



Lessons from the evaluation of the Austrian Rural Development Programme

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Background information

- Rural areas in Austria
- Austrian RDP 2007-2013

Indicators in CMEF

Changes vs effects

Effects of M121

- Gross, incentive, net effects

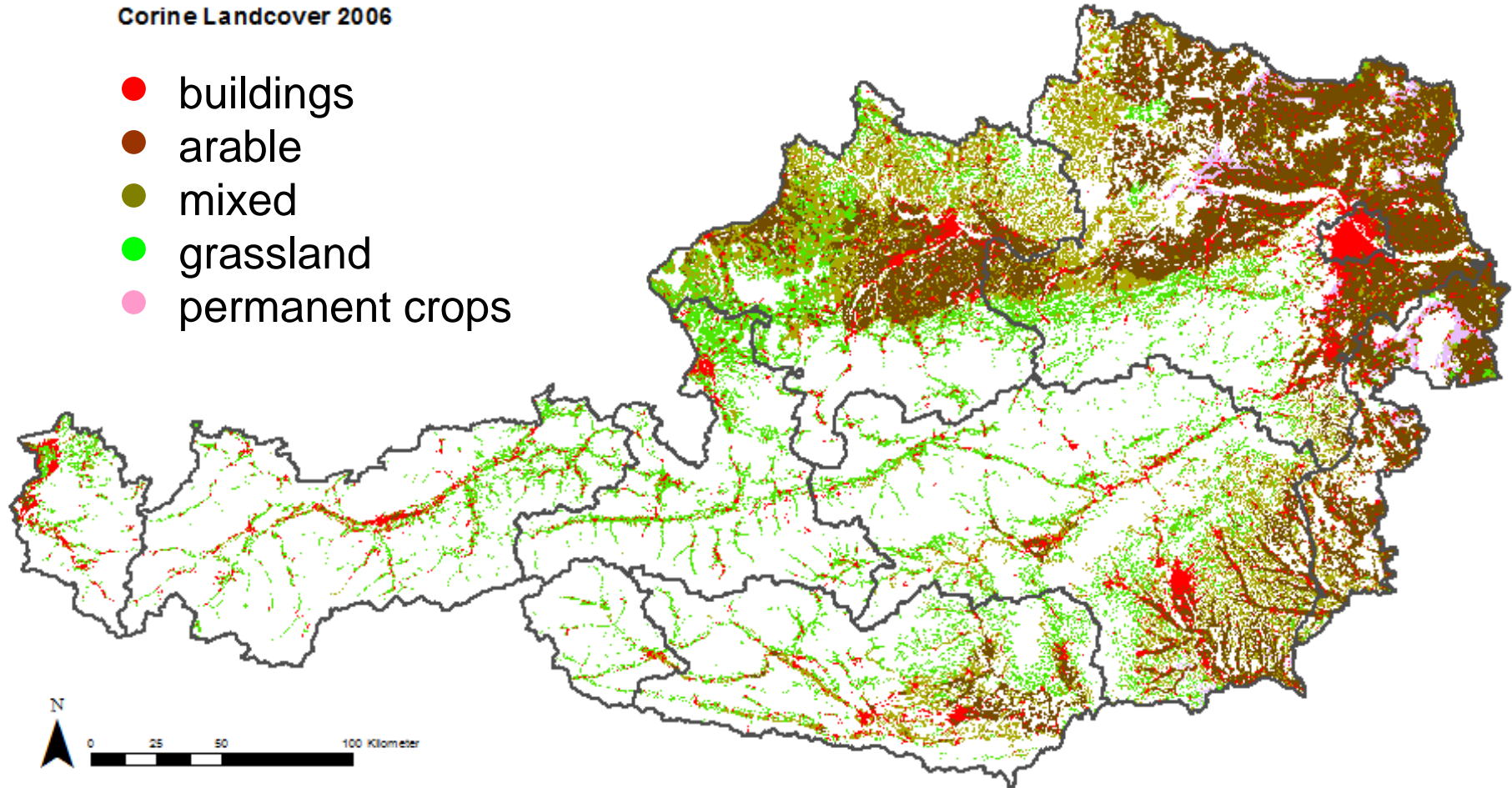
Conclusions

- Evaluation of M121
- Effects
- Objectives

Land cover in Austria, 2006

Corine Landcover 2006

- buildings
- arable
- mixed
- grassland
- permanent crops



Cattle in Austria, 2010

Agrarstrukturerhebung 2010 Bestand von Rindern nach Gemeinden

Durchschnittliche Zahl
der Rinder pro Halter

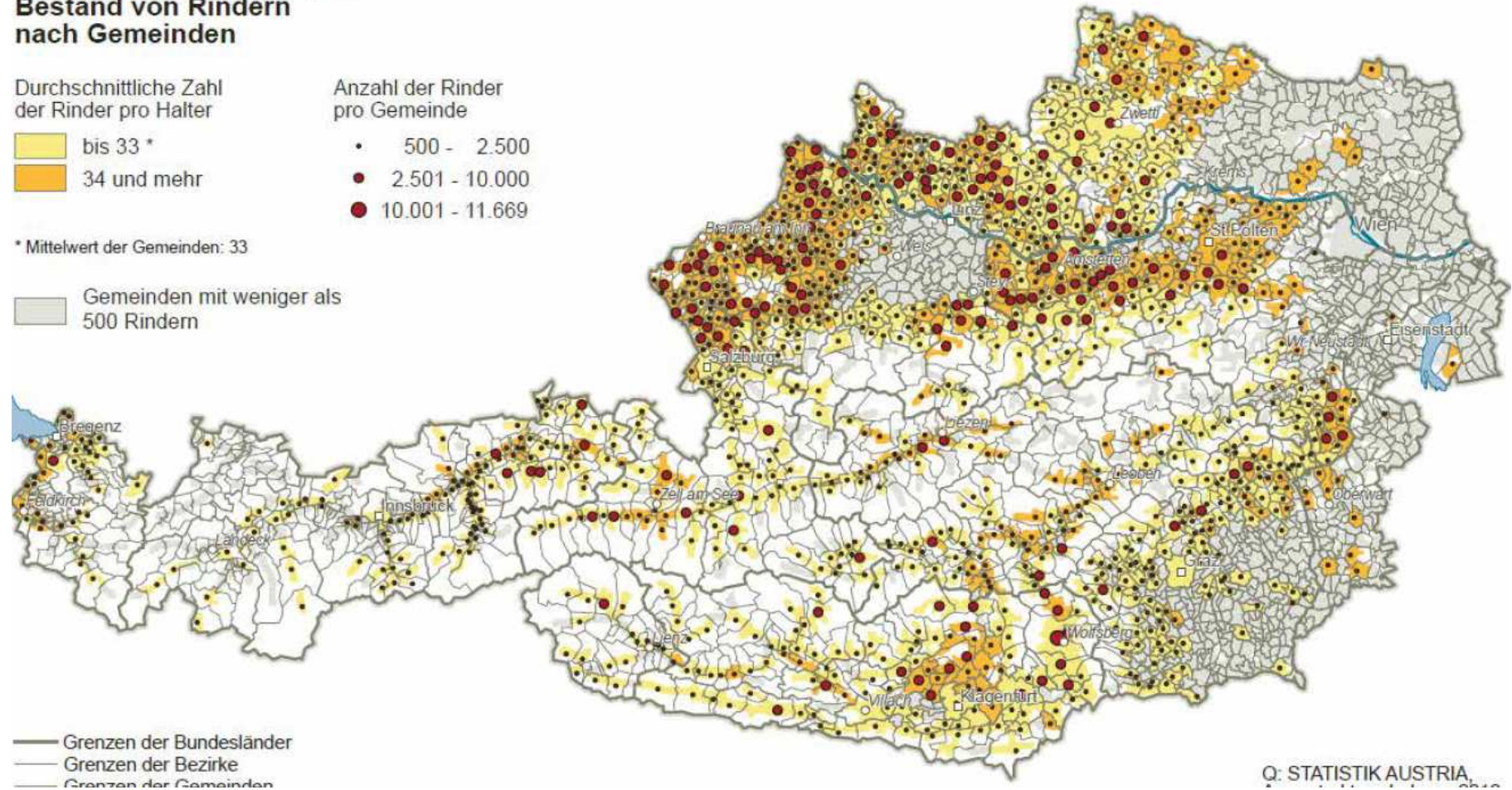
- bis 33 *
