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## Problems in adoption of 'evaluation paradigm' in rural development policies – Evaluating SAPARD in Slovenia

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### Abstract

The paper reports on the experiences gained from conducting the mid-term evaluation of SAPARD Programme in Slovenia. The methodological approach lies in comparative analysis of two approaches: empirical approach, based on the application of Input-Output model and conventional approach based on application of evaluation techniques as proposed by the Guidelines prescribed by the European Commission. Limited scale of implementation has raised problems in economy-wide assessment of the impact and success of the Programme. In some cases, quantitative relationships were also hard to assess due to the impact of external influences. Important limitations were found also in the case of conventional evaluation approach. The analysed case encountered some data-related problems (deficient monitoring data, almost exclusive dependence on primary data). There is also a more systemic problem of a limited contextual scope of this evaluation approach, which fails to provide sufficient information in the policy formation phase. Apart from comparison of alternative evaluation approaches, the paper also attempts to provide some wider implications for adoption of 'evaluation paradigm' in rural development policy in countries without a previous experience in this field.

**Keywords:** evaluation; rural development measures; SAPARD; evaluation approaches.

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# 1 Introduction

Development and delivery of publicly funded policies and programmes are expected to plan carefully and justify reasons for selected courses of action (Owen and Rogers, 1999). Evaluation is targeted at all kinds of public sector activities and helps to develop accurate information about performance in the past, providing valuable information for future policy planning. As such, it has gained in importance also in the practice of rural development policy in the EU. Its implementation has been streamlined into the corresponding legislative basis allowing holding public administrations accountable for what they did in this policy field.

The practice of evaluation of rural development programmes according to the commonly set rules determined at the Community level has a relatively short tradition. This is reflected also in problems faced by all parties included in the process of programme evaluation, stemming from various reasons such as e.g. poorly defined evaluation criteria, ineffective monitoring systems or limited data availability.

It can be expected that the scope of problems linked with adoption of the system of policy evaluation is larger in the case of countries acceding to the EU. By making accession candidates available Community support for restructuring of agriculture and promoting rural development under the SAPARD programme, they were encouraged to establish implementation structures complying with the Community legislation. The task was not easy, especially with respect to a strong time pressure, often also to a lack of previous experience in carrying out structural support in rural development, scarce human resources and tight own budgetary resources.

This paper deals primarily with the problems encountered by introduction of evaluation practice in rural development programmes. It draws from experiences gained from conducting the mid-term evaluation of SAPARD in Slovenia. Apart from this, the paper intends to provide some wider implications by testing two alternative methodological approaches of evaluation: empirical approach (carried out by application of a macroeconomic model) and conventional approach (carried out by the European Commission guidelines). This allows for portraying virtues and potential shortcomings of alternative approaches to evaluation of rural development programmes.

The paper is organised as follows. Introduction provides some arguments revealing rationality of evaluation practice and gives some broad theoretical foundations for evaluation of public programmes. This is followed by a more detailed description of guidelines defining the rules and procedures involved in evaluation of rural development programmes. With regard to general theoretical perspectives and EU guidelines of evaluation, some main characteristics determining the approach towards evaluation of SAPARD programme in Slovenia are described. Description of methodological approach distinguishes between the above described empirical and conventional approaches. Description of results provides some general findings of the results provided by alternative evaluation approaches. Comments with regard to the relevance and effective range of evaluation results are discussed in the final part of the paper.

## 2 Rural development policy and 'evaluation paradigm'

### 2.1 Theoretical perspective

Vedung (2000) describes evaluation as 'qualified monitoring, i.e. usually a routinized continuous feature of public decision-making systems'. With respect to evaluation of public programmes, most authors mention its following virtues: increasing knowledge, improving program delivery, reconsidering programme direction and providing for programme accountability. However, Vedung (2000) further accentuates also that utilisation is central to evaluation. Ballart (1998) points out that even in those countries where programme evaluation and other

forms of technical analysis have been more intensively applied it is not yet clear whether they have been as powerful and useful as it was expected.

The primary role of evaluations determining impacts is to report on what the programme has achieved and should be undertaken better. Logic of evaluation can be outlined by the following steps (Owen and Rogers, 1999):

- Establishing criteria
- Constructing standards
- Measuring performance and comparing with standards
- Synthesizing and integrating evidence into a judgement of worth.

