020 programming period, which should keep, inter alia, the evaluation of 'enabling factors' of the competitive Maltese agricultural sector (innovation, cooperation, quality schemes, young farmers, effective value chains etc.) high on the agenda. Programme-level, measure-specific and thematic evaluations and targeted impact assessments using a balanced mix of quantitative and qualitative methods (in particular, theory-based evaluations and counterfactual impact evaluations, or a combination of those) should be considered to be given a greater role in the future RDP, backed by adequate data collection arrangements among respective stakeholders. More rigorous impact evaluations (especially on topics of great interest) are expected to improve policy-making in the agricultural and rural development sectors (e.g. in case of a re-programming of the RDP 2014-2020 or the programming of the post-2020 period), as well as help the European Commission judge whether the RDPs contribute to the objectives of the Common Agricultural Policy, the respective Thematic Objectives and the implementation of the Europe 2020 strategy.

Inference from the evaluation process, interviews with institutional stakeholders and document analysis.

E. 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.

See: Section 8.1.

Annex

A. Counterfactual impact evaluation of measure 123

Data

For the purposes of the evaluation of measure 123 data was provided to KPMG regarding 43 supported enterprises by the Managing Authority and the Inland Revenue Department. For the establishment an appropriate comparison group, the Inland Revenue Department provided additional data regarding 2,863 enterprises not receiving support under measure 123. In the sample of non-supported enterprises, all Maltese enterprises were included which operated in the same industrial sectors⁶⁰ as the 43 supported enterprises. For both samples, data was provided covering each year between 2004 and 2014.

The following table presents the variables in the database used for the analysis.

Table 56: Overview of data fields

Variable	Description	Data type
ID	Anonymised ID of the entity	numerical, unique identifier
ESTABLISHED	Establishment date of the entity	numerical, date
FTE_[year]	Full-time equivalent data for years 2004-2013 separately. Individual enterprises were considered to have 1 FTE.	numerical
NACE	NACE Rev.2. codes (2 digit)	categorical
GVA_[year]	Gross value added data for years 2004-2013 separately ⁶¹ .	numerical
OTHER_SUPPORT	Recipient of other support	binary
GRANT	Amount of grant paid	numerical

Source: KPMG (2016).

Not all data could be used for the purposes of this evaluation. Subsequent to any analysis, observations which could not at all be used for any analysis were removed from the database. The following table presents the steps of the data cleaning process of the sample of supported enterprises.

Table 57: Steps of the data cleaning process in the case of supported enterprises

Step	Description	Number of enterprises	Number of observations
0	Data received from the IRD.	43	473
1	Removing enterprises with missing values for all data fields for all years and a pensioner with data only on GVA available only for two years.	34	374

⁶⁰ In the best case scenario, the comparison group would consist of enterprises with identical NACE Rev 2. 4 digit industrial sectors as supported enterprises. Such a sample, however, could not be established due to the low number of enterprises operating in the respective sectors in Malta. As a second best solution, the IRD provided a sample of all Maltese enterprises operating in the same NACE Rev 2 3 digit sectors as the supported enterprises.

As Malta constitutes a single NUTS 2 region, the geographical location of the enterprises was not taken into account in the selection of enterprises for the comparison group.

⁶¹ Estimated as the difference between the total sales of goods and services and the sum of direct costs (total cost of sales) and indirect costs (repairs and maintenance, water and electricity, research and development, transport expenses).

2	Removing the year 2014 for all enterprises, as no data was available either regarding the number of FTEs or GVA for the majority of enterprises.	34	340
3	Removing observations where the enterprise was not established in a certain year.	34	320

Source: KPMG (2016).

In the case of three enterprises, data regarding sales of goods was positive, which is not consistent with accounting rules. We considered this a data recording error and replaced the numbers with negative values accordingly. In some instances the data explicitly indicated zero FTEs. In the case of 9 enterprises where positive Gross Value Added was calculated, the number of FTEs was replaced with 1⁶². In case GVA was missing and the number of FTEs was indicated to be zero, the number of FTEs was considered to be missing. The steps of the data cleaning process were similar for enterprises in the comparison group. The following table outlines these steps.

Table 58: Steps of the data cleaning process of the comparison group

Step	Description	Number of enterprises	Number of observations
0	Data received from the IRD.	2863	31493
1	Removing enterprises that were inactive ⁶³ in all years.	1553	17083
2	Removing the year 2014 for all enterprises, as no data was available either regarding FTE or GVA for the majority of enterprises.	1553	15530
3	Removing observations where the enterprise was not established in a certain year.	1553	14064

Source: KPMG (2016).

For both samples, in the case of time-invariant variables (i.e. date of establishment and industrial sector), where data was missing in a certain year but was available in another year, missing data was replaced.

In the case of enterprises that submitted their tax returns in a currency other than EUR, Gross Value Added was converted to euros based on the average yearly exchange rates obtained from EUROSTAT.

Estimation methodology

The most widespread estimator for the impacts of enterprise support is the difference-in-differences estimator. The difference-in-differences method observes the difference in a dependent variable between treated and non-treated enterprises both before and after the intervention. According to the underlying theory, the comparison of the treated/non-treated difference 'before' and 'after' the intervention yields in the net impacts, i.e. gross impacts less the counterfactual. The identifying assumption of DiD is twofold. First, that the trend in the measured outcomes observed for non-treated units is a good approximation of the counterfactual trend. Secondly, that the trends of the outcome variables are identical between supported and non-supported enterprises.

For the purpose of evaluating the impact of measure 123, however, the DiD method is not suitable for three reasons:

- The number of enterprises receiving support under measure 123 with available data was relatively low (34). Employing a difference-in-differences approach would mean that only an even lower proportion of the data would be utilised, as difference-in-differences only takes into account the pre- and post-treatment years when estimating the impacts.

⁶² No such issue was discovered in the case of non-supported enterprises.

⁶³ Enterprises with no data for any of the components of Gross Value Added (total cost of sales, repairs and maintenance, water and electricity, research and development, transport expenses) and where all components of Gross Value Added were indicated to be zero.

- To use difference-in-differences, data is required for both the pre-treatment and post-treatment period for all entities. Due to frequently missing data, only 28 enterprises could be included in the estimation sample⁶⁴.
- The heterogeneity of contracting dates. Out of the 34 supported enterprises included in the estimation sample, 14 received their first payments in 2010, 7 in 2011, 2 in 2012, 9 in 2013 and 2 in 2014. The difference-in-differences estimator, however, does not take into account the large differences in the date of the implementation of the projects.

Mitigating the abovementioned issues is possible to some extent by using a fixed effects regression. In the case of the fixed effects estimator:

- Information is used regarding all years where data is available.
- Unbalanced data poses no particular challenge for the estimation.
- The heterogeneity of payment dates is taken into account precisely.

The fixed effects estimator assumes that there is an unobserved fixed effect with an impact on the outcome variables. In order to identify the impacts of the support, these fixed effects are assumed to be time-invariant.

Formally, we estimate the following equation for the three indicators:

$$y_{it} = \alpha_i + \beta_1 * treatment_{it} + \beta_2 * year_t + \varepsilon_{it}$$

The above equation is estimated in two specifications. In the first specification, the value of the treatment variable is one if an enterprise received the first payments for its project and remains one for all subsequent years. In the second specification, instead of a binary treatment variable, the grant amount is used and treatment effects are averaged across supported enterprises taking into account the differences in the grant amounts to estimate the average impact of support. The model is estimated with and without the year dummies included.

Estimation results

The following table presents the outcomes of the estimation. Estimations significant at the 5% level of significance are presented in italic in the table.

Table 59: Estimation outcomes

Outcome variable	FTE				GVA				Productivity			
	(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)
Specification	<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>
Treatment variable	dummy	dummy	grant	grant	dummy	dummy	grant	grant	dummy	dummy	grant	grant
Date dummies	NO	YES	NO	YES	NO	YES	NO	YES	NO	YES	NO	YES
Treatment effect	2.72	2.10	4.95	4.47	45,297	-39,757	53,521	-13,987	6,682	12,082	3,033	7,151
Adjusted R-squared	0.917	0.9171	0.9171	0.9172	0.8279	0.8287	0.8279	0.8287	0.4585	0.4596	0.4585	0.4596
N	7,972	7,972	7,972	7,972	10,018	10,018	10,018	10,018	7,228	7,228	7,228	7,228
Estimated impact	3.6				11,268				7,237			

⁶⁴ Pre-treatment period: 2009 (the year prior to the first payments), post treatment period: 2013.

Source: KPMG (2016).

The estimated impacts are all positive regarding the number of FTEs and GVA. Impact estimates are statistically significant only in the case of the number of FTEs. The estimated impact on GVA is positive in models not containing year dummies but turns into negative once year dummies are included in the model.

Indicator values

The following table presents the calculated indicator values and the details regarding the calculations. The figures indicate that measure 123 managed to achieve most of its targets. The target regarding labour productivity gains is estimated to have been substantially over performed.