- 34 und mehr

* Mittelwert der Gemeinden: 33

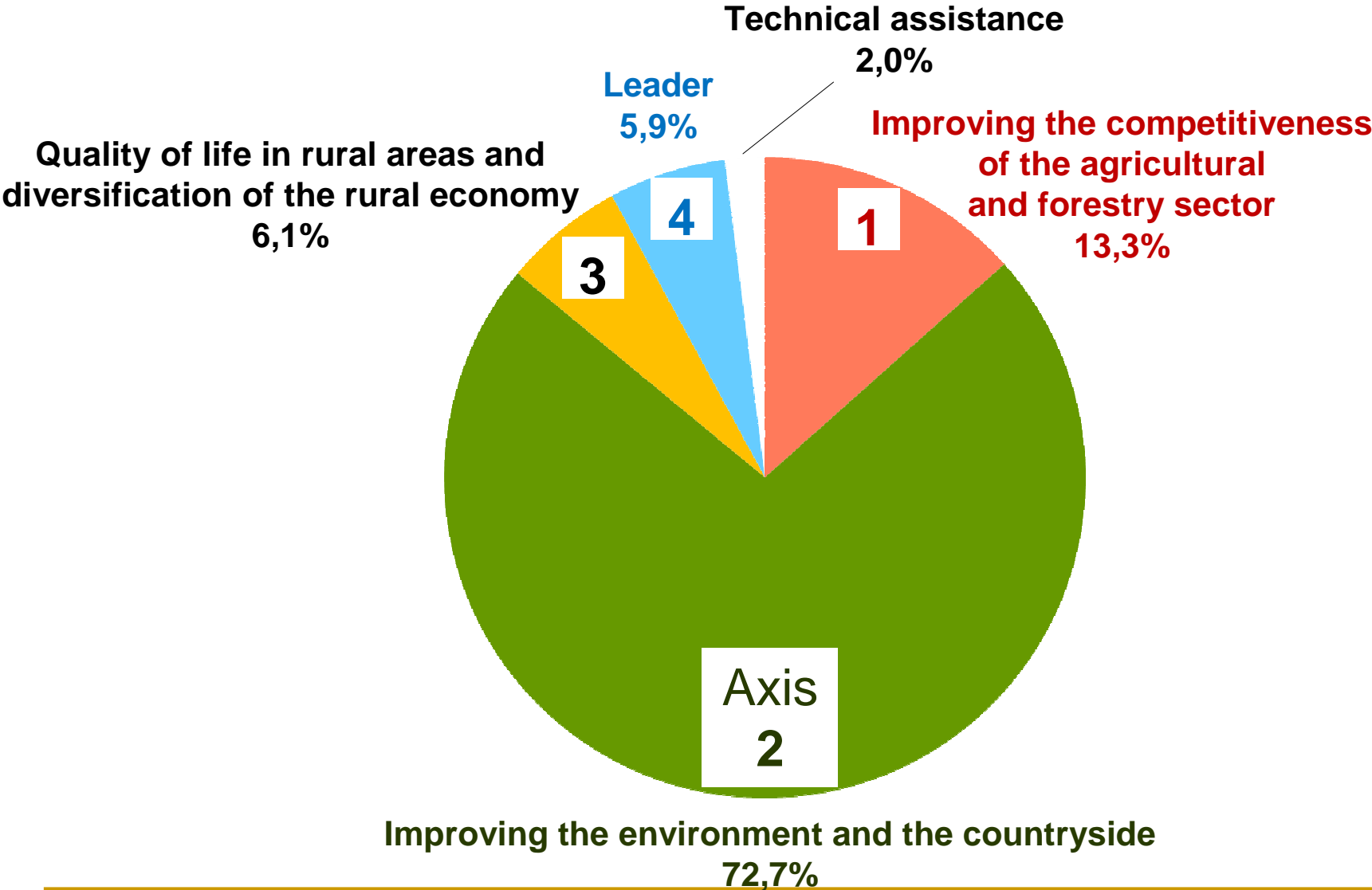
Gemeinden mit weniger als
500 Rindern

Anzahl der Rinder
pro Gemeinde

- 500 - 2.500
- 2.501 - 10.000
- 10.001 - 11.669



Budget RD 07-13



Indicators

59 Baseline indicators:

23 context related

36 target related

Statistics

... **Targets**

... **Inputs (payments)**

Monitoring

83 **Output indicators (participants, ha, LU, ...)**

16 **Result indicators**

7 Impact indicators

Evaluation

... Additional indicators

Result indicator 2

Evaluation guidelines:

“This indicator measures **the increase** in gross value added (GVA) of agricultural, food or forestry holdings/enterprises that are supported.