An effective setup of evaluation questions is a prerequisite for establishing an effective evaluation system. Clarifying evaluation questions assists clients and evaluators to see clearly what is needed as well as helping them to focus the evaluation to its essentials (Owen and Rogers, 1999). Getting the questions clear should also assist the evaluator in the selection of the appropriate data management techniques. Evaluation questions help us to determine the data management techniques applied.

A distinguishing feature of evaluation practice is the ability to select and use data management methods that are the most suitable for answering the questions which focus the evaluation. As much as the methodological approaches are concerned, Vedung (2000) accentuates that research should not always be equated only to science and application of quantitative methods. Various analytical qualitative and participative methods, more widely used in humanistic research, can prove to be of a great value.

Elements of data management in evaluation include:

- the assembly of evidence - the collection of data relevant to each evaluation question
- analysis of evidence - making sense of these data through systematic data analysis techniques

The level of a programme is generally important to the design of an evaluation, data requirements and methods applied. The broader the scope of the programme the more complex is the evaluation design and, correspondingly, the more demanding are data requirements.

Same rule can be applied in the case rural development programmes. If the subject of evaluation is a local scale rural development project, the evaluation approach will more likely be oriented towards an in-depth survey of impacts at the project level. On the other hand, in case of more complex rural development programmes undertaken on a wider geographical scope, the evaluation is more likely to be focused towards establishing the overall economic and social impact of programmes.

## **2.2 Evaluation in practice of - CAP rural development measures**

The European Commission (EC) has determined a common framework for evaluation of rural development programmes financed by the Community. The primary aim of evaluation of RD programmes in the EU is to provide information on their successfulness in accomplishing the (quantified) objectives outlined in the programming documents. By establishing a common approach in defining core questions, criteria and indicators, EC has provided also a standardised tool, enabling a synthesis of the evaluation results at the Community level.

In its guidelines for evaluation of rural development programmes (European Commission, 1999, 2001, 2002a, 2002b) EC has defined specific tasks of evaluation. It is intended to assess key aspects of assistance (relevance, effectiveness, efficiency, utility and, depending on the stage of programme implementation, sustainability of the assisted actions. Assessment is made in relation to the general objectives of the rural development policy at the Community level, as well as in relation to the specific needs and priorities defined in the respective rural development planning documents submitted by member states.

EC has set some general rules concerning the procedures, responsibilities and deadlines for evaluations as well as their contents. Same holds for elaboration of common evaluation questions (with criteria and indicators) and recommended structure of evaluation reports.

With regard to the temporal coverage, the guidelines distinguish between three types of evaluation in the programming cycle (ex ante, mid-term and ex post), each with its own set of objectives and purposes.

The intervention logic -describes relations between objectives and impacts in the programming cycle. Evaluations of RD are expected to focus on the results and impacts of the programme. They should show to what extent, within the programming cycle, results and impacts on both intermediate and global level are corresponding to the objectives identified in the programming documents. (alt.: it shows how assistance is transformed into intermediate and global impacts

Evaluation of RD measures is supposed to make a further step from monitoring, reporting and auditing. EC suggests that evaluation has to be concerned with all potential impacts (positive or negative, expected or unexpected, already manifested or expected to be more long-term, directly affecting beneficiaries or having less tangible impacts). In evaluating net and gross effects and the possible contribution of exogenous factors, a precise identification of impacts that can be attributed to the evaluated assistance should be carried out.

Concerning data collection for the purpose of evaluation, apart from the programme monitoring data, EC suggests making the best possible use of the existing secondary statistics, such as FADN, EUROFARM or various EUROSTAT databases. Usefulness of the monitoring data is particularly underlined for the mid-term evaluation.

As much as the territorial breakdown is concerned, in principle, indicators should be provided at the same geographical scale as the rural development programme. The need for geographical differentiation is though acknowledged to elucidate the effects of and on regional or local disparities.