Table 60: Indicator values of measure 123

Category	Indicator	Target	Value	Execution rate	Calculation
Output	Number of enterprises supported	45	43	95.56%	Based on data provided by the Managing Authority.
Output	Total volume of investment (EUR)	11,400,000	7,503,560	65.82%	Based on data provided by the Managing Authority.
Result	Increase in Gross Value Added in supported holdings/enterprises	8.4% € 953,595	14.1% € 1,598,093	168%	Data was available regarding Gross Value Added for both 2007 and 2013 for 27 enterprises. The increase in total Gross Value Added by these 27 enterprises between 2007 and 2013 amounts to € 1,003,453. For the remaining 16 enterprises, the increase in total Gross Value Added was estimated by multiplying the number of enterprises with the average increase in Gross Value Added between 2007 and 2013 by the 27 enterprises with available data. The estimated increase in Gross Value Added by these 16 enterprises amounts to € 594,640. The indicator value is the sum of the two figures.
Result	Number of holdings/enterprises introducing new products or techniques	37	36	96.81%	Based on data provided by the Managing Authority.
Impact	Net additional value added expressed in PPS	1,105,996	2,737,410	247.51%	Each enterprise receiving support is estimated to have a yearly increase in Gross Value Added of € 11,268 beginning with the first year of payments. The indicator value was calculated for the 43 supported enterprises based on the first year of payments ⁶⁵ . For the conversion to PPS, data from EUROSTAT ⁶⁶ was used. Finally, the indirect effects of the support were estimated based on the input-output tables of EUROSTAT. The multiplier (1.37) regarding GVA was calculated based on the distribution of supported

⁶⁵ The table presenting the first and last years of payments for the supported enterprises is presented in Annex 2.

⁶⁶ Table tec00120. Available at: <http://ec.europa.eu/eurostat/web/products-datasets/-/tec00120>.

					enterprises among NACE sectors ⁶⁷ . As the identified deadweight was 0%, it was not taken into account during the calculations.
Impact	Change in Gross Value Added per full time equivalent	1.3% € 233	40.37% € 7,237	3,105%	Estimated directly by fixed effects regression.
Impact	Change in the number of full-time equivalents employed by beneficiaries.	n/a	3.6	n/a	Estimated directly by fixed effects regression.

Source: KPMG (2016).

Limitations

As all impact estimations, the estimations presented above have limitations one must take into account when interpreting the estimated impacts. The most important ones are:

- The low number of participating enterprises: the low number of participating enterprises (43) makes it difficult to precisely estimate the impacts attributable exclusively to measure 123.
- Data quality: data regarding Gross Value Added and the number of FTEs was often missing. If data is missing systematically (for instance data is less likely to be reported for smaller enterprises), the estimations can be biased.
- Most estimates – except for the number of FTEs – are not statistically significant. Nonetheless, the point estimates are relatively stable across estimation methodologies. We assumed that this can be attributed to the low number of supported enterprises in the estimation sample.
- Some of the supported enterprises received support from other RDP measures. 13 out of the 43 supported enterprises received support from other RDP measures, which can lead to overestimating the impacts of the support. Excluding these enterprises from the estimation sample, however, would have been problematic due to the already low number of supported enterprises and frequently missing data. Consequently, we opted for keeping such enterprises in the estimation sample.

B. Counterfactual impact evaluation of measure 121

Data

For the purposes of the evaluation of measure 121 data was used from the Maltese FADN surveys ranging from 2008 to 2014. The variables utilised in the estimations were constructed from a set of more than 600 variables collected by the FADN survey. Calculations were based on the Variables in Standard Results table of the FADN guidebook *An A to Z of methodology* (2010). The Gross Value Added variable represents an exception, as it is not included in the FADN guidebook. Here we followed standard procedure, also supported by the EC, and constructed our main dependent variable as follows: total output – total intermediate consumption. The following table presents the variables in the database used for the analysis in the end.

Table 61: Overview of data fields used in the analysis

Variable	Description	Data type
UnitID	Anonymised ID of the entity	numerical, unique identifier

⁶⁷ 34 supported enterprises with data available regarding NACE sectors.

Year	Year in which data was collected	numerical, date
AWU	Annual working unit (interchangeable with full-time equivalent) for a given year	numerical
GVA	Gross value added for a given year, i.e. total output (SE131) – total intermediate consumption (SE275)	numerical
GVA/AWU	Labour productivity for a given year, i.e. GVA / AWU	numerical
subsidy	Amount of grant paid within the confines of M121	numerical
treated	1: farm received support in the given year or previously, 0: farm received support neither in the given year nor previously	binary
Grossinvestment	Gross investment for a given year	numerical

Source: KPMG (2016).

Prior to the estimation of the impact of measure 121, the data was cleaned. Only units with existing observations for all years were kept for the final estimation sample.

Estimation methodology

Similarly to measure 123, we estimated the impacts of measure 121 by fixed effects regressions. The fixed effects estimator assumes that there is an unobserved fixed effect for every unit with an impact on the outcome variables. In order to identify the impacts of the support, these fixed effects are assumed to be time-invariant. After experimenting with several model specifications, taking into consideration the statistical properties of the models we estimated the following equation for labour productivity⁶⁸:

$$y_{it} = \alpha_i + \beta_1 * treatment_{i(t-1)} + \beta_2 * treatment_{i(t-2)} + \beta_3 * year_t + \gamma_{ix} * X_i + \varepsilon_{it}$$

Other explanatory variables (X_i): $GVA_{i(t-1)}$; $GVA_{i(t-2)}$; $Gross\ Investment_{i(t-1)}$; $Gross\ Investment_{i(t-2)}$. We believe that both GVA before the treatment and gross investment before the treatment have high relevance when mitigating for selection bias. Previously better performing enterprises might have higher chances of knowing about and successfully applying for support. Also, farms that committed themselves previously to invest in their holding may apply for funding with a higher probability. The value of the treatment variable is one if an enterprise received the first payments for its project and remains one for all subsequent years.

Estimation results

The following table presents the outcomes of the estimation. Significance level indicated behind the coefficient, with the standard error presented in brackets.

Table 62: Estimation outcomes for measure 121

treated dummy (t-1)	-9273.043*** (3373.165)
treated dummy (t--2)	10488.01*** (3191.593)
Adjusted R-squared	0.3401

⁶⁸ Estimations concerning Gross Value Added and AWU did not provide statistically significant results either by employing a difference-in-differences methodology or by employing fixed effects regression.

N	1190
Net treatment effect after two years	1214.967
LAG1 GVA	.0277706** (.0138383)
LAG2 GVA	.0345772** (.0161453)
LAG1 Gross investment	.0410944*** (.0061395)
LAG2 Gross investment	.0540533*** (.0060314)

Source: KPMG (2016). Standard errors in parentheses. ***, ** - statistically significant at the 1, 5, 10 percent level of significance.

The estimated impact of the investment support is positive for labour productivity. The effect is delayed, with a one year lag having a negative impact, but a two year lag showing positive results. It is difficult to explain why one year after the support the productivity of the beneficiaries would fall compared to non-supported farms: for instance, farmers employing extra workforce after the investments, but not realizing the profits of the investment yet. We calculated the net effect of the support on productivity as the sum of the effect of the one year lag and the two year lag. Consequently, we only considered the full effect of payments which have been disbursed until 2012.

The adjusted R-squared shows that our estimations explain 34% of the variance of the dependent variable (GVA/AWU). As there might be factors affecting productivity that we could not control for (e.g. weather), we included year dummies in the estimation which absorb such factors, assuming they are time invariant⁶⁹. The other two explanatory variables significant on a 1 or 5 percent significance level were the previous performance of the farms (level of GVA) and the volume of previous gross investments. For both variables the one and two year lag had a significant effect.

Impact on GVA is calculated from the productivity indicator. Yearly effect of treatment on GVA equals the effect on productivity times AWU for every year. The increase in GVA due to the support is the aggregated value of these yearly effects. This result is not an estimation by itself. Instead we assume that based on our estimation of the productivity and our definition of productivity (GVA/AWU) we can trace back the change in GVA levels.

Indicator values

The following table presents the calculated indicator values and the details regarding the calculations. The figures indicate that measure 121 has managed to achieve its targets. The target regarding labour productivity gains is estimated to have been substantially over performed.

Table 63: Indicator values of measure 121

Category	Indicator	Target	Value	Execution rate	Calculation
Output	Number of farm holdings supported	363	363	100%	based on monitoring data
Output	Total volume of investment	€39,700,000	€ 51,637,253	130%	based on monitoring data

⁶⁹ In different estimations we have tried controlling for farm size, farming type and other characteristics, but they were rarely significant – we could not detect systemic differences.

Result	Increase in gross value added in supported holdings/enterprises	9.2% €1,439,836	20.2% €3,159,228	219%	$\sum_{t=2008}^{2014} \sum_{i=1}^{238} ((\beta_1 + \beta_2) * treated_{i(t-2)}) * AWU_{it}$
Result	Number of holdings/enterprises introducing new products or techniques	216	273	126%	based on monitoring data
Impact	Net additional value added expressed in PPS	PPS 1,483,012	PPS 6,173,499 ⁷⁰	416%	Increase in GVA * 1.86 * 0.85 * 1.236
Impact	Change in gross value added per full time equivalent	4.7% €564	10.1% €1,215	215%	Estimated by fixed-effect regression.
Result	Increase in gross value added in the whole agricultural sector	n.a.	€5,876,165	n.a.	M121: $\Delta GVA * 1.86$
Impact	Change in gross value added per full time equivalent in the whole agricultural sector	n.a.	€2,260	n.a.	M121: $\Delta GVA / AWU * 1.86$
Result	Change in gross value added in the whole rural economy	n.a.	€ 7,169,014	n.a.	M121: $\Delta GVA + M123: \Delta GVA$
Impact	Change in gross value added per full time equivalent in the whole rural economy	n.a.	€ 1,853	n.a.	$\frac{M121: \Delta \frac{GVA}{AWU} * 363 + M123: \Delta \frac{GVA}{AWU} * 43}{363 + 43}$

Source: KPMG (2016).