Important is that we measure **the gross effect**. This means that it can be possible that a change in GVA over different years can also be explained by other factors than the received support.”

“Collection method/good practice: Collect per supported holding the costs and revenues ...”

Common impact indicators

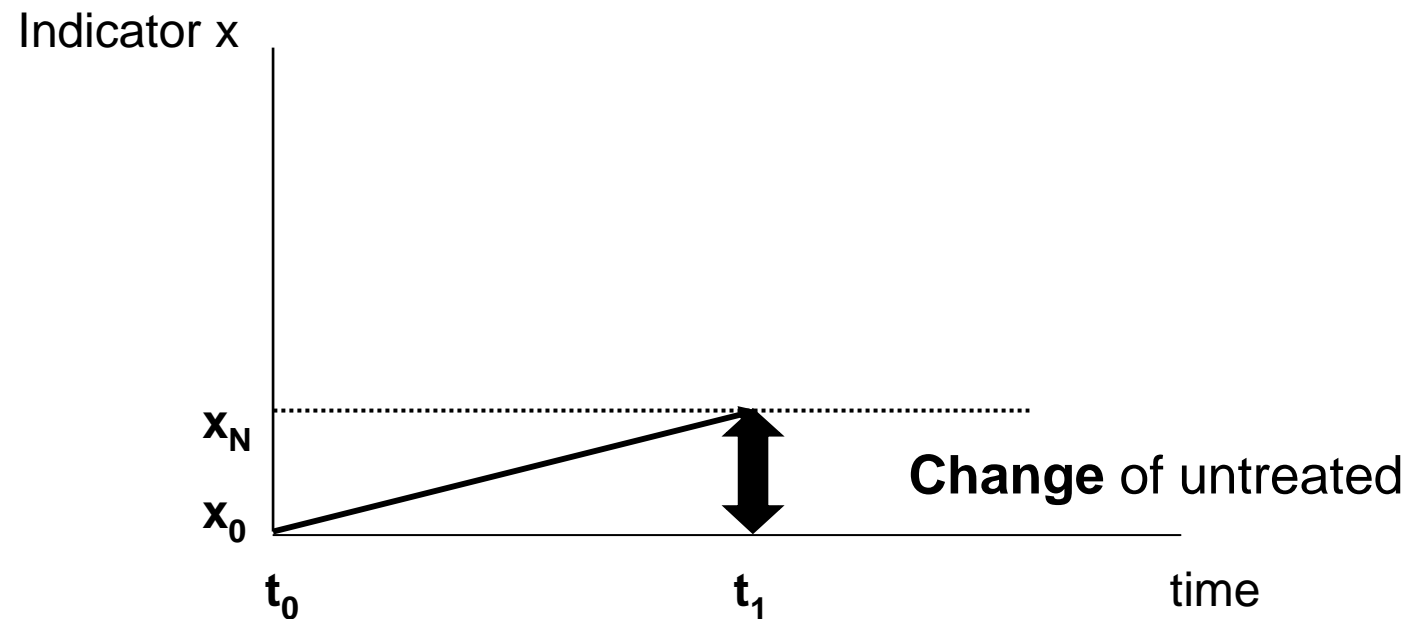
IV. COMMON IMPACT INDICATORS

	Indicator	Axis
1	Economic growth	1
2	Employment creation	
3	Labour productivity	
4	Reversing biodiversity decline	2
5	Maintenance of high nature value farmland and forestry	
6	Improvement in water quality	
7	Contribution to combating climate change	
?	Quality of life	3 4

Change (of untreated)