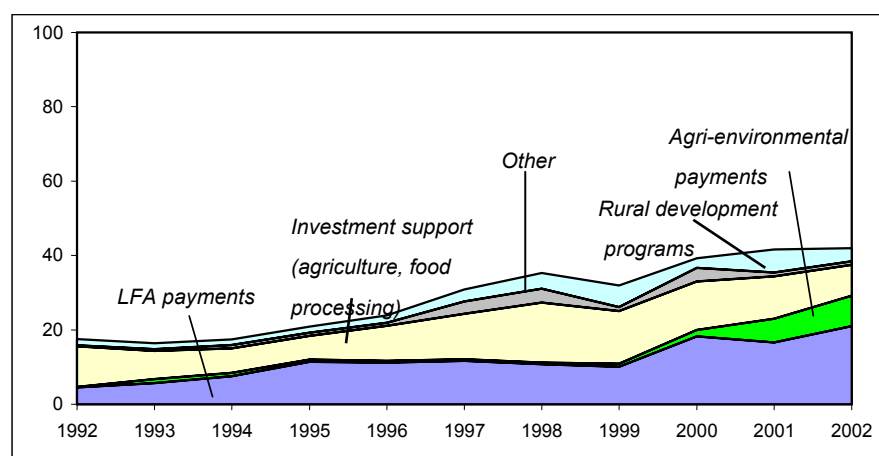
It comes obvious that the above cited sources of secondary data may not satisfy all data requirements needed to address evaluation questions. In these cases, various forms of primary data collection are needed to extract the required information. These approaches include questionnaires, case studies and interviews.

Evaluations of RD programmes should be able to assess what would have happen without the intervention, i.e. to examine the counterfactual situations. This is in close relation with examination of potential deadweight effects of the programme, i.e. establishing whether (and to what extent) projects would be implemented without assistance.

Less tangible is examination of possible substitution and displacement effects of rural development programmes. Where relevant, EC suggests analysing these aspects, too.

### **2.3 Introduction of evaluation mechanisms: the case of SAPARD programme in Slovenia**

Agricultural policy in Slovenia is tackling rural development problems by carrying out an extensive set of measures, aimed at supporting agriculture in areas with unfavourable production conditions, promoting sustainable agricultural practices, supporting effective restructuring of the agri-food sector and integrated development of rural areas. In 2002, the Slovene public funds allocated to the support of rural development have amounted to 41.99 million €. The breakdown of public support for restructuring of agriculture and rural development by the main groups of measures is presented in the figure below.

**Fig. 1: Budget expenditure for Rural Development policy measures in Slovenia (1992-2002)**

Source: Single Programming Document for Slovenia, 2004-2006

Apart from the comprehensive set of rural development measures, Slovenia became eligible for pre-accession support for restructuring agriculture and fostering rural development (SAPARD). The programme made available a yearly sum of additional 6.47 million € from the Community budget. The programme, which was launched in 1999, has effectively become operational in Slovenia late 2001 with accreditation of the Paying Agency.

Implementation of the SAPARD programme in Slovenia consists of four measures. Together with some main financial data, the measures are listed in the table below.

**Tab. 1: List of measures supported by SAPARD in Slovenia, financial figures covering the implementation period (in million €)**

Measure	Total budget 2000-2006*	Total budget 2000-2003*	Percentage of total budget 2000-2003*	Total committed 31 July 2003**	% of total commitments**
<b>Measure 1:</b> Investments in agricultural holdings	21.347	11.953	33.9	381	13.9
<b>Measure 2:</b> Investments in food processing industry	24.399	13.660	38.8	1.430	45.7
<b>Measure 3:</b> Economic diversification of farms	8.539	4.780	13.6	548	50.0
<b>Measure 4:</b> Development and improvement of rural infrastructure	8.133	4.553	12.9	521	50.0
<b>Measure 5:</b> Technical assistance	480	288	0.8	0	0
<b>Total</b>	<b>62.898</b>	<b>35.234</b>	<b>100.0</b>	<b>2879</b>	<b>35.7</b>

\*) The Programme approved by the Commission in September 2000 \*\*) Monthly reports  
Source: MAFF, 2004

The above text implies that Slovenia had a relatively extensive set of rural development measures also before the SAPARD programme was launched. This however does not hold for the practice of policy evaluation. In fact, Slovenia has only gained its first experience with the commonly prescribed practice of evaluation by carrying out the mid-term evaluation of SAPARD in early 2004.

## 3 Methodology

### 3.1 Empirical approach: application of I-O model

In order to evaluate the wider impact generated by the pre-accession support and to obtain information about its national economy-wide effects, we have decided to apply simulation of pre-accession support by the use of an Input-Output (I-O) model. I-O table, which provides a detailed snapshot of the I-O linkages within the economy, can be used for predicting the consequences of any planned and potential changes in the demand for the economy's outputs. In this respect, it was deemed a useful tool to assess the impact in terms of additional output, created by the aggregate output.

