

Evaluation of RDP effects on farm competitiveness in Latvia: lessons learned from the Annual Implementation Report in 2019

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HOW TO DEMONSTRATE RDP ACHIEVEMENTS AND IMPACTS: LESSONS
LEARNED FROM THE EVALUATIONS REPORTED IN THE AIRS SUBMITTED
IN 2019. 11-12 DECEMBER 2019. SEVILLA (SPAIN)



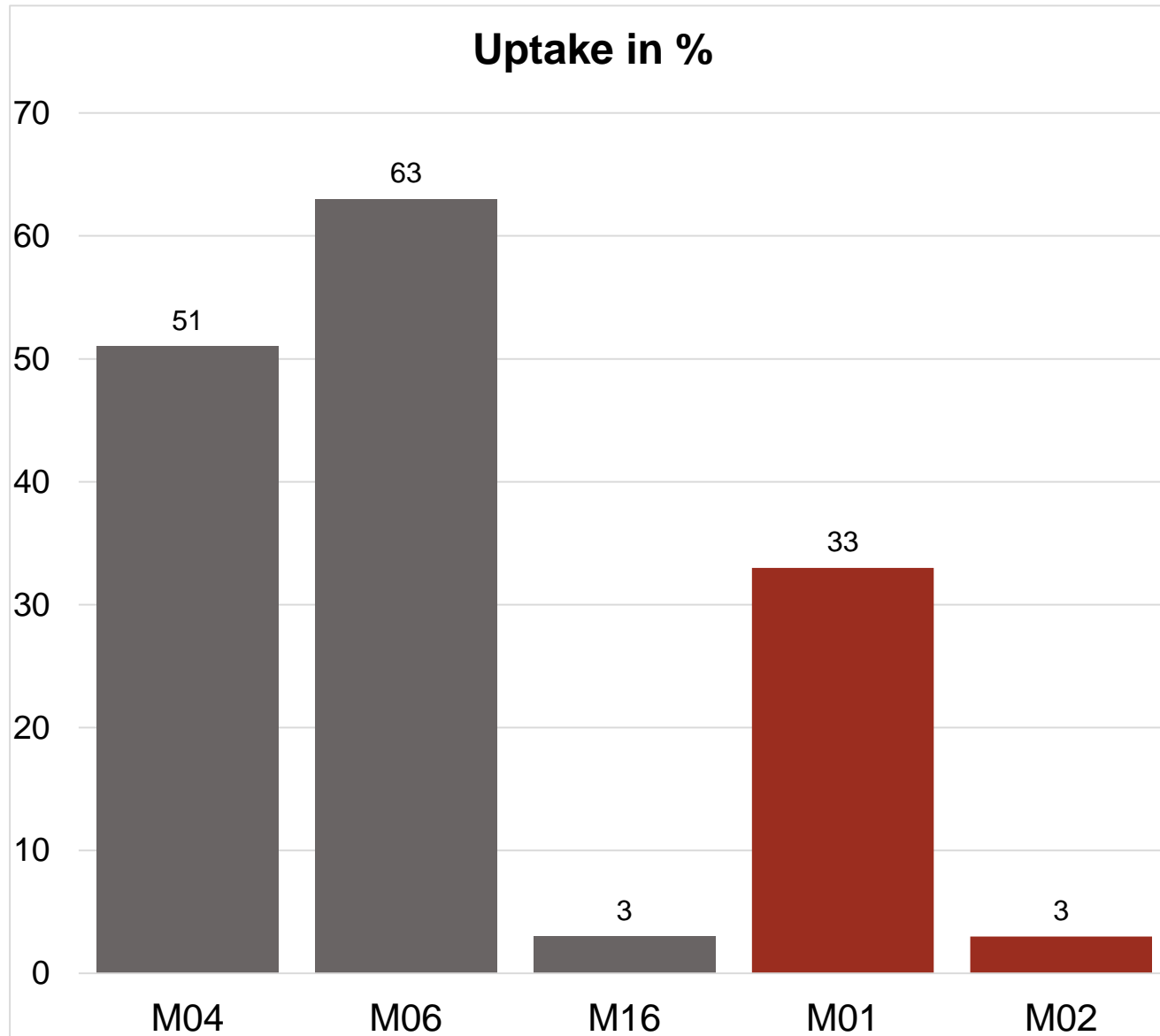
Outline

- Background
- Approach used to answer the CEQ
- Short summary of the main findings
- Limitations
- Recommendations for the RDP ex post evaluation in 2023