Change for non-participants

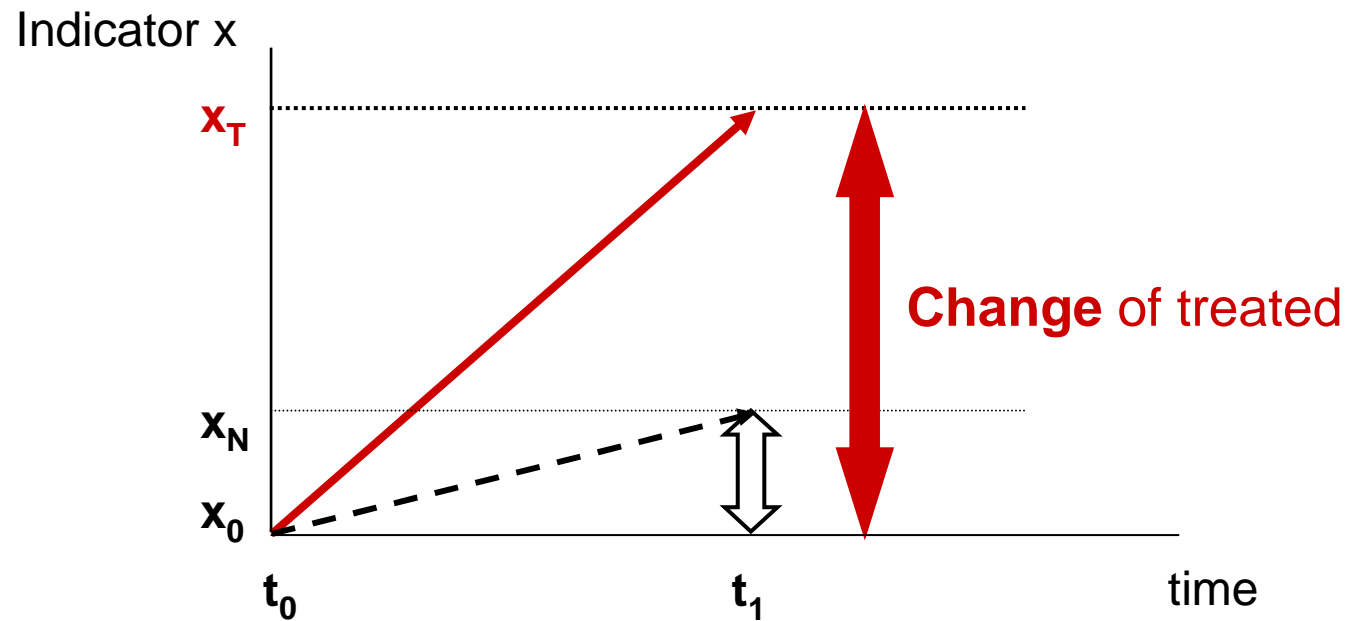
$$x_N - x_0$$



Change (of treated)

