

## EVALUATION SERVICE FOR THE RURAL DEVELOPMENT PROGRAM IN THE SARDINIA REGION 2014/2020

# GENERAL EVALUATION REPORT ON THE PROGRESS OF THE PROGRAM

## SUMMARY

*V. 1.0*

The General Evaluation Report on the progress of the Program contains answers to thirty questions from the Common Evaluation Questionnaire, based on the information framework that was acquired upto the end of May 2019.

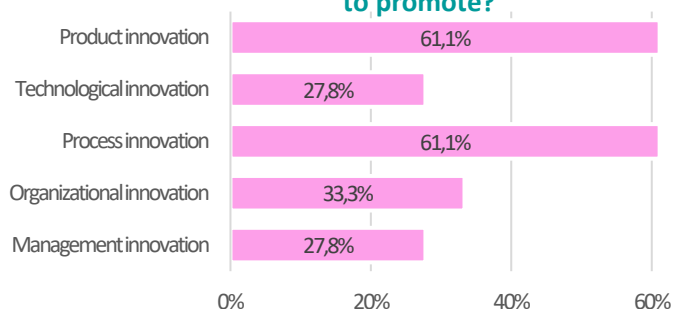
Due to the insufficient level of implementation, it is not yet possible to evaluate the effects for some FAs, and the assessments should be made according to the relevance of what is being implemented. This is especially true for FA 1A, 1B, 1C, 3B, 5C and 6A.

The main results of the evaluation analysis are summarized below, divided by main themes.

### 1. INNOVATION

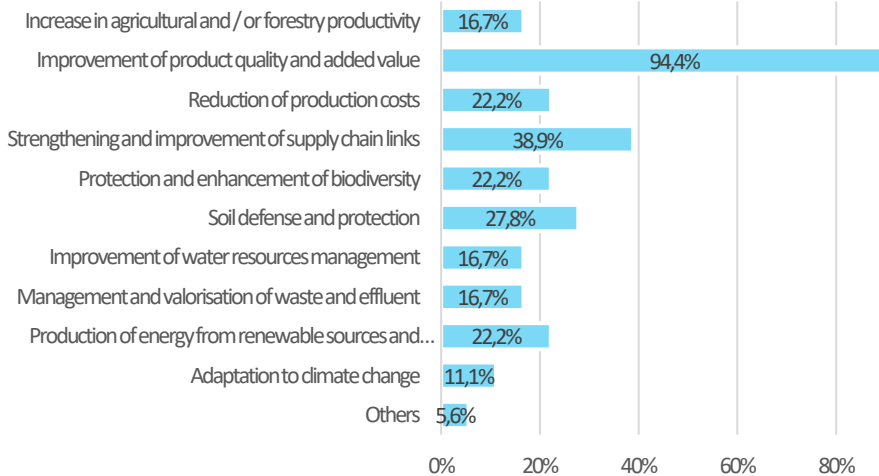
The effects of the innovation projects promoted by the RDP 2014-2020 are not currently assessable, because they are at an early stage of implementation. From the interviews conducted with potential beneficiaries, it can be assumed that innovations should mainly concern new products or new production processes. Much less frequently, however, it can be expected for these to concern organizational and/or managerial innovations, that is, innovations with a higher technological content.

**What kind of innovation does the project intend to promote?**



In terms of scope, the projects conducted by the cooperative are mainly focused on improving the quality and added value of agricultural products and, in addition, on developing the transformation and marketing in the company.

### Purpose of the innovation project



Another scope, common to the corporate investments expected by the "youth package" and SM4.1, and the diversification measure (SM6.4), is concerned with the production of energy from renewable sources and energy saving. The environmental connotation of the expected innovation is strengthened by the intervention aimed at promoting the adoption of *precision farming* and conservation agriculture,

aimed at limiting the diffusion of pesticides and fertilizers and preserving the content of organic substances in soil.

## 2. GENERATIONAL TURNOVER

At the moment, there is still limited contribution by RDP towards the entry of adequately qualified young farmers into the agricultural sector and generational turnover. From a procedural point of view, there is also a certain slowness in the investigation of the applications for financing and in payment provisions.