Limitations

As all impact estimations, the estimations presented above have limitations one must take into account when interpreting the estimated impacts. The most important ones are:

- the fixed-effect estimator assumes individual characteristics as size, farming type, organisational form, etc. as part of the fixed effect – it is not possible to control for these variables in the model on a group level due to multicollinearity. The only option would be estimating the impacts separately for the different groups we choose to investigate, but in this case there would often be too few observation per group to have meaningful results.

⁷⁰ Assuming that all support was directed at the “Agriculture, forestry and fishing” sector, the GVA multiplier is 1.86. According to EUROSTAT table tec00120, the relative price level compared to the EU28 in Malta was 80.9% in 2014. Hence the PPP conversion rate is 1/0.809=1.236. Deadweight is assumed to be 15%.

C. GNB indicator

Data

Name	Field yield (kg/m ²)	Greenhouse yield (kg/m ²)	Field yield (kg/m ²)	Greenhouse yield (kg/m ²)	Area (ha)	Area (ha)	Total Production (kg)	Production in open fields (kg) (approx. 75% of total)	Production in GH (kg) (approx. 25% of total)	Area (open air fields) (m ²)	Area (Greenhouses) (m ²)	N need (g/kg yield)	Total N need (kg)	Total N use (kg)
Bell Peppers	2.2	4.4	0.009	0.016			866 000	649 500	216 500	292 015	48 669	3.0	2 598	3 377
Broad Beans	1.8	0.0	0.000	0.000	350		2 230 000			1 253 260		8.0	17 840	0
Cabbages	6.7	0.0	0.007	0.000	97		4 429 000			663 759		5.0	22 145	4 724
Cauliflower	3.6	0.0	0.007	0.000	189		5 782 000			1 624 742		10.0	57 820	11 564
Broccoli	3.6	0.0	0.007	0.000						0		9.0	0	0
Celery	5.3	0.0	0.000	0.000			444 000			83 176		7.0	3 108	0
Cucumber	2.2	10.7	0.013	0.018			743 000	557 250	185 750	250 540	17 399	2.0	1 486	3 653
Dry Onions	1.8	0.0	0.007	0.000			7 369 000			4 141 378		3.0	22 107	29 476
Aubergines	3.1	6.2	0.012	0.016			754 000	565 500	188 500	181 606	30 268	3.0	2 262	2 747
Globe Artichoke	4.0	0.0	0.009	0.000			1 309 000			326 959		3.0	3 927	2 909
Green Onions	2.7	0.0	0.002	0.000			804 000			301 232		5.0	4 020	536
Kohlrabi	3.6	0.0	0.007	0.000			942 000			264 702		2.0	1 884	1 884
Lettuce	1.8	0.0	0.003	0.000	79		4 611 000			2 591 382		5.0	23 055	6 917
Potatoes	5.8	0.0	0.016	0.000	1063		12 644 000			2 186 439		6.0	75 864	35 014
Pumpkins	3.1	0.0	0.011	0.000			1 304 000			418 770		2.5	3 260	4 471
Melons	3.6	8.9	0.013	0.022	240		2 808 000	2 106 000	702 000	591 786	78 905	3.0	8 424	9 653
Tomatoes (det)	3.6	8.5	0.011	0.019	405		9 829 600	7 372 200	2 457 400	1 613	287 721	3.0	7 389	5 393
Tomatoes (indet)	5.8	2.1	0.011	0.019	405		2 457 400	1 843 050	614 350	425	287 721	3.0	1 850	5 380

Marrows	4.4	8.9	0.011	0.020	200		3 177 000	2 382 750	794 250	535 642	89 274	5.0	15 885	7 466
Watermelons	7.6	0.0	0.012	0.020	118		3 426 000			453 038		3.5	11 991	5 643
Runner Beans	0.9	0.0	0.003	0.000						0		8.5	0	0
Strawberries	5.3	7.1	0.000	0.000			720 000			134 880		6.0	4 320	0
Peas	1.3	0.0	0.003	0.000						0		8.0	0	0
Spinach	0.9	0.0	0.004	0.000						0		8.0	0	0
Carrots	2.5	0.0	0.000	0.000	63		1 307 000			524 667		3.8	4 967	0
Grapes	1.2	0.0	0.020	0.000	645	621	5 256 000			4 219 817		3.5	18 396	82 594
Peaches	2.2	0.0	0.018	0.000	145		547 000			245 931		2.4	1 313	4 376
Citrus*	1.6	0.0	0.018	0.000	90		1 329 000			829 887			0	14 767
Forage	0.7	0.0	0.004	0.000	4172		246 886			370 000		7.0	1 728	1 646
Olives	0.6	0.0	0.009	0.000		106	420 000			620		9.0	3	6

1 tumolo = 1124 m2

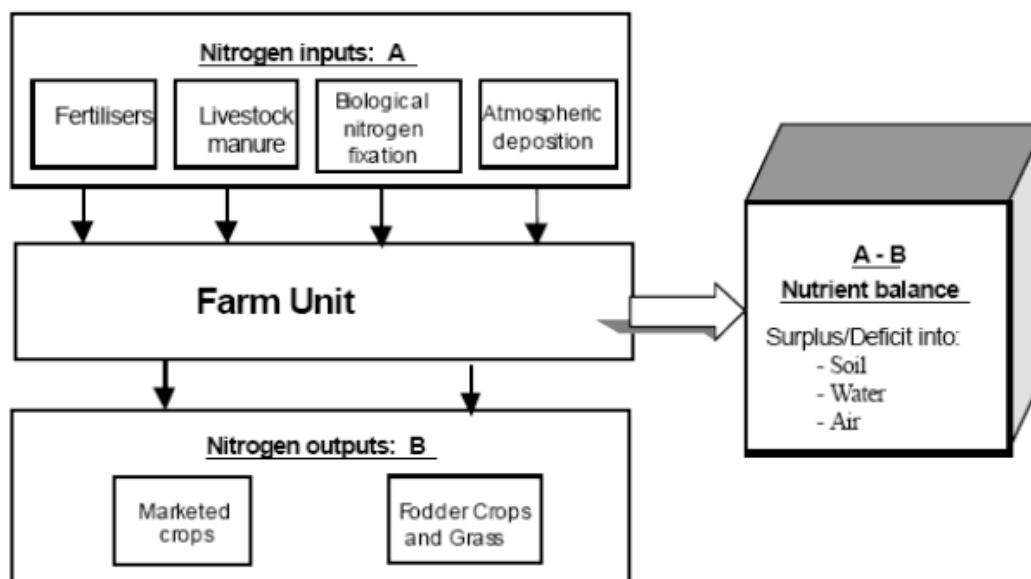
	22 488 268	839 955	Total:	317 643	244 194
Total (m2)	23 328 223		for 1 ha:	136	105
Total (ha)	2 333		Balance:	-73 448	kg
				-31	kg/ha

Source: KPMG (2016).

Estimation methodology⁷¹

The gross nitrogen balance represents the theoretical nitrogen surplus in the soil calculated by the difference between the total quantity of nitrogen inputs entering the soil and the quantity of nitrogen outputs leaving the soil annually. The use of gross nitrogen balance as an indicator of the potential N loss to aquatic system is significant.

The following figure shows the main elements of the nitrogen balance calculation.



Source: OECD 2007 www.oecd.org/tad/env/indicators

The annual total quantity of nitrogen inputs includes:

- a) Inorganic or chemical nitrogen fertilizer: quantity consumed by agriculture
- b) Net livestock manure nitrogen production: total number of live animals in terms of different species, sex, age and purpose, multiplied by respective coefficients of the quantity of nitrogen contained in manure/animal/year
- c) Atmospheric deposition of nitrogen: total agricultural land area multiplied by a single coefficient of nitrogen deposited/kg/ha
- d) Biological nitrogen fixation: area of harvested legume crops multiplied by respective coefficient of nitrogen fixation/kg/ha
- e) Nitrogen from recycled organic matter: quantity of sewage sludge applied to agricultural land multiplied by a single coefficient of nitrogen content/kg of sewage sludge

The annual total quantity of nitrogen outputs or nitrogen uptake includes:

- a) (a) Harvest crops: quantity of harvested crop production multiplied by respective coefficient of nitrogen concentration
- a) (b) Forage crops: quantity of forage crop production multiplied by respective coefficient of nitrogen concentration

The soil N surplus is therefore estimated as being the difference between N inputs and outputs.

