

**Ex-ante evaluation of the
Rural Development Programme 2007-2013
Ministry of Agriculture and Rural Development**

Final Report

Prepared by consortium of partners:



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Table of content

Summary	4
Analysis of the current situation of rural Poland.....	4
The RDP objectives.....	5
Lessons learned from previous actions	5
Intervention logic for measures, quantification of targets and expected impacts	5
Regional disparities and variations	6
Complementarity with other programmes.....	6
Partnership involvement approach	7
Scope of the Leader approach	7
State aid and competition rules	7
Monitoring system and data collection	7
1. Introduction	8
1.1 The purpose of the evaluation	8
1.2 The structure of the evaluation report	8
1.3 Main sources of evidence and information	9
2. Assessment of analysis of current situation, SWOT analysis and Programme strategy ..	10
2.1 Introduction	10
2.2 The analysis of the current situation	10
2.3 Assessment of the Programme related SWOT analysis	16
2.4 Disparities and regional variations	17
3. What are the objectives that the Programme is expected to achieve?.....	18
3.1 What are the general (overall), specific and operational objectives and expected results and impacts?	18
3.2 Which baseline and impact indicators are proposed for measuring the effects of the RDP?	20
3.3 How far do Programme objectives match with those defined under the National Strategy Plan?.....	20
4. Evaluation of specific measures	21
4.1 Lessons learned	21
4.2 Selected measures in the RDP.....	22
4.3 Intervention logic	44
5. What positive and negative impacts are expected from the measures to be applied?.....	46
5.1 Expected impacts and their manifestation over time	46
5.2 Potential conflicts between impacts	52
5.3 Who is affected by the Programme?	52
6. Added value of Community involvement	53
6.1 How are subsidiarity and proportionality taken into account in the Programme?	53
6.2 How far does the Programme take into account other Community objectives?	53
6.3 How far is the proposed Programme complementary to other interventions?.....	53
6.4 How will synergies with other interventions be encouraged?.....	54
7. Helping to achieve cost-effectiveness	55
7.1 What assumptions are the expenditures in the Programme based on?.....	55
7.2 Could the expected results be achieved at lower cost?	58
8. Implementation, monitoring and evaluation of the Programme	60
8.1 Programme administration	60
8.2 Monitoring and evaluation system	60
8.3 Indicators	60
8.4 Data collection for monitoring and evaluation.....	61
8.5 Partnership.....	61
9. Conclusions and recommendations	62

9.1 Improve the analysis of the current situation	62
9.2 Construct a comprehensive SWOT analysis	63
9.3 Set-up an objectives hierarchy	64
9.4 Tap lessons learned from previous actions	64
9.5 Define the intervention logic for measures and quantify targets	64
9.6 Measure specific recommendations	64
9.7 Consider addressing regional disparities and variations	68
9.8 Describe the complementarity with other programmes	68
9.9 Describe the partnership involvement approach	68
9.10 Extent the scope of the Leader approach	69
9.11 State aid and competition rules	69
9.12 Monitoring system and data collection	69
10. Annexes	70
Annex I: The Ex-ante evaluation team.....	70
Annex II: Context and Baseline Indicators Fiches.....	72

Summary

Introduction

This report presents the ex-ante evaluation of the Polish Rural Development Programme for the period 2007–2013, prepared of the Ministry of Agriculture and Rural Development (MARD). The purpose of the ex-ante evaluation is to contribute to the preparation of high quality programme leading to the optimal outputs, results and impacts in line with the needs and problems of the Polish rural areas for the resources available under the programme.

The ex-ante evaluation is prepared by a project consortium set up by Agrotec Polska Sp. z o.o. and Agrotec S.p.A, assisted by a number of Polish sector experts, enlisted in Annex I..

This ex-ante evaluation concerns two documents:

- The National Strategic Plan, Ministry of Agriculture and Rural Development, Warsaw, April 2006 version (below referred to as NSP) and
- Rural Development Programme 2007–2013, Ministry of Agriculture and Rural Development, Warsaw, draft W-06/VII/06 of July 2006 in Polish and August 2006 in English (below referred to as RDP).

Both documents should be compliant with Council Regulation (EC) 1698/2005 of 20th September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and Council Decision 2006/144/EC of 20 February 2006 on Community Strategic Guidelines for rural development (programming period 2007 to 2013). The ex-ante evaluation is based on the Rural Development 2007-2013 Common Monitoring and Evaluation Framework (CMEF) including the Guidelines for Ex-ante Evaluation, presented of the Directorate General for Agriculture and Rural Development on the Technical meeting on CMEF in September 2006.

The results of the ex-ante evaluation are summarized here below.

Analysis of the current situation of rural Poland

The analysis of the current situation in Polish rural areas is prepared in a good way proving a lot of useful information about the development of the sector. However, the analysis can be improved, and we have pointed out a number of issues, which we find could be better described making the chapter better suited to provide documentation and justification for an objectively formulated strategy.

Selected elements of the analysis, in case of which it is recommended to make an effort leading to their improvement include: development of migration trends in rural population; causes and consequences of low levels of education of the rural population; agricultural competitiveness, quantitative characteristics of plant and animal production and the food industry, state of art of the Polish system for research, technological transfer and innovation related to food and agriculture and a detailed description and the analysis of the forestry sector (to the extent limited by the availability of data).

In conclusion we must recommend improving the analysis of the current situation taking these issues into consideration in order to establish an improved basis for the preparation of the Programme interventions.

The RDP objectives

The overall and specific objectives of the RDP are all in line with the objectives of the CR 1698/2005 on the one hand and the needs and problems in rural Poland on the other. It seems that the packages of measures under the axes are relevant for the development of the rural sector in Poland. The financial balance is also respecting Commission requirements. We find that the transparency of the Programme objectives contained in the document can be better, and we recommend the MARD preparing a transparent and clear objectives hierarchy of the Programme outlining the overall, the specific and the operational objectives of the RDP as well as the complementarity to other interventions. The hierarchy might be prepared as a figure indicating the various levels of the Programme.

Lessons learned from previous actions

The National Strategy Plan states that experiences from the past and the present programmes related to rural development in Poland have been taken into consideration in the preparation of the new programme. It is not completely clear, how these experiences have influenced the design of the Programme and we recommend including a chapter in the RDP summarizing the previous and present programme experiences. We are informed from the MARD that this chapter is under preparation. This chapter can include experiences related to effects of programmes and specific measures, EU programmes as well as national programmes, in terms of output, results and impacts in order to assess what was achieved from the programmes. Monitoring tables produced to the monitoring committee meetings for the various programmes include the available data and is a good basis for the preparation of the chapter.

Intervention logic for measures, quantification of targets and expected impacts

As we indicated above the objectives of the strategy are relevant. However, we find it important that the overall and the specific objectives of the Programme as well as the operational objectives at measure level are quantified to the largest extent possible. We recommend estimating quantified targets for the Programme, such as increase in economic growth (GVA pct increase), establishment of jobs (numbers), restructuring of farm size (average number of ha per farm, increase) , reflecting the objectives presented in the Programme. According to the information provided by the MARD the estimated values of product and result indicators will be included in the next version of RDP 2007-2013.

We find the selection of measure adequate, but find that the description of the individual measures included in the draft RDP in some situations could be more specific, and we have given examples in this report. Consequently we recommend to improve the description of the measures by defining as précised as possible the intervention logic of the measure using indicators on all levels and quantifying the targets of the measures. This quantification will also allow for an adequate cost-effectiveness, where resource allocations to measures are linked to the quantified targets based on experiences from the past and present programmes.

The evaluator understands that such quantification is difficult as to the moment there has been neither formal ex-post evaluation of SAPARD, nor mid-term evaluation of the current programme. It is however important that an internal analysis is done and the conclusions set up. It is recommended to refer to current experiences from implementation of Rural Development Plan 2004-2006 (PROW 2004-2006) and Sectoral Operational Programme "Agriculture" (SPO 2004-2006). Such experiences (both difficulties and errors, as well as positive lessons learned) are the key elements for improvement of the Programme. Experience

gathering process is one of the most important factors that may influence the efficiency of implementation of structural funds in 2007-2013 period.

Furthermore we want to emphasize that the Programme is expected to have considerable impacts as a consequence of the investments of 15,000 million € in public support from 2007 to 2013.

The design of the Programme and the selected measures will provide support to economic and social development caused of investment related measures, measures supporting infrastructure and human capital development as well as measures providing income support to farmers as areas based payments. The measures will contribute to increased competences and qualifications of rural dwellers and to entrepreneurship and local involvement through the Leader approach. As a consequence we will see the generation of jobs in non-agricultural sectors, and the setting-up of new micro enterprises in rural areas providing new job opportunities. On the other hand we must also expect loss of jobs in farming and food processing due to increases in labour productivity and modernization. It is expected that implementation of Programme measures will enable to increase labour intensive production systems, such as organic farming and the production of traditional products of local origin.

We are confident that the economic, social and environmental objectives of the Programme will be achieved, but it is difficult to estimate the exact level of impacts, as the Programme so far does not present quantified targets and allocate resources within the individual measures in an aggregated way not allowing for expectations and estimations of financial up-take on sector and sub-sector level.

Regional disparities and variations

We have several places in the draft RDP seen examples of regional variations and disparities mentioned, and the disparities are of big importance in Poland. However, we have not seen any attempts or considerations in the Programme considering these disparities and variations as specific targets for measures or actions. We recommend considering this specific problem of a regional approach in the Programme implementation. This can be done using objective indicators (regional contribution to GDP, regional GVA, regional employment or unemployment levels etc) ranking the regions in accordance with their development needs. In a horizontal programme as the Polish selection criteria can be used in order to select or make a priority for the regions (or gminas) needing the support the most.

According to the information provided, the MARD will assess the evaluator's recommendation to include objective indicators illustrating regional disparities and variations (such as regional input to GDP).

Complementarity with other programmes

We find in the NSP a general description of the content of complementary programmes, and we find the general principles for determining the demarcation lines between the RDP on the one hand and other programmes on the other. But we do not find in the RDP specific descriptions on where the demarcation lines between the programmes go and how the administration of these demarcation lines will be managed. We recommend inserting in the measure descriptions specific indications of how these demarcation lines are established measure by measure, in the same way as it is described in the description of the measure Vocational Training of agriculture and forestry employed. Here we find that support under this measure is targeted to farmers and forestry holders developing their skills in order to

expand production, while ESF provides support for re-training of farmers and forest holders in order to support them in having access to jobs outside agriculture and forestry.

Partnership involvement approach

Partnership is considered to increasingly important in order to enhance the involvement of stakeholders and to increase the chances for a successful programme implementation especially at local levels. We do not in the present draft Programme find a synthesis of the partnership process and the stakeholder involvement. We recommend including to the RDP of a short chapter describing the whole consultation process.

Scope of the Leader approach

In order to enhance the local involvement and to mobilize the local human potential, the Leader approach is an essential tool. We appreciate the way the Leader approach has been described in the draft RDP. However, we recommend considering broadening the scope to measures from axes 1 and 2 as well. This can be done by allocating a part of the resources for specific measures under Axis 1 and Axis 2 for implementation under the Leader approach in the same way as is done for Axis 3 measures. Relevant measures are for example Vocational training for agriculture and forestry employed, Modernisation of agricultural holdings, Improvement and development of infrastructure linked to development and adjustment of agriculture and forestry, Participation of farmers in quality schemes, Information activities, Agricultural producer groups under Axis 1 and Agri-Environment schemes and Afforestation of agricultural land and Afforestation of land other than agricultural under Axis 2.

State aid and competition rules

The RDP does not in its present draft version contain a chapter describing the compliance of the RDP interventions with the competition rules and any additional support from state aid, if intended. We recommend that such a chapter is prepared and inserted in the next version of the RDP. We understand from the MARD that the chapter will be prepared and we appreciate that.

Monitoring system and data collection

The draft RDP contains a well prepared description of the envisaged monitoring and evaluation system as well as the data collection system to be established. We appreciate this description.

However, the successful monitoring and functioning of the Programme implementation is depending on the preparation of adequate monitoring and evaluation indicators with reference to the Programme and measure objectives. Furthermore it depends on adequate preparation of application forms, questionnaires and reporting templates for beneficiaries. These documents will function as primary data collection tools and must be prepared in direct compliance with the objectives hierarchy of the Programme. We cannot clearly see from the evaluated RDP if this is the case and we recommend that the MARD and the ARMA prepare the documents in line with the objectives hierarchy. This means for example that application forms for investment related projects must include questions to the beneficiary concerning his expected outputs, results and impacts of the investment using predefined indicators picked from the monitoring indicators system.

1. Introduction

The introductory chapter of the ex-ante evaluation report covers the following sub-questions:

- What is the purpose of this report?
- What is the structure of this report?
- What are the main sources of evidence and information on which it is based?
- What evaluations, audits, studies, or reports of similar interventions are available?

1.1 The purpose of the evaluation

The purpose of the ex-ante evaluation is to contribute to the preparation of high quality Programme leading to the optimal outputs, results and impacts in line with the needs and problems of the Polish rural areas for the resources available under the Programme. The formal objective is presented in the box below.

As stipulated by Article 85 of Council Regulation 1698/2005,

Ex-ante evaluation shall form part of drawing up each rural development programme and aim to optimise the allocation of budgetary resources and improve programming quality. It shall identify and appraise:

- *the medium and long term needs;*
- *the goals to be achieved;*
- *the results expected;*
- *the quantified targets particularly in terms of impact in relation to the baseline situation;*
- *the Community value-added;*
- *the extent to which the Community's priorities have been taken into account;*
- *the lessons drawn from previous programming;*
- *the quality of the procedures for implementation, monitoring, evaluation and financial management*

1.2 The structure of the evaluation report

The report is structured in line with the ex-ante evaluation guidelines. This first introductory chapter is followed by chapter 2 assessing the RDP analysis of the current situation, the SWOT analysis and the ranking of needs and disparities. Chapter 3 briefly assesses the objectives of the Programme, while chapter 4 evaluates the individual measures selected under the RDP. Chapter 5 addresses the expected positive and negative impacts of the RDP, while chapter 6 covers the question of added value of the intervention. Chapter 7 tries to answer the evaluation questions related to cost-effectiveness of the Programme. Chapter 8 covers the administrative set-up including the monitoring and evaluation system. Chapter 9 summarizes the main conclusions and recommendations.

In Annex 1, we present the ex-ante evaluation team including a number of individual sector experts. Annex II presents a baseline and impact indicator table prepared to the NSP.

1.3 Main sources of evidence and information

This ex-ante evaluation concerns two documents:

- The National Strategic Plan, Ministry of Agriculture and Rural Development, Warsaw, April 2006 version (below referred to as NSP) and
- Rural Development Programme 2007–2013, Ministry of Agriculture and Rural Development, Warsaw, draft W-06/VII/06 of July 2006 in Polish and August 2006 in English (below referred to as RDP).

Both documents should be compliant with Council Regulation (EC) 1698/2005 of 20th September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (below referred to as CR 1698 or simply the regulation) and Council Decision 2006/144/EC of 20 February 2006 on Community Strategic Guidelines for rural development (programming period 2007 to 2013) (below referred to as CD 144).

The ex-ante evaluation is based on the Rural Development 2007-2013 Common Monitoring and Evaluation Framework (CMEF) including the Guidelines for Ex-ante Evaluation, presented of the Directorate General for Agriculture and Rural Development on the Technical meeting on CMEF in September 2006, here after referred to as the ex-ante guidelines.

Furthermore the evaluation is based on desk research, statistical data from CSO and Agriculture Census and the expertise represented of the evaluation team members representing various sectors from agriculture to environment and forestry to rural areas. The experts have based their assessments on numerous reports, studies, evaluations etc. carried out of the consultants and otherwise taken into consideration in our assessment of the presented documents. The list of references was included in the individual mini reports from the experts presented as Annex III in the draft ex-ante evaluation report, dated September 2006.

Finally the ex-ante evaluation is drawing on parallel ex-ante evaluations in other countries as well as experiences from our ex-ante evaluations of 2000-2006 programmes, basically following the same procedures and demand to the content of the evaluation.

2. Assessment of analysis of current situation, SWOT analysis and Programme strategy

2.1 Introduction

This chapter of the ex-ante evaluation report will deal with the following sub questions referring to the overall evaluation question: Which problems, is the Programme supposed to address.

- What are the problems, risks and needs in the Programme area in terms of social, economic and environmental criteria?
- What are the driving forces, strength and opportunities in the Programme area concerned
- How is the SWOT analysis accomplished?
- What are the causes of disparities identified?
- What are the concrete target groups and what are their needs?
- Which problems will not be addressed by the implementation of the Programme?

The analysis of the current situation included in the RDP as chapter 2 (Analysis of strengths and weaknesses, strategy selected to meet them) will form the basis for the evaluation with reference to the specific issues covered in the analysis.

2.2 The analysis of the current situation

Chapter 2 of the RDP is the analysis of the current situation in rural areas. The analysis is supposed to throw light on the state of the art of economic, social and environmental development. The analysis shall provide a picture of the current needs and problems of rural areas in a dynamic perspective telling what have been achieved so far and how, what the major driving forces are and which development tendencies the areas are expected to be a part of with or without Programme intervention. The Commission Common Monitoring and Evaluation Framework provides the programming authorities with a set of contextual baseline indicators and impact baseline indicators of which most are mandatory to use, and which to a large extent give the directions of what should be the content of the analysis, in the NSP as well as in the RDP. The indicators shall be measured and the values shall reflect the baseline situation of the Polish rural areas as of today. The baseline indicators shall further more be related to benchmark indicators from EU-15 or EU-25 or from specific countries, if relevant, making the analysis presenting the state of art of Poland compared to other countries.

The point is of course that the central needs and problems are identified, that disparities between regions, between rural and urban areas and between Poland and other countries are identified, and finally that the disparities and needs are ranked in relation to their importance for rural development.

We will summarize our comments to the chapter 2 in the RDP describing the current situation below.

Rural areas

Similarly to the NSP, the RDP does not include a clear distinction between suburban rural areas and rural areas located distant from the cities. Polish rural areas are very diverse. Our point is here that many of the gminas formally classified as rural, are located directly next to urban areas and therefore have gained a suburban character. This is a problem for the entire

country and is caused of the statistical classification of rural and urban areas used in Poland. The implementing principles of the 2004-2006 programmes were based on preference for all rural gminas – including the suburban gminas. Small towns and areas surrounding them, located in peripheral areas are, and will be, in a more difficult development situation. This could be considered in the Programme design either by making a clear distinction between suburban rural areas and de facto rural areas, or by applying eligibility or selection criteria to make a priority of areas in largest demand and need for support. We recommend considering one of these solutions to the issue, and we understand from our dialogue with the MARD that either appropriate eligibility criteria or selection criteria will be applied to direct the support to rural areas needing the support the most.

Population development

In the description of the social and economic situation, in the section concerning the population, there is no complete information on the urban-rural migration phenomenon or on the trends forecast by the Central Statistical Office in this scope. Several social migration processes are in force. From 2000 a new phenomenon concerning the demographic structure can be observed in Poland. For the first time after the II World War, inflow of people from urban to rural areas was higher than the outflow from rural to urban areas. This phenomenon was especially visible in 2002. According to the Central Statistical Office this tendency will not change during the next couple of years, where the percentage of rural inhabitants in a prognosis from CSO may change from 38.3% in 2002 to 42.6% in 2030. Therefore, a new category of rural inhabitants has appeared: People who become residents or rural entrepreneurs. They usually belong to a relatively wealthy social group. They settle around bigger urban areas and along the main communication routes.