The investment strategies are mainly aimed at expanding existing activities and developing the product transformation and marketing phases.

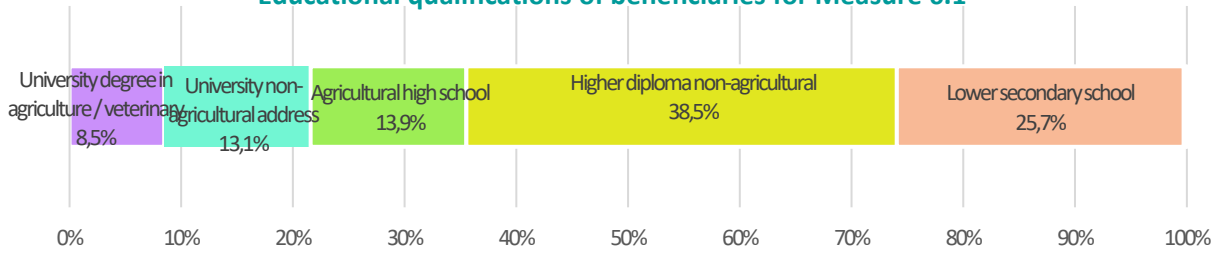
The selection criteria related to the qualification was not particularly effective: the level of education of the young beneficiaries is not much better than the average.

Less than a third of the beneficiaries were employed before the settlement, most of them in the agricultural sector.

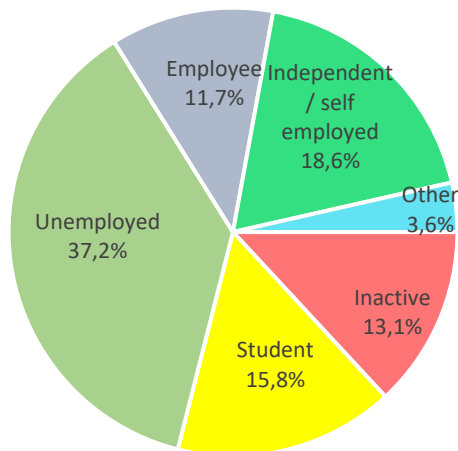
### What changes do you intend to introduce in the company where you have settled? Question to young beneficiaries for M6.1)



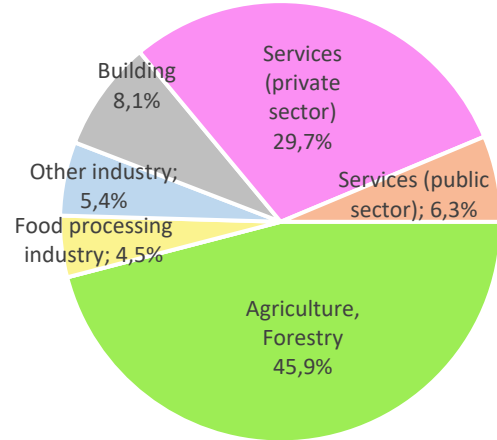
### Educational qualifications of beneficiaries for Measure 6.1