Method used for Malta's RDP

We have used 2013 year's data for 22 different vegetables, 6 different fruits, forage and olives

The input data structure was as follows:

- Yield in field (kg/m²)

⁷¹ Source: R. Lukesch, B. Schuh (ed): Approaches for assessing the impacts of the Rural Development Programmes in the context of multiple intervening factors. 2010. The European Evaluation Network for Rural Development

- Yield in greenhouses (kg/m²)
- N use in field (kg/m²)
- N use in greenhouses (kg/m²)
- Total production (kg) of which
 - Production in open fields (kg) (75% of total production)
 - Production in greenhouses (kg) (25% of total production)

Based on the input data we calculated the following output (result) data:

- Area of open fields (m²): total production (kg) / Yield in field (kg/m²) or production in open fields (kg) / Yield in field (kg/m²) if the total production divided in two parts
- Area of greenhouses (m²): total production (kg) / Yield in greenhouses (kg/m²) or production in greenhouses (kg) / Yield in greenhouses (kg/m²) if the total production divided in two parts

Calculation of N balance:

- N needs (g/kg yield) were calculated based on different literature sources and expert estimations
- Total N needs (kg): Yield in field (kg/m²) x N needs (g/kg yield) x Area of open fields (m²) + Yield in greenhouses (kg/m²) x N needs (g/kg yield) x Area of greenhouses (m²)
- Total N use (kg): Area of open fields (m²) x N use in field (kg/m²) + Area of greenhouses (m²) x N use in greenhouses (kg/m²)
- Sum of data of Total N needs (kg) = total N output (317 643 kg)
- Sum of data of Total N use (kg) = total N input (244 194 kg)
- N balance: total N input – total N output = - 73 448 kg deficit for the whole area (2 333 ha)
- N balance of 1 ha is: -31 kg

D. GIS based analysis

The aim of the GIS analysis was to evaluate the spatial relevance of the parcels related to commitments, answering - for example – on the following question: what is the impact of the biodiversity-oriented commitments on the areas related to different biodiversity problems?

In favour of this we used the following maps for territorially clarifying areas related to different environmental problems:

Name of map	Environmental problem
Natura-2000 areas	Biodiversity
Less Favoured Areas	Marginalisation
Soil map	Reduced topsoil

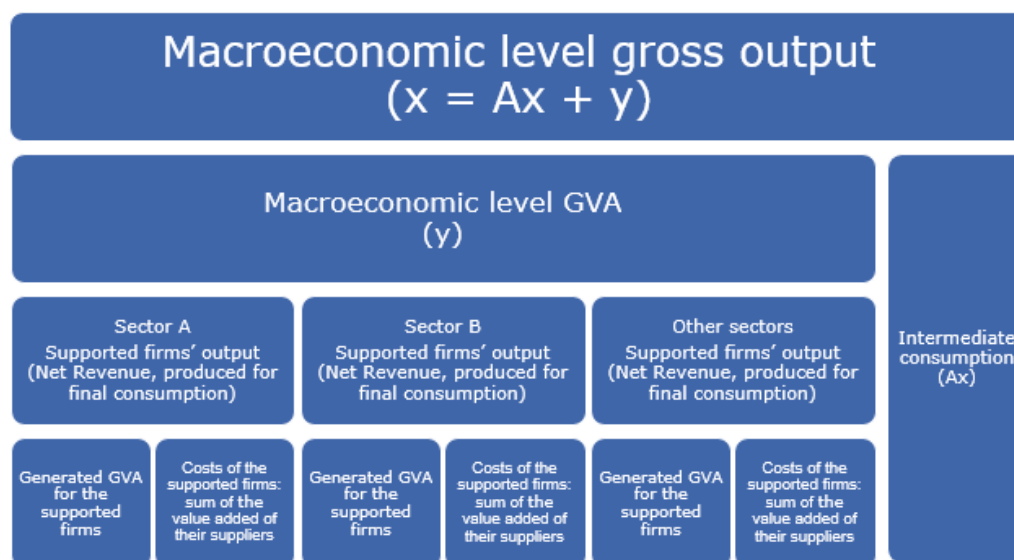
The use of the maps described above was as follows: if the parcel - related to a given (for example a biodiversity-oriented) commitment - overlaps the map of the Natura 2000 sites we evaluated this commitment with a higher impact than the parcel which does not overlap the map of Natura-2000 sites. The same method was used in case of the other environmental problems, using the appropriate maps.

E. I/O analysis

The level of beneficiaries and the macroeconomic level

It is important to differentiate value added on firm level and macroeconomic level as the firm level value added is just a proportion of the total market value of the newly created product. The total macroeconomic value added is the sum of the value added of

different firms which is the sum of the value added of the last firm in the supply chain (observable variable for analysis) and the costs accumulated for the last firm in the supply chain. Subtracting the total value added on macroeconomic level (which is the sum of the value added in firm level) from the gross output one can get the value of the intermediate consumption on macroeconomic level. If we have data on the amount of support needed to create one additional output or value added on firm level, the macroeconomic level value added can be estimated by input output tables.



The theory of multiplication

Multipliers are based on the domino theory of economic change and are often referred to as the estimators of 'ripple effect'. They quantify the wider consequences of a change in an economy, taking into account its internal structure and foreign trade patterns.

Multipliers are coefficients that relate a change in a component of aggregate demand to a consequent change in another factor (output, employment, value added, tax payable etc.).

The increase of the demand in a certain sector (e.g. in agricultural processing) results in the rise of intermediate consumption, i.e. the more output is produced, the more products and services are required from the suppliers of the industry (e.g. from the primary producer that provides input to the processing company).

The additional production of suppliers induces similar effects through their own suppliers (e.g. the primary producers requires more seed, and more machines to meet additional demand).

This chain of effects cascades down the whole economy. The multiplier ratio demonstrates the total supplementary impact of the increased demand.

Input-output analysis

Input-output analysis is a method used to characterise economic activity in a given time period, and to predict the reaction of a regional economy to economic stimuli, in this case, for the impacts attained as the result of RDP support. We used this method to determine output, GVA and employment multipliers required for the calculation of impact indicators.

The four basic economic activities (production, consumption, accumulation and foreign trade) are captured by the symmetric industry-by-industry input-output table, which shows how much input each industry requires from other industries and what the components of gross output are in each industry. The input-output matrix assumes fixed coefficients in production over time and

among all enterprises classified into the same sector. Considering that Malta is a small open economy, we used an input-output table concerning domestic economic activities only in order to account for leakage and to avoid the overestimation of spillover effects.

Since the input-output table represents the production technology of the economy, and such structures merely change in 5 to 10 years' time, we used the latest OECD's input-output table for Malta for the mid-2000s, representing 37 sectors of the economy, according to ISIC rev. 3⁷² definitions. The RDP mainly concerns the following economic sectors:

- 'Agriculture, hunting, forestry and fishing' (containing primary production),
- 'Food products, beverages and tobacco' (containing food processing industry)
- 'Other community, social and personal services' (including amusement parks, zoos, entertainment and recreational activities etc.) and
- 'Hotels and restaurants' (supposedly the main beneficiary of the tourism related development).

Therefore, these sectors are of prime interest for the input output analysis. The input-output table is used for the calculation of the direct input requirements matrix ($\mathbf{A} = |a_{ij}|$), which shows the use of products and services industry by industry relative to the industry total of intermediate consumption. The a_{ij} th element of the \mathbf{A} matrix shows how much the i th sector should produce to satisfy the immediate demand of the j th sector to produce one additional unit of product or service. As the i th sector needs inputs to make products for the j th sector, it generates additional demand for other sectors' products as well. This process can be captured by adding up the direct requirement matrix's geometric sequence. A given size of additional output, expressed as vector \mathbf{y} , requires $\mathbf{A}\times\mathbf{y}$ intermediate consumption in the first, $\mathbf{A}\times\mathbf{A}\times\mathbf{y}$ in the second, $\mathbf{A}\times\mathbf{A}\times\mathbf{A}\times\mathbf{y}$ in the third round, etc. The sum of direct requirements matrices (including the one unit additional product) is called Leontief inverse matrix which equals to $(\mathbf{I} - \mathbf{A})^{-1}$, where \mathbf{I} representing the identity matrix.⁷³

The element of the Leontief inverse in the i th row and j th column represents the total output of the i th sector needed for producing an additional unit in the j th sector including not only the direct intermediate consumption, but ripple effects as well. Adding up all the elements of the Leontief inverse matrix in a certain column (j th) gives a so-called output multiplier, i.e. the change of output (including the additional output) in the whole domestic economy as a result of one additional unit of final demand of the given sector (j th).

The input-output model can also be used to calculate multipliers of other factors, such as gross value added (GVA), employment, tax, income, etc., as a result of +1 unit of change in final demand. As producing additional output needs more working hours and creates added value, it is possible to give an estimation of the GVA and employment multipliers as well. Computing such multipliers requires additional variables like employment and GVA coefficients of the sectors which can be calculated by using data from the input-output tables. These are the following.

$$\text{GVA coefficient of the } j^{\text{th}} \text{ sector: } g_j = \frac{GVA_j}{\text{Gross output}_j}$$

⁷² International Standard Industrial Classification of All Economic Activities, OECD, <http://www.oecd.org/trade/input-outputtables.htm>

⁷³This is the property of Neumann series: $\mathbf{I} + \mathbf{A} + \mathbf{A}^2 + \mathbf{A}^3 + \mathbf{A}^4 + \dots = (\mathbf{I} - \mathbf{A})^{-1}$. The economic literature uses the term *gross output* referring to the total amount of products and services generated including intermediate consumption. The Gross Value Added (GVA), which is the basic element of the GDP, is calculated by subtracting the intermediate consumption from the gross output. The Leontief inverse matrix can be deduced from the following expression as well: $\mathbf{x} = \mathbf{A}\mathbf{x} + \mathbf{y}$, where \mathbf{x} is the vector of gross output, \mathbf{A} is the direct requirement matrix, \mathbf{y} is the final demand vector, and $\mathbf{A}\mathbf{x}$ is the intermediate consumption. Rearranging this equation one can see the relationship between the macroeconomic level value added and the gross output: $\mathbf{y} = (\mathbf{I} - \mathbf{A})^{-1}\mathbf{x}$. The connecting link is the Leontief inverse matrix.