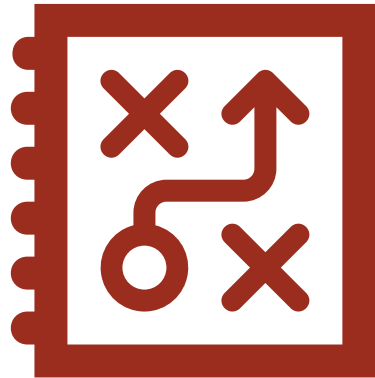
Background

- **Planned expenditure for focus area 2A:** 490 million EUR (i.e. 31% on the total RDP budget)
- **RDP measures with primary contributions to FA 2A:**
 - M.01.1, M.01.2, M.02.1, M.04.1, M.04.3, M.06.3, M.16.1, M.16.2 (CEQ 4)
- **Secondary contributions:**
 - FA 3A: M04.2, M09.1;
 - FA 3B: M05, M17;
 - FA 4A: M13
 - FA 5B: M04.1
 - FA 5D: M04.1
 - FA 6B: M07.2
- **Contributions to the competitiveness of agriculture includes P1, P2, P3 with measures:**
 - M.01, M.02, M.04, M.05, M.06, M.09, M.16, M.17 (CEQ27)

Planned expenditure for the FA 2A: 490 million euro



Level of uptake up to 31.12.2018 of the relevant measures



Approaches used in LV to answer:

- **Common Evaluation Question N. 4** To what extent have RDP interventions contributed to improving the economic performance, restructuring and modernisation of supported farms in particular through increasing their market participation and agricultural diversification?
- **Common evaluation question 27:** To what extent has the RDP contributed to the CAP objective of fostering the competitiveness of agriculture?’

Approach used to answer CEQ 4

| Judgment criteria | Indicators | Methods | Data |
|--|--|---------|---------------------|
| Agricultural output per annual working unit of supported agricultural holdings has increased | R2: Change in agricultural output on supported farms/AWU (Annual Work Unit) | PSM-DiD | FADN (SE131,SE010) |
| Farms have been modernized Farms have been restructured | R1/T4: Percentage of agriculture holdings with RDP support for investments in restructuring or modernisation | | PA |
| Farms have been modernized | Percentage of agriculture holdings with RDP support for investments regarding modernization | | PA |
| Farms' economic performance has improved due to implementation of the above RD measures (RDP specific) | Net change of Gross Farm Income (RDP specific) | PSM-DiD | FADN (SE410) |
| Farms' market participation has increased due to implementation of above RD measures (RDP specific) | Net change of Sales/total output (RDP specific) | | FADN (sales, SE131) |