Simultaneously and as the most well known and common migration process, due to structural changes taking place in farming, many rural inhabitants seek a chance for a better living in the urban areas. According to the information obtained from the MARD, the next RDP version will address the issue of demographical changes more extensively.

Education and training

The analysis of the current situation regarding education and training in rural areas is presented as one of the first issues in the RDP. We appreciate this ranking of the issue in the RDP as such, as the state of the art of the human capital must be considered of paramount importance for future actions. However, the analysis in terms of the development of shares of rural and urban population on various educational levels does not contain references to the possible reasons for and causes to the present situation: that the educational level of Polish rural population is lower than in the EU-15, although improving from 1988 to 2001. The causes could include poor educational facilities, underinvested education institutions in rural areas, negative selection of the education personnel for rural areas distant from urban areas, more difficult access to cultural goods, mentality of rural population and the related lower educational needs, insufficient and ineffective use of financial resources in rural educational institutions etc.

The assessment of the situation of the school and educational system in rural areas, as well as directions of activities leading to its improvement, should be consistent with and agreed between the MARD and the Ministry of Education and the result should be reflected in the appropriate strategic and operational programmes of both ministries.

Information obtained from the MARD indicates that the next RDP version will address the issue more extensively.

Farm structures, income and competitiveness

The section describing the structure of agricultural holdings does not extensively explore the problem of agricultural holdings in the light of Polish agriculture. Particularly important seems to be a need to present the information about agricultural income and to stress that Poland applies the typology of agricultural holdings widely used in EU Member States and based on two indicators, i.e.: Standard Direct Surplus and European Size Unit. Classification of agricultural holdings based on these two indicators characterises production structures and the economic strength of holdings much better than a classification taking into account only area structures.

Simultaneously an issue to be developed more widely is the issue of competitiveness of Polish agricultural holdings. The concept of competitiveness as such is not defined in the NSP or in the RDP, and it could be recommended to use an adequate definition of competitiveness, in order to be more precise in terms of formulating the objectives of the Programme. In the CMEF labour productivity (gross value added per annual work unit) is one of target indicators used in this context: High labour productivity reflects high competitiveness, but the concept is usually defined wider also including relative market shares and income growth as indicators.

Recent Polish economic research is interesting in the context of competitiveness. While analysing comparable groups of holdings, it is concluded that Polish holdings have clear competitive advantages over holdings from other Member States. However, these advantages are advantages within a group only.

Information obtained from the MARD indicates that the next RDP version will address the abovementioned issues more extensively, especially the analysis of comparable group of farm holdings.

We recommend also including in this section a table presenting the basic data describing the structure and competitiveness of Polish agriculture.

Plant production

Coming down to the product specialization of agriculture we also find it appropriate to recommend a more detailed analysis. Plant production is described in two short sections devoted to cereals and fruit/ vegetables, while other plant types only are discussed on a common basis in the initial part of the section. We suggest including in this part of the RDP a table characterising the basic directions of plant production, using data concerning the areas of crops, yield and harvest. Such a table should be accompanied of text explaining changes in plant production.

We are happy to hear the MARD guarantees the next RDP version will address the abovementioned issues more extensively, especially regarding plant production.

Animal production

Apart from the livestock production it is recommended to add information about other animal productions (i.e.: poultry).. Therefore it is also recommended that the section concerning livestock production – as the plant production section - be supplemented and complemented with a table characterising the basic directions of production, using data on heads, production, and, possibly, efficiency (milk yield, average carcass weights).

Information obtained from the MARD indicates that the next RDP version will address the abovementioned issues more extensively, especially the animal production.

Food processing

It is our view point both the NSP and the RDP do not fully describe the issue of food processing. It is not fully evident from the description, which branch or sector of the food industry is most important for this industry and the economy as a whole. Therefore it is not possible to fully define the competitiveness of individual sectors. Simultaneously it is worth trying to present more detailed information to compare Poland and EU to present a real picture of production and economic situation of Polish agri-food sector.

According to the information obtained from the MARD, Ministry will consider the possible completion of data in the form of table which will contain data which MARD is in possession of.

Both NSP and RDP should be completed with statistical information, which would help to draw real conclusions regarding support and investment needs of the Polish food industry. The lack of full information on this hinders analysis of the scale of the problem sector by sector, and needs related to solving it, although the RDP indicates correctly some important obstacles to its development.

We also recommend trying to define the issue of Polish research and technology transfer related to agri-food sector. It is indispensable as it seems to emphasize the importance of financing new technologies and new products within the RDP.

Finally we will point to the question of food quality. We agree with the statements in the RDP that traditional products of local and regional origin as well as organic products represents a growth potential and we recommend that this growth potential is documented, if possible. However, we will like to add that food quality is much more than food safety, hygienic standards and local origin. It is also a question of production methods other than the large scale industrial processes currently dominating the development of the food industry supported of various private labels. Consequently we recommend describing the potentials in introducing the EU based generic quality labelling system. MARD assured that the evaluator's recommendation had been sent to its technical staff and the information on food quality will be completed in next RDP version with the data which MARD is in possession of.

Agricultural and rural development

The RDP outlines a number of essential threats and opportunities for development. Furthermore the RDP lists the following main obstacles to rural development:

- farmland structure of Polish holdings, in which small holdings dominate (up to 5 ha);
- low work output in agriculture (data presented tell that agriculture employs 16.5% of the total of employees but producing only 4.5% of the GDP);
- low level of education of the population;
- low level of income of the rural population – a consequence of the above mentioned determinants;
- underdeveloped technical and social infrastructure in rural areas.

These issues reflect most of the fundamental needs of rural areas and should as such be ranked high in the analysis of the current situation.

However, in the RDP it is recommended to stress another important issue which is the process of polarisation of agricultural holdings taking place in the recent years and correctly

mentioned in the draft RDP. The increase of the number of the biggest as well as the smallest agricultural holdings in terms of area is taking place at the expense of medium-sized holdings, which may in future result in negative economic, social and especially environmental effects.

The description of the economic, social and environmental situation reveals a number of factors present in the rural areas, which may become driving forces for the development of the rural areas. The realization of these potentials is depending on two preconditions: First that the rural development policy instruments are used appropriately and combined with support using the Common Agricultural Policy instruments and other structural fund programmes, and that the local community is involved to the largest possible extent, basing on the principles of public-private partnership.

One of the major strengths of rural areas in Poland is first and foremost the large proportion of the national workforce, which according to the RDP may facilitate the development of new, alternative activities both in agricultural holdings and in the field of non-agricultural activity within rural areas. The human potential is available but larger shares of the workforce may only be involved in the development of new activities under the condition that appropriate qualifications and knowledge are obtained, which should be far higher than in case of traditional activity. The structure of education presented in the draft Programme reveals that knowledge and qualifications of the rural population may become a serious obstacle to new, alternative activities. Adjustment of agricultural holdings to the requirements of respective measures also requires appropriate level of qualifications. As a result, effective use of funds allocated to RDP for support to development projects under respective axes depends on enhancing the level of knowledge and qualifications by the local community. Vocational training proposed in the Programme as well as the Leader approach may contribute to helping the problems caused of low educational level.

Another strength of the rural areas, which is indicated in the draft Programme, relates to the natural values and the environment. The indicators describing the resources and the condition of the natural environment clearly indicate the advantage of Poland in this respect over numerous European Union Member States. The RDP indicates that the good condition of the natural environment of the rural areas to a large extent results from shifting the economy towards the market, which brought about the limitation of environment pollution with artificial fertilizers, plant protection products, sewage and gas from the industry. However, economic and social transformation in Poland has also had negative impact on the environment as well. The negative impacts include the increase of emission of sewage and solid municipal waste, simplification of crop rotation and concentration of dairy cattle breeding resulting from the CAP. Moreover, the specificity of certain elements of the natural environment, such as soil quality, level of waste and the Polish rural landscape results in the necessity to take constant measures to maintain the values of the environment. Lack of such measures may bring about irreversible degradation of the environment.

Infrastructure

In the RDP, infrastructure is devoted a separate section, which is indicative of the vital importance attached to it in social and economic development. In Poland, the low level of infrastructure development is considered to be one of the most serious obstacles to rural development and the analysis of the level of rural infrastructure development is prepared with account taken for the most important elements. The analysis of the current state of infrastructure insufficiently presents the main problems and needs of rural areas in terms of rural infrastructure. In both cases needs and problems were not quantitatively defined. Simultaneously it seems to be reasonable to try to present regional and spatial variation regarding the discussed infrastructure elements.

RDP also indicates the problem of environmental pollution with sewage and municipal waste. It is recommended to try (if MARD is in possession of appropriate data) to describe the issue more profoundly, especially as a majority of municipal waste within rural areas is still dumped in ditches, rivers and fields. Part of households has leaky septic tanks, from which sewage gets into groundwater and leads to pollution, especially with phosphorus compounds. Taking prevention measures is important not only for the reason of water pollution but also health of agricultural products. Bearing in mind the importance of infrastructure for rural areas we recommend that coordination with and demarcations to other structural funds programmes take this issue into consideration.

MARD informed the next RDP version will have more information on regional variation regarding specified infrastructure elements and also on environmental pollution such as sewage and municipal waste. RDP will also include a chapter on demarcation line between instruments of European Agriculture Rural Development Fund, European Regional Development Fund and Cohesion Fund.

In the description of the social infrastructure we find the description of the school and health care facilities together with the tourist facilities. It is our conviction that the tourist industry in Europe in general and in Poland in particular will increase dramatically over the coming programming period. This will be in cultural centres like Krakow but also in areas with high natural and anthropological values. The national parks are examples of areas with a big tourist potential. The potentials of rural tourism as an alternative income generator in rural areas ask for a more comprehensive analysis of the tourist sector and the tourist infrastructure, and we recommend adding that to the RDP, if possible.

Organic farming

The development of organic farming is an example of developing economic activity hand in hand with environmental and nature preservation considerations. In comparison to other EU Member States, organic farming in Poland is significantly less developed, despite the quite dynamic development within the latest few years. This development initially resulted from the introduction of support from the state budget and later from the RDP 2004-2006 programme. This development in terms of number of farms and number of hectares under organic production is presented in the NSP. However, continued emphasis on organic farming should be justified and based on market trends and competitiveness of Polish organic production compared to conventional as well as to organic products on the international market. Therefore it is recommended to present the issue more widely if possible.

According to the information obtained from MARD, the elements on organic farming will be completed with the data available.

Marginalisation of land

Special attention should be paid to the issue of marginalisation of the lowest quality soil, mentioned in the draft Programme. Poland is a country of high share of this type of soil. For economic reasons, the use of such soil for agricultural production is unprofitable and setting aside of land may lead to its degradation. Transformation of poor quality of agricultural land into forest land is in our opinion a good solution. Analyses presented in the draft Programme confirm the occurrence of possible threats to marginal soil and provide basis for taking prevention measures in form of afforestation, see below.

Forestry

The needs of forestry are not fully addressed in RDP and the descriptions of the forestry sector are relatively incomplete, are lacking appropriate analysis and are failing to take the

dominant owner structure into consideration. Therefore we recommend supplementing the description and the analysis of the forestry sector with available data provided in Annex III of the draft ex-ante evaluation report from September 2006. Information obtained from MARD indicates that the next RDP version will include appropriate complement.

2.3 Assessment of the Programme related SWOT analysis

According to the programming logic the analysis of the current situation is summarized in a SWOT analysis. The analysis of the internal Strengths and Weaknesses as well as external Opportunities and Threats of rural Poland represents the first step to define the strategy of the Programme. The SWOT has to lead to an appropriate and coherent ranking of needs and disparities that are to be addressed in the RDP. The SWOT analysis and the definition of the Programme strategy should be based on the use of quantified data and appropriate baseline indicators. According to the CR 1698 the ex-ante evaluation has to assess the completeness of the SWOT analysis; analyse causes of disparities identified; identify and assess the driving forces towards sustainable rural development; contribute to the quantification of context and impact related baseline indicators (common and programme-related) by verifying and, where appropriate, suggesting modifications of the proposed indicators and figures; assess and, where appropriate, suggest revisions of the ranking of disparities and priorities assigned to identified needs and their translation into objectives and concrete priorities for action.

The idea with the SWOT analysis is that internal strengths and weaknesses of the Polish rural areas are related to external opportunities and threats. Internal refers to issues the actors and stakeholders can control and influence, such as high yield per hectare compared to competitors, while external Opportunities and Threats refer to issues and factors out of the immediate control of the actors in rural areas. An opportunity is the rising international tourism and the increasing international and urban demand for organic products.

The SWOT matrix should reflect the analysis of the current situation based on baseline indicators and benchmark indicators in a way documenting and justifying the selection of the overall and the specific strategies.

The NSP includes a general level SWOT analysis formulated as a number of issues under each of the headings Strengths, Weaknesses, Opportunities and Threats. However, some issues are not clear in terms of content and some should be placed under other headings. As examples: Increasing average size of holdings is considered to be strength, and although the tendency is reflecting a positive development, the size structure is representing a weakness and not a strength. "Dense inhabitants net" is considered strength, but how is it measured?

The general level SWOT is in our opinion satisfactory in the NSP as a tool for outlining the overall strategy, even though no matrix is presented as suggested above, and even though that not all issues are extracted from the description of the current situation in the NSP in quantitative terms.

However, we find it appropriate to develop a more detailed SWOT at axis level in the RDP in order to create better links between the overall strategy and the selection of measures under each of the axes.

The selection of measures and sub-measures in the RDP should be a reflection of, how we wish to address specific problems and needs taking into consideration our Strengths and Weaknesses in the light of external market based Opportunities and Threats.

The description of current situation in NSP is not to some extent sufficient to prepare a full SWOT analysis linked with axes. However, if considered the NSP is a synthesis of diagnosis and situation on rural areas, it is recommendable to try to develop the issue at the Programme level.

2.4 Disparities and regional variations

The RDP chapter presenting the analysis of the current situation does not lead to an explicit identification of relevant disparities and needs and a ranking of these disparities and needs in accordance with their importance for rural development.

We find several examples of relevant disparities in terms of comparisons between Polish and international data, and we find several indications of regional disparities in Poland. However, we do not see any specific considerations concerning these and no ranking of these disparities.

As an example, both the NSP and the RDP leave out the issue of regional diversity of Polish agriculture irrespective of the fact that this is a serious problem, which is also mentioned. There exists a generally accepted division of Poland into agricultural regions. They vary to such an extent that it is impossible to apply one mechanism of support for agriculture in the whole territory of Poland. The measures which are effective in supporting the transformation of agriculture in the areas, where - at the time of the socialist economy - state-owned agricultural holdings prevailed are of less use in regions with small farms in the south of Poland, and vice versa.

Another example is that the analysis of the conditions of rural infrastructure does not take into account the experience gained in the course of implementation of previous programmes (SAPARD, Sectoral Operational Programme, 2004-2006 RDP). It would be important if it were indicated whether the activities implemented under the programmes to date contributed to the reduction of spatial disproportions in the fields supported by these measures (if yes, in what fields) or rather contributed to deepening the disparities between and within regions.

3. What are the objectives that the Programme is expected to achieve?

3.1 What are the general (overall), specific and operational objectives and expected results and impacts?

The overall objectives of the Programme are summarized as follows in full compliance with the CR 1698 objectives:

- Improving the competitiveness of the agricultural and forestry sectors
- Improving the environment and the country side
- Quality of life in rural areas and rural economy diversification

The overall objectives relate to objectives such as job creation (employment) and income generation as well as to protecting the environment, the landscape and nature as well as resources in general (water, soil etc).

The specific objectives are translating the overall objectives into a Polish rural context based on the analysis of the current situation. However, this is done mainly by the selection of measures, not specifying the specific objectives as such in the RDP, but only indicating them in general ways in the NSP. The selected measures and the preliminary allocations are presented below.

Table 3.1: Selected measures

<i>Name of the Measure and Axis (in bracket)</i>	<i>Article of CR 1698</i>
1. Support for holdings in mountain areas and other less-favoured areas (LFA) (2)	37
2. Early retirement (1)	23
3. Agri-environmental programmes (2)	39
4. Modernisation of agricultural holdings (1)	26
5. Adding value to agricultural and forestry production (1)	28
6. Conservation and upgrading of the rural heritage (3)	57
7. Basic services for the economy and rural population (3)	56
8. Afforestation of agricultural land and afforestation of non-agricultural land (2)	43 i 45
9. Payments for Natura 2000 sites and payments related to the Water Framework Directive 2000/60/EC (2)	38
10. Creation and development of micro-enterprises (3)	54
11. Setting up of young farmers (1)	22
12. Improvement and development of infrastructure related to the development and adaptation of agriculture and forestry (1)	30
13. Diversification into non-agricultural activities (3)	53
14. Use of advisory services for farmers and forest owners (1)	24
15 Leader (4)	63, 64 and 65
16. Technical assistance	66
17. Restoration of forestry production potential destroyed by natural catastrophes and introduction of preventing instruments (2)	48

18. Agricultural producer groups (1)	35
19.. Participation of farmers in food quality schemes (1)	32
20. Vocational training for employed in agriculture and forestry (1)	21
21. Information and promotion activities (1)	33

The specific objectives, identified in the draft Programme, included for each of the axes are the following:

Axis I:

- Development of the adjustment of agriculture and the food sector to increasing EU requirements (environment, animal welfare etc)
- Development of restructuring of the holdings through land consolidation, support to young farmers and to structural pensions;
- Strengthening the assets of holdings through modernization
- Development of production quality
- Development of rural infrastructure
- Development of agricultural producer groups
- Education and skills improvements for agriculture and forestry

Axis II

- Maintenance of agricultural production within less-favoured areas (financial support for farmers carrying out production in LFA);
- Protection of lowest quality soil from degradation (financial support concerning afforestation of agricultural land and under agri-environmental packages);
- Protection of waters (payments associated with the Water Framework Directive and agri-environmental packages);
- Maintenance of valuable natural and wildlife habitats (payments under NATURA 2000 and agri-environmental packages);
- Preservation of landscape values of rural areas (payments under agri-environmental packages);
- Preservation of local breeds of farm animals and crop varieties (payments under agri-environmental packages);
- Promotion of sustainable agricultural management system (payments under agri-environmental packages)

Axis III

- Development of the diversification of economic activities in the development of local and regional products, tourism, trade, advisory services and other services
- Development of rural infrastructure
- Development of the rural cultural and natural heritage

Axis IV

- Elicitation of rural society from the Local Development Strategy area through the Local Action Group, build-up of human capital in the rural areas, what will result in management improvement of local resources and in its valorisation.

The operational objectives are presented in individual measure descriptions in terms of output indicators. We see the operational objectives specified in terms of number of beneficiaries,

number of projects and contracts, number of hectares under the measures, number of trainees, number of receivers of advisory services.

As indicated the overall objectives formulated are satisfactory and in compliance with the regulation, and so are the identified specific objectives related to each of the four axes.