### What was your professional situation, when you submitted your Measure 6.1 request?



### In which sector were you previously employed?

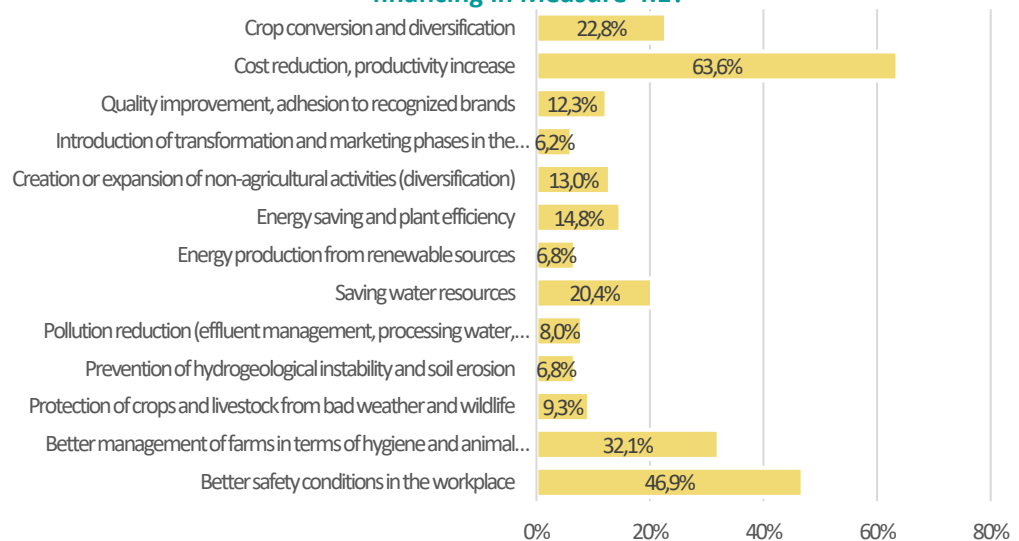


## 3. COMPETITIVENESS OF AGRICULTURE AND FORESTRY COMPANIES

The financed interventions have not yet contributed significantly to improvement in economic performance, nor to encouragement of restructuring and modernization of beneficiary farms, nor to increase in market share, market orientation, or diversifying activities. The weight of interventions in terms of investments and financed companies is still insufficient to significantly affect the system of production.

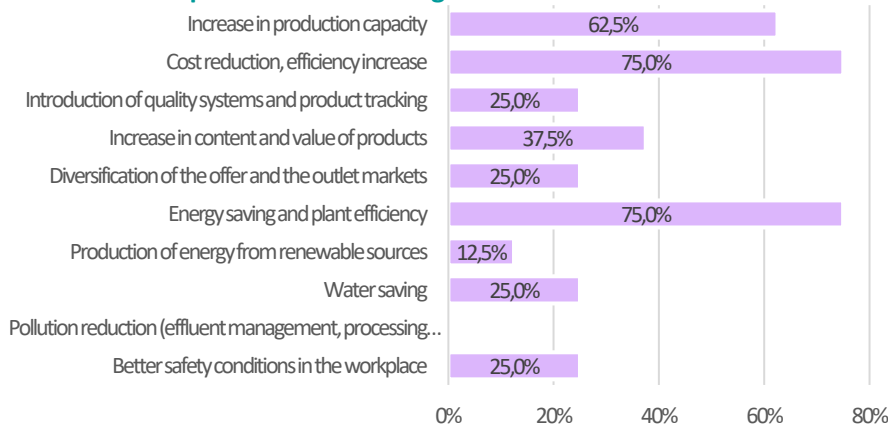
Almost two thirds of the potential beneficiaries have indicated cost reduction and increase in productivity among the purpose of their investments, together with improvement of work safety conditions (half of

### What is the purpose of the investments for which you requested the financing in Measure 4.1?



the responses). Only a little more than one tenth of the interviewees aims at diversification, a share similar to those who aim to "improve quality, adhere to recognized brands".

**What is the purpose of the investments for which you requested the financing in Measure 4.2?**



The investment projects related to the phases of transformation and marketing are aimed, in most cases, more to a search for greater efficiency than to an expansion of production capacity, with general effects on local agricultural production.

There is to be an increase in return for primary investment and transformation and marketing sectors if, as foreseen in the presented projects, the increase in value of agricultural raw material acquisitions

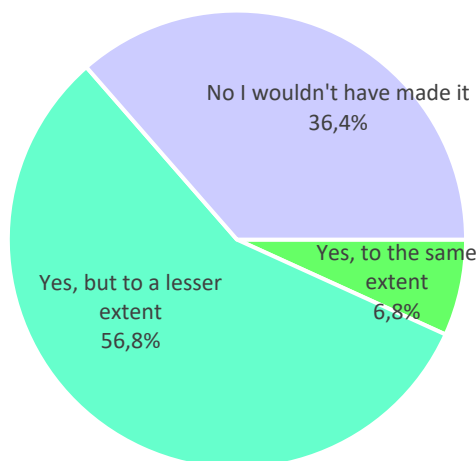
becomes greater than that of net revenue from processed products.

In the anticipation of companies, both agricultural and agri-food investments give great returns: an analysis on FADN data would instead suggest more cautious expectations.