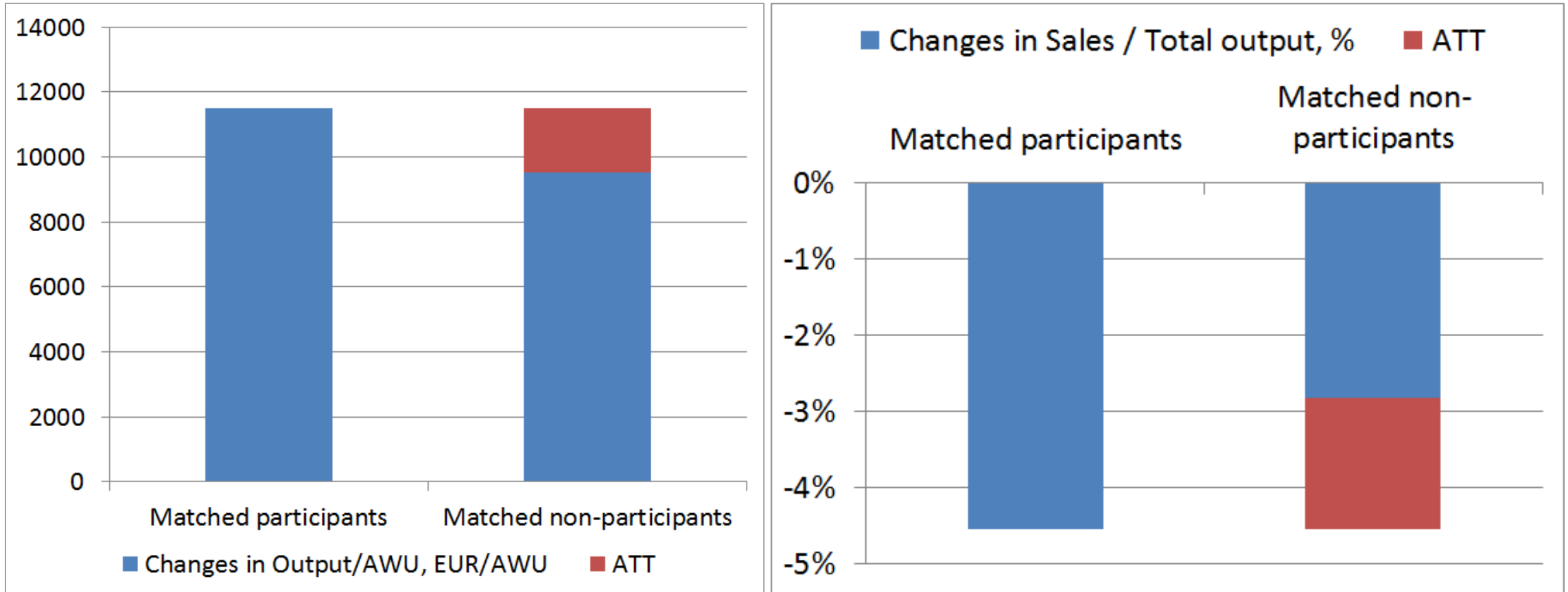
Approach used to answer CEQ 27

| Judgment criteria | Indicators | Methods | Data |
|---|---|---------|---|
| Agricultural entrepreneurial income has increased | I.01 Agricultural entrepreneurial income | PSM-DiD | FADN (SE010, SE025, SE135, SE206, SE256, SE275, SE360, SE365, SE600), Eurostat, National Statistics |
| Agricultural factor income has increased | I.02 Agricultural factor income | | |
| Total factor productivity in agriculture has improved | I.03 Total factor productivity in agriculture | | |
| Family farm income per family work unit has increased | Family farm income per family work unit | | FADN (SE430) |
| Farm net value added per Annual Work Unit has increased | Farm net value added per Annual Work Unit | | FADN (SE425) |
| Total output per Annual Work Unit has increased | Total output per Annual Work Unit | | FADN (SE131, SE010) |
| Total output per unit of land has increased | Total output per unit of land | | FADN (SE131, SE025) |
| The share of costs in output has declined | Costs as % of output | | FADN (SE281, SE131) |
| The share of subsidies in farm net income has declined | Subsidies as % of farm net income | | FADN (SE605, SE420) |

Main findings reported in CEQ 04

| Judgment criteria | Answers |
|--|--|
| Agricultural output per annual working unit of supported agricultural holdings has increased | <ul style="list-style-type: none"> As a result of the RDP programme (2014-2018) change in agricultural output in supported farms/AWU in has increased by 1,977 €/AWU |
| Farms have been modernized | <ul style="list-style-type: none"> The share of agriculture holdings with RDP support for investments in restructuring or modernisation amounts to 6.6% from total number of farms in agriculture |
| Farms have been restructured | |
| Farms' economic performance has improved | <ul style="list-style-type: none"> As a result of the RDP programme (2014-2018) change in Gross Farm Income has increased by 48,426 € |
| Farms' market participation has increased | <ul style="list-style-type: none"> As a result of the RDP programme (2014-2018) change in farm Sales/ total output has declined by 1.7% |

Main findings reported in CEQ4



Main findings reported in CEQ 27

| Judgment criteria | Answers |
|--|---|
| The agricultural entrepreneurial income has increased | As a result of the RDP programme (2014-2018) the agricultural entrepreneurial income has increased by 80€/AWU |
| Family farm income has increased | As a result of the RDP programme (2014-2018) family farm income has increased by 1,480€/FWU |
| The agricultural factor income has increased | As a result of the RDP programme (2014-2018) the agricultural factor income has increased by 88€/AWU |
| Agricultural productivity has increased: | As a result of the RDP programme (2014-2018): |
| <ul style="list-style-type: none"> • TFP in agriculture has increased; | <ul style="list-style-type: none"> • TFP in agriculture has increased by 0.6 percentage points |
| <ul style="list-style-type: none"> • Labour productivity has increased; | <ul style="list-style-type: none"> • Labour productivity has increased by 60€/AWU |
| <ul style="list-style-type: none"> • Land productivity has increased. | <ul style="list-style-type: none"> • Land productivity has increased by 1€/ha |
| Cost efficiency of agricultural production has increased | Cost efficiency of agricultural production has increased by 0.3 percentage points (cost-output ratio has decreased) |
| The net value added of the agriculture holding per AWU has increased | The net value added of the agriculture holding per AWU has increased by 93€/AWU |

Main limitations of the approach

- FADN data panel is biased towards large farms, only one third of total number of Latvian farms is represented
- The extrapolations made by National FADN office to obtain national averages for variables can not be used for panel unit approximations
- The number of controls usually barely exceeds the number of treated units
- Insufficient number of units available for the evaluation of an impact from secondary programmed measures
- Reporting deadlines and availability of FADN data (availability of data from public databases and reporting periods are inconsistent. Data for the previous year are available at the end of the year, but the report is due in the spring. Data from PA 2018 can't be used for comparison, but only 2017)

Recommendations for the RDP ex post evaluation in 2023

Methods and Data:

Identify methods for extrapolating findings from FADN data to National level

Timing:

Consider later report deadlines to enable use of data panel extended in time

Thank you

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Further information:

<http://www.arei.lv/en>

http://www.arei.lv/sites/arei/files/files/lapas/AIR2019_LAPnovert%20zinojums%202019.%20%281%29.pdf

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