However, we find that the absence of quantified targets at the specific level and the overall level makes it difficult to estimate the expected results and impacts of the measures and the Programme as such, see also the next section.

We recommend the MARD to try to prepare a transparent and clear objectives hierarchy of the Programme outlining the overall, the specific and the operational objectives of the RDP as well as the complementarity to other interventions, if deemed relevant. The hierarchy might be prepared as a figure indicating the various levels of the Programme.

3.2 Which baseline and impact indicators are proposed for measuring the effects of the RDP?

The NSP includes the relevant baseline indicators selected from the CMEF outlining the state of art horizontally and contextually of the issues to be covered according to the framework. We have in the assessment of a previous version of the NSP complemented the indicator table with a number of indicators and critical assumptions expected to be fulfilled to achieve the impacts expected, although only a few of these impacts are quantified. The indicator table is included as Annex II

3.3 How far do Programme objectives match with those defined under the National Strategy Plan?

On the overall level we find no serious discrepancy between the objectives presented in the NSP with the objectives of the RDP, as the NSP generally only presents the overall objectives at Programme and axis level and use the context and horizontal indicators to present the baselines, while the operational level in terms of output is presented in the RDP.

4. Evaluation of specific measures

The chapter will answer the following evaluation questions:

- What lessons and evidence have been taken into account in designing the draft Programme?
- Which measures will be applied to in view of achieving the Programme's objectives?
- What is the intervention logic of each applied measure?
- Which is the baseline (needs and objectives) for the interventions envisaged?
- What is the balance among the measures applied in view of objectives pursued?

4.1 Lessons learned

Despite the two years experience in implementation of operational programmes, only fragmentary information on experiences from the 2004-2006 period appear in the RDP. At least half of the measures chosen in RDP 2007-2013 are continuations of the measures from the present period. Changes were made in most measures, but there is no or only limited justification or reference to experience gained from implementation during the current period, although we can see from the measure descriptions that some experiences have been taken into account implicitly, such as for the design of the measure Setting up of Young Farmers, see below.

We acknowledge that no formal ex post evaluation has been conducted of the SAPARD programme as no mid-term evaluations of the present programmes have been carried out yet. However, it is important to carry out internal analysis and to come to relevant conclusions. Reference to valid experience from RDP 2004-2006 and SOP 2004-2006 implementations should be made. It is this experience (difficulties and failures as well as positive experiences) that constitute the best arguments for improving the new programme. The process of experience gathering is one of the most important factors, which can influence the efficiency of structural funds implementation in the 2007-2013 programming period. Lack of such experience and conclusions should be taken under consideration in the programmes.

Therefore, we recommend including a chapter in the RDP summarizing the previous and present programme experiences. This chapter could include experiences related to effects of programmes and specific measures in terms of output, results and impacts in order to assess what was achieved from the programmes. Measurements of effectiveness and cost-effectiveness could also be included, and the experiences from these measurements could be used as input to the quantification of targets at measure level in the present RDP.

The chapter could also include lessons learned from the administration and implementation of the previous programmes. Various analysis, evaluations and feedback from the stakeholders prove that it is possible to collect these experiences and to improve the administrative set-up within the frame of EU regulations. One example of an experience from implementation is that the principle of reimbursement of expenditure is an important barrier reducing the accessibility of the Programme for beneficiaries, especially in their present economic condition. It is therefore proposed to consider the pre-financing, at least in part, of expenditure in the next programming period, as it is done in certain market mechanisms.

Other proposals of the farmers include simplification of procedures and unnecessary documents; introduction of the mechanism of project pre-selection in order to spare the beneficiaries the costs, save time and avoid unnecessary problems; ban on the introduction of

changes during the implementation of the projects; shortening of the time for reimbursement of funds; financing of second hand equipment and technology, etc.

Some of the measures presented in RDP could result in an appearance of side-effects such as an excessive usage of mineral fertilizers and plant protection chemicals. Therefore, it is necessary to undertake educational horizontal initiatives which will cover vocational trainings, advisory services and promotion activities. They will increase farmers' sensibility on environmental issues and prevent farmers from using non-environmental friendly fertilizers that increase crops.

We are aware that some of these wishes from the stakeholders might be on the edge or even beyond the edge in relation to EU regulations, but this edge can only be moved, if we continuously challenge it.

We are informed that such a chapter summarizing lessons learned from the ongoing programmes will be added to the RDP, and we appreciate that.

4.2 Selected measures in the RDP

The measures selected under the RDP presented above in Table 3.1 are one by one, axis by axis evaluated in this section of the report based on the descriptions of the measures in the RDP.

Axis 1

Vocational training for persons employed in agriculture and forestry (code 111)

The objective of the measure is fully justified as vocational training is an important tool to increase competences and qualifications of new as well as established farmers and employed in forestry. Vocational training is a prerequisite for a successful implementation of many other measures under Axis 1 and 2 in particularly.

We appreciate the explicit demarcation line to the European Social Fund concerning re-training of farmers starting non-agricultural activities.

Eligibility criteria are to be developed, and we expect that the requirements to the potential beneficiaries (training institutions etc) reflect the needed emphasis on experiences from training.

The number of beneficiaries is estimated to be 450, but it is not clear if this figure indicates the number of contracts (project assignments), and if so, it could be stressed. We also would prefer to have quantified targets concerning the number of trainees to reach.

The allocations for the measure are 50 million € for the programming period. Taking the assumption that 450 projects are implemented, the average cost per contract is 110.000 € We expect that this average price is in accordance with experiences from present programmes where vocational training has been implemented. However, the price must be assessed in relation to the number of participants in the training, the length of the training etc. The cost-effectiveness is consequently not easy to assess, when this information is not included in the measure description.

The monitoring indicators are presented at output level, and are referring to number of projects, trainings, days and participants in training segregated on gender, age, training topic

type of trainee and voivodship. These indicators are satisfactory. However, we would recommend formulating indicators and – if possible – quantified targets on result and impact level as well. The training should provide enhanced qualifications and competences of the participants (result indicators, level of competence measured ex-ante and ex post training), and the impact should be change in procedures, methods, practices, technologies etc leading to increased productivity and income, environmental protection etc. According to the information obtained from MARD, the final RDP version will include an appropriate set of product, result and output indicators. Additionally for the abovementioned indicators target values will be established.

Setting-up of young farmers (code 112)

The justification of the measure is good as it supports the restructuring of the agricultural sector and contributes to the development of the sector. The measure provides an extra incentive for young farmers to establish their own production.

It is stated in the RDP that the support under the measure will be granted in a form of one-off premium to farmers with adequate professional qualifications, who will present and implement an agricultural activity development plan.

A small comment is as follows: The objective of the measure should state that the measure is included in the RDP in order to *facilitate the start up of agricultural activity of young farmers contributing to structural adjustment of the holdings after the beginning of the agricultural activity*. The objective of the measure should not be described as the disbursement of funds, but should correlate to the expected effects of the support.

A positive aspect of the measure is the fact that it specifies the minimum requirements concerning the area of the holding created as a result of the project (in ha) and the requirement concerning the comprehensive insurance of the beneficiary in the Agricultural Social Insurance Fund (KRUS) for at least a year from the payment of aid. This makes it possible to make the access to the measure more restricted and exclude from support potential beneficiaries, who do not associate their future with the development of agricultural activity and living in rural areas after the expiry of the period, in which they are bound by the support.

The draft measure description takes into account the negative effects and experience of the SOP 2004-2006; support for young farmers was not always provided for investments in agricultural holdings, which did not guarantee the sustainability of measure effects. We positively assess that this experience was included in the current draft RDP.

The estimated number of contracts which will be signed within this measure is 35.200 representing an allocation of support of 440 million € with a premium of 50,000 PLN per contract. However there is no number of potential beneficiaries complying with support scheme requirements.

The monitoring indicators are number of assisted farmers and the financial volume of the investment segregated on various sub-indicators (age, gender, branch, economic size of holding, number of hectares of land etc).

We recommend supplementing monitoring indicators with result indicators (example: increase in average size of farms) and impact indicators (example: increase in productivity and income) and to quantify the targets on result level and on impact level, if possible.

According to the information obtained from the MARD, the final version of the RDP will include the appropriate set of product, result and impact indicators. Additionally, for the a/m indicators the target values will be specified.

Early retirement (code 113)

This measure should be assessed in close connection with the previous measure on Setting up of Young Farmers. The overall objective of the measure is the same as the previous measure: To support the restructuring of Polish agriculture. Specifically the support shall provide elderly farmers with an additional economic incentive to leave production and to hand over the farm to a young successor (start-up) or to an existing farm. The measure is fully justified. The quantified output is estimated to be 50,400 contracts. This is around 15,000 more than expected for the “Young farmer” measure. The need in terms of potential beneficiaries is not quantified. The allocations of 787.6 million € are difficult to assess in the lack of a quantified need.

The monitoring indicators relative to the output level concerning the number of farmers entering the measure as well as the number of hectares released as a consequence of this. No result and impact indicators are mentioned. It is recommended to quantify the target for the measure in terms of number of released hectares seen in combination with the “Young farmer” measure. According to the information obtained from the MARD, the final version of the RDP will include the appropriate set of product, result and impact indicators. Additionally, for the a/m indicators the target values will be specified.

The measure is a prolongation of the present PROW 2004-2006 and 1.400 million € under the new Programme are pre-allocated to commitments under the present programme. Although not explicitly stressed in the measure description, we expect that experiences from the present programme are used in the preparation of this new measure and that improvements are made, if relevant.

Modernisation of agricultural holdings (code 121)

This measure is one of the biggest in terms of allocations, as 1650 million € are allocated for this measure in public support. The objective is to improve the competitiveness of the agricultural holdings through modernization. The objective is fully justified in the light of the low productivity of Polish farms, and the high average age level of the machinery of the farms as indicated in the NSP and in the RDP chapter 2.

According to the measure the support covers purchasing and installation of new machinery, devices or equipment. It refers only to new machinery, and thus it does not take into account the specific problems and needs of young farmers or other groups of farmers with restricted financial resources. Due to large financial outlays for modernisation of the holding, the aid for the purchase of used equipment (second hand equipment) for persons who for the first time begin to operate an agricultural holding, will allow accelerate the process of taking over and modernizing the holdings, replacement of the elderly generation in farming and the development of the agricultural structure. It might also ensure sustainable effects of the project after the completion of the Programme as well as additional effects. This is based on the consideration that we expect there is a risk that without support for used second hand machinery young farmers will not be able to do the necessary investments. The eligibility to invest in second hand machinery could be considered in order to reduce investment levels and make it easier for farmers to find the needed private co-financing.

The eligible investments do not include investments related to the purchase of farm animals. Therefore, the output of the measure will not include new herds of farm animals, which will contribute to the improvement of competitiveness through the increased effectiveness of the holdings, adjustment of their scope, scale and production to the market needs. We are informed that the MARD has proposed to the Commission to make farm animals an eligible investment under the measure but without success. We take this information aboard, but regret the Commission decision due to the following reasons.

The problem under the SOP 2004–2006 was whether the purchase of farm animals is or is not a replacement investment. However, the complete resignation from support for this type of investments will make the restructuring in certain animal production sectors more difficult. Numerous agricultural holdings resign or will resign from milk production in the coming years and will change their scope of production to cattle for fattening. The reasons behind this process include the difficulties in meeting standards, insufficient milk quota in numerous holdings, which results in a low effectiveness, and penalties for exceeding the milk quota to be imposed on numerous farmers in 2006. The exclusion of the support concerning the purchase of farm animals will slow down the changes in the production structure of the holdings involved in animal production. It will also make it difficult to increase the specialization and improve the effectiveness and competitiveness of the holdings, in particular those producing milk and meat. The NSP does not mention the issues related to the development of holdings involved in animal production. The RDP analysis of the current situation shows that only 9.8% of dairy farms keep 10 and more cows and consequently 90% of farms have herds of up to 9 dairy cows. Therefore, it is recommended to consider the introduction of a support, which will allow purchase a herd of farm animals, if the scope of animal production in the holding is changed.

The group of the holdings to which the aid will be addressed is very widely defined. It is not stated to which group specified in economic terms the aid is addressed. Does it mean that any farmer (who fulfils the requirements of the standards) can be the beneficiary of the measure irrespective of the economic size of the holding? The eligibility criteria are very wide and do not correspond to the estimated number of holdings (50,000 holdings) benefiting from the measure. The need in terms of the size of the target group is not presented, but the wide definition of the beneficiary target group will probably make the demand much larger than the supply. We understand from the MARD that the quantified target in terms of the number of beneficiaries is derived from available allocations and not from the needs as such.

However, this situation must be faced under many measures and we can therefore recommend to prepare and to use selection criteria in order to select the projects/investments best contributing to the fulfilling of the measure and the Programme objectives.

The statement in point 3 of the criteria which refers to “meeting the requirements laid down in the EU regulations” raises some specific issues. How to solve the problem, which arises when there are transitional periods in national regulations for a given provision from the EU legislation - e.g. in environmental protection? We must then expect that the EU requirements are fulfilled, when the specific modernization of the farm has been ended.

The average investment is expected to be around 33.000 €, which is in correspondence with experiences from the previous programmes, where we have seen an increasing tendency in the volume of the average investment. The maximum of support of 500.000 PLN for an individual beneficiary for an individual holding in the programming period will restrict uptake on the larger farms able to co-finance bigger investments. It is not clear from the measure

description how and if this criteria will restrict the up-take, but we recommend to assess the risk and change the criteria in an upward direction, if needed and relevant.

Similarly we find the lower limit of 20.000 PLN reasonable, and we expect that the limit is set based on previous experiences.

The monitoring indicators relate to outputs exclusively. We find the selected indicators satisfactory, especially concerning type of investments and branch. However, we recommend quantifying the targets on these output indicators as well, in line with quantifications in previous programmes. We are aware of the position of the MARD that a break down of the measure on sector level is avoided in order to ensure greater flexibility in the Programme implementation and to avoid Programme changes/adjustments. We acknowledge this position, but we find however that our recommendation is useful from the point of view of Programme monitoring and management.

We also recommend complementing indicators with result indicators (examples: capacities of equipment, technologies etc.) and impact indicators (examples: productivity, growth in income etc), and to quantify these indicators in order to be able to monitor the Programme implementation and the fulfilment of the objectives. According to the information obtained from the MARD, the final version of the RDP will include the appropriate set of product, result and impact indicators. Additionally, for the a/m indicators the target values will be specified.

Increasing the added value to basic agricultural and forestry production (code 123)

The objective of the measure is to contribute to increased competitiveness through investments in new products, processes, technologies and value added products as well as in meeting EU standards. The measure is targeting small and medium sized enterprises (because of their impact on new jobs' creation), as well as large enterprises. The measure and the objective is fully justified in the light of increased international competition. The measure receives 1.100 million € in public support during the programming period.

The CR 1698/2005 states that in a context of increased competition it is important to ensure that the agriculture and food sector and the forestry sector can take advantage of market opportunities through widespread innovative approaches in developing new products, processes and technologies. The concept of *modernization* is supplemented with the concept of *innovation*. The idea behind this supplement is that modernization investments in agricultural holdings and food enterprises often have been in well-known products and technologies. Even though they might have been new for the farm and the firm, they might not have been new on the market. Therefore adding innovation to modernization the idea is to stimulate to new products and processes not known to the farm and the firm neither to the market. This theoretical distinction is important as it places more emphasis on the relations to the scientific community (research institutions and universities), than we have used to see. This issue is not included in the measure and subsequently it is not awarded - e.g. with higher level of support for innovative firms. We recommend providing preferences in the support to projects of an innovative character compared to projects of a traditional content.

The analysis of the current situation presented in the NSP and the RDP points to the need to support the investments related to environmental protection, both at the level of agricultural holdings and in the processing sector. The objectives of this measure do not refer to the environmental protection as such, although the scope of the measure refers to environmental related investments. This is in line with the similar measure with the same objective

implemented under the SOP 2004-2006 also demanding a reduction in the negative impact on the environment. We simply recommend adjusting the objective of the measure in accordance with the scope of investments.

Another issue concerns the eligibility criteria that support is only granted to firms and farms meeting relevant EU standards. The RDP chapter on the analysis of the current situation indicates that the agri-food industry is still not adjusted to the EU environmental protection requirements. If this is correct, the description of the measure could lead to a deadlock, where those beneficiaries in biggest need for the support do not have access simply because they do not live up to the acquis related requirements concerning environment. The objectives of the measure described in the RDP and the eligibility criteria will be translated into application forms and procedural documents. The potential contradictions in the measure description between objectives of the measure and eligibility criteria may result in problems in preparing application forms and procedural documents. We recommend considering this issue in the design of the measure, for example by introducing that all relevant EU standards must be met when the investment has been accomplished.

The agri-food sectors, which should receive aid under the RDP, are not specified in the measure. The chapter containing the analysis of the current situation presents the processing of agricultural and forestry products mainly with reference to milk and meat sectors, see above. It is difficult to conclude from the analysis what are the needs in other sectors, and which needs and in which sectors (apart from meat and milk sector) should be the priority for aid under the new RDP and should to the largest extent contribute to the achievement of the Programme objectives. We are aware of the position of the MARD on this issue, and it is parallel to the issue discussed in our assessment of the Measure on Agricultural holdings: We respect the argument of flexibility, but emphasize our position on improved possibilities for a proper and detailed monitoring and management of the Programme implementation.

The level of support is differentiated according to the size of the enterprise (in accordance with the recommendation of 2003/361/EC and the CR 1698/2005). The draft RDP foresees that the maximum level of support is decreased by 10% for beneficiaries being small and medium-sized enterprises (SME), if they do not cooperate with producer groups. The decreased level of support does not concern the enterprises (which are not SME), which employ less than 750 people or with turnover not exceeding the PLN equivalent of EUR 200 million. The development of agricultural producer groups in Poland proceeds slowly. The data for 2005 indicate that the number of producer groups and the number of the associated producers is extremely small as compared to the general number of farmers who produce for the market - up to now 120 producer groups with only 17,711 members were established.

One of the key objectives for setting up producer groups' organisation on the agricultural products market is the adjustment of the production to the customers' requirements in respect of quality and quantity. The producer groups usually cooperate with large enterprises. Producer groups are usually established as a result of the requirements or price advantages granted by large enterprises for the delivery of large batches of raw materials. Large companies have developed technologies and market activities and can afford to make investments in respect of the cooperation with organized raw material base. Small and medium-sized enterprises in majority operate on local markets and rely on contractual links with individual farmers and only sporadically cooperate with producer groups. The additional 10% of support for the investments related to the cooperation with producer groups is not much motivation for SME.

The largest investment activity has yet been observed in the milk processing sector. The sector is dominated by cooperatives owned by their members – milk producers which are

linked by multi-annual contractual agreements. The sector is limited by the CAP regulations and will not further expand on the market. The dairy sector is one of few food processing sectors which maintained the ties with farmers rooted in the cooperative tradition. As a result, in a view of the character of activity carried out within dairy cooperatives, we find it unlikely that the contracts for supply of raw material are signed with producer groups.

Decrease of support for dairy cooperatives does not seem to be correct and may lead to the situation in which large companies use the opportunity to purchase raw materials from organized groups, concurrently applying temporary price systems in order to weaken the smaller competitors. Negative consequences may also include the loss of positive examples of economic organization of farmers in small and medium-sized milk cooperatives, which is of utmost importance in view of Polish farmers' general reluctance to organize themselves, proved by a small number of producer groups in Poland.