Employment coefficient of the j^{th} sector: $e_j = \frac{FTE_j}{\text{Gross output}_j}$.

Using the value added and the employment coefficients, the multipliers below can be estimated.

GVA multipliers: $\mathbf{m}_g = \mathbf{g}(\mathbf{I} - \mathbf{A})^{-1}$

Employment multipliers: $\mathbf{m}_e = \mathbf{e}(\mathbf{I} - \mathbf{A})^{-1}$,

where \mathbf{m}_g and \mathbf{m}_e are the vectors of value added and employment multipliers⁷⁴, \mathbf{g} and \mathbf{e} are the row vectors of the GVA and employment coefficients, and $(\mathbf{I} - \mathbf{A})^{-1}$ is the abovementioned Leontief inverse matrix.

These multipliers provide estimations of the impact of a unit change in output on the gross value added and the employment as well. For instance, the i^{th} element of the employment multiplier vector gives the total additional employment (in the whole domestic economy) as a result of producing one additional output for final consumption in the i^{th} sector.

As RDP support was provided to several sectors within different measures, a weighting method was used to estimate the average multiplier for each measures. In order to account for this fact, a weighting table was created separately for measure 121 and measure 123. As we had no information regarding the sectoral distribution of the support in the case of measure 121, we assumed that the created GVA and the number of projects are proportional across the four primary sectors affected by the implementation of the RDP. In the case of measure 123, as we knew the exact distribution of the number of beneficiaries across sectors, this distribution was used. Using the calculated weights, average multipliers were estimated for each measure by using sectorial multipliers as well.

F. LAG international benchmarking

LAG benchmarking is the result of the implementation of a methodological mix. As a first step, KPMG performed **desk research**, including an analysis of documents available on the websites of the chosen Local Action Groups (e.g. Local Development Strategies, descriptions of organisational structure, statutes, calls and summary documents of the results of different actions) and methodologies provided by the EU. Also, **personal interviews** were conducted with managers, or senior staff members of the Local Action Groups. In addition, **questionnaires** were sent to each selected Action Group, in which they could answer a structured list of questions regarding their management and operational system, the implementation of the LEADER measures, the impact they have made on the intervention areas and the difficulties they faced.

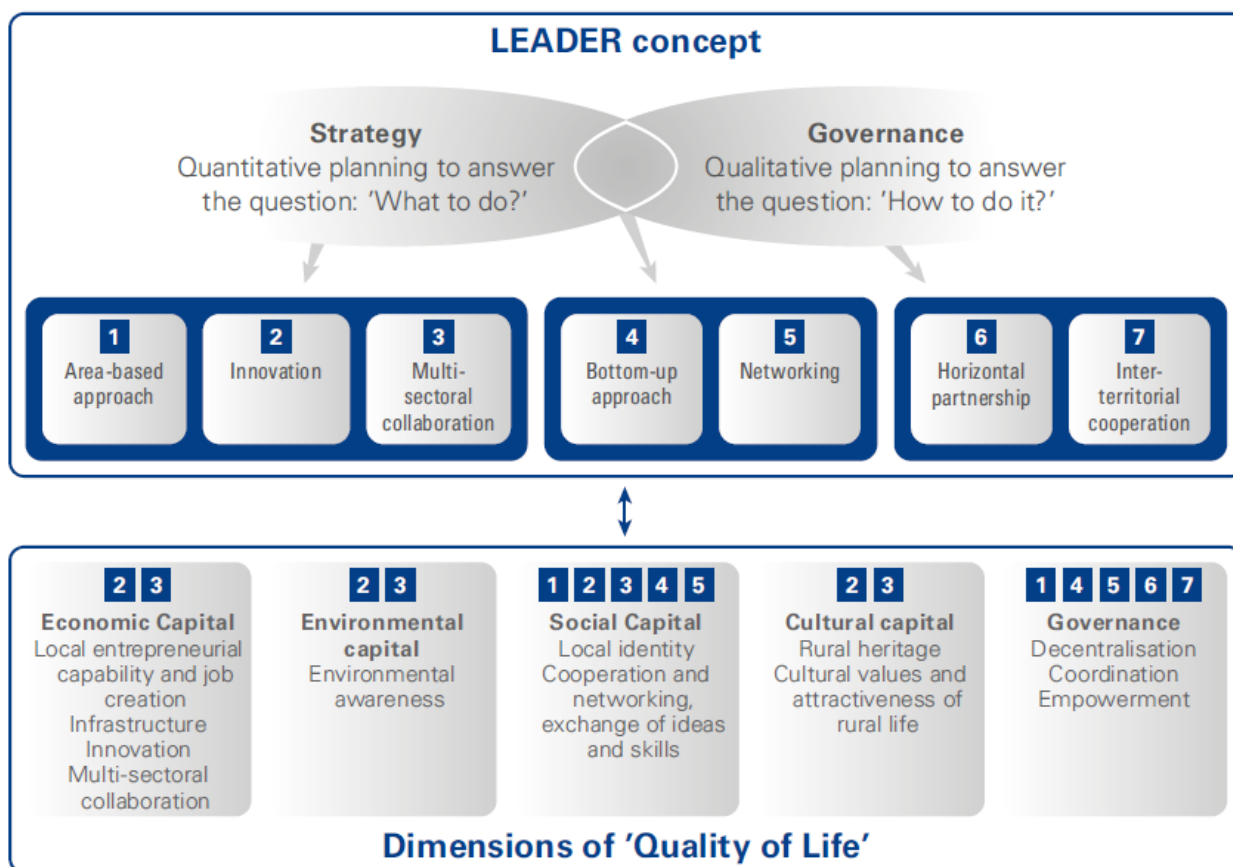
The evaluation of LEADER presents an enduring challenge for evaluators because it is difficult to create a reliable system to measure 'impacts'. Composite indices have been created, trying to grasp the essence of 'quality of life', but with limited success. The basic guidelines that provided the basis for our methodological approach were the '**Working Paper on Capturing impacts of LEADER and of measures to improve quality of life in rural areas**' issued by the European Commission in 2010⁷⁵, and the paper on '**Assessing the added value of the LEADER approach**'⁷⁶. The latter document was created to help the evaluation of LEADER II, though it proved to be a useful tool for the evaluation of LEADER as well.

⁷⁴ For the easier interpretation, impact of € 1,000,000 GVA in firm level will be used to illustrate the effects on the employment.

⁷⁵ European Evaluation Network for Rural Development, July 2010

⁷⁶ issued by the European Commission (LEADER Observatory): <http://www.celodin.org/files/sk/4899998800.pdf>, <http://ec.europa.eu/agriculture/rur/leader2/rural-en/biblio/spec/contents.htm>

The features of the LEADER concept are interlinked with the dimensions of 'Quality of Life'⁷⁷, and can be described by the following figure.

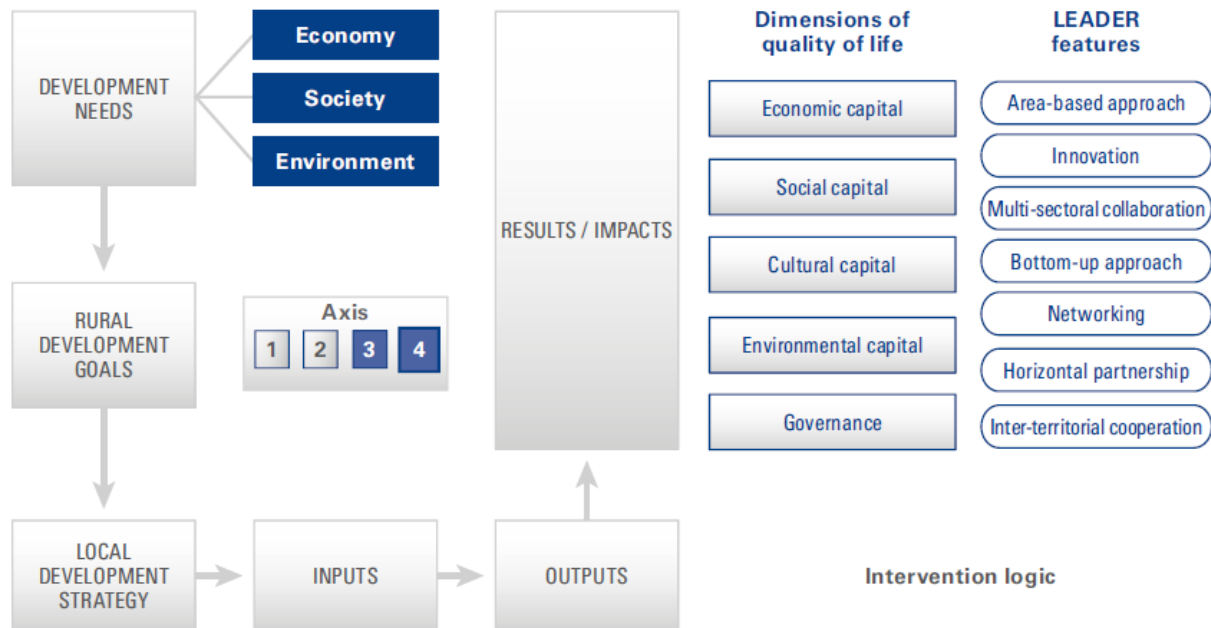


Source: Working Paper on Capturing impacts of LEADER and of measures to improve quality of life in rural areas (modified by KPMG)

The results and impacts of the LEADER programme – achieved by the Local Action Groups – could be assessed in line with the five dimensions of quality of life: social capital, cultural capital, economic capital, environmental capital and governance. We juxtaposed the aforementioned dimensions with the seven distinguishing features of LEADER. Each evaluation question is linked to one or more dimensions of quality of life and is connected to a varying extent to the LEADER features.