The main virtue of the I-O model is its ability to provide us the multipliers presenting the linkages between the sectors within the regional economy. Nevertheless, these results have to be taken with certain caution due to restrictive assumptions underlying to the I-O technique (static character, linear production function, no impact of scale economies, no substitution, infinitely elastic supply).

The empirical approach derived from the national 60 sector input-output table for the year 2000, estimated by the Statistical Office of Slovenia. The original table was aggregated to 29 sectors. Agriculture and forestry were disaggregated into two sectors. Description of other sectors remained at the 1st level of the Standard Classification of Activities (SCA), while the manufacturing sector remained disaggregated at the 2nd level of this nomenclature.

The scenario tested included the two pre-accession financial mechanisms; besides SAPARD, community support for infrastructural and environmental investments (a predecessor for the type of investments, carried out by Cohesion fund) under ISPA programme was taken into account. The scenario rests upon assumption of 100% absorption of funds available.

In the case of SAPARD, total allocation of public funds for the pre-accession support in agriculture and rural development in Slovenia amounts to 9,771 million SIT, which corresponds to the sum of financial allocations under Annual Financial Agreements (AFA) 2000-2003. Due to its accession to the EU in 2004, Slovenia is not eligible for financial support under the remaining three AFAs. Due to a delayed start of the programme (2002), the programme is expected to be in operation only in the period 2002-2004, which infers annual allocation 3,257 million SIT.

Operation of the pre-accession support for development of economic infrastructure (ISPA) is attributed to the 2000–2003 period, amounting to 39,684 or, correspondingly 9,921 million SIT at the annual level. As revealed by the ISPA reports for Slovenia, about 54% of total expenditure is attributed to the investments in environmental infrastructure, mainly waste water management facilities. Most of the remaining support (45%) goes to investments in the field of transport, mainly dealing with upgrading of the railway network.

The structure of investment demand from the national I-O table 2000 was taken as a basis for the sectoral distribution of funds. Therefore for the policies with general 'investment' patterns characteristics' no corrections were applied at that level. However, for the policies with specific objectives, these have been taken into the consideration when distributing funds and effect on final demand has been selected in accordance with the description of the contents and the scope of implementation for each individual policy instrument. Both analysed policy instrument were desegregated by the corresponding measures and appropriate structure of the final demand was applied.

The last stage of the estimation of change in the final demand vectors, the origin of demanded good has been taken into account. In the case of investment demand share of domestic goods in investment from the national I-O table was applied, whereas for correction of the household final demand proportions of total market supply has been used from the same source.

### 3.2 Conventional approach: use of indicators and participative methods

The evaluation was based on the 'classical' evaluation criteria, envisaged by the intervention logic of the EC guidelines for evaluating rural development programmes. These criteria have determined the structure of the analysis and hence the report.

**Tab. 2: Definition of evaluation criteria and their relation to evaluation questions**

Evaluation criteria	Definition
Relevance and coherence	This assessment includes two aspects: An assessment of the relevance of the objectives of the project in relation to the needs and problems of the beneficiary (internal relevance) and an assessment of the project in relation to the objectives of the measure and the Programme.
Effectiveness	This includes an assessment of the fulfilment of the project objectives. Are the expected outputs produced or purchased in accordance with the project application?
Effects	This includes an assessment of the quantitative and qualitative results and impacts of the project outputs. <b>Dead weight effect</b> is when a project activity would have been implemented also without the support. <b>Additionality</b> is when a project activity will be accomplished only because of the support. <b>Leverage effect</b> is when support to a project is gearing the investment through attraction of other financial sources. <b>Displacement effect</b> is when a project activity creates a new job, which is positive, but at the same time it erodes (displaces) an existing job in another region.
Cost-effectiveness	This is an assessment of the output produced in relation to the cost of the output. Is the output too expensive compared to similar projects, or have we got too little in terms of value out of the investment?
Efficiency and utility	This includes an assessment of the value and utility of the results and the impacts compared to the investments.
Sustainability	This is an assessment of the anchoring of the project output, results and impacts of the beneficiary. Will the output, result and impact last also in a longer time perspective or will they be eroded due to different reasons?

