

# Mid Term Evaluation

## EPLR Hamburg

Stadt Land Fluss - Plan der Freien und Hansestadt Hamburg zur Entwicklung des Ländlichen Raums für den Zeitraum 2007 bis 2013 gemäß VO (EG) Nr. 1698/2005

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## Summary

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# **Mid-term evaluation of the RDP Hamburg**

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## **Summary**

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## Summary

The “*Stadt Land Fluss*“ Rural Development Programme (RDP) of the city-state of Hamburg has a volume of 73 million euros of public funds (as of the end of 2009). Of this amount, 22 million euros is earmarked for Article 89 measures. Best funded is Axis 1 “Improving the competitiveness of the agricultural and forestry sector”, which accounts for some 60% of public funds. The corresponding figures for Axes 2 and 3 are about 15 percent each. The financial importance of LEADER (Axis 4) has increased to 6 percent of public funds following the programme adjustment by Health Check and the EU recovery programme. Hamburg is the only Federal State in Germany that has earmarked the additional allocated funds exclusively to LEADER.

Both agricultural holdings and the rural areas of Hamburg as a whole are looking at the specific problems facing an urban agglomeration that are manifesting themselves especially in increasing scarcity of agricultural land due to settlements and infrastructure projects. The RDP can only act as a flanking nature, since the fundamental urban development lines of the city of Hamburg have priority. One example of the flanking of infrastructure projects with large land use is the measures contained in the Süderelbe Fund under EAFRD code 125. Farm Investment Aid (EAFRD code 121) attempts to stabilise horticultural holdings, especially, whose scope for development is constrained by their area, and to retain as many businesses and thus as much value as possible in the sector. At the same time, the proximity to a metropolis also provides opportunities, for example, to build up and expand business areas and generally to intensify urban-rural relations. The latter topic features prominently in the case of LEADER. In addition, Hamburg, like all other Federal States, must meet its Community commitments to implement Natura 2000 and the Water Framework Directive, including EAFRD measures, primarily in Axes 2 and 3.

By 31.12.2009, only about 17% of public funds (excluding Article 89 measures) had been disbursed. Five of the measures of the programme had yet to receive a payout. This low level of implementation has several causes. For example, the Water Management Measures of EAFRD code 125 were not implemented due to delays in planning processes. Parts of Axis 3 and LEADER are being implemented almost in tandem. As the LEADER group had to re-establish itself and Hamburg has no prior experience with LEADER, it was necessary first of all to develop and test suitable procedures, which was time-consuming. Other measures, such as the Processing and Marketing Support (EAFRD code 123) are being held back within the Hamburg RDP in order that a fast response may be made to potential demand.

*Given the need to implement a paying agency-compliant management and control system for such measures, the State of Hamburg is generally advised to fund measures of very uncertain demand purely nationally in order not to create high up-front costs unnecessarily.*

***Axis 1 “Improving the competitiveness of the agricultural and forestry sector”***

EAFRD code	Measure	Public funds (millions of euros)		Implementation status
		Planned	Disbursed by 31.12.2009	
111	Vocational Training	0.35	0.09	25 %
121	Farm Investment Aid	8.67	4.11	47 %
123	Processing and Marketing	1.40	0	-
125	Infrastructure	34.11	0	-

Support for Vocational Training (EAFRD code 111) is focused on horticultural holdings and fruit farms. For this target group, Hamburg is a centre of excellence in northern Germany. Short courses are offered predominantly, a fact which reflects the heavy workload of people working in horticulture. Surveys show that the funding enabled the range of courses to be extended and that the reduced registration fee has a major influence on the decision to participate.

EAFRD code 121 (Farm Investment Aid) also focuses on horticulture and fruit farms, which in Hamburg are structurally (in terms of the number of holdings and their employees) and economically (added value) more important than agriculture. Approved investments mainly include the three areas of “Building and Construction Equipment,” “Mobile Technology” and “Energy Production and Use.” The key impacts were analysed on the basis of the investment concepts and the accounting records of the funded holdings. Given the limited informativeness of the data evaluated so far, it can be said that funding has brought about a significant improvement in the financial situation of the holdings. There is a question mark, however, over the need for funding of some holdings. The change in funding practice in 2007 to granting a subsidy instead of lower interest rates makes sense because investments in Hamburg’s small-scale holdings usually do not entail a large amount of borrowed capital.

So far, no projects have emerged in the area of Processing and Marketing (EAFRD code 123).

The focus of the Infrastructure Measures is on sub-measure 125B, which is directed at developing land for fruit growing by improving water management in the Süderelbe region. The equity holdings will be financed via the Süderelbe Fund. This fund was set up to compensate for the economic disadvantages which local fruit farms experienced

following loss of land due to road construction projects. After delays in the planning process, project implementation is now imminent.

*The data basis underpinning Farm Investment Aid needs to be improved. The evaluators have worked with the managing authority to take the first steps in this regard.*

*The diverse funding objectives of Farm Investment Aid need to be clarified so that they can be operationalized at the project selection stage.*

### ***Axis 2 “Improving the environment and the countryside through land management”***

EAFRD code	Measure	Public funds (millions of euros)		Implementation status
		Planned	Disbursed by 31.12.2009	
213	Natura 2000 Compensatory Payment	0.38	0.09	24 %
214	Agri-Environment Measures	10.11	3.00	30 %
215	Animal Welfare Payments	0.50	0.05	9 %
216	Non-Productive Investments	0.38	0.03	8 %

The focus of Axis 2 of *Stadt Land Fluss* is on the Agri-Environment Measures (EAFRD code 214), which are subdivided into contractual nature conservation and market- and site-adapted agriculture. Natura 2000 Compensatory Payment (EAFRD code 213) is closely interlinked to contractual nature conservation, and so an isolated assessment is not useful. Animal Welfare Payments (EAFRD code 215) available since 2009 include support for summer grazing for cattle. This measure will be evaluated at a later date. Investments in conservation measures on agricultural holdings are funded under EAFRD code 216.