The figure below provides an outline of our methodology.

⁷⁷ European Network for Rural Development defines Quality of Life as 'a function of people's life circumstances, which of course have an economic dimension, but also includes their social networks, their health and their sense of worth, and the sustainability of the environment on which they depend.'



Development needs are related to the local economic, social and environmental specificities of the Local Action Group intervention area. These define the main problems of the territory.

Rural development goals are the general objectives of Rural Development Programmes. We could find these overall objectives in Council Regulations and they are elaborated in the national programming documents. LEADER is (in the 2007-2013 programming period) part of the European Agricultural Fund for Rural Development that consists of the following axes:

- Axis 1 – improve the competitiveness of the agricultural and forestry sector
- Axis 2 – improve the environment and the countryside
- Axis 3 – enhance the quality of life in rural areas and diversification of the rural economy
- Axis 4 – based on the LEADER experience, introduces possibilities for innovative governance through locally based, bottom-up approaches to rural development⁷⁸

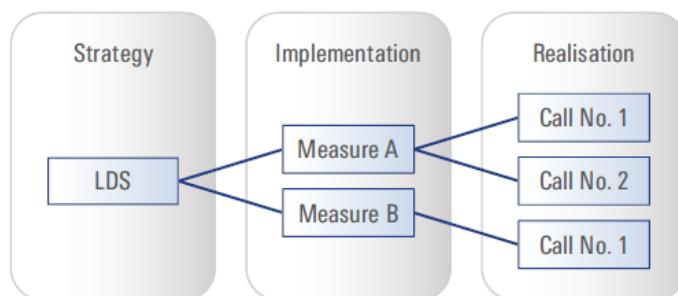
The resources used by LEADER can contribute to the priorities of Axis 1, 2 and 3,⁷⁹ but also have a distinctive role in improving the governance and the endogenous development potential of rural areas.

Local (rural) development strategies contain the goals of national/regional Rural Development Programmes which are interwoven with local needs in order to constitute the comprehensive (and coherent) Local Development Strategy. Due to the ever-changing circumstances, the goals and priorities might be modified on a timely basis through a review of the strategy.

⁷⁸ For more information please visit: http://enrd.ec.europa.eu/enrd-static/policy-in-action/rural-development-policy-overview/axes-and-measures/en/axes-and-measures_en.html

⁷⁹ For further information on the structure of rural development (axes) in the 2007-2013 programming period please visit the following links: http://enrd.ec.europa.eu/enrd-static/policy-in-action/rural-development-policy-overview/axes-and-measures/en/axes-and-measures_en.html, http://europa.eu/legislation_summaries/agriculture/general_framework/l60032_en.htm.

Inputs are related to the management and financial system of the Local Action Groups and refer to the budget allocated to the realised projects and the operational costs of the Action Group. The assessment of inputs includes (taking account of the aspect of efficiency) an analysis of the composition and magnitude of the budget, and the principles behind the allocation of funds. Most of the Local Action Groups draw operational costs from Axis 4 and support measures of Axis 3, though some of them may contribute to Axis 1 and 2 measures as well. Measures are the materialisation of Local Development Strategies (LDSs) as they are at the crossroads of local needs and the available funding. In the simplest terms: the creation of measures is based on local needs. Calls are announced to make beneficiaries able to apply for the measures.



Outputs are the materialised projects themselves, while the **results** and **impacts** have a derivative nature (the effects of LEADER). Our evaluation methodology focuses on the assessment of measures of Axis 3 and 4.

The following table shows these measures and the different related dimensions of quality of life.

Table 64: Quality of life dimensions of different measures

Axis	Measure	Description	Relevant Quality of Life dimensions
Axis 3 ⁶	3.1.1	Diversification into non-agricultural activities	Economic Capital
	3.1.2	Support for business creation and development	Economic Capital
	3.1.3	Encouragement of tourism activities	Economic Capital, Social Capital, Cultural Capital
	3.2.1	Basic services for the economy and rural population	Economic Capital
	3.2.2	Village renewal and development	Social Capital, Cultural Capital,
	3.2.3	Conservation and upgrading of the rural heritage	Social Capital, Cultural Capital, Environmental Capital
	3.3.1	A training and information measure for economic actors operating in the fields covered by Axis 3	Economic Capital
	3.4.1	A skills-acquisition and animation measure with a view to preparing and implementing a local development strategy	Economic Capital
Axis 4 ⁷	4.1	Implementing local development strategies to achieve the objectives of one or more of the three axes defined in sections 1, 2 and 3	Social Capital, Cultural Capital, Governance
	4.2.1	Implementing cooperation projects involving the objective selected	Governance
	4.3.1	Running the Local Action Group, acquiring skills and animating the territory	Governance

Source: Working Paper on Capturing impacts of LEADER and of measures to improve quality of life in rural areas (adapted by KPMG)

It is important to note that different Local Action Groups focus on different set of measures, or at least they focus on them to a varying degree, in line with their Local Development Strategies. When assessing the results and impacts of LEADER, we analysed the effects of Local Action Group activities in line with the different dimensions of 'quality of life' interlinked with the LEADER features. Therefore, at the end of each profile the effects of the programme will be presented from the following aspects:

- **Economic capital:** local entrepreneurial capability and job creation, infrastructure, innovation, multi-sectoral collaboration

- **Social capital:** local identity, cooperation and networking, exchange of ideas and skills

- **Cultural capital:** rural heritage, cultural values and attractiveness of rural life

- **Environmental capital:** environmental awareness

- **Governance:** decentralisation, coordination, empowerment

In order to compare and classify our findings, we have utilised the methodological concept of '**benchmarking**'. Benchmarking helped to assess the achievements of Local Action Groups by placing the results in context, and by identifying the main factors that potentially improve the outcomes. The outcome of the performed benchmarking is a comparative analysis. Our study attempted to draw solid conclusions and lessons learnt on the fruition of the LEADER programme concerning the seven chosen isolated intervention regions.

G. Baseline indicators

This section provides information on the on the context related and objective related baseline indicators of the RDP. Key baseline indicator values remained the same. However, the original list of indicators has been amended as regards missing indicator values, according to the situation as at end 2013. Where no information has been found regarding the indicator value or the latest available data is the one presented in the RDP (first column), the cell is marked with 'NA'.

Context related baseline indicators

#	Indicator	Measurement	RDP (version of April 2013)	Update for SMR 2010-2011	Update for SMR 2012-2013
BC 1	Designation of rural areas	Number of NUTS 3 regions	NA	2	2
BC 2	Importance of rural areas	% territory	91	NA	NA
		% population	64	NA	NA
BC 3	Agricultural land use	Arable land (% of UAA)	79.9	79.3	76.7
		Permanent crops (% of UAA)	10.6	10.9	10.8
		Permanent grassland and pastures (% of UAA)	0	0	0
BC 4	Farm structure	Number of farms	11,072	12,529 ⁸⁰	13,004 ⁸¹
		Utilised Agricultural Area (Ha)	10,254	11,453 ⁸²	11,689 ⁸³
		Labour force (AWU)	4,039	4,170	5,044 ⁸⁴

⁸⁰ Source: Agriculture Census 2010 (National Statistical Office)

⁸¹ Source: Farm Structure Survey: 2013 (National Statistics Office) http://www.nso.gov.mt/statdoc/document_file.aspx?id=4088

⁸² Source: Agriculture Census 2010 (National Statistical Office)

⁸³ Source: Farm Structure Survey: 2013 (National Statistics Office) http://www.nso.gov.mt/statdoc/document_file.aspx?id=4088

⁸⁴ Source: Farm Structure Survey: 2013 (National Statistics Office) http://www.nso.gov.mt/statdoc/document_file.aspx?id=4088

#	Indicator	Measurement	RDP (version of April 2013)	Update for SMR 2010- 2011	Update for SMR 2012- 2013	
		Average area farm size (Ha)	0.9	0.91	0.90 ⁸⁵	
		Distribution of area farm size (%)	< 5 ha	97.8	97.6	97.6 ⁸⁶
	from 5 to 50 Ha		2.1	2.4	2.4 ⁸⁷	
	> 50 Ha		0	0	0	
		Average economic farm size (ESU)	6.6 ⁸⁸	1.06	NA ⁸⁹	
		Distribution of economic farm size (%)	< 2 ESU	50.5	56.4	NA ⁹⁰
	from 2 to 100 ESU		49	43.4	NA ⁹¹	
	> 100 ESU		0.5	0.2	NA ⁹²	
BC 5	Forestry structure	Area of forest available for wood supply (FAWS) (Ha)	0	0	NA	
		Ownership : % FAWS private owned by	private sector	0	0	0 ⁹³
			other public institutions	0	0	0 ⁹⁴
			state	0	0	0 ⁹⁵
		Average size of private holding of FOWL (Ha)	0	0	0 ⁹⁶	
BC 6	Forest productivity	m ³ overbark/ha	0	0	0 ⁹⁷	
BC 7	Land cover	% of area covered by agricultural classes	47.8	54.2	51.3 ⁹⁸	
		% of area covered by forest classes	0.9	0.6	0.7 ⁹⁹	

⁸⁵ The value has been computed by using data for Utilised Agricultural Area and Number of farms (UAA/number of farms)

⁸⁶ Source: Farm Structure Survey: 2013 (National Statistics Office) http://www.nso.gov.mt/statdoc/document_file.aspx?id=4088

⁸⁷ Source: Farm Structure Survey: 2013 (National Statistics Office) http://www.nso.gov.mt/statdoc/document_file.aspx?id=4088

⁸⁸ Data from Eurostat "Number of farms and areas by type of farming (2-digit) and economic size of farm (ESU)" table: 1,072 (2005)

⁸⁹ With Regulation (EC) No 1242/2008, the economic size of an agricultural holding is measured as the total Standard Output (SO) of the holding expressed in euro. Previously, using rules set by the Decision 85/377/EEC, the economic size was measured as the total Standard Gross Margin (SGM) of the holding expressed in European Size Unit (ESU) instead.