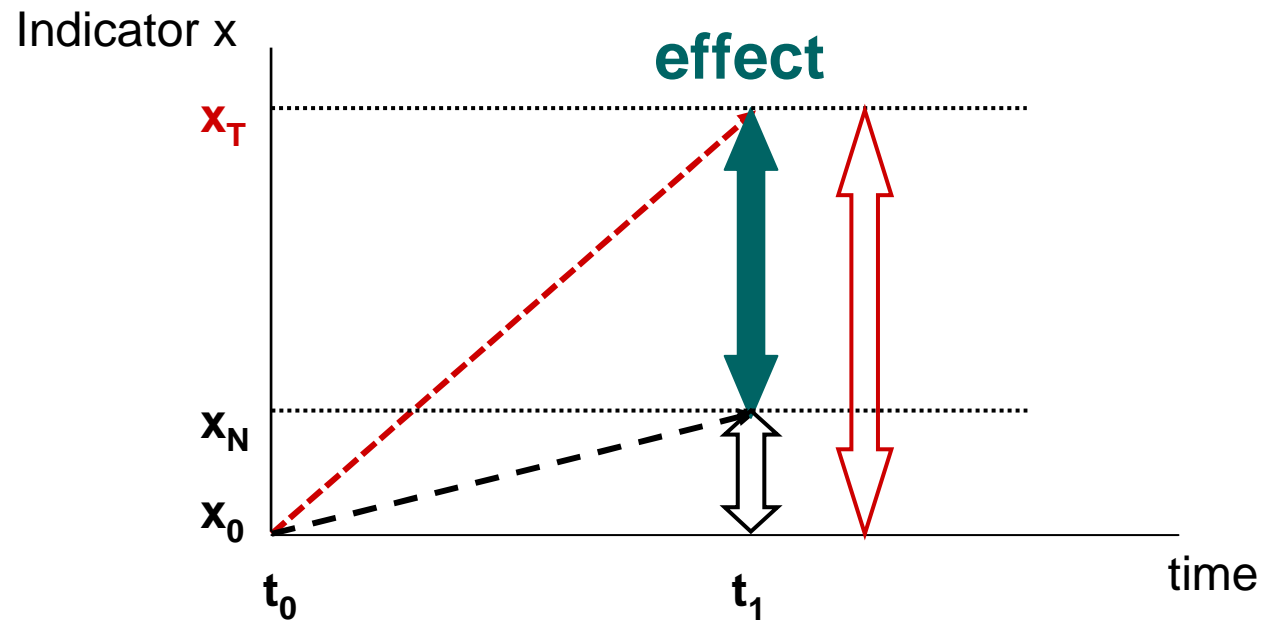
Change for **participants**

$$x_T - x_0$$



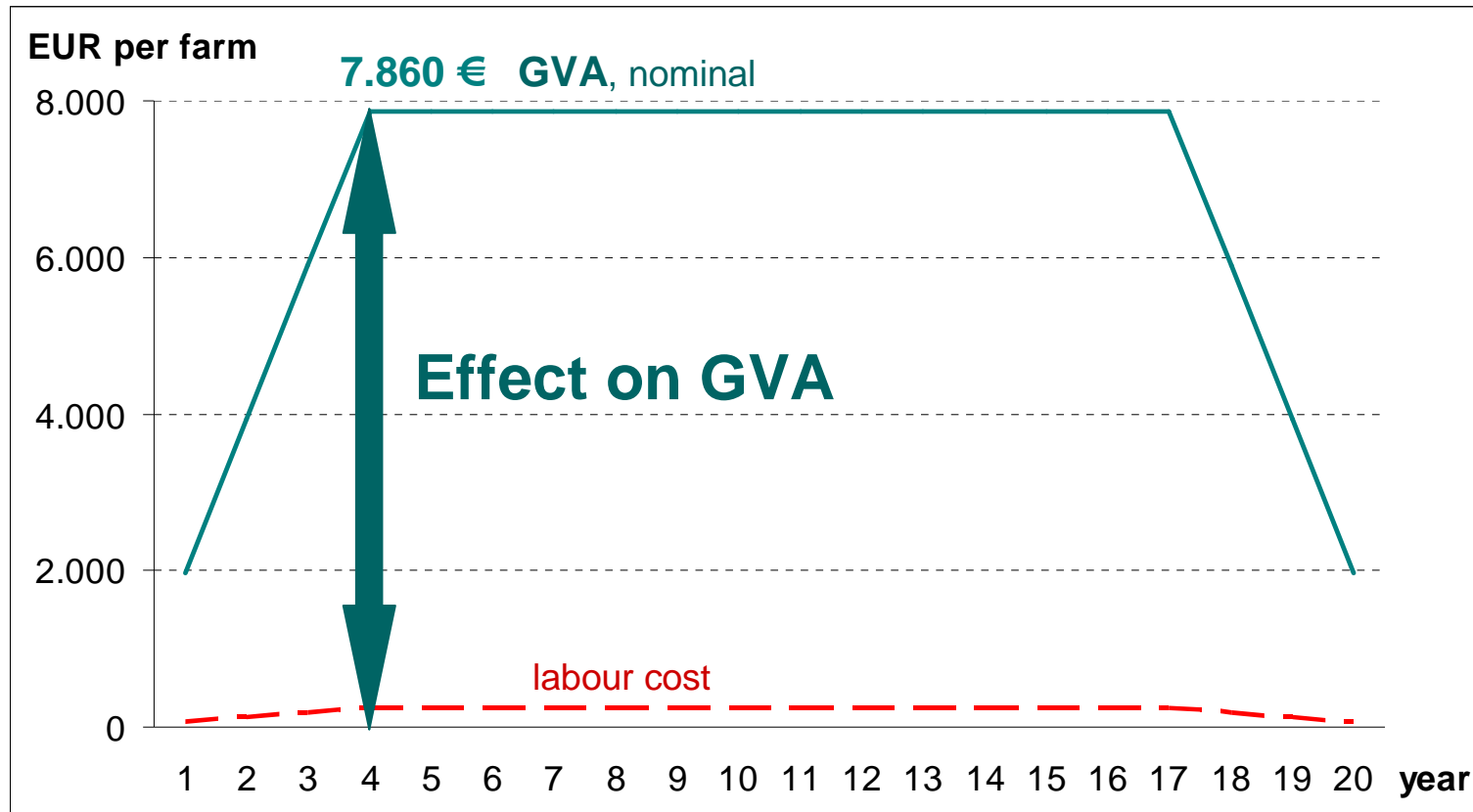
Gross effect

effect = difference of changes



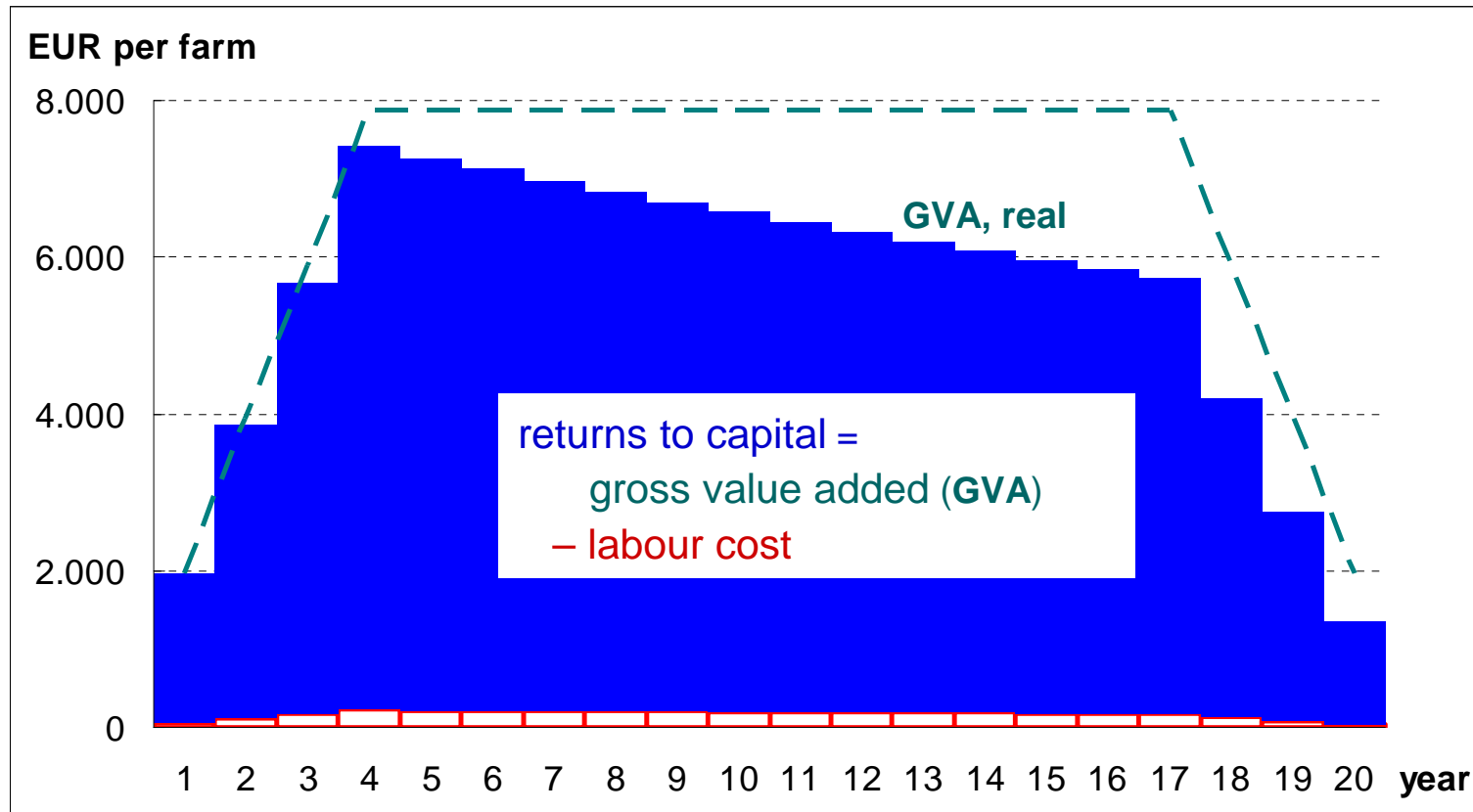
Gross effects per holding (of M121) on

Gross value added (during the utilisation period of the investment)





Gross effects per holding (of M121) on

Returns to Capital, at base value (interest rate = 2 %)



Benefit-Cost Analysis of investment support

Effects of measure M121

On average per holding (€)	€
GVA nominal	134.000
 GVA real (2 %)	111.000
labour costs real	3.000
 returns to capital real (benefit)	108.000

Benefit-Cost Analysis of investment support

Effects of measure M121

On average per holding (€)	€
GVA nominal	134.000
GVA real (2 %)	111.000
labour costs real	3.000
returns to capital real (benefit)	108.000
investment	52.000

Benefit-Cost Analysis of investment support

Effects of measure M121

On average per holding (€)	€
GVA nominal	134.000
GVA real (2 %)	111.000
labour costs real	3.000
returns to capital real (benefit)	108.000
investment	52.000

benefit / cost	2,1
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Benefit-Cost Analysis of investment support

Effects of measure M121

On average per holding (€)	€		farm level
GVA nominal	134.000		
GVA real (2 %)	111.000		111.000
labour costs real	3.000		
returns to capital real (benefit)	108.000		108.000
investment	52.000		
of which government		11.000	
farm manager			41.000
benefit / cost	2,1		2,6

Benefit-Cost Analysis of investment support

Effects of measure M121

Gross effects

On average per holding (€)	€		farm level
GVA nominal	134.000		
GVA real (2 %)	111.000		111.000
labour costs real	3.000		
returns to capital real (benefit)	108.000		108.000
investment	52.000		
of which government		11.000	
farm manager			41.000
of which because of support			
