

ABSTRACT

The Special Accession Programme for Agriculture and Rural Development (SAPARD) and the Instrument for Pre-Accession Assistance in Rural Development (IPARD) are two pre – accession instruments designed by European Union for the preparation of agricultural sector and rural areas of candidate countries.

The aim of this study is the estimation of the socio-economic impact of the two pre-accession programmes for agriculture and rural development on the target regions of Slovenia and Macedonia, which have implemented the respective programmes within a specific period of time.

The study has been carried out by using an ex-post temporal evaluation analysis of SAPARD and IPARD impact on processing capacity. The confrontation of both programmes is based on comparing the situation with/without programme on the target regions of Slovenia and Macedonia.

The results revealed that both programmes in respective countries had a positive impact on improving the processing capacity within the dairy sector.

KEYWORDS: pre-accession instruments, SAPARD and IPARD, socio-economic impact, ex-post temporary evaluation analysis.

INTRODUCTION

The pre-accession policy of the European Union consists in assisting the candidate and potential candidate countries in their process of EU membership, by meeting the accession criteria and bringing their institutions and standards in line with EU acquis before accession.

The EU introduced two pre-accession policies (Special Accession Programme for Agriculture and Rural Development and Instrument for Pre-Accession Assistance in Rural Development) for the preparation of the agricultural sector and rural areas of the candidate countries before their accession to European Union (EU, 2001). Specifically, SAPARD and IPARD programmes were designed to support the countries in their efforts towards the implementation of the acquis as well as to solve specific problems of rural areas before their accession into EU.

The overall assessment of SAPARD programme in ten countries of CEE had positive results (EC, 2010). However, the experience of SAPARD highlighted some problems and difficulties faced by applicant countries during the implementation process (EC, 2010). Lessons learned was taken in consideration by the European Commission in designing the substitute instrument of pre-accession of rural development (IPARD) for the period 2007-2013.

The objective of this study is the estimation of the socio-economic impact of the two pre-accession programmes (SAPARD and IPARD) for agriculture and rural development on the target regions of Slovenia and Macedonia, which have implemented the respective programmes within a specific period of time. In reference to this objective were set up the following research questions:

SAPARD programme had a positive impact on improving the agriculture processing capacity in Slovenia.

- a) Did IPARD programme contribute as well to the improvement of processing capacity of agriculture in Macedonia?
- b) Which of the two programmes was considerably more successful concerning the increase of the processing capacity?

MATERIALS AND METHODS**A descriptive comparison of SAPARD and IPARD programme in Slovenia and Macedonia**

Programmes in Slovenia and Macedonia defined the specific objectives justified by needs identified in their rural development plans by analysing the strengths and the weaknesses of agriculture sector and rural areas. Both countries identified as a priority areas: investments for restructuring and upgrade of agricultural holdings according to the EU standards, investments in the processing and marketing of agriculture products to upgrade to Community standards, the economic diversification and improvement of rural infrastructure. The choice of measures (except technical assistance measure) was consistent with the objectives of the programmes. In Slovenia and Macedonia programmes were implemented under the guidance of the Ministry of Agriculture as a Managing Authority.

Slovenian programme planned to introduce and implemented only 5 of all measures designed for SAPARD. Macedonian programme planned and implemented so far 4 of all measures designed for IPARD, while is letting open the possibility that additional measures will be considered to be introduced.

Specific of the Slovenian programme is the higher proportion of funds allocated to the diversification measure compared to other countries, while in Macedonian programme the higher proportion of funds is allocated at the improvement of production and marketing structures in agriculture and food processing industry measures. During the SAPARD implementation, intervention priorities did not change significantly, comparing the final distribution and the originally allocated budget. Slovenia emerged to be the best practice among the other countries as a result of its focused choice of measures (EC, 2010; MAFWE, 2007; MAFF, 2000).

The methodology used for the conduction of impact analysis

For the estimation of the socio-economic impact of the two pre-accession instruments (SAPARD and IPARD) and in order to answer the research questions posted, is conducted an ex-post temporal evaluation of programme impact by creating a hypothetic counterfactual situation at regional level. The counterfactual analysis puts on confrontation both programmes comparing the situation with/without programme on the target regions of Slovenia and Macedonia. By using this type of comparison is removed the effect of exogenous factors as a result the net effect of the program is determined.