⁹⁰ Same as above

⁹¹ Same as above

⁹² Same as above

⁹³ Source: Eurostat (last available data: 2010) http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=for_area&lang=en

⁹⁴ Same as above

⁹⁵ Same as above

⁹⁶ Same as above

⁹⁷ Same as above

⁹⁸ Source: European Commission (latest available data: 2006) http://ec.europa.eu/agriculture/statistics/rural-development/2013/ch34_en.pdf

⁹⁹ Same as above

#	Indicator	Measurement	RDP (version of April 2013)	Update for SMR 2010- 2011	Update for SMR 2012- 2013
		% of area covered by natural classes	22.7	15.7	18.0 ¹⁰⁰
		% of area covered by artificial classes	28.6	29.4	29.3 ¹⁰¹
BC 8	Less favoured areas	% UAA in non LFA	0	0	0 ¹⁰²
		% UAA in LFA mountain	0	0	0 ¹⁰³
		% UAA in other LFA	0	0	0 ¹⁰⁴
		% UAA in LFA with specific handicaps	100	100	100 ¹⁰⁵
BC 9	Areas of extensive agriculture (% of UAA)	% UAA for extensive arable crops	55.50%	NA	NA ¹⁰⁶
		% UAA for extensive grazing	0	0	0 ¹⁰⁷
BC 10	Natura 2000 area	% of territory under NATURA 2000	12.5	13	13.1 ¹⁰⁸
		% UAA under NATURA 2000	31.9	5.8	7.7 ¹⁰⁹
		% forest area under Natura 2000	35	44.8	31.0 ¹¹⁰
BC 11	Biodiversity:	Protected forest	0	0	0 ¹¹¹
BC 12	Average annual increase of forest and other wooded land areas	ha / year	0	0	0 ¹¹²
BC 13	Forest ecosystem health (% of trees in defoliation classes 2-4)	Coniferous (%)	0	0	NA
		Broadleaved (%)	0	0	NA
		Mixed (%)	0	0	NA
BC 14	% territory designated as Nitrate Vulnerable Zone	% of are	100	100	100

¹⁰⁰ Same as above

¹⁰¹ Same as above

¹⁰² Source: Eurostat (latest available data: 2007) http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ef_ov_kvaaesu&lang=en

¹⁰³ Same as above

¹⁰⁴ Same as above

¹⁰⁵ Same as above

¹⁰⁶ 2010

¹⁰⁷ 2010

¹⁰⁸ Source: Rural Development in the European Union- Statistical and economic information 2013 (latest available data: 2012) (European Commission)

¹⁰⁹ Same as above

¹¹⁰ Same as above

¹¹¹ Source: Eurostat (latest available data: 2010) http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=for_area&lang=en

¹¹² Source: Eurostat (latest available data: 2010) http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=for_area&lang=en

#	Indicator	Measurement	RDP (version of April 2013)	Update for SMR 2010- 2011	Update for SMR 2012- 2013	
BC 15	% irrigated UAA	% of UAA	34.4	30.5	24.7 ¹¹³	
BC 16	Protective forests concerning primarily soil and water	% of forest area	0	0	NA ¹¹⁴	
BC 17	Population density (inhabitants / km ²)	average (national)	1282	1316	1,327.4 ¹¹⁵	
		in rural areas	NA	NA	NA	
BC 18	Age structure	National	% population (0-14 y.o.)	17.1	15.3	14.6 ¹¹⁶
			% population (15-64 y.o.)	69.2	69.2	68.3 ¹¹⁷
			% population (>=65 y.o.)	13.7	15.5	17.1 ¹¹⁸
		In rural areas	% population (0-14 y.o.)	NA	NA	NA
			% population (15-64 y.o.)	NA	NA	NA
			% population (>=65 y.o.)	NA	NA	NA
BC 19	Structure of the economy	National	% GVA by primary sector	2.4	1.9	1.5 ¹¹⁹
			% GVA by secondary sector	23.4	19.3	17.3 ¹²⁰
			% GVA by tertiary sector	74.1	78.8	81.1 ¹²¹
		In rural areas	% GVA by primary sector	NA	NA	NA
			% GVA by secondary sector	NA	NA	NA
			% GVA by tertiary sector	NA	NA	NA
BC 20	Structure of employment	National	% employment primary sector	2.6	2.8	3.0 ¹²²
			% employment secondary sector	28.3	19.2	18.9 ¹²³
			% employment tertiary sector	68.3	78	78.1 ¹²⁴

¹¹³ Source: Rural Development in the European Union- Statistical and economic information 2013 (latest available data: 2010) (European Commission)

¹¹⁴ 2010

¹¹⁵ Source: Eurostat (latest available data: 2012) http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=urt_d3dens&lang=en

¹¹⁶ Source: Eurostat (latest available data: 2013)

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tps00010&plugin=1>

¹¹⁷ Same as above

¹¹⁸ Same as above

¹¹⁹ Source: Rural Development in the European Union- Statistical and economic information 2013 (2012) (European Commission)

¹²⁰ Same as above

¹²¹ Same as above

¹²² Source: Eurostat (latest available data: 2013) http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsi_grt_a&lang=en

¹²³ Same as above

¹²⁴ Same as above

#	Indicator	Measurement	RDP (version of April 2013)	Update for SMR 2010-2011	Update for SMR 2012-2013	
		In rural areas	% employment primary sector	NA	NA	NA
			% employment secondary sector	NA	NA	NA
			% employment tertiary sector	NA	NA	NA
BC 21	Long-term unemployment (%)	average (national)	3.4	5.2	2.9 ¹²⁵	
		females	1.2	2.5	2.4 ¹²⁶	
		in rural areas	NA	NA	NA	
BC 22	% Adults (25-64 years) with medium and high educational attainment	average (national)	24.1 ¹²⁷	46	41 ¹²⁸	
		in rural areas	NA	NA	NA	
BC 23	Internet infrastructure (DSL coverage in % of people)	average (national)	98	NA ¹²⁹	100 ¹³⁰	
		in rural areas	NA	NA	100 ¹³¹	

Objective related baseline indicators

#	Indicator	Final RDP	Update (end 2011)	Update (end 2013)	
B 1	Economic development (GDP per capita (PPS as % of EU25 = 100))	74.7	83	86.0 ¹³²	
B 2	Employment rate (in % total population 15-64 y.o.)	Average employment rate	54.9	57.6	60.6 ¹³³
		Female employment rate	38.6	41	46.6 ¹³⁴
		Young people (15-24)	46.6	44.7	44.7 ¹³⁵
B 3	Unemployment rate (in % active population 15-64 y.o.)	Average unemployment rate	7.4	6.5	6.4 ¹³⁶
		Female unemployment rate	7.7	7.1	6.3 ¹³⁷

¹²⁵ Source: Eurostat (latest available data: 2013) http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=une_ltu_a&lang=en

¹²⁶ Same as above

¹²⁷ Data from Eurostat "Employees with a given education attainment level by sex, age groups and NACE Rev. 1.1 (%)" table: 41 (2006)

¹²⁸ Source: Eurostat: Upper secondary and tertiary education (latest available data: 2013) http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=edat_lfse_13&lang=en Upper secondary and tertiary education (2013)

¹²⁹ Data from Eurostat "Level of Internet access (%)" table: 53 (2006), 75 (2011)

¹³⁰ Fixed broadband (2013)

¹³¹ Same as above

¹³² Source: Eurostat (2012) <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&plugin=1&language=en&pcode=tec00114>

¹³³ Source: Eurostat (2013) http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ifsi_emp_a&lang=en

¹³⁴ Same as above

¹³⁵ Same as above

¹³⁶ Source: Eurostat (2013) http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=une_rt_a&lang=en

¹³⁷ Same as above

#	Indicator	Final RDP	Update (end 2011)	Update (end 2013)
	Young people (15-24)	11.4	13.7	13.0 ¹³⁸
B 4	% farmers with basic and full education attained	Basic	NA	NA ¹³⁹
		Full	3.8	NA ¹⁴¹
B 5	Ratio between young farmers (<35 years) and farmers (>55 years)	0.1	0.07	0.08 ¹⁴³
B 6	Labour productivity in agriculture (GVA/AWU)	14,443	14,379	11,773 ¹⁴⁴
B 7	Gross fixed capital formation in agriculture (million EUR)	NA	NA	17 ¹⁴⁵ NA
B 8	Employment in primary sector (000s)	3.1	4.8	5.5 ¹⁴⁶
	Gender: Females employed in primary sector	0.3	0.4	0.3
B 9	GVA in primary sector	84.6	87.2	90.8 ¹⁴⁷
B 10	GVA/employee in food industry (000s/employed)	27.8	18.8	29.3 ¹⁴⁸
B 11	Gross fixed capital formation in food industry	NA	22,301	NA
B 12	Employment in food industry (000s)	4.8	5.1	4 ¹⁴⁹
	Gender: Females employed in food industry	1	NA	NA
B 13	GVA in food industry/ Million Euros	106.3	96.2	99.7 ¹⁵⁰