Source: MAFF, 2004

In order to capture all the aspects and **levels of analysis** (EU, programme, measures and project) in the SAPARD programme, it was considered necessary to apply a **holistic** approach in terms of accomplishing a value and useful midterm evaluation. This is illustrated by the matrix below.

**Tab. 3: Evaluation themes and levels of analysis**

Level of analysis	Background analysis	Administration analysis	Financial analysis	Relevance & Coherence	Outputs, results & impacts
<b>EU</b>		X	X		
<b>Programme</b>	X	X	X	X	X
<b>Measures</b>	X	X	X	X	X
<b>Projects</b>		(X)		(X)	X

Source: own work

The terms of reference suggested extensive use of available secondary data available to the evaluator (e.g. monitoring indicators, national statistics, FADN and Eurofarm databases). In practice, there only few relevant secondary data resources available. Monitoring data were only of limited benefit since they contain very little selected information on an aggregated basis. This might be exacerbated by fact that the time span was too short to reveal any impacts in terms of relevant evaluation criteria. Alternative sources of secondary data were of little use as well. National statistics proved to be too generalistic and aggregated. The FADN sample could not be used for two reasons: one being non-representativeness of farms included to the FADN sample the second one very limited scope of actual projects supported

by SAPARD. The EUROFARM database was still non-operational due to a short period since its construction.

Evaluator has used a wide portfolio of data sources to gather substantial information in order to answer the evaluation questions and the evaluation criteria. First of all, a range of secondary data had been used to create contextual baselines and as input to the desk research of the supported measures. To supplement the secondary data it was necessary to make use of primary data, which applies especially to data related to results and impacts. Collection of primary data consisted of interviews with the administrative staff, interviews with key stakeholders, questionnaires to all applicants and beneficiaries, case studies on all measures as well as telephone interviews with a number of rejected applicants (counterfactual analysis).

## 4 Results

### 4.1 Empirical approach: I-O model

Shock to the national economy caused by the pre-accession financial mechanisms to Slovenia was depicted by the change in vector of final demand as described in the methodological chapter. By applying these data to the I-O model, the most straightforward output is the change in gross output by sectors. In order to make the presentation of results (see table below) surveyable, they have been aggregated.

**Tab. 4: Changes in final demand and gross output as an impact of investment support under ISPA and SAPARD in Slovenia (in million SIT)**

Sector	Change in final demand (SAPARD)	Change in final demand (ISPA)	Change in gross output	% change in gross output
<b>Agriculture and forestry</b>	104	0	331	0.16%
<b>Manufacturing</b>	1,829	11,713	22,983	0.77%
of which construction	1,708	11,686	17,755	2.53%
<b>Services</b>	310	48	4,879	0.13%
<b>Total</b>	2,243	11,761	28,193	0.40%

Source: own calculations

As expected from a relatively limited change of final demand caused by ISPA and SAPARD programmes in Slovenia, no considerable macroeconomic impacts were detected as a consequence of these programmes. This has happened even considering rather unrealistic assumption of 100% absorption of available funds.

When applying these results to the cross-cutting evaluation question about expected improved overall performance of the sectors supported (eg. agriculture supported by SAPARD), no conclusive evidence can be given. Overall performance of agriculture has improved only for 0.16%. As a matter of fact, only the construction sector exhibits distinctive growth of gross output (mainly on account of large-scale infrastructure investment projects supported by ISPA).

In theory, I-O model is regarded as an effective analytical tool to assess the impact in terms of changes in produced gross output by sectors. By some extension, the impact could be also assessed in terms of additional income or employment generated by a variation in the final demand. However, due to a very limited impact expressed in terms of change of total output, this was not deemed particularly useful.

### 4.2 Conventional approach: use of indicators and participative methods

The whole set of results addressing the evaluation questions and recommendations suggested by the evaluators by far exceed the scope of this paper. It is available in the final report of the mid-term evaluation (MAFF, 2004). Rather than contextual results, we have lim-



ited ourselves to assessment of applied methodological approach. In the matrix below we present a survey of techniques applied by individual evaluation criteria. This serves as an attempt to provide a realistic assessment whether the data collected provide sufficient information for effective evaluation.