investment without support			

?

Benefit-Cost Analysis of investment support

Effects of measure M121

On average per holding (€)	€		farm level		without support
GVA nominal	134.000				
GVA real (2 %)	111.000		111.000		65.000
labour costs real	3.000				
returns to capital real (benefit)	108.000		108.000		63.000
investment	52.000				
of which government		11.000			
farm manager			41.000		
of which because of support				11.000	
investment without support					30.000

Benefit-Cost Analysis of investment support

Effects of measure M121

On average per holding (€)	Gross effects				Net effect
	€		farm level	without support	net
GVA nominal	134.000				
GVA real (2 %)	111.000		111.000	65.000	46.000
labour costs real	3.000				
returns to capital real (benefit)	108.000		108.000	63.000	45.000
investment	52.000				
of which government		11.000			11.000

Benefit-Cost Analysis of investment support

Effects of measure M121

On average per holding (€)	Gross effects				Net effect
	€		farm level	without support	net
GVA nominal	134.000				
GVA real (2 %)	111.000		111.000	65.000	46.000
labour costs real	3.000				
returns to capital real (benefit)	108.000		108.000	63.000	45.000
investment	52.000				
of which government		11.000			11.000
farm manager			41.000		
of which because of support				11.000	
investment without support				30.000	
benefit / cost	2,1		2,6	2,1	4,1

Conclusions: Investment support

M121 – Modernisation of agricultural holdings

- most important measure after agri-environmental payments and compensatory allowance
- **increases Gross Value Added** but (almost) not employment
- **Benefit-Cost-Ratio** = 2,1
 - Investments overall are **productive**
- **Benefit-Support-Ratio** = 4,1
 - Support is highly **productive**
- Who benefits?
 - Beneficiaries investments become more **profitable**
 - **supply increases**
 - prices decrease
 - **consumers benefit (globally)**