Therefore, if the preference for cooperation with producer groups is to be maintained, we recommend establishing the monitoring indicators concerning the evaluation of the progress of cooperation between SME and producer groups. If the changes take place slowly, the further application of 40% support for SME, which do not cooperate with producer groups, should be abandoned and the level of support for such SME should be increased to 50%.

Finally, there is no reference to forestry production. The contribution to GDP by agriculture and forestry is not big since they are primary production sectors. Creation of conditions for basic processing of crops and wood allows for increasing the share taken by these sectors in GDP through an increase in the added value. In the area of forestry such support - since Article 28 of CR 1698/2005 excludes "the processing and/or marketing of forestry products" - should concern the sector of forest services operating in rural areas and being one alternative to non-agricultural activity of rural population, and planting material production – forest nurseries. We acknowledge, however, the possible support form these types of investments under the measure on Establishment and development of micro enterprises, code 312.

The number of expected beneficiaries is 3.000 representing an average of 366.000 € per project. This average is in line with experiences from previous programmes.

The monitoring indicators are output indicators referring to the number of holdings having support and the volume of investments segregated on various sub-indicators. We recommend supplementing these with indicators on result and impact level in correspondence with the Programme objectives. According to the information obtained from the MARD, the final version of the RDP will include the appropriate set of product, result and impact indicators. Additionally, for the a/m indicators the target values will be specified.

Improvement and development of infrastructure for agriculture and forestry (code 125)

The objective of the measure is to improve and develop the infrastructure for agriculture and forestry with emphasis on two sub measures. Scheme I focus on development of roads and land consolidation, while scheme II focus on water management and preventing floods.

The measure is justified for scheme I with reference to the fragmented structure of Polish agriculture and forestry. We also find some data in the NSP about the status of rural roads providing access to agricultural land and forests. Concerning scheme II we find good justification among other things in the frequent floods damaging agricultural areas and caused of poor management of the water ways.

The eligibility criteria refer primarily to the procedures for applicants including legal basis and EIA requirements. The procedures for applicants for projects concerning roads are not presented and the measure description does not contain specific eligibility criteria for potential beneficiaries for this type of projects, making it difficult for potential beneficiaries to use the measure. We recommend preparing these criteria.

430 million € are allocated to the measure without a distribution on the two schemes. The contracts under the measure are 100 percent funded. We do not find a quantified need or a quantified target for the measure in terms of expected number of contracts for any of the two schemes.

The monitoring indicators for scheme I cover the number of projects, the investments in the projects and the total area of land covered of the contracts for land consolidation. We do not find output indicators related to the objective of constructing rural roads. The indicators for measure II refer to number of contracts and total investments. For both schemes we recommend preparing result and impact indicators and to quantify the targets on all levels, if possible. According to the information obtained from the MARD, the final version of the RDP will include the appropriate set of product, result and impact indicators. Additionally, for the a/m indicators the target values will be specified.

In case of this measure clear demarcation line should be set up on which basis a project would be qualified for financing under the RDP or under other programmes financed from structural funds. These demarcation lines could be presented here in order to facilitate the application process for potential beneficiaries. We recommend that.

Participation of farmers in food quality schemes (code 132)

The objective is to support the development of a quality oriented production in Polish agriculture through the participation of farmers in the Community scheme on Protected Designations of Origin and Protected Geographical Indications and Guaranteed Traditional Specialities and in national schemes such as the Integrated Production scheme.

The measure is justified from the description of the current situation in the RDP stating the increasing demand for such products. As we have indicated previously, we find it important to document the growing demand and the markets for these products, although we are in line with the qualitative statement.

The Integrated Production scheme is in line with all criteria set up to food quality systems adopted by EU Member States, described in draft EC regulation setting up specific rules for implementation of Council Regulation 1698/2005. For this reason it is justified to include Integrated Production to this measure.

The measure receives 120 million € for the programming period. The measure does not include any quantification of needs and targets, and we do not find an estimated number of beneficiaries.

The one monitoring indicator selected is an output indicator measuring the number of supported holdings under the schemes broken down on gender, quality scheme, product categories and region. We recommend adding result and impact indicators with reference to the measure and Programme objectives, and we recommend quantifying all indicators if possible, in particular the output indicator. Additionally, it is important to define the quantity of high-quality production that is produced in supported holdings. According to the

information obtained from the MARD, the final version of the RDP will include the appropriate set of product, result and impact indicators. Additionally, for the a/m indicators the target values will be specified.

Information and publicity measures (code 133)

The measure objective is to support information campaigns and publicity measures for products covered under the quality schemes PDO, PGI and TSG as well as organic products and products covered of the IP scheme.

The justification is that the supply and the demand of quality products could be even higher than today if information and marketing is improved. We agree with this justification, although the market tendencies for these types of products are absent in the RDP.

The allocation is 30 million € expected to be utilized through 1.350 contracts at an average cost of 22.000 €. This average appears to be relatively small, if the scope of the measure is taken into consideration. The scope of the measure includes multimedia campaigns also on international markets, and such measures will be considerably more expensive than the average estimated in the measure description. We acknowledge that the variation in activities might be very broad from the said international multimedia campaigns on the one hand to simpler local advertising measures on the other. Consequently it is difficult to calculate an average cost per contract in a realistic way.

The expected need for the measure is not quantified, but it appears to be optimistic to estimate a target of 1.350 contracts during the programming period, almost 200 per year.

According to EC Regulation 1698/2005 activities related with trade marks are not eligible for support. However it should not be understood that it is not allowed to inform about products and its producers and to treat campaigns within this measure as a general information and promotional campaign. Such activities shall pay attention to specific characteristics of products or their advantage on other products, especially on quality, specific production methods, high requirements on animal welfare and protection of environment related with food quality and may involve dissemination of scientific and technical knowledge linked to those products. Such activities may especially include organization of fairs or exhibitions and/or participation to those events. The activities may also include other public relations actions and advertising by means of other ways of communication and in selling points.

The monitoring indicator is an output indicator only measuring the number of supported producer groups with a break down on quality scheme, region and product type. We understand that the measure will finance projects of different scale. In view of this it is not possible to define additional result and impact indicators as such projects, depending on their scale, will have different impact on sale, turnover and income. The projects will be carried out by producer groups. If the respective producer group does not associate all producers, i.e. of the same protected product or organic products it will be very difficult to isolate the impact of one selected campaign on sale, turnover or income. Additionally it is worth mentioning that measure might finance low budget projects (i.e. participation to fairs, purchase of banners). In view of this costs linked to specific data collection might be higher than the support. Despite of this according to the information obtained from the MARD, the final version of the RDP will include the appropriate set of product, result and impact indicators. Additionally, for the a/m indicators the target values will be specified.

Agricultural producer groups (code 142)

The measure is a continuation of a similar measure implemented under PROW 2004-2006. Its objective is to support the establishment and the operation of producer groups in agriculture for a period of five years. Implementation of the measure justified due to the fragmented structure of Polish agriculture which makes the access to the market of the individual farmer difficult and reduces his bargaining power in his negotiations with potential customers. Producer group members sell their products via the group, jointly do the marketing and promote their products. We find the measure relevant in the light of the fragmented characteristics of Polish agriculture and in view of a small number of producer groups in Poland (until November 17th 2006 72 aid applications were submitted by different groups; 44 of them were granted a support; the payment was made to the benefit of 31).

The allocation for the measure is 130 million € expected to facilitate the setting up and running of 350 new producer groups, excluding producers of fruit and vegetables, mushrooms, nuts and fish.

Monitoring indicators are number of supported producer groups being an output indicator and turnover of the supported producer groups being a result indicator, although not referred as such. We recommend quantifying the targets on result and on impact level, if possible. According to the information obtained from the MARD, the final version of the RDP will include the appropriate set of product, result and impact indicators. Additionally, for the a/m indicators the target values will be specified.

Advisory services for farmers and forest owners (code 114)

According to Article 24 of the CR 1698/2005 support shall be granted in order to help farmers and forest holders to meet costs arising from the use of advisory services for the improvement of the overall performance of their holding. The RDP objective of the measure refers to the aid consisting in the provision of advisory services to farmers and forest owners within a number of areas covering all relevant interventions under the Programme: Competitiveness, environment, improving the quality of life in rural areas. The result and the impacts of the measure should be in compliance with the objectives, which is the improvement of the overall performance of the holdings of farmers and forest owners and not to provide aid for buying advisory services.

The need for advisory services to facilitate Programme implementation and fulfilling Programme objectives is paramount justifying the measure.

The eligibility criteria do not specify minimum general requirements for advisory entities with which the beneficiaries should sign agreements for the provision of services. As a result the farmers may use the services of random companies, which are not prepared to provide the services aimed at increasing competitiveness and profitability of the holdings. The requirements concerning the advisory entities may be introduced and it should be stated in the RDP that such requirements will be enforced.

The current description of the objective of the measure and the lack of precise requirements regarding the providers of advisory services for farmers may imply the risk that the measure will not contribute to the achievement of expected results. We recommend that these requirements are included in the description of the measure.

The allocation is 130 million € with a maximum of 1.500 € per beneficiary. A target of beneficiaries is set to 600.000.

Output indicators are number of farmers and forestry holders supported. No results and impacts indicators are prepared referring to expected fulfilments of measure and Programme objectives.

Axis 2

The five measures proposed under Axis 2 are:

- Support for farming in mountain areas and other less-favoured areas (LFA);
- Payments for Natura 2000 areas and areas associated with the implementation of Directive 2000/60/EC;
- Agri-environmental payments, which include the following 8 packages:
 - sustainable agriculture,
 - organic farming,
 - extensive permanent pastures,
 - protection of valuable natural habitats,
 - preservation of native crop varieties,
 - protection of native farm animals,
 - soil and water protection,
 - buffer zones;
- Afforestation of agricultural land and non-agricultural land;
- Restoring forestry production potential that was destroyed by disasters and introduction of prevention actions.

Support for farming in mountain areas and other less-favoured areas (LFA), (code 211, 212)

The LFA measure provides support to farming in mountain area and in less favoured areas in order to compensate the farmers for difficult production conditions in these areas. The objectives are to contribute to continue farming, maintaining the landscape values and introducing environmental friendly farming systems.

The measure is justified due to the fact that large areas of Polish agricultural land areas designated as LFA equal to more than 56 pct.

The allocation to the measure is 2.286 million € for the programming period. The quantified target in terms of number of beneficiaries is 5.250.000 which is justified due to the large number of small scale farmers in Poland.

The design of the measure in terms of eligibility criteria is adequate, and is a prolongation of the design of the present LFA measure. We do not have any comments to the design as such.

The measure is a prolongation of the LFA measure under the present programme. During the period 2004-2006 it has been one of the biggest measures in terms of resources in the RDP and constituted 25% of the budget. The results and impacts of payments under LFA are difficult to assess directly. Annually, about 700.000 holdings benefit from the payments. Assuming that their average area is 10 ha, this means that a single holding receives PLN 2500-3000 in support annually. Therefore it can be concluded that the measure serves the role of income support to farmers on the areas where it is applied, thus contributing to increase in stability and the development potentials of holdings. The support granted under this measure may be a major source of financing of their modernization investments, although this is not confirmed from evaluations. Additionally, owing to the measure agricultural activity on land, which was temporarily voluntary set-aside due to unprofitable cultivation, is maintained. It concerned mainly the poorest land.

The measure allows for the implementation of the social objectives such as raising the farmer's professional prestige and contributes to combating poverty in rural areas.

The measure will contribute to a lesser extent to achieving environmental objectives.

The reason why farmers decide to take up the cultivation of set-aside land or land with poor quality soil is rather linked the area-based payments to the actual need to use that land for production purposes. As a result, in case of such land the soil may suffer from decrease of humus which results from the lack of proportional (to increase of scale of cultivation) increase of animal production. Therefore, it is difficult to assess whether the support granted within the measure will have unequivocal positive environmental effects. However, it may be assumed that preservation of agricultural activity in areas where due to unfavourable (mountain) location or poor soil quality such an activity would be abandoned may have positive impact in preservation of landscape in those areas.

The objectives set up for the measure do not solve some of the economical problems underlined in the RDP, e.g.: the measure will not contribute to creation of favourable conditions for land concentration and as a result will not develop work efficiency in the sector. Concurrently, it will not exclude from cultivation the land with poorest soil quality (that might be used e.g. for afforestation). It is the case as land-related subsidies, including LFA payments, contribute to increase in land price. On the other hand, the financial resources obtained from the measure may enhance upgrading of the holdings technical equipment thanks to the fact that they generate surplus, difficult to be achieved in the less favoured areas.

Increase in the agricultural income may restrain the depopulation of rural areas in the sense that people will tend to stay in rural areas to a larger extent than otherwise the case. However, it is also dependant on, to a large extent, other demographical and social factors.

In the years 2004-2006 payments under LFA were related to the obligation to comply with the Common Good Agricultural Practice. Its principles cover mainly issues connected with the environmental protection, both directly and indirectly, through requirement of conducting efficient agricultural practice. Starting from 2007 the minimum requirements for this measure will change and will be related to the obligation to comply with the Regular Good Agricultural Practice as it is the case for area base payments). Taking into consideration the fact that the beneficiaries will be obliged to comply to minimum requirements (no matter what their scope is) it may be assumed that the measure will contribute to realization of social objectives in terms of increasing awareness of environmental issues and their impact on rural life in general.

On the other hand the obligation to comply with minimum requirements will result in necessity of investments. Without proper support the holdings located in less favored areas (LFA) would not have many chances to raise sufficient funds for implementation of obligatory ecological investments or improvement of animal welfare. Consequently the requirements could bring them to collapse if they are not supported from the measures.

The monitoring indicators are output indicators measuring the number of supported holdings equal to the number of beneficiaries, and the supported agricultural land covered of the holdings. No indicators are formulated reflecting the environmental and social as well as economic objectives of the measure. We recommend that to be developed. According to the information obtained from the MARD, the final version of the RDP will include the appropriate set of product, result and impact indicators. Additionally, for the a/m indicators the target values will be specified.

Summing up the measure – LFA allows to achieve mainly the economic and social objectives. It enables to maintain agricultural activity in depopulating areas, threatened with atrophy of the natural rural landscape. In case of large area holdings, the measure might be an important factor, having positive impacts on the technical modernization. Implementation of the environmental objectives related to the measure is difficult to evaluate. It depends mainly on the beneficiaries' eco-environmental awareness. It may be assumed that the preservation of agricultural activity in these areas will have positive impact on preservation of rural landscape.

Payments for Natura 2000 areas and areas associated with the implementation of Water Framework Directive 2000/60/EC (code 213)

The objectives of the measure are to compensate farmers in NATURA 2000 areas for restrictions of their agricultural practice due to the location in the area. Through the restrictions, better protections of birds and habitats as well as waters will be ensured.

550 million € are allocated to the measure, which is divided into two schemes, related to NATURA 2000 and the Water Framework Directive, respectively. Scheme I will utilize packages available also under the Agri-Environmental measure (see below), i.e. package 3.2 Preservation of nest habitats of birds and package 4: Protection of valuable natural habitats. There is a possibility to extend the scheme with additional packages.

Transactions costs are eligible, which is positive. Additionally, it is recommended that costs related to environmental monitoring of holdings that are to be borne by beneficiaries are compensated.

150.000 beneficiaries are expected to take advantage of Scheme I. In case of Scheme II approx. 200.000 beneficiaries are expected to use the measure.

The possibility of reimbursement of transactions costs borne in relation to preparation of habitat and ornithological documentation is positive. However, it is worth stressing that the obligation of preparation of such documentation may discourage farmers from participation to the scheme and accordingly may result in decrease in the farmers' interest in the scheme.

Assumptions concerning the number of beneficiaries at 150.000 may be overstated as the Natura 2000 network has not been finally completed yet. If the Programme covers 11% of the country's territory then a corresponding proportional agricultural land would be around 1.6 million ha. It might mean that practically all farmers of the particular area would have to be beneficiaries of the Programme. Similarly, we do not know yet how many farmers would respond to Scheme II – the water environment scheme, the scope of which and requirements for participation have not been fully specified yet

From the perspective of the overall objectives, Natura 2000 is a measure that should contribute to achieving environmental objectives. The payments are to compensate for the loss of expected benefits due to limitations in use of the specific resources or to compensate for the additional outlays incurred for habitats protection. The economic or social result seem to be of little importance in this case, treated rather as a secondary effect, namely e.g. raise of environmental protection awareness of farmers and people around them due to educational element of participation in the particular measure. From the economic point of view it will allow to maintain agricultural activity in the protected areas and in these regions which are subject to limitations with respect to agricultural use of natural environment.

It appears that the weakest point of the measure is the fact that the actual interest among the potential beneficiaries has not been evaluated; therefore the scope of the environmental objective implementation could be lower than expected.

The monitoring is based on two output indicators measuring the number of supported holdings and the number hectares of supported land. We recommend quantifying the expected result of the interventions and to prepare result and impact indicators related to the objectives of the measure. According to the information obtained from the MARD, the final version of the RDP will include the appropriate set of product, result and impact indicators. Additionally, for the a/m indicators the target values will be specified.

Agri-environmental payments (code 214)

The measure included seven packages in PROW 2004-2006 while in RDP 2007-2013 it is planned to cover 8 agri-environmental packages. An important and positive modification foreseen in the new Programme is that all packages may be realized nationwide. From this perspective it may be stated that they strengthen the other environmental interventions (e.g. establishing of protected areas) and allow controlling development of environmental measures. Therefore it appears that increase in number and variety of packages is well-grounded and justified, due to different conditions for environmental protection within the country's territory, depending on the type of protected area.

Just like the previous measures under Axis 2, this measure aims at implementing the environmental objectives, which is possible through carrying out the activities over the minimum requirements by the farmers¹. List of the proposed agri-environmental measures includes 8 packages and 39 agri-environmental variants. It means that the farmers are provided with a wide range of possibilities. Some of the available variants concern the scope of activities covered by Natura 2000 programme (variant 3.2 and package 4, see above). Packages 5 and 6 relate to the genetic resources (preservation of local varieties and breeds).

From the perspective of a large-scale environmental protection the most important are packages 7 and 8. Agri-environmental payments are to compensate for the additional costs incurred by the farmers or for the loss of expected benefits. The farmers' interest in the said packages may be limited due to difficulties in land cultivation which result in higher than assumed costs of maintaining certain crops and due to possible difficulties in work organization and meeting technological requirements.

Packages "Sustainable Agriculture" and "Organic Farming" are intended to support development of sustainable farming. The package "Sustainable Agriculture" appears also to be important from the social perspective as it requires raising of agricultural awareness to be able to achieve the same results with lower outlays (objectively and proportionally). The package serves also as a promotion of such type of farming as the sustainable agriculture meant as efficient farming in concurrent observance of minimum requirements. Implementation of the package may be hampered by the lack of relevant knowledge among the farmers. This is why it is difficult to determine the level of interest in them. The supporting vocational training measure – concerning mainly preparation of fertilization plans – may result in increase of interest in the measure. The other difficulty may be strongly

¹ The principles of good agricultural condition with lesser number of requirements are commonly applicable, however, in less favored areas the Regular Good Agricultural Practice is obligatory, thus bringing them closer to meeting sustainability criteria.

bureaucratic procedures causing increase of the transaction costs, which make the package unprofitable for smaller holdings.