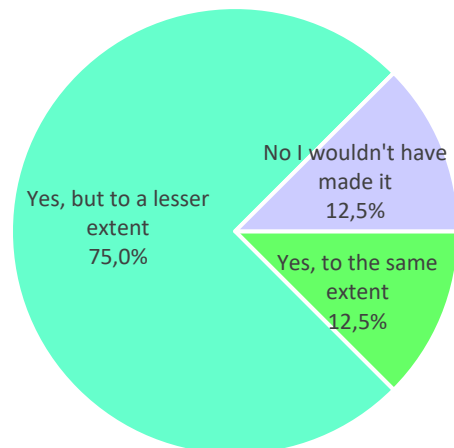
RDP's support of investments in transformation and marketing (which are usually those with the highest import units) is important, but not decisive: three quarters of the investments would have been made even without the incentives, but at the cost of scaling them down. This share drops by about 20 percentage points for investments in agricultural companies, while it significantly increases for those who would not have made the investment in the absence of an RDP contribution.

Organic and animal welfare policies improve product quality, but it is difficult to translate this improvement into significant commercial and economic outcomes.

**Without the funding, would he have made the investment anyway? (M.4.1)**



**Without the funding, would he have made the investment anyway? (M.4.2)**



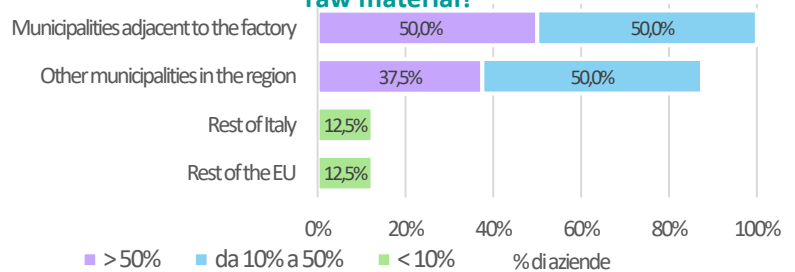
**4. INTEGRATION OF SUPPLY CHAIN AND COOPERATION**

There is an important connection between companies that invest in transformation and marketing and the agricultural production in that territory: raw materials which are subject to transformation come

mainly from farms in the immediate vicinity of the establishment and, in any case, almost entirely from the Sardinia region.

Only a minor part of it comes from sources that are "internal" to the company - that is, from the company's own agricultural production or from that of its partners and consortium members, while the most significant share of supplies come from independent agricultural companies.

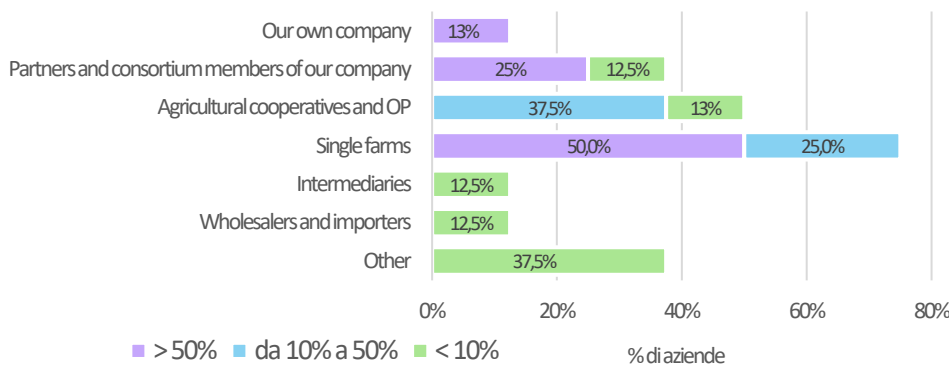
### What is the geographical origin of the agricultural raw material?



In terms of cooperation, in its various forms, it has not yet been possible to fully elaborate and develop the expected tools and strategies, which represented the main challenge of this programming cycle and which, inevitably, will have a laborious implementation path.

While procedures have led to the selection of projects to be financed (16.1), it is interesting to note that

### What are your supply sources for agricultural raw material?



Groups that have applied for funding are quite varied in composition, capturing within them the presence of both farms and consultancy companies, both belonging to the world of research and innovation, which would seem to be a possible indication that RDP can actually offer a positive contribution to strengthen the links along the entire

agriculture chain.