**Tab. 5: Assessment of applied methodological approach**

<b>Evaluation criteria</b>	<b>Source of data</b>	<b>Type of data</b>	<b>Ability to address evaluation questions</b>	<b>Main deficiencies</b>
<b>Relevance and coherence</b>	Context analysis	Rural Development Plan, secondary statistics	Partial (main structural data)	No records on economic performance on farms, compliance with EU standards
<b>Effectiveness</b>	Monitoring tables, stakeholder interviews	Physical indicators, financial data, attitudinal data	Partial (lack of quantifiable data on results)	No physical indicators apart from no. of projects
<b>Effects</b> (+dead weight effect, additionality, leverage effect, displacement effect)	Primary data (survey of beneficiaries, case studies, counterfactual analysis)	Investment details, economic performance, attitudinal data	Partial (project and measure level)	No useful data available from monitoring tables
<b>Cost-effectiveness, efficiency and utility</b>	Monitoring tables	Physical indicators, financial data	Partial (project and measure level)	No data on project impacts available
<b>Sustainability</b>	Primary data (case studies, stakeholder interviews), background analysis	Project level - opinion-based forecasts; programme level - sectoral and macro-economic forecasts	Partial (uncertainty)	Insufficient time span

Source: own work

From comparison of the programming document with the available statistical evidence, the evaluator could draw some broad conclusions about the relevance of the Programme with respect to addressing the problems in the rural areas. In order to increase the competitiveness and hence sustainability of the farmers and food processing companies investment support is relevant. However, due to lacking data on economic performance of farms and compliance of the agri-food sector with EU standards, these findings were only partially substantiated.

Concerning the Programme coherence, it was established that the measures were found to internally supplement each other and hereby allow for internal coherence. The choice of selecting only four out of the 15 available support measures has not been found to conflict with reaching the objectives. On basis on these observations and observations on the needs of the rural areas evaluator concluded that a number of needs are addressed in the rural areas, and that these needs were reflected in the selection of priorities of the Programme. Hence the Programme is found to be in coherence with the needs of the rural areas. In addition the Programme is found to be in very strict coherence with a range of national support schemes, where a very rigid structure could be identified.

The analysis effectiveness of the Programme implementation related to the activity level and the ability to initiate projects. Assessment of this criterion was aggravated by the fact that, apart the number of projects and employed financial resources, no tangible results indicators were available. Evaluator concluded that there has been a more limited level of activities than was expected in the period covered by this evaluation.

The level of financial commitments lied at a level of around 35 per cent of the expected level, which – compared to other accession countries – is a rather low level. Looking at the individual measures it appears that the problems with low utility percentage were experienced especially in the case of Measure 1. This can be attributed to the fact that the eligibility criteria were difficult to meet and the terms of support rather restrictive. Measures 2 and 3 have ex-

perienced a relatively high level and steady interest of applicants. The highest interest was experienced in the case of Measure 4, where the scope of the problems linked with rural infrastructure appears to surpass largely the existing financing potential from SAPARD.

The set of attributes underlying the evaluation criterion on effects was assessed almost exclusively on the basis of acquired primary data, whereas no particularly useful data were available from the monitoring tables. This has allowed for a valid evaluation only at the level of individual projects and corresponding measures. The evaluators found some scope for deadweight effects in all four measures carried down by SAPARD support. Only about 25 pct. of beneficiaries have reported that their investments would not have been carried out without the SAPARD support. However, the support contributed significantly towards an accelerated investment dynamics and has increased the scope (and quality) of the projects carried out. The evaluators also noted that the most positive effects were reported by larger recipients with relatively strong own investment capacities.

The programme made a point of importance to improved income and employment situation of the agri-food sector. Although the evidence from the survey data was rather inconclusive due to the long-term nature of this effect and due to a low number of effectively finished projects, positive effects on employment were detected in the case of the measures 1 and 3. These positive effects are reflected either directly (job creation) or indirectly (increased labour productivity, reduced underemployment). By increasing potential demands for local products and services, the Measure 3 also brought some potential for positive spill-over employment effects.

Efficiency of the implementation can be evaluated on the basis of cost-effectiveness and expected results. The evaluators have encountered some difficulties in assessing this aspect due to limited availability of consistent indicators in the monitoring tables. Nevertheless, it was stated that the unit costs of outputs were within the cost range envisaged in the Programme. However, the unit costs of impacts (e.g. jobs) appeared to be relatively high. Some improvements could also be made in terms of reduction of investment costs by acknowledging utilisation of own resources of beneficiaries to the project costs. The case study and interview results strongly supported this finding.