The objective of payments for sustainable agriculture is to support change in the way the farming is done in the holding. The beneficiary is obliged to introduce crop rotation, set up a plan of fertilization and farm in the way that does not harm natural environment. It may be assumed that such activities, if carried out by farmers on a larger scale, will have very positive influence on environment.

The package "Organic farming" is oriented towards reduction of farming nuisance for the natural environment. It means that its implementation is beneficial for the environment regardless of the holding location.

The adopted forms of payments and their amounts allow to state that the package might be realized nationwide as it is difficult to ascertain that there is a relation between the quality of soil and development of organic farming. To the moment the support for organic farming was granted to holdings which average size superseded the national average. Such a tendency should continue. Interest in such farming system of the remaining part of holdings may be mainly dependant on economic calculations. Organic production requires substantial investments and is foresees substantial risk. It requires from the farmer high know-how which enables to maintain crop efficiency at satisfactory level

Despite the above-listed advantages for the holdings, the scope of the organic farming implementation may be limited due to difficulties with combating pests and mentality of farmers. The scope of interest in this system of farming may also be limited because of bureaucratic obstacles. In 2005 there were 7.000 organic farms comprising around 170.000 hectares of land, however, their number increased only from the moment when a substantial financial aid for such holdings was introduced. Thus it may be concluded that support is a factor contributing to their increase.

The average area of agricultural lands per a single organic farm is 24 hectares, which means that they are larger than average. Therefore it may be concluded that the amount of payment – around PLN 800 per hectare – gives possibility of considerable income and development for the holdings the area of which exceeds 10 ha.

The impact of the scope of organic farming development on the environment may be minimal, in particular in such regions where there are only single holdings comprising small area. That is why we cannot assume that it will have a considerable impact on the general state of environment. It seems adequate to set up such holdings in areas where there restrictions linked to agricultural use of natural environment, especially in those endangered with nitrogen pollution coming from agriculture. On the other hand, though, they may serve an important educational role - if their production and economic results would be encouraging for the other farmers in the neighbourhood.

Payments related to organic farming would be in practice a form of support for the farmers, thereby they will contribute to implementation of the social objective – improvement of the quality of life and income in rural areas.

The monitoring indicators presented relate to the various packages under the measure and measure the outputs in terms of number of holdings supported, area supported, number of contracts and number of contracts regarding genetic resources. The indicator system for the measure could be developed in line with recommendations for other measures, providing

result and impact indicators reflecting the individual character of the packages under the measure.

Afforestation of agricultural and non-agricultural land (code 221, 223) and Restoring forestry production potential and introduction of proper preventive mechanisms (code 226)

Both forestry measures are compliant with general objectives of RDP and reflect the needs of the forestry sector yet the way the description, justification and determination of objectives, scope of aid and eligibility criteria is done, may result in problems at the implementation phase. This constitutes a risk unless in administrative regulations laying down rules for implementation of RDP measures there are stipulations that precise those present in the RDP.

The measure *Restoring forestry production potential that was destroyed by disasters and introduction of prevention actions* may become example of such actions. The meaning of *destroyed* will be a problem at the implementation and execution stage, and we find that the term *damaged* is more adequate reflecting a less severe state of impact on the forests than do the concept *destroyed*. The justification of the measure mentions biological potential, but economic potential could be added. The measure is a modification of the tested and well-prepared system from the previous programming period.

The description of each of the measures is very general. Support should be provided to restoring forestry production potential damaged as a result of natural disasters and fires or introduction of appropriate prevention measures. It is necessary to order the planned support to maintain balance between respective measures. Therefore it is desirable to specify certain criteria of obtaining support under a specific measure through meeting the requirements resulting from other measures. Support should be provided to persons ready to use the aid offered appropriately.

Failing to connect the respective measures will result in the fact that the expected social, economic and environmental results will not be reached, and in the next programming period we might face the same problems as faced today. However, we expect that the planned measures will contribute eliminating the unfavourable conditions of the Polish forestry sector, e.g.:

- Strong fragmentation of area of private forests – through land re-parcelling,
- Low level of knowledge of forestry – through training and advisory,
- Low profitability of production in private forests – through increase of the added value,

The measures refer to fulfilling the above mentioned objectives. Measures aimed at the forestry sector will provide support mainly to private forest owners, to a smaller extent PGL LP and other forest managers, and as for the latter – especially in exceptional cases of natural disasters.

The issue of allocation of funds for respective measures, 470 million € for afforestation and 140 million € for Restoring and Preventive mechanism, is difficult to evaluate from the perspective of the forestry sector. The afforestation measure is expected to benefit 52.000 beneficiaries distributed between agricultural land (Scheme I) and non-agricultural land (Scheme II) with 28.000 and 24.000 respectively.

Two reservations are relevant in case of the eligibility criteria for the afforestation of agricultural land. In fact, pursuant to Polish legislation afforestation may be carried out within areas which have been designated for this objective in local spatial development plans. The

plans constitute local law, which covers all the locals. If gminas have such plans, the farmer should obtain a certificate from the Gmina Office that the agricultural parcels intended for afforestation are in fact designated for this purpose in the development plan. Unfortunately numerous gminas lack them.

Another issue relates to afforestation of agricultural land by lessees. In addition to the appropriate period, the contract of lease should include the approval of the lessor for afforestation of land by the lessee. The contracts of lease usually oblige the lessee to return the object of lease in a condition in which it was provided, which excludes afforestation. A case may also be admitted of the lessee obtaining additional approval, which was not covered by the contract.

The monitoring indicators for afforestation are number of beneficiaries and area of land under support, reflecting the operational objectives of the measure, while we do not find indicators for result and impact levels. The output indicators for the Restoring and Preventive mechanism measure are number of prevention actions and the supported area of damaged forests. Again we miss the result and the impact indicators reflecting the objectives of the measure. According to the information obtained from the MARD, the final version of the RDP will include the appropriate set of product, result and impact indicators. Additionally, for the a/m indicators the target values will be specified.

Axis 3

The following measures have been selected for the purposes of the implementation of Axis 3 objectives:

Diversification towards non-agricultural activity (code 311)

The measure objective is to improve the quality of life in rural areas through diversification of economic activities and development of non-agricultural sources of income. Additionally, the measure is to ease the negative effects linked to unemployment.

The measure receives 267 million € plus 135 million € allocated for projects carried out in the frames of the Leader approach.

The measure could be described in a more precise way, stressing the specifications whether the beneficiaries include natural persons already conducting activities or natural persons about to begin the new activities. The unclear description of the types of eligible beneficiaries does not make it clear, if either groups or only one of them are eligible for support. We recommend clarifying that.

Furthermore the measure description of the diversification measure could be clearer pointing out, in line with Programme assumptions, that it is aimed at diversification of economic activity and creation of non-agricultural sources of income, which may contribute to reduction of unemployment, and consequently to improving the quality of life in rural areas. What also calls for a comment is the justification of its implementation, which is not adequate to the one included in the RDP part *Support for rural areas under priority axes*. We suggest substituting the content of this justification with concrete statements - low level of income from agriculture and labour surplus are two major factors justifying implementation of such measures. If the detailed description of measures contains one or two sentences characterizing the objective and the justification of implementation (the intervention logic), every effort should be made to make it precise, unambiguous and depicting the core of the problem to be solved, as well as coherence with the provisions of earlier parts of the RDP.

The objective of the measure, which consists in initiation of a wide range of activities outside agriculture by farmers or members of their families, is adequate to the needs of rural areas. Weaknesses of rural areas include the high rate of registered and hidden unemployment and low income of the population. Its implementation will contribute to improved income of farmers. It may also have a broad impact outside the field of economy, e.g. increased social activity.

As far as the scope of measures covered by support is concerned, doubts may arise in connection with Items 1 and 2 “services for agricultural and forestry holdings” and “services for the population”, since the majority of activities enlisted below concern services for the population, which may also be provided for the benefit of agricultural holdings, so the question is what is specific to them. It is necessary to specify in detail the list of eligible investments covered by support or to describe them in a more detailed way which would justify separation of the first two types of services. We recommend the adjustment of the description. It might be important to leave a certain „loophole” for activities which do not fall within the scope of the package provided for in this measure and which may be included in specific applications and will not be contrary to the Programme provisions. The above comments, given the analogous scope of measure types, are also relevant to the measure

Establishment and development of micro-enterprises

The measure is to a considerable extent a continuation of Measure 2.4 of SOP, the difference being that the access (eligibility) restriction concerning small scale of production of agricultural holding was deleted (or at least it follows from RDP), which should be considered a positive change. The maximum size of a locality in terms of population was changed from 5.000 to 2.000 inhabitants. The reasons for this change are not provided, but we anticipate that the change is due to demarcations to the Regional Operational Programme, which is confirmed of the MARD. Changes to the implementation of EU programmes should be introduced only if they are justified, if they contribute to improved efficiency of implementation, better effectiveness, and are based on well-tried solutions.

The measure does not appear to draw on the experience gained in earlier programmes, such as SOP, which illustrate investment priorities of beneficiaries of this measure, their spatial location and description from various points of view. We are informed from the MARD that these experiences have been used in the preparation of the measure and we appreciate that.

In general, the needs for investments under the measure have not been presented in the measure description and have not been quantified. Furthermore the objectives on specific and overall level have not been quantified. The measure gives only the general number of 30.000 beneficiaries as the output target. This measure has a very broad range of investment types, which may be covered by support, and what follows, various effects of implementation, such as the number of new jobs, the number of safeguarded jobs, number of beds (new and safeguarded), etc.. Therefore the expected results need to be specified and quantified, at least in respect of the most important categories such as jobs. Without this information, it is difficult if not impossible to assess the impact of the measure.

The monitoring indicators referred to as output indicators are fine concerning the number of supported beneficiaries and the volume of investment. Other output indicators could be developed related to the individual investments types listed under the scope of support. The indicator referring to the number of jobs created or retained is an impact indicator, and is well justified as such. The quantified target of this and other relevant targets could be recommended. According to the information obtained from the MARD, the final version of the RDP will include the appropriate set of product, result and impact indicators. Additionally, for the a/m indicators the target values will be specified.

Establishment and development of micro-enterprises (code 312)

There are certain similarities between the measure *Establishment and development of micro-enterprises* and the measure *Diversification towards non-agricultural activity*, the most important one being analogous economic reasons for their implementation. It is the unfavourable situation in the labour market, high unemployment rate, and labour surplus in agriculture that generate the necessity to create new non-agricultural jobs. This measure does not establish conditions for the diversification of business activity, as stated in measure, but it is undertaken due to serious problems (in order to solve or alleviate them), and this should be clearly specified in the justification.

The allocation for the measure is 367 million € plus 135 million € allocated for projects carried out in the frames of the Leader approach.

According to Article 52 of CR 1698/2005, the objective of the measure is “the creation and development of micro-enterprises with a view to promoting entrepreneurship and developing the economic fabric” of the EU. “Development of entrepreneurship and labour market” is an objective adequate to the main problems of rural areas and compliant with EU regulations. In view of the above, we recommend deleting the phrase “economic competitiveness” from the description, since it is not directly appropriate for the objectives of Axis 3 measures as it is for Axis 1 measures.

As in the case of the measure *Diversification towards non-agricultural activity*, no account is explicitly stated concerning the experiences collected from earlier programmes, such as SOP and SAPARD. We recommend presenting these experiences, if relevant either here or in a separate chapter, being prepared for a revised version of the RDP. What is also important is the issue of planned aims to be achieved under individual programmes (and within these programmes, under analogous or similar measures. Presentation of the results of implementation of earlier programmes in a measurable way might have been important for projection of Axis 3 measures. Earlier experience in job creation in rural areas and diversification of business activity could form the basis for formulation of current objectives and determination of the scope of projects covered by support.

In general, the objectives have not been quantified. Just as in the case of the previous measure, the measure gives only the general number of beneficiaries – 5.000. However, this number does not inform about the planned results in respect of new micro-enterprises, new jobs, etc. We recommend, as in the case of the measure analyzed above, specifying in more details the expected results in respect of the most important categories – jobs and new businesses (micro-enterprises).

Another issue is the value of the output indicator defined as “Number of micro-enterprises covered by support (by gender, age – under/over 40). What would be more important is an indicator specifying the number of new jobs created in micro-enterprises existing at the time of application submission, and the number of jobs in newly established micro-enterprises (the number of micro-enterprises in both categories will also be of vital importance). We recommend developing the indicators in this direction.

Basic services for the rural economy and population (code 321)

The objective of the measure is to support investments contributing to improving the living and business conditions in rural areas, and the measure is justified from the fact that lack of basic infrastructure is a obstacle for rural development in general. Data in the NSP and in the RDP contribute to the picture of investment needs in rural infrastructure. It follows from the description of the social and economic situation of rural areas that technical infrastructure, i.e. the low level of its development, is a serious barrier to economic development of Polish rural areas and the reason for lower living standards of the rural population. The NSP also counts

technical infrastructure among the weaknesses of rural areas. The necessity to remedy the neglect in respect of technical infrastructure is indisputable. The problem is that public utility infrastructure is not an eligible intervention of RDP. Article 56 of CR 1698/2005 concerning basic services for the economy and rural population states that support should cover “the setting up of basic services, including cultural and leisure activities, concerning a village or group of villages, and related small-scale infrastructure”. Thus, projects falling within the scope of public utility infrastructure are out of the question.

The allocation to the measure is 801 million € with no sub-allocation on individual sectors or areas of interventions as well as no quantification of the expected number of beneficiaries.

The description of the measure suggests that beneficiaries will include local self-government units or their associations and bodies carrying out the tasks of local self-government units, which allows for the deduction that focus is on the development of infrastructure mains systems (although the amount of funds allocated to this objective indicates that rather complementary systems may be covered). Projects of this type have so far been financed under the *Local Development* priority of IROP (Polish: ZPORR). Local technical infrastructure at the level of agricultural holdings was supported by Measure 2.5 of SOP *Restructuring and modernization... 2004-2006*. Having regard to the huge needs of rural areas and the source of financing used to date for projects of this type, we recommend including them in regional operational programmes as areas of intervention of the European Regional Development Fund. The method applied to date for financing of technical infrastructure depending on the criterion of beneficiary (projects at the level of gmina and at the level of agricultural holdings), automatically determining project type, beneficiary and scale, had its own logic, see also the general demarcation principles outlined in the NSP. We recommend keeping to the solutions applied so far, and if not, it is necessary to indicate the reasons for changes. It should be mentioned that in the programmes implemented to date, there is no place for financing technical infrastructure - this concerns local systems, such as wastewater discharge and treatment systems - in households of persons who are not owners of agricultural holdings, which seems an unfavourable limitation. If the measure is to support the development of local infrastructure systems, the range of potential beneficiaries must be broader, but there is no such recommendation in the measure. If the measure is to be in line with the Regulation, the range of possible projects should be complemented with projects falling within the scope of social infrastructure and increasing the availability of culture and leisure.

The objective of the measure *Basic services for the rural economy and population* is not compliant with the description of Axis 3 objectives. As already mentioned above, everything that was written about measures aimed to improve the quality of life was that they concern rural renewal, the improvement of cultural and natural heritage, so there is nothing about public utility infrastructure. The justification of the measure says: “Limited access to public utility services hampers rural development. *Small localities meet particular difficulties in this respect.*” The description of the situation of rural areas does not raise the issue of disparities in the level of infrastructure in place depending on the size of the locality, while the description specifies this factor, and in the case of water supply and wastewater management the size criterion is adopted. Projects may be implemented in the localities having population of no more than 2.000. Nevertheless, this criterion is not adequate to the real problems – low level and deficiencies in mains systems occur in very small villages with a scattered structure, hamlets. The projection and description contain many ambiguities and contradictions which should be explicitly explained.

The objective of the measure is not quantified. We are not able to determine the expected results, impact, and the extent to which the measure will contribute to an improvement in the quality of life in rural area, i.e. to the achievement of the main objective. It is hard to

understand why the list of product indicators includes projects related to cultural and social infrastructure (cultural is a subgroup of social), health care, education, and other, while the description of the objective and the scope of the measure provide no information about financing of these types of projects. We recommend adjusting the indicators in accordance with the objectives of the measure and to quantify the targets, if possible on each of the sectors of intervention (scope of aid)

Village renewal and development (code 322)

The measure objective is to contribute to the development of living conditions in rural areas through development of facilities related to culture and the natural heritage. Gross deficiencies in respect of social infrastructure in rural areas and depreciation of the facilities already in operation fully justify the need for implementation of the measure *Village renewal and development*, but the justification of the measure does not mention it as such. The social and economic analysis of rural areas included in RDP lacks the basis determining the main course of action in respect of social infrastructure.

The measure has received 591 million € plus 250 million allocated for projects carried out in the frames of the Leader approach.. This measure is needed and it was very popular among beneficiaries in 2004-2006, which is not mentioned in RDP. In view of the wide range of projects financed under this measure, it would be worth referring to the experience gained during its implementation in 2004-2006.

Nearly 99% of the beneficiaries of Measure 2.3 of SOP were local government units. Broadening the range of possible beneficiaries (such as various types of NGOs) may differentiate the structure of entities implementing projects under this measure, which is a positive change.

As far as the issue of the quantification of objectives is concerned, similarly to other measures, the total number of beneficiaries (10.000) cannot be considered a measurable planned result. In view of the relatively broad scope of support under this measure, we recommend setting targets for individual types of projects (e.g. according to the area of intervention). Only this can be used as the basis for assessment of potential impact of the measure on improvement of the living conditions in rural areas.

Axis 4 Leader

Axis 4 assumptions and measures have been prepared in great detail, what we appreciate, and also in greater details than other RDP 2007-13 measures, especially Axis 3 measures. Both the procedures of selection of Local Action Groups and their Local Development Strategies have been described in detail. The RDP 2007-2013 foresees decentralization of Leader Axis implementation by delegating some of implementation related functions to regional self-government authorities and by foundation of Leader Regional Committees playing a role of consultancy bodies to regional self-government authorities. Taking into account experiences from the current programming period gained in Poland and other EU States, we should not forget the need of good coordination at national level. It is definitely worth making use of experience gathered from the cooperation of the MARD with the Foundation of Assistance Programmes for Agriculture (FAPA), which at the moment is playing a role of implementing authority of pilot Leader + programme in Poland.

According to CR 1698/2005 stipulations the allocation for Axis 4 of RDP 2007-2013, should amount to at least 2,5% of the total EAFRD budget for new member states. The minimum EC financial participation in case of Axis 4 amounting to 5% may be gradually implemented. The financial allocation foreseen for Axis 4 in RDP 2007-2013 meets these requirements.

The general assumptions of Leader approach implementation laid down in the RDP, in practice limit the Leader to interventions of Axis 3: Diversification towards non-agricultural activity, Establishment and development of micro-enterprises and Village renewal and development. Taking into consideration the experiences gained to the moment from implementation of EU Community Initiative in old member states, it should be noticed that until now it supported innovative undertakings, which are not covered directly by any of the individual structural fund measures or undertakings that were combination of different existing measures. Despite including Leader EC Initiative into so-called mainstream of programming, the sense of the approach remains the same – bottom-up planning and responding to local needs. In order to respond to local needs of rural communities the measure “Implementation of local strategies” foresees the possibility for beneficiaries to apply for support for realization of projects not contained in the scope of Axis 3, however meeting its objectives and in line with local development strategy implemented by the LAG.