## 5. SAFEGUARDING ENVIRONMENTAL RESOURCES

With reference to environmental aspects in relation to Priority 4, considering the areas involved, with respect to the safeguarding/improvement of agricultural biodiversity and the improvement of the quality of the soil (in terms of increase of organic substances), RDP contribution seems to still be limited. The contribution to forest biodiversity is limited in terms of areas involved but still important on a local scale. With regards to the general state of the waters, which can holistically be judged as positive, it is difficult - especially for groundwater - to establish a direct link between Program activities and their quality. However, the main role between the RDP interventions is ensured by the organic production method, which involves the elimination of fertilizers and synthetic plant protection products, also thanks to the total extension of financed areas (about 38,000 acres of surface area). Integrated agriculture is also indicated as a priority linked to the improvement of water quality, but the role of this component is currently limited, considering the number of limited areas under implementation.

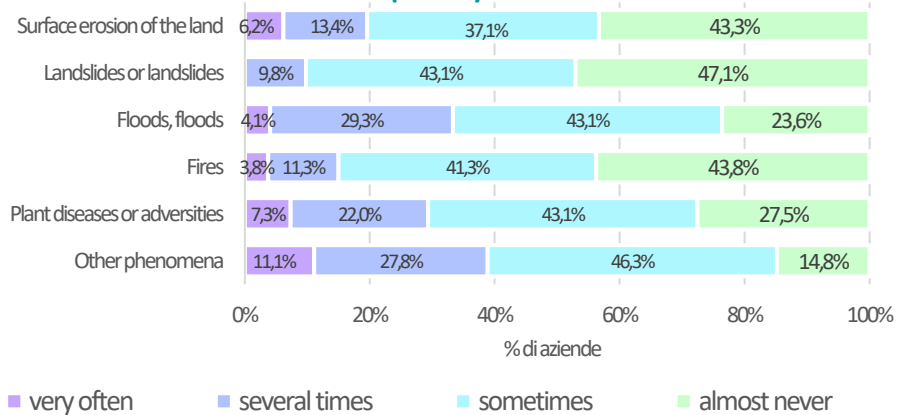
The field survey of the potential beneficiaries of the Program shows that most serious environmental problems are floods. Another alarming phenomenon is drought. However, it should be considered that, in general, the frequency of this phenomena is medium to low.

The fight against erosion, the main objective of measures aimed at soil protection and integrated production, affects 63,000 acres (M10.1.1) and 1,700 acres (M10.1.2), respectively, equal to over 5% of the UAA. By applying the RUSLE method, it is estimated that it

would be possible to save about 21% compared to no interventions thanks to operations financed by the Program aimed at reducing erosion;

Transversely to the environmental issues mentioned above, the role of consultancy (M2), which has not yet been activated at the time of drafting of this Report, could potentially be interesting.

### Has your farm ever been affected by the following phenomena in the past 5 years?



## 6. ENHANCING EFFICIENCY

From analysis carried out and recorded on the entire Reclamation Consortiums in the previous programming period on the effects of water resource interventions, there has been an overall water saving of 27% in volume compared to those before the intervention. Again from this study, it emerges that for every million euros invested in the improvement of irrigation infrastructures, there is an estimated potential savings of around 350,000 cubic meters/year. Considering that the expenditure commitments for the M 4.3.2 amount to € 8.7 million, the overall savings deriving from these commitments would already be about 3 million cubic meters/year.

Through a field survey, specific information was requested on the role of corporate investments promoted in the context of M4.1. It seems that 20% of the interviewed beneficiaries have finalized the water saving interventions: at the moment only an estimate equal to almost €4 M of related investments can be made, which should allow savings of about 2-2, 5 million cubic meters/year.

With respect to energy efficiency, it is currently possible to consider a first reduction in emissions thanks to fuel savings deriving from non-processing, minimum processing and conversion commitments provided by measure 10.1.1 Soil protection, concerning more than 53,000 acres.