Due to a relatively high level of uncertainty linked with external factors influencing the programme, evaluation on the sustainability of achieved results were not determined as conclusive. Evaluator found that the supported activities as well as derived activities contributed towards the creation of employment opportunities in the rural areas that in most cases could be deemed sustainable. In extension of this it was concluded that the supported activities created a significant positive increase in the standard of living for the project holders, whereas it could be expected that spin-off from the supported activities allows for an increase in the income for rural population at large in the long term.

A primary utility could be observed in the mere fact that the Programme has assisted in the institutional set-up and capacity building of the Managing Authority and the Paying Agency. The capacity building and institutional development could also be observed at the lower level of support services (e.g. extension service), but to a more limited extent.

Because of the limited activities and hereof results and impacts of the Programme the effects of the issues related to the cross-cutting evaluation questions could only be identified to a very limited extent. Looking at the Programme's ability to adjust the agricultural sector evaluator concluded that the programme has not been able to make any significant changes. This ability could be expressed only at the project level.

## 5 Discussion

We terminate the paper with a survey of employed two analytical approaches with respect to their ability to provide valid results for evaluation of rural development programmes.

As it can be revealed from the results, conventional evaluation methods have difficulties in assessing these effects. Reasons for this are manifold. The most obvious ones lie in the fact that impacts are hard to assess due to a short time span since the projects were realised and that they contain no information on (upward and downward) linkages of the supported activities. The choice of applying the I-O model was made in order to surpass these deficiencies by testing economy-wide effects of the programme.

When applying the I-O methodology to investigate issues of such complexity, one has to keep in mind the assumptions underlying the methodology and limiting its analytical capability. The model performs well in straightforward situations, such as exogenous shocks that can be presented as changes in the final demand sector. But it is not so straightforward how to go about simulation of e.g. investments, whose impact on final demand is only indirect. The I-O approach is also inherently static, which creates additional limitations in assessing dynamic impacts of exogenous shocks to the economy.

The evaluation methodologies should (ideally) be able to distinguish between the impacts driven by policy from effects produced by other changes occurring in the analysed economy. From the results obtained, we can not provide a definitive confirmation whether I-O is a valid tool to do this.

Notwithstanding the above reservations, results of the I-O model have also shown a very limited level of sensitivity, which decreases the scope of analytical potential of method applied in this particular case. Having in mind relatively limited effect that the analysed programmes had on the structure of the final demand vector, this result was anticipated. Although the I-O approach could be extended (estimation of e.g. income or employment effects) or territorially disaggregated, the origin of the problem would remain the same - the shock would be too low to be reflected in terms of changes in the structure of the local economy. However, the approach could show better performance in cases where the exogenous shock would be of a greater scale.

Also the 'conventional' evaluation approach presented in the paper has some important limitations.

The largest problem encountered was data related. Apart from already mentioned lack of useful indicators from the monitoring data, there is also a problem linked with feasibility of provision of data on impacts in the middle of the programming period. The problem was more distinctively expressed with regard to the fact that the programme was effectively launched in the third year of programming period.

Indicator-based is also the problem of non-existence of benchmark information to assess deadweight and displacement effects.

It also has to be borne in mind that various forms of support for investment need a considerable time span for their materialisation and the respective impacts are long-term. The existing evaluation framework only reflects beneficiaries of the current programming period. This implies that major impacts of this support emerging in the medium- and long-term can not be comprised in the subsequent evaluations.

There is also a reservation of a more systemic character, which relates with a limited contextual scope of 'conventional' evaluations. Their scope is effectively limited with terms of reference and containing set of evaluation questions. Positive side of this approach is that it enables accountable and focused evaluation. This is particularly important in the ex-ante and mid-term stages of evaluation, where the existing programmes and measures are assessed and where the primary aim of the evaluation is to provide valid information on effectiveness of these programmes and give recommendations in order to surpass the stated deficiencies. On the other hand, this approach, which is limited mainly on 'performance audit', largely fails to provide the required groundwork for programming of new measures. Or, as Vedung (2000) puts it, 'the limitation to outcomes, outputs and administration excludes studies assessing ex post the merits and drawbacks of features in the policy formation phase'.

Despite these objective shortcomings, it can be stated that the evaluation results provided some basis for presenting some gaps in policy delivery and some recommendations for the future rural development policy.

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