A/m mechanism is the basis of the Leader approach and is necessary for the implementation of its fundamental principles, especially the bottom-up approach and support of integrated actions.

A very important issue that will contribute to the success of implementation of Leader approach will be to support the development of Local Action Groups, including training measures for LAGs, e.g. from technical aid funds - training support adapted to needs of local initiatives, prepared with their assistance. Such a support might create a chance that in 2013 LAGs in Poland will achieve a similar development level to groups from old EU member states.

The quantified target is 200 LAGS established in 2013. The estimated number of cooperation project has not been quantified.

The emphasis on Leader approach is in line with the EU priority of enhancing and mobilizing the human capital at local level giving rise to commitment, ownership and responsibility in solving own problems and providing for a better future. We appreciate the Leader approach and recommend considering broadening the scope from only Axis 3 measures to measures from other Programme axes as well.

Technical assistance measure

The measure objective is

- 1) to facilitate efficient functioning of entities responsible for the management, implementation, control, monitoring and evaluation of the RDP;
- 2) to ensure conditions for effective functioning of the Monitoring Committee and the Steering Committee as well as their working (teams) groups;
- 3) to implement an efficient and effective system for providing information and promotion of RDP.

The measure is divided into 2 schemes. The first serves to achieve the first two objectives of the measure. The latter is linked to realization of information and promotion of the Programme.

The evaluator has no comments to the justification of the measure and its objectives. They are fully in line with the requirements and are justified in the Regulation.

The allocation is 200 million € representing a substantial amount of money for technical assistance, but is far below the upper limit (4 pct of total programme public support equal to around 600 million €) stated in the Regulation.

The need for technical assistance is not quantified. Additionally, no specific quantification has been presented, either for Scheme 1 or for Scheme 2. It is recommended that based on the experiences from the past and present programmes the MARD identified the costs of activities relevant for projects under the TA measure and on this basis identified the target indicators of technical assistance under the new Programme.

The possible content of the expected projects under the measure is not described. In relation to this it might be difficult for potential project holders, especially business associations to know what initiatives could be financed under the measure

In a view of lack of description of projects that might be financed under the measure it is difficult to assess the link between the allocations and the fulfilment of the measure objectives.

The monitoring indicators proposed are output indicators measuring the number of supported projects and costs of the projects (financial input indicators) with a break down on cost categories. We recommend preparing additional output indicators related to the content of the activities under each of the two schemes. We also recommend preparing result and impact indicators reflecting the objectives of the measure. In order to do this, it is needed to specify in more details the projects activities expected under each of the two schemes.

Additionally, it is recommended that the output indicator number 3: “average number of persons employed in the implementation of technical assistance projects in a given year” be deleted as it seems to have a limited informational value from the point of view of achievement of measure’s objectives.

4.3 Intervention logic

In none of the analyzed measures was the intervention logic principles applied fully. The intervention logic defines the objectives according to a specific hierarchy, and their implementation is measured by the appropriate indicators of output, results and impacts.

The description of the individual measures does not include all indicators which may result in difficulties at the stage of monitoring and evaluation of the Programme. The following indicators and issues could be indicated:

- justification for individual measures does result from the definition of specific and quantified needs which should stem from previous analyses and the analysis of the current situation;
- quantification of the needs;
- quantification of the targets;
- the definition of quantified expected outputs, results and impacts of implemented measures;
- the definition of complementarity between individual measures and other RDP measures or measures of other programmes.

We have below presented an example of quantifications of targets, output, results and impacts of the implementation of the measure *Early retirement*. The figures are abstract and not factual, but the table indicates the way quantification can be made.

Table: 4.1 Example of quantification, measure Early retirement.

Measure	Output (operational objectives)	Result (specific objectives)	Impact (overall objectives)
<i>Early retirement</i>	<ul style="list-style-type: none"> • 4 900 farmers enter the scheme releasing about 56 000 ha UAA • 23 652 small dairy farmers leave the market releasing 240 000 tons milk quotas. 	<p>Average farm size increases from 13,7 ha in 2002 to 15,9 ha by 2006</p> <p>Share of farmers below the age of 40 years is increased from 14,4 % to 16,7 % in 2006</p> <p>Number of dairy cows increases from 2,2 cow to 3+ cows in 2006</p>	<p>Competitiveness increased through 10 % reduction in unit costs in 2006</p> <p>Average farm income raised by 10 % by 2006</p>

It should be pointed out that according to the information obtained from the MARD, the final version of the RDP will include the appropriate set of product, result and impact indicators. Additionally, for the a/m indicators the target values will be specified.

5. What positive and negative impacts are expected from the measures to be applied?

- What are the expected impacts of the measures to be applied (social, economic and environmental)?
- How are the impacts expected to manifest over time?
- What are the potential conflicts between different impacts?
- Who is (positively or negatively) affected by the Programme?

5.1 Expected impacts and their manifestation over time

The draft RDP does not include any indications of expected impacts of the intervention neither does it contain any quantified targets on result (specific objectives) and on impact (overall objective) level. However, we will try to provide some estimation of the expected results and impacts from the Programme below.

Economic and social impacts:

Most measures under the Programme will have economic impacts for the beneficiaries and for the rural areas in a broader context. The full Programme envelope will provide public support around 15.000 million € supplemented with private co-financing and probably also providing additional financing through various leverage effects where public and private funding will be attracted to rural areas due to increased economic activity. The multiplier effects on the rural economy of the investment of 15.000 million € is significant and so will the leverage effect be.

The economic impacts will depend on the final allocation to the individual measures, and the up-take of resources under the measures targeting various purposes.

If we assume full up-take of resources we will see public support for the modernization of agricultural holdings at the amount of 1.650 million €, with a considerable private co-financing, but the economic impacts of these investment will be depending on the specific purpose of the investment and the distribution of sector and sub sectors. The same will be the case for measure on Increasing the added value of agricultural and forestry production. 1.100 million € will be invested as public support releasing a similar amount in private co-financing. Both measures will contribute to increased productivity and we can expect a loss of jobs during the programme in the processing sector in particularly of the same order as we have experienced during the last years. From 2003 to 2005 we have lost 30.000 jobs in the food processing industry per year, and we can expect that tendency to continue over the next years, although with a declining tendency.

Other measures such as Young farmers, Producer groups, Quality schemes and Vocational training might also contribute positively to economic growth and employment, but to a lesser extent than the previous mentioned measures.

The major measures under Axis 2 (LFA, Natura 2000 and Agro-Environment) are all fully aimed at the implementation of the overall objective of the Programme and measure specific objectives. In addition, the measures will contribute to achieving economic and social objectives of rural development. In the economic context, the implementation of respective measures will prevent the loss of part of income of agricultural holdings as a result of protection of the natural environment resources. Moreover, the compensations system will

contribute to stabilisation of income and, in case of farmers conducting activity within LFAs, may even result in its increase. Another economic consequence may also be the development of the services sector supporting pro-environmental activity and basing on the development of this activity (e.g. eco-tourism).

We have prepared the table below in order to present the expected economic impacts of the major measures under Axis 2.

Table 5.1 Economic impacts, Axis 2, selected measures.

Measures	Economic Effect
Mountain LFA	<ul style="list-style-type: none"> • Due to its generic character and availability, the measure has strong impact on the whole LFA area; • Increase in the farmers' income; • Increase in the economic strength and competitiveness of the holdings; • Maintaining agriculture in the mountainous and sub-mountain areas; • Possibility for modernisation of the holdings that so far have not had sufficient financial resources for investments: with regard to pro-environmental facilities (such as manure storage), buildings, machines and equipment, and the resulting improvement of work efficiency and increase in agricultural income per capita.
Lowland LFA	<ul style="list-style-type: none"> • Due to their generic character and availability, virtually all the holdings in the LFA area may benefit from the payments. In 2005, over 700,000 holdings, i.e. almost 50% out of the total number of holdings registered in the Agency benefited from the payments. As a result, this measure is important not only within a local scope but for agriculture as a whole. It will probably have common impact on the following processes: <ul style="list-style-type: none"> • Increase in the farmers' income; • Increase in the economic strength and competitiveness of the holdings; • Retaining agriculture in the mountainous and sub-mountain areas; • Possibility for modernisation of the holdings which so far have not had sufficient financial resources for investments: with regard to pro-environmental facilities (such as manure storage), buildings, machines and equipment, and the resulting improvement of work efficiency and increase in agricultural income per capita. • The modernisation processes may be more evident in this area than in the mountain area, due to higher average area of farms. The payments may result in eliminating lags with regard to rural development in these areas. • As a result of relating the LFA payments to the obligation to comply with the principles of Good Agricultural Practice (after the end of the transitional periods), the holdings will become fully equipped with environmental protection infrastructure, and their production will become closer to sustainable agriculture. • In principle, the effects will be consistent with the measure objectives.
NATURA 2000	<ul style="list-style-type: none"> • The measures taken should constitute compensations for the lost income or limitations on the execution of ownership rights regarding the land owned by farmers. The payments may lead to retaining agriculture in the areas covered by the Natura 2000 programme, due to supporting income of the farmers; • Local scope of the impact prevents from the abandonment of agriculture in the protected areas; • Long-term economic effects mainly include retaining agriculture and the level of farmers' income in the protected areas.
Agri-environment programmes	<ul style="list-style-type: none"> • In rationally managed holdings, the principles of sustainable agriculture may be introduced without the need of structural changes. Therefore, the payments will increase economic effectiveness of farming, as well as the income of such

Measures	Economic Effect
	<p>holdings, which will contribute to significant increase in their development potential in comparison to similar holdings that do not meet the sustainability criteria.</p> <ul style="list-style-type: none"> • Payments under Packages 7 and 8 are neutral to the economic objectives, as the level of the packages compensates for the additional expenses incurred by farmers. Depending on the type of intercrop and on the cultivation conditions, the amount of payment may compensate only for the additional expenses on external factors, the labour input not being taken into consideration.
Organic farming	<ul style="list-style-type: none"> • The “Organic Farming” Package has strong impact on the income level of the holdings. In particular, it may increase the level of income in holdings located on poor soils. The income effect will be especially evident in larger holdings.

The proposed measures will also have their social dimension. Environmental awareness of farmers should be increased. In result attitudes and behaviour of farmers with respect to respective elements of the natural environment, shaped only on the basis of their economic usefulness, will quickly change.

We have in annex II inserted a number of expected impacts related to some of the contextual and horizontal indicators, and a few of them are inserted in the table below. As indicated we expect from the allocations for the forestry measures and the present state of art measured in terms of baseline indicators that work efficiency in forestry can increase from 27,393 € per employee in 2004 (baseline) to 35.000 – 40.000 € per employee in 2013 under the assumption that the timber market stabilises and does not change dramatically in one direction or another, and that the exchange rate € to PLN also remains stable. Under the same assumptions we expect that capital formation will increase from presently 33 million € to 40 – 50 million €. Here we also make the assumption that forestry management costs can be reduced due to rationalisation. Concerning biodiversity we do not foresee any changes in the composition of forest in terms of tree species.

Table 5.2: Examples of estimations of expected impacts of forestry measures

Work efficiency in forestry	27 393 euro/employee (average euro rate=PLN4.20)	2004	35-40 thou euro/employee	Stabilisation of the timber market, Value of PLN as compared to EUR
Gross fixed capital formation in forestry (gross value of fixed assets)	32.7 - m. €	2004	40--50 m. euro	Stabilisation of the timber market, Value of PLN as compared to EUR, Rationalisation of forestry management Costs
Biodiversity: Arrangement of tree species	77% – coniferous 23% – broadleaf	2004	77% – coniferous 23% – broadleaf	Further increase in the share of broadleaf species in the newly established forest cultivations (afforestation and restocking)

Table 5.3: Examples of additional indicators and expected impacts of forestry measures

Forest productivity*	growth equal to 3.88% (total stand volume)	2004	3-5%	
	growth equal to 8 m3/ha/year		8-10 m3/ha/year	
	abundance 222 m3/ha		250 m3/ha	Redevelopment of the tree stand, increasing biological stability of tree stands

In table 5.3 we have added a number of indicators on forestry productivity. We expect from the allocations to the selected measures a growth between 3 and 5 pct compared to the present 3.88 pct today measured in pct of total stand volume. We also see an increase in productivity measured in m3/ha/year from presently 8 to between 8 and 10 m3/ha/year. Finally we expect the abundance increase from 222 m3/ha to around 250 m3/ha based on the assumption that the tree stand will be redeveloped and that we will see an increasing stability of the tree stands.

The measures under Axis 3 will contribute to the development of rural areas through economic and social impacts in terms of creation of new micro enterprises and diversification into non-agricultural activities. The total public support for these two measures total 800 million €supplemented with almost a similar amount in private co-financing.

The expectations are that the measures will provide new jobs and new income possibilities in rural areas as 30.000 projects are expected in diversification and 5.000 micro enterprises will be established. The number of jobs generated is difficult to estimate due to the fact that the sectoral distribution of the new economic activities is unknown. However, experiences from past programmes do not indicate many new jobs per project. If it is assumed that 3 jobs are generated per project, 100.000 jobs could be estimated from these two measures over a period of 7 years.

The net result in terms of job generation is difficult to estimate at this point, but the generation of 100.000 new jobs under Axis 3 and the anticipated continued loosing of jobs under Axis 1 might easily lead to the preliminary estimation, that the impacts in job creation probably will be zero or only slightly positive for the programme.

Environmental impacts

The Programme is subject to a Strategic Environmental Impact Assessment (SEA) in accordance with the Guidelines and the CMEF, see the Guidelines for formal details. The MARD has chosen to contract this SEA independently from the ex-ante evaluation to another consultant in accordance with the possibilities for doing that in the Guidelines. Consequently, the SEA will be provided to the MARD as a separate report, and the result of this SEA are not included in this evaluation.

On the other hand we have here summarized what we find are the expected environmental impacts of the Programme, in order for us to provide the MARD with our expectations on this issue.

We have focused on the impacts of the big measures under Axis 2 as they have environmental protection in various ways as one of their overall objectives.

Table 5.4: Environmental impacts reduction, Axis 2, selected measures

Measures	Environmental impact reduction
Mountain LFA	<ul style="list-style-type: none"> • Owing to small average area of the holdings (ca. 3-4 ha), the amount of support per holding may be insignificant, • Increase in the value of the land entitled to the LFA payments resulting in slowdown of land concentration processes, which are the basis for agriculture modernisation;
Lowland LFA	<ul style="list-style-type: none"> • The increase in the value of agricultural land, owing to the right to LFA and greater economic strength of holdings in the regions; • Slowdown in land concentration processes and the related restructuring of holdings. • Bidirectional development of holdings with or without animal production. Abandonment of small-scale animal production, as small scale will make investments in the environmental protection infrastructure unprofitable. Thus, it is possible that crop rotation will be simplified, cereals cultivation will prevail on weak soils, and economic use of grasslands will be abandoned. At present, holdings located on poorer soils are mainly involved in market animal production, as low efficiency plant production is not profitable, whereas the LFA payments can contribute to the plant production becoming an alternative to the previous types of holdings. • Relation to the area size of the holding will result in stronger support for larger holdings.
NATURA 2000	<ul style="list-style-type: none"> • Scope of the impact may be narrow due to the uniqueness of habitats protected within Package 4. • May lead to the abandonment of agricultural usage of some of the land, due to the “extension” of bird breeding habitats range. • Economic impact related to the Natura 2000 programme is difficult to estimate, as the processes of determining the areas within the network have not been completed. • Economic effects of Scheme II “Water Environment Programme” cannot be evaluated, as there is no information concerning the principles, scope and payments planned within the programme.
Agri-environment programmes	<ul style="list-style-type: none"> • Positive effect of the impact on economic results may be subject to restrictions if benefiting from payments involves preparation of relevant documentation upon order, e.g. certification. Owing to the permanent nature of such costs, “sustainable agriculture” may be unprofitable for the holdings which are smaller as far as their area is concerned. • Relation to the area will result in stronger support for larger holdings.
Organic farming	<ul style="list-style-type: none"> • Establishment of organic farms with minimum output for the market, their income derived mainly from the payments (area payment + LFA payment + organic payment). • Increase in the size of organic farming, as well as processing its products together with the products of conventional farming. • Relation to the area of the holding will result in stronger support for larger holdings.

These are examples of estimates of expected impacts based on the selected measures and the allocations distributed for these measures. These calculations are possible to make due to the fact that the measures are aggregated actions representing rather homogeneous project investments. This is not the case for measures under Axis 1 and 3, where the allocations are expected to be investments in a broad variety of different project types with very different results and impacts, not easy to foresee, as mentioned above.

Consequently we have not provided a full picture of what can be expected of impact from the Programme. This has also do with the fact that the quantification of targets generally in the draft RDP is limited, also on the operational objectives (output) level. To put it another way: We do not find it feasible to calculate potential expected results and impacts from investments in specific measures, when the distribution of funds within the measures is a lump sums. As an example, the allocation of funds to the measure on modernization of agricultural holdings is not targeting any specific investment types or sub-sectors. Consequently, the results and the impacts of this measure will depend on how the project port folio materialises in terms of projects within the individual sectors and to what purposes, the investment are targeted. Some investments may provide many jobs and big growth, while others will not. From a Programme management point of view the present programme design does allow to predict the impacts, which we find inappropriate.

Therefore we recommend estimating targets for the Programme, such increase in economic growth (GVA pct increase), establishment of jobs (numbers), restructuring of farm size (average number of ha per farm, increase) etc.

Nevertheless we expect that the Programme will contribute to increased competitiveness of the agricultural and food sector, and that diversification and micro-enterprises will be among the results in rural areas contributing to a better life and increased growth. In general, the investment related measures are difficult to assess concerning expected results and impacts, due to the reasons indicated above.

The area based payments are easier, and an example of expected impacts stems from the proposed package of measures relating to the preservation of native crop varieties and animal breeds. They may contribute to better management of soils covered by LFAs (in case of plants) and to the improvement of area of meadows intended for extensive use (in case of animals). This in turn will contribute to the preservation of natural and wildlife habitats.

Furthermore: The Programme, although there is no such indication in it, will certainly contribute to the achievement of other effects that those directly resulting from the Programme. Such effects include:

- significant growth of the activity of rural population;
- increase of responsibility and motivation for individual and collective development of the local community;
- improvement of the self-organization of individuals seeking to improve their living conditions;
- will to upgrade professional and general qualifications;
- larger awareness of the responsibility for the condition of the environment, saving energy and water;
- increase of the awareness in respect of collective activities;
- improvement of the image of Polish rural areas and increase of their attractiveness;
- larger impact on the local management system;
- regulation of ownership issues concerning the land and its registration;
- increase and diversification of the demand for services;
- more discipline in using public aid;
- more respect for the value of the rural heritage.

5.2 Potential conflicts between impacts

The design of the CR 1698/2005 is made with the intention to frame three major development areas related to rural development, and expressed in terms of the three main axes of the Programme.