## 7. REDUCTION OF EMISSIONS AND CARBON SEQUESTRATION

Due to indirect contributions produced by beneficiaries of integrated production payments (M10.1.2), for organic agriculture (M11) and for well-being of animals (M14), it is estimated that there will be a reduction in greenhouse gas and ammonia emissions in the field of agriculture.

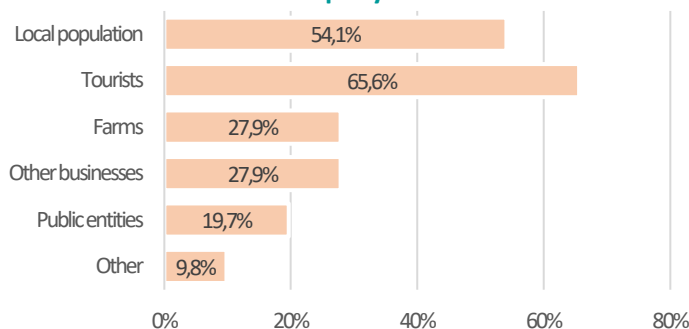
In relation to the function of absorption and storage of atmospheric carbon dioxide, we apply the stored carbon parameter obtained from the in-depth assessment on Mis. It can be assumed that almost 132 thousand tons of carbon was stored in 221 of the previous RDP (14 t/acres), on soil with trees on it (maintenance) in the present programming cycle.

## 8. DEVELOPMENT OF RURAL ECONOMIES

With the financing of first interventions under MS 6.2 and 6.4, aimed at supporting, respectively, the start-up of entrepreneurial activities for extra-agricultural activities in rural areas and investments for the development of non-agricultural enterprises operating in the area, a process of diversification of rural economy and creation of new employment opportunities was initiated, through the promotion of non-agricultural activities that pertain to various areas (sustainable tourism and recovery of traditions, crafts, green economy, etc.).

The direct survey showed that reference targets of the products/services that are intended to be created are mainly tourists and the local population, followed by farms and other businesses.

### What is the prevalent demanding target for the products/services you intend to produce in your company?



The interventions of infrastructure in areas included in C and D clusters promoted through the Conventions between RAS and MiSE have made it possible to expand the offer of the broadband and ultra broadband network into rural areas, through direct interventions of public administration for construction of passive infrastructure (cable ducts and fiber optic networks) in white areas with market failure. We also expect successive interventions and concessions towards the installment of the apparatus necessary for the activation of connection services regarding citizens and public administration.

## 9. LEADER APPROACH

Although the state of implementation of the M19 is still at an early stage, the evaluative investigations that were carried out have made it possible to identify some distinctive features of the application of the Leader approach in Sardinia, which may generate positive effects, in regards to the enhancement of potential development of the territory, employment, and in regards to *governance* of local development strategies.

In fact, there is a good degree of innovative potential, due in particular to partnership arrangements and suggested projects. There are also forms of *governance* designed to promote greater integration between interests and needs expressed by the territory and a multi-sectoral approach. Finally, planning, management and implementation tools for the interventions have been adopted (format for the Complements to the PAs, procedure manuals, sharing meetings, etc.), which will allow for an easier management of the selected interventions and their subsequent monitoring.

## 10. CONTRIBUTION TO EUROPE 2020

The state of implementation of the Program is such that its contribution to the implementation of the Europe 2020 strategy is still largely theoretical.

It is, in particular, for the social objectives: the employment and poverty alleviation effects attributable to the RDP are still zero, while the contribution of the RDP to investments in research and development is marginal.

It's contribution to the reduction of greenhouse gas emissions is of great importance both because of fertilizer and effluent management, and reduction of diesel consumption for processing.

## 11. SELECTION CRITERIA

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In fact, the almost always high share of questions still to be instructed makes it impossible to formulate a complete and definitive judgment on the effectiveness of the selection criteria for almost all currently active procedures, at least until all (or most) of the presented applications are examined: the "fate" of the latter can in fact considerably affect both the formal eligibility and funding rate. However, it should also be noted that, in several cases, the preliminary inquiries stopped due to exhaustion of funds destined for this specific procedure.

However, at the moment, one can only appreciate the simplification of the selection criteria made by the MA compared to the previous programming period.