¹³⁸ Same as above

¹³⁹ 2008

¹⁴⁰ Source: Rural Development in the European Union- Statistical and economic information 2013 (latest available data: 2010) (European Commission)

¹⁴¹ 2008

¹⁴² Source: Rural Development in the European Union- Statistical and economic information 2013 (latest available data: 2010) (European Commission)

¹⁴³ Source: Farm Structure Survey (latest available data: 2010) (Eurostat)

¹⁴⁴ Source: Rural Development in the European Union- Statistical and economic information 2013 (latest available data: 2012) (European Commission)

¹⁴⁵ Source: Rural Development in the European Union- Statistical and economic information 2013 (latest available data: 2010) (European Commission)

¹⁴⁶ Source: Rural Development in the European Union- Statistical and economic information 2013 (latest available data: 2012) (European Commission)

¹⁴⁷ Source: Rural Development in the European Union- Statistical and economic information 2013 (latest available data: 2012) (European Commission)

¹⁴⁸ Source: Rural Development in the European Union- Statistical and economic information 2013 (latest available data: 2011) (European Commission)

¹⁴⁹ Source: Rural Development in the European Union- Statistical and economic information 2013 (latest available data: 2012) (European Commission)

¹⁵⁰ Source: Rural Development in the European Union- Statistical and economic information 2013 (latest available data: 2012) (European Commission)

#	Indicator		Final RDP	Update (end 2011)	Update (end 2013)	
B 14	GVA/employee in forestry (000s/employed)		0	0	0 ¹⁵¹	
B 15	Gross fixed capital formation in forestry		0	0	0 ¹⁵²	
	Number of farms < 1 ESU		2,996	3,400	NA ¹⁵³	
B 16	Importance of semi-subsistence farming in New Member States (%)		25.1	30.8	75.5 ¹⁵⁴	
B 17	Trends of index of population of farmland birds (2000 = 100)		100	NA	82 ¹⁵⁵	
B 18	High Nature Value farmland and forestry (% of UAA)		557.51 ha	NA	8.8 ¹⁵⁶	
B 19	Area of forest by forest type (% of total FOWL)	Coniferous (%)	0	0 ¹⁵⁷	0 ¹⁵⁸	
		Broadleaved (%)	0	0 ¹⁵⁹	0 ¹⁶⁰	
		Mixed (%)	0	0	0 ¹⁶¹	
B 20	Water quality: Gross nutrient balances (kg/ha)	Gross Nitrogen Balance	117 Kg/ha	120 kg/ha	163,08 kg/ha ¹⁶²	
		Gross Phosphorus Balance	NA	NA	273,34 kg/ha ¹⁶³	
B 21	Water quality : pollution by nitrates and pesticides	trends in concentration of nitrates in surface water (NO3 mg/L)	NA	37	NA	
		trends in concentration of nitrates in ground water (NO3 mg/L)	Perched aquifer	175	185	NA
			Sea-level aquifer (Malta)	75	NA	NA
			Sea-level aquifer (Gozo)	50	NA	NA

¹⁵¹ Source: Rural Development in the European Union- Statistical and economic information 2013 (latest available data: 2011) (European Commission)

¹⁵² Source: Eurostat (2010) http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=for_area&lang=en

¹⁵³ With Regulation (EC) No 1242/2008, the economic size of an agricultural holding is measured as the total Standard Output (SO) of the holding expressed in euro. Previously, using rules set by the Decision 85/377/EEC, the economic size was measured as the total Standard Gross Margin (SGM) of the holding expressed in European Size Unit (ESU) instead.

¹⁵⁴ Source: Rural Development in the European Union- Statistical and economic information 2013 (latest available data: 2010) (European Commission)

¹⁵⁵ FBI report (2013)

¹⁵⁶ Source: Rural Development in the European Union- Statistical and economic information 2013 (Agricultural land of High Nature Value Farmland 2012 and indicator BC4 (Utilised Agricultural Area (Ha)))

¹⁵⁷ 2010

¹⁵⁸ Source: Eurostat (latest available data: 2010) http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=for_area&lang=en

¹⁵⁹ 2010

¹⁶⁰ Source: Eurostat (latest available data: 2010) http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=for_area&lang=en

¹⁶¹ Same as above

¹⁶² Source: 'InfoNitrates LIFE+ Project Layman's Report', LIFE10INF/MT/092, September 2014

¹⁶³ Source: 'InfoNitrates LIFE+ Project Layman's Report', LIFE10INF/MT/092, September 2014

#	Indicator	Final RDP	Update (end 2011)	Update (end 2013)	
	trends in concentration of pesticides in surface water (µg/L)	NA	<1	NA	
	trends in concentration of pesticides in ground water (µg/L)	NA	0	NA	
B 22	Areas at risk of soil erosion (tons/ha)	NA	NA	NA	
B 23	Organic farming (Ha)	13.6ha	16 ha	23 ha ¹⁶⁴	
B 24	Climate change : Production of renewable energy	from agriculture (Ktoe)	NA	0.9	NA
		from forestry (Ktoe)	NA	0	NA
B 25	Climate change : UAA devoted to renewable energy and biomass crops (Ha)	NA	0	NA	
B 26	Climate change/air quality : gas emissions from agriculture	GHG emissions from agriculture (1000t of CO2 equivalent)	96.4	78	79 ¹⁶⁵
B 27	% sole holders-managers with other gainful activity	49.9	46.5	45.7 ¹⁶⁶	
B 28	Employment in second and tertiary sector (000s)	national	133.4	166.3	166.4 ¹⁶⁷
		female employment in secondary and tertiary sector/ 000s employed	40.4	58.4	NA
		in rural areas	NA	NA	NA
B 29	GVA in primary and secondary sector (Mio Euro)	national	NA	4,647.94	?
		in rural areas	NA	370.358	NA
B 30	Self-employed persons (000s)	national	19.8	20.7	21.9 ¹⁶⁸
		females (000s)	1.9	3.4	5.4 ¹⁶⁹
		in rural areas	NA	NA	NA
B 31	Tourism infrastructure in rural areas (number of bed places)	national	39,876	40,135	40,463 ¹⁷⁰
		in rural areas	NA	NA	NA

¹⁶⁴ Source: Rural Development in the European Union- Statistical and economic information 2013 (UAA under organic farming, latest available data: 2011) (European Commission)

¹⁶⁵ Source: Eurostat (latest available data: 2012)

<http://epp.eurostat.ec.europa.eu/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=tsdcc210&language=en>

¹⁶⁶ Source: Farm Structure Survey: 2013 (National Statistics Office) http://www.nso.gov.mt/statdoc/document_file.aspx?id=4088

¹⁶⁷ Source: Rural Development in the European Union- Statistical and economic information 2013 (latest available data: 2012) (European Commission)

¹⁶⁸ Source: Rural Development in the European Union- Statistical and economic information 2013 (latest available data: 2012) (European Commission)

¹⁶⁹ Source: Eurostat (latest available data: 2013) http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsi_grt_a&lang=en

¹⁷⁰ Source: Rural Development in the European Union- Statistical and economic information 2013 (latest available data: 2012) (European Commission)

#	Indicator	Final RDP	Update (end 2011)	Update (end 2013)	
B 32	Persons having subscribed to DSL internet as a percentage of total population (%)	average (national)	23.9	29.6	34.1 ¹⁷¹
		in rural areas	NA	NA	NA ¹⁷²
B 33	GVA in services as percentage of total GVA (%)	average (national)	74.1	80.6	81.1 ¹⁷³
		in rural areas	NA	NA	NA
B 34	Annual crude rate of net migration (per 1000 inhabitants)	average (national)	2.4 ¹⁷⁴	3.5	7.4 ¹⁷⁵
		in rural areas	NA	NA	NA
B 35	% Adults (25-64 years) participating in life-long education and training	average (national)	4.3	6.6	7.7 ¹⁷⁶
		in rural areas	NA	NA	NA
B 36	Share of population covered by Local Action Groups	%	NA	63.76	62 ¹⁷⁷

¹⁷¹ Source: European Commission (latest available data: 2013) <http://ec.europa.eu/digital-agenda/en/news/telecommunications-data-files-digital-agenda-scoreboard-2014>

¹⁷² 2010

¹⁷³ Source: Rural Development in the European Union- Statistical and economic information 2013 (latest available data: 2012) (European Commission)

¹⁷⁴ Data from Eurostat "Crude rate of net migration plus adjustment" table: 5,3 (2006)

¹⁷⁵ Source: Eurostat (latest available data: 2012)

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tsdde230&plugin=1>

¹⁷⁶ Source: Eurostat (latest available data: 2013) http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=trng_ifse_02&lang=en

¹⁷⁷ Source: Output indicator for Measure 410 and Eurostat (latest available data: 2013)

http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=demo_pjan&lang=en

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