The development of agriculture and food industry as well as forestry and wood processing has traditionally caused externalities such as environmental and biodiversity degradation, pollution of ground waters and surface waters, soil erosion, overexploitation of resources etc. At the same time the presence of agriculture is a precondition for the economic development of rural areas. However, the importance of agriculture in the national economy is generally reducing over the years. Alternative income possibilities are needed in order to contribute to the development of life in rural areas in general. These circumstances for rural development programmes are well known and they reflect the build in contradictions between the various objectives of this RDP as well as in the regulation. The contradictions have two dimensions.

Firstly, development of the competitiveness of agriculture, forestry and processing can only be supported on the expense of support to environment and nature preservation and land management on the one hand and to the development of the quality of life in rural areas on the other, given that resources for support are fixed. This battle of resources has been going on in most countries mirrored in numerous examples of relative distributions of the available resources among the axes. The outcome of the battle varies from country to country. Some member states end up with proposals for allocations such as 10 pct, 80 pct, 10 pct to the three axes, while other member states end up with distributions more in balance numerically 50 pct, 35 pct, 15 pct. The present version of the Polish RDP ends up with a distribution as of 46 pct, 35 pct, 19 pct. including Leader.

Secondly, the implementation of actions within the axes and the measures give contradiction in fulfilments of Programme objectives. Protection of Natura 2000 sites will create conflicts with agriculture and forestry on the one hand and diversification and business development on the other, while at the same time development of tourism taking advantage of the beauty of the landscape is dependent on the preservation and protection of these same nature values.

We do not see any new particular conflicts between the objectives of the Polish Programme compared to these general considerations, but the contradictions will of course manifest on a continuous basis as the Programme is being implemented.

5.3 Who is affected by the Programme?

The Programme is targeting residents of rural areas in general, farmers, forestry owners, food and wood processing firms, owners of land, municipalities and local entrepreneurs and NGOs. These primary target groups will be affected of the Programme whether or not they participate with projects.

But the general public in rural areas will take advantage of the Programme implementation as the utilization of the available funds will stimulate the economic activities and consequently economic growth in the rural areas, as the macroeconomic multiplier will spread the effects around the areas.

However, also in qualitative terms we expect the residents in rural areas in general to take advantage of the effects of the Programme.

6. Added value of Community involvement

6.1 How are subsidiarity and proportionality taken into account in the Programme?

Through the *Acquis Communautaire* the Member States being obliged to accept and implement, the European Community exercises a consistent impact on rural development in Poland. All regulatory principles and requirements - and their consequences - being agreed on the European level impose an obligation to act nationally in accordance with these regulations, which contribute to a harmonious development of the country and prevent to a large extent, but not totally, various inappropriate political decisions conflicting with the common interests of the Community.

Consequently we see a positive impact of Community involvement in terms of contributing to additional economic activities not else implemented, and we see actions being prepared in the Programme aiming at issues of a cross national character such as environmental protection, food safety and food quality. Although we do not see the design of the RDP unilaterally as contributing to added value in relation to these issues, food safety and food quality in particular, we see however the relevant principles being taken into consideration.

It should also be stated that the principles of the Community aid i.e. subsidiarity and proportionality are addressed in the Polish NSP and RDP in relation to the implementation of the Leader approach ensuring local involvement of participation in decision making. A reservation may be made in respect of the translation of these principles into practical administration. It was expected on the basis on previous experience with the implementation of pre-accession programmes financed from structural funds between 2004 and 2006 that a large part of the state intervention will be delegated to lower management levels of the RDP implementation structure. However, it did not take place as we see the presented draft. As compared to earlier versions of RDP drafts, the present version reduces the involvement of LAGs in the implementation of Axis 3 measures.

6.2 How far does the Programme take into account other Community objectives?

The proposed RDP measures will surely contribute to the achievement of most if not all relevant Community objectives. This counts for contributing to of the single market, development of economic activity, increase of employment and social benefits, equal opportunities, environmental protection and solidarity between the states.

6.3 How far is the proposed Programme complementary to other interventions?

It is beyond any doubt that the RDP is complementary to other EU interventions under the structural funds due to the fact that the RDP overall objectives are in line with the CR 1698/2005 and in principle are in compliance with the CSG outlining the general principles of assistance. This complementarity and conformity is spelled out in the NSP, and as no changes have been made in the objectives of the RDP compared to the NSP at the general level, this complementarity exists in the RDP at least on the general level.

This conclusion is rather evident, as the NSP and the RDP objectives are directly linked to the EC regulation objectives of improving competitiveness, protecting the environment and improving land management, and improving the quality of life in rural areas. All interventions are related to these overall objectives. We are confident that the description of the general principles of demarcation presented in the NSP is adequate. However, here the major question is how the demarcation lines are prepared at the operational level ensuring that the individual measures can be implemented without overlapping and without issues and/or areas in country side left uncovered among the programmes.

From our assessment of the individual measures it is clear that the demarcation lines are not explicitly indicated in all measures, and it is not clear to us, whether the demarcation lines actually are prepared making it possible for the potential beneficiary to see where to apply for a specific project, either in the RDP or in other programmes. We see in some measures eligibility criteria stating that projects can only be implemented in areas with a population of less than 2.000 inhabitants. This 2.000 inhabitants level reflects a demarcation to the Regional Fund, although it is not stated in the measure descriptions, but confirmed of the MARD. We recommend that each of the measures is supplemented with a brief description of the decided demarcation line to other programmes making it possible for the reader to see the complementarity from the measure description.

6.4 How will synergies with other interventions be encouraged?

We have no clear picture of how the synergies between the various interventions will be achieved. There are not given any indications in the RDP on how to ensure synergies, neither internally in the RDP nor externally with other programmes. Synergies are created if a number of projects support each other in terms of input and/or output and in a way providing to more activity of the beneficiaries, than would have been the case with out the other projects/beneficiaries. A value chain producing dairy products could be an example. Each link in the chain is depending on the other links, and the benefit of the individual project (link) grows if other projects (links) in the chain are supported as well. The same type of synergy across sectors can be achieved if projects are clustered in local communities or in a region, where activities from one projects can support activities in other projects.

We have no doubts that synergies will occur, simply as a matter of simultaneously implemented actions in specific regions or gminas, but we do not see any strategic way of implementing the various measures in order to ensure synergies neither geographically as one option, or thematic as another.

We anticipate a programming period with bigger needs for project support, than we have resources available. The programming consequence of this anticipated situation is that projects and contracts contributing the best to the measure and the Programme objectives can be selected first for implementation. In order to make the selection of projects and applicants transparent, a number of selection criteria could be developed. The selection criteria should reflect the strategy chosen and the ambitions of the MARD to create synergy effects between the projects, if possible. As indicated above, a thematic or sectoral approach can be chosen or a geographical approach can be chosen.

7. Helping to achieve cost-effectiveness

7.1 What assumptions are the expenditures in the Programme based on?

In order to provide an answer to the evaluation question above, we have made the following assessment of the distribution of funds between axes and measures. CR 1698/2005 includes 37 different measures from which each Member State can develop its own programme corresponding to its needs, and with the general course of the Community Agricultural Policy. Some measures are basically of a social character supporting mainly the agricultural income and do not as such support the development of agriculture and food industry. Other measures have a clear modernising nature and contribute mainly to development. A large group of measures is aimed at preservation of the environment and improvement in the environment condition.

In terms of programming two issues are fundamental. The first issue is the selection of the measures to be included in the RDP and consequently the list of measures omitted in Polish RDP. The second issue is the distribution of funds between measures included in the Programme. If a measure is left out of the RDP, we can take it as an indication that the direction of development represented by this measure not was considered important in the years to come compared to other measures. Distribution of funds between measures included in the Programmes is indicative of real priorities. The impacts of the Programme depend mainly on the amount of funds allocated to the implementation of the measure, see also chapter 5 above. The more funds the greater importance of the measure.

CR 1698/2005 enlists 37 measures which may be co-financed from the EU budget in 2007-2013. The RDP does not include the following measures enlisted in CR 1698:

Table 7.1: Measures not included in RDP

Name of the measure (axis)	Article of CR 1698 ¹
1. Setting up of management, relief and advisory services (1)	25
2. Improvement of the economic value of forests (1)	27
3. Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector (1)	29
4. Meeting standards based on Community legislation (1)	31
5. Animal welfare payments (2)	40
6. Non-productive investments ² (2)	41
7. First establishment of agroforestry systems on agricultural land (2)	44
8. Natura 2000 payments (2)	46
9. Forest-environment payments (2)	47
10. Non-productive investments ³ (2)	49
11. Encouragement of tourism activities (3)	55
12. Training and information (3)	58
13. Skills acquisition, animation and implementation (3)	59

Notes: 1. Number of CR 1698 article which describes the measure; 2. Non-productive investments resulting from agri-environmental commitments or enhancing the public amenity value of Natura 2000 areas or other high nature-value areas; 3. Forest non-productive investments improving the condition of the environment and enhancing the public amenity value of forest and wooded land.

As results from table 7.1, some of the measures not included in RDP are related with environmental protection. The measures which will lead to a further improvement of the

conditions of the environment include mostly the investments in technical infrastructure (sewage system, waste water treatment plants, landfill sites), co-financed from the Integrated Regional Development Programme and for example the forestry support measures related to Natura 2000. The forests account for more than 40 pct of the area designated as Natura 2000 and the anticipated restrictions in operational behaviour for forest owners might due to this cause a demand for a substantial amount of compensation payment, which now with this selection of measures has to be funded over the national budget.

The cross-compliance principle has been implemented in “old” Member States since 2005 and will be fully in force from 1 January 2007. It conditions the direct payments in the full amount on the observance of 14 directives and 4 regulations which establish, among others, the standards of environmental protection, human health, animal and plant health and animal welfare. “New” Member States will be covered by the cross-compliance principle when they will proceed from the simplified direct payments system to single area payment system which should happen by 1 January 2009 at the latest. As a result, within several coming years the condition of the environment in rural areas will significantly improve, especially because the third largest RDP measure between 2007–2013 in terms of the funds includes agri-environmental payments for which almost EUR 2.2 billion is allocated in this period, and irrespective of the agri-environmental payments another EUR 550 million was allocated for Natura 2000 sites and projects related to the Water Directive. Finally, there is no doubt that a part of the funds for co-financing of the modernisation of agricultural holdings will be allocated on investments which will allow to fulfil the EU standards as the modernisation programme indicates that after its completion the holding will fulfil the standards, otherwise the project cannot be co-financed from RDP.

According to the NSP, the new rural development policy for 2007-2013 will include to the larger extent such issues as non-production functions of agriculture and sustainable development of rural areas, high living standards and innovation in agriculture. In such a case it should be considered why:

- 1) the RDP does not include the measures aimed at new products, processes and technologies in agriculture, food sector and forestry (item 3 of Table 7.1),
- 2) there is no support for holdings which introduce the EU standards (item 4 of Table 7.1);
- 3) there is not support for measures related to tourism (item 11 of Table 7.1)
- 4) and why so little funds are allocated for the measures related to diversification of economic activity in rural areas and their multifunctional development (Table 7.2).

Table 7.2: Measures included in the RDP

Name of the Measure and Axis	Article of CR 1698	Proposed amount of funds ¹ (in EUR million)
1. Support for holdings in mountain areas and other less-favoured areas (LFA) (2)	37	2286.3
2. Early retirement (1)	23	$787.6 + 1400.0^2 = 2187.6$
3. Agri-environmental programmes (2)	39	$900.0 + 853.8^2 = 1753.8$
4. Modernisation of agricultural holdings (1)	26	1650.0
5. Adding value to agricultural and forestry production (1)	28	1100.0
6. Conservation and upgrading of the rural heritage (3)	57	$591.0 + 249.6^3 = 840.6$
7. Basic services for the economy and rural population (3)	56	801.7
8. Afforestation of agricultural land and afforestation of non-agricultural land (2)	43 and 45	$469.7 + 183.8^2 = 653.5$
9. Payments for Natura 2000 sites and payments related to the Water Framework Directive 2000/60/EC (2)	38	550.0
10. Creation and development of micro-enterprises (3)	54	$367.0 + 135.2^3 = 502.2$
11. Setting up of young farmers (1)	22	440.0
12. Improvement and development of infrastructure related to the development and adaptation of agriculture and forestry (1)	30	430.0
13. Diversification into non-agricultural activities (3)	53	$267.0 + 135.2^3 = 402.2$
14. Use of advisory services for farmers and forest owners (1)	24	400.0
15 Leader (4)	63, 64 and 65	200.0
16. Technical assistance	66	200.0
17. Restoration of forestry production potential destroyed by natural catastrophes and introduction of preventing instruments (2)	48	140.0
18. Agricultural producer groups (1)	35	$130.0 + 10.02^2 = 140.0$
19. Participation of farmers in food quality schemes (1)	32	120.0
20. Vocational training for employed in agriculture and forestry (1)	21	50.0
21. Information and promotion activities (1)	33	30.0

Notes 1. Total EU and national public funds. 2. Fixed funds resulting from liabilities undertaken between 2004 and 2006. 3. Funds for the financing of projects proposed by Leader local action groups. 4. The "Funds" are to finance the implementation of local Leader development strategies and projects which they propose and the functioning of local action groups.

The current RDP version foresees that twenty three measures are will be implemented. Table 7.2, in which the measures are presented in decreasing order in terms of the amount of funds for their implementation, shows that the first three places are occupied by measures of largely social nature (Early Retirement – almost EUR 2.19 billion, item 2; Support for holdings in mountain areas and other less-favoured areas (LFA) – almost EUR 2.29 billion, item 1) or Agri-environmental programme – over EUR 1.75 billion, item 3). The agri-environmental nature of payments consists in the fact that - thanks to farmers in the regions with natural handicaps - agricultural activities are conducted on a scale preventing the degradation of the environment.

Table 7.2 shows that a relatively small amount of funds is allocated for the development of agriculture as such. The measures which co-finance development include only modernisation of agricultural holdings (EUR 1.65 billion, item 4), setting-up of young farmers (EUR 440

million, item 11) and Agricultural producer groups (EUR 140 million, item 18), i.e. EUR 2.23 billion in total. The group of these measures may also include, with certain reservations, Participation of farmers in food quality schemes (EUR 120 million, item 19).

Since the total amount of the funds under the RDP is EUR 15.317 billion, no more than EUR 2.79 billion i.e. 18% of funds were allocated for the development of agriculture. It is only slightly more than the amount for agri-environmental programmes (EUR 2.304 billion) and for financial support for farmers on the less favoured areas (EUR 2.286 billion). If we take into account the fact that only EUR 1.1 billion was allocated for the co-financing of the development of food sector companies (support mainly for micro and small enterprises) (Measure: Adding value to agricultural and forestry products, item 5), it is clear that the RDP is a programme supporting economic development only to a minor extent..

This point of view is not altered by the allocation of as much as 46% of the RDP public funds for Axis 1 “Improvement of competitiveness of agriculture and forestry”, 35% for Axis 2 “Improvement of the condition of natural environment and rural areas” and almost 17% for Axis 3 “Quality of life in rural areas and diversification of agricultural activities”, since not all measures under Axis 1 are aimed at the improvement of competitiveness of agriculture and forestry.

The key difficulty is the fact that there is a limited possibility to reduce the co-financing of at least some of the measures and at the same time increase the funds for measures supporting the development of the food economy. There are several reasons for such a situation. Firstly, all programmed measures, also those which are not of development nature, are beneficial for rural development. In addition, several large measures are “inflexible” since they result from commitments and obligations decided during the preparation and implementation of programmes for 2004–2006. During the preparation of the RDP, Poland tried to cover the largest possible area with support for farming on less favoured areas and achieved its goal. It is currently impossible to decrease this area and transfer part of the funds to other measures.

The early retirement cannot be withdrawn from the Programme which is mostly of social nature, since the early retirement benefits granted between the years 2004 and 2006 will also be paid out between 2007 and 2013. Therefore, the key question is whether the amount of money allocated for early retirement benefits which will be granted between 2007 and 2013 is sufficient. In such a case the rule “first in, first served” should not apply and the retirement benefits should be granted to all farmers who applied for them and fulfil the requirements.

Although the final evaluation of the Measure „Semi-subsistence farming” must be postponed until 2008, when the results of the control of the use of funds will be known, it is obvious that it is not a measure which strongly supports the development of agriculture.

7.2 Could the expected results be achieved at lower cost?

In general it is impossible for us to provide an assessment of the cost-effectiveness of the proposed measures, as the quantifications of targets on result and impact level is absent in the present draft. We have only the output indicators indicating how many beneficiaries we expect to apply for a project giving us an indication of the expected average project costs. However as we have no distribution in the measures on allocations or expectations on investment types, it is difficult – impossible – to assess the specific cost-effectiveness of the actions and it is impossible to have a qualified opinion on the question, whether the results might have been achieved at lower costs.

Furthermore the draft RDP does not include a chapter on lessons learned from previous programmes which could give information about the cost-effectiveness of projects of various types useful in this context. The financial tables as such do not give us specific information on which basis they are prepared neither do the description of the individual measures.

On the positive side count that many of the measures are area based payments or defined premiums such as Young farmers, LFA etc.. Here the support rate is given and cost-effectiveness is consequently also defined.

8. Implementation, monitoring and evaluation of the Programme

- How is the implementation of the Programme administered?
- How will the monitoring and evaluation system be implemented?
- Which indicators are used for measuring inputs, outputs, results and impacts?
- What system will be in place to collect, store and process monitoring data?

8.1 Programme administration

The Programme administrative set-up described in the draft RDP is general in character and is referring to the regulative requirements. The specifically chosen administrative system related to the individual measures, including delegation of specific actions and tasks is presented in a table measure by measure, step by step.

The managing authority will be the MARD and the implementing paying agency will be ARMA, which is logically in the light of the experiences of these institutions from the previous programmes. Tasks and obligations for the involved institutions are described in accordance with the CR 1698/2005.

We have no comments to the specific allocation of tasks to the individual institutions involved in the implementation.

8.2 Monitoring and evaluation system

The RDP description of the Programme monitoring and evaluation system is in accordance with the principles of the regulation CR 1698/2005. We have no specific comments in this context, except that a critical assumption is the installation of an appropriate IT system.

8.3 Indicators

In order to measure the progress in Programme implementation in terms of fulfilling the objectives of the RDP as such and of the individual measures, as well as measuring the efficiency and the effectiveness it is necessary to define the indicators for measuring financial allocations, outputs, results and impact of the Programme. The Programme refers in the section describing the monitoring and evaluation system that context and horizontal indicators are identified as well as financial, output, result and impact indicators on measure level. We agree in the reference to context and horizontal indicators and to financial and output indicators for each of the measures. However we are not convinced that result and impact indicators are developed, as we do not find any proposals in the draft RDP, see also our evaluation of the individual measures above. As it was stated in the previous chapters of the Report, according to the information obtained from NARD, the final version of RDP will include an appropriate set of indicators, results and impact. Additionally for the abovementioned indicators target values will be defined.

The baseline indicators were proposed in the NSP, see annex II. However, there are no target values of these indicators. They should be presented in a more operational context than the NSP, taking into account the reference point and the sources of acquiring information to prepare them.