Concerning SAPARD programme was selected the case of Slovenia, as one of the countries which showed the ability to successfully implement the programme. The case of Macedonia was selected for IPARD programme, as one of the lead countries and more advanced in the implementation process. The reasons that make possible the comparison of these two countries are related to the similarities on macro-economic situation (population - 2 million; rural population - 49% and 43%; average of real GDP growth rate - 2% and 4%; average of GVA of Industry - 37% and 32%; average of the income from agricultural activity- 108 - 102; during the period of 2001- 2011 which include the specific periods of both programmes) of both countries.

In order to provide a clear framework of the impact, the appropriate selected period for the conduction of the counterfactual analysis requires the whole period of programme implementation for both countries. However, due to the fact that at the time of the research, the IPARD programme was in the middle of its implementation in Macedonia, has been selected the period 2007- 2011, which enables the conduction of analysis.

For the measurement of processing capacity, the counterfactual analysis is based on the changes made by the programmes in term of processing investment on modernization and improvement of the dairy establishments. The focus of the analysis is the production of cow's milk delivered to dairies and purchasers. The indicators used for the analysis are:

- a) *Input indicator (financial support)*: The total budget amount in milk processing sector in supported regions of Slovenia and Macedonia.
- b) *Output indicators*: Production of cow's milk delivered to dairies and purchasers in regions with/without support of Slovenia and Macedonia.
- c) *Outcome indicators*: Percentage change in cows' milk production delivered to dairies and purchasers in regions with/without support of Slovenia and Macedonia.

RESULTS AND DISCUSSION

The sector analysed for the achievement of the main objective, the impact of SAPARD and IPARD on the target regions of Slovenia and Macedonia, is dairy sector. The reasons behind this selection is to observe the impact of the programme implementation on improving the agricultural sector in line with the accession requirements (especially the improvement of the processing sector capacity).

Counterfactual analysis result for milk processing sector

The result of the counterfactual analysis showed that Slovenian programme supported more processing companies (13) compared to Macedonia (3). This difference is in part related to the implementation period, which for Slovenia is longer than in Macedonia, and in part with the higher number of rejected projects (53% of the submitted projects), which according to the IPARD Managing Authority failure for meeting the certain criteria under IPARD (MAFWE, 2012).

The higher level of SAPARD investment (in average 328.8 thousand EUR) in milk processing sector compared to IPARD investment (in average of 26,3 thousand EUR), can be partly related to the fact that the allocated fund for SAPARD (17% of budget for pre-accession instruments) was higher than the one for IPARD (10% of IPA budget).

Table 1. Counterfactual Analysis: Improving the processing capacity of agriculture in Slovenia and Macedonia”

Indicators		Slovenia		Macedonia	
		Regions without support	Regions with support	Regions without support	Regions with support
		2000-2006		2007-2011	
Processing companies (No.)		0	13	0	3
Input Indicators	Average of financial support in milk processing (€/000)	0	328,8	0	26,3
Output Indicator	Average of cow's milk production delivered to dairies ('000 litres)	0	12,7	0	0,63
Outcome Indicators	Percentage change in milk processing (%)	12	13	1,8	2,2

Data source: SI-STAT, 2014, State Statistical Office of Macedonia, 2010; 2013

The different type of investment within the milk processing companies can contribute to explain the financial support differences. In Slovenia, the unitary investment is higher due to higher costs related to the purchase of new technological equipments: including computer equipment hardware and software programmes, adaptation of existing immovable property and the renovation of production facilities (OIKOS, 2007; MAFWE, 2012).

Both programmes had a positive impact on improving the processing capacity of agriculture products, since the production of milk delivered to the processing companies increased (respectively 13% and 2,2%) even if slightly more than regions without support (respectively 12% and 1,8%). The slight increase shown in milk production in Slovenia is an approximate figure due to the use of secondary data. It is important to mention that the large difference on milk production, shown between two countries, is related with the short period of programme implementation in Macedonia.

CONCLUSION

Both programmes had a positive impact on improving the processing capacity of agriculture products (with reference to the dairy sector for which data were available) though this effect seems higher in Slovenia. However, is important to emphasize that impact in Macedonia is achieved only after a short period of implementation and with reference to a small number of completed projects.

Unfortunately, the limited data available reduce the validity of such conclusions. Taking into consideration the limitation of the methodology adopted for the research and the data gaps, it is recommended that a collection of primary data will take place in order to conduct a proper impact analysis and to build samples of programme beneficiaries and non- beneficiaries (control group) for all regions of selected countries.

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