In 2009, the total supported AEM area in Hamburg was 4279 ha or 31% of agricultural land. Thus, the area of land has remained virtually constant over time. Measures for market- and site-adapted agriculture are being implemented on 60% of the total supported area. These include grassland extensification and organic farming, which require a large amount of land. This is a very high value compared to that for large-area Länder. At the same time, it shows that the high starting values are making it difficult to reach the ambitious targets set for measures for market- and site-adapted agriculture. Unfertilised mown pastures, especially, feature prominently under contractual nature conservation. Given the current range of measures, there is hardly any scope for increasing uptake in contractual nature conservation.

Agri-Environment Measures, including the Natura 2000 Compensatory Payment, are for the most part making a highly effective contribution to the conservation of species and habitats. This is confirmed by comparative time series studies on meadow birds and vegetation. Grasslands and heaths are at the forefront of the measures. Arable land is

problematic, as measures are barely reaching it. Some 42% of the grassland-dominated Natura 2000 network is covered by contractual nature conservation measures alone.

As for water conservation, positive contributions are emanating mainly from organic farming and grassland extensification on holdings. According to preliminary estimates, and depending on the assumptions made, the contribution to the reduction in nitrogen balance varies from 2 to 10 kg per hectare per year.

Agri-Environment Measures do have climate protection effects, but their potential in Hamburg is marginal, given that Hamburg causes just 0.01 % of total CO<sub>2</sub> emissions.

*Substantive and administrative steering of measures for market- and site-adapted agriculture need to be improved – with more personnel, if necessary.*

*Contractual nature conservation in Hamburg is on a good footing. There is room for improvement especially in the market- and site-adapted agriculture measures, which, partly because of the National Framework Regulation, do little for the problematic situation in Hamburg. Sub-measures, such as flower strips and conservation headlands or organic farming, should be promoted more. Other sub-measures should be phased out and instead be replaced by measures tailored more to the situation in Hamburg.*

**Axis 3 “Improving the quality of life in rural areas and encouraging diversification of economic activity” and Axis 4 LEADER**

EAFRD code	Measure	Public funds (millions of euros)		Implementation status
		Planned	Disbursed by 31.12.2009	
311	Diversification / Conversion	3.33	0.38	11 %
312	Business Creation And Development	1.12	0.00	-
313	Tourism	0.42	0.00	-
322	Village Renewal	0.28	0.00	-
323	Conservation and Upgrading of the Rural Heritage	6.59	0.51	8 %
341	Skills Acquisition	0.35	0.00	-
41, 421, 431	LEADER	4.14	0.14	3 %

In the area of Axis 3 and LEADER, some measures are being implemented individually and others primarily through LEADER. Given the low number of completed projects, nothing can be said at this juncture about the impact of the individual measures or of LEADER. The mid-term evaluation focused on implementation-related issues and analysis of the build-up of LEADER structures.



The establishment of paying agency-compliant processes and associated control and documentation requirements, in particular with regard to LEADER, have led to significant training costs and time delays in project development, project application and project approval. As regards measure 323A (Natural Heritage) concerning investment projects for the conservation and development of land of high conservation value, the administrative barriers to private applicants and nature conservation organisations are so high that they prefer to implement their projects via foundations. Even public-body applicants find the highly formalized support procedure daunting at the outset.

There has been a LEADER region in Hamburg since 2008. The territory covered by the local action group comprises some 250 km<sup>2</sup> and has approx. 70,000 inhabitants. The LEADER region in Hamburg is not contiguous. It not only covers the Süderelbe/Altes Land and the Vierlande and Marschlande areas, but also rural suburbs of Hamburg, north of the Elbe. The LEADER process is being managed by an association. The LAG is composed of the association's committee which mainly deals with the subjects of agriculture and nature conservation and environmental protection. The analyses show that the initial phase mainly consisted in setting up appropriate communications and procedural structures between the responsible administrative bodies, the regional management and the LAG. This meant that the LAG began the project implementation with a delay.

*Further optimisation of the procedures, with more intensive participation by all departments concerned, would be desirable. More extensive exchange with other Federal States would be a sensible way to minimise training costs.*

*For some measures, project acquisition needs to be strengthened; this could benefit from bolstering public relations, which has hitherto been virtually non-existent.*

*In the future, the EU should align its implementation provisions with the specific features of a development approach such as LEADER, which by its very nature generates very heterogeneous projects.*

***Programme implementation***

Hamburg sees itself as a city-state with a small-volume programme and authority structures which can only deal “on the side” with EU funding and which is faced with the same requirements as the large-area Länder with a low-population density. Given the low funding sums involved and the number of cases, fixed costs are therefore high. There are also staff shortages in various funding areas, leading to delays in authorization.

*For the remaining funding period, steps should be taken to smooth the procedures for key programme measures, such as Farm Investment Aid and AEMs, possibly through the use of technical assistance.*

*For the future funding period, the degree to which its own EU funding is maintained should be reconsidered. Various options are possible here that could ultimately lead to a renunciation of its own programme, as is the case for both Berlin and Bremen in the current funding period.*