Conclusions: Effects

effects are not changes

efficiency depends on **net effects**

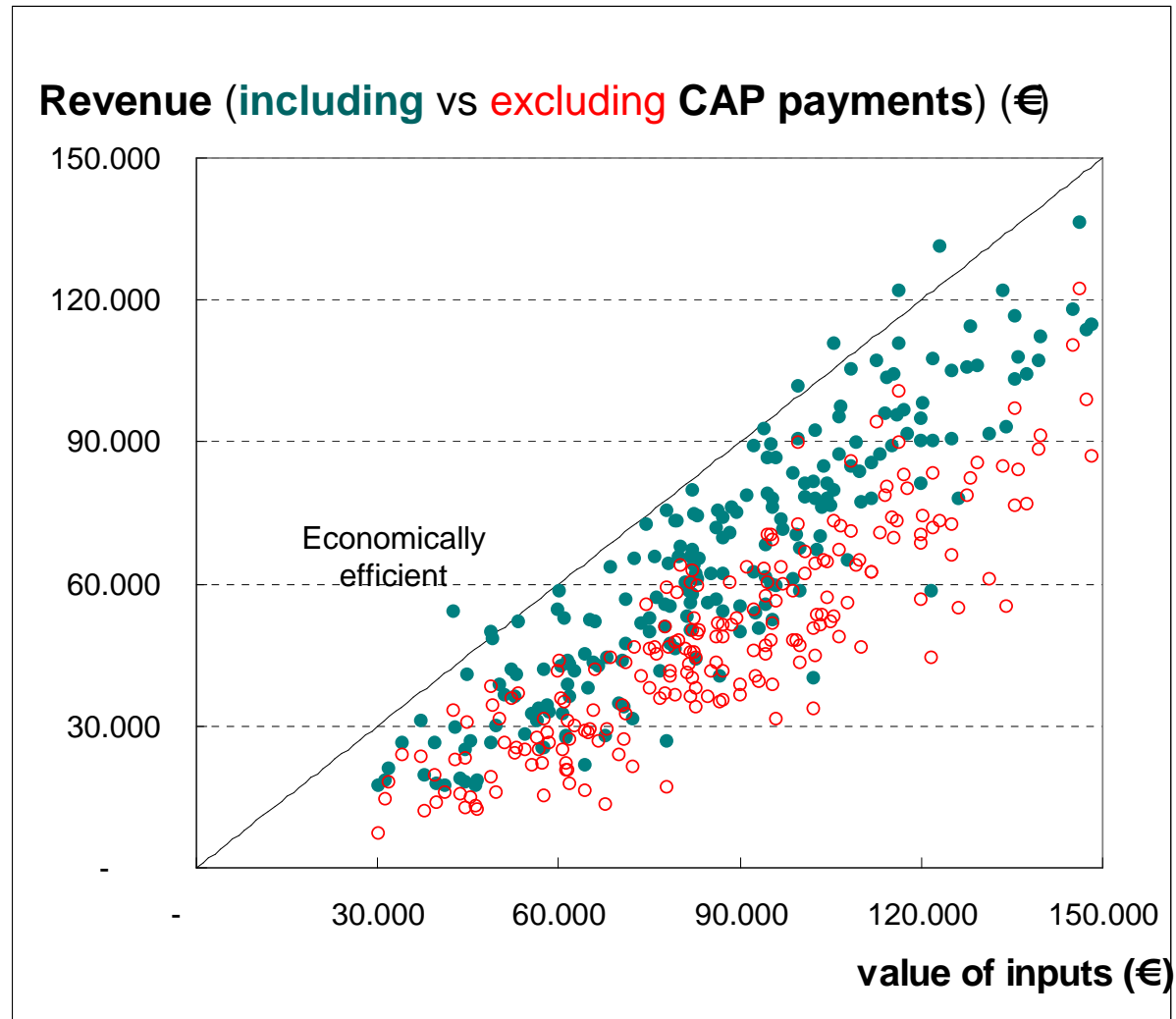
effects depend on

- **theory**, model, parameters (**assumptions** and/or econometric estimates)
- **deadweight** (incentive)
 - profitability (market forces, weather, ...)
- **time scale**
 - transitory, annual, lifetime, infinite (multipliers), dynamic?
- **domain** (target group, region, sectors, markets, environment, ...)
 - dislocation, substitution
- **objectives** (indicators to quantify progress)