8.4 Data collection for monitoring and evaluation

The data collection system is described, and we do not have any comments to that. The successful implementation of the data collection depends on the one hand of an adequate formulation of application forms, implementation reports and questionnaires asking the right questions in order to collect the relevant information and on the IT system to be developed to administer the Programme. Basing on the current version of RDP it is not possible to state explicitly whether now it is the case; therefore it is recommended, both ARMA and MARD, prepare the documents in line with the hierarchy of objectives.

8.5 Partnership

According to the Regulation, the preparation of the RDP should to the largest extent possible involve social and economic partners and stakeholders. The rationality behind this from the Commission is that an active involvement of stakeholders in Programme preparation will ensure that their experiences are gathered and taken into consideration in the drafting of the new programme, and secondly that the stakeholders will have ownership and be committed to contribute to a smooth Programme implementation. The second part is important in the sense that the stakeholders being business and farmers associations and NGOs will take a positive position concerning the Programme in their dialog with their members.

It also a regulatory requirement that the involvement of stakeholders should be reported in the RDP concerning the process as well as concerning the impacts of the involvement in terms of adjustments and modifications of the Programme objectives.

We do not find any description of the partnership involvement in the present draft RDP and we are not aware of the character or the effects of the involvement, if any.

9. Conclusions and recommendations

The ex-ante evaluation of the draft RDP will be concluded in this chapter as a summary of our main recommendations. In the individual chapters of this report a number of more specific recommendations are indicated. We recommend taking them into considerations as well although not taken aboard here.

9.1 Improve the analysis of the current situation

It is fundamental for the preparation of a relevant programme that the analysis of the current situation in Polish rural areas is comprehensive and robust. It is our conclusion that the present draft RDP contains a lot of useful information, but that the description and analysis still can be improved.

We have pointed out a number of issues, which we find could be better described making the chapter better suited to provide documentation and justification for an objectively formulated strategy. Selected issue to be improved in the analysis include

- *Definition of rural areas.* The implementing principles of the 2004-2006 programmes were based on preference for all rural gminas – including the suburban gminas. Small towns and areas surrounding them, located in peripheral areas are in a more difficult development situation. This could be considered in the Programme design either by making a clear distinction between suburban rural areas and de facto rural areas, or by applying eligibility or selection criteria to make a priority of areas in largest demand for support. We recommend considering one of these solutions to the issue, and we understand from our dialogue with the MARD that either appropriate eligibility criteria or selection criteria will be applied to direct the support to rural areas needing the support the most.
- *Agricultural competitiveness.* An issue to be developed is the issue of competitiveness of Polish agricultural holdings. The concept of competitiveness as such is not defined in the NSP or in the RDP, and it could be recommended to use an adequate definition of competitiveness, in order to be more precise in terms of formulating the objectives of the Programme. In the CMEF labour productivity (gross value added per annual work unit) is an indicator used in this context: High labour productivity reflects high competitiveness, but the concept is usually defined wider also including relative market shares and income growth as indicators. We recommend also including in this section a table presenting the basic data describing the structure and competitiveness of Polish agriculture
- *Quantitative characteristics of plant and animal production.* We suggest including in the RDP a table characterising the basic directions of plant production, using data concerning the areas of crops, yield and harvest. Such a table could be accompanied of text explaining the development of plant production from a competitiveness point of view, sector by sector highlighting the characteristics of the individual sectors. It is also recommended that the section concerning livestock production – as the plant production section - be supplemented and complemented with a table characterising the basic directions of production, using data on heads, production, and, possibly, efficiency (milk yield, average carcass weights).

- *Quantitative characteristics of the food industry.* We recommend taking into the text a table summarizing the structural characteristics sector by sector of the Polish food industry. We recommend specifying the investment needs in more details sector by sector.
- *State of art of the Polish system for research, technological transfer and innovation related to food and agriculture.* The state of art of the Polish system for research, technological transfer and innovation related to food and agriculture is not mentioned, and we consider that a problem for the RDP being in conformity with EU priorities at this particular but very important point. We recommend including such a section in the text.
- *Food quality scheme.* We agree with the statements in the RDP that traditional products of local and regional origin as well as organic products represents a growth potential and we recommend that this growth potential is documented, if possible, and we understand that the MARD will include this documentation in a revised RDP. Consequently we recommend describing the potentials in introducing the EU based generic quality labelling system in order to stimulate demand for quality products.
- *Detailed description and the analysis of the forestry sector.* We recommend expanding the description of the forestry sector including data included in the draft ex-ante evaluation report.
- *Detailed description of tourism and facilities related to tourism.* The potentials of rural tourism as an alternative income generator in rural areas ask for a more comprehensive analysis of the tourist sector and the tourist infrastructure, and we recommend adding that to the RDP, if possible.

In conclusion we must recommend improving the analysis of the current situation taking these issues into consideration in order to establish an improved basis for the preparation of the Programme interventions.

9.2 Construct a comprehensive SWOT analysis

It is a requirement to include in the programming a SWOT analysis in order to establish a transparent foundation for selecting the overall strategy of the Programme. The SWOT should be a reflection of the analysis of the current situation summarizing what was considered the essential and most important needs and problems of rural areas. The draft RDP does not include a SWOT analysis, as a general SWOT is included in the NSP.

The SWOT included in the NSP is kept at a relatively general level and this is supplemented in the RDP with an effort in the description of the current situation to identify some strengths and weaknesses as well as driving forces in the development of the rural economy. The effort is as such not reaching a clear aim of setting out the lines for a Programme strategy, and we recommend therefore constructing a detailed SWOT analysis on the level of the axes in accordance with the example given in this report. This implies that the SWOT analysis should focus on specific sectors and sub-sectors highlighting the basic strengths and weaknesses for these sector related to the international and national opportunities and threats provided of the market developments.

9.3 Set-up an objectives hierarchy

In order to increase the transparency of the document we recommend the MARD preparing a transparent and clear objectives hierarchy of the Programme outlining the overall, the specific and the operational objectives of the RDP as well as the complementarity to other interventions, if deemed relevant. The hierarchy might be prepared as a figure indicating the various levels of the Programme. Furthermore, we recommend estimating targets for the Programme, such increase in economic growth (GVA pct increase), establishment of jobs (numbers), restructuring of farm size (average number of ha per farm, increase) etc, see also 9.5 below.

In the present NSP and RDP we do not find an outline of such an objectives hierarchy, although the text of course does include the relevant information in qualitative terms.

9.4 Tap lessons learned from previous actions

We recommend including a chapter in the RDP summarizing the previous and present programme experiences, and we are informed from the MARD that this chapter is under preparation. This chapter can include experiences related to effects of programmes and specific measures, EU programmes as well as national programmes, in terms of output, results and impacts in order to assess what was achieved from the programmes. Measurements of effectiveness and cost-effectiveness could also be included, and the experiences from these measurements could be used as input to the quantification of targets at programme and at measure level in the present RDP. Monitoring tables produced to the monitoring committee meetings for the various programmes include the available data and is a good basis for the preparation of the chapter.

9.5 Define the intervention logic for measures and quantify targets

The description of the individual measures included in the draft RDP is not always clear and we have given examples in this report, where we find that the text is imprecise and could be improved. We have also pointed to the lacking quantification of needs and targets. Consequently we recommend to improve the description of the measures by defining as précised as possible the intervention logic of the measure using indicators on all levels and quantifying the targets of the measures. We also recommend estimating targets for the Programme, such as increase in economic growth (GVA pct increase), establishment of jobs (numbers), restructuring of farm size (average number of ha per farm, increase) etc. According to the information obtained from MARD, the next RDP version will include an estimated target values for product, result and impact indicators for each individual Programme measure.

9.6 Measure specific recommendations

We have below summarized the most important measure specific recommendations.

1. **Vocational training and information campaigns for employed in agriculture and forestry.** The monitoring indicators for the measure are presented at output level, and are referring to number of projects, trainings, days and participants in training

segregated on gender, age, training topic type of trainee and voivodship. These indicators are satisfactory. However, we would recommend formulating indicators and – if possible – quantified targets on result and impact level as well. The training should provide enhanced qualifications and competences of the participants (result indicators, level of competence measured ex-ante and ex post training), and the impact should be change in procedures, methods, practices, technologies etc leading to increased productivity and income, environmental protection etc. It should be added that according to the information obtained from MARD, the final RDP version will include an appropriate set of product, result and impact indicators. Additionally for the abovementioned indicators target values will be established.

2. **Modernisation of agricultural holdings.** For this measure as well as for most other measures we must expect higher demand for support than resources available, and we can therefore recommend to prepare and to use selection criteria in order to select the projects/investments best contributing to the fulfilling of the measure and the Programme objectives.
3. **Modernisation of agricultural holdings.** The maximum of support of 500,000 PLN for an individual beneficiary for an individual holding in the programming period will restrict up-take on the larger farms able to co-finance bigger investments. It is not clear from the measure description how and if this criteria will restrict the up-take, but we recommend to assess the risk and change the criteria in an upward direction, if needed and relevant.
4. **Modernisation of agricultural holdings and Adding value to agricultural and forestry production.** The monitoring indicators relate to outputs exclusively. We find the selected indicators satisfactory, especially concerning type of investments and branch. However, we recommend quantifying the targets on these output indicators as well, in line with quantifications in previous programmes. We are aware of the position of the MARD that a break down of the measure on sector level is avoided in order to ensure greater flexibility in the Programme implementation and to avoid Programme changes/adjustments. We acknowledge this position, but we find however that our recommendation is useful from the point of view of Programme monitoring and management.
5. **Adding value to agricultural and forestry production.** The concept of *modernization* is supplemented with the concept of *innovation*. The idea behind this supplement is that modernization investments in agricultural holdings and food enterprises often have been in well-known products and technologies. Even though they might have been new for the farm and the firm, they might not have been new on the market. Therefore adding innovation to modernization the idea is to stimulate to new products and processes not known to the farm and the firm neither to the market. This theoretical distinction is important as it places more emphasis on the relations to the scientific community (research institutions and universities), than we have used to see. This issue is not included in the measure and subsequently it is not awarded - e.g. with higher level of support for innovative firms. We recommend adjusting the text in the measure in order to emphasize the innovation concept, and we recommend providing preferences in the support to projects of an innovative character compared to projects of a traditional content.
6. **Adding value to agricultural and forestry production.** Firms and farms most in need of support and modernization might not comply with all relevant EU standards.

We recommend considering this issue in the design of the measure, for example by introducing that all relevant EU standards must be met when the investment has been accomplished.

7. **Adding value to agricultural and forestry production.** We recommend establishing monitoring indicators concerning the monitoring of the progress of cooperation between SME and producer groups. If the development of cooperation takes place slowly, the further application of 40% support for SME, which do *not* cooperate with producer groups, should be abandoned, and the level of support for such SME should be increased to 50%.
8. **Improvement and development of infrastructure related to the development and adaptation of agriculture and forestry.** The eligibility criteria presented refer primarily to the procedures for applicants including legal basis and EIA requirements. The procedures for applicants for projects concerning roads are not presented and the measure description does not contain specific eligibility criteria for potential beneficiaries for this type of projects. We recommend preparing these criteria.
9. **Improvement and development of infrastructure related to the development and adaptation of agriculture and forestry.** This measure will have demarcation lines to other structural funds programmes also supporting road construction and water management. These demarcation lines could be presented here in order to facilitate the application process for potential beneficiaries. We recommend that.
10. **Use of advisory services for farmers and forest owners.** The current description of the objective of the measure and the lack of precise requirements regarding the providers of advisory services for farmers may imply the risk that the measure will not contribute to the achievement of expected results. We recommend that these requirements are included in the description of the measure.
11. **Support for holdings in mountain areas and other less-favoured areas (LFA).** We recommend developing the indicators for the measure to cover the measure objectives and the Programme objectives concerning social and economic as well as environmental development. It should be added that according to the information obtained from MARD, the final RDP version will include an appropriate set of product, result and impact indicators. Additionally for the abovementioned indicators target values will be established.
12. **Support for holdings in mountain areas and other less-favoured areas (LFA) Natura 2000** and Payments for Natura 2000 sites and payments related to the Water Framework Directive 2000/60/EC. We recommend taking advantage of other measures such as Vocational training for employed in agriculture and forestry, Information and promotion activities Use of advisory services for farmers and forest owners to stimulate farmers awareness of environmental considerations in agriculture in order to contribute to the fulfilment of the environmental objectives of the measures.
13. **Agri-environmental programme.** We recommend developing the indicators for the measure as well as for the individual packages reflecting the specific content of each package in order to cover the measure objectives and the programme objectives concerning social and economic as well as – and in particularly - environmental development.

14. **Forestry measures.** We recommend considering to implement the measure Afforestation in connection with or linked to the measures Improvement and development of infrastructure related to the development and adaptation of agriculture and forestry (Scheme I), Vocational training for employed in agriculture and forestry, Use of advisory services for farmers and forest owners and/or . Information and promotion activities in order to ensure better chances for a successful project implementation.
15. **Forestry measures.** The monitoring indicators for measures Afforestation of agricultural land and afforestation of non-agricultural land and Restoration of forestry production potential destroyed by natural catastrophes and introduction of preventing instruments are output indicators. We recommend supplementing them with result and impact indicators.
16. **Diversification into non-agricultural activities.** The measure could be described in a more precise way, stressing the specifications whether the beneficiaries include natural persons already conducting activities or natural persons about to begin the new activities. The unclear description of the types of eligible beneficiaries does not make it clear, if either groups or only one of them are eligible for support. We recommend clarifying that.
17. **Diversification into non-agricultural activities.** It is necessary to specify in detail the list of eligible investments covered by support or to describe them in a more detailed way. We recommend the adjustment of the description. It might be important to leave a certain „loophole” for activities which do not fall within the scope of the package provided for in this measure and which may be included in specific applications and will not be contrary to the Programme provisions. The above comments, given the analogous scope of measure types, are also relevant to the measure Basic services for the economy and rural population.
18. **Basic services for the economy and rural population.** Local technical infrastructure at the level of agricultural holdings was supported by Measure 2.5 of SOP *Restructuring and modernization... 2004-2006*. Having regard to the huge needs of rural areas and the source of financing used to date for projects of this type, we recommend including them in regional operational programmes as areas of intervention of the European Regional Development Fund. The method applied to date for financing of technical infrastructure depending on the criterion of beneficiary (projects at the level of gmina and at the level of agricultural holdings), automatically determining project type, beneficiary and scale, had its own logic, see also the general demarcation principles outlined in the NSP. We recommend keeping to the solutions applied so far, and if not, it is necessary to indicate the reasons for changes
19. **Basic services for the economy and rural population.** If the measure is to support the development of local infrastructure systems, the range of potential beneficiaries must be broader, but there is no such recommendation in the measure. If the measure is to be in line with the Regulation, the range of possible projects should be complemented with projects falling within the scope of social infrastructure and increasing the availability of culture and leisure.
20. **Axis 4. Leader.** The emphasis of the LEADER approach is in line with the EU priority of enhancing and mobilizing the human capital at local level giving rise to commitment, ownership and responsibility in solving own problems and providing for

a better future. We appreciate the LEADER approach and recommend considering broadening the scope from only Axis 3 measures to measures from other axes as well.

21. **All measures.** We recommend that each of the measures is supplemented with a brief description of the decided demarcation line to other programmes making it possible for the reader to see the complementarity from the measure description.

9.7 Consider addressing regional disparities and variations

We have several places in the draft RDP seen examples of regional variations and disparities mentioned. However, we have not seen any attempts or considerations in the Programme considering these disparities and variations as specific targets for measures or actions. This might be a deliberate political decision and as such feasible, as we are also aware that there are big variations within the individual regions. However, in our view the disparities are of big importance in Poland and we recommend considering this specific problem of a regional approach in the Programme implementation.

This can be done using objective indicators (regional contribution to GDP, regional GVA, regional employment or un-employment levels etc) ranking the regions in accordance with their development needs. In a horizontal Programme as the Polish selection criteria can be used in order to select or make a priority for the regions (or gminas) needing the support the most.

9.8 Describe the complementarity with other programmes

We find in the NSP a general description of the content of complementary programmes, and we find the general principles for determining the demarcation lines between the RDP on the one hand and other programmes on the other. But we do not find in the RDP specific descriptions on where the demarcation lines between the programmes go and how the administration of these demarcation lines will be managed. We recommend inserting in the measure descriptions specific indications of how these demarcation lines are established measure by measure, in the same way as it is described in the measure description of the Vocational Training measure. Here we find that support under this measure is targeted to farmers and forestry holders developing their skills in order to expand production, while ESF provides support for re-training of farmers and forest holders in order to support them in having access to jobs outside agriculture and forestry.

9.9 Describe the partnership involvement approach

Partnership is considered to increasingly important in order to enhance the involvement of stakeholders and to increase the chances for a successful programme implementation especially at local levels. We recommend making a description of how stakeholders are involved in the preparation process of the RDP and how this involvement has influenced the Programme content.

9.10 Extent the scope of the Leader approach

In order to enhance the local involvement and to mobilize the local human potential, the Leader approach is essential in the RDP. We appreciate the LEADER approach in the draft RDP and we recommend considering broadening the scope from only Axis 3 measures to measures from other axes as well. This can be done by allocating a part of the resources for specific measures under Axis 1 and Axis 2 for implementation under the LEADER approach in the same way as is done for Axis 3 measures. Relevant measures are for example Vocational training for employed in agriculture and forestry, Modernisation of agricultural holdings, Improvement and development of infrastructure related to the development and adaptation of agriculture and forestry, Participation of farmers in food quality schemes, Information and promotion activities and Agricultural producer groups under Axis 1 as well as Agri-Environment programmes and Afforestation of agricultural land and afforestation of non-agricultural land under Axis 2.

9.11 State aid and competition rules

The RDP does not in its present draft version contain a chapter describing the compliance of the RDP interventions with the competition rules and any additional support from state aid. We recommend that such a chapter is prepared and inserted in the next version of the RDP. We understand from the MARD that the chapter will be prepared and we appreciate that.

9.12 Monitoring system and data collection

The draft RDP contains a well prepared description of the envisaged monitoring and evaluation system as well as the data collection system to be established. We appreciate this description.

However, the successful monitoring and functioning of the Programme implementation is depending on the preparation of adequate monitoring and evaluation indicators with reference to the Programme and measure objectives. Further more is depends on adequate preparation of application forms, questionnaires and reporting templates for beneficiaries. These documents will function as primary data collection tools and must be prepared in direct compliance with the objectives hierarchy of the programme. We cannot see from the current RDP version if this is the case and we recommend that the MARD and the ARMA prepare the documents in line with the objectives hierarchy. This means for example that application forms for investment related projects must include questions to the beneficiary concerning his expected outputs, results and impacts of the investment using predefined indicators picked from the monitoring indicators system. According to the information obtained from the MARD, the final version of the RDP will include the appropriate set of product, result and impact indicators. Additionally, for the a/m indicators the target values will be specified.

10. Annexes

Annex I: The Ex-ante evaluation team

The ex-ante evaluation report is prepared of Agrotec Polska with senior consultant Mr. Morten Kvistgaard, Orbicon, Denmark (mkv@orbicon.dk), as team leader and sole responsible for the report, and the following ex-ante experts at team members:

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Annex II: Context and Baseline Indicators Fiches