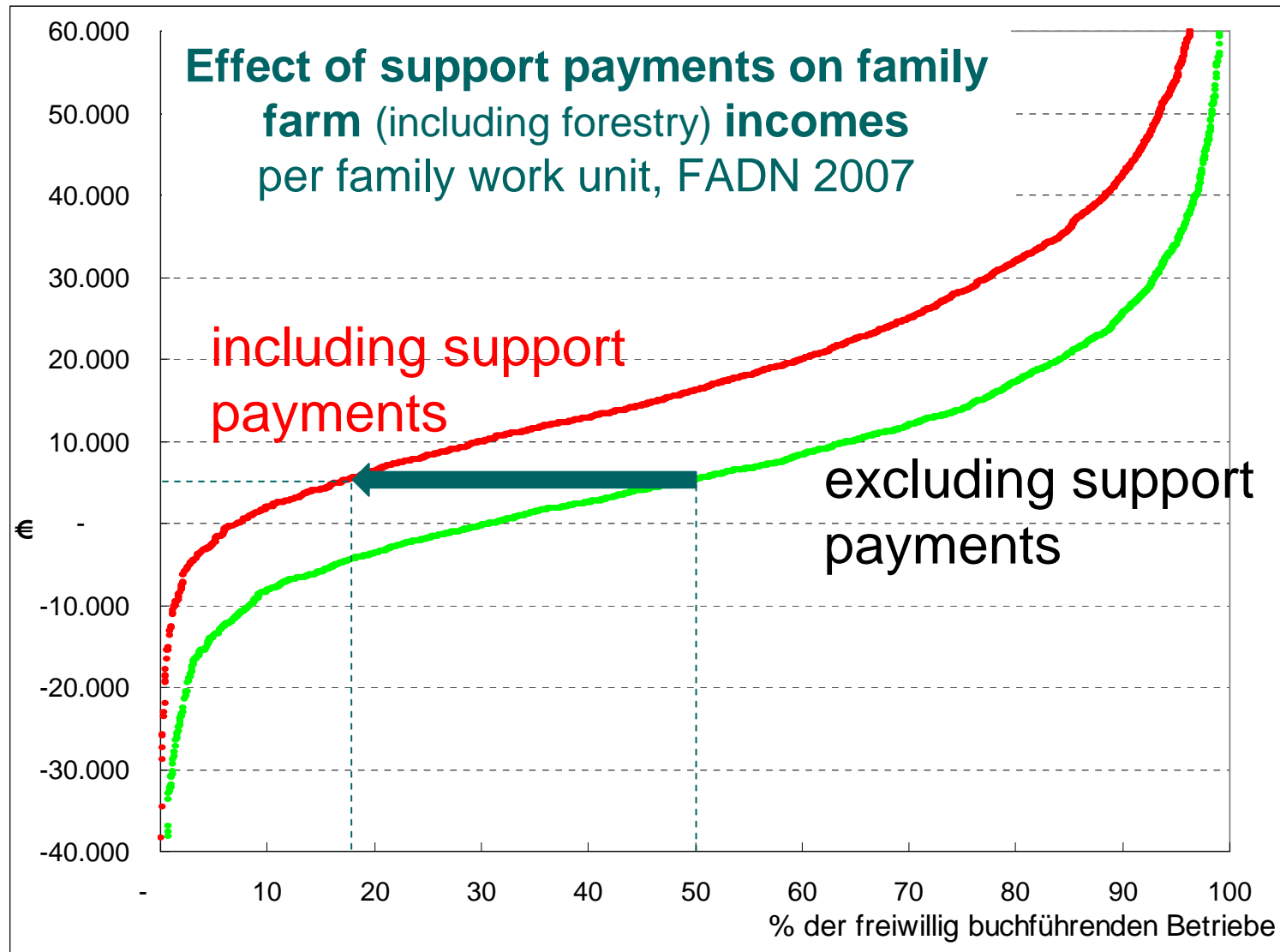
objectives of government intervention

- **public goods** (infrastructure, environment, quality of life, ...)
- **distribution** (personal, temporal, regional, sectoral, ...)
- correcting market failures

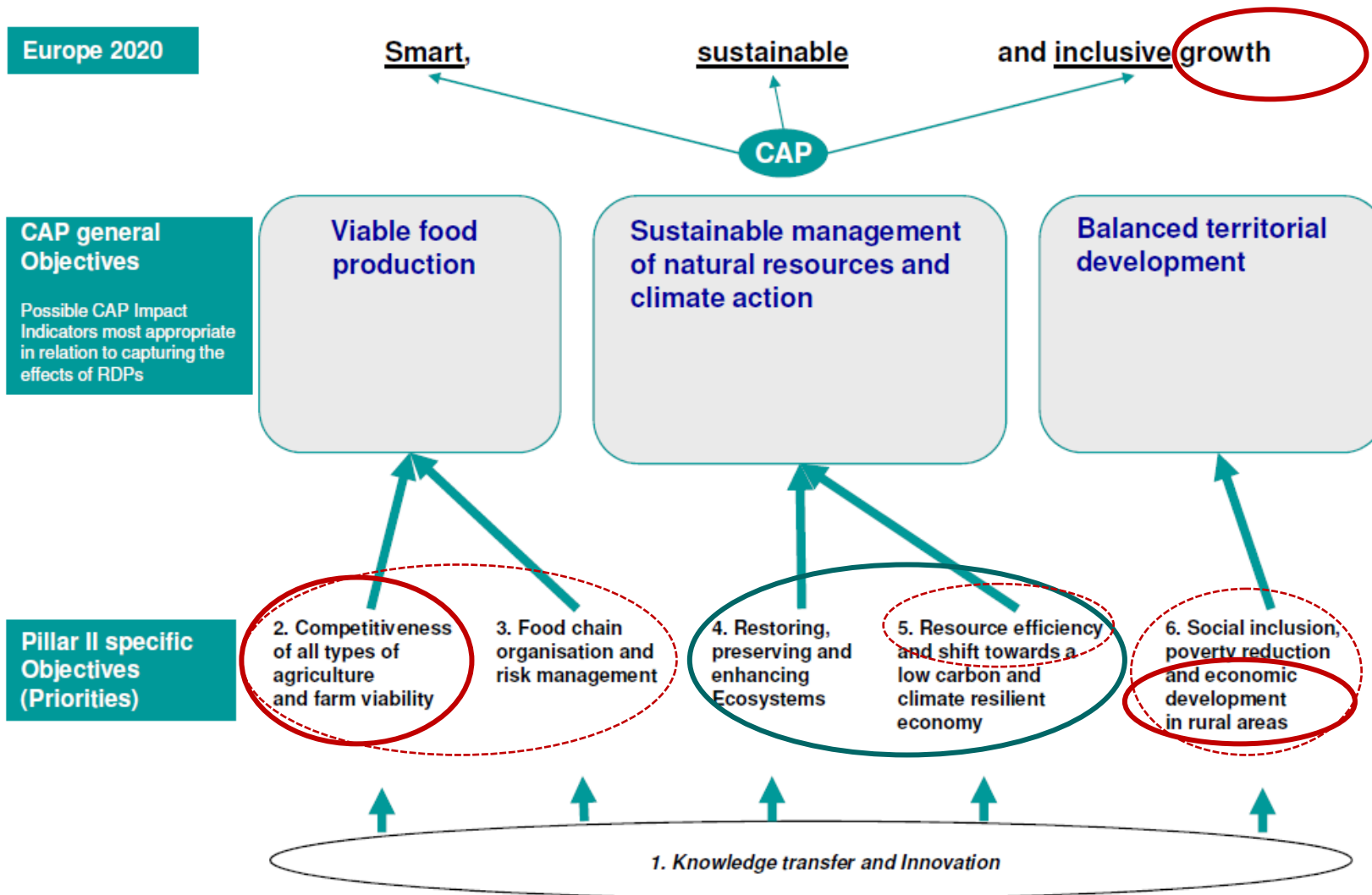
Revenue / cost of Austrian dairy farms



Distribution of family farm incomes in Austria



Conclusions: objectives



GVA, NVA and environmental services

